BOARD BOOK OF JULY 27, 2017

J. B. Goodwin, Chair
Leslie Bingham Escareño, Vice-Chair
Paul Braden, Member
Asusena Reséndiz, Member
Sharon Thomason, Member
Leo Vasquez, III, Member

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT IN FISCAL YEAR 2016

The Texas Department of Housing and Community Affairs ("TDHCA") is the State of Texas' lead agency responsible for affordable housing and administers a statewide array of programs to help Texans become more independent and self-sufficient. Short descriptions and key impact measures for these programs – including the total number of households/individuals to be served and total funding either administered or pledged for Fiscal Year 2016 (September 1, 2015, through August 31, 2016) – are set out below:

Multifamily New Construction & Rehabilitation:
Provides mechanisms to attract investment capital and to make available significant financing for the construction and rehabilitation of affordable rental housing through the Housing Tax Credit, Multifamily Bond, and Multifamily Direct Loan programs.

Total Households Served: 11,728
Total Funding: $1,127,191,576

Single Family Homeownership Program & Homebuyer Assistance:
Provides down payment and closing cost assistance, mortgage loans, and mortgage credit certificates to eligible households through the HOME Homebuyer Assistance, My First Texas Home, and Mortgage Credit Certificates programs.

Total Households Served: 2,987
Total Funding: $351,564,766

Weatherization Assistance Program:
Provides funding to help low-income households control energy costs through the installation of energy efficient materials and through energy conservation education.

Total Households Served: 3,384
Total Funding: $20,656,298

Comprehensive Energy Assistance Program:
Provides energy utility bill assistance to households with an income at or below 150% federal poverty guidelines.

Total Households Served: 136,071
Total Funding: $106,246,875

Single Family New Construction, Rehabilitation, Bootstrap, and Stabilization:
Assists with the construction, repair, or rehabilitation of affordable single family housing by providing grants and loans through the HOME Single Family Development, HOME Homeowner Rehabilitation Assistance, Amy Young Barrier Removal, and Texas Bootstrap programs. Stabilizes homeownership in *colonias* through the HOME Contract for Deed program.

Total Households Served: 317
Total Funding: $17,905,785

Rental Assistance:
Provides rental, security, and utility deposit assistance through HOME Tenant Based Rental Assistance and rental assistance payments through HUD Housing Choice Vouchers.

Total Households Served: 1,287
Total Funding: 13,978,985

Homelessness
Funds local programs and services for individuals and families at risk of homelessness or experiencing homelessness. Primary programs are the Homeless Housing and Services program and the Emergency Solutions Grants program.

Total Individuals Served: 33,297
Total Funding: $13,076,967

Community Services Block Grant:
Provides administrative support for essential services for low-income individuals through Community Action Agencies.

Total Individuals Served: 559,322
Total Funding: $28,937,414

Source: This data comes from the TDHCA 2017 State Low Income Housing Plan and Annual Report and the Economic Indicators database. Multifamily New Construction & Rehab data come from the most recent award logs for FY2016.

Note: Some households may be served by more than one TDHCA program.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

EQUAL HOUSING OPPORTUNITY

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING

A G E N D A
9:00 AM
July 27, 2017

William B. Travis Building
1701 Congress Avenue
Room 1-111
Austin, Texas 78701

CALL TO ORDER
ROLL CALL — **J.B. Goodwin, Chair**
CERTIFICATION OF QUORUM

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

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

CONSENT AGENDA

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the Consent Agenda alter any requirements under Chapter 551 of the Tex. Gov't 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) Presentation, discussion, and possible action on Board meeting minutes summary for May 25, 2017 — **J. Beau Eccles**, Board Secretary

HOUSING RESOURCE CENTER

b) Presentation, discussion and possible action on the 2018 Regional Allocation Formula Methodology — **Elizabeth Yevich**, Director

ASSET MANAGEMENT

c) Presentation, discussion and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Land Use Restriction Agreement ("LURA") — **Raquel Morales**, Director

01003	Villas at Willow Springs	San Marcos
01042	Fountains at Tidwell	Houston
02156	Town North Apartments	Texarkana
060028	Sheldon Ranch	Channelview

d) Presentation, discussion and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Application

16162	EHA Liberty Village	Edinburg
16197	Taylor Senior Village	Mission
16258	Provision at West Bellfort	Houston
16263	Starlight	Edinburg

e) Presentation, discussion, and possible action regarding the adoption of a hold order and possible sale from the Department's Real Estate Owned ("REO") portfolio

BOND FINANCE

f) Presentation, discussion, and possible action on Resolution No. 17-022 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject — **Monica Galuski**, Director

g) Presentation, discussion, and possible action regarding Resolution No. 17-023 authorizing request for Unencumbered State Ceiling and containing other provisions relating to the subject

h) Presentation, discussion, and possible action on Resolution No. 17-024 authorizing Publication of Public Notice for Mortgage Credit Certificate Program ("MCC") ("Program 88")

HOME AND HOMELESS PROGRAMS

i) Presentation, discussion, and possible action on State Fiscal Year 2018 Homeless Housing and Services Program awards — **Jennifer Molinari**, Director, Home and Homeless Programs

j) Presentation, discussion, and possible action on awards for the 2017 HOME Investment Partnerships Program ("HOME") Single Family Programs Homebuyer Assistance ("HBA") and Tenant-Based Rental Assistance ("TBRA") Open Cycle Notice of Funding Availability ("NOFA")

MULTIFAMILY FINANCE

k) Presentation, discussion and possible action on Determination Notices for Housing Tax Credits with another Issuer — **Marni Holloway**, Director

17414	Silver Gardens Apartments	Dallas
17419	Sphinx at Sierra Vista Senior	Fort Worth

RULES

l) Presentation, discussion, and possible action on an Order adopting the repeal of 10 TAC Chapter 20, Single Family Programs Umbrella Rule, and an Order adopting new 10 TAC Chapter 20, Single Family Programs Umbrella Rule, and directing that these be published in the *Texas Register* — **Homero Cabello**, Director, SF Operations and Services

m) Presentation, discussion, and possible action on the proposed amendments to 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule, and directing their publication for public comment in the *Texas Register*

n) Presentation, discussion, and possible action on an Order proposing the repeal of 10 TAC Chapter 26, Texas Housing Trust Fund Rule, and an Order proposing new 10 TAC Chapter 26, Texas Housing Trust Fund Rule, and directing its publication for public comment in the *Texas Register*

o) Presentation, discussion, and possible action on the adoption of new 10 TAC, Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.3, concerning Sick Leave Pool, and directing its publication in the *Texas Register* — **Jeffrey T. Pender**, Deputy General Counsel

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) TDHCA Outreach Activities, (July) — **Michael Lyttle**, Chief, External Affairs

b) Report on the Department's 3rd Quarter Investment Report in accordance with the Public Funds Investment Act ("PIFA") — **David Cervantes**, Chief Financial Officer

c) Report on the Department's 3rd Quarter Investment Report relating to funds held under Bond Trust Indentures — **Monica Galuski**, Director, Bond Finance

d) Report on the Department's Swap Portfolio and recent activities with respect thereto

e) Report on the reallocation of recaptured Program Year 2016 Emergency Solutions Grants Program funding — **Jennifer Molinari**, Director, Home and Homeless Programs

f) Executive Report of Multifamily Program Amendments, Extensions and Ownership Transfers — **Raquel Morales**, Director, Asset Management

Action Items

Item 3: Reports

Report on the closing of the Department's 2017 Series A Single Family Mortgage Revenue Bonds, 2017 Series B Single Family Mortgage Revenue Refunding Bonds (Taxable), and 2017 Series C Single Family Mortgage Revenue Bonds (Taxable)

Monica Galuski
Director, Bond Finance

Item 4: Compliance

Presentation, discussion and possible action under 10 TAC §1.304 related to an Appeal of an Executive Award Review Advisory Committee ("EARAC") recommendation under the Previous Participation Rule

Tom Gouris
Deputy Executive Director
EARAC Chair

17324	Orange Grove Seniors Apartments	Orange Grove
17338	Pecanwood I Apartments	Whitehouse
17341	Pecanwood II Apartments	Whitehouse
17342	Pecanwood III Apartments	Whitehouse

Item 5: Multifamily Finance

Marni Holloway
Director

a) Report on the 2018 Qualified Allocation Plan ("QAP") Project

b) Presentation, Discussion, and Possible Action regarding eligibility determination under 10 TAC §10.101(a)(2)(B), (F) and/or (K) for 2017 Housing Tax Credit ("HTC") Applications

17322	Provision at Wilcrest	Houston

c) Presentation, discussion, and possible action on timely filed appeals under 10 TAC §10.902 of the Department's Multifamily Program Rules relating to appeals

17024	Dove Ranch	McAllen
17221	Twin Oaks	Mission
17251	Pine Terrace Apartments	Mount Pleasant
17255	Trinity Oaks Apartments	Sulphur Springs
17267	Industrial Lofts	McAllen
17278	Westwind of Paris	Paris
17290	Golden Trails	West
17297	Kountze Pioneer Crossing	Kountze
17305	Payton Senior	Killeen
17327	Legacy Trails of Lindale	Lindale
17331	Westwind of Killeen	Killeen
17388	West Pecan Village	McAllen
17390	Las Palomas	McAllen

d) Presentation, discussion, and possible action regarding Awards of Direct Loan funds from the 2017-1 Multifamily Direct Loan Notice of Funding Availability to 9% Housing Tax Credit Layered Applications

e) Presentation, discussion, and possible action regarding Section 811 Project Rental Assistance participation with 9% Housing Tax Credit Applications as required by 10 TAC §10.204(16)

f) Presentation, discussion, and possible action regarding Awards from the 2017 State Housing Credit Ceiling and Approval of the Waiting List for the 2017 Housing Tax Credit Application Round

17004	Old Dowlen Cottages	Beaumont
17007	Magnolia Station	Winnie
17008	East Meadows Phase II	San Antonio
17009	El Jardin Lofts	Brownsville
17010	Baxter Lofts	Harlingen
17012	Secretariat Apartments	Arlington
17013	Rio Lofts	San Antonio
17019	Wood Springs Estates of Lindale	Lindale
17024	Dove Ranch	McAllen

17028	The Vineyard on Lancaster	Fort Worth
17036	Merritt McGowan Manor	McKinney
17037	Pioneer Place	Mansfield
17042	Huntington at Paseo de la Resaca	Brownsville
17056	Mariposa Apartment Homes at Meagan Street	Waxahachie
17058	Mariposa Apartment Homes at Circle Lane	Royse City
17064	Chaparral Apartments	Midland
17065	Lamar Place	Rosenberg
17074	Palladium Celina Senior Living	Celina
17080	Palladium Fort Worth	Fort Worth
17081	Palladium Denton	Denton
17090	Alameda Palms	El Paso
17091	Plateau Ridge Apartments	Cleburne
17093	Vinton Palms	Vinton
17094	Catalon at Paseo de la Resaca	Brownsville
17097	Holly Oak Seniors	Houston
17103	Commerce Street Apartments	Belton
17107	The Residence at Wolfforth	Wolfforth
17113	Mueller Apartments	Austin
17120	Vista Laredo Apartment Homes	Brownsville
17133	The Pointe at Rowlett	Rowlett
17134	Vista Park West	Fort Worth
17138	Highpoint Seniors Housing II	Dallas
17140	Plano Artist Lofts	Plano
17146	Orchard Park Apartments	Angleton
17148	Shady Shores	Lake Dallas
17151	Albany Village	Albany
17157	Castroville Village	Castroville
17158	Electra Village	Electra
17159	Pflugerville Meadows	Pflugerville
17161	Round Rock Oak Grove	Round Rock
17170	Star of Texas Seniors	Montgomery
17176	Crystal Village Apartments	Houston
17179	The Nightingale at Goodnight Ranch	Austin
17181	Ridgestone Estates	El Paso
17186	Oasis on Ella	Houston
17188	EaDo Lofts	Houston
17189	Villas at Sandstone	El Paso
17195	Leander Place	Leander
17199	Santa Fe Place	Temple
17204	Vista Bella	Lago Vista
17205	Travis Flats	Austin
17208	Waverly Village	New Waverly
17218	The Post Oak	Edna
17221	Twin Oaks	Mission
17225	Cascade Villas	Wichita Falls
17229	Lumberton Village	Lumberton
17230	The Oasis on McColl	McAllen
17234	Residences at New Braunfels	New Braunfels
17235	Henrietta Pioneer Crossing	Henrietta
17239	Abbington Ranch	Boerne
17244	Kirby Commons	San Angelo
17247	Western Springs Apartments	Dripping Springs

17248	Stonebrook Senior Residences	Houston
17251	Pine Terrace Apartments	Mt. Pleasant
17253	Samuel Place Apartments	Corpus Christi
17255	Trinity Oaks Apartments	Sulphur Springs
17258	Village at Henderson	Corpus Christi
17259	Mistletoe Station	Fort Worth
17267	Industrial Lofts	McAllen
17268	Edgewood Place	Longview
17272	Elysium Grand	Austin
17273	The Residence at Lamar	Wichita Falls
17275	Aria Grand	Austin
17278	Westwind of Paris	Paris
17281	The Residence at Arbor Grove	Arlington
17283	Avanti Manor	Harker Heights
17285	Oak Trails	San Angelo
17287	Jackson Place	Edinburg
17288	Forest Trails	Lindale
17290	Golden Trails	West
17293	Reserve at Silver Creek	Fort Worth
17295	Legacy Trails of Decatur	Decatur
17297	Kountze Pioneer Crossing	Kountze
17299	The Avanti Bayside	Corpus Christi
17300	The Glades of Caldwell Apartments	Caldwell
17305	Payton Senior	Killeen
17307	Marabella	Amarillo
17315	Provision at North Valentine	Hurst
17316	Gala at Texas Parkway	Missouri City
17317	Jubilee at Texas Parkway	Missouri City
17322	Provision at Wilcrest	Houston
17323	Skyway Gardens	Alpine
17324	Orange Grove Seniors Apartments	Orange Grove
17327	Legacy Trails of Lindale	Lindale
17330	Blue Flame	El Paso
17331	Westwind of Killeen	Killeen
17334	Medano Heights	El Paso
17336	Westwind of Lamesa	Lamesa
17338	Pecanwood I Apartments	Whitehouse
17341	Pecanwood II Apartments	Whitehouse
17342	Pecanwood III Apartments	Whitehouse
17347	Alton Plaza	Longview
17356	The Acacia	San Antonio
17360	Paseo Plaza, Phase II	Brownsville
17362	Pellicano Place	El Paso
17363	Residences of Long Branch	Rowlett
17367	Reserve at Sherman	Denton
17372	Sunset Trails	Bullard
17376	The Bristol	San Antonio
17380	Ridgewood Senior Village	Santa Fe
17383	McGregor Senior Apartments	McGregor
17384	Alvarado Senior Apartments	Alvarado
17388	West Pecan Village	McAllen
17390	Las Palomas	McAllen
17700	The Terraces at Arboretum	Houston

17708	Cedar Ridge Apartments	Dayton
17719	Pathways at Goodrich Place	Austin
17720	Saltillo Apartments	Austin
17736	Providence at Ted Trout Drive	Hudson
17737	Campanile at Mission Bend	Houston
17739	Monarch Estates	Uvalde

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

EXECUTIVE SESSION

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

J.B. Goodwin
Chair

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;
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.

NOTICE AS TO HANDGUN PROHIBITION DURING THE OPEN MEETING OF A GOVERNMENTAL ENTITY IN THIS ROOM ON THIS DATE:

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.

De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta.

Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.

De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista.

NONE OF THESE RESTRICTIONS EXTEND BEYOND THIS ROOM ON THIS DATE AND DURING THE MEETING OF THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CONSENT AGENDA

1a

BOARD ACTION REQUEST

BOARD SECRETARY

JULY 27, 2017

Presentation, discussion, and possible action on Board meeting minutes summary for May 25, 2017

RECOMMENDED ACTION

Approve the Board meeting minutes summary for May 25, 2017

RESOLVED, that the Board meeting minutes summary for May 25, 2017, is hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
May 25, 2017

On Thursday, the twenty-fifth day of May 2017, at 9:00 a.m., the regular meeting of the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") was held in Room 3.102 of The University of Texas Thompson Conference Center, 2405 Robert Dedman Drive, Austin, Texas.

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

- J.B. Goodwin
- Leslie Bingham-Escareño
- Paul Braden
- Tom H. Gann
- Asusena Reséndiz
- Leo Vasquez

J.B. Goodwin served as Chair, and James "Beau" Eccles, TDHCA General Counsel, served as secretary.

1) The Board unanimously approved the Consent Agenda as amended with the following items removed: 1(g) – Presentation, discussion, and possible action on awards for Federal Fiscal Year ("FFY") 2017 Community Services Block Grant ("CSBG") Discretionary Funds for education and employment services to Native American and Migrant Seasonal Farm Worker populations; 1(r) – Presentation, discussion, and possible action on an order proposing the new 10 TAC Chapter 1 Subchapter E, §1.501 Housing Finance Corporation Reporting Requirements and directing that they be published for public comment in the *Texas Register*; and 1(s) – Presentation, discussion, and possible action on an order adopting amendments to 10 TAC Chapter 6 Community Affairs Programs, including the 1) amendments in Subchapter A, General Provisions, of §6.2 Definitions, §6.4 Income Determination, and §6.5 Documentation and Frequency of Determining Customer Eligibility; and 2) amendments in Subchapter C, Comprehensive Energy Assistance Program ("CEAP"), of §6.308 Allowable Subrecipient Administrative, Program Services Costs, and Assurance 16, and §6.310 Household Crisis Component; and directing that they be published for adoption in the *Texas Register*.

2) The Board unanimously adopted a resolution recognizing June 2017 as Homeownership Month in Texas

3) At 9:14 a.m. the Board went into Executive Session and reconvened in open session at 9:45 a.m. No action was taken in Executive Session.

4) Action Item 1(g) – Presentation, discussion, and possible action on awards for Federal Fiscal Year ("FFY") 2017 Community Services Block Grant ("CSBG") Discretionary Funds for education and employment services to Native American and Migrant Seasonal Farm Worker populations – was presented by Brooke Boston, TDHCA Deputy Executive Director, with additional information from Tim Irvine, TDHCA Executive Director. Following public comment (listed below), the Board unanimously approved staff recommendation to make the awards.

- Angela Young, Urban Inter-Tribal Center of Texas, provided information on the item
- Kendria Taylor, Urban Inter-Tribal Center of Texas, provided information on the item

5) Chairman Goodwin exercised his discretion on consideration of the agenda to take up Action Item 3(g) – Presentation, discussion and possible action regarding a request for waiver, appeals under 10 TAC §10.901 et seq. of the Department's Multifamily Program Rules, and disclosures under 10 TAC §10.101(a)(3) related to Applicant Disclosure of Undesirable Neighborhood Characteristics for Blue Flame, HTC #17330 – was presented by Marni Holloway, TDHCA Director of Multifamily Finance, with additional information from Mr. Irvine and Mr. Eccles. Following public comment (listed below), the Board unanimously voted to deny staff recommendation and, consequently, approved the waiver request and appeal.

- Michael Lyttle, TDHCA Chief of External Affairs, read a letter of opposition to staff recommendation from the Honorable Jose Rodriguez, State Senator, Texas Senate District 29. Mr. Lyttle also notated received letters also in opposition to staff recommendation from Veronica Escobar, El Paso County Judge, and Oscar Leeser, Mayor of the City of El Paso.
- Barry Palmer, Coats Rose, testified in opposition to staff recommendation
- Jessica Herrera, City of El Paso, provided information on the matter
- Gerald Cichon, Housing Authority of the City of El Paso, testified in opposition to staff recommendation
- Robert Blumenfeld, Housing Authority of the City of El Paso, testified in opposition to staff recommendation

6) Chairman Goodwin exercised his discretion on consideration of the agenda to take up Action Item 3(d) – Presentation, discussion, and possible action on timely filed appeals under 10 TAC §10.901 et seq. of the Department's Multifamily Program Rules (Subchapter G) related to Fee Schedule, Appeals and other Provisions for 17151 Albany Village, Albany; 17036 Merritt McGowan Manor, McKinney; 17134 Vista Park West, Fort Worth; 17253 Samuel Place Apartments, Corpus Christi; 17275 Aria Grand, Austin; 17331 Westwind of Killeen, Killeen; 17363 Residences of Long Branch, Rowlett; 17708 Cedar Ridge Apartments, Dayton; 17724 Liv Senior at Johnson Ranch, Bulverde; and 17736 Providence at Ted Trout Drive, Hudson – was presented by Ms. Holloway with additional information from Mr. Irvine and Mr. Eccles. However, staff removed sub-items 17151 Albany Village, 17134 Vista Park West, and 17253 Samuel Place from the agenda prior to the Board considering the item.

Following public comment (listed below), the Board unanimously voted to deny staff recommendation and grant the appeals from 17036 Merritt McGowan Manor, 17708 Cedar Ridge Apartments, 17736 Providence at Ted Trout Drive, 17363 Residences of Long Branch, 17331 Westwind of Killeen, and 17275 Aria Grand.

The Board also voted unanimously, with an abstention from Ms. Reséndiz, to deny staff recommendation and grant part of the appeal from 17724 Liv Senior at Johnson Ranch and to approve staff recommendation on the other portion of the appeal.

The Board also voted unanimously, with an abstention from Mr. Braden, to instruct staff to deal with Applicants 17134 and 17253 through the administrative deficiency process in a manner that is consistent with how the Board has dealt with those applications during the meeting of May 25, 2017.

- Frank Jackson, Texas Affiliation of Affordable Housing Providers, expressed his organization's general concern on how TDHCA was handling administrative deficiencies as they related to the item
- Audrey Martin, Purple Martin Real Estate, expressed concern on how TDHCA was handling administrative deficiencies as they related to the item
- Sarah Anderson, Texas Coalition of Affordable Developers, expressed concern on how TDHCA was handling administrative deficiencies as they related to the item

- Jean Latsha, on her own behalf, later clarified as not as a representative of any other entity, expressed concern on how TDHCA was handling administrative deficiencies as they related to the item
- Will Henderson, applicant for 17036 Merritt McGowan Manor, testified in opposition to staff recommendation on 17036
- Roslyn Miller, McKinney Housing Authority, provided information regarding consideration of 17036 Merritt McGowan Manor
- Barry Palmer, Coats Rose, testified in opposition to staff recommendation regarding 17036 Merritt McGowan Manor
- Mr. Lyttle read a letter into record from the Honorable Ernest Bales, State Representative, Texas House District 18, in opposition to staff recommendation regarding 17708 Cedar Ridge Apartments
- Cynthia Bast, Locke Lord, testified in opposition to staff recommendation on 17708 Cedar Ridge Apartments
- Lora Myrick, BETCO Consulting, testified in support of staff recommendation on 17736 Providence at Ted Trout Drive
- Audrey Martin, Purple Martin Real Estate, testified in opposition to staff recommendation on 17736 Providence at Ted Trout Drive
- Craig Litner, Pedcor Investments, testified in opposition to staff recommendation on 17363 Residences of Long Branch
- John Shackelford, Shackelford, Bowen, McKinley, and Norton, testified in opposition to staff recommendation on 17363 Residences of Long Branch
- Cynthia Bast, Locke Lord, testified in opposition to staff recommendation on 17363 Residences of Long Branch
- Gary Lacey testified in support of staff recommendation on 17363 Residences of Long Branch
- Donna Rickenbacker, consultant to Salem Park Company, testified in opposition to staff recommendation on 17331 Westwind of Killeen
- John Shackelford, Shackelford, Bowen, McKinley, and Norton, testified in opposition to staff recommendation on 17331 Westwind of Killeen
- John Shackelford, Shackelford, Bowen, McKinley, and Norton, testified in opposition to staff recommendation on 17275 Aria Grand
- Sarah Anderson, S. Anderson Consulting, provided information regarding consideration of 17275 Aria Grand
- Terri Anderson, Anderson Development and Construction, provided information regarding consideration of 17275 Aria Grand
- Joel Pollack, Two Ten Development Group, testified in opposition to staff recommendation on 17724 Liv Senior at Johnson Ranch
- Breck Keene testified in support of staff recommendation on 17724 Liv Senior at Johnson Ranch
- Jose Gonzalez provided information regarding consideration of 17724 Liv Senior at Johnson Ranch
- Barry Palmer, Coats Rose, provided information regarding consideration of 17724 Liv Senior at Johnson Ranch

7) Action Item 3(a) – Presentation, discussion, and possible action on an Amendment to the 2017-1 Multifamily Direct Loan Notice of Funding Availability – was presented by Andrew Sinnott, TDHCA Multifamily Loans Programs administrator. The Board unanimously approved staff recommendation to approve the amendment.

8) Action Item 3(b) – Presentation, discussion and possible action on a Determination Notice for Housing Tax Credits with another Issuer and an Award of a Direct Loan Funds for 17402 Harris Ridge Apartments, Austin – was presented by Mr. Sinnott. The Board unanimously approved staff recommendation to issue the determination notice and make the award.

9) Action Item 3(c) – Presentation, discussion and possible action on staff determinations regarding Application disclosures under 10 TAC §10.101(a)(3) related to Applicant Disclosure of Undesirable Neighborhood Characteristics for 17008 East Meadows Phase II, San Antonio; 17013 Rio Lofts, San Antonio; 17028 The Vineyard on Lancaster, Fort Worth; 17186 Oasis on Ella, Houston; 17273 The Residence at Lamar, Wichita Falls; and 17336 Westwind of Lamesa, Lamesa (*this item was not considered as the applicant requested to be pulled following the posting of the agenda*). The Board unanimously approved staff recommendation to determine the sites as eligible.

10) Action Item 3(e) – Presentation, discussion, and possible action regarding awards of Direct Loan funds from the 2017-1 Multifamily Direct Loan Notice of Funding Availability for 17503 The Reserve at Dry Creek, Hewitt; 17504 Merritt Heritage, Georgetown; and 17505 Merritt Monument, Midland (*this item was not considered as the applicant requested to be pulled following the posting of the agenda*) – was presented by Ms. Holloway with additional information from Mr. Irvine, Mr. Eccles, and Brent Stewart, TDHCA Director of Real Estate Analysis. Following public comment (listed below), the Board unanimously approved staff recommendations for an award to 17503 and denial of an award to 17504.

- Janine Sisak, DMA Development Company, testified in support of staff recommendation on 17503 The Reserve at Dry Creek
- Colby Denison, applicant for 17504 Merritt Heritage, testified in opposition to staff recommendation on 17504
- Dan Kearse, RBC Capital Markets, testified in opposition to staff recommendation on 17504 Merritt Heritage
- Cynthia Bast, attorney for Locke Lord and representing the applicant for 17504 Merritt Heritage, testified in opposition to staff recommendation on 17504

11) Action Item 3(f) – Presentation, discussion, and possible action regarding a waiver of 10 TAC §13.11(b) of the Multifamily Direct Loan Rule – was presented by Mr. Sinnott. The Board unanimously approved staff recommendation to approve the waiver request.

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

- Chelsea Dawson, San Antonio citizen, presented a petition of opposition to 2017 9% Housing Tax Credit applications #17356 The Acacia and #17376 The Bristol
- Bruce Decker, San Antonio citizen, commented in opposition to 2017 9% Housing Tax Credit applications #17356 The Acacia and #17376 The Bristol
- Michelle Robledo, Braun Station East Homeowners Association, commented in opposition to 2017 9% Housing Tax Credit applications #17356 The Acacia and #17376 The Bristol
- Mark Howson, San Antonio citizen, commented in opposition to 2017 9% Housing Tax Credit application #17356 The Acacia
- Bianca Maldonado, San Antonio citizen, commented in opposition to 2017 9% Housing Tax Credit applications #17356 The Acacia and #17376 The Bristol

- Ana Sandoval, Councilwoman-elect for San Antonio City Council District 7, commented in opposition to 2017 9% Housing Tax Credit applications #17356 The Acacia and #17376 The Bristol

13) The Board unanimously approved a resolution in honor of Tom H. Gann who was stepping off the TDHCA Governing Board after serving on it since March 2008.

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 2:48 p.m. The next meeting is set for Thursday, June 29, 2017.

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Secretary

Approved:

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Chair

1b

BOARD ACTION REQUEST
HOUSING RESOURCE CENTER
JULY 27, 2017

Presentation, discussion and possible action on the 2018 Regional Allocation Formula Methodology

RECOMMENDED ACTION

WHEREAS, Tex. Gov't Code §§2306.1115 and 2306.111(d) require that the Texas Department of Housing and Community Affairs ("the Department") use a Regional Allocation Formula ("RAF") to allocate its HOME Investment Partnerships Program ("HOME"), Housing Tax Credit ("HTC") Program, and under certain circumstances, the State's Housing Trust Fund ("HTF") Program funding;

WHEREAS, the proposed RAF Methodology utilizes appropriate statistical data to measure affordable housing needs, available resources 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; and

WHEREAS, the proposed RAF Methodology was approved by the Governing Board of the Department at the meeting of May 25, 2017, and was available for public comment through June 16, 2017; no public comment was received and therefore no revisions are being made in response to public comment;

NOW, therefore, it is hereby

RESOLVED, that the 2018 RAF Methodology for the HOME Investment Partnerships Program, HTC, and, as applicable, HTF programs, in the form presented at this meeting, are hereby approved.

BACKGROUND

The 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. It also allocates funding to rural and urban areas within each region. The Department has flexibility in determining variables to be used in the RAF, per Tex. Gov't Code §2306.1115(a)(3), "the department shall develop a formula that…includes other factors determined by the department to be relevant to the equitable distribution of housing funds."

The RAF is revised annually to reflect current data, respond to public comment, and better assess regional housing needs and available resources. Most notably, in 2013 after careful and thorough analysis and much public participation, staff recommended substantial changes to increase accuracy and transparency in the RAF by using a methodology called the Compounded Need Model. The changes resulted in the increased ability for developers and community members to predict funding availability, the elimination of large swings in funding from one region to another each year, and a simplified process that is easier to explain to the Legislature, the Board and the public.

The RAF Methodology was updated in the 2014 RAF cycle to use "MSA counties with urban places" and "Non-MSA counties or counties with only rural places" instead of using just MSA and Non-MSA counties to allocate between urban and rural areas. This accounts for the fact that even though a county may be a part of an MSA, all the places within that county may meet the definition of rural per Tex. Gov't Code §2306.004(28-a). Based on public comment received in the 2015 RAF cycle, factors for lack of kitchen and plumbing facilities were added to the RAF Methodology to measure housing need for Single Family activities. Similarly in the 2016 RAF cycle, a new factor called the Regional Coverage Factor was added to the RAF Methodology for Single Family activities. 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.

The 2018 RAF Methodology explains 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 Single Family HOME, Multifamily HOME, HTC, and HTF program RAFs each use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. For example, Tex. Gov't Code §2306.111(c) 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 need and available resource data for non-PJs.

The Draft 2018 RAF Methodology was made available for official public comment from Friday, May 26, 2017, through Friday June 16, 2017, at 6:00 p.m. Austin local time. A public hearing was held on Tuesday, June 13, 2017, at 2:00 p.m. in the Stephen F. Austin Building, Room 170, 1700 North Congress Avenue, Austin, TX 78701. No public comment was received, and no changes have been made as a result of the public comment period.

The following Attachments are provided:

A. 2018 RAF Methodology
B. Sample 2018 HTC RAF
C. Sample 2018 HOME MF RAF
D. Sample 2018 HTF RAF
E. Sample 2018 HOME SF RAF

Once approved, the final 2018 RAF Methodology will be published on the Department's website. It should be noted with this action that the Board is approving the publication of the final methodology, 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.

2018 REGIONAL ALLOCATION FORMULA METHODOLOGY

Contents

Introduction

Since 2000, the Texas Department of Housing and Community Affairs (“TDHCA” or “the Department”) has used a Regional Allocation Formula (“RAF”) as required by Tex. Gov’t Code §§2306.111 and 2306.1115. The RAF analyzes housing need, availability, and other relevant factors in the State’s urban and rural areas. Using formula components created based on this analysis, the RAF has been used to allocate funding for multifamily and single-family activities for the following programs:

- Multifamily Activities:
    - Housing Tax Credit (“HTC”) Program
    - HOME Investment Partnerships Program (“HOME”) Multifamily (“MF”)
- Single Family Activities:
    - The State’s Housing Trust Fund (“HTF”) Program*
    - HOME Single Family (“SF”)

*It should be noted that based on the current program activities of HTF, the RAF is not utilized for HTF as authorized by Tex. Gov’t Code §2306.111(d-1).

The Methodology presented below explains the use of factors in conformity with the statutory requirements including 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.

Also provided with the Methodology is a sample allocation spreadsheet for each of the four programs to show how the methodologies affect each program. The spreadsheets provided are based on the following sample allocations:

Program	Sample Allocation
HTC	$50,000,000
HOME Multifamily	$9,500,000
HTF	$3,000,000
HOME Single Family	$10,000,000

Again, these allocation amounts are only samples. The final allocation amounts are calculated by the program area staff following the RAF Methodology approval by the TDHCA Governing Board. Further, even when final allocation amounts are made available other planning considerations further alter the applicability of the RAF and/or the amounts. For instance, for HOME Single Family, the funding activity type may further affect how and whether funds are released regionally. In the HTF Programs, because the programs follow statutory exceptions to utilizing the RAF, the formula-based RAF covered here does not apply to any HTF funds (although other policies are effective in geographically dispersing the funds).

The Draft 2018 RAF Methodology was presented at the Board meeting of May 25, 2017, for approval to be released for public comment. A public comment period was open from Friday, May 26, 2017, through Friday June 16, 2017, with a public hearing on Tuesday, June 13, 2017. No public comment was received and no changes were made. The final 2018 RAF Methodology was presented for approval at the Board meeting of July 27, 2017.

Statutory Requirement

Tex. Gov't Code §§2306.111 and 2306.1115 require that TDHCA use a RAF for HOME, HTF, and HTC Programs.

Tex. Gov't Code §2306.1115 states:

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

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

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

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

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

The methodology below outlines the need for housing assistance and the availability of housing in urban and rural areas, in keeping with the statutory requirements for the HOME SF, HOME MF, HTF and HTC programs. The methodology also includes a regional coverage factor for the HOME SF and HTF programs 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.

Urban and Rural Areas

Tex. Gov't Code §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

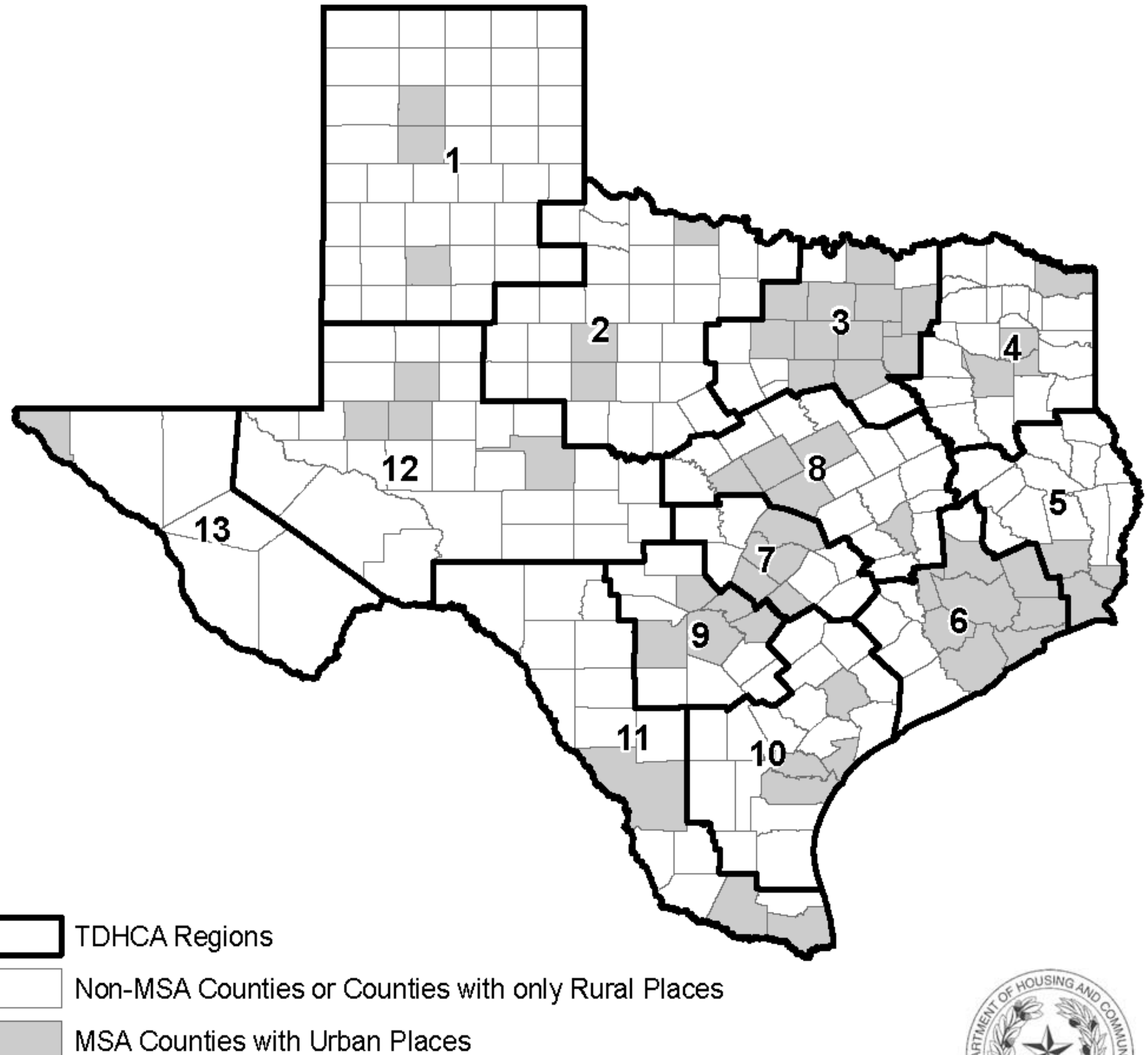
(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area.

Tex. Gov't Code §2306.004(28-a)(B) is applied to incorporated places and census-designated places ("places") that correlate to cities, towns, and other similar geographies, 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 place, so data is used from each county. County data is more complete than adding together all the places. To illustrate, if the RAF only added together data from places, then unincorporated parts of the state would not be considered. Limiting the data for the RAF to only places in each region would substantially hinder its utility as an allocation tool. Using the data from counties, rather than places, to allocate for urban and rural areas allows for a more complete picture of the State's demographics. According to Tex. Gov't 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 U.S. Office of Management and Budget Metropolitan Statistical Area ("MSA") data, the RAF allocation process accounts for the fact that even though a county may be part of an MSA, all of the places within that county may meet the definition of rural per Tex. Gov't Code §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.

Map of Urban Counties in Texas by Region



Sources: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates, Table B01003.
U.S. Census Bureau, Jul. 2015, CBSAs, metropolitan divisions, and CSAs.
TIGER data 2015.
Disclaimer: This map is not a survey product; boundaries, distances, and scale are approximate only.

Methodology

Affordable Housing Need

Affordable housing need will be measured by variables that relate to the types of assistance available through TDHCA programs. Despite HTF not currently utilizing the RAF generated through this method, the calculation for HTF is included in this methodology in the event that funding or programming changes such that the RAF is required to be utilized for this program.

Cost Burden and Overcrowding

HTC and HOME MF both offer assistance for reduced-rent apartments. HOME SF 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 more than 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 for renters will be used as variables in the RAF for all four programs.

Further, HOME SF also offers homebuyer assistance and single family development programs. For single family development, typically the homes are built by Community Housing Development Organizations ("CHDOs") 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 homeownership assistance. Therefore, the factors of homeowner cost burden for homeowners with a mortgage and homeowner overcrowding are incorporated in the HOME SF RAF and HTF RAF.

Lack of Kitchen and Plumbing Facilities

HOME SF offers homeowner rehabilitation or reconstruction assistance, and HTF has many activities that are often paired with rehabilitation such as the Contract for Deed Program or Amy Young Barrier Removal. Because TDHCA programs fund rehabilitation, substandard housing units would ideally be included in the RAF. Common definitions of substandard housing include lack of operable indoor plumbing, usable flush toilets, usable bathtub or shower, safe electricity, safe or adequate source of heat, or kitchen facilities. Data regarding units lacking kitchen facilities or plumbing are the only data available on both an annual basis and at a regional level. The count of occupied and unoccupied units lacking kitchen facilities or plumbing is incorporated in the HOME SF and HTF RAF.

Income

Income is the primary measurement of eligibility for housing assistance through TDHCA. HOME and HTF serve households that earn 0-80% Area Median Family Income ("AMFI") and HTC serves households that earn 0-60% 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% of the poverty level 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 the housing assistance options offered through TDHCA's HOME, HTC, and HTF 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: 2.84 per the 2011-2015 American Community Survey five-year estimates.

Summary of Affordable Housing Need for Multifamily and Single Family Activities

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.

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 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 non-rental activities. Housing availability for single family activities is measured using both vacant units for sale and vacant units for rent. Availability for multifamily activities is measured using only vacant units for rent.

Regional Coverage Factor

As stated in Tex. Gov't Code §2306.1115(a)(3), 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, a Regional Coverage Factor measuring inverse population density will be used as a variable for both the HOME SF and the HTF programs.

Population density is the number of people divided by the amount of land in which they live, or the number of people per area of land. A high population density means that more people are living in a given land area. Inverse population density, which divides the land area by the number of people that live in that area, gives the amount of land per person. An inverse population density conveys the amount of land per person in each subregion, a higher number indicates greater population dispersion (i.e., fewer people living in a larger space) and may indicate a challenge in reaching and serving Texans in that area.

The purpose of the inverse population density is to consider the distance between scattered-site SF activities and the dispersed population within a region where SF administrators provide assistance. Unlike TDHCA's multifamily programs, which generally focus development to a single site, SF 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.

Applying an inverse population density calculation to the 26 subregions (13 State service regions, each with urban and rural subregions) considered in the RAF produces the Regional Coverage Factor. In effect, the Regional Coverage Factor assists in redistributing funding from urban areas to more rural parts of the state. This better aligns funding goals with Tex. Gov't Code §2306.111, which requires that 95% of HOME funds be allocated for the benefit of those areas of the state that do not receive HOME funds directly from the U.S. Department of Housing and Urban Development ("HUD"), chiefly smaller cities and rural areas.

Summary of Variables

The following chart shows which need, availability, and other variables are used in the RAF Methodology for each of the four programs.

		Multifamily Programs		Single Family Programs	
		HTC	HOME MF	HTF	HOME SF
Need Variables	*Cost Burden for Renters*	✓	✓	✓	✓
	Cost Burden for Owners			✓	✓
	Overcrowding for Renters	✓	✓	✓	✓
	Overcrowding for Owners			✓	✓
	Lack of Kitchen Facilities			✓	✓
	Lack of Plumbing Facilities			✓	✓
	People at or Below 200% of Poverty	✓	✓	✓	✓
Availability Variables	*Vacant Units for Rent*	✓	✓	✓	✓
	Vacant Units for Sale			✓	✓
Other	*Regional Coverage Factor*			✓	✓

Exceptions to the RAF

According to Tex. Gov't Code §2306.111(d-1), there are certain instances in which the RAF does not apply to HOME, HTC, or HTF funds. For instance, specific set-asides will not be subject to the RAF. This includes set-asides for contract-for-deed activities 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. The total amount available through the RAF will not include funds for at-risk development for the HTC Program, with instances mentioned in this paragraph. Also pursuant to Tex. Gov't Code §2306.111(d-1), specifically for HTF, programmed activities that do not exceed $3 million are not subject to the RAF. It is through these exceptions that the HTF funds, as currently programmed, do not utilize the RAF.

In Tex. Gov't Code §2306.111(d-2), 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 may 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 subregion.

Participating Jurisdictions ("PJs")

In accordance with Tex. Gov't Code §§2306.111(c)(1) and (2), 95% of the funds for HOME must be spent outside PJs. PJs are areas that receive funding directly from HUD. Because 95% of funds cannot be spent within a PJ, the housing need factors, housing availability factors, and Regional Coverage Factor in the PJs are not counted in the HOME MF or HOME SF RAF.

The PJ designations are subject to change yearly depending on HUD funding. According to HUD's 2016 allocation, 33 of the PJs are cities and eight of the PJs are counties. Five PJ cities fell completely within PJ counties, resulting in a total of 28 PJ cities and eight PJ counties that will be subtracted from the HOME SF and HOME MF versions for the 2018 RAF.

In addition, 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).

Allocation Adjustments

The HOME SF RAF and the HTC RAF have subregional allocation adjustments under certain conditions. Tex. Gov't Code §2306.111(d-3) requires that at least $500,000 in housing tax credits be allocated to each urban and rural subregion. In a further effort to meet Tex. Gov't Code §§2306.111(c)(1) and (2), the HOME SF RAF has a minimum subregional allocation of $100,000. Additional detail regarding the processes used to adjust allocations for the HOME SF RAF and the HTC RAF can be found in the single family and multifamily RAF examples.

Single Family RAF Example

The example below shows the need, availability and inverse population density variables used in the HOME SF RAF in Tables 1, 2, and 3. The HTF RAF is very similar to the HOME SF RAF with the exception that the HTF RAF includes PJs. Note that sample numbers are used for clarity.

Table 1: Example of Need Variables Used for Single Family Programs, by Subregion

Region (MSA Counties with urban places)	Column A: People at or below 200% Poverty without PJs	Column B: Households ("HH") at or below 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 or below 200% Poverty without PJs	Column B: HH at or below 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	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	Col A Total	Col B Total	Col C Total	Col D Total	Col E Total	Col F Total	Col G Total	Col H Total	Col 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 for Single Family Programs, by Subregion

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 (Non-MSA counties and counties with only rural 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

Regions	Column J Total	Column K Total	Column L Total
Total	39,000	61,000	100,000

Table 3: Example of Population Density variables used for Single Family Programs, by Subregion

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 (Non-MSA counties and counties with only rural 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

Regions	Column M Total	Column N Total	Column O Total
Total	216,000	7,150,000	0.893

Compounded Need

To allocate funds, the RAF uses each subregion's ratios of the State's total. All of the variables that measure need will be added together (*i.e.*, compounded) before taking the percentage of each subregion'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 subregion. 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. All variables added together must equal 100%, so the formulas to determine variable weight for the Single Family RAF are as follows:

Compounded Need = HH at/below 200% poverty + Cost Burden + Overcrowding + Units Lacking Plumbing + Units Lacking Kitchen

Availability Variable = Unoccupied Units for Sale + Unoccupied Units for Rent

Regional Coverage Factor = Inverse Population Density

Compounded Need – Availability Variable + Regional Coverage Factor = 100%

To put it simply (with X representing the weight of each variable):

$$5X-X+X=100\%$$

As a result, each variable is weighted at 20% for Single Family programs, giving the appropriate relationship between funding and current availability of resources. The compounded need variable will receive 100% weight. Table 5 shows the application of the weights based on a hypothetical statewide availability of $2,500,000[1].

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 R x statewide availability of funds.
[+]Column Y is calculated as follows: Column T + Column V + Column X.

Minimum Subregional Allocation Adjustment

A floor was added to the 2017 HOME SF RAF which allowed sufficient funding to award at least one contract in each sub region. This floor will continue for the 2018 RAF. If the calculated RAF results in a subregional

[1] Although the *Sample Allocation spreadsheet 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 emphasize how a Minimum Subregional Allocation Adjustment is made when initial HOME SF subregion allocations fall under $100,000.

funding amount that is less than $100,000, that subregion's amount of funding is adjusted to provide for at least a minimum of $100,000. The process does not take funds from subregions with initial funding amounts in excess of $100,000 and does not reallocate those funds to those subregions with initial funding amounts that are less than $100,000. Funds used to enable the floor are funds not subject to RAF requirements, therefore they are added as a final adjustment to the subregional allocation amounts available for award. The final adjustment simply adds a supplemental allocation to bring all subregions to a minimum of $100,000. The process is complete when each subregion has at least $100,000.

Table 6 (below) shows the process of supplementing funds to any subregions 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.

Table 6: Subregion amount under $100,000

Area	**Column Y: Initial Subregion 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 Subregion amount exceeds $100,000, no adjustment is made to this sub-award. However, because the Region 2 "MSA counties with urban places" initial Subregion amount is less than $100,000, a supplemental award amount is added to bring the subregion up to the final award amount of $100,000.

Multifamily RAF Example

The example below shows the need and availability variables used in the HTC RAF in Table 7. The HTC RAF is very similar to the HOME MF RAF with the exception that the HTC RAF includes PJs. Note that sample numbers are used for clarity.

Table 7: Example of variables used for Multifamily Programs, by Subregion

Region (MSA Counties with urban places)	Column BB: People at 200% Poverty	Column CC: HH at 200% Poverty	Column DD: Cost Burden, Renters	Column EE: Overcrowded Renters	Column FF: 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 BB: People at 200% Poverty	Column CC: HH at 200% Poverty	Column DD: Cost Burden, Renters	Column EE: Overcrowded Renters	Column FF: 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 BB: People at 200% Poverty	Column CC: HH at 200% Poverty	Column DD: Cost Burden, Renters	Column EE: Overcrowded Renters	Column FF: Vacancies, Rental
Total	2,080,000	742,857	356,000	47,300	73,900

Weights

To allocate funds, the RAF will use each subregion'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 subregion's need over the amount of the total need in the State.

Examples of how the weights work in the RAF are in Tables 8 through 10 on the following pages. Building off the usefulness of Table 7, which showed the HTC program, Tables 8 through 10 are also 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 8 (below) shows only Region 1 in MSA counties and the total of all the regions, in order to simplify the example. Table 8 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 8: Compounded Need Variables

Area	Column CC: HH at 200% Poverty	Column DD: Cost Burden, Renters	Column EE: Overcrowded Renters	Column GG: 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 CC, DD and EE are from Table 7.

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 subregion. Table 9 (below) demonstrates how the percentages are derived.

Table 9: Percentages Taken

Area	Column GG: Compounded Need Variables	Column HH: Percent of State's Total Need	Column II: Unoccupied Units, Rental	Column JJ: Percent of State's Total Availability
Region 1 (MSA Counties with urban places)	82,571	7.2%	6,000	8.1%

Area	Column GG: Compounded Need Variables	Column HH: Percent of State's Total Need	Column II: Unoccupied Units, Rental	Column JJ: Percent of State's Total Availability
Total of all Regions	1,146,157		73,900	

Note: Column GG is from Table 8.

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. All variables added together must equal 100%, so the formulas to determine variable weight for the Multifamily RAF are as follows:

Compounded Need = HH at/below 200% poverty + Renter Cost Burden + Renter Overcrowding

Availability Variable = Unoccupied Units for Rent

Compounded Need – Availability Variable = 100%

To put it simply (with X representing the weight of each variable):

3X-X=100%

As a result, each variable is weighted at 50% for Multifamily programs, giving the appropriate relationship between funding and current availability of resources. The compounded need variable will receive 150% weight. Table 10 shows the application of the weights based on a statewide availability of $40,000,000.[2]

Table 10: Weight Application

Area	Column HH: Percent of State's Total Need	Column KK: Weight of Need Variables	Column LL: Need Variable Allocation*	Column JJ: Percent of State's Total Availability	Column MM: Weight of Availability Variable	Column NN: Availability Variable Allocation~	Column OO: 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 HH and JJ taken from Table 9.
*Column LL is calculated as follows: Column HH x Column KK x statewide availability of funds.
~Column NN is calculated as follows: Column JJ x Column MM x statewide availability of funds.
[+]Column OO is calculated as follows: Column LL + Column NN.

HTC $500,000 Adjustment

[2] Although the *Sample Allocation Spreadsheet 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 emphasize how a proportional adjustment is made when initial HTC allocations fall under $500,000.

Tex. Gov't 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 subregion, 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 through the competitive process, 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 subregional allocation amounts available for award. The process proportionately takes funds from subregions with initial funding amounts in excess of $500,000 and reallocates those funds to those subregions with initial funding amounts that are less than $500,000. The process is complete when each subregion has at least $500,000.

Tables 11 through 12 below show the process of determining the amount to adjust from subregions 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 subregions 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 11: the amount over or under $500,000 is determined for each subregion.

Table 11: Subregion amount over/under $500,000

Area	**Column OO: Initial Subregion amount**	**Column PP: Amount needed to reach $500,000**	**Column QQ: 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 OO is from Table 10.

Note that Column QQ above is the amount in Column OO (if the amount in Column OO is over $500,000) minus $500,000; at least $500,000 is maintained in each subregion before the adjustment process. Next the amounts in Column PP are totaled for the entire state and the amounts in Column QQ are totaled for the entire state. In this simplified example, the Column PP's total would be $42,280. The Column QQ 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 11, if only Region 1 and 2 were used in the RAF, the percentages would be seen in Column RR in Table 12 below. The proportion of the total amount to be reallocated is in Column SS. Finally, Column OO is adjusted by Column SS to equal the final Sub-Amount in Column TT.

Table 12: Proportional adjustment

Area	Column RR: Proportion of amount available to be reallocated*	Column SS: Amount to be reallocated~	Column TT: 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 RR is calculated as follows: if Column OO is over $500,000, then ((Column OO-$500,000)/$4,098,917)*

~Column SS is calculated as followed: if Column RR is a percentage, then (Column RR$42,280); if Column RR is n/a, then Column SS equals Column PP.*

+Column TT is calculated as follows: Column OO + Column SS.

Texas Department of Housing and Community Affairs
Sample 2018 HTC Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Renters	Overcrowded Renters	Vacant Units For Rent
MSA Counties with Urban Places	1	202,723	71,381	38,159	3,888	6,655
	2	101,948	35,897	17,062	1,553	4,405
	3	2,303,299	811,021	435,333	72,568	81,826
	4	185,100	65,176	27,620	2,722	5,499
	5	144,112	50,744	20,498	1,787	4,873
	6	2,193,304	772,290	386,460	68,313	82,324
	7	543,821	191,486	136,035	18,051	15,873
	8	344,558	121,323	66,336	5,758	17,562
	9	799,280	281,437	127,860	18,735	22,192
	10	203,455	71,639	33,714	5,812	5,171
	11	896,938	315,823	65,380	25,426	11,502
	12	129,691	45,666	20,353	3,380	2,858
	13	412,299	145,176	45,430	8,267	8,901
	Subtotal	8,460,528	2,979,059	1,420,240	236,260	269,641
Non-MSA Counties and Counties with Only Rural Places	1	132,223	46,557	9,569	2,647	2,961
	2	102,085	35,945	8,385	1,275	2,656
	3	97,537	34,344	12,218	1,362	2,125
	4	262,463	92,417	23,633	3,437	5,019
	5	161,472	56,856	16,213	2,001	3,395
	6	70,493	24,821	9,186	862	1,766
	7	65,717	23,140	6,212	904	1,475
	8	107,191	37,743	9,491	1,324	2,498
	9	75,742	26,670	6,724	1,685	1,299
	10	99,047	34,876	9,213	2,303	1,731
	11	153,200	53,944	8,570	3,010	2,734
	12	61,987	21,826	4,636	1,116	770
	13	11,964	4,213	886	160	374
	Subtotal	1,401,121	493,352	124,936	22,086	28,803
	Total	9,861,649	3,472,412	1,545,176	258,346	298,444

Texas Average HH Size: 2.84

Final as presented to the Board on July 27, 2017

Texas Department of Housing and Community Affairs
Sample 2018 HTC Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variable	% of Total Availability Variable	Weighted	Initial Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	113,428	2.1%	$ 1,612,440	6,655	2.2%	$ (557,475)	$ 1,054,965.03	2.11%
	2	54,512	1.0%	$ 774,918	4,405	1.5%	$ (368,997)	$ 405,920.38	0.81%
	3	1,318,922	25.0%	$ 18,749,124	81,826	27.4%	$ (6,854,385)	$ 11,894,739.15	23.79%
	4	95,518	1.8%	$ 1,357,836	5,499	1.8%	$ (460,639)	$ 897,197.13	1.79%
	5	73,029	1.4%	$ 1,038,138	4,873	1.6%	$ (408,201)	$ 629,937.94	1.26%
	6	1,227,063	23.3%	$ 17,443,308	82,324	27.6%	$ (6,896,101)	$ 10,547,206.97	21.09%
	7	345,572	6.5%	$ 4,912,480	15,873	5.3%	$ (1,329,646)	$ 3,582,833.89	7.17%
	8	193,417	3.7%	$ 2,749,522	17,562	5.9%	$ (1,471,130)	$ 1,278,391.24	2.56%
	9	428,032	8.1%	$ 6,084,681	22,192	7.4%	$ (1,858,975)	$ 4,225,705.48	8.45%
	10	111,165	2.1%	$ 1,580,267	5,171	1.7%	$ (433,163)	$ 1,147,103.19	2.29%
	11	406,629	7.7%	$ 5,780,435	11,502	3.9%	$ (963,497)	$ 4,816,937.96	9.63%
	12	69,399	1.3%	$ 986,539	2,858	1.0%	$ (239,408)	$ 747,130.43	1.49%
	13	198,873	3.8%	$ 2,827,074	8,901	3.0%	$ (745,617)	$ 2,081,456.36	4.16%
	Subtotal	4,635,559	87.9%	$ 65,896,761	269,641	90.3%	$ (22,587,236)	$ 43,309,525.17	86.62%
Non-MSA Counties and Counties with Only Rural Places	1	58,773	1.1%	$ 835,493	2,961	1.0%	$ (248,036)	$ 587,456.32	1.17%
	2	45,605	0.9%	$ 648,304	2,656	0.9%	$ (222,487)	$ 425,816.29	0.85%
	3	47,924	0.9%	$ 681,264	2,125	0.7%	$ (178,007)	$ 503,256.92	1.01%
	4	119,487	2.3%	$ 1,698,560	5,019	1.7%	$ (420,431)	$ 1,278,129.63	2.56%
	5	75,070	1.4%	$ 1,067,162	3,395	1.1%	$ (284,392)	$ 782,770.19	1.57%
	6	34,869	0.7%	$ 495,687	1,766	0.6%	$ (147,934)	$ 347,752.90	0.70%
	7	30,256	0.6%	$ 430,101	1,475	0.5%	$ (123,558)	$ 306,543.45	0.61%
	8	48,558	0.9%	$ 690,280	2,498	0.8%	$ (209,252)	$ 481,028.35	0.96%
	9	35,079	0.7%	$ 498,661	1,299	0.4%	$ (108,814)	$ 389,846.91	0.78%
	10	46,392	0.9%	$ 659,481	1,731	0.6%	$ (145,002)	$ 514,478.89	1.03%
	11	65,524	1.2%	$ 931,451	2,734	0.9%	$ (229,021)	$ 702,430.00	1.40%
	12	27,578	0.5%	$ 392,041	770	0.3%	$ (64,501)	$ 327,539.47	0.66%
	13	5,259	0.1%	$ 74,755	374	0.1%	$ (31,329)	$ 43,425.51	0.09%
	Subtotal	640,374	12.1%	$ 9,103,239	28,803	9.7%	$ (2,412,764)	$ 6,690,474.83	13.38%
	Total	5,275,934	100%	$ 75,000,000	298,444	100%	$ (25,000,000)	$ 50,000,000.00	100.00%

Total Sample Allocation: **$50,000,000**
Weight of Need Variables: 150%
Weight of Availability Variables: -50%

Final as presented to the Board on July 27, 2017

Texas Department of Housing and Community Affairs
Sample 2018 HTC Regional Allocation Formula

Table 3 - Reallocation

	Region	Initial Subregion Amount	Amount Needed to Reach Subregion Floor	Amount that can be Reallocated	% of Total Amount that can be Reallocated	Amount to be Reallocated	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	$ 1,054,965.03	$ -	$ 554,965.03	1.45%	$ (18,446.48)	$ 1,036,518.56	2.07%
	2	$ 405,920.38	$ 94,079.62	$ -	0.00%	$ 94,079.62	$ 500,000.00	1.00%
	3	$ 11,894,739.15	$ -	$ 11,394,739.15	29.77%	$ (378,749.59)	$ 11,515,989.56	23.03%
	4	$ 897,197.13	$ -	$ 397,197.13	1.04%	$ (13,202.43)	$ 883,994.70	1.77%
	5	$ 629,937.94	$ -	$ 129,937.94	0.34%	$ (4,319.01)	$ 625,618.93	1.25%
	6	$ 10,547,206.97	$ -	$ 10,047,206.97	26.25%	$ (333,958.99)	$ 10,213,247.99	20.43%
	7	$ 3,582,833.89	$ -	$ 3,082,833.89	8.06%	$ (102,470.28)	$ 3,480,363.61	6.96%
	8	$ 1,278,391.24	$ -	$ 778,391.24	2.03%	$ (25,872.94)	$ 1,252,518.31	2.51%
	9	$ 4,225,705.48	$ -	$ 3,725,705.48	9.73%	$ (123,838.68)	$ 4,101,866.81	8.20%
	10	$ 1,147,103.19	$ -	$ 647,103.19	1.69%	$ (21,509.05)	$ 1,125,594.14	2.25%
	11	$ 4,816,937.96	$ -	$ 4,316,937.96	11.28%	$ (143,490.65)	$ 4,673,447.32	9.35%
	12	$ 747,130.43	$ -	$ 247,130.43	0.65%	$ (8,214.37)	$ 738,916.07	1.48%
	13	$ 2,081,456.36	$ -	$ 1,581,456.36	4.13%	$ (52,566.01)	$ 2,028,890.36	4.06%
	Subtotal	$ 43,309,525.17	$ 94,079.62	$ 36,903,604.79	96.42%	$ (1,132,558.84)	$ 42,176,966.33	84.35%
Non-MSA Counties and Counties with Only Rural Places	1	$ 587,456.32	$ -	$ 87,456.32	0.23%	$ (2,906.96)	$ 584,549.36	1.17%
	2	$ 425,816.29	$ 74,183.71	$ -	0.00%	$ 74,183.71	$ 500,000.00	1.00%
	3	$ 503,256.92	$ -	$ 3,256.92	0.01%	$ (108.26)	$ 503,148.66	1.01%
	4	$ 1,278,129.63	$ -	$ 778,129.63	2.03%	$ (25,864.24)	$ 1,252,265.39	2.50%
	5	$ 782,770.19	$ -	$ 282,770.19	0.74%	$ (9,398.99)	$ 773,371.19	1.55%
	6	$ 347,752.90	$ 152,247.10	$ -	0.00%	$ 152,247.10	$ 500,000.00	1.00%
	7	$ 306,543.45	$ 193,456.55	$ -	0.00%	$ 193,456.55	$ 500,000.00	1.00%
	8	$ 481,028.35	$ 18,971.65	$ -	0.00%	$ 18,971.65	$ 500,000.00	1.00%
	9	$ 389,846.91	$ 110,153.09	$ -	0.00%	$ 110,153.09	$ 500,000.00	1.00%
	10	$ 514,478.89	$ -	$ 14,478.89	0.04%	$ (481.26)	$ 513,997.63	1.03%
	11	$ 702,430.00	$ -	$ 202,430.00	0.53%	$ (6,728.57)	$ 695,701.43	1.39%
	12	$ 327,539.47	$ 172,460.53	$ -	0.00%	$ 172,460.53	$ 500,000.00	1.00%
	13	$ 43,425.51	$ 456,574.49	$ -	0.00%	$ 456,574.49	$ 500,000.00	1.00%
	Subtotal	$ 6,690,474.83	$ 1,178,047.12	$ 1,368,521.95	3.58%	$ 1,132,558.84	$ 7,823,033.67	15.65%
	Total	$ 50,000,000.00	$ 1,272,126.74	$ 38,272,126.74	100.00%	$ -	$ 50,000,000.00	100.00%

Subregion Allocation Floor: $500,000.00

Texas Department of Housing and Community Affairs
Sample 2018 HOME MF Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Renters	Overcrowded Renters	Vacant Units For Rent
MSA Counties with Urban Places	1	28,802	10,142	3,312	451	514
	2	17,958	6,323	1,435	124	512
	3	473,960	166,887	77,004	9,792	11,258
	4	107,315	37,787	11,988	1,508	2,185
	5	63,573	22,385	6,868	740	1,518
	6	123,750	43,574	16,386	2,005	3,437
	7	234,133	82,441	43,435	5,039	5,278
	8	137,091	48,271	19,221	2,152	6,151
	9	91,600	32,254	11,323	2,033	2,041
	10	82,547	29,066	10,791	2,562	2,134
	11	115,314	40,604	5,450	2,966	2,867
	12	58,170	20,482	8,015	1,547	1,112
	13	92,772	32,666	4,679	1,763	570
	Subtotal	1,626,985	572,882	219,907	32,682	39,577
Non-MSA Counties and Counties with Only Rural Places	1	132,223	46,557	9,569	2,647	2,961
	2	102,085	35,945	8,385	1,275	2,656
	3	97,537	34,344	12,218	1,362	2,125
	4	261,964	92,241	23,568	3,437	4,996
	5	161,472	56,856	16,213	2,001	3,395
	6	70,493	24,821	9,186	862	1,766
	7	65,717	23,140	6,212	904	1,475
	8	107,191	37,743	9,491	1,324	2,498
	9	75,742	26,670	6,724	1,685	1,299
	10	99,047	34,876	9,213	2,303	1,731
	11	153,200	53,944	8,570	3,010	2,734
	12	61,987	21,826	4,636	1,116	770
	13	11,964	4,213	886	160	374
	Subtotal	1,400,622	493,177	124,871	22,086	28,780
	Total	3,027,607	1,066,059	344,778	54,768	68,357

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Texas Average HH Size: 2.84

Texas Department of Housing and Community Affairs

Sample 2018 HOME MF Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variable	% of Total Availability Variable	Weighted	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	13,905	0.9%	$ 135,193	514	0.8%	$ (35,717)	$ 99,476.32	1.05%
	2	7,882	0.5%	$ 76,639	512	0.7%	$ (35,578)	$ 41,060.69	0.43%
	3	253,683	17.3%	$ 2,466,550	11,258	16.5%	$ (782,297)	$ 1,684,252.54	17.73%
	4	51,283	3.5%	$ 498,622	2,185	3.2%	$ (151,832)	$ 346,790.13	3.65%
	5	29,993	2.0%	$ 291,619	1,518	2.2%	$ (105,483)	$ 186,136.05	1.96%
	6	61,965	4.2%	$ 602,482	3,437	5.0%	$ (238,831)	$ 363,651.26	3.83%
	7	130,915	8.9%	$ 1,272,882	5,278	7.7%	$ (366,758)	$ 906,123.38	9.54%
	8	69,644	4.8%	$ 677,150	6,151	9.0%	$ (427,421)	$ 249,728.20	2.63%
	9	45,610	3.1%	$ 443,459	2,041	3.0%	$ (141,825)	$ 301,633.75	3.18%
	10	42,419	2.9%	$ 412,436	2,134	3.1%	$ (148,288)	$ 264,148.58	2.78%
	11	49,020	3.3%	$ 476,614	2,867	4.2%	$ (199,222)	$ 277,391.81	2.92%
	12	30,044	2.0%	$ 292,120	1,112	1.6%	$ (77,271)	$ 214,849.30	2.26%
	13	39,108	2.7%	$ 380,247	570	0.8%	$ (39,608)	$ 340,638.75	3.59%
	Subtotal	825,471	56.3%	$ 8,026,012	39,577	57.9%	$ (2,750,132)	$ 5,275,880.76	55.54%
Non-MSA Counties and Counties with Only Rural Places	1	58,773	4.0%	$ 571,451	2,961	4.3%	$ (205,754)	$ 365,696.34	3.85%
	2	45,605	3.1%	$ 443,419	2,656	3.9%	$ (184,560)	$ 258,858.70	2.72%
	3	47,924	3.3%	$ 465,963	2,125	3.1%	$ (147,662)	$ 318,300.45	3.35%
	4	119,246	8.1%	$ 1,159,421	4,996	7.3%	$ (347,163)	$ 812,258.52	8.55%
	5	75,070	5.1%	$ 729,905	3,395	5.0%	$ (235,912)	$ 493,992.83	5.20%
	6	34,869	2.4%	$ 339,034	1,766	2.6%	$ (122,716)	$ 216,318.11	2.28%
	7	30,256	2.1%	$ 294,175	1,475	2.2%	$ (102,495)	$ 191,680.49	2.02%
	8	48,558	3.3%	$ 472,130	2,498	3.7%	$ (173,581)	$ 298,548.60	3.14%
	9	35,079	2.4%	$ 341,069	1,299	1.9%	$ (90,265)	$ 250,803.49	2.64%
	10	46,392	3.2%	$ 451,064	1,731	2.5%	$ (120,284)	$ 330,780.20	3.48%
	11	65,524	4.5%	$ 637,083	2,734	4.0%	$ (189,981)	$ 447,102.65	4.71%
	12	27,578	1.9%	$ 268,143	770	1.1%	$ (53,506)	$ 214,637.59	2.26%
	13	5,259	0.4%	$ 51,130	374	0.5%	$ (25,989)	$ 25,141.28	0.26%
	Subtotal	640,134	43.7%	$ 6,223,988	28,780	42.1%	$ (1,999,868)	$ 4,224,119.24	44.46%
	Total	1,465,605	100%	$ 14,250,000	68,357	100%	$ (4,750,000)	$ 9,500,000.00	100.00%

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Total Sample Allocation: **$9,500,000**

Weight of Need Variables: 150%

Weight of Availability Variables: -50%

Final as presented to the Board on July 27, 2017

Texas Department of Housing and Community Affairs
Sample 2018 HTF Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Owners	Cost-Burdened Renters	Over-crowded Owners	Over-crowded Renters	Total Units Lacking Plumbing	Total Units Lacking Kitchen	Vacant Units For Sale	Vacant Units For Rent	Land Area	Total Population	Inverse Population Density
MSA Counties with Urban Places	1	202,723	71,381	16,682	38,159	2,881	3,888	7,383	3,399	1,917	6,655	2,716	539,916	0.005
	2	101,948	35,897	8,220	17,062	1,078	1,553	5,561	4,537	1,532	4,405	2,472	286,370	0.009
	3	2,303,299	811,021	276,868	435,333	38,926	72,568	57,715	28,297	21,361	81,826	9,603	6,894,421	0.001
	4	185,100	65,176	15,915	27,620	3,163	2,722	7,971	5,576	2,439	5,499	2,663	473,981	0.006
	5	144,112	50,744	11,898	20,498	2,346	1,787	6,611	6,415	1,703	4,873	2,101	391,464	0.005
	6	2,193,304	772,290	238,850	386,460	42,002	68,313	59,045	40,960	21,071	82,324	7,612	6,317,767	0.001
	7	543,821	191,486	78,469	136,035	8,003	18,051	10,639	5,727	6,254	15,873	3,332	1,812,146	0.002
	8	344,558	121,323	26,518	66,336	3,280	5,758	12,944	6,934	4,511	17,562	4,438	869,164	0.005
	9	799,280	281,437	80,523	127,860	12,859	18,735	23,250	14,125	7,914	22,192	4,498	2,173,347	0.002
	10	203,455	71,639	16,581	33,714	3,821	5,812	9,993	6,772	1,943	5,171	2,666	532,521	0.005
	11	896,938	315,823	47,300	65,380	28,959	25,426	16,711	21,038	4,673	11,502	5,823	1,500,415	0.004
	12	129,691	45,666	11,372	20,353	3,267	3,380	5,706	4,686	1,127	2,858	4,235	421,155	0.010
	13	412,299	145,176	29,112	45,430	7,544	8,267	8,103	3,696	3,169	8,901	1,013	831,095	0.001
	Subtotal	8,460,528	2,979,059	858,308	1,420,240	158,129	236,260	231,632	152,162	79,614	269,641	53,171	23,043,762	0.056
Non-MSA Counties and Counties with Only Rural Places	1	132,223	46,557	7,002	9,569	2,714	2,647	10,912	7,388	1,341	2,961	36,633	318,806	0.115
	2	102,085	35,945	7,051	8,385	1,150	1,275	12,063	11,135	2,020	2,656	24,831	263,352	0.094
	3	97,537	34,344	8,973	12,218	1,941	1,362	5,671	3,716	2,137	2,125	5,417	250,366	0.022
	4	262,463	92,417	21,541	23,633	4,553	3,437	16,259	12,966	3,933	5,019	12,756	650,302	0.020
	5	161,472	56,856	10,171	16,213	2,471	2,001	11,482	9,828	2,607	3,395	9,910	380,090	0.026
	6	70,493	24,821	5,139	9,186	1,207	862	4,219	4,622	1,051	1,766	4,577	196,835	0.023
	7	65,717	23,140	8,558	6,212	1,362	904	4,758	3,378	1,361	1,475	5,105	192,651	0.026
	8	107,191	37,743	8,583	9,491	2,287	1,324	9,843	8,308	2,268	2,498	12,672	282,401	0.045
	9	75,742	26,670	8,354	6,724	2,255	1,685	5,003	4,268	1,633	1,299	6,857	221,949	0.031
	10	99,047	34,876	4,827	9,213	2,893	2,303	7,190	6,987	963	1,731	14,905	249,263	0.060
	11	153,200	53,944	6,245	8,570	4,529	3,010	6,095	6,410	1,064	2,734	18,214	275,449	0.066
	12	61,987	21,826	2,947	4,636	1,398	1,116	6,627	6,217	1,005	770	35,496	188,991	0.188
	13	11,964	4,213	597	886	275	160	1,319	1,072	305	374	20,687	24,397	0.848
	Subtotal	1,401,121	493,352	99,988	124,936	29,035	22,086	101,441	86,295	21,688	28,803	208,060	3,494,852	1.564
	Total	9,861,649	3,472,412	958,296	1,545,176	187,164	258,346	333,073	238,457	101,302	298,444	261,232	26,538,614	1.620

Texas Average HH Size: 2.84

Texas Department of Housing and Community Affairs
Sample 2018 HTF Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variables	% of Total Availability Variables	Weighted	Regional Coverage Factor	% of Total Regional Coverage Factor	Weighted	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	143,773	2.1%	$ 61,679	8,572	2.1%	$ (12,866)	0.005	0.3%	$ 1,863	$ 50,676	1.69%
	2	73,908	1.1%	$ 31,707	5,937	1.5%	$ (8,911)	0.009	0.5%	$ 3,197	$ 25,993	0.87%
	3	1,720,728	24.6%	$ 738,201	103,187	25.8%	$ (154,879)	0.001	0.1%	$ 516	$ 583,838	19.46%
	4	128,143	1.8%	$ 54,974	7,938	2.0%	$ (11,915)	0.006	0.3%	$ 2,080	$ 45,140	1.50%
	5	100,299	1.4%	$ 43,029	6,576	1.6%	$ (9,870)	0.005	0.3%	$ 1,987	$ 35,146	1.17%
	6	1,607,920	23.0%	$ 689,806	103,395	25.9%	$ (155,191)	0.001	0.1%	$ 446	$ 535,061	17.84%
	7	448,410	6.4%	$ 192,370	22,127	5.5%	$ (33,212)	0.002	0.1%	$ 681	$ 159,840	5.33%
	8	243,093	3.5%	$ 104,288	22,073	5.5%	$ (33,131)	0.005	0.3%	$ 1,891	$ 73,049	2.43%
	9	558,789	8.0%	$ 239,723	30,106	7.5%	$ (45,188)	0.002	0.1%	$ 767	$ 195,302	6.51%
	10	148,332	2.1%	$ 63,635	7,114	1.8%	$ (10,678)	0.005	0.3%	$ 1,854	$ 54,812	1.83%
	11	520,637	7.4%	$ 223,356	16,175	4.0%	$ (24,278)	0.004	0.2%	$ 1,437	$ 200,515	6.68%
	12	94,430	1.4%	$ 40,511	3,985	1.0%	$ (5,981)	0.010	0.6%	$ 3,724	$ 38,254	1.28%
	13	247,328	3.5%	$ 106,105	12,070	3.0%	$ (18,117)	0.001	0.1%	$ 451	$ 88,440	2.95%
	Subtotal	6,035,790	86.3%	$ 2,589,385	349,255	87.4%	$ (524,215)	0.056	3.5%	$ 20,894	$ 2,086,064	69.54%
Non-MSA Counties and Counties with Only Rural Places	1	86,789	1.2%	$ 37,233	4,302	1.1%	$ (6,457)	0.115	7.1%	$ 42,554	$ 73,330	2.44%
	2	77,004	1.1%	$ 33,035	4,676	1.2%	$ (7,018)	0.094	5.8%	$ 34,918	$ 60,935	2.03%
	3	68,225	1.0%	$ 29,269	4,262	1.1%	$ (6,397)	0.022	1.3%	$ 8,013	$ 30,885	1.03%
	4	174,806	2.5%	$ 74,992	8,952	2.2%	$ (13,437)	0.020	1.2%	$ 7,264	$ 68,820	2.29%
	5	109,022	1.6%	$ 46,771	6,002	1.5%	$ (9,009)	0.026	1.6%	$ 9,656	$ 47,418	1.58%
	6	50,056	0.7%	$ 21,474	2,817	0.7%	$ (4,228)	0.023	1.4%	$ 8,612	$ 25,858	0.86%
	7	48,312	0.7%	$ 20,726	2,836	0.7%	$ (4,257)	0.026	1.6%	$ 9,813	$ 26,282	0.88%
	8	77,579	1.1%	$ 33,282	4,766	1.2%	$ (7,154)	0.045	2.8%	$ 16,618	$ 42,746	1.42%
	9	54,959	0.8%	$ 23,578	2,932	0.7%	$ (4,401)	0.031	1.9%	$ 11,441	$ 30,618	1.02%
	10	68,289	1.0%	$ 29,296	2,694	0.7%	$ (4,044)	0.060	3.7%	$ 22,145	$ 47,397	1.58%
	11	88,803	1.3%	$ 38,097	3,798	1.0%	$ (5,701)	0.066	4.1%	$ 24,489	$ 56,885	1.90%
	12	44,767	0.6%	$ 19,205	1,775	0.4%	$ (2,664)	0.188	11.6%	$ 69,556	$ 86,098	2.87%
	13	8,522	0.1%	$ 3,656	679	0.2%	$ (1,019)	0.848	52.3%	$ 314,026	$ 316,663	10.56%
	Subtotal	957,133	13.7%	$ 410,615	50,491	12.6%	$ (75,785)	1.564	96.5%	$ 579,106	$ 913,936	30.46%
	Total	6,992,924	100%	$ 3,000,000	399,746	100%	$ (600,000)	1.620	200.0%	$ 600,000	$ 3,000,000	100.00%

Total Sample Allocation: $3,000,000
Weight of Need Variables: 100%
Weight of Availability Variables: -20%
Weight of Regional Coverage Factor: 20%

Final as presented to the Board on July 27, 2017

Texas Department of Housing and Community Affairs
Sample 2018 HOME SF Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Owners	Cost-Burdened Renters	Over-crowded Owners	Over-crowded Renters	Total Units Lacking Plumbing	Total Units Lacking Kitchen	Vacant Units For Sale	Vacant Units For Rent	Land Area	Total Population	Inverse Population Density
MSA Counties with Urban Places	1	28,802	10,142	2,929	3,312	488	451	1,150	1,479	340	514	2,494	102,626	0.024
	2	17,958	6,323	2,214	1,435	132	124	1,827	1,825	419	512	2,293	59,218	0.039
	3	473,960	166,887	87,753	77,004	9,322	9,792	9,732	18,307	6,583	11,258	7,665	2,006,832	0.004
	4	107,315	37,787	10,570	11,988	1,985	1,508	4,732	5,662	1,645	2,185	2,557	293,597	0.009
	5	63,573	22,385	6,843	6,868	1,189	740	3,081	3,365	967	1,518	1,941	218,924	0.009
	6	123,750	43,574	15,489	16,386	2,962	2,005	4,186	4,808	1,750	3,437	2,606	419,776	0.006
	7	234,133	82,441	45,717	43,435	4,481	5,039	3,114	5,612	4,020	5,278	3,034	925,085	0.003
	8	137,091	48,271	13,010	19,221	1,360	2,152	4,269	7,923	2,601	6,151	4,202	423,041	0.010
	9	91,600	32,254	14,466	11,323	1,976	2,033	2,675	3,351	1,249	2,041	3,258	347,783	0.009
	10	82,547	29,066	6,597	10,791	1,672	2,562	3,820	5,326	957	2,134	2,508	216,008	0.012
	11	115,314	40,604	5,014	5,450	3,801	2,966	4,308	3,041	913	2,867	3,991	185,055	0.022
	12	58,170	20,482	6,211	8,015	1,912	1,547	2,324	2,722	515	1,112	4,136	212,230	0.019
	13	92,772	32,666	5,291	4,679	2,889	1,763	1,470	2,207	450	570	757	154,770	0.005
	Subtotal	1,626,985	572,882	222,104	219,907	34,169	32,682	46,688	65,628	22,409	39,577	41,442	5,564,945	0.171
Non-MSA Counties and Counties with Only Rural Places	1	132,223	46,557	7,002	9,569	2,714	2,647	7,388	10,912	1,341	2,961	36,633	318,806	0.115
	2	102,085	35,945	7,051	8,385	1,150	1,275	11,135	12,063	2,020	2,656	24,831	263,352	0.094
	3	97,537	34,344	8,973	12,218	1,941	1,362	3,716	5,671	2,137	2,125	5,417	250,366	0.022
	4	261,964	92,241	21,487	23,568	4,553	3,437	12,942	16,235	3,933	4,996	12,753	647,768	0.020
	5	161,472	56,856	10,171	16,213	2,471	2,001	9,828	11,482	2,607	3,395	9,910	380,090	0.026
	6	70,493	24,821	5,139	9,186	1,207	862	4,622	4,219	1,051	1,766	4,577	196,835	0.023
	7	65,717	23,140	8,558	6,212	1,362	904	3,378	4,758	1,361	1,475	5,105	192,651	0.026
	8	107,191	37,743	8,583	9,491	2,287	1,324	8,308	9,843	2,268	2,498	12,672	282,401	0.045
	9	75,742	26,670	8,354	6,724	2,255	1,685	4,268	5,003	1,633	1,299	6,857	221,949	0.031
	10	99,047	34,876	4,827	9,213	2,893	2,303	6,987	7,190	963	1,731	14,903	249,263	0.060
	11	153,200	53,944	6,245	8,570	4,529	3,010	6,410	6,095	1,064	2,734	18,214	275,449	0.066
	12	61,987	21,826	2,947	4,636	1,398	1,116	6,217	6,627	1,005	770	35,496	188,991	0.188
	13	11,964	4,213	597	886	275	160	1,072	1,319	305	374	20,687	24,397	0.848
	Subtotal	1,400,622	493,177	99,934	124,871	29,035	22,086	86,271	101,417	21,688	28,780	208,054	3,492,318	1.564
	Total	3,027,607	1,066,059	322,038	344,778	63,204	54,768	132,959	167,045	44,097	68,357	249,496	9,057,263	1.735

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Texas Average HH Size: 2.84

Texas Department of Housing and Community Affairs
Sample 2018 HOME SF Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variables	% of Total Availability Variables	Weighted	Regional Coverage Factor	% of Total Regional Coverage Factor	Weighted	Initial Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	19,951	0.9%	$ 92,757	854	0.8%	$ (15,188)	0.024	1.4%	$ 28,017	$ 105,585	1.06%
	2	13,880	0.6%	$ 64,534	931	0.8%	$ (16,558)	0.039	2.2%	$ 44,646	$ 92,622	0.93%
	3	378,797	17.6%	$ 1,761,151	17,841	15.9%	$ (317,303)	0.004	0.2%	$ 4,404	$ 1,448,252	14.48%
	4	74,232	3.5%	$ 345,128	3,830	3.4%	$ (68,117)	0.009	0.5%	$ 10,040	$ 287,052	2.87%
	5	44,471	2.1%	$ 206,759	2,485	2.2%	$ (44,196)	0.009	0.5%	$ 10,222	$ 172,786	1.73%
	6	89,410	4.2%	$ 415,696	5,187	4.6%	$ (92,251)	0.006	0.4%	$ 7,158	$ 330,603	3.31%
	7	189,839	8.8%	$ 882,624	9,298	8.3%	$ (165,365)	0.003	0.2%	$ 3,781	$ 721,040	7.21%
	8	96,206	4.5%	$ 447,295	8,752	7.8%	$ (155,655)	0.010	0.6%	$ 11,453	$ 303,093	3.03%
	9	68,078	3.2%	$ 316,514	3,290	2.9%	$ (58,513)	0.009	0.5%	$ 10,802	$ 268,804	2.69%
	10	59,834	2.8%	$ 278,187	3,091	2.7%	$ (54,974)	0.012	0.7%	$ 13,387	$ 236,600	2.37%
	11	65,184	3.0%	$ 303,059	3,780	3.4%	$ (67,227)	0.022	1.2%	$ 24,869	$ 260,701	2.61%
	12	43,213	2.0%	$ 200,913	1,627	1.4%	$ (28,936)	0.019	1.1%	$ 22,471	$ 194,448	1.94%
	13	50,965	2.4%	$ 236,954	1,020	0.9%	$ (18,141)	0.005	0.3%	$ 5,643	$ 224,456	2.24%
	Subtotal	1,194,060	55.5%	$ 5,551,571	61,986	55.1%	$ (1,102,424)	0.171	9.8%	$ 196,896	$ 4,646,042	46.46%
Non-MSA Counties and Counties with Only Rural Places	1	86,789	4.0%	$ 403,512	4,302	3.8%	$ (76,511)	0.115	6.6%	$ 132,491	$ 459,492	4.59%
	2	77,004	3.6%	$ 358,018	4,676	4.2%	$ (83,163)	0.094	5.4%	$ 108,717	$ 383,573	3.84%
	3	68,225	3.2%	$ 317,200	4,262	3.8%	$ (75,800)	0.022	1.2%	$ 24,948	$ 266,349	2.66%
	4	174,463	8.1%	$ 811,134	8,929	7.9%	$ (158,803)	0.020	1.1%	$ 22,700	$ 675,031	6.75%
	5	109,022	5.1%	$ 506,880	6,002	5.3%	$ (106,746)	0.026	1.5%	$ 30,062	$ 430,197	4.30%
	6	50,056	2.3%	$ 232,729	2,817	2.5%	$ (50,100)	0.023	1.3%	$ 26,814	$ 209,442	2.09%
	7	48,312	2.2%	$ 224,617	2,836	2.5%	$ (50,438)	0.026	1.5%	$ 30,552	$ 204,731	2.05%
	8	77,579	3.6%	$ 360,691	4,766	4.2%	$ (84,764)	0.045	2.6%	$ 51,740	$ 327,668	3.28%
	9	54,959	2.6%	$ 255,521	2,932	2.6%	$ (52,146)	0.031	1.8%	$ 35,622	$ 238,997	2.39%
	10	68,289	3.2%	$ 317,496	2,694	2.4%	$ (47,913)	0.060	3.4%	$ 68,936	$ 338,519	3.39%
	11	88,803	4.1%	$ 412,872	3,798	3.4%	$ (67,548)	0.066	3.8%	$ 76,246	$ 421,570	4.22%
	12	44,767	2.1%	$ 208,138	1,775	1.6%	$ (31,568)	0.188	10.8%	$ 216,562	$ 393,132	3.93%
	13	8,522	0.4%	$ 39,620	679	0.6%	$ (12,076)	0.848	48.9%	$ 977,713	$ 1,005,257	10.05%
	Subtotal	956,791	44.5%	$ 4,448,429	50,468	44.9%	$ (897,576)	1.564	90.2%	$ 1,803,104	$ 5,353,958	53.54%
	Total	2,150,851	100%	$ 10,000,000	112,454	100%	$ (2,000,000)	1.735	200.0%	$ 2,000,000	$ 10,000,000	100.00%

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Total Sample Allocation: $10,000,000
Weight of Need Variables: 100%
Weight of Availability Variables: -20%
Weight of Regional Coverage Factor: 20%

Final as presented to the Board on July 27, 2017

Texas Department of Housing and Community Affairs
Sample 2018 HOME SF Regional Allocation Formula

Table 3 - Supplemental Allocation

	Region	Initial Subregion Amount	Supplemental Amount Needed to Reach Subregion Floor	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	$ 105,584.88	$ -	$ 105,584.88	1.06%
	2	$ 92,622.07	$ 7,377.93	$ 100,000.00	1.00%
	3	$ 1,448,251.90	$ -	$ 1,448,251.90	14.47%
	4	$ 287,052.10	$ -	$ 287,052.10	2.87%
	5	$ 172,785.59	$ -	$ 172,785.59	1.73%
	6	$ 330,603.13	$ -	$ 330,603.13	3.30%
	7	$ 721,039.77	$ -	$ 721,039.77	7.21%
	8	$ 303,093.38	$ -	$ 303,093.38	3.03%
	9	$ 268,803.96	$ -	$ 268,803.96	2.69%
	10	$ 236,600.34	$ -	$ 236,600.34	2.36%
	11	$ 260,701.09	$ -	$ 260,701.09	2.61%
	12	$ 194,447.97	$ -	$ 194,447.97	1.94%
	13	$ 224,455.98	$ -	$ 224,455.98	2.24%
	Subtotal	$ 4,646,042.16	$ 7,377.93	$ 4,653,420.09	46.50%
Non-MSA Counties and Counties with Only Rural Places	1	$ 459,491.86	$ -	$ 459,491.86	4.59%
	2	$ 383,572.75	$ -	$ 383,572.75	3.83%
	3	$ 266,348.65	$ -	$ 266,348.65	2.66%
	4	$ 675,031.40	$ -	$ 675,031.40	6.75%
	5	$ 430,196.58	$ -	$ 430,196.58	4.30%
	6	$ 209,442.05	$ -	$ 209,442.05	2.09%
	7	$ 204,731.05	$ -	$ 204,731.05	2.05%
	8	$ 327,667.69	$ -	$ 327,667.69	3.27%
	9	$ 238,996.71	$ -	$ 238,996.71	2.39%
	10	$ 338,519.43	$ -	$ 338,519.43	3.38%
	11	$ 421,570.45	$ -	$ 421,570.45	4.21%
	12	$ 393,131.77	$ -	$ 393,131.77	3.93%
	13	$ 1,005,257.46	$ -	$ 1,005,257.46	10.05%
	Subtotal	$ 5,353,957.84	$ -	$ 5,353,957.84	53.50%
	Total	$ 10,000,000.00	$ 7,377.93	$ 10,007,377.93	100.00%

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Subregion Allocation Floor: $100,000.00

Final as presented to the Board on July 27, 2017

1c

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

JULY 27, 2017

Presentation, discussion, and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Land Use Restriction Agreement ("LURA") for Villas at Willow Springs (HTC #01003)

RECOMMENDED ACTION

WHEREAS, Villas at Willow Springs (the "Development") received a 9% HTC award in 2001 to construct 220 multifamily units in San Marcos, Hays County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal ("ROFR") to purchase the Development, and the LURA requires a two-year ROFR period;

WHEREAS, in Spring 2015 the Texas Legislature amended Tex. Gov't Code §2306.6725 and §2306.6726 to allow, among other things, for a 180-day ROFR period and to permit a Qualified Entity to purchase a property under ROFR, and defined a Qualified Entity to mean an entity described by, or an entity controlled by an entity described by, §42(i)(7)(A), Internal Revenue Code of 1986;

WHEREAS, the Development Owner requests to amend the LURA for the Development to incorporate changes made to Tex. Gov't Code §2306.6725 and §2306.6726;

WHEREAS, 10 TAC §10.405(b)(2) allows for an owner to request a material LURA amendment, and the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board, including holding a public hearing at which no negative public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the material LURA amendment for Villas at Willow Springs is approved as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Villas at Willow Springs received an award of 9% HTC in 2001 for the new construction of 220 multifamily units in San Marcos, Hays County. In a letter dated June 7, 2017, the Development Owner (San Marcos Willow Springs, Ltd.) through its co-General Partners (Richco Rinehart Investments, L.L.C., Christan Fuqua, President and Blazer Residential, Inc., Chris Richardson, President) requested approval to amend the LURA related to the ROFR provision.

The additional use restrictions in the current LURA require, among other things, a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization if at any time after the fifteenth year of the Compliance Period the owner decides to sell the property.

The General Partners request to amend the LURA to replace the two-year ROFR period with a 180-day ROFR period. The property is currently in the fifteenth year of the Compliance Period for its last building.

In 2015, the Texas Legislature passed HB 3576 which amended Tex. Gov't Code §2306.6725 to allow for a 180-day ROFR period and §2306.6726 to allow for a Qualified Entity to purchase a development under a ROFR provision of the LURA and satisfy the ROFR requirement. Additionally, §2306.6726, as amended by HB 3576, defines Qualified Entity to mean an entity described by, or an entity controlled by an entity described by, §42(i)(7)(A) of the Internal Revenue Code of 1986. The Department's 2017 Uniform Multifamily Rules, Subchapter E, §10.407 implemented administrative procedures to allow a Development Owner to conform to the new ROFR provisions described in the amended statute.

The Development Owner has complied with the amendment and notification requirements under the Department's rule at Tex. Gov't Code §2306.6712 and 10 TAC §10.405(b). The Development Owner held a public hearing on the matter on June 28, 2017, at 6:00 p.m. at the Development's management office/clubhouse. No negative public comment was received regarding the requested amendment.

Staff recommends approval of the material LURA amendment as presented herein.

Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted: 6/7/2017 Amendment Requested: *LURA Amendment,*

Has the change been implemented? *No* Award Stage: *Post 15-Year Compliance Period*

NOTE: *Material Application or LURA Amendment requests must be received* ***45 days before the Board Meeting****.*

Contact your Asset Manager if you are unsure what type of Amendment to request: https://www.tdhca.state.tx.us/asset-management/contacts.htm

DEVELOPMENT INFORMATION

Dev. Name: Villas at Willow Springs Apartments File No. / CMTS No.: 01003 /246

CONTACT INFORMATION

Request Submitted By: Nathan L. Kelley Phone #/Email: (713) 833-1086 /

SECTION 1: COVER LETTER

A cover letter ***MUST*** be submitted with your request. Review your cover letter to ensure it includes:

☒ The change(s) requested ☒ The reason the change is necessary ☒ The good cause for the change

☐ An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You ***MUST*** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

☐ Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted

☐ Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect

☐ Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.

☒ Material Amendment fee of $2,500 for first amendments, $3,000 for second amendments, $3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see ***Subchapter E, §10.405(a)(3)***):

☐ Site plan ☐ Scope of tenant services ☐ Exclusion of reqs in Subchapters B & C

☐ Number of units* ☐ Reduction of 3%+ in unit sq ft ☐ Other

☐ Bedroom mix ☐ Reduction of 3%+ common area

☐ Architectural design ☐ Residential density (5%+ change)

If "Number of units" is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

☐ Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units

☐ Evidence supporting the need for the adjustment in units

NOTE: **The approved amendment may carry a penalty in accordance with **§10.405(a)(6)(b).***

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, ***§10.405(b)(2)***):

☐ Reductions in the number of LI units ☐ Change in Target Population

☐ Changes to income or rent restrictions ☐ Removal of Non-profit ☐ Other

☒ Change in ROFR period or other ROFR provisions

The following additional items are attached for consideration or will be forthcoming:

☒ Draft Notice of Public Hearing* ☐ Evidence of public hearing*

NOTE: **Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

n/a

☐ Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

n.a

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

n/a

San Marcos Willow Springs, Ltd.

June 7, 2017

Via Hand Delivery
Lucy Trevino
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 01003 – Villas at Willow Springs Apartments (the "Property")

Dear Lucy:

The undersigned, collectively being the General Partner (herein so called) of San Marcos Willow Springs, Ltd., a Texas limited partnership (the "Partnership") and the current owner of the Property, hereby submits this letter as a request for a material LURA amendment in accordance with Section 10.405(b) of the Rules for the reasons set forth below.

Background Information and Request

In 2015, Texas Government Code Section 2306.6725 was amended to allow for a 180-day Right of First Refusal ("ROFR") period. Currently, the LURA for this Property requires a two-year ROFR period. Section 10.405(b)(2)(F) of the Rules allows for a LURA amendment in order to conform a ROFR period to the period described in Section 2306.6725. Therefore the General Partner, acting on behalf of the Partnership, requests a LURA amendment to eliminate the two-year ROFR period and replace it with the 180-day ROFR period.

LURA Amendment

In accordance with Section 10.405(b) of the Rules, the General Partner, acting on behalf of the Partnership, is delivering a fee in the amount of $2,500. In addition, the General Partner, acting on behalf of the Partnership, commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner, acting on behalf of the Partnership, will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner, acting on behalf of the Partnership, requests staff recommendation, in support of this request, to be considered at the July 27, 2017 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

San Marcos Willow Springs, Ltd.,
A Texas limited partnership

By: Richco Rinehart Investments, L.L.C.,
a Texas limited liability company, its co-general partner

By: [signature]
Christan Fuqua, President

By: Blazer Residential, Inc.,
a Texas corporation, its co-general partner

By: [signature]
H. Chris Richardson, President

San Marcos Willow Springs, Ltd.

June 15, 2017

Dear Resident:

Villas at Willow Springs Apartments (the "**Community**") is owned by San Marcos Willow Springs, Ltd. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: www.tdhca.state.tx.us).

A contractual restriction imposed by the Department mandates that if the Owner decides to sell the Community at a certain time, the Owner will offer the Community for sale to a non-profit organization or a tenant organization for a period of up to two years. To be consistent with a change in Texas law, the Owner is requesting Department approval to change the two-year period to a 180-day period.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on June 28, 2017 at 6:00 p.m.

Please note that this proposal would not affect your current lease agreement, your rent payment, or your security deposit. You would not be required to move out of your home or take any other action because of this change. If the Department approves Owner's request, the Community will not change at all from its current form.

If you are unable to attend the public hearing and would like to submit your concerns in writing to the Department, please send your comments via email to asset.managment@tdhca.state.tx.us or you may mail them to:

Texas Department of Housing and Community Affairs
Asset Management Division
221 East 11th Street
Austin, Texas 78701

We appreciate that Villas at Willow Springs Apartments is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing Villas at Willow Springs Apartments as your home.

Sincerely,

San Marcos Willow Springs, Ltd.,
A Texas limited partnership

By: Richco Rinehart Investments, L.L.C.,
a Texas limited liability company, its co-general partner

By: Christan Fuqua
Christan Fuqua, President

By: Blazer Residential, Inc.,
a Texas corporation, its co-general partner

By: H. Chris Richardson
H. Chris Richardson, President

San Marcos Willow Springs, Ltd.

June 15, 2017

Hon. John Thomaides
Mayor, City of San Marcos
630 E. Hopkins
San Marcos, TX 78666

Dear Hon. John Thomaides:

San Marcos Willow Springs, Ltd. (the "**Owner**") is the owner of Villas at Willow Springs Apartments (the "**Community**") which is located at 1506 I-35, San Marcos, TX 78666. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

A contractual restriction imposed by the Department mandates that if the Owner decides to sell the Community at a certain time, the Owner will offer the Community for sale to a non-profit organization or a tenant organization for a period of up to two years. To be consistent with a change in Texas law, the Owner is requesting Department approval to change the two-year period to a 180-day period.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on June 28, 2017 at 6:00 p.m.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

San Marcos Willow Springs, Ltd.,
A Texas limited partnership

By: Richco Rinehart Investments, L.L.C.,
a Texas limited liability company, its co-general partner

By: ______________________
Christan Fuqua, President

By: Blazer Residential, Inc.,
a Texas corporation, its co-general partner

By: ______________________
H. Chris Richardson, President

San Marcos Willow Springs, Ltd.

June 15, 2017

Rep. Jason Issac
Texas House of Representatives
P.O. Box 2910, Room E1.320
Austin, TX 78768

Dear Rep. Issac:

San Marcos Willow Springs, Ltd. (the "**Owner**") is the owner of Villas at Willow Springs Apartments (the "**Community**") which is located at 1506 I-35, San Marcos, TX 78666. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

A contractual restriction imposed by the Department mandates that if the Owner decides to sell the Community at a certain time, the Owner will offer the Community for sale to a non-profit organization or a tenant organization for a period of up to two years. To be consistent with a change in Texas law, the Owner is requesting Department approval to change the two-year period to a 180-day period.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on June 28, 2017 at 6:00 p.m.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

San Marcos Willow Springs, Ltd.,
A Texas limited partnership

By: Richco Rinehart Investments, L.L.C.,
a Texas limited liability company, its co-general partner

By: Christan Fuqua
Christan Fuqua, President

By: Blazer Residential, Inc.,
a Texas corporation, its co-general partner

By: Chris Richardson
H. Chris Richardson, President

San Marcos Willow Springs, Ltd.

June 15, 2017

Sen. Judith Zaffirini
Texas State Senate
P.O. Box 12068
Austin, TX 78711

Dear Sen. Zaffirini:

San Marcos Willow Springs, Ltd. (the "**Owner**") is the owner of Villas at Willow Springs Apartments (the "**Community**") which is located at 1506 I-35, San Marcos, TX 78666. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

A contractual restriction imposed by the Department mandates that if the Owner decides to sell the Community at a certain time, the Owner will offer the Community for sale to a non-profit organization or a tenant organization for a period of up to two years. To be consistent with a change in Texas law, the Owner is requesting Department approval to change the two-year period to a 180-day period.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community and its elected representatives. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on June 28, 2017 at 6:00 p.m.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

San Marcos Willow Springs, Ltd.,
A Texas limited partnership

By: Richco Rinehart Investments, L.L.C.,
a Texas limited liability company, its co-general partner

By: Christan Fuqua
Christan Fuqua, President

By: Blazer Residential, Inc.,
a Texas corporation, its co-general partner

By: Chris Richardson
H. Chris Richardson, President

San Marcos Willow Springs, Ltd.

June 15, 2017

Mr. Eric Bonney
Boston Financial Investment Management
3102 Maple Avenue, Suite 400
Dallas, TX 75201

Dear Mr. Bonney:

San Marcos Willow Springs, Ltd. (the "**Owner**") is the owner of Villas at Willow Springs Apartments (the "**Community**") which is located at 1506 I-35, San Marcos, TX 78666. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

A contractual restriction imposed by the Department mandates that if the Owner decides to sell the Community at a certain time, the Owner will offer the Community for sale to a non-profit organization or a tenant organization for a period of up to two years. To be consistent with a change in Texas law, the Owner is requesting Department approval to change the two-year period to a 180-day period.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community, its elected representatives and the Owner's other financing partners. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on June 28, 2017 at 6:00 p.m.

We invite you to attend and give your input on this proposal.

Sincerely,

San Marcos Willow Springs, Ltd.,
A Texas limited partnership

By: Richco Rinehart Investments, L.L.C.,
a Texas limited liability company, its
co-general partner

By: Christan Fuqua
Christan Fuqua, President

By: Blazer Residential, Inc.,
a Texas corporation, its co-general
partner

By: Chris Richardson
H. Chris Richardson, President

San Marcos Willow Springs, Ltd.

June 15, 2017

Mrs. Jeannie Smith
Wells Fargo Commercial Mortgage Servicing
5080 Spectrum, 4th Floor
Addison, TX 75001

Dear Mrs. Smith:

San Marcos Willow Springs, Ltd. (the "**Owner**") is the owner of Villas at Willow Springs Apartments (the "**Community**") which is located at 1506 I-35, San Marcos, TX 78666. In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**").

A contractual restriction imposed by the Department mandates that if the Owner decides to sell the Community at a certain time, the Owner will offer the Community for sale to a non-profit organization or a tenant organization for a period of up to two years. To be consistent with a change in Texas law, the Owner is requesting Department approval to change the two-year period to a 180-day period.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community, its elected representatives and the Owner's other financing partners. Accordingly, there will be a public meeting to discuss this matter. This meeting will take place at the Community's management office/clubhouse on June 28, 2017 at 6:00 p.m.

We invite you to attend and give your input on this proposal.

Sincerely,

San Marcos Willow Springs, Ltd.,
A Texas limited partnership

By: Richco Rinehart Investments, L.L.C.,
a Texas limited liability company, its co-general partner

By: Christan Fuqua
Christan Fuqua, President

By: Blazer Residential, Inc.,
a Texas corporation, its co-general partner

By: C. Richardson
H. Chris Richardson, President

VILLAS AT WILLOW SPRINGS – RESIDENT PUBLIC MEETING SIGN-IN SHEET

Meeting Date:	**June 28, 2017**
Place/Room:	**Villas at Willow Springs Community Room**

Name	Unit	Name	Unit
Dennis Kent, Ph.D.	6517		
Charles Roberts	2611		
K Bonner Rivera	411		

Villas at Willow Springs
Public Hearing regarding LURA Amendment

The public hearing related the request to amend Villas at Willow Springs' ("VWS") Right of First Refusal ("ROFR") period was held in the VWS community room on June 28, 2017 at 6:00pm. Nathan Kelley and Robin Cleary were in attendance representing the owner and property manager. Three residents of the property were in attendance. The meeting was recorded and a summary of the discussion is as follows:

Mr. Kelley opened by explaining the reason for the public hearing and offered to address any questions the residents had.

Mr. Charles Roberts, resident, asked for confirmation that the existing ROFR was for a 2 year period.

Mr. Kelley confirmed and explained that the purpose of the amendment was to narrow the timeline for the ROFR from 2 years to 180 days.

Mr. Roberts asked what changes would be made to property maintenance and management.

Mr. Kelley confirmed that there would be no change in the operational aspects of the property as a result of the ROFR amendment.

Mrs. Rosanna Rivera, resident, asked about changes to the lease, ownership of the property, and notices to tenants as part of the ROFR amendment.

Mr. Kelley clarified that the ROFR amendment would not impact the lease.

Mr. Roberts asked if the property was on the market at this time.

Mr. Kelley noted that a consultant has been hired to evaluate options.

Mrs. Rivera and Mr. Roberts asked about notification related to a change in ownership.

Mr. Kelley confirmed that notice would be provided in the event of a change in ownership.

Mr. Kelley concluded the meeting.

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

JULY 27, 2017

Presentation, discussion, and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Land Use Restriction Agreement ("LURA") for Fountains at Tidwell (HTC #01042)

RECOMMENDED ACTION

WHEREAS, Fountains at Tidwell (the "Development") received a 9% HTC award in 2001 to construct 188 multifamily units in Houston, Harris County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal ("ROFR") to purchase the Development and for having a Historically Underutilized Business ("HUB"), namely Isaac & Vera Enterprises, Inc. (formerly known as I.V. Enterprises, Inc.), participate in the ownership of the Development;

WHEREAS, the LURA for the Development requires a two-year ROFR period and requires that throughout the Compliance Period, unless otherwise permitted by the Department, the HUB shall hold an ownership interest, and must maintain regular, continuous, and substantial participation in the development and operation of the Development;

WHEREAS, the Development is within the extended Compliance Period, as defined in the LURA;

WHEREAS, in Spring 2015 the Texas Legislature amended Tex. Gov't Code §2306.6725 and §2306.6726 to allow, among other things, for a 180-day ROFR period and to permit a Qualified Entity to purchase a property under ROFR, and defined a Qualified Entity to mean an entity described by, or an entity controlled by an entity described by, §42(i)(7)(A), Internal Revenue Code of 1986;

WHEREAS, removal of a HUB requirement from the LURA is a non-material amendment under 10 TAC §10.405(b)(1), and amendment to the ROFR period in the LURA is a material change requiring Board approval under 10 TAC §10.405(b)(2);

WHEREAS, the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board, including holding a public hearing at which no negative public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the material LURA amendment for Fountains at Tidwell is approved, as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

The Development was approved in 2001 for a 9% HTC award to construct 188 multifamily units in Houston, Harris County. In a letter dated February 10, 2017, Fountains at Tidwell, Ltd. (the "Development Owner") through its General Partner (IVE Fountains, LLC, Isaac Matthews, Manager) requested approval to amend the LURA related to the ROFR provision and to eliminate the requirement for a HUB to hold an ownership interest and to maintain regular, continuous, and substantial participation in the development and operation of the Development in order to facilitate a proposed sale of the property.

The additional use restrictions in the current LURA require, among other things, an extended 25 year Compliance Period, material participation by a HUB throughout the Compliance Period and a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization if at any time after the fifteenth year of the Compliance Period the owner decides to sell the property.

The request letter states that the Development Owner desires to pursue a proposed sale of the property. Therefore, the HUB General Partner is requesting approval to remove the HUB requirement and has stated that it is acting of its own volition in making this request, and that the HUB's participation regarding the Development has been substantive and meaningful and will continue to be until the sale is effectuated. The HUB General Partner intends to remain as General Partner of this Development until the anticipated sale is closed and ownership is transferred to a new owner, subject to the Department's review and approval of said transfer.

In 2015, the Texas Legislature passed HB 3576 which amended Tex. Gov't Code §2306.6725 to allow for a 180-day ROFR period and §2306.6726 to allow for a Qualified Entity to purchase a development under a ROFR provision of the LURA and satisfy the ROFR requirement. Additionally, §2306.6726, as amended by HB 3576, defines Qualified Entity to mean an entity described by, or an entity controlled by an entity described by, §42(i)(7)(A) of the Internal Revenue Code of 1986. The Department's 2017 Uniform Multifamily Rules, Subchapter E, §10.407 implemented administrative procedures to allow a Development Owner to conform to the new ROFR provisions described in the amended statute.

The Development Owner has complied with the amendment and notification requirements under the Department's rule at Tex. Gov't Code §2306.6712 and 10 TAC §10.405(b). The Development Owner held a public hearing on the matter on June 27, 2017, at 10:00 a.m. at the Development's management office/clubhouse. No negative public comment was received regarding the requested amendment.

Staff recommends approval of the LURA amendment as presented herein.

FOUNTAINS AT TIDWELL, LTD.
5325 Katy Freeway, Suite 1
Houston, Texas 77007-2287

June 9, 2017

VIA HAND DELIVERY
Lucy Trevino
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 01042; Fountains at Tidwell (the "**Property**")

Dear Lucy:

The undersigned is the General Partner (herein so called) of Fountains at Tidwell, Ltd., a Texas limited partnership (the "**Partnership**") and the current owner of the Property. This letter constitutes request for a material LURA amendment in order to: (1) remove the ongoing requirement for HUB participation and (2) modify the two-year Right of First Refusal ("**ROFR**") period.

Request for HUB Restriction Removal

The LURA for this Property requires ownership participation by a, Historically Underutilized Business ("**HUB**"). Isaac & Vera Enterprises, Inc., a Texas corporation, ("**IVE**") formerly known as I.V. Enterprises, Inc., is the sole member of the General Partner and a HUB serving in such capacity since the Property was awarded tax credits. The General Partner acting on behalf of the Partnership, requests that TDHCA remove the HUB requirement from its LURA to facilitate a proposed transfer of general partner interests in the Partnership.

Section 10.406(f) of the Rules recognizes that a LURA can be amended or remove the ongoing HUB participation requirement. The General Partner asks TDHCA to approve this amendment to facilitate the removal of the HUB restriction. In accordance with the Rules, the General Partner certifies to TDHCA as follows:

(1) IVE was not removed from its position and is acting of its own volition in making this request.

(2) IVE's participation as the HUB with regard to the Property is substantive and meaningful, and will continue to be so until the proposed transfer of general partner's interest is effectuated.

Request to Amend the ROFR Period

In 2015, Texas Government Code Section 2306.6726 was amended to allow for a 180-day Right of First Refusal ("**ROFR**") period. Currently, the LURA for this Property requires a two-year ROFR period. Section 10.405(b)(2)(F) of the Rules allows for a LURA amendment in order to conform a ROFR period to the period described in Section 2306.6726. Therefore the

Partnership, requests a LURA amendment to eliminate the two-year ROFR period and replace it with the 180-day ROFR period, also permitting a proposed transfer of general partner interests.

LURA Amendment

In accordance with Section 10.405(b) of the Rules, the Partnership, is delivering a fee in the amount of $2500. In addition, the Partnership, commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials as to these proposed amendments. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the Partnership, will proceed to set a date and time for the public hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the Partnership, requests staff recommendation, in support of this request, to be considered at the July 27, 2017 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

IVE FOUNTAINS, LLC,
a Texas limited liability company

By: ____________________
Isaac Matthews, Manager

FOUNTAINS AT TIDWELL, LTD.
5325 Katy Freeway, Suite 1
Houston, Texas 77007-2287

June 13, 2017

Dear Resident:

Fountains at Tidwell (the "**Community**") is owned by Fountains at Tidwell, Ltd.. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: www.tdhca.state.tx.us).

The Owner is currently structured to include IVE Fountains, LLC, a Texas limited liability company ("**General Partner**"), as the general partner. Isaac & Vera Enterprises, Inc., a Texas corporation ("**IVE**"), formerly known as I.V. Enterprises, Inc., is the sole member of the General Partner and a State of Texas certified Historically Underutilized Business ("**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. The Owner desires to have this provision removed from its contract to facilitate a proposed transfer of general partner interests and, therefore, is requesting the Department's approval to remove the ongoing requirement for HUB participation from its contract.

Additionally, a contractual restriction imposed by the Department mandates that if the Owner decides to sell the Community at a certain time, the Owner will offer the Community for sale to a non-profit organization or a tenant organization for a period of up to two years and permitting the Owner to transfer the Community to certain kinds of entities in the right of first refusal process. To be consistent with a change in Texas law, the Owner is requesting Department approval to change the two-year period to a 180-day period. TDHCA Uniform Multifamily Rules require that notice of the requests be provided to all residents of the Community.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter and we invite you to attend. The public hearing is your opportunity to discuss the amendment request and voice your concerns. The public hearing will take place at the Community's management office/clubhouse on **June 21, 2017** at **10:00 a.m.** Information from this meeting will be submitted for consideration by the Texas Department of Housing and Community Affairs Governing Board at their July 27, 2017 meeting.

Please note that this proposal would *not* affect your current lease agreement, your rent payment, or your security deposit. You would *not* be required to move out of your home or take any other action because of this change. If the Department approves Owner's request, the Community will not change at all from its current form.

If you are unable to attend the public hearing and would like to submit your concerns in writing to the Department, please send your comments via email to asset.management@tdhca.state.tx.us or you may mail them to:

Texas Department of Housing and Community Affairs
Asset Management Division
221 East 11th Street
Austin, Texas 78701

We appreciate that Fountains at Tidwell is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing Fountains at Tidwell as your home.

Sincerely,

FOUNTAINS AT TIDWELL, LTD.,
a Texas limited partnership

By: IVE Fountains, LLC,
a Texas limited liability company,
its general partner

By: ________________
Isaac Matthews, Manager

FOUNTAINS AT TIDWELL, LTD.
5325 Katy Freeway, Suite 1
Houston, Texas 77007-2287

June 9, 2017

Representative Jarvis Johnson
District 139
6112 Wheatly Street
Houston, Texas 77091

Fountains at Tidwell (the "**Community**") is owned by Fountains at Tidwell, Ltd.. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: www.tdhca.state.tx.us).

The Owner is currently structured to include IVE Fountains, LLC, a Texas limited liability company ("**General Partner**"), as the general partner. Isaac & Vera Enterprises, Inc., a Texas corporation ("**IVE**"), formerly known as I.V. Enterprises, Inc., is the sole member of the General Partner and a State of Texas certified Historically Underutilized Business ("**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. The Owner desires to have this provision removed from its contract to facilitate a proposed transfer of general partner interests and, therefore, is requesting the Department's approval to remove the ongoing requirement for HUB participation from its contract.

Additionally, a contractual restriction imposed by the Department mandates that if the Owner decides to sell the Community at a certain time, the Owner will offer the Community for sale to a non-profit organization or a tenant organization for a period of up to two years and permitting the Owner to transfer the Community to certain kinds of entities in the right of first refusal process. To be consistent with a change in Texas law, the Owner is requesting Department approval to change the two-year period to a 180-day period. TDHCA Multifamily Family Rules requires that notice of the requests be provided to elected officials whose districts include the Community.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter and we invite you to attend. The public hearing will take place at the Community's management office/clubhouse on **June 21, 2017** at **10:00 a.m.**
Information from this meeting will be submitted for consideration by the Texas Department of Housing and Community Affairs Governing Board at their July 27, 2017 meeting.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

FOUNTAINS AT TIDWELL, LTD.,
a Texas limited partnership

By: IVE Fountains, LLC,
a Texas limited liability company,
its general partner

By: ______________________
Isaac Matthews, Manager

FOUNTAINS AT TIDWELL, LTD.
5325 Katy Freeway, Suite 1
Houston, Texas 77007-2287

June 9, 2017

Walker & Dunlop, LLC
P. O. Box 90498
Chicago, IL 60696-0498

Fountains at Tidwell (the "**Community**") is owned by Fountains at Tidwell, Ltd.. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: www.tdhca.state.tx.us).

The Owner is currently structured to include IVE Fountains, LLC, a Texas limited liability company ("**General Partner**"), as the general partner. Isaac & Vera Enterprises, Inc., a Texas corporation ("**IVE**"), formerly known as I.V. Enterprises, Inc., is the sole member of the General Partner and a State of Texas certified Historically Underutilized Business ("**HUB**"). A contractual restriction imposed by TDHCA mandated that a HUB participate in the ownership of the Community for a designated period of time. The Owner desires to have this provision removed from its contract to facilitate a proposed transfer of general partner interests and, therefore, is requesting the Department's approval to remove the ongoing requirement for HUB participation from its contract.

Additionally, a contractual restriction imposed by the Department mandates that if the Owner decides to sell the Community at a certain time, the Owner will offer the Community for sale to a non-profit organization or a tenant organization for a period of up to two years and permitting the Owner to transfer the Community to certain kinds of entities in the right of first refusal process. To be consistent with a change in Texas law, the Owner is requesting Department approval to change the two-year period to a 180-day period. TDHCA Uniform Multifamily Rules require that notice of the requests be provided to the investors and lenders that have provided financing for the Community.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter and we invite you to attend. The public hearing will take place at the Community's management office/clubhouse on **June 21, 2017** at **10:00 a.m.**
Information from this meeting will be submitted for consideration by the Texas Department of Housing and Community Affairs Governing Board at their July 27, 2017 meeting.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

FOUNTAINS AT TIDWELL, LTD.,
a Texas limited partnership

By: IVE Fountains, LLC,
a Texas limited liability company,
its general partner

By: ______________________
Isaac Matthews, Manager

ISAAC & VERA ENTERPRISES
6605 Nuben Street
Houston, Texas 77091-2954

June 9, 2017

Lucy Trevino
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 01042; Fountains at Tidwell (the "**Property**")

Dear Ms. Trevino:

The undersigned, Isaac & Vera Enterprises, formerly known as IV Enterprises, Inc., ("**IVE**") is the sole member of IVE Fountains, LLC, a Texas limited liability corporation (the "**General Partner**"), which is the general partner of Fountains at Tidwell, Ltd., a Texas limited partnership (the "**Owner**"), the current Owner of the Property. IVE is certified as a historically underutilized business ("**HUB**"). The Property's Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits ("**LURA**") requires the ongoing material participation of a HUB, and IVE has been fulfilling that requirement.

In concert with the Owner, IVE has determined that it is in its best economic interest to retire as the HUB of the Property in order to facilitate a proposed transfer of general partner interests in the Owner. IVE's decision to exit the ownership is an action of its own volition and its participation in the development and operation of the Property has been, and will continue to be, substantive and meaningful until the removal of the HUB requirement from the LURA.

IVE is respectfully requesting TDHCA's approval to remove the ongoing HUB requirement from the LURA to facilitate the proposed transfer of the general partner interest in the Owner.

[Remainder of page intentionally left blank]

ISAAC & VERA ENTERPRISES, INC.
a Texas corporation

By: ______________________________
Name: Isaac Matthews, President

Fountains at Tidwell

Public Hearing

6/21/2017

The hearing was conducted by Ryan Hettig on June 21, 2017 commencing at 10:00 a.m. Two residents were in attendance. Resident Johnson question how the change would affect her housing voucher situation. Resident Hare wanted to know if the change would affect the community either positively or negatively. I let them know the change would not affect their lease terms. I let them know under current management neither situation would change.

Public Hearing Sign In Sheet **Fountains at Tidwell, Ltd. 6/21/17**

Name	Unit#	Time	Comments
JOSEPH HARE	3904	10:00	MY HOPE IS FOR A LONG-TERM ENRICHMENT EXPERIENCE FOR THIS COMMUNITY AND THE SURROUNDING NEIGHBORHOOD.
Willena Johnson	5302	10:15	I, as a residence had concerns about Housing and wanted to know how I would be effected.

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

JULY 27, 2017

Presentation, discussion, and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Land Use Restriction Agreement ("LURA") for Town North Apartments (#02156)

RECOMMENDED ACTION

WHEREAS, Town North Apartments (the "Development") received a 9% HTC award in 2002 to acquire and rehabilitate 100 multifamily units in Texarkana, Bowie County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal ("ROFR") to purchase the Development, and the LURA requires a two-year ROFR period;

WHEREAS, in Spring 2015 the Texas Legislature amended Tex. Gov't Code §2306.6725 and §2306.6726 to allow, among other things, for a 180-day ROFR period and to permit a Qualified Entity to purchase a property under ROFR, and defined a Qualified Entity to mean an entity described by, or an entity controlled by an entity described by, §42(i)(7)(A), Internal Revenue Code of 1986;

WHEREAS, the Development Owner requests to amend the LURA for the Development to incorporate changes made to Tex. Gov't Code §2306.6725 and §2306.6726;

WHEREAS, 10 TAC §10.405(b)(2) allows for an owner to request a material LURA amendment, and the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board, including holding a public hearing at which no negative public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the material LURA amendment for Town North Apartments is approved as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Town North Apartments received an award of 9% HTC in 2002 for the acquisition and rehabilitation of 100 multifamily units in Texarkana, Bowie County. In a letter dated April 19, 2017, the Development Owner (Town North Affordable Housing, L.P.) through its General Partner (Preservation Partners of Texarkana, Inc., Dan O'Dea, President) requested approval to amend the LURA related to the ROFR provision.

The additional use restrictions in the current LURA require, among other things, a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization if at any time after the fifteenth year of the Compliance Period the owner decides to sell the property.

The General Partner requests to amend the LURA to replace the two-year ROFR period with a 180-day ROFR period, which would also permit re-syndication and sale to a Qualified Entity. The property is past its fifteenth year of the Compliance Period, and the partners in the Partnership are positioning themselves to transfer their partnership interest.

In 2015, the Texas Legislature passed HB 3576 which amended Tex. Gov't Code §2306.6725 to allow for a 180-day ROFR period and §2306.6726 to allow for a Qualified Entity to purchase a development under a ROFR provision of the LURA and satisfy the ROFR requirement. Additionally, §2306.6726, as amended by HB 3576, defines Qualified Entity to mean an entity described by, or an entity controlled by an entity described by, §42(i)(7)(A) of the Internal Revenue Code of 1986. The Department's 2017 Uniform Multifamily Rules, Subchapter E, §10.407 implemented administrative procedures to allow a Development Owner to conform to the new ROFR provisions described in the amended statute.

The Development Owner has complied with the amendment and notification requirements under the Department's rule at Tex. Gov't Code §2306.6712 and 10 TAC §10.405(b). The Development Owner held a public hearing on the matter on June 21, 2017, at 5:00 pm at the Development's management office/clubhouse. No public comment was received regarding the requested amendment.

Staff recommends approval of the material LURA amendment as presented herein.

Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted: 4/19/2017 Amendment Requested: *LURA Amendment,*

Has the change been implemented? *No* Award Stage: *Compliance Period (After 8609s)*

*NOTE: Material Application or LURA Amendment requests must be received **45 days before the Board Meeting**.*

Contact your Asset Manager if you are unsure what type of Amendment to request: https://www.tdhca.state.tx.us/asset-management/contacts.htm

DEVELOPMENT INFORMATION

Dev. Name: Town North Apartments File No. / CMTS No.: 02156 /

CONTACT INFORMATION

Request Submitted By: Cynthia Bast / Rebecca Rizo Phone #/Email: (512) 305-4707 /(512) 305-4781

SECTION 1: COVER LETTER

A cover letter ***MUST*** be submitted with your request. Review your cover letter to ensure it includes:

☒ The change(s) requested ☒ The reason the change is necessary ☒ The good cause for the change

☒ An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You ***MUST*** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

☐ Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted

☐ Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect

☐ Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.

☒ Material Amendment fee of $2,500 for first amendments, $3,000 for second amendments, $3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see ***Subchapter E, §10.405(a)(3)***):

☐ Site plan ☐ Scope of tenant services ☐ Exclusion of reqs in Subchapters B & C

☐ Number of units* ☐ Reduction of 3%+ in unit sq ft ☐ Other

☐ Bedroom mix ☐ Reduction of 3%+ common area

☐ Architectural design ☐ Residential density (5%+ change)

If "Number of units" is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

☐ Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units

☐ Evidence supporting the need for the adjustment in units

*NOTE: *The approved amendment may carry a penalty in accordance with* ***§10.405(a)(6)(b).***

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, ***§10.405(b)(2)***):

☐ Reductions in the number of LI units ☐ Change in Target Population

☐ Changes to income or rent restrictions ☐ Removal of Non-profit ☐ Other

☒ Change in ROFR period or other ROFR provisions

The following additional items are attached for consideration or will be forthcoming:

☒ Draft Notice of Public Hearing* ☐ Evidence of public hearing*

*NOTE: *Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

n/a

☐ Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

n/a

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

n/a

Town North Affordable Housing, L.P.
300 Beardsley Lane, Suite C204
Austin, Texas 78746

April 19, 2017

Via Hand Delivery
Kent Bedell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 02156 Town North Apartments (the "**Property**")

Dear Mr. Bedell:

The undersigned, being the General Partner (herein so called) of Town North Affordable Housing, L.P., a Texas limited partnership (the "**Partnership**") and the current owner of the Property, hereby submits this letter as a request for a material LURA amendment in accordance with Section 10.405(b) of the Rules for the reasons set forth below.

Background Information and Request

In 2015, Texas Government Code Section 2306.6726 was amended to allow for a 180-day Right of First Refusal ("**ROFR**") period, resyndication, and the sale to qualified entities. Currently, the LURA for this Property requires a two-year ROFR period. Section 10.405(b)(2)(F) of the Rules allows for a LURA amendment in order to conform a ROFR to the provisions in Section 2306.6726. Therefore the General Partner, acting on behalf of the Partnership, requests a LURA amendment to eliminate the two-year ROFR period and replace it with the 180-day ROFR period, also permitting resyndication and sale to qualified entities.

LURA Amendment

In accordance with Section 10.405(b) of the Rules, the General Partner, acting on behalf of the Partnership, is delivering a fee in the amount of $2500. In addition, the General Partner, acting on behalf of the Partnership, commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner, acting on behalf of the Partnership, will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner, acting on behalf of the Partnership, requests staff recommendation, in support of this request, to be considered at the next available TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

Preservation Partners of Texarkana, Inc.,
a Texas corporation

By: ______________________
Daniel F. O'Dea, President

SIGN IN SHEET

COMPLEX: Town North Apartments

DATE: June 21, 2017

EVENT: Community Meeting

NAME:

1. Joann Hunter
2. Shamela Martin
3. Janice Johnson
4.
5.
6.
7.
8.
9.
10.
11.
12.
13.
14.
15.
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18.
19.
20.

Manager:

Town North Resident Meeting Notes June 21, 2017 5:00PM

Asset Manager, Julie Hudson and Manager, Gail Henderson greeted residents. We asked attendees to sign in and waited until 5:05PM to begin the meeting. There were only 2 attendees at 5:05 and Janie Johnson 5:09. Assistant Manager, Jessie Miller was also in attendance.

Julie Hudson explained the purpose of the meeting was to let the residents know that the Owner of the community is currently seeking approval to change the 2-year period to a 180-day period for offering the Community for sale to a non-profit organization or tenant organization. The explanation was then repeated for Ms. Johnson as she arrived late.

She explained that if there are any concerns, they could discuss them at this point.

Ms. Hudson asked if anyone had any questions or concerns and everyone said no that they understood.

Ms. Hudson reassured the residents that everything with their lease agreements would remain intact. Ms. Hudson asked again if there were any other questions or concerns and there were none at this time.

Meeting adjourned at 5:15 PM

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

JULY 27, 2017

Presentation, discussion, and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Land Use Restriction Agreement ("LURA") for Sheldon Ranch (HTC #060028)

RECOMMENDED ACTION

WHEREAS, Sheldon Ranch (the "Development") received a 9% HTC award in 2006 to construct 30 multifamily units in Channelview, Harris County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal ("ROFR") to purchase the Development, and the LURA requires a two-year ROFR period;

WHEREAS, in Spring 2015 the Texas Legislature amended Tex. Gov't Code §2306.6725 and §2306.6726 to allow, among other things, for a 180-day ROFR period and to permit a Qualified Entity to purchase a property under ROFR, and defined a Qualified Entity to mean an entity described by, or an entity controlled by an entity described by, §42(i)(7)(A), Internal Revenue Code of 1986;

WHEREAS, the Development Owner requests to amend the LURA for the Development to incorporate changes made to Tex. Gov't Code §2306.6725 and §2306.6726;

WHEREAS, amendment to the ROFR period in the LURA is a material change requiring Board approval under 10 TAC §10.405(b)(2) and the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board, including holding a public hearing at which no negative public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the material LURA amendment for Sheldon Ranch is approved as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Sheldon Ranch received an award of 9% HTC in 2006 for the new construction of 30 multifamily units in Channelview, Harris County. In a letter dated June 9, 2017, the Development Owner (Sheldon Ranch, Ltd.) through its General Partner (H.K. Sheldon, LLC, W. Barry Kahn, Manager) requested approval to amend the LURA related to the ROFR provision.

The additional use restrictions in the current LURA require, among other things, a two-year ROFR to sell the Development based on a set order of priority to a community housing development organization (as defined for purposes of the federal HOME Investment Partnership Program at 24 CFR Part 92), to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)), or to a tenant organization if at any time after the fifteenth year of the Compliance Period the owner decides to sell the property.

The General Partner requests to amend the LURA to replace the two-year ROFR period with a 180-day ROFR period. The property is currently in the ninth year of the Compliance Period.

In 2015, the Texas Legislature passed HB 3576 which amended Tex. Gov't Code §2306.6725 to allow for a 180-day ROFR period and §2306.6726 to allow for a Qualified Entity to purchase a development under a ROFR provision of the LURA and satisfy the ROFR requirement. Additionally, §2306.6726, as amended by HB 3576, defines Qualified Entity to mean an entity described by, or an entity controlled by an entity described by, §42(i)(7)(A) of the Internal Revenue Code of 1986. The Department's 2017 Uniform Multifamily Rules, Subchapter E, §10.407 implemented administrative procedures to allow a Development Owner to conform to the new ROFR provisions described in the amended statute.

The Development Owner has complied with the amendment and notification requirements under the Department's rule at Tex. Gov't Code §2306.6712 and 10 TAC §10.405(b). The Development Owner held a public hearing on the matter on June 28, 2017, at 10:00 a.m. at the Development's management office/clubhouse. No negative public comment was received regarding the requested amendment.

Staff recommends approval of the material LURA amendment as presented herein.

SHELDON RANCH, LTD.
5325 Katy Freeway, Suite 1
Houston, Texas 77007-2287

June 9, 2017

<u>VIA HAND DELIVERY</u>
Lucy Trevino
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 060028; Sheldon Ranch (the "**Property**")

Dear Lucy:

The undersigned is the General Partner (herein so called) of Sheldon Ranch, Ltd., a Texas limited partnership (the "**Partnership**") and the current owner of the Property. This letter constitutes request for a material LURA amendment in order to modify the two-year Right of First Refusal ("**ROFR**") period.

<u>Request to Amend the ROFR Period</u>

In 2015, Texas Government Code Section 2306.6726 was amended to allow for a 180-day Right of First Refusal ("**ROFR**") period. Currently, the LURA for this Property requires a two-year ROFR period. Section 10.405(b)(2)(F) of the Rules allows for a LURA amendment in order to conform a ROFR period to the period described in Section 2306.6726. Therefore the General Partner, acting on behalf of the Partnership, requests a LURA amendment to eliminate the two-year ROFR period and replace it with the 180-day ROFR period, also permitting a proposed transfer of general partner interests in the Partnership.

<u>LURA Amendment</u>

In accordance with Section 10.405(b) of the Rules, the Partnership, is delivering a fee in the amount of $2500. In addition, the Partnership, commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials as to these proposed amendments. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the Partnership, will proceed to set a date and time for the public hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the Partnership, requests staff recommendation, in support of this request, to be considered at the July 27, 2017 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

H.K. SHELDON, LLC
a Texas limited liability company

By: ______________________
W. Barry Kahn, Manager

SHELDON RANCH, LTD.
5325 Katy Freeway, Suite 1
Houston, Texas 77007-2287

June 19, 2017

Dear Resident:

Sheldon Ranch (the "**Community**") is owned by Sheldon Ranch, Ltd.. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: www.tdhca.state.tx.us).

A contractual restriction imposed by the Department mandates that if the Owner decides to sell the Community at a certain time, the Owner will offer the Community for sale to a non-profit organization or a tenant organization for a period of up to two years and permitting the Owner to transfer the Community to certain kinds of entities in the right of first refusal process. To be consistent with a change in Texas law, the Owner is requesting Department approval to change the two-year period to a 180-day period to facilitate a proposed transfer of general partner interests in the Owner. TDHCA Uniform Multifamily Rules require that notice of this request be provided to all residents of the Property.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter and we invite you to attend. The public hearing is your opportunity to discuss the amendment request and voice your concerns. The public hearing will take place at the Community's management office/clubhouse on **June 28, 2017** at **10:00 a.m.** Information from this meeting will be submitted for consideration by the Texas Department of Housing and Community Affairs Governing Board at their July 27, 2017 meeting.

Please note that this proposal would *not* affect your current lease agreement, your rent payment, or your security deposit. You would *not* be required to move out of your home or take any other action because of this change. If the Department approves Owner's request, the Community will not change at all from its current form.

If you are unable to attend the public hearing and would like to submit your concerns in writing to the Department, please send your comments via email to asset.management@tdhca.state.tx.us or you may mail them to:

Texas Department of Housing and Community Affairs
Asset Management Division
221 East 11th Street
Austin, Texas 78701

We appreciate that Sheldon Ranch is your home and we invite you to attend and give your input on this proposal.

Thank you for choosing Sheldon Ranch as your home.

Sincerely,

SHELDON RANCH, LTD.,
a Texas limited partnership

By: H.K. Sheldon, LLC,
a Texas limited liability company,
its general partner

By: ______________________
W. Barry Kahn, Manager

SHELDON RANCH, LTD.
5325 Katy Freeway, Suite 1
Houston, Texas 77007-2287

June 9, 2017

Representative Ana Hernandez
Disctrict 143
1233 Mercury Drive
Houston, Texas 77029

Sheldon Ranch (the "**Community**") is owned by Sheldon Ranch, Ltd.. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: www.tdhca.state.tx.us).

A contractual restriction imposed by the Department mandates that if the Owner decides to sell the Community at a certain time, the Owner will offer the Community for sale to a non-profit organization or a tenant organization for a period of up to two years and permitting the Owner to transfer the Community to certain kinds of entities in the right of first refusal process. To be consistent with a change in Texas law, the Owner is requesting Department approval to change the two-year period to a 180-day period to facilitate a proposed transfer of general partner interests in the Owner. TDHCA Uniform Multifamily Rules require that notice of this request be provided to certain elected officials whose districts include the Community.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter and we invite you to attend. The public hearing will take place at the Community's management office/clubhouse on **June 28, 2017** at **10:00 a.m.** Information from this meeting will be submitted for consideration by the Texas Department of Housing and Community Affairs Governing Board at their July 27, 2017 meeting.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

SHELDON RANCH, LTD.,
a Texas limited partnership

By: H.K. Sheldon, LLC,
a Texas limited liability company,
its general partner

By: ______________________
W. Barry Kahn, Manager

SHELDON RANCH, LTD.
5325 Katy Freeway, Suite 1
Houston, Texas 77007-2287

June 9, 2017

PNC Real Estate
Midland Loan Services, Inc.
P. O. Box 25965
Shawnee Mission, KS 66225-5965

Sheldon Ranch (the "**Community**") is owned by Sheldon Ranch, Ltd.. (the "**Owner**"). In order to help finance the construction and development of the Community, the Owner received federal funding through the Texas Department of Housing and Community Affairs (the "**Department**") (Phone: 512-475-3800; Website: www.tdhca.state.tx.us).

A contractual restriction imposed by the Department mandates that if the Owner decides to sell the Community at a certain time, the Owner will offer the Community for sale to a non-profit organization or a tenant organization for a period of up to two years and permitting the Owner to transfer the Community to certain kinds of entities in the right of first refusal process. To be consistent with a change in Texas law, the Owner is requesting Department approval to change the two-year period to a 180-day period to facilitate a proposed transfer of general partner interests in the Owner. TDHCA Uniform Multifamily Rules require that notice of this request be provided to the investors and lenders that have provided financing for the Community.

In making its decision whether to approve Owner's request, the Department considers the opinions and views of the members of the Community. Accordingly, there will be a public meeting to discuss this matter and we invite you to attend. The public hearing will take place at the Community's management office/clubhouse on **June 28, 2017** at **10:00 a.m.** Information from this meeting will be submitted for consideration by the Texas Department of Housing and Community Affairs Governing Board at their July 27, 2017 meeting.

We invite you or one of your staff to attend and give your input on this proposal.

Sincerely,

SHELDON RANCH, LTD.,
a Texas limited partnership

By: H.K. Sheldon, LLC,
a Texas limited liability company,
its general partner

By: ______________________
W. Barry Kahn, Manager

Sheldon Ranch

Public Hearing

6/28/2017

The hearing was conducted by Ryan Hettig on June 28, 2017 commencing at 10:00 a.m. Two residents from unit 130 were in attendance. The residents wanted to a further explanation of the notification and what the effects this change would have on their lease. Ryan let them know the change would not affect their lease terms.

Sheldon Ranch 6-28 10-10:40AM

Public Hearing Sign In Sheet

Name	Unit#	Time	Comments
Larry & Patricia Henry	130	9:56	just wanted to understand what the notice meant + if it effected their lease

1d

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

JULY 27, 2017

Presentation, discussion and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Application for EHA Liberty Village (HTC #16162)

RECOMMENDED ACTION

WHEREAS, EHA Liberty Village (the "Development") received an award of 9% HTCs in 2016 to construct 124 new units in Edinburg, Hidalgo County;

WHEREAS, the General Partner for the Development, Brownstone Affordable Housing, Ltd. (Doak Brown) has requested approval to make material amendments to the Application as a result of adverse changes in tax credit equity pricing for the subject Development (falling from \$1.05 to \$0.88) and impacting the feasibility of the Development as originally proposed;

WHEREAS, as a result of the reduced credit pricing the Applicant has requested approval to decrease the number of total units from 124 to 100 (resulting in a reduction in the net rentable square footage of more than 3% and a modification to the residential density by more than 5%) and decrease the number of residential buildings from ten to eight,

WHEREAS, the changes proposed represent material alterations requiring Board approval as described in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(A), (D) and (F), and the Applicant has complied with the amendment requirements in 10 TAC §10.405(a); and

WHEREAS, the changes described are necessary for the financial feasibility given the reduction in equity pricing and increased construction costs; and the changes described do not negatively impact the viability of the transaction or reduce the amount of tax credits awarded at this time;

NOW, therefore, it is hereby

RESOLVED, that the material application amendment for EHA Liberty Village is approved as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the Board action.

BACKGROUND

EHA Liberty Village was submitted and approved for a 9% HTC allocation during the 2016 competitive cycle to construct 124 multifamily units in Edinburg, Hidalgo County. The proposal at Application involved the demolition or sale of an existing 98-unit public housing development known as Albores Court and owned by the Edinburg Housing Authority ("EHA"). EHA Liberty Village originally proposed 124 units which would include a unit mix containing 98 housing tax credit units, inclusive of 31 Public Housing Units ("PHU's"), and 26 market rate units.

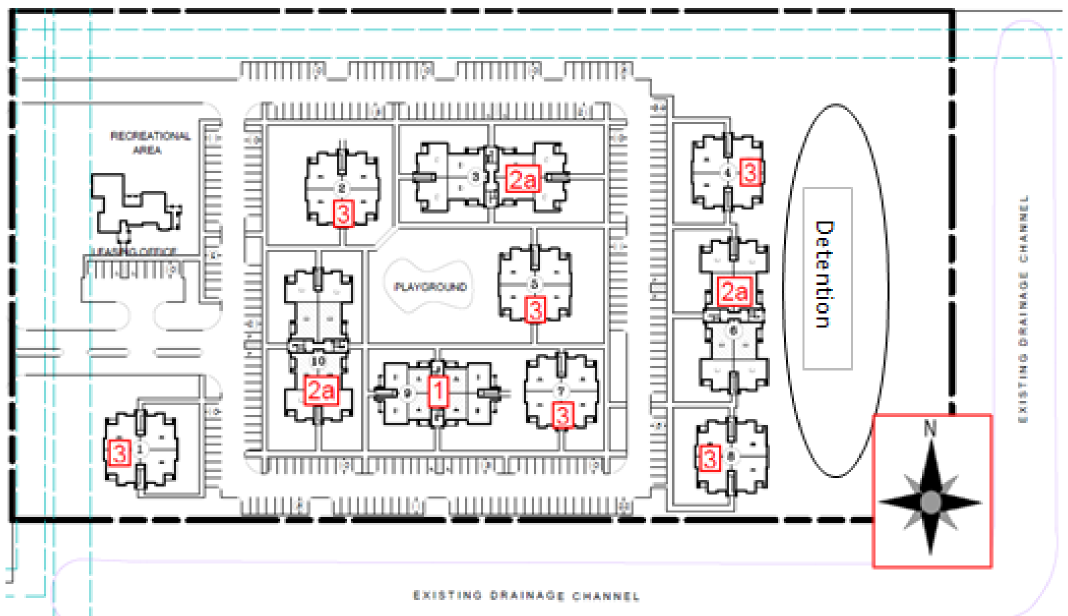
In a letter dated June 12, 2017, Doak Brown on behalf of the developer, Brownstone Affordable Housing, Ltd., requested approval for several material changes to the Application. Mr. Brown's letter states that closing towards debt and equity for this Development was anticipated to occur on schedule; however, on June 5, 2017, the Partnership received notification from BBVA Compass ("BBVA") that they were rescinding their executed Letter of Intent ("LOI"). As a result of this unanticipated withdrawal, Mr. Brown states that the Applicant was placed in a situation where the Development was no longer financially feasible as originally proposed and approved. The Application for EHA Liberty Village was underwritten and approved at a credit price of $1.05 offered by BBVA. The Applicant received a new equity commitment from Hudson Housing Capital for $0.88 as well as a new LOI from Chase for interim and permanent financing of the Development. According to Mr. Brown the reduction in credit pricing resulted in a loss of over $1.1 million in equity.

The current request for this Application reflects a reduction in the total number of units from 124 to 100 and a reduction in the number of residential buildings from ten to eight. According to Mr. Brown the reduction in the number of units impacts the market rate units only, eliminating 24 market units. The number of low income units remains the same as does the percentage of PHU's. This Application qualified under the At-Risk Set-Aside by demonstrating that the Application proposed to rehabilitate or reconstruct housing units that are owned by a public housing authority and are proposed to be disposed of or demolished by a public housing authority. Additionally, the Application also had to demonstrate that no less than 25% of the proposed units must be PHUs supported by public housing operating subsidy. While the number of PHUs proposed in this amendment is decreased from 31 to 25, the 25% requirement is still met.

A comparison of the Development as proposed at Application and now at amendment is provided on the next page:

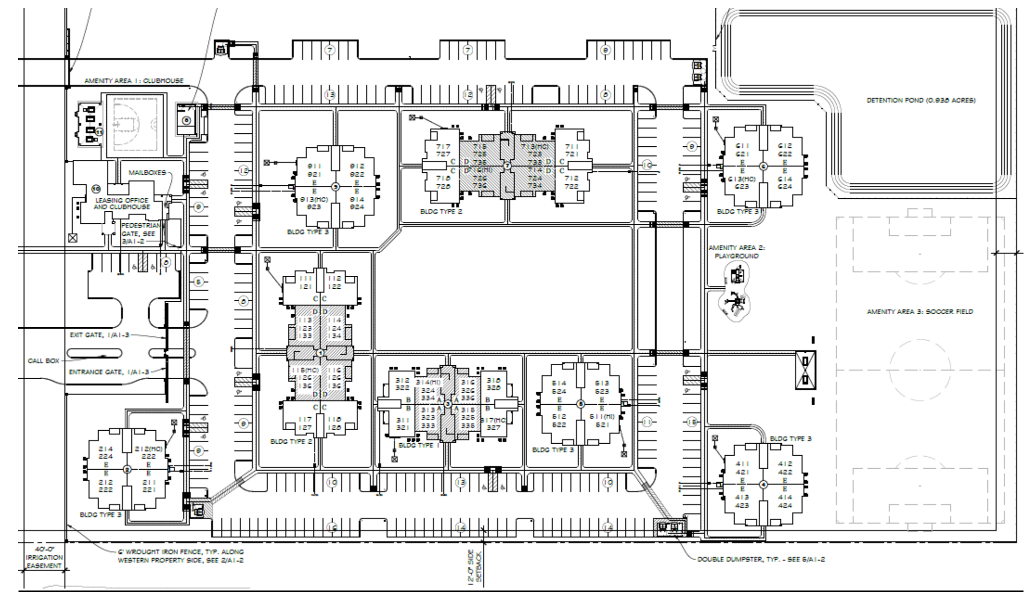
Material Alterations as defined in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)
16162- EHA Liberty Village

Development Site: 12.843 acres
Units: 124
Density: 9.7 units/acre
Residential Buildings: 10
Common Area Square Footage: 3,071 sf
Net Rentable Square Footage: 130,352 sf
Parking Spaces: 286 spaces



UNIT DISTRIBUTION						
# Beds	# Units	% Total	PHU	Income	# Units	% Total
Eff	-	0.0%	0	30%	10	8.1%
1	20	16.1%	2	40%	-	0.0%
2	56	45.2%	17	50%	40	32.3%
3	48	38.7%	12	60%	48	38.7%
4	-	0.0%	0	MR	26	21.0%
TOTAL	124	100.0%	31	TOTAL	124	100.0%

Development Site: 12.843 acres
Units: 100
Density: 7.8 units/acre (- 19% decrease)
Residential Buildings: 8
Common Area Square Footage: 3,615 sf (+ 17% increase)
Net Rentable Square Footage: 104,808 sf (- 19.5% decrease)
Parking Spaces: 238 spaces



UNIT DISTRIBUTION						
# Beds	# Units	% Total	PHU	Income	# Units	% Total
Eff	-	0.0%	0	30%	10	10.0%
1	20	20.0%	2	40%	-	0.0%
2	40	40.0%	11	50%	34	34.0%
3	40	40.0%	12	60%	54	54.0%
4	-	0.0%	0	MR	2	2.0%
TOTAL	100	100.0%	25	TOTAL	100	100.0%

Real Estate Analysis ("REA") has re-evaluated the transaction pursuant to Tex. Gov't Code 2306.6712(b) and a written analysis of this Application with the changes proposed is included after this Board Action Request. REA has concluded that the Development remains feasible and continues to support the credit allocation previously awarded to this Development.

Staff has reviewed the original application and underwriting report and concluded that the changes related to the Application would not have changed the scoring of the Application and do not negatively impact the tax credit allocation awarded. The need for the proposed modifications was neither reasonably foreseeable nor preventable by the Development Owner at the time the Application was submitted.

Staff recommends approval of the requested material Application amendment for EHA Liberty Village as presented herein.

Real Estate Analysis Division
July 11, 2017

Addendum to Underwriting Report

TDHCA Application #: **16162** Program(s): **9% HTC**

EHA Liberty Village

Address/Location: 4500 Block of South Veterans Boulevard

City: Edinburg County: Hidalgo Zip: 78542

	APPLICATION HISTORY
Report Date	PURPOSE
07/11/17	**Amendment**
12/05/16	Carryover and Commitment Memo
05/17/16	Original Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
LIHTC (Annual)	$1,510,000				**$1,510,000**				

CONDITIONS STATUS

1 Receipt and acceptance by Commitment:
- Pursuant to §10.402(d)(7), a letter from Applicant's Attorney identifying the statutory basis for the exemption and indicating that the exemption is reasonably achievable, subject to appraisal district review.

Status: Cleared. Applicant provided letter from their attorney identifying the statutory basis for tax exemption as a Public Housing Authority (PHA).

2 Receipt and acceptance by Carryover:
- Amended real estate contract for total 19.2 acres or alternatively an amended title commitment for 12.9 acres.

Status: Cleared. Applicant provided a title commitment for 12.843 acres.

3 Receipt and acceptance by 10% test:
- Approved HUD Demolition and Disposition contract for the 73 public housing units that are not being replaced.

4 Receipt and acceptance by Cost Certification:

a: Executed Ground Lease with an Edinburg Housing Authority public entity clearly specifying all terms and conditions, including who will retain ownership of land and improvements at the end of the lease.

b: Executed Annual Contributions Contract from HUD for the project's proposed public housing units.

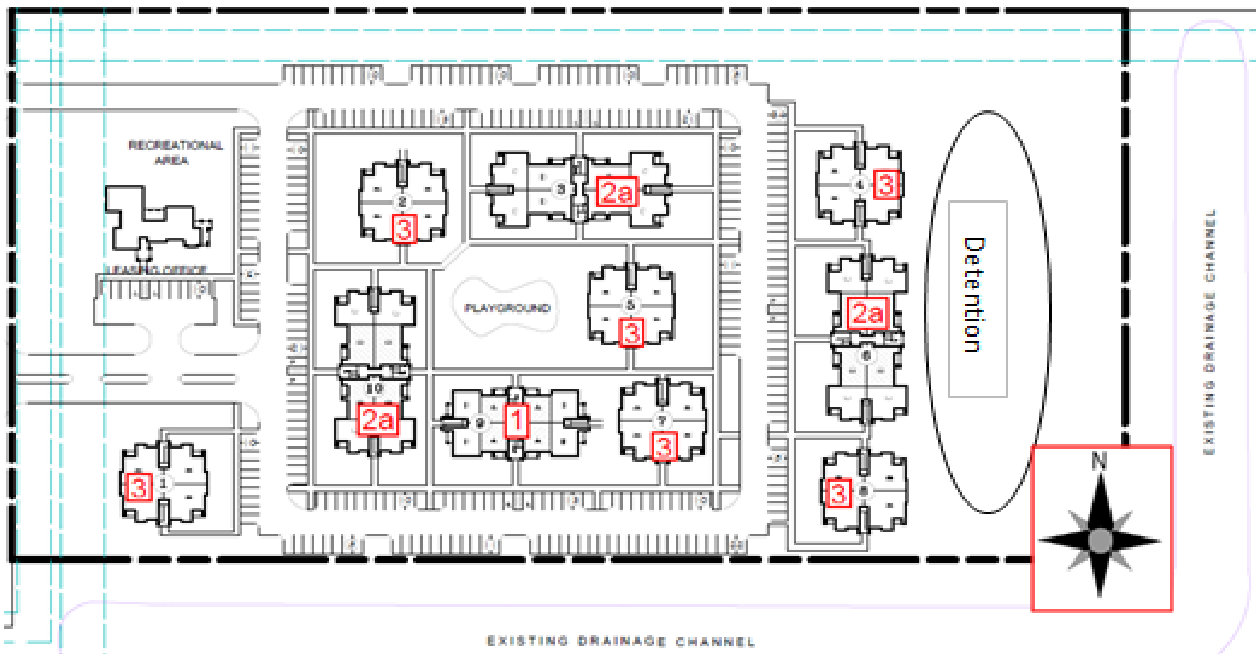
Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

ANALYSIS

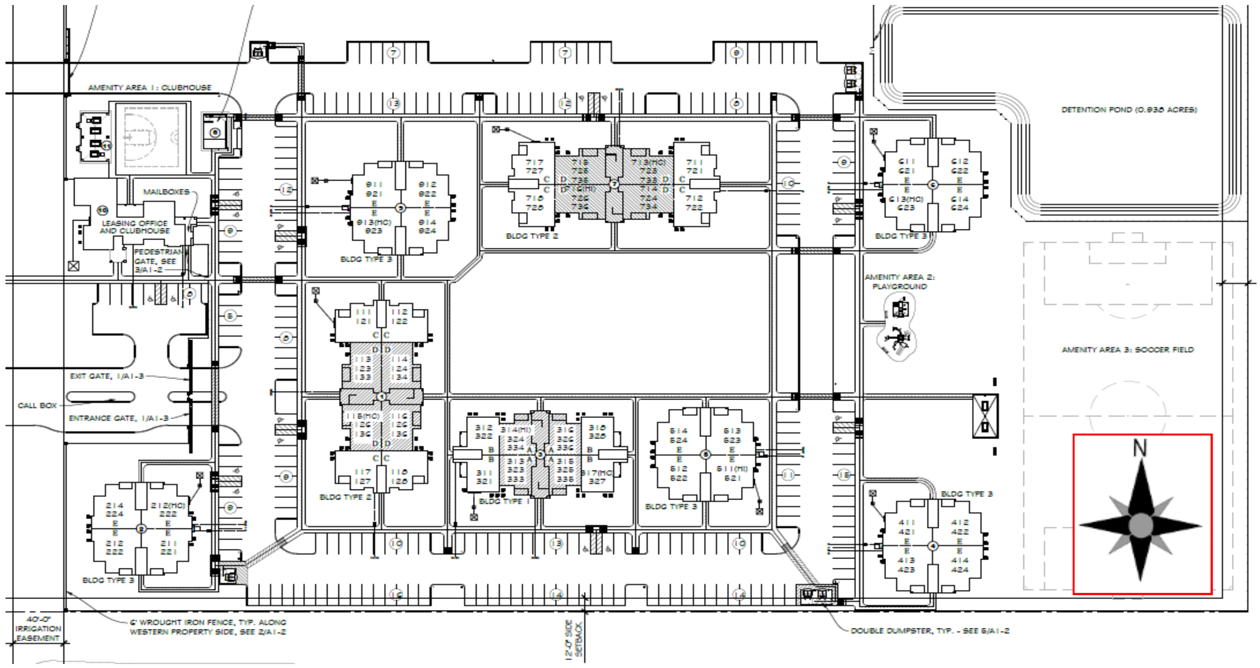
Tax credit equity pricing has been volatile since November 2016. BBVA Compass (BBVA) rescinded their executed Letter of Intent(LOI) from February 2016 to provide interim construction financing and equity funds at $1.03 through Hudson Housing Capital (Hudson). Applicant sought new financing for the project. JPMorgan Chase Bank (Chase) has signed a LOI for interim construction financing and Hudson a new equity LOI priced at $0.88. The decrease in equity price produces a loss of over $1.1M in equity.

In order to make the project work at the lower equity price, Applicant proposes reducing the number of units from 124 to 100, eliminating 24 of the 26 original market units. The number of LIHTC units will remain the same, as will the percentage of Public Housing Units (PHU's). The actual number of PHU's will decrease from 31 to 25. There has been insignificant changes in some unit square footages; total NRA has decreased from 130,352 sf to 104,808 sf. Number of buildings has decreased from 10 to 8, parking has decreased from 277 to 238 spaces; 230 spaces are required. A soccer area and green space has been added to the site plan due to less buildings.

Original Site Plan:



Current Site Plan



Operating Pro Forma

Due to the new unit mix having less than 20% market units, premiums are not assumed on the two market units. Applicant's annual rents are $12k less than Underwriter's as they assume the two and three bedroom 60% units will not achieve full 60% rents; they assumed full 60% rents at original underwriting. These units account for 43% of the unit mix.

If we assume Applicant's lower 60% rents, DCR decreases to 1.26. Underwriter assumes the property can achieve full 60% rents based on affordable properties in the area currently achieving full 60% rents.

Due to the difference in assumed rents, the analysis uses TDHCA's pro forma; at underwriting, Applicant's pro forma was used. At underwriting, controllable expenses were assumed at $2,921/unit; at Amendment, TDHCA's controllables are $2,915/unit.

Due to nature of public housing units and rent subsidy partially based on operational costs, breakeven rents and occupancy are not relevant feasibility indicators.

Deferred fee pays off in Year 5 with a 15 year residual cash flow of $759k.

Pursuant to §10.302(d)(2)(K), the Applicant has included $6k for tenant services expense at amendment. As a governmental agency itself, the housing authority is not required to have a documented financial obligation to provide the services. The permanent lender has provided a term sheet indicating the dollar amount of the services and has included the expense in the debt coverage ratio. At cost certification and as a minimum, the $6k underwritten at Application will be included in the DCR calculation regardless if actually incurred. There will be no financial obligation to actually expend the funds in the tax credit LURA. This is a credit sizing provision. If the tenant services expense was not included as an operating expense, the DCR would increase to 1.37 and we would have to assume $40k increase to debt to meet the 1.35 threshold.

Development Cost

Soft costs increased $130k due to plan changes, permit fees, and costs incurred to ensure Section 3 businesses/processes are used. (The Section 3 program requires that recipients of certain HUD financial assistance, to the greatest extent possible, provide job training, employment, and contract opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.)

Applicant's total development costs decreased from $18.9M to $15.8M due to less NRA and number of buildings. Applicant's building cost per square foot increased from $65.55/sf to $66.33/sf due to economies of scale and increased costs to 2017 prices.

Sources of Funds

Debt provider changed from BBVA Compass, $3.05M at 6.25% to Chase, $2.3M at 5.97%.

Hudson is now providing equity at $0.88 per credit instead of $1.03 credit; total equity decreased from $15.55M to $13.287M.

$0.88 credit price is in line with what REA is seeing in 2017.

Changes made due to decrease in tax credit pricing still produce a feasible project.

No change to recommended tax credit allocation.

Underwriter:	*Jeanna Rolsing*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

EHA Liberty Village, Edinburg, 9% HTC #16162

LOCATION DATA	
CITY:	Edinburg
COUNTY:	Hidalgo
PROGRAM REGION:	11

UNIT DISTRIBUTION						
# Beds	# Units	% Total	PHU	Income	# Units	% Total
Eff	-	0.0%	0	30%	10	10.0%
1	20	20.0%	2	40%	-	0.0%
2	40	40.0%	11	50%	34	34.0%
3	40	40.0%	12	60%	54	54.0%
4	-	0.0%	0	MR	2	2.0%
TOTAL	**100**	**100.0%**	**25**	**TOTAL**	**100**	**100.0%**

Applicable Programs
9% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	98.00%
APP % Acquisition	3.37%
APP % Construction	9.00%
Average Unit Size	1,048 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC			UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$305	PHU	2	1	1	776	$209	$84	$125	$0	$0.16	$125	**$250**	**$250**	$125	$0.16	$0	$610	$0.79	840
TC 50%	$508		6	1	1	776	$508	$84	$424	$0	$0.55	$424	**$2,544**	**$2,544**	$424	$0.55	$0	$610	$0.79	840
MR			1	1	1	750	$0	$84		NA	$0.81	$610	**$610**	**$610**	$610	$0.81	NA	$610	$0.81	840
TC 60%	$610		11	1	1	750	$610	$84	$526	$0	$0.70	$526	**$5,786**	**$5,786**	$526	$0.70	$0	$610	$0.81	840
TC 30%	$366	PHU	4	2	2	985	$247	$97	$150	$0	$0.15	$150	**$600**	**$600**	$150	$0.15	$0	$610	$0.62	850
TC 50%	$610	PHU	7	2	2	985	$247	$97	$150	$0	$0.15	$150	**$1,050**	**$1,050**	$150	$0.15	$0	$732	$0.74	1020
TC 50%	$610		5	2	2	985	$610	$97	$513	$0	$0.52	$513	**$2,565**	**$2,565**	$513	$0.52	$0	$732	$0.74	1020
MR			1	2	2	1,040	$0	$97		NA	$0.70	$732	**$732**	**$732**	$732	$0.70	NA	$732	$0.70	1020
TC 60%	$732		23	2	2	1,040	$732	$97	$635	($10)	$0.60	$625	**$14,375**	**$14,605**	$635	$0.61	$0	$732	$0.70	1020
TC 30%	$423	PHU	4	3	2	1,222	$287	$112	$175	$0	$0.14	$175	**$700**	**$700**	$175	$0.14	$0	$846	$0.69	1070
TC 50%	$705	PHU	8	3	2	1,222	$287	$112	$175	$0	$0.14	$175	**$1,400**	**$1,400**	$175	$0.14	$0	$846	$0.69	1070
TC 50%	$705		8	3	2	1,222	$705	$112	$593	$0	$0.49	$593	**$4,744**	**$4,744**	$593	$0.49	$0	$846	$0.69	1320
TC 60%	$846		20	3	2	1,222	$846	$112	$734	($39)	$0.57	$695	**$13,900**	**$14,680**	$734	$0.60	$0	$846	$0.69	1320
TOTALS/AVERAGES:			**100**			**104,808**				**($10)**	**$0.47**	**$493**	**$49,256**	**$50,266**	**$503**	**$0.48**	**$0**	**$748**	**$0.71**	**$1,067.20**

ANNUAL POTENTIAL GROSS RENT:	**$591,072**	**$603,192**

STABILIZED PRO FORMA

EHA Liberty Village, Edinburg, 9% HTC #16162

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		4 Comps in PMA		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.47	$493	$591,072	**$774,852**	**$774,852**	$603,192	$503	$0.48		-2.0%	($12,120)
app & late fees, cleaning/damages, reletting							$7.58	$9,096	10,440							
Oper Sub to breakeven exp for 25 PH Units							$33.37	$40,044	66,480							
Total Secondary Income							$40.95			10,440	$9,096	$7.58			440.2%	$40,044
POTENTIAL GROSS INCOME								$640,212	$851,772	$785,292	$612,288				4.6%	$27,924
Vacancy & Collection Loss							7.5% PGI	(48,016)	(63,883)	(58,897)	(45,922)	7.5% PGI			4.6%	(2,094)
PHU Operating Subsidy								-	0	70,146	50,942				-100.0%	(50,942)
EFFECTIVE GROSS INCOME								$592,196	$787,889	$796,541	$617,308				-4.1%	($25,112)
General & Administrative	$32,220	$322/Unit	30,694	$307	5.89%	$0.33	$349	$34,860	$38,400	$45,408	$38,160	$382	$0.36	6.18%	-8.6%	(3,300)
Management	$38,690	5.4% EGI	31,734	$317	5.04%	$0.28	$298	$29,845	$39,533	$39,827	$30,865	$309	$0.29	5.00%	-3.3%	(1,020)
Payroll & Payroll Tax	$98,526	$985/Unit	113,015	$1,130	19.45%	$1.10	$1,152	$115,153	$157,918	$158,228	$115,463	$1,155	$1.10	18.70%	-0.3%	(310)
Repairs & Maintenance	$56,995	$570/Unit	57,064	$571	9.14%	$0.52	$541	$54,120	$63,336	$74,400	$60,000	$600	$0.57	9.72%	-9.8%	(5,880)
Electric/Gas	$29,599	$296/Unit	16,616	$166	2.58%	$0.15	$153	$15,300	$19,200	$27,280	$22,000	$220	$0.21	3.56%	-30.5%	(6,700)
Water, Sewer, & Trash	$55,910	$559/Unit	51,645	$516	9.52%	$0.54	$564	$56,400	$83,376	$69,441	$55,910	$559	$0.53	9.06%	0.9%	490
Property Insurance	$36,233	$0.35 /sf	42,387	$424	5.07%	$0.29	$300	$30,000	$37,200	$45,680	$30,750	$308	$0.29	4.98%	-2.4%	(750)
Property Tax (@ 0%) 2.7941	$50,570	$506/Unit	-	$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements	$29,430	$294/Unit	-	$0	5.07%	$0.29	$300	$30,000	$37,200	$37,200	$30,000	$300	$0.29	4.86%	0.0%	-
Cable TV			-	$0	0.30%	$0.02	$18	$1,800	$1,800	$1,800	$1,800	$18	$0.02	0.29%	0.0%	-
Supportive Services			-	$0	1.01%	$0.06	$60	$6,000	$11,700	$11,700	$6,000	$60	$0.06	0.97%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	$0	0.66%	$0.04	$39	$3,920	$3,920	$3,920	$3,920	$39	$0.04	0.64%	0.0%	-
Security			-	$0	0.15%	$0.01	$9	$900	$900	$900	$900	$9	$0.01	0.15%	0.0%	-
3rd party compliance, fidelity bond, ins placer			-	$0	1.00%	$0.06	$59	$5,900	$6,450	$0	$0	$0	$0.00	0.00%	0.0%	5,900
TOTAL EXPENSES					**64.88%**	**$3.67**	**$3,842**	**$ 384,198**	**$500,933**	**$515,784**	**$ 395,768**	**$3,958**	**$3.78**	**64.11%**	**-2.9%**	**$ (11,570)**
NET OPERATING INCOME ("NOI")					**35.12%**	**$1.98**	**$2,080**	**$207,998**	**$286,956**	**$280,757**	**$221,540**	**$2,215**	**$2.11**	**35.89%**	**-6.1%**	**$ (13,542)**
CONTROLLABLE EXPENSES							$2,758/Unit					$2,915/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

EHA Liberty Village, Edinburg, 9% HTC #16162

DEBT / GRANT SOURCES

DEBT (Must Pay)	Fee	APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE: Cumulative DCR UW	Cumulative DCR App	Pmt	Rate	Amort	Term	Principal	Prior Underwriting: Applicant	Prior Underwriting: TDHCA	AS UNDERWRITTEN DEBT/GRANT STRUCTURE: Principal	Term	Amort	Rate	Pmt	Cumulative DCR	Cumulative LTC
JPMorgan Chase		1.34	1.26	164,944	5.97%	30	18	$2,300,000	$3,050,000	$3,050,000	$2,300,000	18	30	5.97%	$164,944	1.34	14.5%
CASH FLOW DEBT / GRANTS																	
City of Edinburg		1.34	1.26					$100	$100	$100	$100					1.34	0.0%
				$164,944			**TOTAL DEBT / GRANT SOURCES**	**$2,300,100**	**$3,050,100**		**$2,300,100**				**TOTAL DEBT SERVICE** / **$164,944**	1.34	14.5%
NET CASH FLOW		$56,596	$43,054									**TDHCA**	**NET OPERATING INCOME**	**$221,540**	**$56,596**	**NET CASH FLOW**	

EQUITY SOURCES

EQUITY / DEFERRED FEES	APPLICANT'S PROPOSED EQUITY STRUCTURE: DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Prior Underwriting: Applicant	Prior Underwriting: TDHCA	AS UNDERWRITTEN EQUITY STRUCTURE: Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method	
Hudson Housing Capital	LIHTC Equity	84.0%	$1,510,000	0.88	$13,286,671	$15,551,445	$15,551,445	$13,286,671	$0.88	$1,510,000	84.0%	$15,100	Previous Allocation	
Brownstone Aff Hsg & EHOC	Deferred Developer Fees	2.6%	(21% Deferred)		$416,242	$566,087	$299,507	$236,677	(13% Deferred)		1.5%	**Total Developer Fee:**		**$1,794,637**
Additional (Excess) Funds Req'd		-1.1%			($179,565)	($266,580)	$0	$0			0.0%			
TOTAL EQUITY SOURCES		85.5%			$13,523,348	$15,850,952	$15,850,952	$13,523,348			85.5%	**15-Year Cash Flow:**		**$995,222**
TOTAL CAPITALIZATION					**$15,823,448**	**$18,901,052**	**$18,901,052**	**$15,823,448**				**15-Yr Cash Flow after Deferred Fee:**		**$758,545**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS: Eligible Basis: Acquisition	Eligible Basis: New Const. Rehab	Total Costs			Prior Underwriting: Applicant	Prior Underwriting: TDHCA	TDHCA COST / BASIS ITEMS: Total Costs			Eligible Basis: New Const. Rehab	Eligible Basis: Acquisition	COST VARIANCE: %	$
Land Acquisition				$13,514 / Unit	$1,351,350	$1,351,350	$1,351,350	$1,351,350	$13,514 / Unit				0.0%	$0
Site Work		$1,499,500		$14,995 / Unit	$1,499,500	$1,859,380	$1,859,380	$1,499,500	$14,995 / Unit		$1,499,500		0.0%	$0
Site Amenities		$418,000		4180	$418,000	$440,000	$440,000	$418,000	$4,180 / Unit		$418,000		0.0%	$0
Building Cost		$6,951,618	$66.33 /sf	$69,516/Unit	$6,951,618	$8,544,404	$8,328,737	$6,918,222	$69,182/Unit	$66.01 /sf	$6,918,222		0.5%	$33,396
Contingency		$505,540	5.70%	5.70%	$505,540	$618,096	$618,096	$505,540	5.72%	5.72%	$505,540		0.0%	$0
Contractor Fees		$1,241,676	13.25%	13.25%	$1,241,676	$1,604,663	$1,574,470	$1,241,676	13.29%	13.29%	$1,241,676		0.0%	$0
Soft Costs	0	$730,889		$8,371 / Unit	$837,139	$702,500	$702,500	$837,139	$8,371 / Unit		$730,889	$0	0.0%	$0
Financing	0	$617,026		$7,478 / Unit	$747,846	$908,248	$908,248	$747,846	$7,478 / Unit		$617,026	$0	0.0%	$0
Developer Fee	$0	$1,794,637	15.00%	16.50%	$1,974,101	$2,296,125	$2,109,246	$1,789,628	15.00%	15.00%	$1,789,628	$0	10.3%	$184,473
Reserves				$4,761 / Unit	$476,142	$842,765	$726,285	$476,142	$4,761 / Unit				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BA	**$0**	**$13,758,886**		$160,029 / Unit	**$16,002,912**	**$19,167,531**	**$18,618,312**	**$15,785,043**	$157,850 / Unit		**$13,720,481**	**$0**	**1.4%**	**$217,869**
Acquisition Cost	$0				$0									
Contingency		$0			$0									
Contractor's Fee		$0												
Interim Interest		$0												
Developer Fee	$0	$0			($179,464)	($150,000)								
Reserves					$0	($116,480)								
ADJUSTED BASIS / COST	**$0**	**$13,758,886**		$158,234/unit	**$15,823,448**	**$18,901,052**	**$18,618,312**	**$15,785,043**	$157,850/unit		**$13,720,481**	**$0**	**0.2%**	**$38,405**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$15,823,448**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

EHA Liberty Village, Edinburg, 9% HTC #16162

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$13,758,886	$0	$13,720,481
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$13,758,886	$0	$13,720,481
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$17,886,552	$0	$17,836,626
Applicable Fraction	98.00%	98.00%	98.00%	98.00%
TOTAL QUALIFIED BASIS	$0	$17,528,821	$0	$17,479,893
Applicable Percentage	3.37%	9.00%	3.37%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,577,594	$0	$1,573,190
CREDITS ON QUALIFIED BASIS	$1,577,594		$1,573,190	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8799	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,577,594	$13,881,438	----	----	----
Needed to Fill Gap	$1,536,898	$13,523,348	----	----	----
Previous Allocation	$1,510,000	$13,286,671	**$1,510,000**	$0	$0

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost:	Garden (Up to 4-story)	104,808 SF	$64.10	6,718,120
Adjustments				
Exterior Wall Finish	0.00%		0.00	$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.00%		1.92	201,544
Roof Adjustment(s)			0.00	0
Subfloor			(0.49)	(50,846)
Floor Cover			3.75	393,072
Breezeways	$26.50	15,110	3.82	400,451
Balconies	$27.19	8,964	2.33	243,731
Plumbing Fixtures	$990	240	2.27	237,600
Rough-ins	$485	200	0.93	97,000
Built-In Appliances	$1,725	100	1.65	172,500
Exterior Stairs	$2,250	38	0.82	85,500
Heating/Cooling			2.14	224,289
Enclosed Corridors	$47.29	0	0.00	0
Carports	$11.94	0	0.00	0
Garages		0	0.00	0
Comm &/or Aux Bldgs	$84.43	3,615	2.91	305,222
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$2.47	123,533	2.91	305,127
SUBTOTAL			**89.05**	**9,333,309**
Current Cost Multiplier	0.99		(0.89)	(93,333)
Local Multiplier	0.88		(10.69)	(1,119,997)
TOTAL BUILDING COSTS			**77.47**	**$8,119,979**
Plans, specs, survey, bldg permits	3.30%		(2.56)	($267,959)
Contractor's OH & Profit	11.50%		(8.91)	(933,798)
NET BUILDING COSTS		$69,182/unit	$66.01/sf	$6,918,222

Long-Term Pro Forma

EHA Liberty Village, Edinburg, 9% HTC #16162

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
EFFECTIVE GROSS INCOME	2.00%	$617,308	$630,578	$644,141	$658,004	$672,174	$747,873	$832,365	$926,711	$1,032,104	$1,149,891
TOTAL EXPENSES	3.00%	$395,768	$407,379	$419,332	$431,639	$444,310	$513,509	$593,566	$686,195	$793,377	$917,412
NET OPERATING INCOME ("NOI")		**$221,540**	**$223,200**	**$224,809**	**$226,365**	**$227,864**	**$234,364**	**$238,799**	**$240,516**	**$238,727**	**$232,479**
MUST -PAY DEBT SERVICE											
JPMorgan Chase		$164,944	$164,944	$164,944	$164,944	$164,944	$164,944	$164,944	$164,944	$164,944	$164,944
ANNUAL CASH FLOW		**$56,596**	**$58,256**	**$59,865**	**$61,421**	**$62,920**	**$69,420**	**$73,855**	**$75,572**	**$73,783**	**$67,535**
CUMULATIVE NET CASH FLOW		$56,596	$114,852	$174,717	$236,138	$299,058	$633,870	$995,222	$1,370,881	$1,744,954	$2,097,123
DEBT COVERAGE RATIO		1.34	1.35	1.36	1.37	1.38	1.42	1.45	1.46	1.45	1.41
EXPENSE/INCOME RATIO		64.1%	64.6%	65.1%	65.6%	66.1%	68.7%	71.3%	74.0%	76.9%	79.8%
Deferred Developer Fee Balance		$180,081	$121,825	$61,960	$539	$0	$0	$0	$0	$0	$0
Residual Cash Flow		$0	$0	$0	$0	$62,381	$69,420	$73,855	$75,572	$73,783	$67,535

Brownstone
6517 Mapleridge
Houston, TX 77081
T. 713.432.7727
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June 12, 2017

Ms. Michelle Mickens
Asset Manager
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: #16162 Liberty Village in Edinburg
Request for a Material Amendment to HTC Application and Award

Dear Michelle:

EHA Liberty Village, Ltd., (the "Partnership") has been diligently moving towards a debt and equity closing, which had been anticipated to occur within the next 30 to 45 days. However, despite positive affirmations for the previous several months, on June 5, 2017 the Partnership received notification from BBVA Compass ("BBVA") that they were rescinding their executed Letter of Intent ("LOI") to provide syndicated equity funds through Hudson Housing Capital ("Hudson) and interim construction financing . As the lender and the upper tier investor in the tax credit syndication, BBVA's unanticipated withdrawal from the transaction puts the Partnership in a situation where the Application is no longer financially viable as originally submitted.

Upon notification of BBVA's withdrawal, the Partnership immediately began work with the Hudson to find a replacement investor and lender. It is anticipated that the Partnership will have a signed debt LOI with JPMorgan Chase Bank, N.A. ("Chase"), and a revised equity LOI from Hudson within a matter of days. These will be provided to the Department no later than June 15, 2017, along with a completed material amendment request and re-underwriting package containing all of the relevant Application pages affected by this proposed amendment.

Based on our initial conversations with Hudson and Chase, the credit pricing for this transaction has decreased from $1.055 to $0.88, a loss of over than $1.1 million in equity. Therefore, the development team is proposing to reduce the number of units from 124 to 100, eliminating 24 market rate units. The number of LIHTC units will remain the same, as will the percentage of Public Housing ("PH") units. The actual number of PH units will go from 31 to 25, which is the 25% needed to meet the At-Risk set-aside requirements.

We believe this Material Amendment request meets the requirement for an affirmative staff recommendation outlined in the Board Resolution passed on March 23, 2017: 1.) the proposed changes do not affect eligibility, 2.) the revised score would still have supported the award, and 3.) the adjusted capital structure meets all the requirements of the Department's underwriting rules.

Due to these circumstances, the development team also request, without penalty, an extension to the 10% Test deadline through October 31, 2017. Assuming a favorable recommendation on the Material Amendment request, the Carryover Allocation Agreement will also need to be amended to adjust the Taxpayer's Reasonably Expected Basis ("TREB") amount for 10% Test purposes.

Should you have any question, or need additional information, please contact me at (713) 432-7727 ext. 102 or by email at doak@thebrownstonegroup.net.

Sincerely,

Brownstone Affordable Housing, Ltd., a Texas limited partnership
By: Three B Ventures, Inc., its general partner

By:____________________________
Doak Brown, Vice President

Development Narrative

1. The proposed Development is: (*Check all that apply*)

New Construction and/or:

Previous TDHCA # *If applicable* If Acquisition/Rehab or Rehab, original construction year:

If Reconstruction, Units Demolished Units Reconstructed

If Adaptive Reuse, Additional Phase, or Scattered Site, include detailed information in the Narrative (4.) below.

2. The Target Population will be:

General

§10.3(47) If Elderly Preference, complete the statement below and submit supporting documentation behind this tab.

My property receives funding from:

program that requires an Elderly Preference.

3. Staff Determinations regarding definitions of development activity obtained?

☐ If a determination under §10.3(b) of the Uniform Multifamily Rules was made prior to Application submission, provide a copy of such determination behind this tab.

4. Narrative

Briefly describe the proposed Development, including any relevant information not already identified above.

EHA Liberty Village proposes the new construction of 100 apartment units containing a mix of 1, 2 and 3 bedrooms for general family residency in Lopezville, TX. The development involves the existing 98 unit Albores Court, a public housing development owned by the Edinburg Housing Authority. Subject to HUD approval, upon completion of Liberty Village, the Albores Courts will be disposed (either by sale or demolition) and tenants relocated either by moving to Liberty Village or to another property with relocation voucher assistance. The development is considered new construction because the total number of units exceeds that of the existing development and the development is relocating to a new site. The rent schedule will contain a mix of 98 HTC (inclusive of 25 dedicated Public Housing units, which is 25% of the total units) and market rate units priced to attract to a wide array of residents. The land is located within the City of Edinburg which has voiced support for the development, as evidenced by formal resolution, and also based on current census bureau information included in the Lopezville CDP. The Partnership will obtain interim-to-permanent financing consisting of a first lien conventional loan originated by JPMorgan Chase. Hudson Housing Capital will provide syndicated equity consistent with the terms described in their letter of interest. The owner is a non-profit affiliate of the Edinburg Housing Authority, which has entered into an MOU with the Application’s Co-Developers who are highly experienced in developing tax credit housing.

Architectural Drawings Must be Submitted Behind this Tab [§10.204(b)(9)]

- [x] Site Plan which:
  - [x] includes a unit and building type table matrix that is consistent with the Rent Schedule and Building/Unit Configuration forms
  - [x] identifies all residential and common buildings
  - [x] clearly delineates the flood plain boundary lines
  - [x] identifies all easements
  - [x] if applicable, indicates probable placement of detention/retention pond(s)
  - [x] indicates the location of parking spaces
  - [ ] includes information regarding local parking requirements
- [x] Building Floor Plans - including a separate tabulation of the square footages of each of these areas: breezeways, corridors, utility closets, porches and patios, and any other square footage not included in NRA
- [x] Unit Floor Plans for each type of Unit
- [x] Elevations for each side of each building type and must include:
  - [x] a percentage estimate of the exterior composition of each elevation
  - [x] roof pitch
- n/a Photos of building elevations (for Rehab and Adaptive Reuse developments that will not alter the unit configuration)

Site plan and unit floor and building plans have been updated from the application to reflect the reduction in units/buildings as well as the final architectural floorplans.

BUILDING & UNIT ADDRESSING:

COMPLEX AND UNIT NUMBERING REQUIREMENTS:
- COMPLEX ADDRESS REQUIREMENTS: COMPLEX MONUMENT SIGN TO HAVE ADDRESS NUMBERING VISIBLE FROM THE STREET. ADDRESS NUMBERS SHALL BE 12 INCHES TALL.
- UNIT NUMBER REQUIREMENTS: BUILDINGS TO HAVE UNIT NUMBERS VISIBLE FROM THE PARKING AREA. UNIT NUMBERS SHALL BE MINIMUM 4 INCHES TALL.

ACCESSIBLE & HEARING IMPAIRMENTS UNITS:

ACCESSIBLE UNITS (HC):

115	TYPE D	2-BEDROOM
317	TYPE B	1-BEDROOM
613	TYPE E	3-BEDROOM
713	TYPE D	2-BEDROOM
913	TYPE E	3-BEDROOM

HEARING IMPAIRMENT (HI):

314	TYPE A	1-BEDROOM
511	TYPE E	3-BEDROOM
716	TYPE D	2-BEDROOM

SITE AMENITY FEATURES:

AMENITY AREA 1: CLUBHOUSE

SHADE STRUCTURE (PROVIDE ONE (1)):
- FIELD CONSTRUCTED, SEE A8-9 & A8-10

BBQ GRILLS (PROVIDE TWO (2)):
- MANUFACTURE: KAY PARK RECREATION CORP., OR EQUAL
- MODEL: ECG1941 - 500 SQ. IN., STEEL CONSTRUCTION FIREBOX AND LID, PEDESTAL MOUNTED, CHARCOAL

PICNIC TABLES (PROVIDE FOUR (4)):
- MANUFACTURE: ANOVA FURNISHINGS, OR EQUAL
- MODEL: TWO (2) MODEL F2014 AND TWO (2) MODEL F1038 (HANDICAP) 8' RECTANGULAR EXPANDED STEEL TABLE WITH A2376 HOLD DOWN KIT

BASKETBALL HOOP (PROVIDE ONE (1)):
- MANUFACTURER: PLAYGROUND EQUIPMENT USA, OR EQUAL
- MODEL: 541-816W: 4-1/2" O.D. GALVANIZED STEEL POST WITH HEAVY DUTY WELDED ALUMINUM RECTANGLE BACKBOARD, 72" ACROSS x 35" HIGH x 1-3/4" EDGES AND LIFETIME WARRANTY
- MODEL ECONGPP WRAP-AROUND PADDING

BASKETBALL COURT STRIPING:
- 50' WIDE x 42' HIGH SCHOOL REGULATION SIZE HALF COURT STRIPING, SEE 3/A1-3

AMENITY AREA 2: PLAYGROUND

BENCH (PROVIDE TWO (2)):
- MANUFACTURE: ANOVA FURNISHINGS, OR EQUAL
- MODEL: F1061 VICTORY 6' EXPANDED STEEL BENCH WITH IN GROUND MOUNT

PLAY GROUND:

NOTE: SHAPE AND SURFACE AREA OF PLAYGROUND SURFACING TO BE DETERMINED BY PLAYGROUND EQUIPMENT VENDOR/INSTALLER AS NEEDED TO APPLICABLE ASTM STANDARDS:
- F1292-13, STANDARD SPECIFICATION FOR IMPACT ATTENUATION OF SURFACING MATERIALS WITHIN THE USE ZONE OF PLAYGROUND EQUIPMENT
- F1487-11, STANDARD CONSUMER SAFETY PERFORMANCE SPECIFICATION FOR PLAYGROUND EQUIPMENT FOR PUBLIC USE
- F1951-14, STANDARD SPECIFICATION FOR DETERMINATION OF ACCESSIBILITY OF SURFACE SYSTEMS UNDER AND AROUND PLAYGROUND EQUIPMENT
- F2075-15, STANDARD SPECIFICATION FOR ENGINEERED WOOD FIBER FOR USE AS A PLAYGROUND SAFETY SURFACE UNDER AND AROUND PLAYGROUND EQUIPMENT

- MANUFACTURER: SUPERIOR RECREATIONAL PRODUCTS
- EDGING: 4' LONG X 12" TALL PVC TIMBER BORDER (BLACK) WITH 30" STAKES
- ADA RAMPS: PROVIDE AT EACH SIDEWALK ENTRY LOCATION
- PLAYGROUND SURFACING: ENGINEERED WOOD FIBER
- PLAY STRUCTURE FOR TOTS, 2-5 YEARS OLD: MODEL PS3-91322, 23'-6" X 28'7" USE ZONE, 676 SF
- PLAY STRUCTURE FOR CHILDREN, 5-12 YEARS OLD: MODEL PS3-91325, 32'3" X 32'8: USE ZONE, 1,056 SF

AMENITY AREA 3: SOCCER FILED

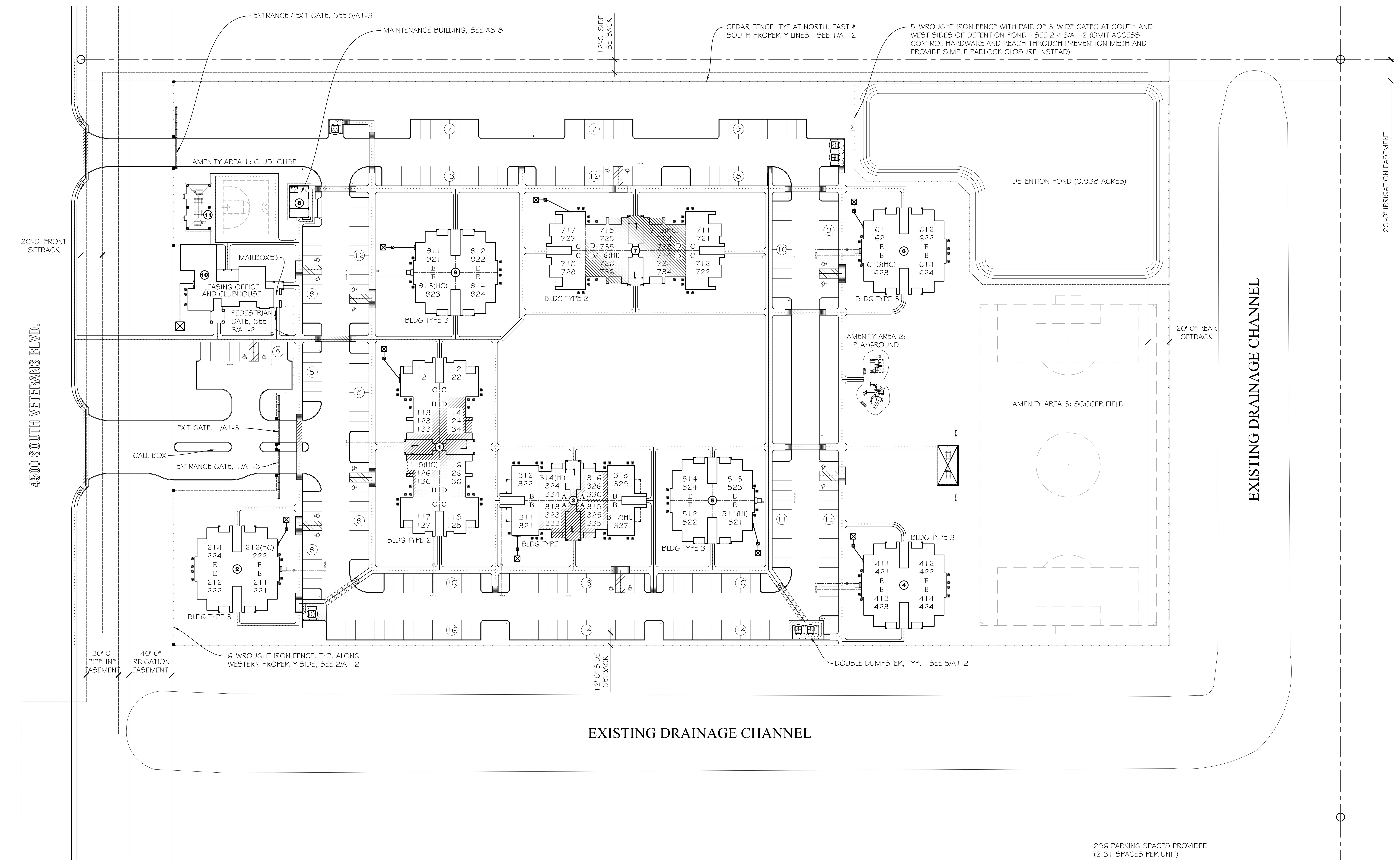
SHADE STRUCTURE (PROVIDE ONE (1)):
- FIELD CONSTRUCTED GABLE ROOF METAL CARPORT STRUCTURE, 36'-6" X 18'-6"
- MANUFACTURER: METAL CONSTRUCTION MATERIALS, INC. OR EQUAL

PICNIC TABLES (PROVIDE TWO (2)):
- MANUFACTURE: ANOVA FURNISHINGS, OR EQUAL
- MODEL: TWO (2) MODEL F2014 AND TWO (2) MODEL F1038 (HANDICAP) 8' RECTANGULAR EXPANDED STEEL TABLE WITH A2376 HOLD DOWN KIT

SOCCER GOAL AND NET (PROVIDE TWO (2)):
- MANUFACTURER: PLAYGROUND EQUIPMENT USA, OR EQUAL
- MODEL: OFFICIAL STEEL SOCCER GOAL: 561-501 AND NET: 562-930

SOCCER FILED STRIPING:
- 100 YARDS LONG x 55 YARDS WIDE FIFA DIMENSION STANDARD, SEE 2/A1-3

BENCH (PROVIDE TWO (2)):
- MANUFACTURE: ANOVA FURNISHINGS, OR EQUAL
- MODEL: F1061 VICTORY 6' EXPANDED STEEL BENCH WITH IN GROUND MOUNT



1 ARCHITECTURAL SITE PLAN (238 PARKING SPACES)
SCALE: 1" = 50'-0"

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REGISTERED ARCHITECT WILLIAM L BROWN 4086 STATE OF TEXAS

06/07/17

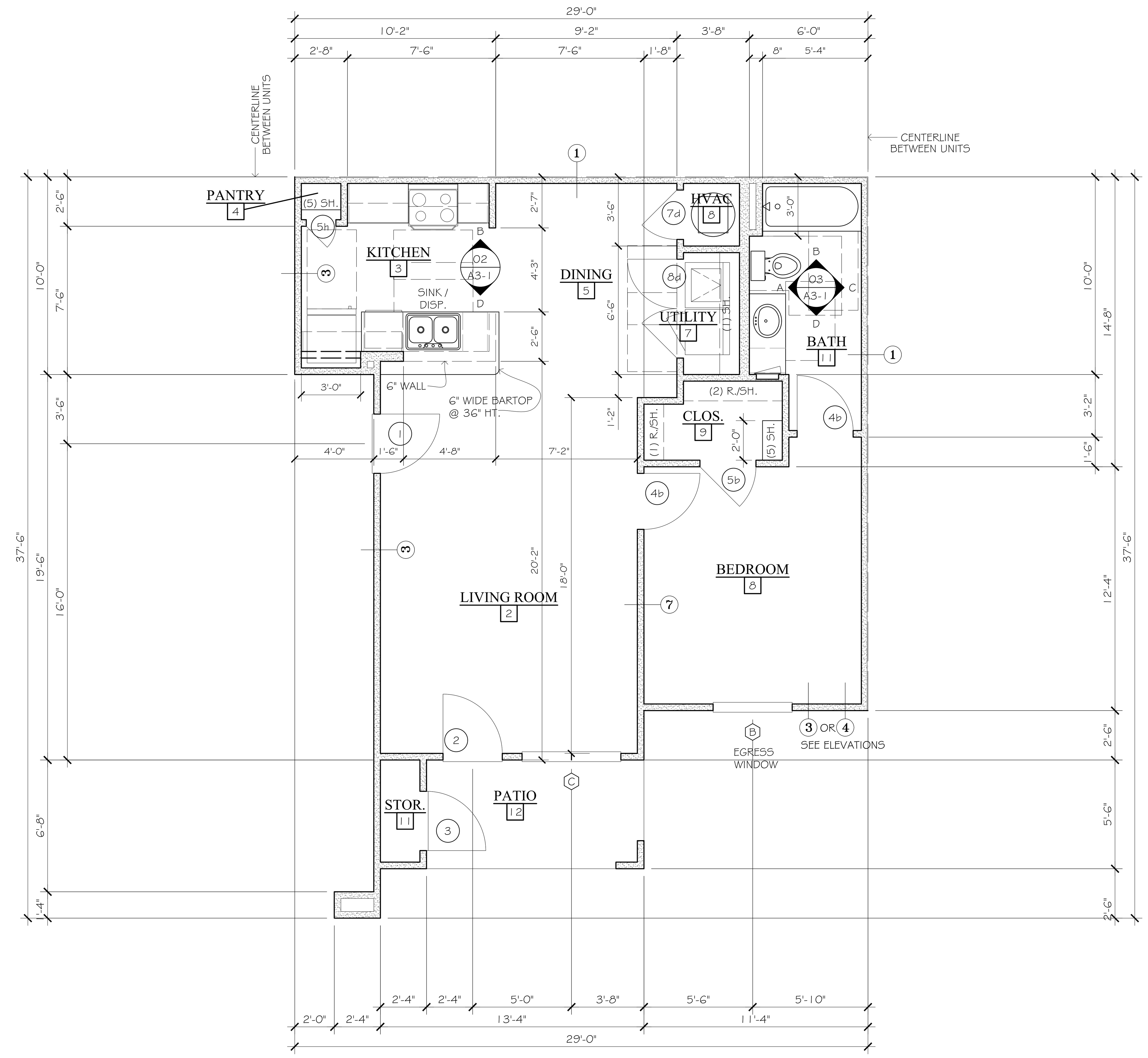
LIBERTY VILLAGE
A 100 UNIT FAMILY LIVING COMMUNITY
SOUTH VETERANS BLVD.
EDINBURG, TEXAS 78542

DRAWING ISSUE:	DATE:
0 BID & PERMIT SET	03/22/17

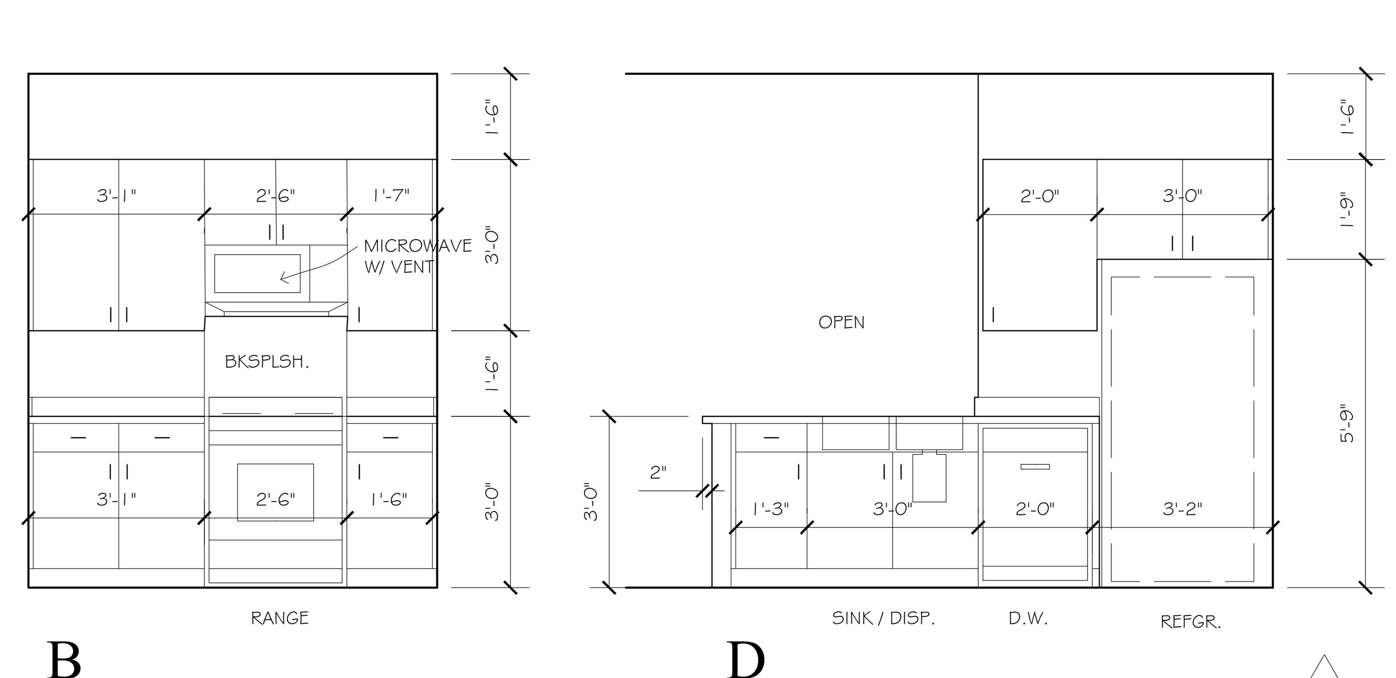
PROJECT NUMBER:

ARCHITECTURAL SITE PLAN

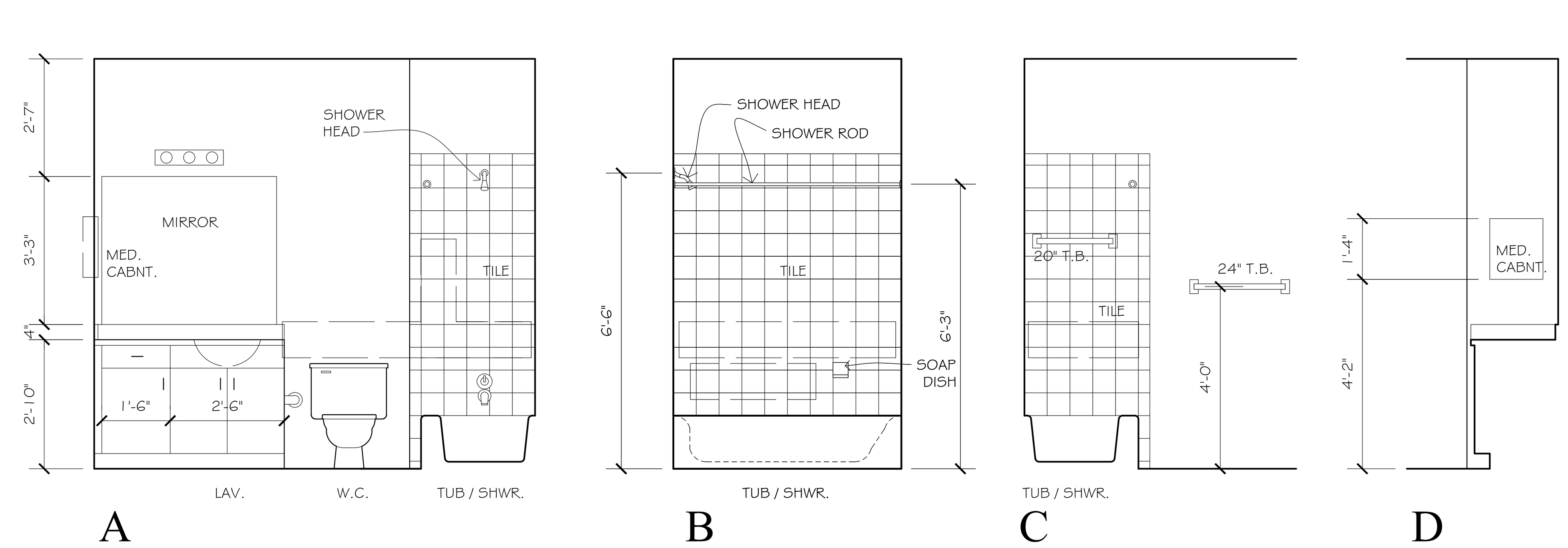
A1-1



1 UNIT A - 1st AND 2nd LEVELS
SCALE: 1/4" = 1'-0"



2 KITCHEN ELEVATIONS
SCALE: 3/8" = 1'-0"



3 BATH ELEVATIONS
SCALE: 3/8" = 1'-0"

FLOOR PLAN SYMBOLS

- WALL TYPE, RE: SHT. A2-8
- ROOM NAME / ROOM FINISH, RE: SHT. A2-10
- DOOR TYPE, RE: SHT. A2-10
- WINDOW TYPE, RE: SHT. A2-10

UNIT: A

1-BEDROOM / 1-BATH

AREA CALCULATION:

CONDITIONED AREA =	750 S.F.
STORAGE =	15 S.F.
PORCH =	60 S.F.
GARAGE =	N/A S.F.
GROSS AREA =	825 S.F.

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04/21/17

LIBERTY VILLAGE

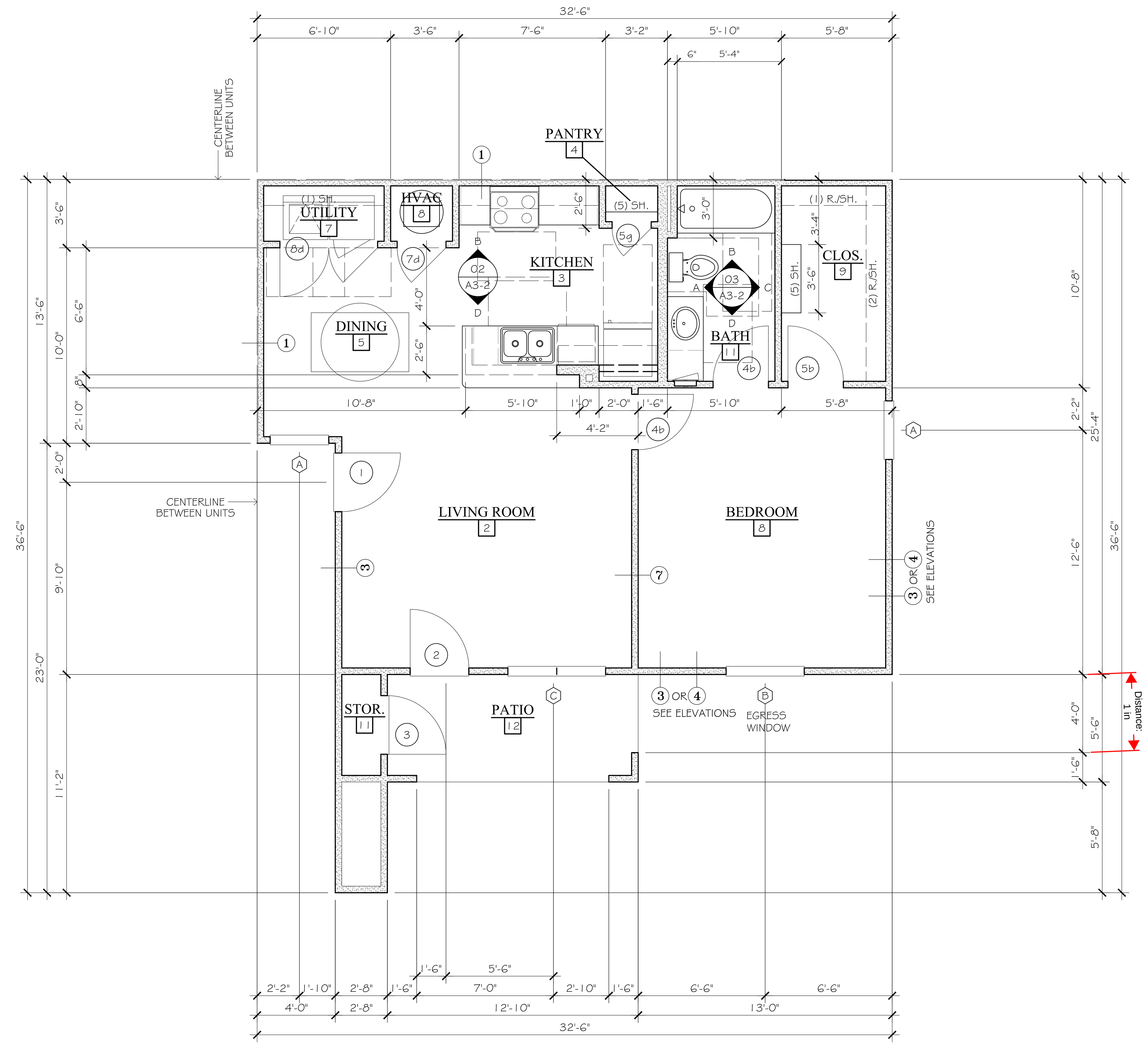
A ~~124~~ UNIT FAMILY LIVING COMMUNITY
SOUTH VETERANS BLVD.
EDINBURG, TEXAS 78542

DRAWING ISSUE:		DATE:
0	BID & PERMIT SET	03/22/17
1	CABINETS	04/21/17

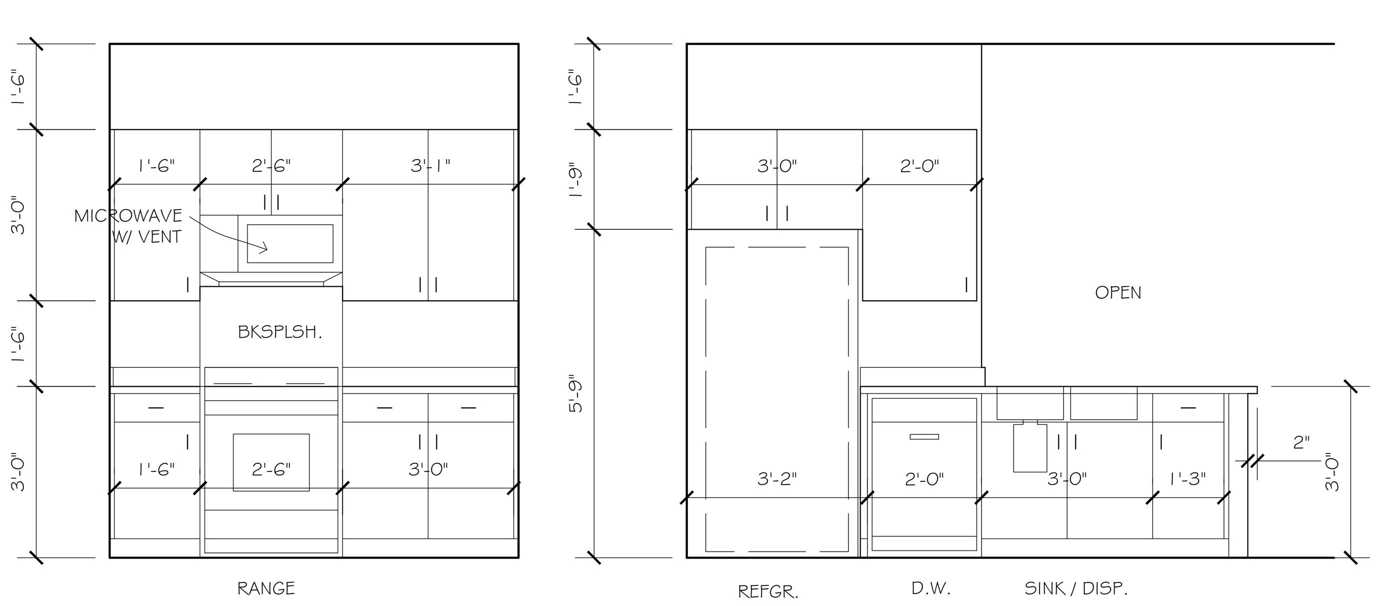
PROJECT NUMBER:

UNIT A
FLOOR PLAN

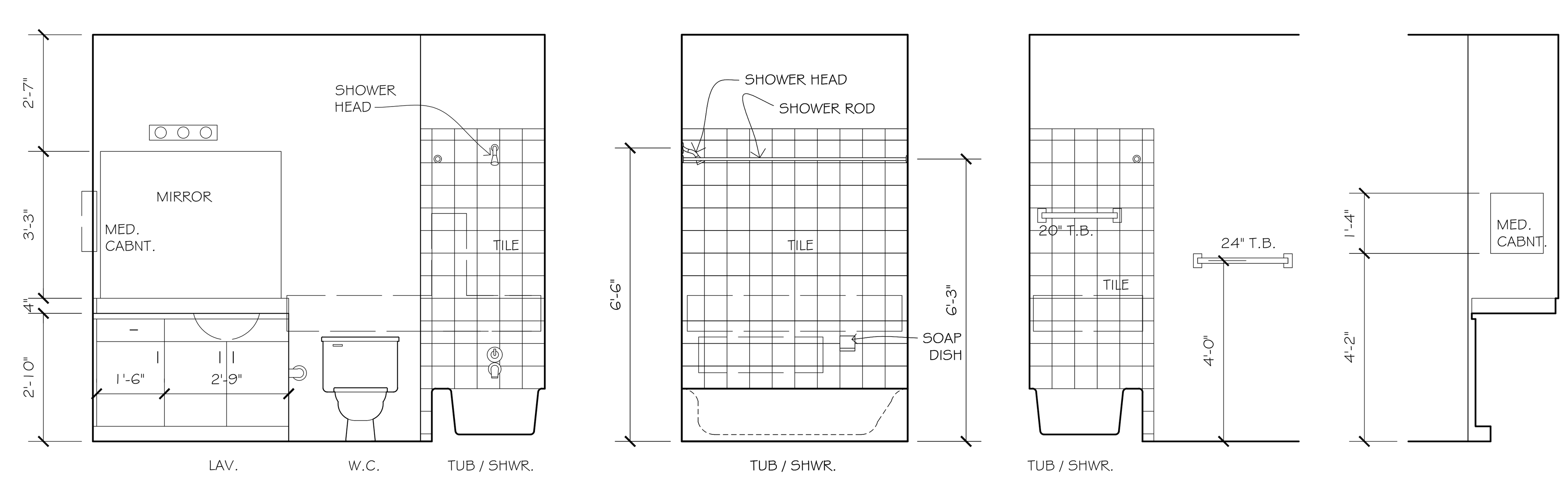
A3-1



1 UNIT B - 1st AND 2nd LEVELS
SCALE: 1/4" = 1'-0"



2 KITCHEN ELEVATIONS
SCALE: 3/8" = 1'-0"



3 BATH ELEVATIONS
SCALE: 3/8" = 1'-0"

FLOOR PLAN SYMBOLS

- WALL TYPE, RE: SHT. A2-8
- ROOM NAME — ROOM FINISH, RE: SHT. A2-10
- DOOR TYPE, RE: SHT. A2-10
- WINDOW TYPE, RE: SHT. A2-10

UNIT: B

1-BEDROOM / 1-BATH

AREA CALCULATION:

CONDITIONED AREA =	776 S.F.
STORAGE =	27 S.F.
PORCH =	71 S.F.
GARAGE =	N/A S.F.
GROSS AREA =	874 S.F.

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04/21/17

LIBERTY VILLAGE

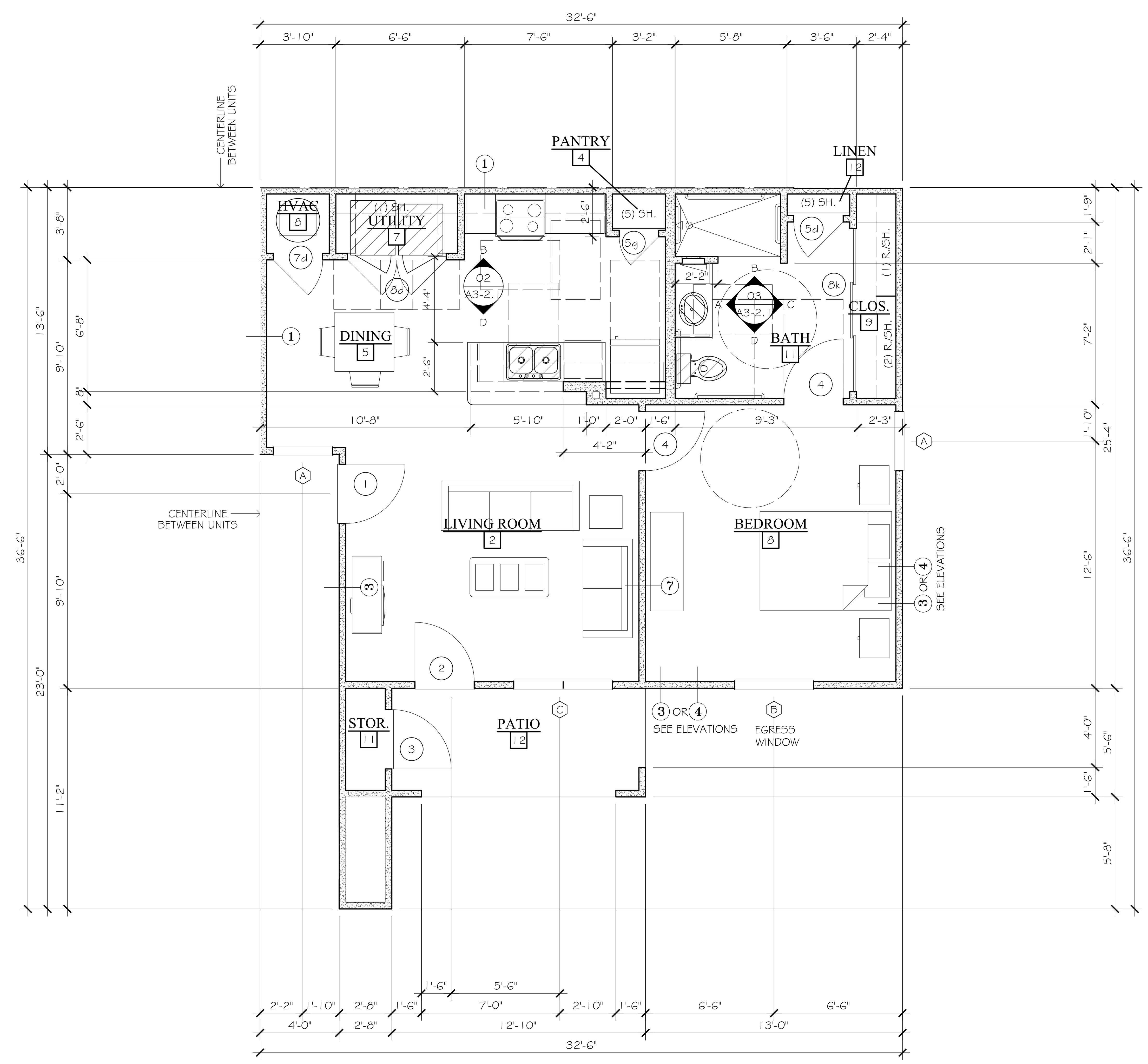
A 124 UNIT FAMILY LIVING COMMUNITY
SOUTH VETERANS BLVD.
EDINBURG, TEXAS 78542

DRAWING ISSUE:		DATE:
0	BID & PERMIT SET	03/22/17
1	CABINETS	04/21/17

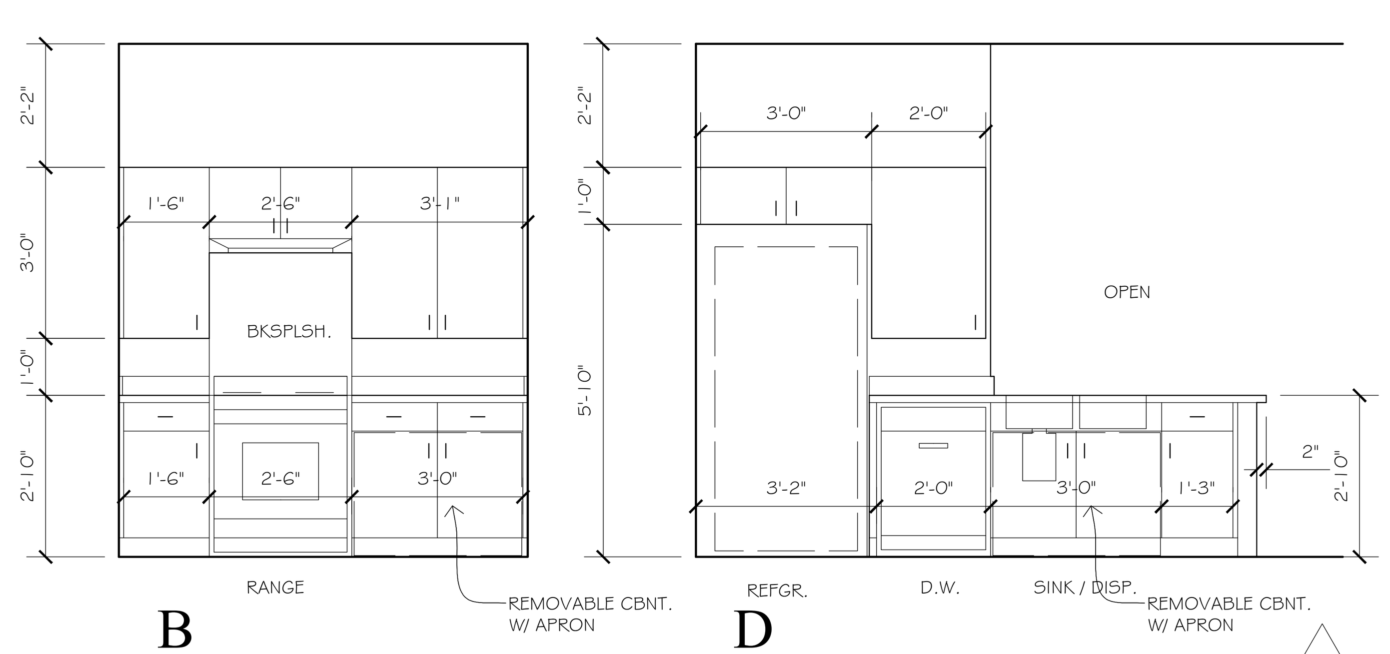
PROJECT NUMBER:

UNIT B
FLOOR PLAN

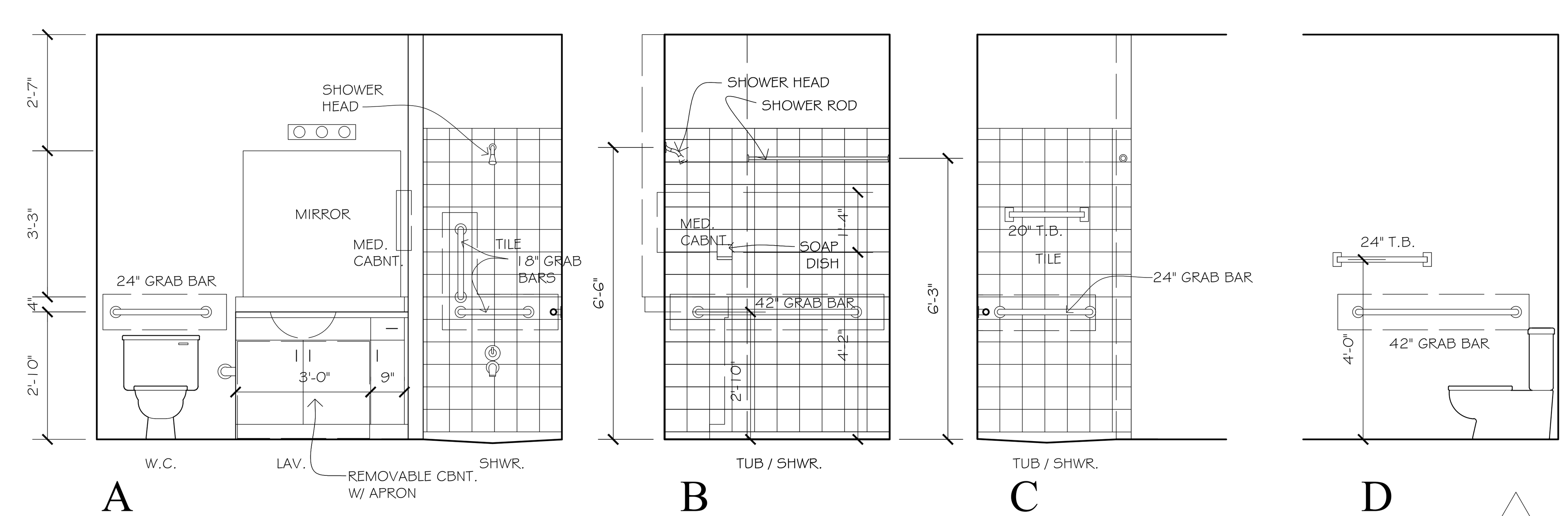
A3-2



1 UNIT B-HC - 1st LEVEL ONLY (OCCURS AT UNIT NUMBER ??? ONLY)
SCALE: 1/4" = 1'-0"



2 KITCHEN ELEVATIONS
SCALE: 3/8" = 1'-0"



3 BATH ELEVATIONS
SCALE: 3/8" = 1'-0"

FLOOR PLAN SYMBOLS

- 2 WALL TYPE, RE: SHT. A2-8
- ROOM X — ROOM NAME; ROOM FINISH, RE: SHT. A2-10
- X DOOR TYPE, RE: SHT. A2-10
- X WINDOW TYPE, RE: SHT. A2-10

UNIT: B-HC

1-BEDROOM / 1-BATH

AREA CALCULATION:

CONDITIONED AREA =	776 S.F.
STORAGE =	27 S.F.
PORCH =	71 S.F.
GARAGE =	N/A S.F.
GROSS AREA =	874 S.F.

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04/21/17

LIBERTY VILLAGE

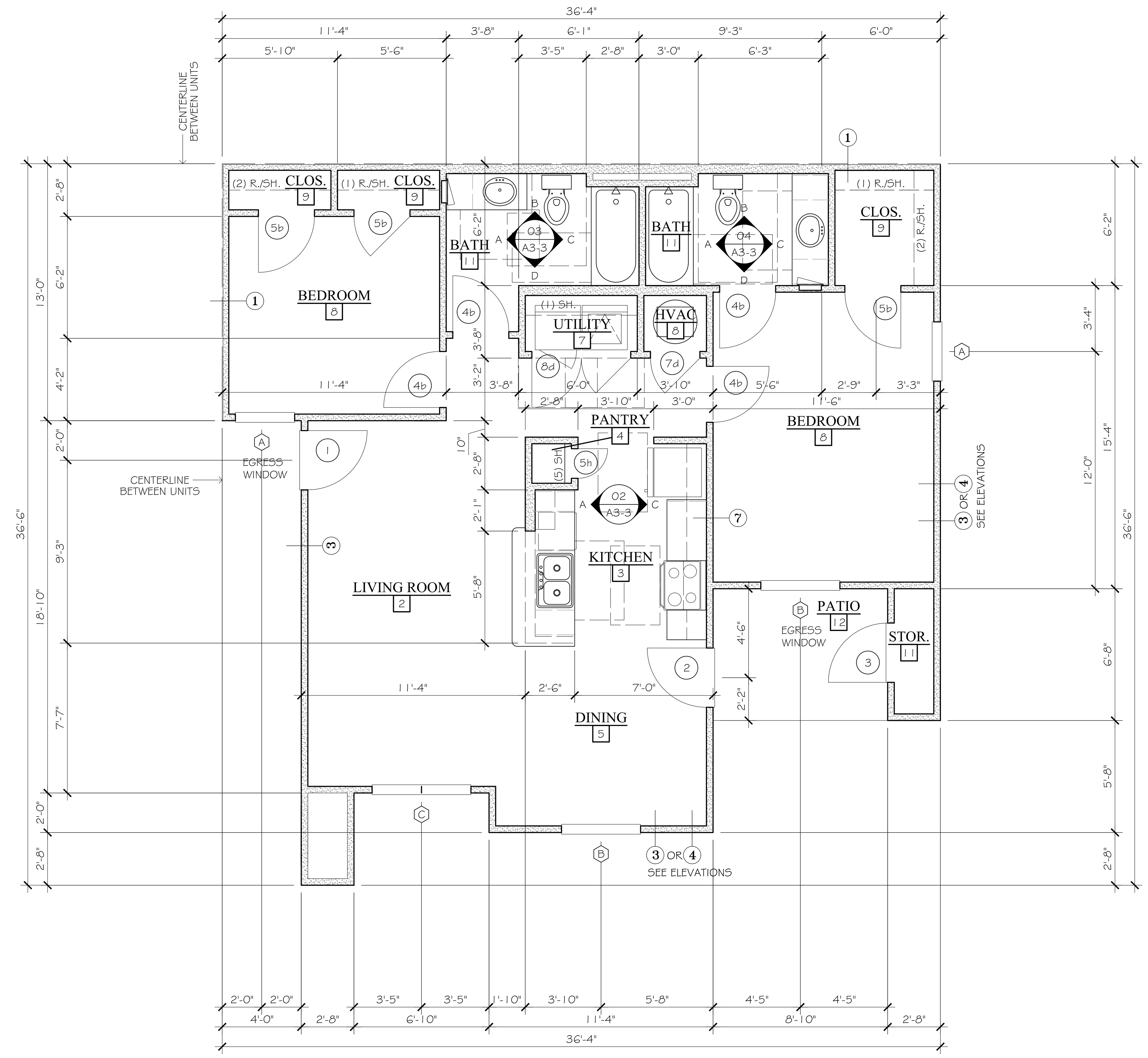
A 124 UNIT FAMILY LIVING COMMUNITY
SOUTH VETERANS BLVD.
EDINBURG, TEXAS 78542

DRAWING ISSUE:	DATE:
0 BID & PERMIT SET	03/22/17
1 CABINETS	04/21/17

PROJECT NUMBER:

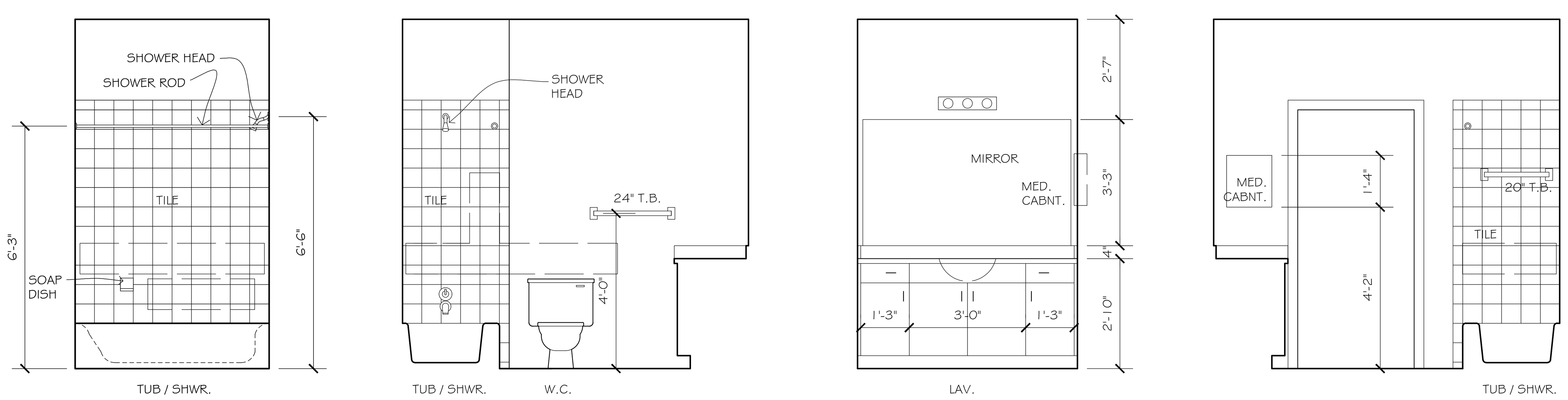
UNIT B-HC
FLOOR PLAN

A3-2.1



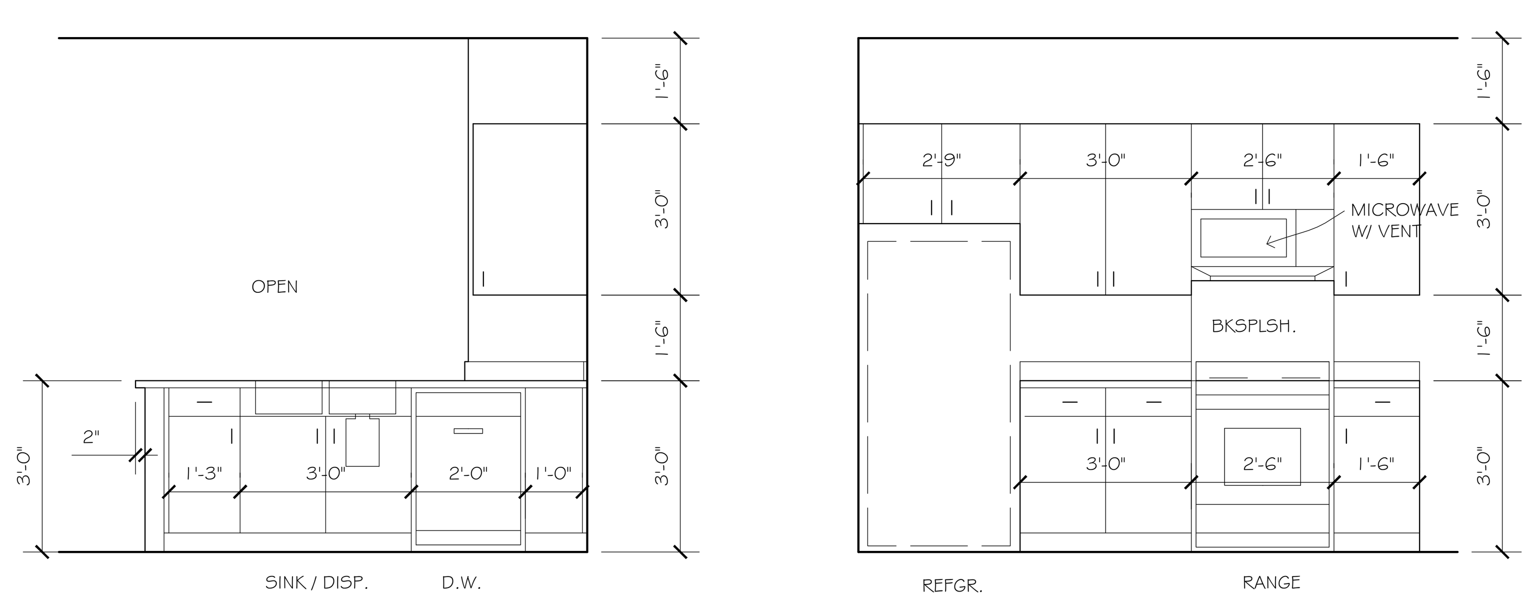
1 UNIT C - 1st AND 2nd LEVELS

SCALE: 1/4" = 1'-0"



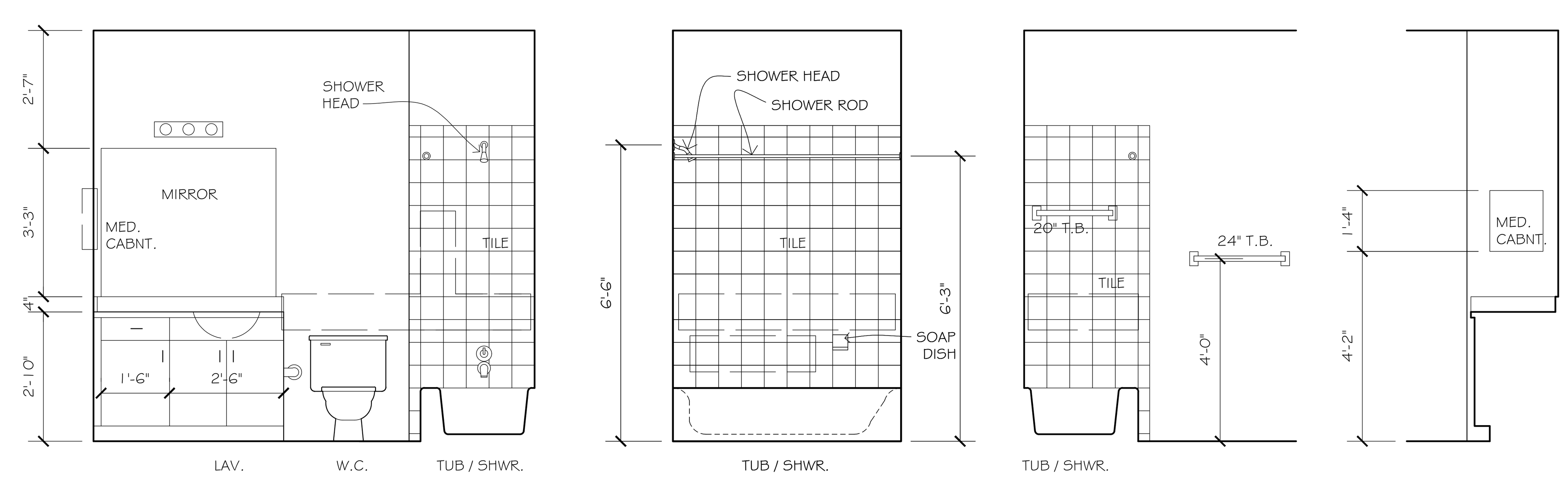
4 BATH ELEVATIONS

SCALE: 3/8" = 1'-0"



2 KITCHEN ELEVATIONS

SCALE: 3/8" = 1'-0"



3 BATH ELEVATIONS

SCALE: 3/8" = 1'-0"

FLOOR PLAN SYMBOLS

2	WALL TYPE, RE: SHT. A2-8
ROOM X	ROOM NAME ROOM FINISH, RE: SHT. A2-10
X	DOOR TYPE, RE: SHT. A2-10
X	WINDOW TYPE, RE: SHT. A2-10

UNIT: C

2-BEDROOM / 2-BATH

AREA CALCULATION:

CONDITIONED AREA =	985 S.F.
STORAGE =	18 S.F.
PORCH =	59 S.F.
GARAGE =	N/A S.F.
GROSS AREA =	1,062 S.F.

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04/21/17

LIBERTY VILLAGE

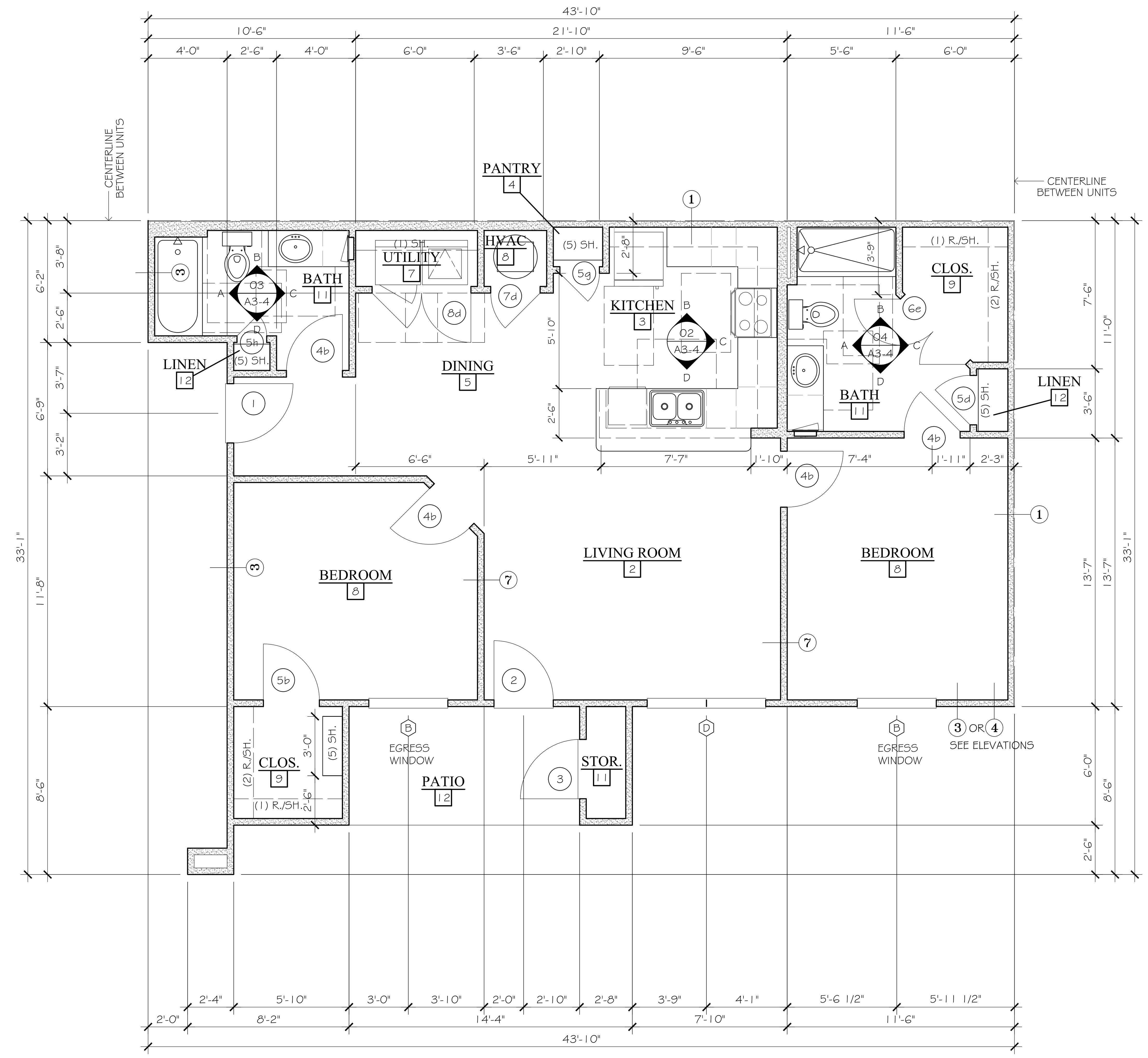
A ~~12~~4 UNIT FAMILY LIVING COMMUNITY
SOUTH VETERANS BLVD.
EDINBURG, TEXAS 78542

DRAWING ISSUE:		DATE:
0	BID & PERMIT SET	03/22/17
1	CABINETS	04/21/17

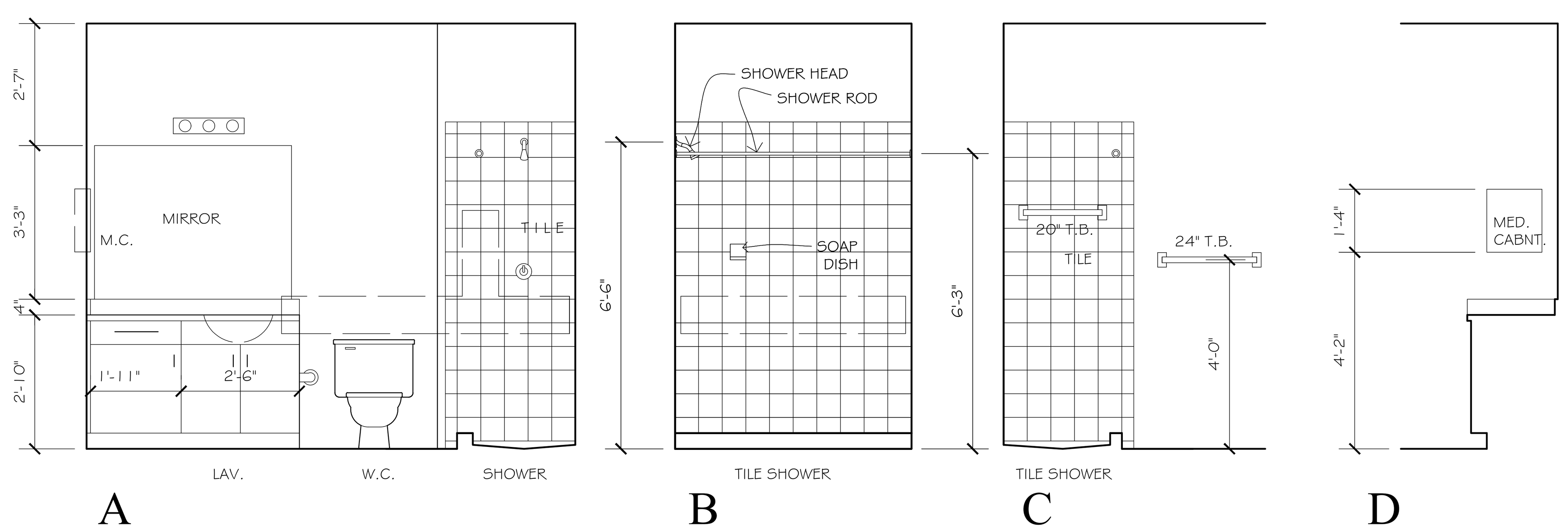
PROJECT NUMBER:

UNIT C
FLOOR PLAN

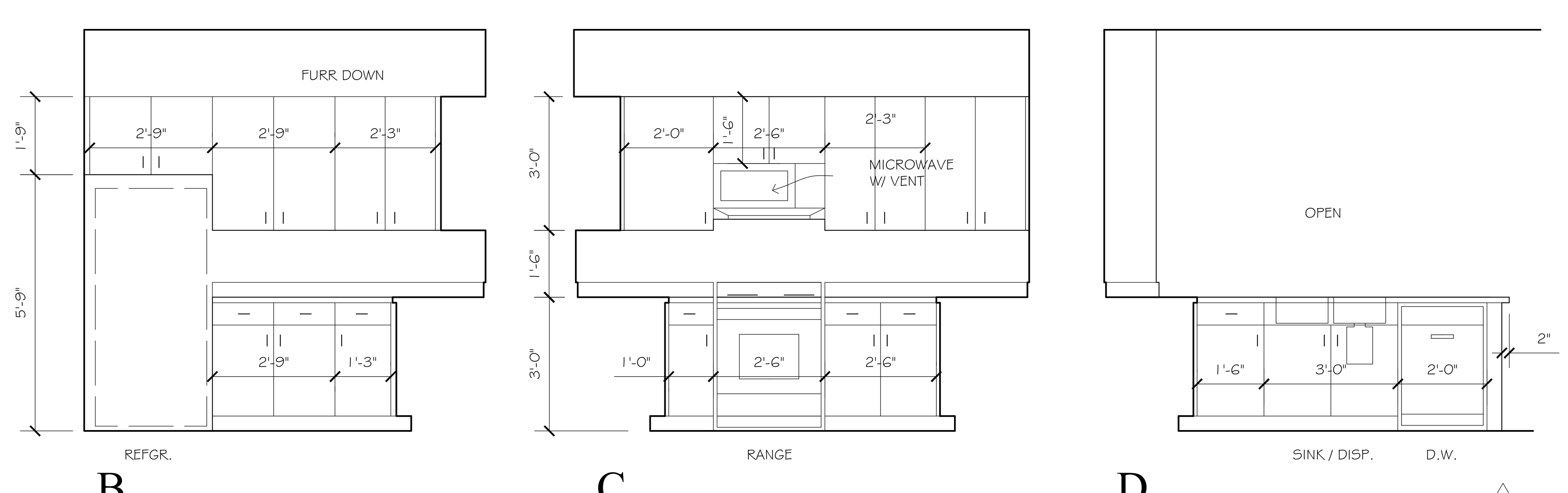
A3-3



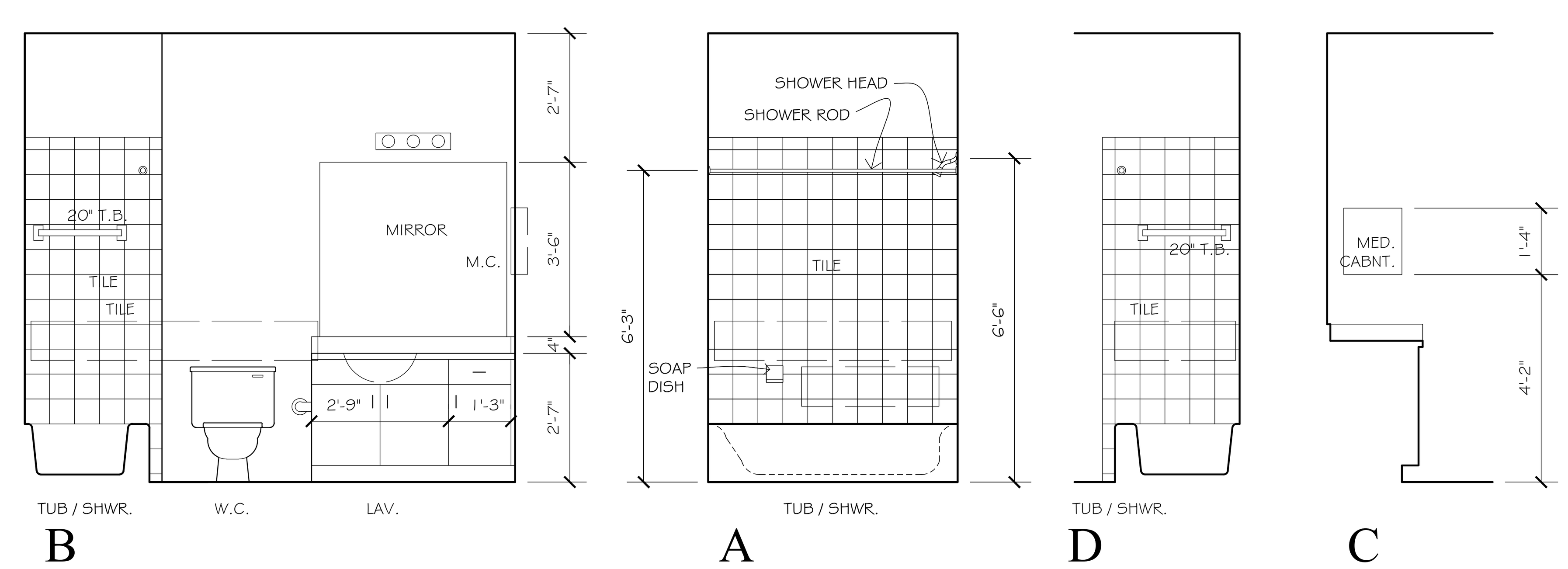
1 UNIT D - 1st AND 2nd LEVELS
SCALE: 1/4" = 1'-0"



4 BATH ELEVATIONS
SCALE: 3/8" = 1'-0"



2 KITCHEN ELEVATIONS
SCALE: 3/8" = 1'-0"



3 BATH ELEVATIONS
SCALE: 3/8" = 1'-0"

FLOOR PLAN SYMBOLS

2	WALL TYPE, RE: SHT. A2-8
ROOM X	ROOM NAME ROOM FINISH, RE: SHT. A2-10
X	DOOR TYPE, RE: SHT. A2-10
X	WINDOW TYPE, RE: SHT. A2-10

UNIT: D
2-BEDROOM / 2-BATH

AREA CALCULATION:

CONDITIONED AREA =	1,040 S.F.
STORAGE =	16 S.F.
PORCH =	70 S.F.
GARAGE =	N/A S.F.
GROSS AREA =	1,126 S.F.

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REGISTERED ARCHITECT WILLIAM L. BROWN 4086 STATE OF TEXAS

04/21/17

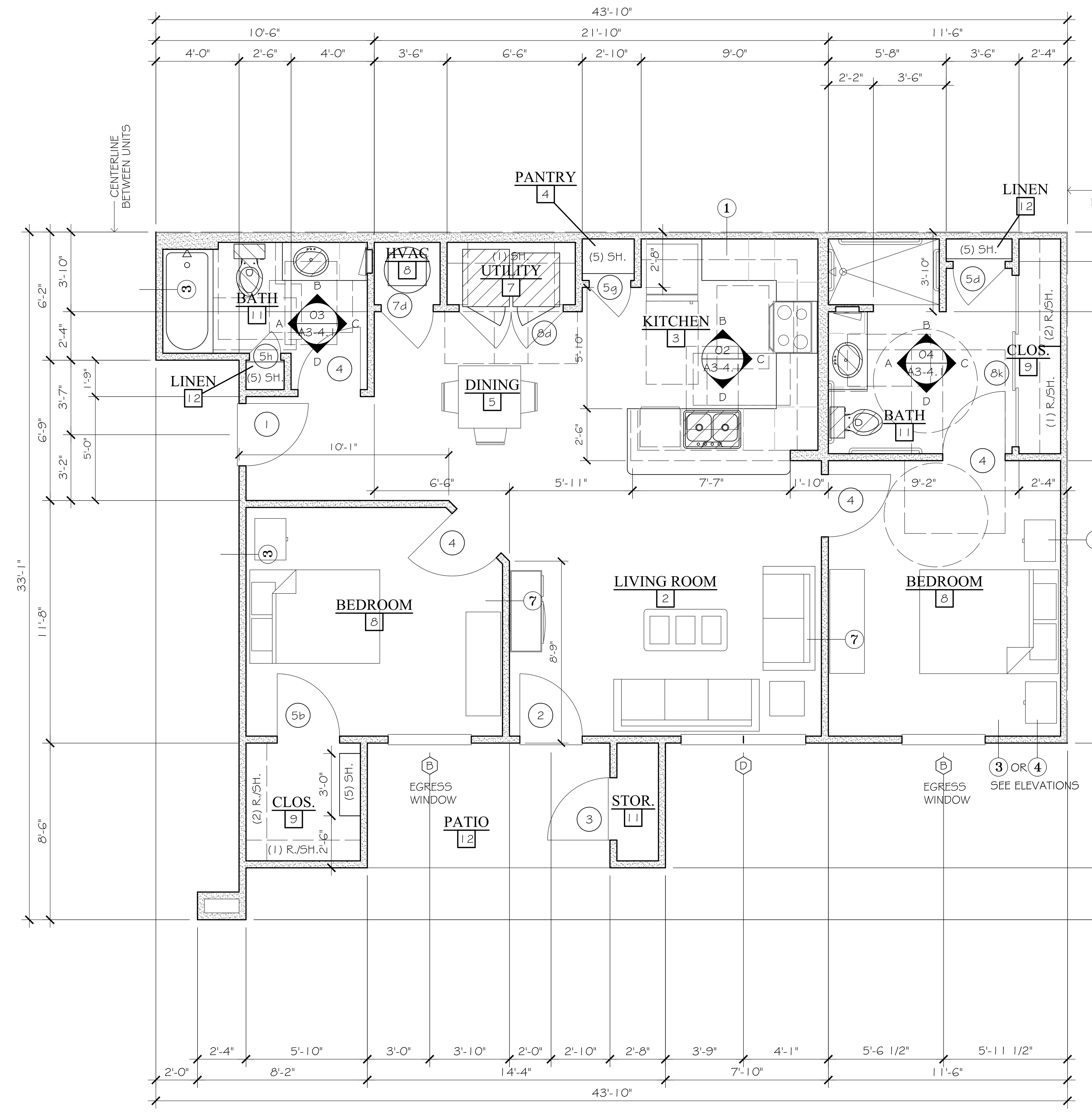
LIBERTY VILLAGE
A ~~124~~ UNIT FAMILY LIVING COMMUNITY
SOUTH VETERANS BLVD.
EDINBURG, TEXAS 78542

	DRAWING ISSUE:	DATE:
0	BID & PERMIT SET	03/22/17
1	CABINETS	04/21/17

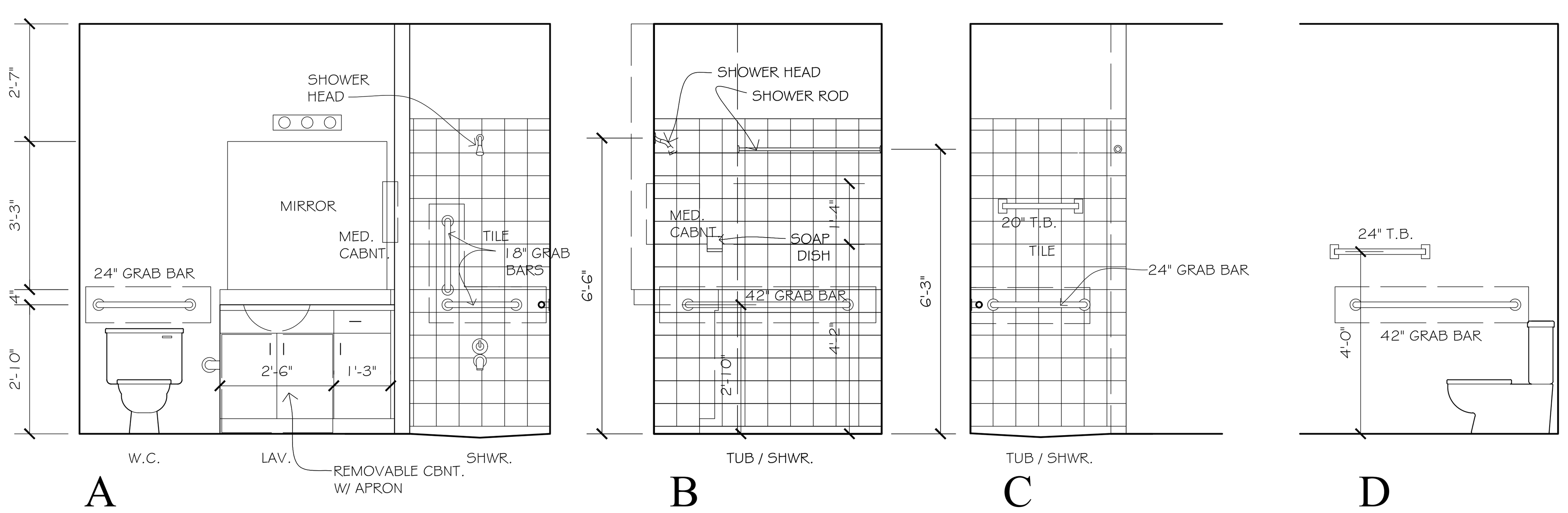
PROJECT NUMBER:

UNIT D
FLOOR PLAN

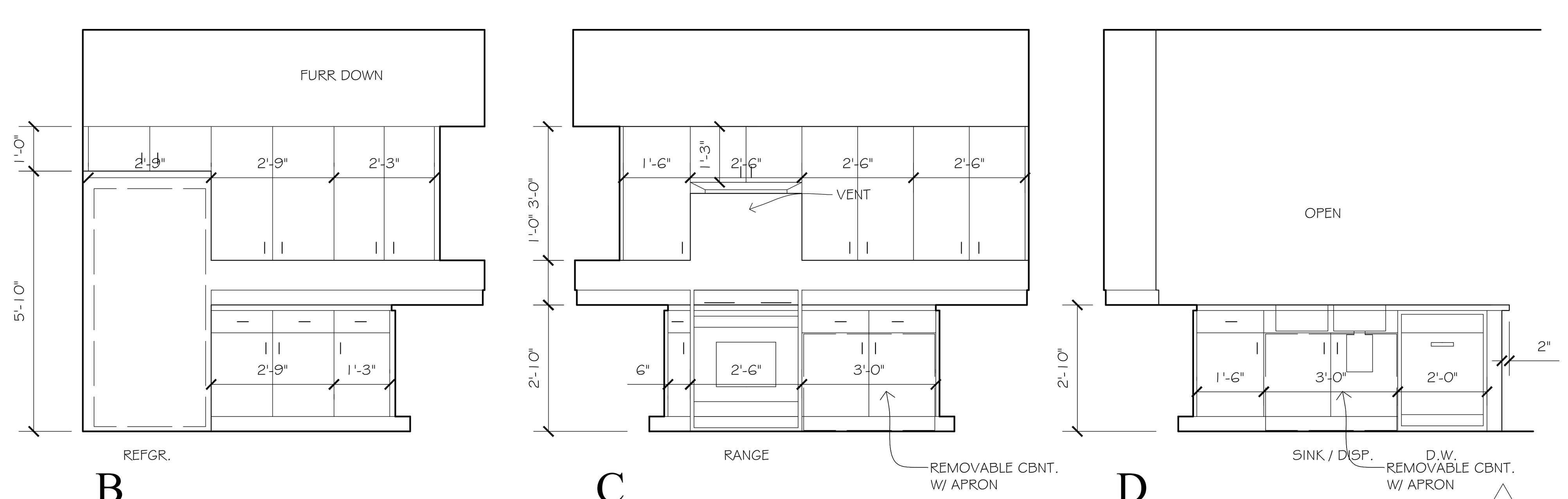
A3-4



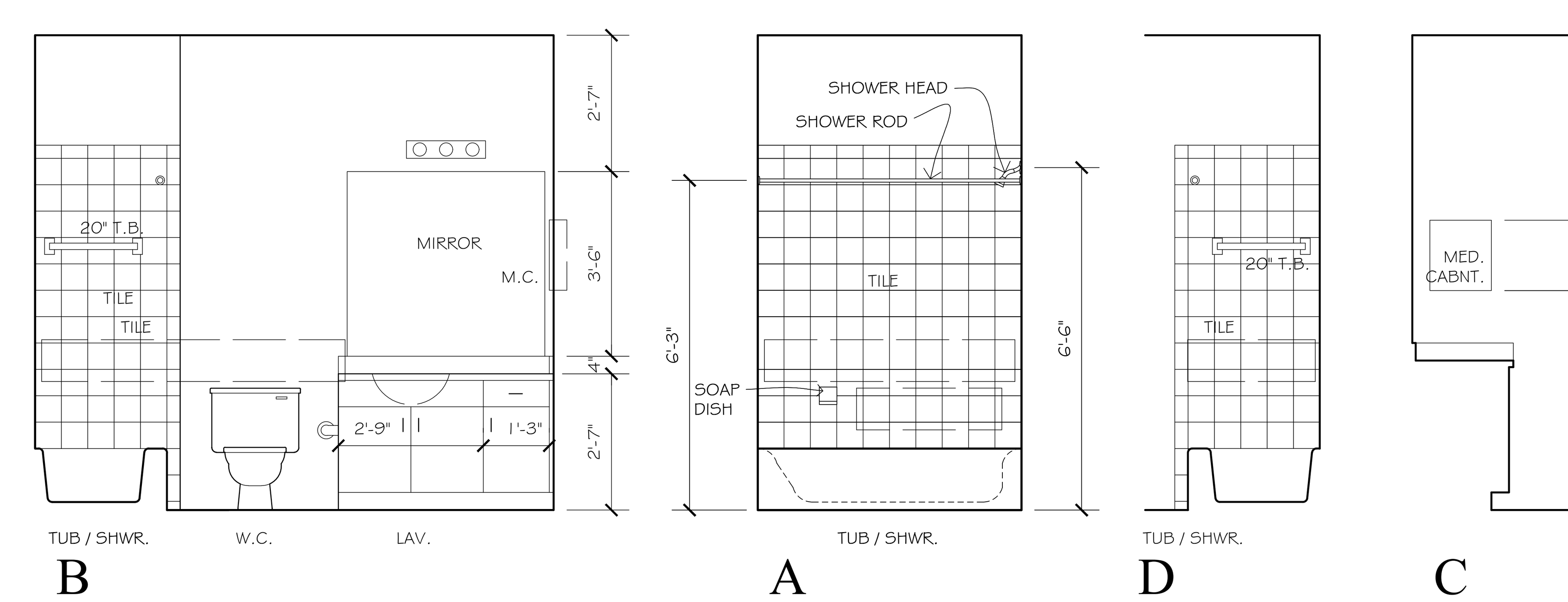
1 UNIT D-HC - 1st LEVEL ONLY (OCCURS AT UNIT NUMBER ??? ONLY)
SCALE: 1/4" = 1'-0"



4 BATH ELEVATIONS
SCALE: 3/8" = 1'-0"



2 KITCHEN ELEVATIONS
SCALE: 3/8" = 1'-0"



3 BATH ELEVATIONS
SCALE: 3/8" = 1'-0"

FLOOR PLAN SYMBOLS

2	WALL TYPE, RE: SHT. A2-8
ROOM X	ROOM NAME ROOM FINISH, RE: SHT. A2-10
X	DOOR TYPE, RE: SHT. A2-10
X	WINDOW TYPE, RE: SHT. A2-10

UNIT: D-HC

2-BEDROOM / 2-BATH

AREA CALCULATION:

CONDITIONED AREA =	1,040 S.F.
STORAGE =	15 S.F.
PORCH =	70 S.F.
GARAGE =	N/A S.F.
GROSS AREA =	1,126 S.F.

Brown stone

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ARCHITECTS AND PLANNERS, INC.
WILLIAM L. BROWN, ARCHITECT
6517 MAPLERIDGE
HOUSTON, TEXAS 77081
713.432.7727

REGISTERED ARCHITECT
WILLIAM L. BROWN
4086
STATE OF TEXAS

04/21/17

LIBERTY VILLAGE

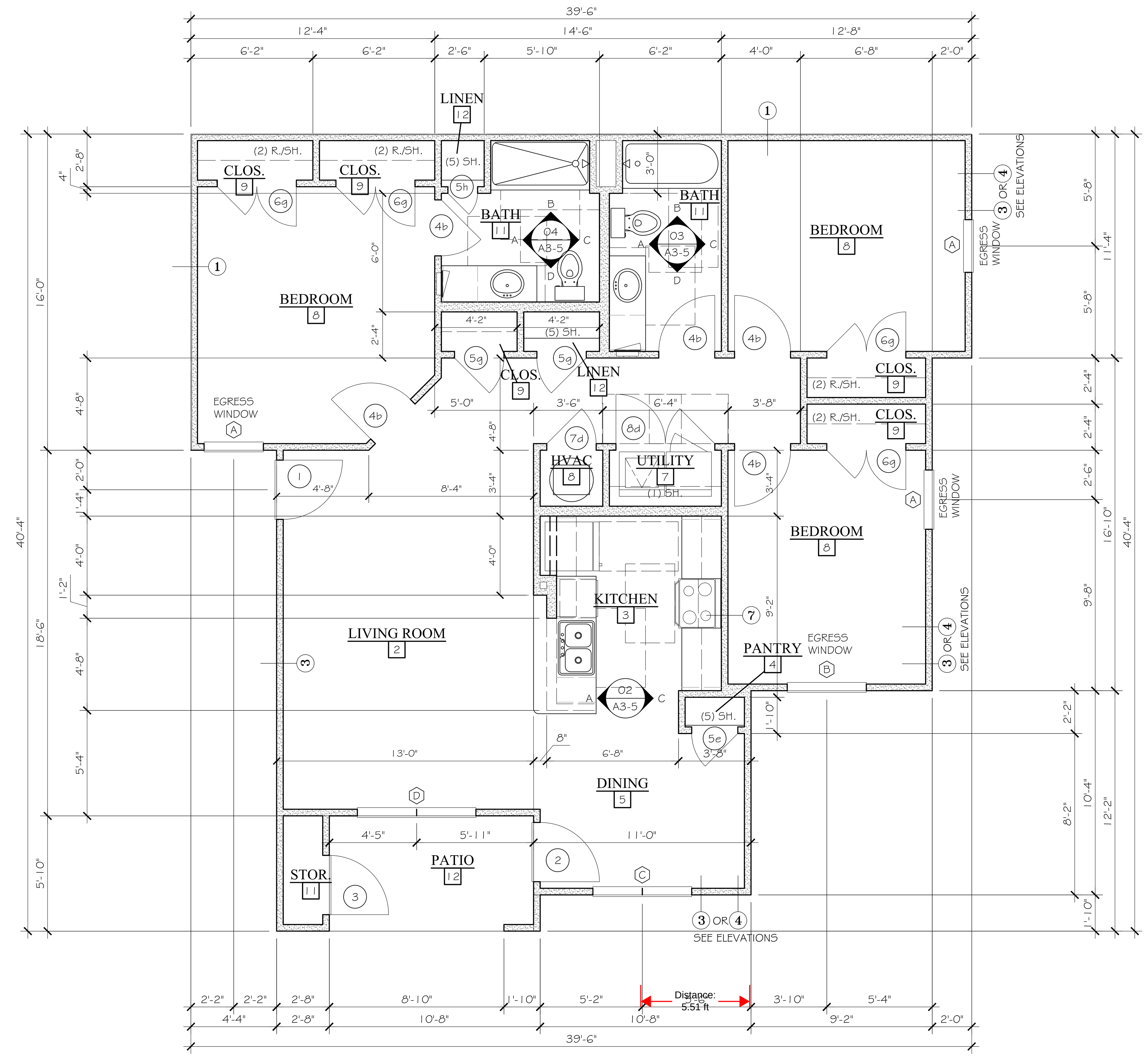
A ~~124~~ UNIT FAMILY LIVING COMMUNITY
SOUTH VETERANS BLVD.
EDINBURG, TEXAS 78542

	DRAWING ISSUE:	DATE:
0	BID & PERMIT SET	03/22/17
1	CABINETS	04/21/17

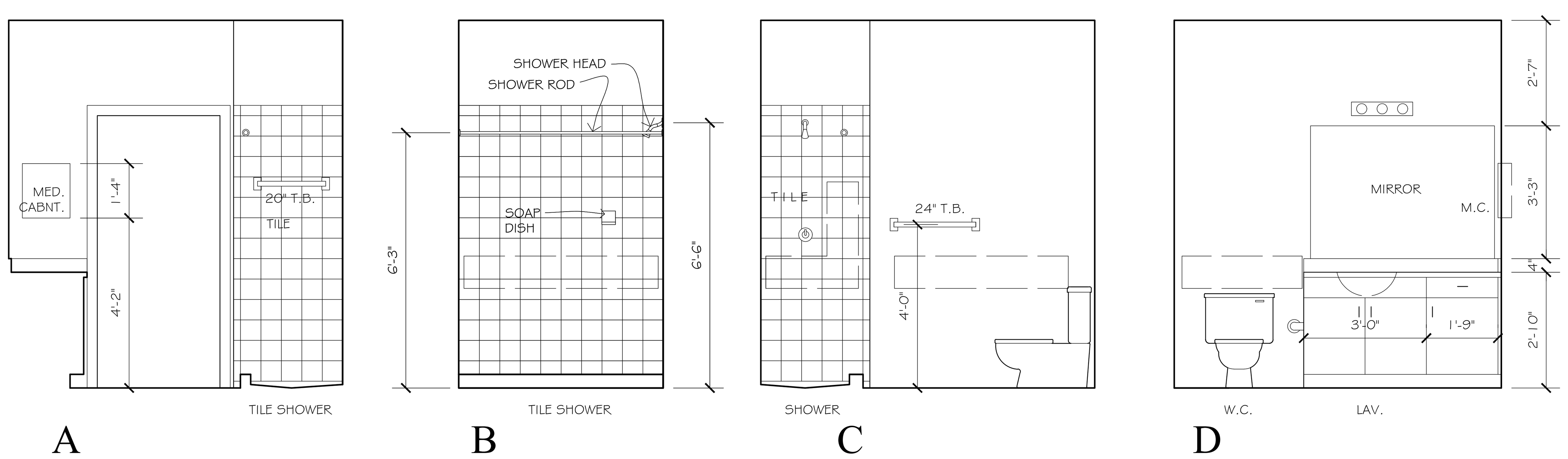
PROJECT NUMBER:

UNIT D-HC
FLOOR PLAN

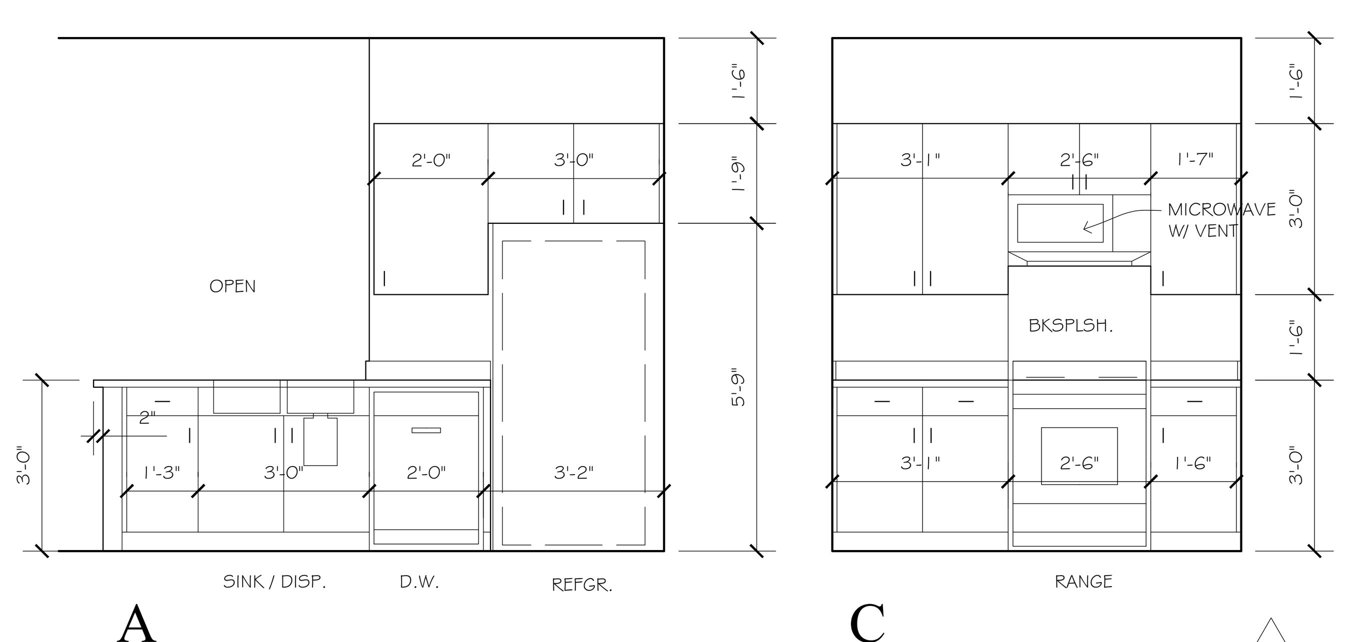
A3-4.1



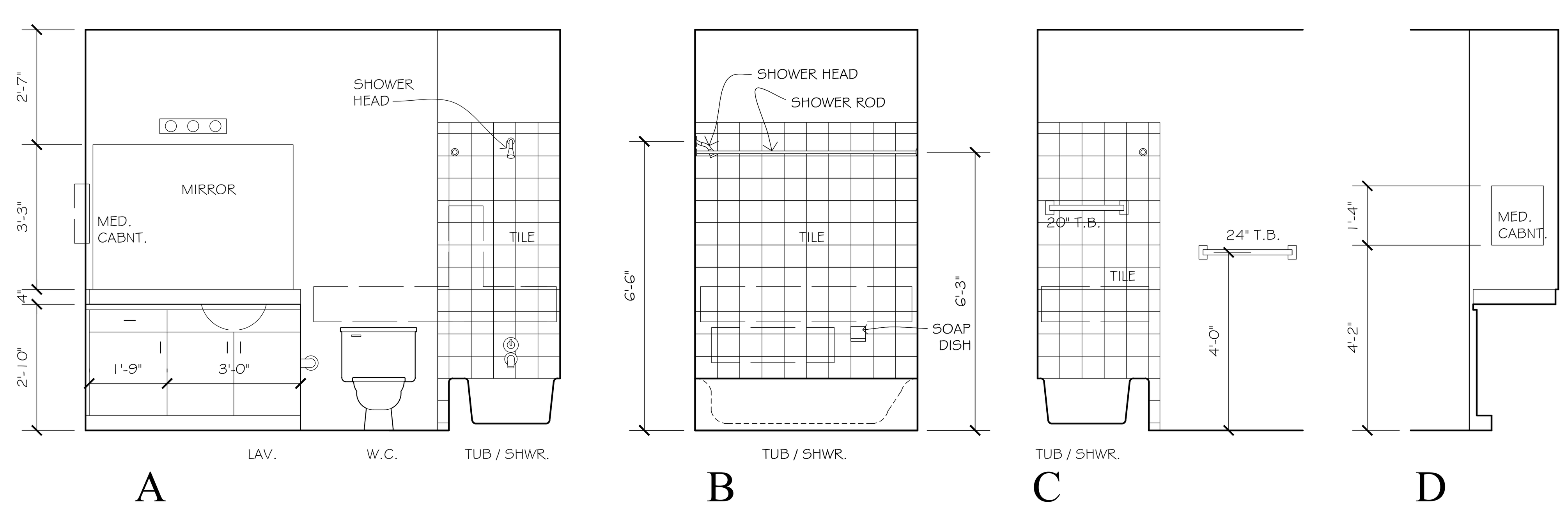
1 UNIT E - 1st AND 2nd LEVELS
SCALE: 1/4" = 1'-0"



4 BATH ELEVATIONS
SCALE: 3/8" = 1'-0"



2 KITCHEN ELEVATIONS
SCALE: 3/8" = 1'-0"



3 BATH ELEVATIONS
SCALE: 3/8" = 1'-0"

FLOOR PLAN SYMBOLS

2	WALL TYPE, RE: SHT. A2-8
ROOM X	ROOM NAME ROOM FINISH, RE: SHT. A2-10
X	DOOR TYPE, RE: SHT. A2-10
X	WINDOW TYPE, RE: SHT. A2-10

UNIT: E
3-BEDROOM / 2-BATH

AREA CALCULATION:

CONDITIONED AREA =	1,222 S.F.
STORAGE =	16 S.F.
PORCH =	61 S.F.
GARAGE =	N/A S.F.
GROSS AREA =	1,299 S.F.

Brown stone

www.thebrownstonegroup.net

BROWNSTONE
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HOUSTON, TEXAS 77081
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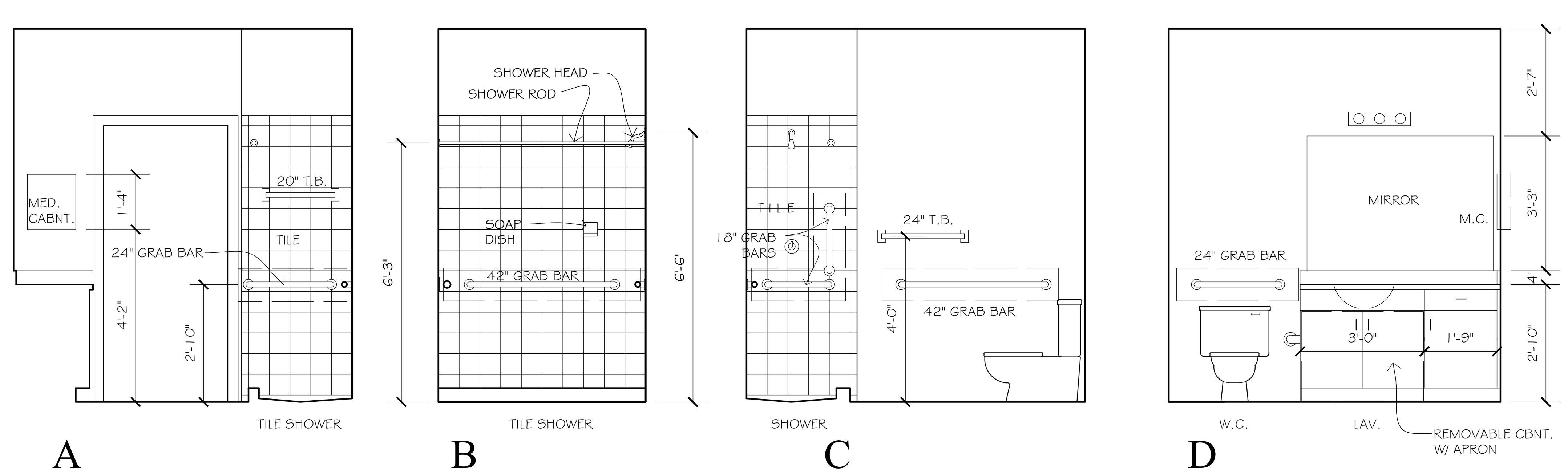
LIBERTY VILLAGE
A ~~124~~ UNIT FAMILY LIVING COMMUNITY
SOUTH VETERANS BLVD.
EDINBURG, TEXAS 78542

	DRAWING ISSUE:	DATE:
0	BID & PERMIT SET	03/22/17
1	CABINETS	04/21/17

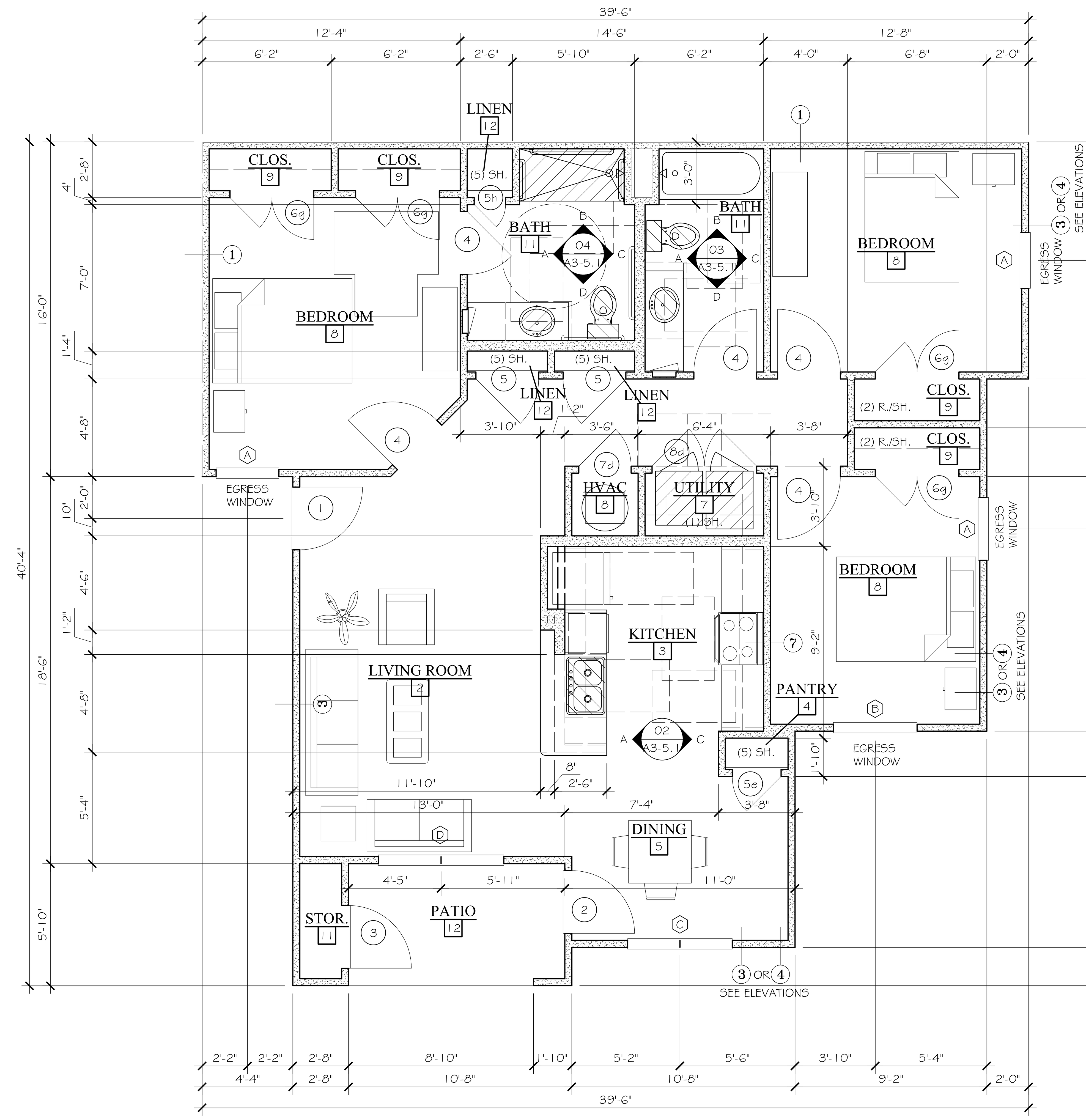
PROJECT NUMBER:

UNIT E
FLOOR PLAN

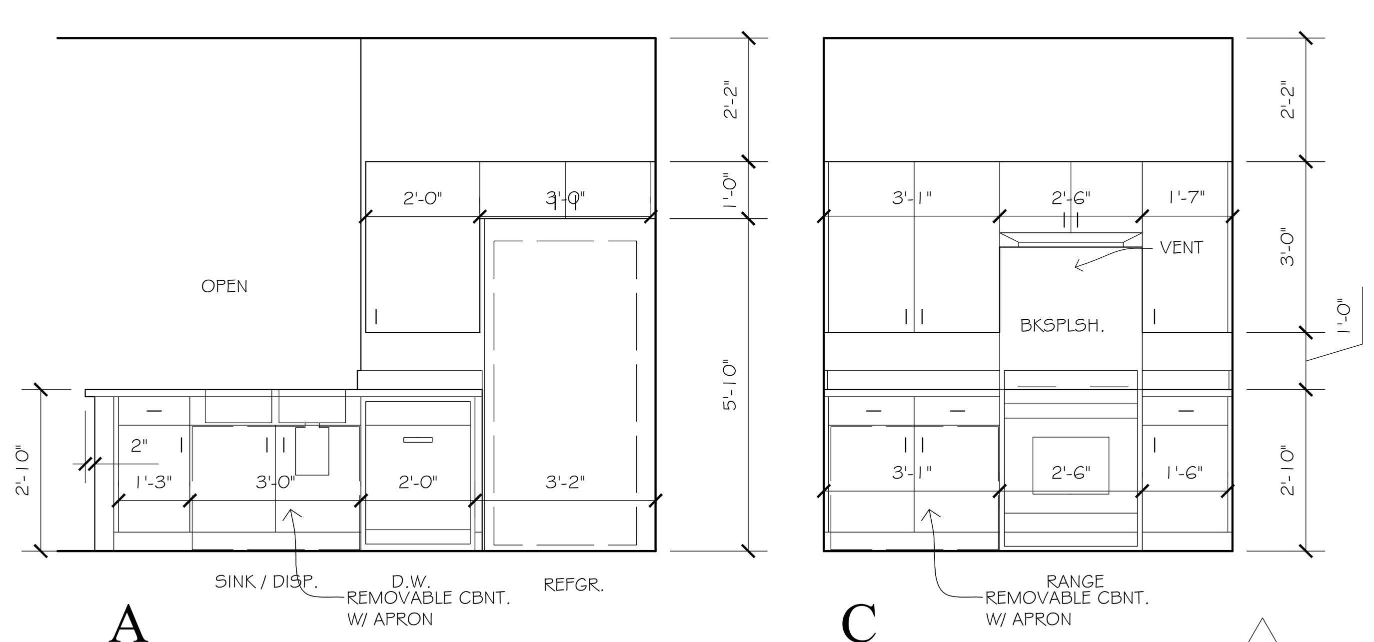
A3-5



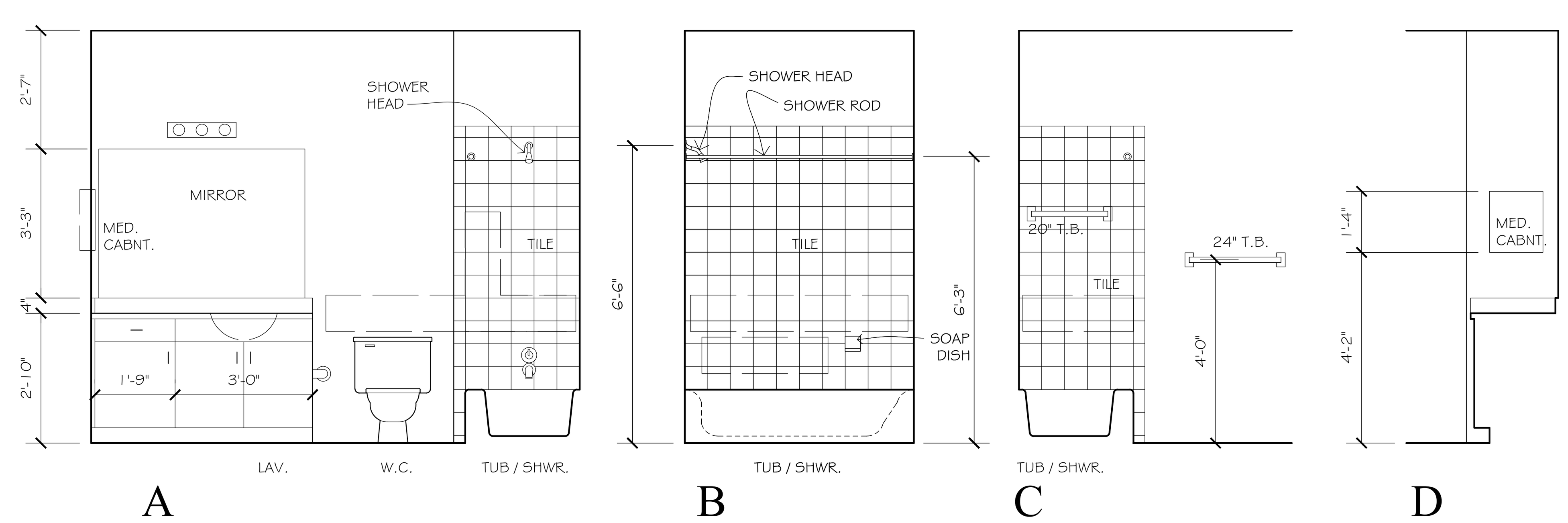
4 BATH ELEVATIONS
SCALE: 3/8" = 1'-0"



1 UNIT E-HC - 1st LEVEL ONLY (OCCURS AT UNIT NUMBER ??? ONLY)
SCALE: 1/4" = 1'-0"



2 KITCHEN ELEVATIONS
SCALE: 3/8" = 1'-0"



3 BATH ELEVATIONS
SCALE: 3/8" = 1'-0"

FLOOR PLAN SYMBOLS

- (2) WALL TYPE, RE: SHT. A2-8
- ROOM / X — ROOM NAME; ROOM FINISH, RE: SHT. A2-10
- (X) DOOR TYPE, RE: SHT. A2-10
- ⬡X WINDOW TYPE, RE: SHT. A2-10

UNIT: E-HC

3-BEDROOM / 2-BATH

AREA CALCULATION:

CONDITIONED AREA =	1,222 S.F.
STORAGE =	16 S.F.
PORCH =	61 S.F.
GARAGE =	N/A S.F.
GROSS AREA =	1,299 S.F.

Brown stone

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04/21/17

LIBERTY VILLAGE

A ~~124~~ UNIT FAMILY LIVING COMMUNITY
SOUTH VETERANS BLVD.
EDINBURG, TEXAS 78542

DRAWING ISSUE:		DATE:
0	BID & PERMIT SET	03/22/17
1	CABINETS	04/21/17

PROJECT NUMBER:

UNIT E-HC
FLOOR PLAN

A3-5.1

SPECIFICATIONS AND BUILDING/UNIT TYPE CONFIGURATION

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns Q through AA, and rows 51 through 79.

Specifications and Amenities (check all that apply)

Building Configuration (Check all that apply):

	Single Family Construction		SRO		Transitional (per §42(i)(3)(B))		Duplex
	Scattered Site	x	Fourplex	x	> 4 Units Per Building		Townhome

Development will have:

x	Fire Sprinklers		Elevators		# of Elevators		Wt. Capacity

Number of Parking Spaces(consistent with Architectural Drawings):

Free	Paid		Free	Paid	
0	0	Shed or Flat Roof Carport Spaces	0	0	Detached Garage Spaces
0	0	Attached Garage Spaces	238	0	Uncovered Spaces
0	0	Structured Parking Garage Spaces			

Floor Composition & Wall Height:

88	% Carpet/Vinyl/Resilient Flooring	9	Ceiling Height
12	% Ceramic Tile	n/a	Upper Floor(s) Ceiling Height (Townhome Only)
0	% Other	*Describe:*	

															Total # of Residential Buildings	
				Building Label	1	2a		3	club							
				Number of Stories	3	3		2	1							
Unit Type				Number of Buildings	1	2		5							8	
Unit Label	# of Bed-rooms	# of Baths	Sq. Ft. Per Unit		Number of Units Per Building										Total # of Units	Total Sq Ft for Unit Type
A	1	1	750		12	0		0							12	9,000
B	1	1	776		8	0		0							8	6,208
C	2	2	985		0	8		0							16	15,760
D	2	2	1,040		0	12		0							24	24,960
E	3	2	1,222		0	0		8							40	48,880
															-	-
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				Totals	20	40	-	40	-	-	-	-	-	-	100	104,808

Net Rentable Square Footage from Rent Schedule 104,808

C	2	2	985		0	8		0							16	15,760

Interior Corridors												
Total Interior Corridor Per Building Label	0	0	0	0	0	0	0	0	0	0		-
Common Area					3,824							
Total Common Area Per Building Label	0	0	0	0	0	0	0	0	0	0		-
Breezeways	1,489	1,540	1,186	582								
Total Breezeways Per Building Label	1,489	3,080	0	2,910	0	0	0	0	0	0		7,479

Rent Schedule

Self Score Total: **125**

ivate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 60%					11	1	1.0	750	8,250			539	5,929
MR					1	1	1.0	750	750			750	750
TC 30%				PH	2	1	1.0	776	1,552			125	250
TC 50%					6	1	1.0	776	4,656			437	2,622
TC 30%				PH	4	2	2.0	985	3,940			150	600
TC 50%				PH	7	2	2.0	985	6,895			150	1,050
TC 50%					5	2	2.0	985	4,925			518	2,590
TC 60%					23	2	2.0	1040	23,920			625	14,375
MR					1	2	2.0	1040	1,040			850	850
TC 30%				PH	4	3	2.0	1222	4,888			175	700
TC 50%				PH	8	3	2.0	1222	9,776			175	1,400
TC 50%					8	3	2.0	1222	9,776			593	4,744
TC 60%					20	3	2.0	1222	24,440			695	13,900
									0				-
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some of the unit square footage # have gone up slightly from original application - based on fully engineered plans.

2017

RENT LIMITS

AMFI %	Number of Bedrooms 0	1	2	3	4	5
30	$285	$305	$366	$423	$471	$520
40	$380	$407	$488	$564	$629	$694
50	$475	$508	$610	$705	$786	$868
60	$570	$610	$732	$846	$943	$1,041
65						
80	$760	$814	$976	$1,128	$1,258	$1,389

TOTAL	100		104,808	49,760
Non Rental Income	$7.58	per unit/month for:	*app fees, late fees, cleaning/damages, reletting*	758
Non Rental Income	32.56	per unit/month for:	*Oper Subsidy to breakeven exp for 25 PH Units*	3,256
Non Rental Income	0.00	per unit/month for:		-
+ TOTAL NONRENTAL INCOME	**$40.14**	per unit/month		4,014
= POTENTIAL GROSS MONTHLY INCOME				53,774
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 7.50%	(4,033)
- Rental Concessions ***(enter as a negative number)***			**Enter as a negative value**	-
= EFFECTIVE GROSS MONTHLY INCOME				49,741
x 12 = EFFECTIVE GROSS ANNUAL INCOME				596,891

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	10%	10%	10
	TC40%			0
	TC50%	35%	34%	34
	TC60%	55%	54%	54
	HTC LI Total			98
	EO			0
	MR			2
	MR Total			2
	Total Units			100
MORTGAGE REVENUE BOND				
	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
	MR Total			0
	HTF Total			0
HOME	30%			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	HOME LI Total			0
	EO			0
	MR			0
	MR Total			0
	HOME Total			0
OTHER	Total OT Units			25

BEDROOMS	0			0
	1			20
	2			40
	3			40
	4			0
	5			0

ACQUISITION + HARD		
Cost Per Sq Ft	$ 124.67	
HARD		
Cost Per Sq Ft	$ 124.67	
BUILDING		Total Points claimed:
Cost Per Sq Ft	$ 81.52	12

Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.

Utility Allowances [§10.614]

Applicant must attach to this form documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application Packet. <u>Where the Applicant uses any method that requires Department review, such review must have been requested prior to submission of the Application.</u> This exhibit must clearly indicate which utility costs are included in the estimate.

Note: If more than one entity (Sec. 8 administrator, public housing authority) is responsible for setting the utility allowance(s) in the area of the development location, then the selected utility allowance must be the one which most closely reflects the actual expenses.

If an independent utility cost evaluation is conducted it must include confirming documentation from all the relevant utility providers.

If other reductions to the tenant rent is required such as the cost of flood insurance for the tenant's contents, documentation for these reductions to gross rent should also be attached.

Utility	Who Pays	*Energy Source*	0BR	1BR	2BR	3BR	4BR	Source of Utility Allowance & Effective Date
Heating	Tenant	Electric		$ 6	$ 7	$ 7		Edinburg Hsg Authority 01/2016
Cooking	Tenant	Electric		$ 6	$ 7	$ 9		Edinburg Hsg Authority 01/2016
Other Electric	Tenant			$ 19	$ 26	$ 32		Edinburg Hsg Authority 01/2016
Air Conditioning	Tenant	Electric		$ 14	$ 21	$ 29		Edinburg Hsg Authority 01/2016
Water Heater	Tenant	Electric		$ 11	$ 16	$ 20		Edinburg Hsg Authority 01/2016
Water	Landlord			$ 13	$ 16	$ 20		Edinburg Hsg Authority 01/2016
Sewer	Landlord			$ 9	$ 11	$ 14		Edinburg Hsg Authority 01/2016
Trash	Landlord			$ 12	$ 12	$ 12		Edinburg Hsg Authority 01/2016
Flat Fee	Tenant			$ 15	$ 15	$ 15		Edinburg Hsg Authority 01/2016
Other								
Total Paid by Tenant			$ -	$ 71	$ 92	$ 112	$ -	

Other (Describe)

Allowances for Tenant Furnished Utilities and other Services

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0169
(exp. 09/30/2017)

Locality: **Edinburg Housing Authority, TX**	Unit Type: **Apartment**	Date (mm/dd/yyyy) Eff 1/2016

Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	$3.00	$3.00	$3.00	$4.00	$4.00	$5.00
	b. Bottle Gas/Propane						
	c. Electric	$5.00	$6.00	$7.00	$7.00	$8.00	$9.00
	d. Electric Heat Pump	$2.00	$2.00	$2.00	$3.00	$3.00	$3.00
	e. Oil / Other						
Cooking	a. Natural Gas	$3.00	$3.00	$4.00	$6.00	$7.00	$8.00
	b. Bottle Gas/Propane						
	c. Electric	$5.00	$6.00	$7.00	$9.00	$10.00	$11.00
Other Electric (Lights & Appliances)		$17.00	$19.00	$26.00	$32.00	$38.00	$44.00
Air Conditioning		$12.00	$14.00	$21.00	$29.00	$37.00	$45.00
Water Heating	a. Natural Gas	$8.00	$9.00	$12.00	$16.00	$18.00	$20.00
	b. Bottle Gas/Propane						
	c. Electric	$10.00	$11.00	$16.00	$20.00	$24.00	$26.00
	d. Oil / Other						
Water		$12.00	$13.00	$16.00	$20.00	$24.00	$28.00
Sewer		$9.00	$9.00	$11.00	$14.00	$16.00	$18.00
Trash Collection		$12.00	$12.00	$12.00	$12.00	$12.00	$12.00
Range / Microwave	Tenant-supplied	$12.00	$12.00	$12.00	$12.00	$12.00	$12.00
Refrigerator	Tenant-supplied	$13.00	$13.00	$13.00	$13.00	$13.00	$13.00
Other--specify:	**Monthly Electric Fee $14.53**	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00
	Monthly Gas Fee $12.06	$12.00	$12.00	$12.00	$12.00	$12.00	$12.00

Actual Family Allowances

To be used by the family to compute allowance. *Complete below for the actual unit rented.*

Name of Family

Address of Unit

Number of Bedrooms

Utility or Service	per month cost
Heating	$
Cooking	$
Other Electric	$
Air Conditioning	$
Water Heating	$
Water	$
Sewer	$
Trash Collection	$
Range / Microwave	$
Refrigerator	$
Other	$
Other	$
Total	$

Seal of Certified Compliance 2015 Residentlife Utility Allowances

The Nelrod Company 6/2015

form HUD-52667 (09/14)
ref. Handbook 7420.8

ANNUAL OPERATING EXPENSES

General & Administrative Expenses				
Accounting		$ 9,400		
Advertising		$ 1,200		
Legal fees		$ 600		
Leased equipment		$ 1,800		
Postage & office supplies		$ 3,900		
Telephone		$ 7,200		
Other	answering svc, bank, computer, credit, dues/lic	$ 8,160		
Other	training, travel, uniforms	$ 2,600		
Total General & Administrative Expenses:				$ 34,860
Management Fee:	Percent of Effective Gross Income:	5.00%		$ 29,845
Payroll, Payroll Tax & Employee Benefits				
Management		$ 43,000		
Maintenance		$ 45,760		
Other	payroll admin, insurance, payroll tax, work comp, 401k	$ 26,393		
Other				
Total Payroll, Payroll Tax & Employee Benefits:				$ 115,153
Repairs & Maintenance				
Elevator		$		
Exterminating		$ 3,000		
Grounds		$ 20,400		
Make-ready		$ 13,800		
Repairs		$ 16,920		
Pool		$		
Other		$		
Other		$		
Total Repairs & Maintenance:				$ 54,120
Utilities (Enter Only Property Paid Expense)				
Electric	common area, clubhouse, vacant units	$ 15,300		
Natural gas		$		
Trash	Est $12 per residential unit / mo	$ 14,400		
Water/Sewer	$30 unit/mo + $500/mo irrigation	$ 42,000		
Other		$		
Other		$		
Total Utilities:				$ 71,700
Annual Property Insurance:	Rate per net rentable square foot:	$ 0.29		$ 30,000
Property Taxes:				
Published Capitalization Rate:	Source:			
Annual Property Taxes		$		
Payments in Lieu of Taxes		$		
Total Property Taxes:				$ -
Reserve for Replacements:	Annual reserves per unit:	$ 300		$ 30,000
Other Expenses				
Cable TV		$ 1,800		
Supportive Services (Staffing/Contracted Services)		$ 6,000		
TDHCA Compliance fees		$ 3,920		
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$ -		
Security		$ 900		
Other	3rd party compliance, fidelity bond, ins placement	$ 5,900		
Other	describe	$		
Total Other Expenses:				$ 18,520
TOTAL ANNUAL EXPENSES	Expense per unit:	$ 3842		$ 384,198
	Expense to Income Ratio:	**64.37%**		
NET OPERATING INCOME (before debt service)				$ 212,694
Annual Debt Service				
JPMorgan Chase Bank		$ 164,944		
		$		
		$		
		$		
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:	1.29		$ 164,944
NET CASH FLOW				$ 47,750

15 Year Rental Housing Operating Pro Forma

All Programs Must Complete the following:

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	$597,120	$609,062	$621,244	$633,669	$646,342	$713,614	$787,887
Secondary Income	$ 48,168	$ 49,131	$ 50,114	$ 51,116	$ 52,139	$ 57,565	$ 63,557
POTENTIAL GROSS ANNUAL INCOME	$645,288	$658,194	$671,358	$684,785	$698,480	$771,179	$851,444
Provision for Vacancy & Collection Loss	($48,397)	($49,365)	($50,352)	($51,359)	($52,386)	($57,838)	($63,858)
Rental Concessions	$0	$0	$0	$0	$0	$0	$0
EFFECTIVE GROSS ANNUAL INCOME	$596,891	$608,829	$621,006	$633,426	$646,094	$713,340	$787,586
EXPENSES							
General & Administrative Expenses	$34,860	$35,906	$36,983	$38,092	$39,235	$45,484	$52,729
Management Fee	$ 29,845	$ 30,441	$ 31,050	$ 31,671	$ 32,305	$ 35,667	$ 39,379
Payroll, Payroll Tax & Employee Benefits	$ 115,153	$ 118,608	$ 122,166	$ 125,831	$ 129,606	$ 150,249	$ 174,179
Repairs & Maintenance	$ 54,120	$ 55,744	$ 57,416	$ 59,138	$ 60,913	$ 70,614	$ 81,861
Electric & Gas Utilities	$ 15,300	$ 15,759	$ 16,232	$ 16,719	$ 17,220	$ 19,963	$ 23,143
Water, Sewer & Trash Utilities	$ 56,400	$ 58,092	$ 59,835	$ 61,630	$ 63,479	$ 73,589	$ 85,310
Annual Property Insurance Premiums	$ 30,000	$ 30,900	$ 31,827	$ 32,782	$ 33,765	$ 39,143	$ 45,378
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reserve for Replacements	$ 30,000	$ 30,900	$ 31,827	$ 32,782	$ 33,765	$ 39,143	$ 45,378
Other Expenses	$ 18,520	$ 19,076	$ 19,648	$ 20,237	$ 20,844	$ 24,164	$ 28,013
TOTAL ANNUAL EXPENSES	$384,198	$395,425	$406,983	$418,882	$431,132	$498,017	$575,370
NET OPERATING INCOME	$212,694	$213,404	$214,022	$214,544	$214,962	$215,323	$212,216
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$164,944	$164,944	$164,944	$164,944	$164,944	$164,944	$164,944
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$47,750	$48,460	$49,078	$49,600	$50,018	$50,379	$47,272
CUMULATIVE NET CASH FLOW	$47,750	$96,210	$145,288	$194,888	$244,906	$495,900	$740,027
Debt Coverage Ratio	1.29	1.29	1.30	1.30	1.30	1.31	1.29
Please note that the Public Housing Unit Operating Subsidy rises consistently with prorata expenses, which is not reflected in this sched							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consisstent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone: 214-965-2678

Email: olicio.c.ochoa@chase.com

Olivio C. Ochoa

Signature, Authorized Representative, Construction or Permanent Lender | **Printed Name** | **Date**

Development Cost Schedule

Self Score Total: **125**

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the Eligible Basis columns and the Requested Credit calculation below:

	TOTAL DEVELOPMENT SUMMARY			Scratch Paper/Notes
	Total Cost	Eligible Basis (If Applicable) Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	1,351,350			
Existing building acquisition cost	0			
Closing costs & acq. legal fees	0			
Other (specify) - see footnote 1	0			
Other (specify) - see footnote 1	0			
Subtotal Acquisition Cost	$1,351,350	$0	$0	
OFF-SITES[2]				
Off-site concrete	0			
Storm drains & devices	0			
Water & fire hydrants	0			
Off-site utilities	0			
Sewer lateral(s)	0			
Off-site paving	0			
Off-site electrical	0			
Other (specify) - see footnote 1	0			
Other (specify) - see footnote 1	0			
Subtotal Off-Sites Cost	$0	$0	$0	
SITE WORK[3]				
Demolition	0			
Asbestos Abatement (Demolition Only)	0			
Detention	0		0	
Rough grading	180,731		180,731	
Fine grading				
On-site concrete	808,254		808,254	
On-site electrical			0	
On-site paving			0	
On-site utilities	362,446		362,446	
Decorative masonry			0	
Bumper stops, striping & signs	17,420		17,420	
SWPP, material test, staking	130,649		130,649	
Subtotal Site Work Cost	$1,499,500	$0	$1,499,500	
SITE AMENITIES				
Landscaping	200,000		200,000	
Pool and decking	0		0	
Athletic court(s), playground(s)	0		0	
Fencing	75,000		75,000	
site furn/gazebo/bbq/patio, dumpster enc	143,000		143,000	
Subtotal Site Amenities Cost	$418,000	$0	$418,000	

BUILDING COSTS*:						
Concrete		873,690		873,690		
Masonry		170,101		170,101		
Metals		192,523		192,523		
Woods and Plastics		1,711,061		1,711,061		
Thermal and Moisture Protection		81,696		81,696		
Roof Covering		143,343		143,343		
Doors and Windows		320,621		320,621		
BUILDING COSTS (Continued):						
Finishes		1,483,711		1,483,711		
Specialties		0		0		
Equipment		189,022		189,022		
Furnishings		30,580		30,580		
Special Construction				0		
Conveying Systems (Elevators)				0		
Mechanical (HVAC; Plumbing)		991,935		991,935		
Electrical		763,335		763,335		
Individually itemize costs below:						
Detached Community Facilities/Building		incl above		incl above		
Carports and/or Garages		0		0		
Lead-Based Paint Abatement		0		0		
Asbestos Abatement (Rehabilitation Only)		0		0		
Structured Parking		0		0		
Commercial Space Costs		0		0		
Other (specify) - see footnote 1		0		0		
Subtotal Building Costs		$6,951,618	$0	$6,951,618		
TOTAL BUILDING COSTS & SITE WORK		$8,869,118	$0	$8,869,118		
(including site amenities)						
Contingency	5.70%	$505,540		505,540		
TOTAL HARD COSTS		$9,374,658	$0	$9,374,658		
OTHER CONSTRUCTION COSTS						
General requirements (<6%)	5.68%	532,147		532,147	5.68%	
Field supervision (within GR limit)						
Contractor overhead (<2%)	1.89%	177,382		177,382	1.89%	
G & A Field (within overhead limit)						
Contractor profit (<6%)	5.68%	532,147		532,147	5.68%	
TOTAL CONTRACTOR FEES		$1,241,677	$0	$1,241,677		
TOTAL CONSTRUCTION CONTRACT		*$10,616,335*	*$0*	*$10,616,335*		

SOFT COSTS[3]				
Architectural - Design fees	300,000		300,000	
Architectural - Supervision fees	25,000		25,000	
Engineering fees	incl above		incl above	Engineer paid through architect
Real estate attorney/other legal fees	125,000		18,750	
Accounting fees	50,000		50,000	
Impact Fees	0		0	
Building permits & related costs	195,139		195,139	
Appraisal	15,000		15,000	
Market analysis	7,500		7,500	
Environmental assessment	12,000		12,000	
Soils report	0		0	
Survey	0		0	
Marketing	0		0	
Hazard & liability insurance	70,000		70,000	
Real property taxes	0		0	
Personal property taxes	0		0	
Davis Bacon/Section 3	37,500		37,500	
	0		0	
	0		0	
Subtotal Soft Cost	$837,139	$0	$730,889	
FINANCING:				
CONSTRUCTION LOAN(S)[3]				
Interest	375,000		375,000	
Loan origination fees	90,375		90,375	
Title & recording fees	96,151		96,151	
Closing costs & legal fees	30,000		30,000	
Inspection fees	23,000		23,000	
Credit Report	0		0	
Discount Points	0		0	
Bank Fees	2,500		2,500	
Other (specify) - see footnote 1	0		0	
PERMANENT LOAN(S)				
Loan origination fees	17,250			
Title & recording fees	0			
Closing costs & legal	18,000			
Bond premium	0			
Credit report	0			
Discount points	0			
Credit enhancement fees	0			
Prepaid MIP	0			
	0			
	0			
BRIDGE LOAN(S)				
Interest	0		0	
Loan origination fees	0		0	
Title & recording fees	0		0	
Closing costs & legal fees	0		0	
Lender Inspection/Exam Fees	0		0	
Bank Fees	0		0	

OTHER FINANCING COSTS[3]					
Tax credit fees		70,570			
Tax and/or bond counsel		0		0	
Payment bonds		0			
Performance bonds		0		0	
Credit enhancement fees		0		0	
Mortgage insurance premiums		0		0	
Cost of underwriting & issuance		0		0	
Syndication organizational cost		25,000			
Tax opinion		0			
PHA Advisor / Public Housing		179,464			
Other (specify) - see footnote 1		0		0	
Subtotal Financing Cost		$927,310	$0	$617,026	
DEVELOPER FEES[3]					
Housing consultant fees[4]		125,000		125,000	
General & administrative		0		0	
Profit or fee		1,669,637		1,669,637	
Subtotal Developer Fees	15.00%	$1,794,637	$0	$1,794,637	15.00%
RESERVES					
Rent-up		155,000			
Operating		274,570			12 mo operating exp + debt service
Replacement		7,500			initial escrow
Escrows		39,072			1 year PH operating subsidy
Subtotal Reserves		$476,142	$0	$0	

TOTAL HOUSING DEVELOPMENT COSTS[5]	$16,002,913	$0	$13,758,887	
The following calculations are for HTC Applications only.				
Deduct From Basis:				
Federal grants used to finance costs in Eligible Basis			0	
Non-qualified non-recourse financing			0	
Non-qualified portion of higher quality units §42(d)(5)			0	
Historic Credits (residential portion only)			0	
Total Eligible Basis		$0	$13,758,887	
**High Cost Area Adjustment (100% or 130%)			130%	
Total Adjusted Basis		$0	$17,886,553	
Applicable Fraction			98.000%	Based on unit fraction (smaller)
Total Qualified Basis	$17,528,822	$0	$17,528,822	
Applicable Percentage[6]			9.00%	
Credits Supported by Eligible Basis	$1,577,594	$0	$1,577,594	
(May be greater than actual request)				

Name of contact for Cost Estimate: **Leslie Holleman**

Phone Number for Contact: **970-731-9797**

Footnotes:

[1] An itemized description of all "other" costs must be included at the end of this exhibit.

[2] All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.

[3] (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.

[4] *(HTC Only)* Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.

[5] *(HTC Only)* Provide **all** costs & Eligible Basis associated with the Development.

[6] (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Mutifamily Rules.

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Financing Participants	Funding Description	Construction Period		Lien Position	Permanent Period					Lien Position
		Loan/Equity Amount	Interest Rate (%)		Loan/Equity Amount	Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	
Debt										
TDHCA	Multifamily Direct Loan (Repayable)	$0	0.00%		$ -	0.00%	30	0		
TDHCA	Multifamily Direct Loan (Deferred Forgivable)	$0	0.00%		$ -	0.00%	0	0		
TDHCA	Mortgage Revenue Bond	$0	0.00%		$ -	0.00%	0	0		
JPMorgan Chase	Conventional Loan	$12,050,000	5.00%	1st	$ 2,300,000	5.97%	30	18		1st
Third Party Equity										
Hudson Housing Capital	HTC $ 1,510,000	$ 1,993,001			$ 13,286,671				0.88	
Grant										
Deferred Developer Fee										
Brownstone Aff Hsg & EHOC		$ 827,037			$ 416,242					
Other										
	Total Sources of Funds	$ 14,870,038			$ 16,002,913					
	Total Uses of Funds				$ 16,002,913					

Briefly describe the complete financing plan for the Development, including a discussion of the sources of funds. The information must be consistent with all other documentation in this section. Provide sufficient detail so that the reader can understand all terms related to each source that are not readily apparent above or in the term sheets.
The financing plan includes a conventional interim-to-permanent loan from JPMorgan Chase with an 18-year term and 30-year amortization. Equity will be from Hudson Housing Capital at $0.88 per tax credit dollar with a pay-in as follows: 15% at admission, 65% at construction completion, 5% at 90% initial occupancy and submission of the cost certification, 14% concurrent with the permanent loan conversion and the final 1% at receipt of Forms 8609 from TDHCA. The remaining of funding needed to balance the sources and uses will be Deferred Developer Fee in the amount of $416,242 which is expected to be repaid within 10 years of permanent mortgage conversion. As disussed in the letter request, the revised financing plan is necessary to maintain financial feasibility due to the unanticipated loss of BBVA Compass as the Lender/Upper Tier Investor, resulting in the substantial decrease in equity pricing to current market conditions.

Supporting Documents Should be Included Behind this Tab

- [x] Executed Pro Forma from Permanent or Construction Lender
- [x] Letter from lender regarding approval of Principals
- [x] Evidence of Permanent and Construction Financing (term sheets, loan agreements)
- [n/a] Evidence of any Gap Financing
- [n/a] Evidence of any Owner Contributions
- [x] Evidence of Equity Financing (HTC applications only)
- [n/a] Letter from Texas Historical Commission (THC) indicating preliminary eligibility for historic (rehabilitation) tax credits and documentation of Certified Historic Structure status as detailed in QAP §11.9(e)(6) <u>was submitted behind TAB 19</u>.
- [x] Letter from Local Political Subdivision evidencing a loan, grant, reduced fees or contribution of other value to benefit the Development. [QAP §11.9(d)(2)]
- [x] Evidence of Rental Assistance/Subsidy

June 12, 2017

EHA Liberty Village, Ltd.
Rodolfo ("Rudy") Ramirez
Manager of the General Partner
910 S. Sugar Road
Edinburg, Texas 78529

Re: **Liberty Village**
Edinburg, Texas

Dear Mr. Ramirez:

Thank you for considering JPMorgan Chase Bank, N.A. ("JPMorgan Chase" or "Lender") as a potential construction and permanent lender for the development of affordable rental housing at to be known as Liberty Village located in Edinburg, Texas. We have completed a preliminary review of the materials you have submitted, and the following is a brief outline of the terms that we propose to underwrite for credit approval. Of course, this letter is for discussion purposes only and does not represent a commitment by JPMorgan Chase to provide financing for the project nor an offer to commit, but rather is intended to serve as a basis for further discussion and negotiation should you wish to pursue the proposed transaction. Our interest and preliminary terms are subject to change as our due diligence and discussions with you continue. Such a commitment can only be made after due diligence materials are received, reviewed and approved and credit approval has been obtained.

Construction Loan

Borrower:	A to-be-formed single-asset entity affiliated with the Developer.
Developer:	Brownstone Affordable Housing
Project:	Liberty Village will consist of 100-unit property located in the east side of South Veterans Avenue, between Alberta Road and Trenton Road in Edinburg, Texas.
Amount:	Approximately $12,050,000; subject to final budget, sources and uses of funds, and LIHTC equity pay-in schedule.
Initial Term:	24 months.
Interest Rate:	The interest rate for the Construction Loan will be a fixed rate of interest, reset every 30 days at 250 basis points in excess of the 30 day LIBOR

rate. Draws funded between rate reset days will bear interest at a floating rate that approximately equals the fixed rate. Changes in the rate environment subsequent to closing may create a difference between the fixed and floating rates. However, all loan balances outstanding on the 30 day reset date will be adjusted to the fixed rate. The current indicative fixed rate is 3.64%. The underwriting rate for the purpose of sizing the interest reserve will include 50 bps for the first 12 months of construction and the rate will increase by 50 bps thereafter on a quarterly basis.

Commitment Fee:	0.75% of the loan amount.
Extension Option:	One, conditional, six-month maturity extension.
Extension Fee:	0.25% of the remaining loan commitment amount.
Collateral:	First mortgage; other typical pledges and assignments.
Guarantee:	Full payment and completion guarantees and environmental indemnity by a guarantor or guarantors/indemnitor(s) satisfactory to JPMorgan Chase.
Developer Fee:	Assigned to Lender. Notwithstanding provisions of the LP or LLC Agreement, any payments of developer fee prior to permanent debt conversion are subject to Lender's prior approval and control.
Tax Credit Equity:	Approximately $13,286,671, of which at least 15% must be paid in at closing. The identity of the equity investor and pay-in schedule for this transaction must be disclosed and acceptable to the Lender in its sole discretion.
Subordinate Liens:	Subordinate financing will be permitted subject to approval of terms by JPMorgan Chase.
Repayment:	Construction Loan will be repaid with principal reductions from equity funded at or subsequent to construction completion and the Permanent Loan.
Loan to Value:	Up to 80% including the value of the real estate and tax credits.
Contract Bonding or Completion Gty:	100% Payment and Performance Bonds from "A" rated surety or construction completion guaranty from Brownstone Construction.

Permanent Loan

Amount:	$2,300,000 subject to final underwriting.

Funding: After a 24 month unfunded forward period, the Permanent Loan will be fully funded and will reduce the Construction Loan. The Permanent Loan may be interest only for up to six months prior to conversion.

Commitment Fee: 0.75% of the Permanent Loan amount payable at Construction Loan closing.

Interest Rate: The applicable interest rate for the Permanent Loan shall be locked at Construction Loan closing. Current indicative rate is 5.47%. JPMC will underwrite using the interest rate of 5.97%.

Please note that credit markets are volatile. Loan fees and interest rates are subject to adjustment prior to commitment.

Term: The Permanent Loan will mature 246 months (20.5 years) from Construction Loan closing

Amortization: 30 years.

Collateral: First mortgage; other typical pledges and assignments.

Guarantee: After conversion, the Permanent Loan shall be non-recourse to the Borrower, except as to standard carve-outs for the Borrower, General Partner, and Key Principals.

Loan to Value: Up to 85% of the stabilized rent-restricted value.

Conversion Requirements:

- 1.20x debt service coverage ratio (DSCR); 1.15x all-in DSCR including all loans requiring debt service payment. Commercial income will be excluded from DSCR analysis.
- 90% economic and physical occupancy for 90 days.
- 10-year pro forma forecast shows annual DSCR (based on annual revenue growth of 2% and annual expense growth of 3%) of 1.0x or greater, else the Permanent Loan amount may be resized at conversion.

Prepayment Terms: Prepayment prior to three years before the Permanent Loan maturity date will be subject to a prepayment fee equal to the greater of 1% of the Loan balance or yield maintenance. Thereafter, prepayment will be without premium.

Escrows/Reserves: Bank controlled escrows required for property taxes, insurance, and replacement reserves. Minimum replacement reserve of $300/unit/year funded at conversion with 3-month initial deposit. A non-bank controlled operating reserve equal to six months of operating expenses and debt service payments, to stay in place for at least five years, is required.

We appreciate the opportunity to discuss the possibility of providing construction and permanent financing for the proposed project with you. This letter of interest is for your [and the tax credit parties. Please note that JPMorgan Chase and its affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transaction described herein or otherwise. JPMorgan Chase and its affiliates may share information about you in connection with the potential transaction or other possible transactions with you.

This letter, which expires September 15, 2017, serves as an outline of the principal terms of the proposed facility, and is subject to receipt and satisfactory review of all due diligence materials by Lender and to change as described above. Please note, JPMorgan Chase Bank N.A. cannot extend any legally binding lending commitment until formal credit approval has been obtained and a commitment letter has been issued.

Sincerely,

JPMORGAN CHASE BANK, N.A.

Olivio C. Ochoa
Authorized Officer

HUDSON
HOUSING CAPITAL

June 14, 2017

Rudy Ramirez
Manager of the General Partner
EHA Liberty Village, Ltd.
910 S. Sugar Road
Edinburg, TX 78539

Re: **EHA Liberty Village, Edinburg, Texas**
EHA Liberty Village, Ltd. (the "Partnership")

Dear Mr. Ramirez:

Thank you for providing Hudson Housing Capital LLC ("Hudson", the "Company") with the opportunity to extend a purchase offer for the limited partnership interest in the Partnership that will own Liberty Village.

Hudson is a Delaware limited liability company formed to directly acquire limited partnership interests in partnerships which own apartment complexes qualifying for low-income housing tax credits ("Tax Credits") under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code").

Set forth is our proposal as to the basic business terms under which Hudson or its designee ("Investor") will acquire a 99.99% limited partnership interest in the Partnership, which will own a 100-unit complex in Edinburg, Texas (the "Property").

You have advised us that Brownstone Affordable Housing, Ltd. and Edinburg Housing Opportunity Corporation (collectively, the "Developer") will be the co-developers of the Property. EHA Liberty Village GP, LLC (the "General Partner"), an entity that is 100% owned by the Edinburg Housing Opportunities Corporation. An affiliate of the Investor will be admitted to the Property Partnership as a special limited partner (the "Special Limited Partner", "SLP") with limited supervisory rights. You have further advised us that the Property has received a 2016 Tax Credit allocation of $1,510,000 per year and that 98 of the 100 units will qualify for tax credits.

Subject to review of financials, William L. Brown and Brownstone Affordable Housing Ltd. (collectively the "Brownstone Guarantors") shall jointly and severally guarantee the obligations of the General Partner through the expiration of the Operating Deficit Guaranty. Subsequent to the expiration of the Operating Deficit Guaranty, the obligations of the General Partner shall be guaranteed by the Edinburg Housing Opportunities Corporation (the "Authority Guarantor") and shall be capped at its respective share of Development Fee received. The Brownstone Guarantors and the Authority Guarantor are individually or collectively (as applicable) referred to herein as the "Guarantor."

I. *Equity Investment*

The Investor will contribute to the Partnership a total of $13,286,671 (the "Total Equity"), or approximately $0.88 (the "Tax Credit Ratio") per total Tax Credit available to the Investor, payable in the following installments:

Contribution	**Contribution %**	**Timing**
First	15.0%	Admission
Second	65.0%	Later of December 15, 2018 and Construction Completion
Third	5.0%	Later of May 31, 2019 and Cost Certification and 90% Occupancy
Fourth	14.0%	Later of August 31, 2019 and Permanent Loan Conversion and Breakeven
Fifth	1.0%	Issuance of 8609s

a. ***First Capital Contribution.*** The Investor will fund the First Capital Contribution at closing.

b. ***Second Capital Contribution.*** The Second Capital Contribution will be paid upon the later of December 15, 2018 and the satisfaction of the conditions set forth in the Partnership Agreement, which are principally as follows: (i) lien-free construction completion of the Property substantially in accordance with the Plans and Specifications in a workmanlike manner approved by Hudson; (ii) issuance of Certificates of Occupancy for 100% of the units in the Property; (iii) if not received at the Initial Closing, receipt of a carry-over allocation for the Property; (iv) receipt of a pay-off letter from the general contractor or sub-contractors, as applicable; (v) satisfactory financial condition of the Guarantors (no event of bankruptcy); and (vi) receipt of prior year's income tax returns in the event such returns are then due.

c. ***Third Capital Contribution.*** The Third Capital Contribution will be paid upon the later of May 31, 2019 and the satisfaction of the conditions set forth in the Partnership Agreement, which are principally as follows: (i) receipt of final Tax Credit cost certification from independent accountants to the Partnership (the "Accountants") (the "Final Certification"); and (ii) achievement of 90% occupancy.

d. ***Fourth Capital Contribution.*** The Fourth Capital Contribution will be paid upon the later of August 31, 2019 and the satisfaction of the conditions set forth in the Partnership Agreement, which are principally as follows: (i) closing of the permanent first mortgage loan ("Permanent Loan Closing"); (ii) receipt of prior year's income tax returns in the event such returns are then due; (iii) qualification of 100% of the set-aside apartment units in the Property for Tax Credits; (iv) receipt of opinion from counsel to the Partnership relating to the property tax exemption in a form substantially similar to that provided at closing; (v) achievement of Breakeven level operations for three consecutive months (the "Breakeven Date").

"Breakeven" shall mean that, for each such month, occupancy is at least 93.0% and that Property income (with restricted rents not to exceed maximum tax credit rents net of utility allowances) exceeds the greater of underwritten expenses or actual expenses including replacement reserves, reassessed taxes, and permanent loan debt service (calculated on a stabilized and accrual basis) and generates debt service coverage of not less than 1.20 assuming the greater of actual or a 7.0% vacancy rate.

If all conditions except debt service coverage are satisfied, the Fourth Capital Contribution will be funded provided that a portion of the proceeds will be utilized to pay down the permanent loan until it achieves a 1.20X debt service coverage.

d. ***Fifth Capital Contribution.*** The Fifth Capital Contribution will be paid upon satisfaction of the conditions set forth in the Partnership Agreement, which are principally as follows: (i) receipt of Form 8609 with respect to all buildings constituting the Property; and (ii) receipt of a tax return and an audited financial statement for the year in which the Breakeven Date occurred.

To the extent that all the conditions for the funding of the Fifth Capital Contribution have been satisfied except for (ii) above, only $15,000 of the Fourth Capital Contribution will be held back and released upon the receipt of a tax return and an audited financial statement for the year in which the Breakeven Date occurred.

Our offer is also contingent on the following financing:

a. A construction loan in the approximate amount of $12,050,000;
b. A permanent loan in the approximate amount of $2,300,000;
c. The General Partner will make a 168 (h) election;
d. Real property, site work, and personal property are depreciated over 27.5 years,15 years, and 5 years, respectively;
e. Satisfactory Ground Lease from the Edinburg Housing Opportunities Corporation; and
f. Satisfactory tax opinion from developer's counsel that the property is eligible to receive a 100% property tax exemption; and
g. 25 units will be public housing units and supported by an Annual Contributions Contract.

II. ***<u>Developer Fee</u>***

The Developer shall receive a Developer Fee of $1,609,918 of which approximately $1,253,396 (the "Cash Developer Fee") is anticipated to be paid from Capital Contributions. The Cash Developer Fee is expected to be paid as follows: (i) 15% at Closing; (ii) 20% in equal installments during construction provided that construction is progressing on schedule and within budget; (ii) 50% of Cash Developer Fee less amounts previously paid to date at the time of the Second Capital Contribution; and (iii) the balance from the proceeds of the Third and Fourth Capital Contributions. You have represented that the amount of the Developer Fee does not exceed the amount permitted to be paid by the Texas Department of Housing and Community Affairs. Deferred developer fees shall be paid from available cash flow as detailed in Section V and shall not bear interest. Principal payments on the deferred developer fees shall commence with the funding of the Fourth Capital Contribution. The General Partner agrees to make a special capital contribution to the Partnership equal to any unpaid balance of the deferred portion of the Developer Fee if such portion has not been fully paid within 13 years from the date of the payment of the Second Capital Contribution.

III. ***Property Management Fee***

The General Partner may retain one of its affiliates to be the managing agent for the Property on commercially reasonable terms. The management agreement, to be approved by the Investor, shall have an initial term of 1 year and shall be renewable annually thereafter, shall provide for an annual management fee not to exceed 5% of gross effective income, and shall otherwise be on commercially reasonable terms (including a termination right by the General Partner in the event of fraud/gross negligence or material default by the Manager). If the managing agent is affiliated with the General Partner, the management agreement shall provide for a deferral of up to 100% of the management fee in the event that the property does not generate positive Cash Flow.

IV. ***Intentionally Omitted***

V. ***Cash Flow Distributions***

Prior to the Breakeven Date
Any Cash Flow and income generated by the Property prior to the Breakeven Date will be allocated to the General Partner and released upon the funding of the Fourth Capital Contribution to pay Developer Fees and the balance if any shall be treated as Cash Flow.

Subsequent to the Breakeven Date
Cash flow from the Property, after payment of operating expenses (including the Administrative Expense Reimbursement, current and any deferred property management fees from prior years, debt service), replenishment of required reserves (including any reserve payments which were not made due to insufficient cash flow, but not including replenishment of approved draws from the replacement reserve), and payment of any tax liability incurred by the Limited Partner ("Cash Flow"), shall be distributed annually (subsequent to the Breakeven Date) as follows:

a. to the payment of any Operating Deficit Loans, if any;
b. to payment of Developer Fee;
c. to payments under the Ground Lease, if any;
d. 90% of Cash Flow after Vc. to the General Partner as a preferred return with an equivalent allocation of income; and
e. the remainder to be split in accordance with Partnership interests.

VI. ***Sale or Refinancing Proceeds***

Net sale or refinancing proceeds (i.e., after payment of, outstanding debts, liabilities other than to the General Partner and its affiliates and expenses of the Partnership and establishment of necessary reserves) shall be distributed as follows:

a. Repayment of outstanding loans by the limited partners, if any;
b. Payment of amounts due to the limited partners under the Tax Credit Adjuster;

c. Repayment of outstanding loans by the General Partner, including the Developer Fee Note (if not paid) and Operating Deficit loans; and
d. 10% to the Investor and 90% to the General Partner.

<u>Right of First Refusal</u>

A qualified non-profit corporation designated by the General Partner shall have a right of first refusal as allowed under Section 42, commencing upon the expiration of the tax credit compliance period continuing for 24 months, to purchase the Project or the limited partner's interest for the outstanding debt including any amounts owed to the limited partners plus all exit taxes of the limited partners.

<u>Option</u>

In addition to the Right of First Refusal, the General Partner or its designated affiliate, shall have an option to purchase the Property at the greater of fair market value (based on affordability restrictions in place) or the Right of First Refusal Price (the "Option Price") for a period of two years subsequent to the expiration of the Tax Credit Compliance Period.

VII. <u>General Partner Commitments</u>

a. ***Low Income Housing Tax Credit Adjustment.*** Our offer is based upon the assumption that the Partnership will qualify for and claim $1,314,958 in 2019, the full amount of the Partnership's Tax Credit allocation, $1,510,000 for each year from 2020 through 2028, and $195,042 in 2029.

<u>(i) Adjustments during equity payment (construction and leaseup) period</u>

In the event that either the Form 8609's or the Final Certification indicate that the Property will not generate the projected aggregate amount of Tax Credits (other than as specified below), the Partnership Agreement will provide for a return of such capital, an adjustment in the amount of any unpaid Capital Contributions and/or a payment by the General Partner to the Investor, sufficient to restore the Tax Credit Ratio as defined above.

Notwithstanding the preceding paragraph, in the event that the Final Certification specifies that, while the aggregate amount of Tax Credit allocable to the Partnership is unchanged, the amount of Tax Credits allocable to the Partnership in 2018/2019 is less than the amounts to be specified prior to closing for the corresponding years, the Second/Third/Fourth/Fifth Capital Contributions will be reduced by $0.65 for each dollar by which such amounts exceed the amount of Tax Credits allocable to the Partnership for such period.

<u>(ii) Adjustments during compliance period</u>

After the Form 8609's have been issued, in the event that the actual amount of Tax Credits which may be claimed by the Partnership is less than the amount specified in such Forms, the General Partner shall reimburse the Investor on a dollar-for-dollar basis for each lost dollar of Tax Credits plus any resulting penalties or taxes due. Similarly, if there is a recapture of Tax Credits (except from the sale or transfer of the Investor's interest in the Partnership, or due to a change of applicable tax law), the General Partner shall upon demand indemnify the Investor and its partners against any Tax Credit recapture liability (including interest, penalties and any reasonable related legal or accounting costs) which they may incur during the Compliance Period. Any Fees or Cash Flow payable to the General Partner, or their affiliates, will be subordinated to any required payment pursuant to this paragraph.

b. ***Development Deficit Guarantee***. The General Partner shall be responsible for completion of the Property in a workmanlike manner, in accordance with approved plans and specifications, free and clear of all liens. To the extent that the costs of construction and operations until the Breakeven Date exceed the amount of any funding by approved permanent third party lenders, any unpaid Developer Fees and the amount of the Investor's capital commitment (adjusted as set forth above), the General Partner shall pay all such costs and expenses connected with development and construction of the Property, including all operating expenses of the Property until the Breakeven Date has been achieved. Brownstone Construction, Ltd. will provide a construction completion guaranty.

c. ***Operating Deficit Guarantee***. The General Partner shall make interest free loans to the Partnership (repayable from cash flow and/or sale and refinancing proceeds as described above) equal to any Operating Deficits (including the Minimum Deposit described in VII e. below and the administration fee described in VIII. a. below) incurred during the period beginning on the Breakeven Date and ending on the 4th anniversary provided that Breakeven operations is achieved in the last two consecutive years, based on actual income collected and the greater of actual or underwritten expenses (excluding debt service) adjusted for actual utilities and insurance expenses, in an amount not to exceed 12 months of underwritten operating expenses in the aggregate (the “Operating Deficit Guaranty”).

An “Operating Reserve” in an amount equal to six months of operating expenses and debt service (estimated to be $274,570) shall be funded at the time of the Fourth Capital Contribution. The General Partner shall be obligated to fund this reserve to the extent funds are not available from the Fourth Capital Contribution after payment of all other development costs excluding Developer Fees. The Operating Reserve shall be maintained for the duration of the compliance period and withdrawals shall be subject to SLP Consent. Upon the exit of the Investor, any balance in the Operating Reserve can be released to the General Partner after payment of any exit taxes that the Investor incurs and after payment of any amounts due to them.

An ACC Reserve shall also be established in an amount equal to 12 months of subsidy payments (estimated to be $39,072). The General Partner will be obligated to fund this reserve at the time of the Fourth Capital Contribution and it shall remain in place for the duration of the tax credit compliance period.

d. ***Obligations of General Partner***. Immediately following the occurrence of any of the following events, (x) the General Partner shall admit the Special Limited

Partner or its designee as the managing general partner of the Partnership and, at the option of the Investor, withdraw from the Partnership; or, (y) at the option of the Investor with respect to any of the events described in clauses (i) through (v) below, repurchase the Investor's interest in the Partnership: (i) an IRS Form 8609 is not issued with respect to each of the buildings in the Property in a timely manner after each such building has been placed in service so as to permit the Limited Partner to claim Tax Credits for the first year of the Credit Period; (ii) the Property is not fully placed in service by December 31, 2018; (iii) the permanent loan commitment is canceled or substantially modified, and a suitable replacement loan to be approved by the Investor is not obtained or if the Property qualifies for a permanent loan not sufficient to balance the sources and uses of funds; (iv) permanent loan closing has not occurred not later than October 31, 2019; (v) the Partnership fails to meet the minimum set aside test (as defined in Section 42 of the Code) or fails to execute and record a Tax Credit Extended Use Commitment by the close of the first year of the Credit Period: (vi) the Partnership shall have been declared in default by any mortgage lender or under the tax credit allocation or foreclosure proceedings have been commenced against the Property and such default is not cured or such proceeding is not dismissed within 30 days; or (vii) there is a material violation of the Partnership Agreement by the General Partner or if the property manager is an affiliate of the General Partner, a material violation of the management agreement by the manager which causes material adverse harm to the Investor, the Partnership or the Property.

If the Investor elects to have its interest repurchased by the General Partner, the repurchase price shall be equal to 104% of the sum of (i) all capital contributions made by the investor, (ii) interest at Prime + 1%, (iii) any tax liability (if any) incurred by the Investor as a result of such repurchase, less any Capital Contributions not funded to date.

e. ***Replacement Reserve***. Commencing with the month following permanent loan conversion, the Partnership will make a minimum monthly replacement reserve deposit (the "Minimum Deposit") equal to (on an annualized basis) the greater of (i) the amount required by the permanent lender and (ii) $300/unit. The amount of the Minimum Deposit shall be increased annually by a percentage (the “CPI Percentage”). If the sum of all lender-imposed monthly replacement reserve deposits is less than the Minimum Deposit, Investor will establish a separate account into which the General Partner will deposit the difference. Any interest earned on such account shall become a part thereof.

f. ***Reporting***. The Partnership will be required to furnish Investor with (a) quarterly unaudited financial statements within 45 days after the end of each quarter of the fiscal year; (b) annual audited financial statements within 60 days after the end of each fiscal year; (c) an annual budget for each fiscal year of the Partnership, not later than November 1 of the preceding year; and (d) the Partnership's tax returns and K-1 forms within 45 days after the end of each fiscal year. The penalty for any failure to deliver Partnership tax returns or K-1 forms prior to the specified deadline shall be (i) $50 per day for the first seven days after such deadline, (ii) $100 per day for the next seven days and (iii) $150 per day thereafter, provided that the amount of such penalty shall not exceed $5,000 in any year.

VIII. ***Fees to Affiliates of Hudson***

a. ***Administrative Expense Reimbursement***. An affiliate of Hudson shall receive an annual administrative expense reimbursement from the Partnership in the amount of $7,500 (commencing with payment of the Second Capital Contribution), which amount shall be increased annually based on increases in the CPI Percentage.

IX. ***Representations, Warranties and Covenants***

The General Partner and Developer shall make certain representations and warranties as to the Partnership, the General Partner and the Property to be set forth in the Partnership Agreement.

X. ***Accountants***

The Accountants for the Partnership shall be Novogradac & Co, CohnReznick, Katopody, LLC or another firm approved by the Investor. The Accountants shall prepare tax and financial reports as set forth in the Partnership Agreement, and the Final Certification referred to in I.c., above.

XI. ***Investment Partnership Rights***

The Partnership Agreement will provide certain approval rights as to major actions proposed to be taken by the General Partner. The Investor shall have the right to remove the General Partner and the Manager for cause.

XII. ***Insurance***

At the closing, the General Partner shall provide for title insurance satisfactory to counsel to the Investor in an amount equal to the Gross Capital Contribution, all mortgage loans and the amount of any Development Fee Note. Prior to the payment of any additional installment of the Capital Contribution, a "date down" of such policy shall be provided. The General Partner shall provide for (i) liability (general and excess) insurance in an amount of at least $6,000,000 (increased biennially by the CPI Percentage), (ii) hazard insurance (including boiler and machinery coverage) in an amount of not less than the replacement value of the Property(increased biennially by the CPI Percentage), (iii) rental loss insurance for a period of 12 months after the date of loss and (iv) law and ordinance coverage with a limit no less than 10% of the insured replacement value of the property with no sublimit, including changes in law and ordinances enacted during the course of reconstruction. Builder's risk insurance shall be provided during construction. Architects shall submit evidence of errors and omissions coverage, in amounts reasonably satisfactory to the Investor. Workers Compensation insurance shall be provided as to any entity with employees working at the Apartment Complex. All policies shall name the Investor as an additional insured and shall otherwise be subject to Investor approval.

XIII. ***Indemnity Agreement***

The General Partner shall indemnify the Investor, Hudson and its affiliates, and their respective officers, directors for any untrue statement of a material fact or omission to state a material fact necessary to make any such statement, in light of the circumstances under which they were made, not misleading, by the General Partner or its agents set forth in any document delivered by the General Partner or its agents in connection with the acquisition of the Property, the investment by the Investor in the Partnership and the execution of the Partnership Agreement.

XIV. General Conditions

Payment of the Second/Third/Fourth/Fifth Capital Contributions shall be conditioned upon completion of an appropriate due diligence review by the Investor to confirm that there have been no changes in material circumstances affecting the Property, including (i) review of title (including a "date-down" endorsement), survey, environmental and other legal and regulatory matters, (ii) receipt of a "date-down" legal opinion from counsel to the Partnership at the time of the Fourth Capital Contribution; and (iii) certification by the General Partner as to the continued accuracy of representations and warranties made in the Partnership Agreement.

XV. Conditions to Closing

Hudson will perform, and will request the full cooperation of you and your professionals in, customary due diligence in connection with the acquisition of the Property and the Investor interest in the Partnership.

To facilitate the due diligence process, you agree to deliver to Hudson in a timely manner: (i) an appraisal; (ii) a Phase I environmental study of the Property site, prepared in accordance with ASTM standards, and any subsequent additional testing deemed necessary by Investor in its sole discretion; (iii) evidence of the required approval of the transaction by any governmental entity; (iv) evidence of the allocation/reservation of Tax Credits; (v) evidence of payment by the General Partner of any taxes imposed on the transfer of the limited Partnership interest in the Partnership; (vi) evidence of the financial status of the guarantor(s) by way of current financial statements; and (vii) such other materials as are reasonably required by Investor as part of its customary financial and legal due diligence review. Such items shall be prepared and furnished at your own expense. Your execution of this letter will also be deemed consent to perform background checks on the principal(s) of the General Partner and Developer, as well as any individual guarantors. At closing, Hudson shall be reimbursed up to $25,000 for its legal and due diligence related expenses based on actual invoices. The General Partners understand that any consultant, engineering, environmental or other, selected for the project shall be acceptable to the lender and to the equity investor and that the Partnership shall bear the cost of fees associated with pre-construction feasibility studies, structural analysis, and monthly inspections. .

Additionally, approval of this transaction is subject to Investor's satisfactory completion of due diligence (including site visit) in its sole discretion. By executing this proposal and in consideration of the substantial expenses to be incurred by Hudson and its affiliates in legal and accounting fees and for due diligence, you agree that you and your affiliates will not offer any interest in the Property to any other party unless this Letter of Intent is terminated by mutual consent or unless you are notified that, pursuant to its due diligence, the Investor will not complete its investment in the Partnership, which notification shall be given not later than 45 days from our receipt of this letter executed by you, subject to extension in the event of any delay on your part in furnishing the requested due diligence materials.

If the above proposal is acceptable, please indicate your acceptance by executing two copies of this Letter of Intent and returning one to Hudson at the above address. We look forward to working with you.

Sincerely,

Hudson Housing Capital LLC

By:________________________
Joshua Lappen
Vice President

ACCEPTED AND AGREED TO
THIS 15th DAY OF JUNE, 2017

By:________________________
Name: RODOLFO "RUDY" RAMIREZ
Title: Mgr.

BOARD ACTION REQUEST

ASSET MANAGEMENT

JULY 27, 2017

Presentation, discussion and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Application for Taylor Senior Village (#16197)

RECOMMENDED ACTION

WHEREAS, Taylor Senior Village (the "Development") received an award of 9% Housing Tax Credits in 2016 to construct 112 new units in Mission;

WHEREAS, the Development Owner has requested approval to reduce the Development Site acreage from 10.10 acres to 9.02 acres due to a Right-of-Way ("ROW") dedication required by the City of Mission;

WHEREAS, the Development Owner has also requested approval for the elimination of one residential building resulting from the design process and the owner's desire to preserve large heritage trees that exist along the front of the property;

WHEREAS, the decrease in acreage by a total of 1.08 acres results in a 11.9% increase in residential density and the elimination of a residential building are considered a significant modification of the site plan, both requiring Board approval under Tex Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(A) and (F), and the Owner has complied with the amendment requirements in 10 TAC §10.405(a); and

WHEREAS, the changes in residential density and site plan 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 material application amendment for Taylor Senior Village is approved as presented to this meeting and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Taylor Senior Village was submitted and approved for a 9% HTC allocation during the 2016 cycle to construct 112 new multifamily units in Mission. The survey submitted in the Application reflected a total of 10.285 acres, of which 0.154 acres lies within the existing Right of Way ("ROW") off Taylor Road, leaving a total net acreage of 10.1 acres. The owner explains that during the platting process the City of Mission required an additional 30' ROW along the southern boundary of the property which was initially included. This additional ROW decreased the site by nearly a full acre, resulting in a modification of the residential density by more than five percent.

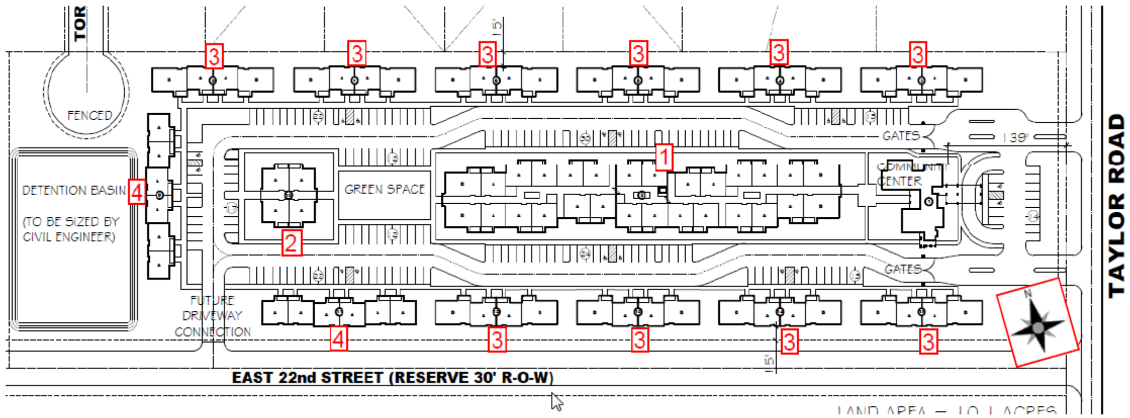
Additionally, the owner explains that during the design process it was discovered that the site included several large heritage tress not previously shown on the original survey. In order to save these trees the site and building layout was revised slightly such that the four-plex originally shown in the southeast corner of the site was eliminated and those units were added to the two six-plex buildings at the back of the property. Finally, the owner explains that two additional unit types were added during the design process, changing the square footage of each slightly such that the total Net Rentable square footage decreased from 92,120 sf to 91,976 sf (less than one percent decrease).

A comparison of the Development as proposed at Application and now at amendment is provided on the next page:

Material Alterations as defined in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)
16197- Taylor Senior Village

Development Site: 10.10 acres
Units: 112
Density: 11.1 units/acre
Residential Buildings: 14
Common Area Square Footage: 3,566 sf
Net Rentable Square Footage: 92,120 sf

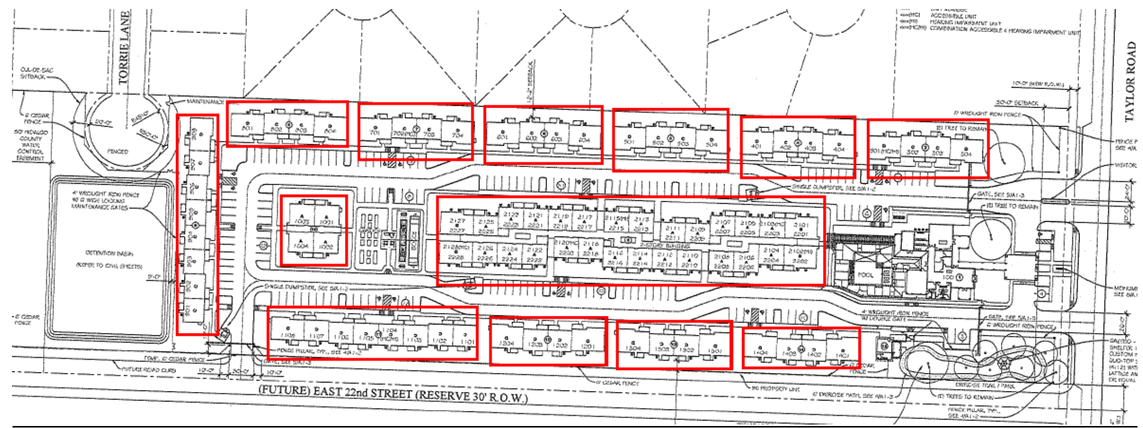
Original Site Plan



# Units	# Beds	# Baths	Size	Total NRA
84	1	1	750	63,000
28	2	2	1,040	29,120
112				**92,120**

Development Site: 9.02 acres
Units: 112
Density: 12.4 units/acre (- 11.9% decrease)
Residential Buildings: 13
Common Area Square Footage: 3,566 sf
Net Rentable Square Footage: 91,976 sf (-0.15% decrease)

New Site Plan



# Units	# Beds	# Baths	Size	Total NRA
52	1	1	744	38,688
32	1	1	752	24,064
8	2	2	1,038	8,304
20	2	2	1,046	20,920
112				**91,976**

Staff has reviewed the original application and underwriting report and concluded that the changes related to the Application would not have changed the scoring of the Application and do not negatively impact the tax credit allocation awarded. The need for the proposed modifications was neither reasonably foreseeable nor preventable by the owner at the time the Application was submitted.

Staff recommends approval of the request material application amendment for Taylor Senior Village as presented herein.

BAH Taylor Senior Village, Ltd.
6517 Mapleridge
Houston, TX 77081

July 5, 2017

Ms. Michelle Mickens
Asset Manager
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: #16197 Taylor Senior Village: Material Amendment Request – Revised Request

Dear Ms. Mickens:

Taylor Senior Village was originally submitted with a site plan showing 10.1 net acres and a residential density of 11.08 units per acre. Through the course of the platting process, the City of Mission required an additional 30' Right of Way ("ROW") along the southern boundary of the property which wasn't initially included in the acreage calculation. This ROW's length of more than 1,200 feet decreased the site area by nearly a full acre. While the residential density remains very low at 12.41 units per acre, the change represents an increase of 12% and therefore triggers the need for a Material Amendment pursuant to §10.405(a)(4)(F).

As you can see from the original survey submitted with the Application (exhibit A), the net usable acreage was calculated at 10.131. You can see that the southern boundary of the property includes an existing driveway leading to a house. The final ALTA survey (exhibit B), conducted after the new plat had been recorded, lists the site at 9.02 acres, and shows the majority of that same driveway outside the bounds of the property.

Additionally, through the design process, it was discovered that several large heritage trees existed along the front of the property (Taylor Road) that did not show up on the original survey. In order to save these trees, the building layout had to be revised slightly. The four-plex shown in the southeast corner of the original site plan was eliminated, and those units were added to the two six-plex buildings at the back of the property (west and southwest).

Also through the design process, two additional unit types were added, and the square footage of each change slightly. Although there are technically now two one-bedroom types (A & C), and two two-bedroom types (B & D), they are essentially the same floor plan with one minor difference. The large central building has a corridor off of which the unit front doors are located (unit types A & B). Because of this corridor configuration, the front door of these unit types is located in a small alcove which bumps into the unit. These same floor plans are modified slightly for the exterior cottages where this alcove is replaced by an entry porch (C & D). We do not believe that these minor revisions constitute a material change to the underwriting process or cost analysis. The development is under construction and is currently 19% complete with an estimated placed in service date of May 2018.

Comparison Chart of Modifications

Original Submission		Number of Residential Buildings			14
		Acreage	10.1	Density	11.089
Unit Type	No	Net Area	Total NRA	Gross Area	Total Gross
A: 1/1	84	750	63,000	840	70,560
B: 2/2	28	1040	29,120	1,130	31,640
Totals	112		92,120		102,200

Amendment Request		Number of Residential Buildings			13
		Acreage	9.02	Density	12.417
Unit Type	No	Net Area	Total NRA	Gross Area	Total Gross
A: 1/1	52	744	38,688	837	43,524
B: 2/2	8	1038	8,304	1,137	9,096
C: 1/1	32	752	24,064	891	28,512
D: 2/2	20	1046	20,920	1,185	23,700
Totals	112		91,976		104,832

We request that this Material Amendment be brought to the Board at the next available meeting. Should you have any questions, or need additional information, please contact me at (713) 432-7727 ext. 102 or by email at doak@thebrownstonegroup.net.

Sincerely,

Doak Brown
Manager of the General Partner
BAH Taylor Senior Village GP, LLC

enclosures

Exhibit A: Original Survey

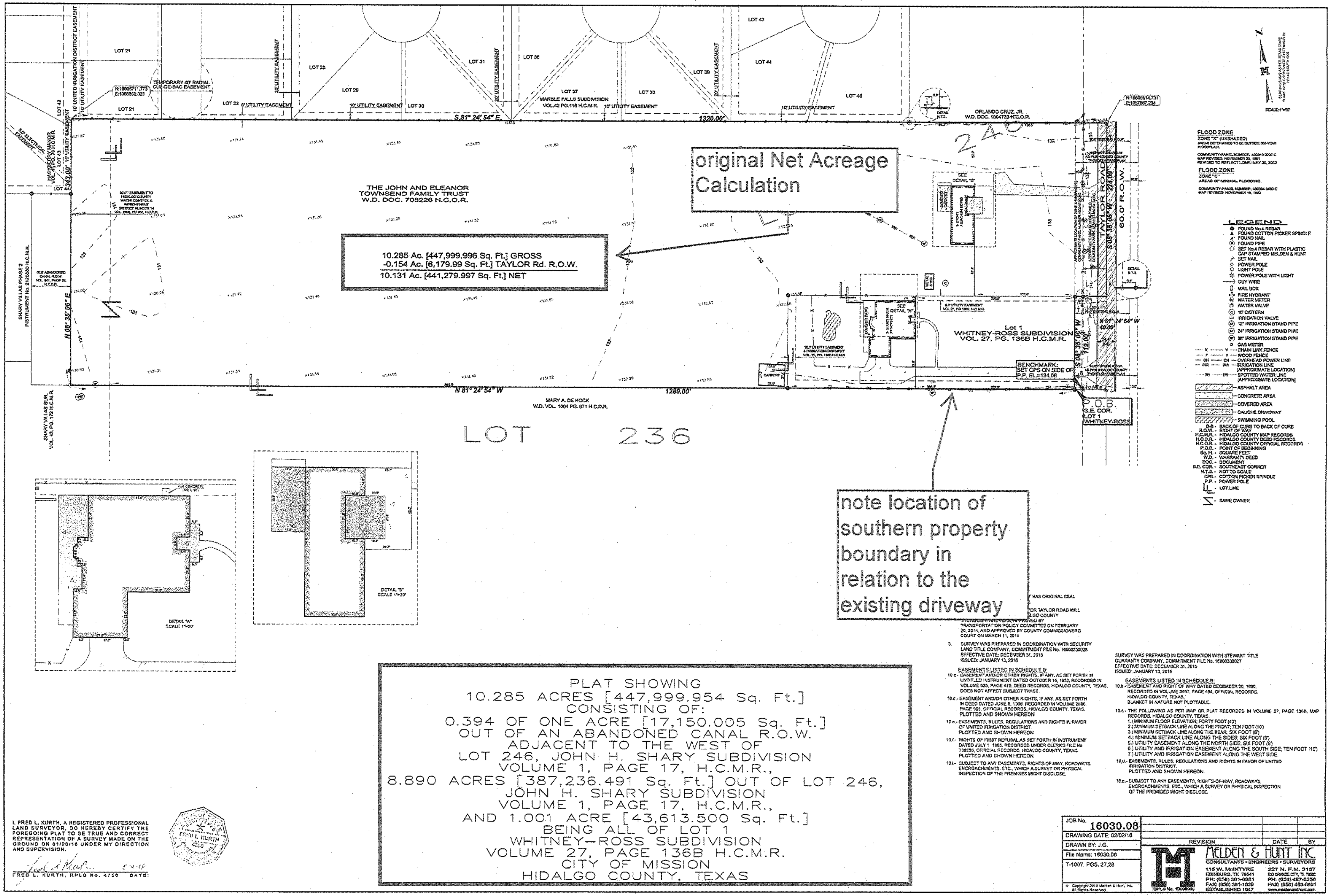
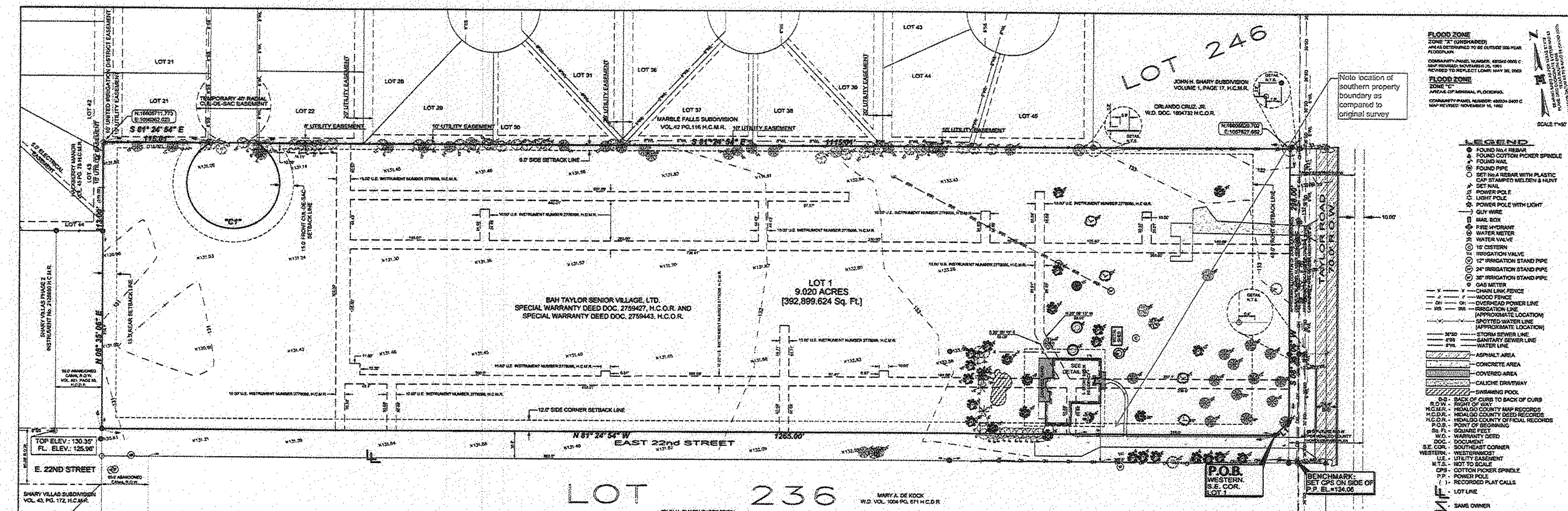
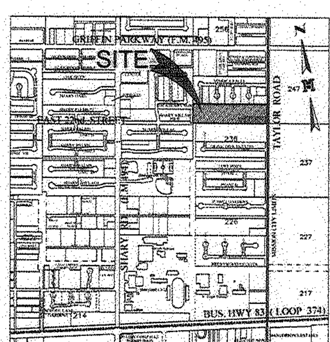
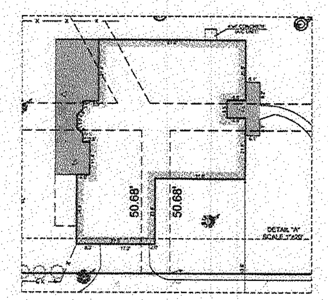

original Net Acreage Calculation
10.285 Ac. [447,999.996 Sq. Ft.] GROSS
-0.154 Ac. [6,179.99 Sq. Ft.] TAYLOR Rd. R.O.W.
10.131 Ac. [441,279.997 Sq. Ft.] NET
THE JOHN AND ELEANOR TOWNSEND FAMILY TRUST W.D. DOC. 708226 H.C.O.R.
note location of southern property boundary in relation to the existing driveway
LOT 236
240
TAYLOR ROAD
60.0' R.O.W.
Lot 1 WHITNEY-ROSS SUBDIVISION VOL. 27, PG. 136B H.C.M.R.
N 81° 24' 54" W
1280.00'
S 81° 24' 54" E
1320.00'
MARY A. DE KOCK W.D. VOL. 1004 PG. 871 H.C.D.R.
ORLANDO CRUZ JR.
BENCHMARK: SET CPS ON SIDE OF P.P. EL=134.06
P.O.B. S.E. COR. LOT 1 WHITNEY-ROSS
DETAIL "A" SCALE 1"=20'
DETAIL "B" SCALE 1"=20'
FLOOD ZONE
LEGEND
PLAT SHOWING
10.285 ACRES [447,999.954 Sq. Ft.]
CONSISTING OF:
0.394 OF ONE ACRE [17,150.005 Sq. Ft.]
OUT OF AN ABANDONED CANAL R.O.W.
ADJACENT TO THE WEST OF
LOT 246, JOHN H. SHARY SUBDIVISION
VOLUME 1, PAGE 17, H.C.M.R.,
8.890 ACRES [387,236.491 Sq. Ft.] OUT OF LOT 246,
JOHN H. SHARY SUBDIVISION
VOLUME 1, PAGE 17, H.C.M.R.,
AND 1.001 ACRE [43,613.500 Sq. Ft.]
BEING ALL OF LOT 1
WHITNEY-ROSS SUBDIVISION
VOLUME 27, PAGE 136B H.C.M.R.
CITY OF MISSION
HIDALGO COUNTY, TEXAS
I, FRED L. KURTH, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THE FOREGOING PLAT TO BE TRUE AND CORRECT REPRESENTATION OF A SURVEY MADE ON THE GROUND ON 01/20/16 UNDER MY DIRECTION AND SUPERVISION.
FRED L. KURTH, RPLS No. 4750 DATE:
JOB No. 16030.08
DRAWING DATE: 02/03/16
DRAWN BY: J.G.
File Name: 16030.08
MELDEN & HUNT INC.
CONSULTANTS • ENGINEERS • SURVEYORS
ESTABLISHED 1947

Exhibit B: Final ALTA Survey





LOCATION MAP SCALE: 1"=1000'



METES AND BOUNDS DESCRIPTION

A TRACT OF LAND CONTAINING 9.020 ACRES [392,899.624 SQUARE FEET] SITUATED IN THE CITY OF MISSION, COUNTY OF HIDALGO, TEXAS, BEING ALL OF LOT 1, TAYLOR SENIOR VILLAGE, ACCORDING TO THE PLAT THEREOF RECORDED IN INSTRUMENT NUMBER 2778096, HIDALGO COUNTY MAP RECORDS, WHICH SAID 9.020 ACRES [392,899.624 SQUARE FEET] WERE CONVEYED TO BAH TAYLOR SENIOR VILLAGE, LTD., BY VIRTUE OF A SPECIAL WARRANTY DEED RECORDED IN DOCUMENT NUMBER 2759427, HIDALGO COUNTY OFFICIAL RECORDS, AND BY VIRTUE OF A SPECIAL WARRANTY DEED RECORDED IN DOCUMENT NUMBER 2759443, HIDALGO COUNTY OFFICIAL RECORDS, SAID 9.020 ACRES [392,899.624 SQUARE FEET] ALSO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A NO. 4 REBAR FOUND ON THE WESTERNMOST SOUTHEAST CORNER OF LOT 1, OF SAID TAYLOR SENIOR VILLAGE, FOR THE WESTERNMOST SOUTHEAST CORNER OF THIS HEREIN DESCRIBED TRACT;

1. THENCE, N 81° 24' 54" W ALONG THE SOUTH LINE OF SAID LOT 1 AND THE NORTH RIGHT-OF-WAY LINE OF EAST 22nd STREET, A DISTANCE OF 1,265.00 FEET TO A NO. 4 REBAR FOUND ON THE SOUTHWEST CORNER OF SAID LOT 1, FOR THE SOUTHWEST CORNER OF THIS TRACT;
2. THENCE, N 08° 35' 06" E ALONG THE WEST LINE OF SAID LOT 1 AND THE EAST LINE OF A 50.0-FOOT ABONDONED CANAL RIGHT-OF-WAY, AND THE EAST LINE OF HACKBERRY MANOR, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 45, PAGE 78, HIDALGO COUNTY MAP RECORDS, AT A DISTANCE OF 210.10 FEET PASS A NO. 4 REBAR FOUND ON THE SOUTHEAST CORNER OF SAID HACKBERRY MANOR, CONTINUING A TOTAL DISTANCE OF 313.00 FEET (319.00 FEET, PLAT CALLS) TO A NO. 4 REBAR SET [NORTHING: 16605711.773, EASTING: 1056352.023] ON THE NORTHWEST CORNER OF SAID LOT 1, FOR THE NORTHWEST CORNER OF THIS TRACT;
3. THENCE, S 81° 24' 54" E ALONG THE NORTH LINE OF SAID LOT 1 AND THE SOUTH LINE OF MARBLE FALLS SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 42, PAGE 116, HIDALGO COUNTY MAP RECORDS, A DISTANCE OF 115.01 FEET (115.00 FEET, PLAT CALLS) TO A NO. 4 REBAR SET FOR AN OUTSIDE CORNER OF THIS TRACT;
4. THENCE, IN A SOUTHEASTERLY DIRECTION ALONG A CURVE TO THE RIGHT, WITH A CENTRAL ANGLE OF 300°01'52", A RADIUS OF 50.00 FEET, AN ARCH LENGTH OF 261.83 FEET, A TANGENT OF 28.85 FEET, AND A CHORD THAT BEARS S 81° 24' 54" E A DISTANCE OF 49.98 FEET TO A NO. 4 REBAR SET FOR AN OUTSIDE CORNER OF THIS TRACT;
5. THENCE, S 81° 24' 54" E ALONG THE NORTH LINE OF SAID LOT 1 AND THE SOUTH LINE OF SAID MARBLE FALLS SUBDIVISION, AT A DISTANCE OF 602.31 FEET PASS AN IRON PIPE FOUND ON THE SOUTHEAST CORNER OF SAID MARBLE FALLS SUBDIVISION, CONTINUING A TOTAL DISTANCE OF 1,115.01 FEET TO A NO. 4 REBAR SET [NORTHING: 16605520.702, EASTING: 1057627.602] ON THE NORTHEAST CORNER OF SAID LOT 1 AND TO THE WEST RIGHT-OF-WAY LINE OF TAYLOR ROAD, FOR THE NORTHEAST CORNER OF THIS TRACT;
6. THENCE, S 08° 35' 06" W ALONG THE EAST LINE OF SAID LOT 1 AND ALONG THE WEST RIGHT-OF-WAY LINE OF TAYLOR ROAD, A DISTANCE OF 298.00 FEET TO A NO. 4 REBAR FOUND ON THE EASTERNMOST SOUTHEAST CORNER OF SAID LOT 1, FOR THE EASTERNMOST SOUTHEAST CORNER OF THIS TRACT;
7. THENCE, S 53° 35' 06" W ALONG A CLIP LINE OF SAID LOT 1, A DISTANCE OF 21.21 FEET TO THE POINT OF BEGINNING AND CONTAINING 9.020 ACRES [392,899.624 SQUARE FEET] OF LAND, MORE OR LESS.

CITY OF MISSION ZONING ORDINANCE	
ZONING CLASSIFICATION: R-3 MULTI-FAMILY RESIDENTIAL	
SETBACKS: SEE SCHEDULE B-10.c FOR SETBACK INFORMATION	
MAXIMUM BUILDING HEIGHT: 25 FEET	
PARKING REQUIREMENT:	1.33 PARKING SPACE FOR EACH APARTMENT
REQUIRED PARKING SPACES:	0 PARKING SPACES
ACTUAL PARKING SPACES:	0 REGULAR PARKING SPACES 0 HANDICAP PARKING SPACES 0 TOTAL PARKING SPACES
REQUIREMENT MET: YES	

NOTES:

1. SURVEY IS VALID ONLY IF PRINT HAS ORIGINAL SEAL AND SIGNATURE OF SURVEYOR.
2. FUTURE ROAD RIGHT-OF-WAY FOR TAYLOR ROAD WILL BE 80.00 FEET AS PER THE 2015 THOROUGHFARE PLAN ADMENDMENTS, APPROVED BY TRANSPORTATION POLICY COMMITTEE, FEBRUARY 18, 2016, APPROVED BY COUNTY COMMISSIONER'S COURT MARCH 22, 2016, RESOLUTION 2016-05
3. NO STRIPING FOUND ON SUBJECT TRACT AT TIME OF SURVEY.
4. PARKING SPACES REQUIREMENT REDUCED FROM 2 SPACES PER UNIT TO 1.33 SPACES PER UNIT BY ZONING BOARD OF ADJUSTMENTS AT THEIR MEETING ON 9-21-16
5. NO CEMETERIES ARE WITHIN 100 FEET OF SUBJECT TRACT.
6. NO GAPS, GORES OR OVERLAPS WERE FOUND DURING THE PROCESS OF THIS SURVEY.
7. EASEMENTS ARE ENCROACHING INTO BUILDINGS. DEVELOPER SHOULD BE DEMOLISHING EXISTING IMPROVEMENTS ON PROPERTY. SURVEY CREW WAS SENT OUT TO THE FIELD TO VERIFY THAT BUILDINGS WERE STILL THERE AND THEY CONFIRMED THAT BUILDINGS SHOWN ON THIS SURVEY WERE EXISTING DURING THE PROCESS OF FIELD WORK.
8. PROPERTY ID NUMBERS AS PER HIDALGO COUNTY APPRAISAL DISTRICT AS OF THE TIME OF THIS SURVEY:

   PROPERTY TAX ID NUMBER - 514710
   LOT 1, WHITNEY-ROSS SUBDIVISION, ACCORDING TO THE PLAT RECORDED IN VOLUME 27, PAGE 138B, HIDALGO COUNTY MAP RECORDS. SAID LOT 1 WAS CONVEYED TO BAH TAYLOR SENIOR VILLAGE, LTD., BY VIRTUE OF A SPECIAL WARRANTY DEED RECORDED IN DOCUMENT NUMBER 2759427, HIDALGO COUNTY OFFICIAL RECORDS.

   PROPERTY TAX ID NUMBER - 281250
   8.284 ACRES OUT OF AN ABANDONED CANAL RIGHT-OF-WAY AND OUT OF LOT 246, JOHN H. SHARY SUBDIVISION, ACCORDING TO THE PLAT RECORDED IN VOLUME 1, PAGE 17, HIDALGO COUNTY MAP RECORDS. SAID 8.284-ACRE TRACT WAS CONVEYED TO BAH TAYLOR SENIOR VILLAGE, LTD., BY VIRTUE OF A SPECIAL WARRANTY DEED RECORDED IN DOCUMENT NUMBER 2759443, HIDALGO COUNTY OFFICIAL RECORDS.

   PLEASE NOTE THAT THESE PROPERTY TAX ID NUMBERS WERE FOR THE TWO TRACTS PREVIOUSLY DESCRIBED. THE HIDALGO COUNTY APPRAISAL DISTRICT HAS NOT DESIGNATED A NEW PROPERTY TAX ID NUMBER TO THE PROPERTY AFTER IT WAS SUBDIVIDED AS LOT 1, TAYLOR SENIOR VILLAGE SUBDIVISION, RECORDED UNDER INSTRUMENT NUMBER 2778096, HIDALGO COUNTY MAP RECORDS. PLEASE BE AWARE THAT PROPERTY TAX ID NUMBER IS SUBJECT TO CHANGE AS THE HIDALGO COUNTY APPRAISAL DISTRICT UPDATES THEIR PROPERTY TAX ID NUMBERS LATER ON THIS YEAR.
9. SURVEY WAS PREPARED IN COORDINATION WITH STEWART TITLE GUARANTY COMPANY, COMMITMENT OF No. 16000332733
   EFFECTIVE DATE: JANUARY 12, 2017
   ISSUED: JANUARY 31, 2017

EASEMENTS LISTED IN SCHEDULE B:

10.b.- EASEMENT AND RIGHT OF WAY DATED DECEMBER 20, 1990, RECORDED IN VOLUME 3007, PAGE 484, OFFICIAL RECORDS, HIDALGO COUNTY, TEXAS.
BLANKET IN NATURE NOT PLOTTABLE.

10.c.- THE FOLLOWING AS PER PLAT RECORDED UNDER CLERK'S FILE NO. 2778096, OFFICIAL AND MAP RECORDS, HIDALGO COUNTY, TEXAS:
1.) MINIMUM FLOOR ELEVATION: 18" ABOVE THE TOP OF CURB
2.) MINIMUM SETBACK LINE ALONG FRONT: 40' - TAYLOR ROAD
3.) MINIMUM SETBACK LINE ALONG CUL-DE-SAC FRONT: 15'
4.) MINIMUM SETBACK LINE ALONG REAR: 15' OR GREATER FOR EASEMENTS
5.) MINIMUM SETBACK ALONG SIDE: 5' OR GREATER FOR EASEMENTS
6.) MINIMUM SETBACK ALONG SIDE CORNER: 12' OR GREATER FOR EASEMENTS
7.) UTILITY EASEMENT AT VARIOUS LOCATIONS: 10' AND 15' PLOTTED AND SHOWN HEREON.

To: BAH Taylor Senior Village, Ltd, its successors and/or assigns, Compass Bank, an Alabama banking corporation, and its successors and/or assigns, Hudson SLP LLC, its successors and/or assigns, Hudson Housing Capital LLC, its successors and/or assigns, Hudson Taylor Senior Village LLC, a Delaware limited liability company, its successors and/or assigns;

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2016 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes items 1, 2, 3, 4, 6(a), 7(a), 7(b)(1), 7(c), 8, 9, 10(a) and 11 of Table A thereof. The field work was completed on JANUARY 26, 2017.

Date of Plat or Map: 2-6-17

FRED L. KURTH

R.P.L.S. No. 4750

Email: fkurth@meldenandhunt.com

STATE OF TEXAS REGISTERED FRED L. KURTH 4750 PROFESSIONAL LAND SURVEYOR

LEGAL DESCRIPTION
9.020 ACRES [392,899.624 Sq. Ft.] BEING ALL OF LOT 1, TAYLOR SENIOR VILLAGE INSTR. NO. 2778096, H.C.M.R. CITY OF MISSION HIDALGO COUNTY, TEXAS

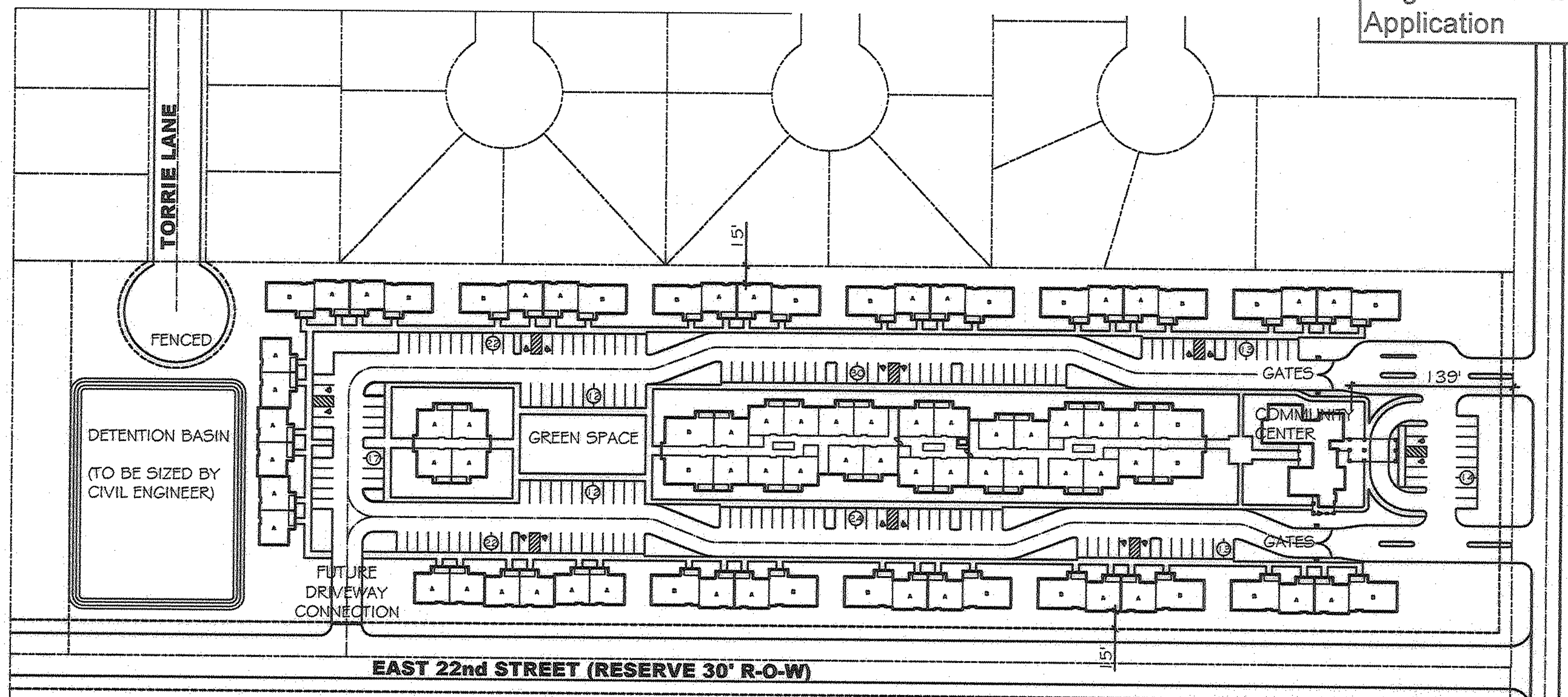
Alta/Nsps Land Title Survey

JOB No. 16030.08	UPDATED CERTIFICATION	02/6/2017	K.G.
	UPDATED WITH NEW TITLE COMMITMENT	02/1/2017	K.G.
	UPDATED WITH SUBDIVISION PLAT	01/30/2017	J.L.G.
DRAWING DATE: 02/02/16	ALTA UPDATED	12/02/16	J.G.
DRAWN BY: J.G.	REVISION	DATE	BY
File Name: 16030.08			
T-1007, PGS. 27, 28			

MELDEN & HUNT INC.
CONSULTANTS • ENGINEERS • SURVEYORS
115 W. McINTYRE, EDINBURG, TX 78541
PH: (956) 381-0981
FAX: (956) 381-1839
27 N. F.M. 3167, RIO GRANDE CITY, TX 78582
PH: (956) 487-8256
FAX: (956) 488-6091
ESTABLISHED 1947
www.meldenandhunt.com

Exhibit C: Preliminary and Final Site Plans

Original Site Plan from Application



LAND AREA = 10.1 ACRES
11.089 UNITS PER ACRE

Net Acreage

NOTES:

1. NO PORTION OF THE DEVELOPMENT SITE IS WITHIN THE 100 YEAR FLOOD PLAIN.
2. 5% OF THE UNITS WILL BE DESIGNED FOR PERSONS W/ MOBILITY DISABILITIES
3. 2% OF THE UNITS WILL BE DESIGNED FOR PERSONS W/ HEARING AND VISUAL IMPAIRMENTS.
4. THE SITE WILL HAVE A FULLY FENCED EXTERIOR.
5. DRAINAGE / DETENTION TO BE DETERMINED & DESIGNED BY CIVIL ENGINEER.
6. LANDSCAPING AND TREES AS REQUIRED BY CITY ORDINANCE.
7. PARKING AS REQUIRED BY LOCAL ORDINANCE OR APPROVED VARIANCE FOR SENIORS.

UNIT TYPE		NO.	NET AREA	TOTAL NET AREA	GROSS AREA	TOTAL GROSS AREA
A	1 BR / 1 BA	84	750 S.F.	63,000 S.F.	840 S.F.	70,560 S.F.
B	2 BR / 2 BA	28	1,040 S.F	29,120 S.F.	1,130 S.F.	31,640 S.F.
APARTMENT BLDG BREEZEWAY AND BACK OF HOUSE					12,801 S.F.	12,801 S.F.
COMMUNITY BUILDING			3,636 S.F.	3,636 S.F.	5,020 S.F.	5,020 S.F.
TOTAL		112		95,756 S.F.		120,021 S.F.

179 PARKING SPACES SHOWN (1.6 PER UNIT)

TAYLOR SENIOR VILLAGE - MISSION, TX

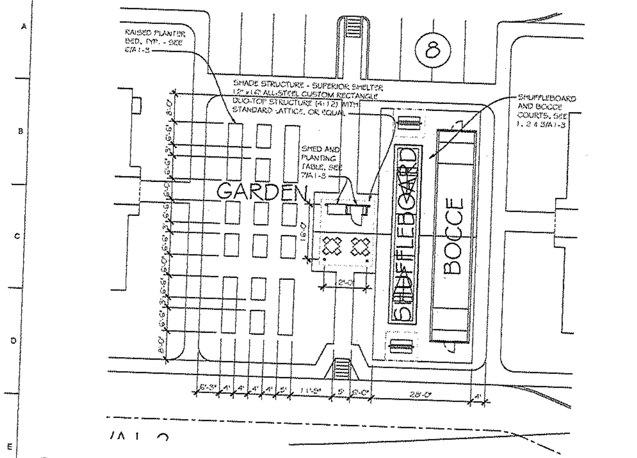
0 75' 150' 300'
SCALE: 1 INCH = 150 FEET

NORTH

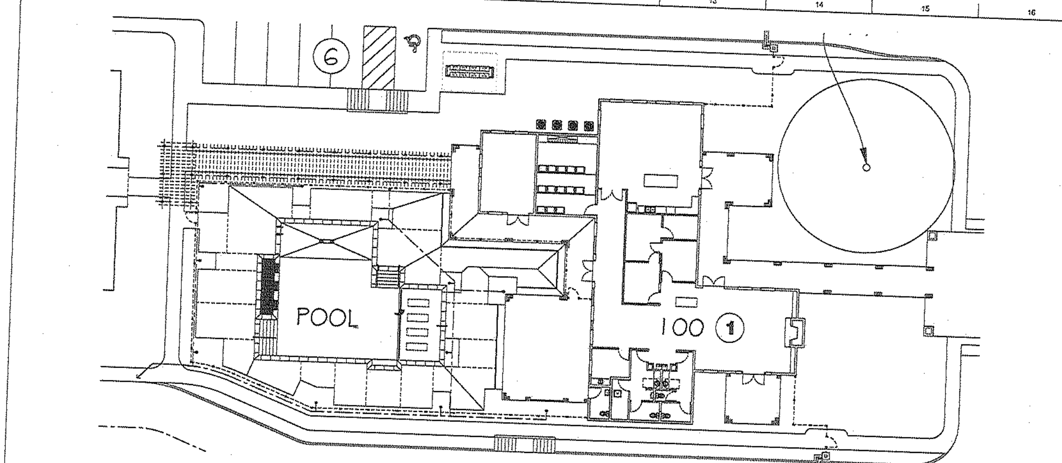
CONCEPTUAL SITE PLAN

02/27/2016

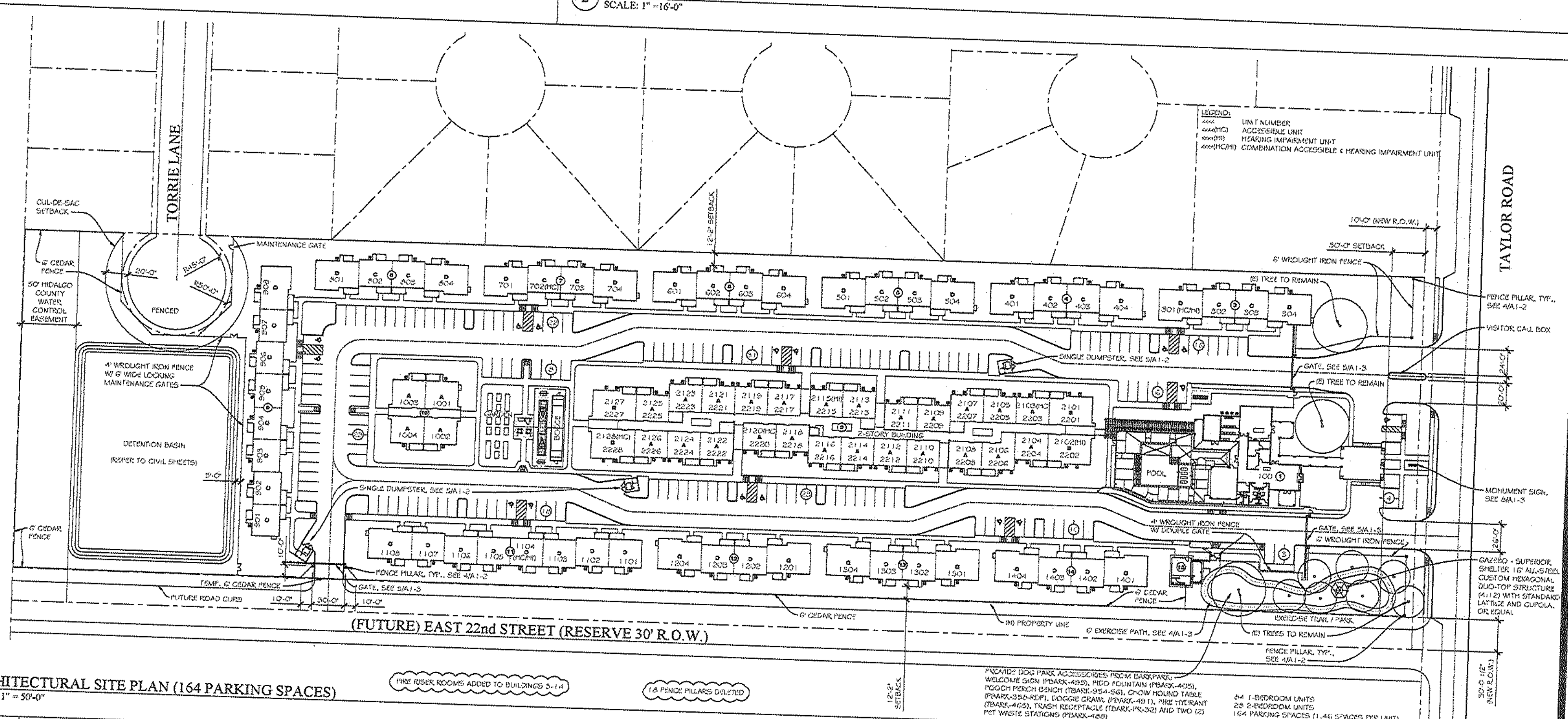
BROWNSTONE
ARCHITECTS & PLANNERS, INC.
6517 MAPLERIDGE
HOUSTON, TEXAS 77081



3 GARDEN / SPORT COURT SITE PLAN
SCALE: 1" =16'-0"



2 CLUBHOUSE SITE PLAN
SCALE: 1" =16'-0"



1 ARCHITECTURAL SITE PLAN (164 PARKING SPACES)
SCALE: 1" = 50'-0"

www.thebrownstonegroup.net

BROWNSTONE
ARCHITECTS AND PLANNERS, INC.
WILLIAM L. BROWN, ARCHITECT
6517 MAPLERIDGE
HOUSTON, TEXAS 77081
713.432.7727

REGISTERED ARCHITECT
WILLIAM L. BROWN
4086
STATE OF TEXAS

03/27/17

This sheet is only one component of the total document package which consists of all sheets of drawings and the project manual.

TAYLOR SENIOR VILLAGE
A 112 UNIT SENIOR LIVING COMMUNITY
1617 N. TAYLOR ROAD
MISSION, TEXAS 78572

DRAWING ISSUE:	DATE:
0 BID & PERMIT SET	11/07/16
1 MISC. REVISIONS	03/27/17

PROJECT NUMBER: 1607

ARCHITECTURAL SITE PLAN

A1-1

BOARD ACTION REQUEST

ASSET MANAGEMENT

JULY 27, 2017

Presentation, discussion and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Application for Provision at West Bellfort in Houston (#16258)

RECOMMENDED ACTION

WHEREAS, Provision at West Bellfort (the "Development") received an award of 9% Housing Tax Credits in 2016 to construct 144 new units in Houston, Fort Bend County;

WHEREAS, a representative of Provision at West Bellfort, LP (the "Development Owner") has requested approval to make material amendments to the Application as a result of adverse changes in tax credit equity pricing for the subject Development (falling from $1.02 to $0.94) and impacting the feasibility of the Development as originally proposed;

WHEREAS, as a result of the reduced credit pricing and in an effort to keep the Development viable, the Applicant has requested approval to reduce the total number of units from 144 to 116 (resulting in a reduction in the net rentable square footage of more than 3% and a modification to the residential density of more than 5%) and to decrease the number of residential buildings from twelve to nine, which also results in a significant modifications to the site plan;

WHEREAS, the changes proposed represent material alterations requiring Board approval as described in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(A), (D) and (F), and the Applicant has complied with the amendment requirements in 10 TAC §10.405(a); and

WHEREAS, the changes described are necessary for the financial feasibility given the reduction in equity pricing; and the changes described do not negatively impact the viability of the transaction or reduce the amount of tax credits awarded at this time;

NOW, therefore, it is hereby

RESOLVED, that the material application amendment for Provision at West Bellfort is approved as presented to this meeting and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the Board action.

BACKGROUND

Provision at West Bellfort was approved for a 9% HTC allocation during the 2016 competitive cycle to construct 144 new multifamily units in Houston, Fort Bend County. The Development Owner's consultant, Kit Sarai, has submitted a request on behalf of the owner seeking approval for several material changes to the HTC Application.

The Application for the Development was underwritten and approved at a credit price of $1.02 offered by RBC Capital Markets. The amendment request letter explains that due to unforeseen negative impacts on the tax credit equity markets, the Applicant received a new equity proposal from RBC Capital Markets offering $0.94 per tax credit. This is a $0.08 price drop per tax credit, resulting in a loss of almost $1.2 million in equity previously anticipated to be used for funding this Development.

As a result of this equity reduction, the Development as rendered at Application became infeasible and the Applicant submitted an amendment request to reduce the total number of units from 144 to 116, eliminating 28 of the 50 original market rate units. The number of low income units remains the same at 94. The number of residential buildings is reduced from 12 to 9, eliminating two duplexes and one large apartment building. The cumulative changes result in a significant modification to the site plan and to the residential density.

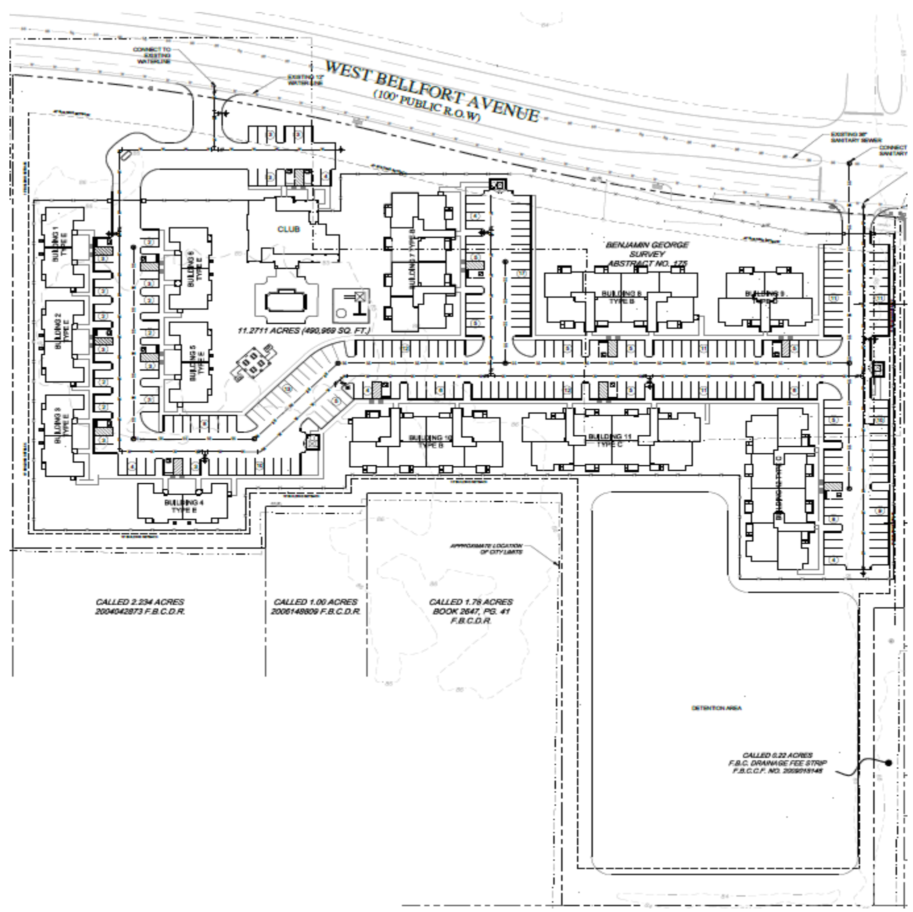
The elimination of three buildings left more room for surface parking; therefore, the number of total parking spaces increased from 249 to 304, including the addition of 55 revenue generating carports. The detention area was also relocated from the south side of the site to the northwest side. According to the consultant, initially the development team was not sure whether the Development would have to be designed according to Fort Bend/Drainage District design standards or the City of Houston's design standards since the site fell within multiple jurisdictions. The consultant states that for the initial Application to the Department they assumed the larger standard, but through the planning and approval process they discovered that the design would have to meet City of Houston standards given that most of the site is in Houston. Additionally, the consultant states that the Civil Engineer recommended relocation of the detention to have a more effective tie-in to the city's main line. Also, the following changes were made to the site amenities:

- A dog park/pet area has been added to the south side of the property;
- The design of the pool was made more elaborate, but it is located at the same location;
- Cabanas were added to the pool area;
- The picnic area that was to the southwest of the pool has been changed adding a pavilion area with grills and seating; and
- The tot lot that was to the east of the pool has been changed to a full playground and includes a playground pavilion area. The location has been moved up slightly north from the original location of the tot lot.
- With the submittal of the 10% Test, the Applicant also submitted a separate amendment request to adjust the site acreage from 11.2711 to 11.22 acres, a reduction of 0.0511 acres or a 0.45% decrease. According to the surveyor, the difference is due to survey discrepancies regarding the location of the 100-foot ROW for West Bellfort Road.

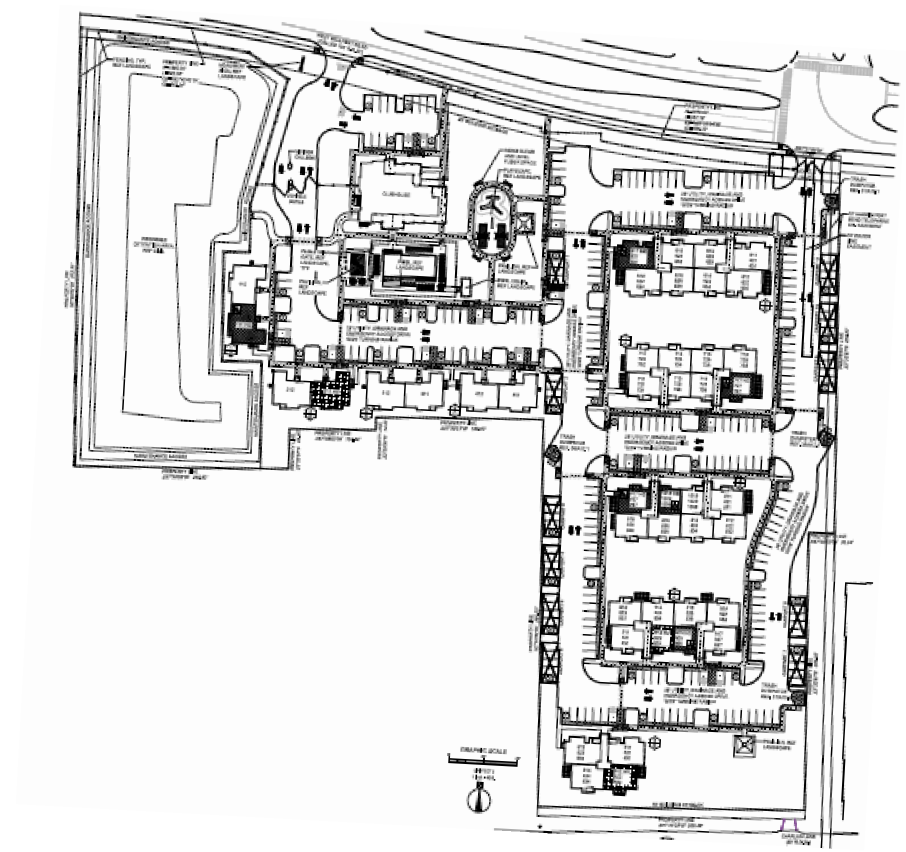
The table on the next page summarizes the proposed changes to the Development.

Material Amendment as defined in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(A),(D) and (F)
16258 – Provision at West Bellfort

Development Site: 11.2711 acres
Units: 144
Density: 12.776 units/acre
Residential Buildings: 12
Common Area Square Footage: 3,963 sf
Net Rentable Square Footage: 143,676 sf
Parking Spaces: 262 spaces



Development Site: 11.22 acres (-0.45% decrease)
Units: 116
Density: 10.339 units/acre (- 19% decrease)
Residential Buildings: 9
Common Area Square Footage: 4,235 sf (+ 5.7% increase)
Net Rentable Square Footage: 113,068 sf (- 21.3% decrease)
Parking Spaces: 304 spaces, including the addition of 55 carports



Material Amendment as defined in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(A),(D) and (F)
16258 – Provision at West Bellfort

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	10	6.9%
1	18	12.5%	0	40%	-	0.0%
2	84	58.3%	0	50%	38	26.4%
3	30	20.8%	0	60%	46	31.9%
4	12	8.3%	0	MR	50	34.7%
TOTAL	144	100.0%	-	TOTAL	144	100.0%

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	10	8.6%
1	18	15.5%	0	40%	-	0.0%
2	72	62.1%	0	50%	38	32.8%
3	18	15.5%	0	60%	46	39.7%
4	8	6.9%	0	MR	22	19.0%
TOTAL	116	100.0%	-	TOTAL	116	100.0%

Real Estate Analysis ("REA") has re-evaluated the transaction pursuant to Tex. Gov't Code 2306.6712(b) and an analysis of this Application with the changes proposed is included after this Board Action Request. REA has concluded that the Development remains feasible and continues to support the credit allocation previously awarded to this Development.

Staff has reviewed the original application and underwriting report and concluded that the changes related to the Application would not have changed the scoring of the Application and do not negatively impact the tax credit allocation awarded. The need for the proposed modifications was neither reasonably foreseeable nor preventable by the Development Owner at the time the Application was submitted.

Staff recommends approval of the material amendment for Provision at West Bellfort as presented herein.

Real Estate Analysis Division
July 11, 2017

Addendum to Underwriting Report

TDHCA Application #: **16258** Program(s): **9% HTC**

Provision at West Bellfort

Address/Location: S side of W Bellfort Ave at Belknap Rd

City: Houston County: Fort Bend Zip: 77478

	APPLICATION HISTORY
Report Date	**PURPOSE**
07/11/17	**Amendment**
06/27/16	Original Underwriting Report

ALLOCATION

	Previous Allocation		RECOMMENDATION	
LIHTC (Annual)	$1,500,000		**$1,500,000**	

CONDITIONS STATUS

1 Receipt and acceptance by 10% test:

a: Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

Status: **Condition satisfied.**

b: Documentation that an asbestos survey was completed, and certification from the Architect that all recommendations from the asbestos survey were done prior to demolition and during construction.

c: Documentation that stained soil removal was completed, and certification from the Architect that all recommendations from the Phase I regarding the stained soil were completed prior to/during construction.

Status: Condition receipt and acceptance moved to Cost Certification.

2 Documentation at Cost Certification clearing environmental issues identified in the ESA report,

a: Architect certification that noise study recommendations were successfully implemented in the completion of the Development.

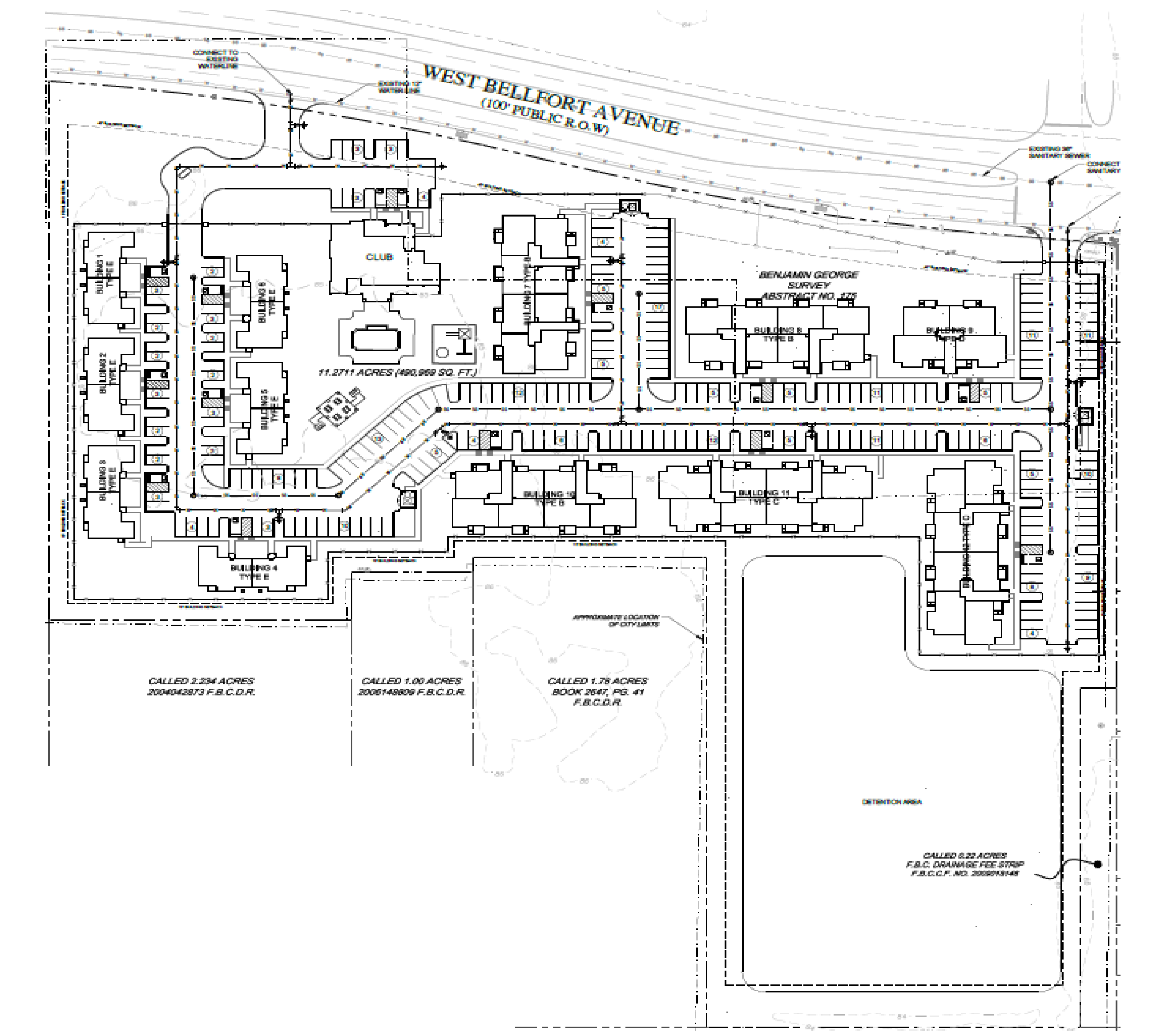
b: Architect certification that asbestos survey recommendations were successfully implemented in the completion of the Development.

c: Architect certification that soil remediation was completed as recommended in Phase I.

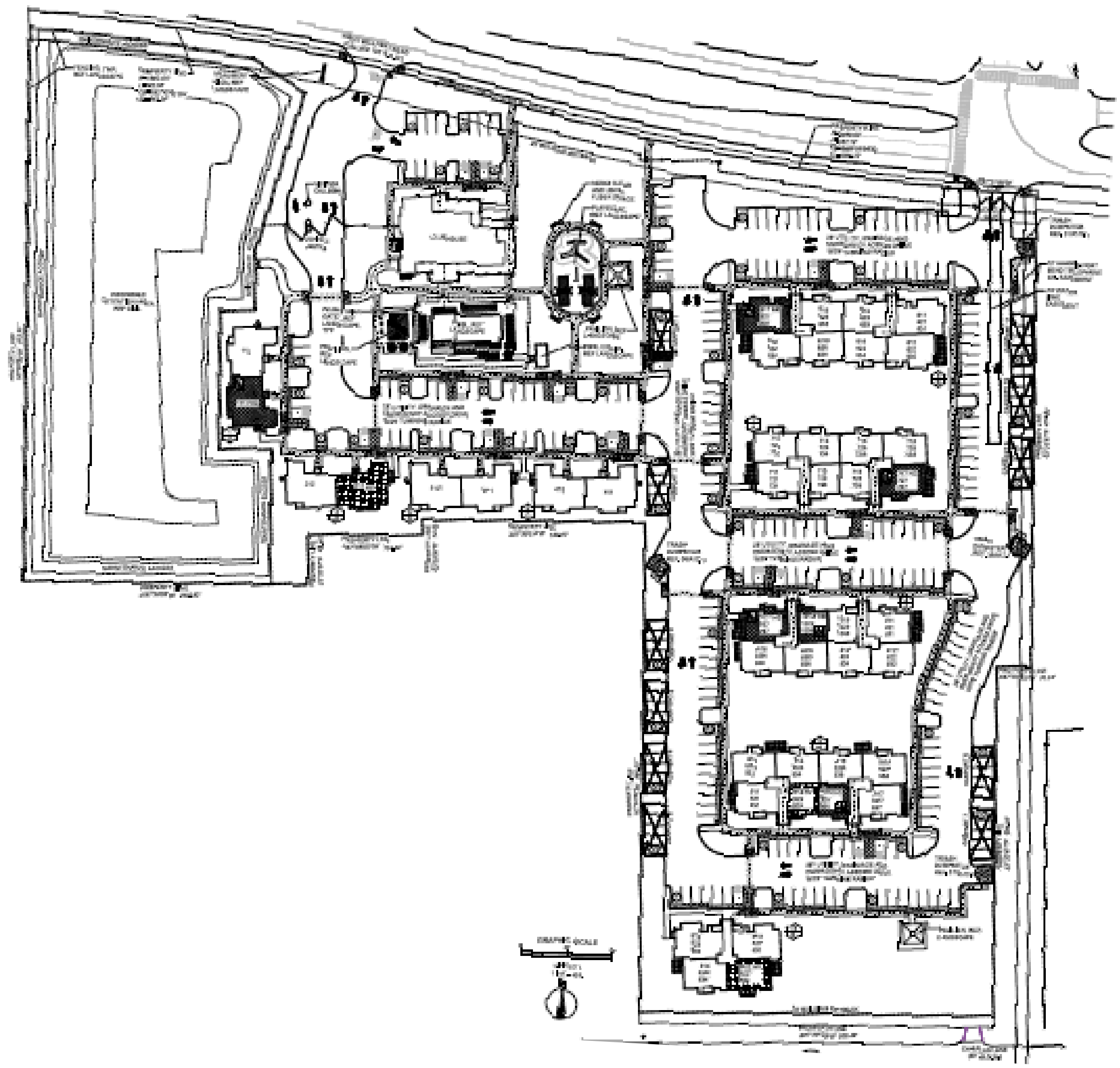
Status: Not yet due.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

ORIGINAL SITE PLAN



AMENDED SITE PLAN



AMENDED BUILDING CONFIGURATION

Building Type	A	B	C	D	E								Total Buildings
Floors/Stories		3	3	3	1								
Number of Bldgs		3	1	1	4								9
Units per Bldg		24	24	12	2								
Total Units		72	24	12	8								**116**

Avg. Unit Size (SF)	**975 sf**	**Total NRA (SF)**	**113,068**	**Common Area (SF)**	**4,235**

ANALYSIS

Since original underwriting in June 2016, the tax credit pricing being offered by RBC Capital Markets for this Development has been reduced $0.08 from $1.02 to $0.94, resulting in a loss of equity of approximately $1.2 Million.

The Applicant now requests an amendment to allow a reduction in the number of units from 144 to 116, eliminating 28 of the 50 original market rate units. The number of low income units will remain the same at 94. There have been insignificant changes to the square footage of the 4-bedroom units. Total net rentable area has decreased from 143,676 square feet to 113,068 square feet. The common area square footage has increased 272 square feet, from 3,963 to 4,235 square feet.

Two duplexes and one apartment building have been eliminated, decreasing the number of buildings from 12 to 9. The number of parking spaces has increased 42 spaces from 262 to 304 total spaces, including the addition of 55 carports. With the submittal of the 10% Test, the Applicant has also submitted a separate amendment request to adjust the site acreage from 11.2711 to 11.22 acres (0.0511 acres, 0.45% decrease) due to survey discrepancies. According to the surveyor, the difference is based on the location of the 100-foot ROW for West Bellfort Road.

The detention area was also relocated from the south side of the site to the northwest side. According to the consultant, initially the development team was not sure whether the Development would have to be designed according to Fort Bend/Drainage District design standards or the City of Houston's design standards since the site fell within multiple jurisdictions. The consultant states that for the initial Application they assumed the larger standard, but through the planning and approval process they discovered that the design would have to meet City of Houston standards given that most of the site is in Houston. Additionally, the consultant states that the Civil Engineer recommended relocation of the detention to have a more effective tie-in to the city's main line.

Applicant provided revised information and documentation including, but not limited to Rent Schedule, Operating Expense Schedule, Development Cost Schedule, Sources & Uses Schedule, revised Site Plan, and updated Lender and Syndicator commitments. Revised documentation is being used to re-analyze Development.

Operating Pro Forma

Applicant provided updated 2017 HTC rents which are slightly higher than the 2016 limits; however, because of the removal of 28 market rate units, effective gross income decreased $260,895, from $1,410,755 to $1,149,860.

The current market rents are higher than at original underwriting. Applicant states that the current estimated market rents are supported by and are lesser than the original market study. Applicant states that current market rents are achievable and reasonable for the market area. Although the Development has not been formally underwritten by the lender, the Applicant provided a letter from Amegy Bank (the lender) and from RBC Capital Markets (the syndicator) stating that they anticipate underwriting market rate rents at a premium of up to 15% over the gross 60% HTC rent levels, subject to a subsequent final third party market study. The Applicant reports the current market rents at 12-14% over the gross 60% HTC rent levels, which are lesser than the rents from the original market study. Using these current market rents, the Applicant reports a DCR of 1.20. For analysis purposes, to achieve an acceptable DCR level of 1.15, the Underwriter set the market rents at a premium of 8% over the gross 60% HTC rent levels.

There is also a decrease in operating expenses. The Applicant expenses dropped about $150K while the Department's expenses dropped about $153K. Total expenses per unit remained relatively constant decreasing slightly from $5,346 to $5,342 per unit. Both income and expenses have been adjusted based upon the reduced number of units with a resulting undewritten NOI of $530,174.

Development Cost

Underwritten development costs decreased $3.3 Million since original underwriting based upon the reduced number of units from 144 to 116. Applicant's direct construction costs decreased $2.6 Million while Underwriter's direct construction costs decreased by $2.334 Million. Reductions in financing and other soft costs also occurred due to the reduction in units. Total cost per unit increased $11,705 per unit from $166,174 to $177,879.

Sources of Funds

Applicant's original permanent financing was a $7,445,977 conventional loan from Citi Community Capital underwritten at 6% with payments based on a 35 year amortization and a 15 year maturity. Current financing includes a $6,445,494 conventional loan from Amegy Bank underwritten at the same terms. Deferred developer fee was $1,183,570 with the original underwriting, but is now only $78,929.

Essentially, total cost has been reduced by approximately $3 million; and permanent debt, tax credit equity, and deferred developer fee have each been reduced by approximately $1 million.

While total units will decrease from 144 to 116, the reduction all comes from the market rate segment. The development will serve the same number of target low income households as originally proposed at application.

The current analysis continues to support the Department's original tax credit allocation of $1,500,000. Final determination of the credits will be made at Cost Certification.

Underwriter:	*Lucy Trevino*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Provision at West Bellfort, Houston, 9% HTC #16258

LOCATION DATA

CITY:	Houston
COUNTY:	Fort Bend
PROGRAM REGION:	6

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	10	8.6%
1	18	15.5%	0	40%	-	0.0%
2	72	62.1%	0	50%	38	32.8%
3	18	15.5%	0	60%	46	39.7%
4	8	6.9%	0	MR	22	19.0%
TOTAL	**116**	**100.0%**	**-**	**TOTAL**	**116**	**100.0%**

Applicable Programs

Applicable Programs
9% Housing Tax Credits

Pro Forma ASSUMPTIONS

Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	81.03%
APP % Acquisition	3.37%
APP % Construction	9.00%
Average Unit Size	975 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$402	7	1	1	701	$402	$40	$362	$0	$0.52	$362	**$2,534**	**$2,534**	$362	$0.52	$0	$780	$1.11	$950
TC 50%	$670	6	1	1	701	$670	$40	$630	$0	$0.90	$630	**$3,780**	**$3,780**	$630	$0.90	$0	$780	$1.11	$950
TC 60%	$804	1	1	1	701	$804	$40	$764	$0	$1.09	$764	**$764**	**$764**	$764	$1.09	$0	$780	$1.11	$950
MR		4	1	1	701	$0	$40		NA	$1.31	$917	**$3,668**	**$3,300**	$825	$1.18	NA	$825	$1.18	$950
TC 30%	$483	1	2	2	955	$483	$52	$431	$0	$0.45	$431	**$431**	**$431**	$431	$0.45	$0	$936	$0.98	$1,125
TC 50%	$805	30	2	2	955	$805	$52	$753	$0	$0.79	$753	**$22,590**	**$22,590**	$753	$0.79	$0	$936	$0.98	$1,125
TC 60%	$966	28	2	2	955	$966	$52	$914	$0	$0.96	$914	**$25,592**	**$25,592**	$914	$0.96	$0	$936	$0.98	$1,125
MR		13	2	2	955	$0	$52		NA	$1.15	$1,097	**$14,261**	**$12,833**	$987	$1.03	NA	$987	$1.03	$1,125
TC 30%	$558	1	3	2	1,125	$558	$67	$491	$0	$0.44	$491	**$491**	**$491**	$491	$0.44	$0	$1,081	$0.96	$1,275
TC 50%	$930	1	3	2	1,125	$930	$67	$863	$0	$0.77	$863	**$863**	**$863**	$863	$0.77	$0	$1,081	$0.96	$1,275
TC 60%	$1,116	12	3	2	1,125	$1,116	$67	$1,049	$0	$0.93	$1,049	**$12,588**	**$12,588**	$1,049	$0.93	$0	$1,081	$0.96	$1,275
MR		4	3	2	1,125	$0	$67		NA	$1.12	$1,259	**$5,036**	**$4,532**	$1,133	$1.01	NA	$1,133	$1.01	$1,275
TC 30%	$622	1	4	2	1,430	$622	$86	$536	$0	$0.37	$536	**$536**	**$536**	$536	$0.37	$0	$1,206	$0.84	$1,575
TC 50%	$1,037	1	4	2	1,430	$1,037	$86	$951	$0	$0.67	$951	**$951**	**$951**	$951	$0.67	$0	$1,206	$0.84	$1,575
TC 60%	$1,245	5	4	2	1,430	$1,245	$86	$1,159	$0	$0.81	$1,159	**$5,795**	**$5,795**	$1,159	$0.81	$0	$1,206	$0.84	$1,575
MR		1	4	2	1,430	$0	$86		NA	$0.97	$1,391	**$1,391**	**$1,252**	$1,252	$0.88	NA	$1,252	$0.88	$1,575
TOTALS/AVERAG		**116**			**113,068**				**$0**	**$0.90**	**$873**	**$101,271**	**$98,831**	**$852**	**$0.87**	**$0**	**$962**	**$0.99**	**$1,152**

ANNUAL POTENTIAL GROSS RENT:	**$1,215,252**	**$1,185,977**	

STABILIZED PRO FORMA

Provision at West Bellfort, Houston, 9% HTC #16258

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		4 County Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.90	$873	$1,215,252	**$1,490,580**	**$1,490,580**	$1,185,977	$852	$0.87		2.5%	$29,275
late fees, application fees, pet deposits,							$20.00	$27,840	34,560							
retained security deposits, interest income							$0.00	$0	0							
Total Secondary Income							$20.00			34,560	$27,840	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,243,092	$1,525,140	$1,525,140	$1,213,817				2.4%	$29,275
Vacancy & Collection Loss							7.5% PGI	(93,232)	(114,386)	(114,386)	(91,036)	7.5% PGI			2.4%	(2,196)
Rental Concessions								-	0	0	-				0.0%	-
EFFECTIVE GROSS INCOME								$1,149,860	$1,410,755	$1,410,755	$1,122,781				2.4%	$27,079
General & Administrative	$44,521	$384/Unit	35,196	$303	3.96%	$0.40	$393	$45,540	$57,600	$55,954	$44,521	$384	$0.39	3.97%	2.3%	1,019
Management	$46,583	4.6% EGI	66,128	$570	4.50%	$0.46	$446	$51,742	$70,538	$70,538	$50,525	$436	$0.45	4.50%	2.4%	1,217
Payroll & Payroll Tax	$138,616	$1,195/Unit	165,624	$1,428	9.74%	$0.99	$966	$112,050	$147,775	$147,775	$112,050	$966	$0.99	9.98%	0.0%	-
Repairs & Maintenance	$73,066	$630/Unit	81,386	$702	6.05%	$0.62	$600	$69,600	$86,400	$86,400	$73,066	$630	$0.65	6.51%	-4.7%	(3,466)
Electric/Gas	$28,106	$242/Unit	15,036	$130	1.35%	$0.14	$134	$15,548	$19,578	$19,578	$15,548	$134	$0.14	1.38%	0.0%	-
Water, Sewer, & Trash	$70,520	$608/Unit	107,363	$926	7.09%	$0.72	$703	$81,508	$102,630	$102,630	$81,508	$703	$0.72	7.26%	0.0%	-
Property Insurance	$52,745	$0.47 /sf	46,957	$405	3.78%	$0.38	$375	$43,500	$43,200	$41,222	$43,500	$375	$0.38	3.87%	0.0%	-
Property Tax (@ 100%) 3.1585	$82,663	$713/Unit	105,912	$913	14.56%	$1.48	$1,443	$167,438	$202,414	$203,283	$160,655	$1,385	$1.42	14.31%	4.2%	6,783
Reserve for Replacements	$34,579	$298/Unit	-	$0	2.52%	$0.26	$250	$29,000	$36,000	$36,000	$29,000	$250	$0.26	2.58%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	$0	0.33%	$0.03	$32	$3,760	$3,760	$3,760	$3,760	$32	$0.03	0.33%	0.0%	-
TOTAL EXPENSES					**53.89%**	**$5.48**	**$5,342**	**$ 619,686**	$769,895	$767,140	**$ 614,133**	**$5,294**	**$5.43**	**54.70%**	**0.9%**	**$ 5,553**
NET OPERATING INCOME ("NOI")					**46.11%**	**$4.69**	**$4,570**	**$530,174**	$640,860	$643,614	**$508,648**	**$4,385**	**$4.50**	**45.30%**	**4.2%**	**$ 21,526**

CONTROLLABLE EXPENSES							$2,795/Unit					$2,816/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Provision at West Bellfort, Houston, 9% HTC #16258

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
DEBT (Must Pay)	**Fee**	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Amegy Bank		1.15	1.20	441,703	6.00%	35	15	$6,455,494	$7,445,977	$7,445,977	$6,455,494	15	35	6.00%	$441,703	1.20	31.3%
CASH FLOW DEBT / GRANTS																	
Houston Housing Finance Corp		1.15	1.20		0.00%	0	0	$1,000	$1,000	$1,000	$1,000	0	0	0.00%		1.20	0.0%
				$441,703	**TOTAL DEBT / GRANT SOURCES**			**$6,456,494**	**$7,446,977**	**$7,446,977**	**$6,456,494**			**TOTAL DEBT SERVICE**	**$441,703**	1.20	31.3%
NET CASH FLOW		$66,945	$88,471								**APPLICANT**	**NET OPERATING INCOME**		**$530,174**	**$88,471**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE						
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method	
RBC Capital Markets	LIHTC Equity	68.3%	$1,500,000	0.94	$14,098,590	$15,298,470	$15,298,470	$14,098,590	$0.9399	$1,500,000	68.3%	$12,931	Applicant Request	
Deferred Developer Fee	Deferred Developer Fees	0.4%	(3% Deferred)		$78,929	$1,183,570	$1,182,999	$78,929	(3% Deferred)		0.4%	**Total Developer Fee:**		**$2,261,646**
Additional (Excess) Funds Req'd		0.0%			$0	-$571	$0	$0			0.0%			
TOTAL EQUITY SOURCES		68.7%			$14,177,519	$16,481,469	$16,481,469	$14,177,519			68.7%	**15-Year Cash Flow:**		**$1,801,531**
TOTAL CAPITALIZATION					**$20,634,013**	**$23,928,446**	**$23,928,446**	**$20,634,013**			**15-Yr Cash Flow after Deferred Fee:**			**$1,722,602**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis										Eligible Basis			
	Acquisition	New Const. Rehab	Total Costs			Applicant	TDHCA	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$17,614 / Unit	$2,043,280	$2,280,000	$2,280,000	$2,043,280	$17,614 / Unit				0.0%	$0
Closing costs & acq. legal fees					$65,000	$15,000	$15,000	$65,000						$0
Off-Sites				$ / Unit	$0	$0	$0	$0	$ / Unit				0.0%	$0
Site Work		$1,739,884		$16,333 / Unit	$1,894,604	$1,600,000	$1,600,000	$1,894,604	$16,333 / Unit		$1,739,884		0.0%	$0
Site Amenities		$514,397		$4,434 / Unit	$514,397	$440,000	$440,000	$514,397	$4,434 / Unit		$514,397		0.0%	$0
Building Cost		$8,363,480	$74.36 /sf	$72,478/Unit	$8,407,480	$10,774,263	$9,977,939	$7,788,950	$67,146/Unit	$68.89 /sf	$7,714,291		7.9%	$618,530
Contingency		$540,824	5.09%	5.00%	$540,824	$768,856	$768,856	$540,824	5.30%	5.43%	$540,824		0.0%	$0
Contractor Fees		$1,508,148	13.52%	13.28%	$1,508,148	$1,901,636	$1,790,151	$1,503,429	14.00%	14.00%	$1,471,315		0.3%	$4,719
Soft Costs	0	$1,508,405		$14,248 / Unit	$1,652,806	$1,533,027	$1,533,027	$1,652,806	$14,248 / Unit		$1,508,405	$0	0.0%	$0
Financing	0	$703,784		$10,475 / Unit	$1,215,134	$1,293,595	$1,293,595	$1,215,134	$10,475 / Unit		$703,784	$0	0.0%	$0
Developer Fee	$0	$2,231,508	15.00%	15.000%	$2,261,647	$2,688,634	$2,551,892	$2,163,342	15.00%	15.00%	$2,128,935	$0	4.5%	$98,305
Reserves				$4,575 / Unit	$530,694	$634,006	$634,006	$527,918	$4,551 / Unit				0.5%	$2,776
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$17,110,430**		$177,879 / Unit	**$20,634,014**	**$23,929,017**	**$22,884,466**	**$19,909,684**	$171,635 / Unit		**$16,321,836**	**$0**	**3.6%**	**$724,330**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	$0								
Contractor's Fee		$0												
Interim Interest		$0												
Developer Fee	$0	$0			($1)	($570)								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$17,110,430**		$177,879/unit	**$20,634,013**	**$23,928,446**	**$22,884,466**	**$19,909,684**	$171,635/unit		**$16,321,836**	**$0**	**3.6%**	**$724,330**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$20,634,013**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Provision at West Bellfort, Houston, 9% HTC #16258

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$17,110,430	$0	$16,321,836
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$17,110,430	$0	$16,321,836
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$22,243,559	$0	$21,218,386
Applicable Fraction	81.03%	81.03%	81.03%	81.03%
TOTAL QUALIFIED BASIS	$0	$18,024,953	$0	$17,194,210
Applicable Percentage	3.37%	9.00%	3.37%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,622,246	$0	$1,547,479
CREDITS ON QUALIFIED BASIS	$1,622,246		$1,547,479	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9399	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,622,246	$15,247,585	----	----	----
Needed to Fill Gap	$1,508,398	$14,177,519	----	----	----
Applicant Request	$1,500,000	$14,098,590	**$1,500,000**	**$0**	**$0**

Development Cost/SF

	Application	TDHCA
Acquisition & Hard Costs	$157.25	$108.27
Hard Costs	$113.79	$108.27
Building Costs	$74.36	$68.89
Total Points Claimed:		12

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost:	Garden/Townhome		113,068 SF	$65.59	7,415,584
Adjustments				$0.00	0
Exterior Wall Finish				$1.57	177,974
Elderly				$0.00	0
9-Ft. Ceilings				$2.16	244,714
Roof Adjustment(s)				$0.00	0
Subfloor				($0.10)	($11,050)
Floor Cover				$2.64	298,862
Breezeways				$2.45	277,332
Balconies				$2.95	333,344
Plumbing Fixtures				$2.68	302,940
Rough-ins				$1.05	118,340
Built-In Appliances				$1.96	221,960
Exterior Stairs				$0.36	40,500
Heating/Cooling				$2.14	241,966
Enclosed Corridors				$0.00	0
Carports				$0.88	99,578
Garages				$0.00	0
Comm &/or Aux Bldgs				$3.07	347,270
Elevators				$0.00	0
Other:				$0.00	0
Fire Sprinklers				$2.47	279,278
SUBTOTAL				**91.88**	**10,388,592**
Current Cost Multiplier		1.01		0.92	103,886
Local Multiplier		0.87		(11.94)	(1,350,517)
TOTAL BUILDING COSTS				**80.85**	**$9,141,961**
Plans, specs, survey, bldg permits		3.30%		(2.67)	($301,685)
Contractor's OH & Profit		11.50%		(9.30)	(1,051,325)
NET BUILDING COSTS			$67,146/unit	$68.89/sf	$7,788,950

Long-Term Pro Forma

Provision at West Bellfort, Houston, 9% HTC #16258

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30
EFFECTIVE GROSS INCOME	2.00%	$1,149,860	$1,172,857	$1,196,314	$1,220,241	$1,244,646	$1,374,189	$1,517,216	$1,675,129	$2,041,973
TOTAL EXPENSES	3.00%	$619,686	$637,759	$656,364	$675,517	$695,233	$802,875	$927,339	$1,071,272	$1,430,283
NET OPERATING INCOME ("NOI")		**$530,174**	**$535,098**	**$539,950**	**$544,724**	**$549,412**	**$571,315**	**$589,877**	**$603,857**	**$611,690**
MUST -PAY DEBT SERVICE										
Amegy Bank		$441,703	$441,703	$441,703	$441,703	$441,703	$441,703	$441,703	$441,703	$441,703
ANNUAL CASH FLOW		**$88,471**	**$93,395**	**$98,248**	**$103,021**	**$107,710**	**$129,612**	**$148,175**	**$162,155**	**$169,987**
CUMULATIVE NET CASH FLOW		$88,471	$181,867	$280,114	$383,135	$490,845	$1,096,218	$1,801,531	$2,685,388	$4,376,217
DEBT COVERAGE RATIO		1.20	1.21	1.22	1.23	1.24	1.29	1.34	1.37	1.38
EXPENSE/INCOME RATIO		53.9%	54.4%	54.9%	55.4%	55.9%	58.4%	61.1%	64.0%	70.0%
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0
Residual Cash Flow		$9,542	$93,395	$98,248	$103,021	$107,710	$129,612	$148,175	$162,155	$169,987

June 12, 2017

Lucy Trevino
TDHCA
Multifamily Finance
221 E. 11th Street
Austin, TX 78701

RE: Provision at West Bellfort—TDHCA #16258

Dear Lucy:

Please consider this a formal request for an amendment to Provision at West Bellfort located in Houston, Texas. Below is an overview of the proposed changes:

Architectural Changes:

#1: Changes to the total number of Market Rate Units and Total Units:
This amendment eliminates 28 Market Rate Units and reduces the total unit count from 144 units to 116 units.

Bedroom Type	Number of Market Rate Units	Number of LI Units
1	4	14
2	25	59
3	16	14
4	5	7

Bedroom Type	Number of Market Rate Units	Number of LI Units
1	4	14
2	13	59
3	4	14
4	1	7

#2: Changes to the Building/Unit configuration
We will accommodate the reduction of the Market Rate Units by eliminating two duplexes from the site and one large apartment building.

 # 3: Change to Total Development Cost Schedule
Total Development Costs have decreased by approximately $3,264,827. The majority of the cost reduction came in the form of reduced vertical construction costs, as a result of having to construct 28 less units. Please note that the building cost per unit has only changed by roughly 3%. Additionally, total development costs per unit have increased by roughly 7%, as a result of having less units.

 # 4: Changes to Operating Pro-Forma

1) Rents have been revised to reflect the current achievable rental amounts.

2) Debt Service has decreased to reflect the lower loan amount.

3) Operating expenses have been updated based upon discussions with the Syndicator.

For your review we have attached revised Rent Schedule, Annual Operating Expense, 15 year Development Cost Schedule and Sources and Uses, and appropriate LOIs.

<u>#8: Changes to the Sources and Uses</u>
Amegy Bank will now be providing the debt for the development at a lower loan amount of $6,455,494. Additionally, equity pricing has decreased from $1.02 to $0.94

Reason for Change:
The above amendments are due to changes in the equity market as pricing has changed from when the application was initially submitted a year ago. Since then, the equity market has undergone significant changes with a reduction in equity pricing from $1.02 to $0.94. The changes will allow the development to be feasible.

Good Cause for Change:
The amendment request does not reduce the number of LI Units that will be provided and will only lead to a reduction of the number of Market Rate Units. Without approval of this change, the development will struggle to remain feasible in the current equity market.

Not Reasonably Foreseeable
The changes made could not have been preventable as the Developer relied on the financial assumptions provided a year ago and they did not foresee an impact then.

This amendment is being submitted 45 days prior to the July 27th meeting and we are requesting that it be brought up for approval at the July meeting.

Enclosed is a check in the amount of $2,500 representing the change request fee. Thank you for your consideration of our request and please do not hesitate to contact me should you need further information.

Thank you,

Kit Sarai

Kit Sarai
(512) 638-0682
kit@sarahandersonconsulting.com

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

116 UNITS

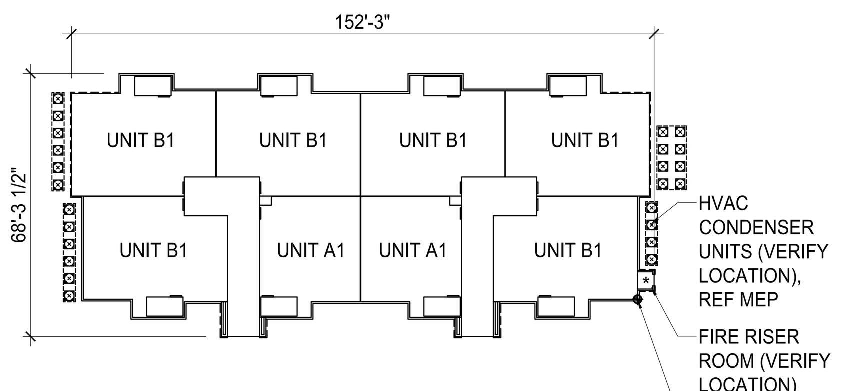
SHEET INDEX

VICINITY MAP

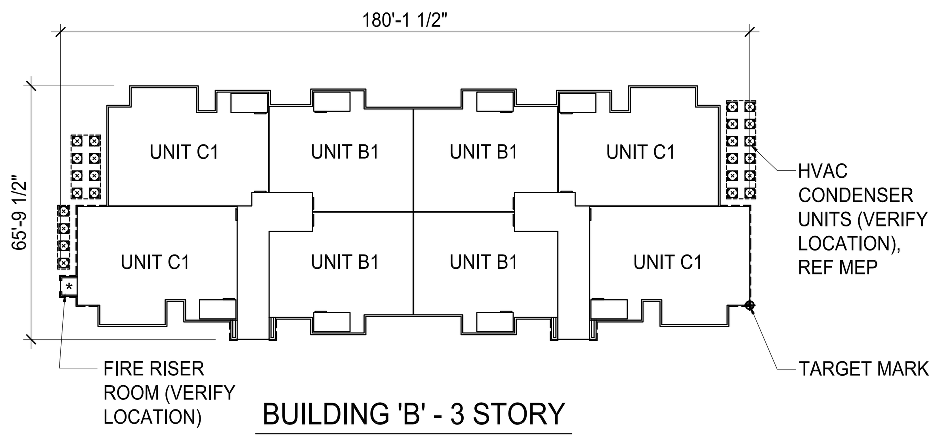
Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

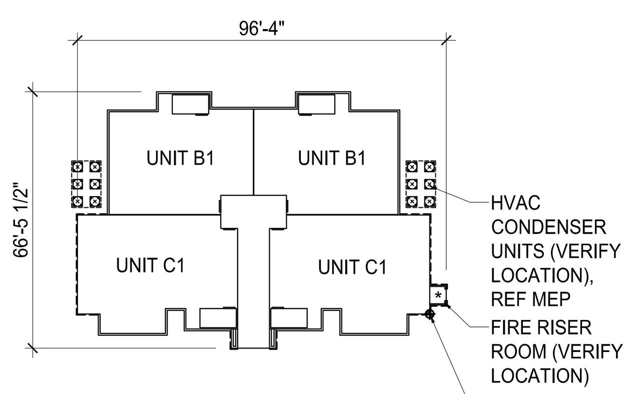
A0.0
COVER



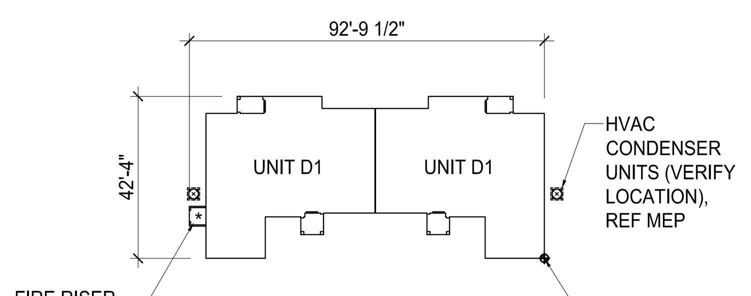
BUILDING 'A' - 3 STORY



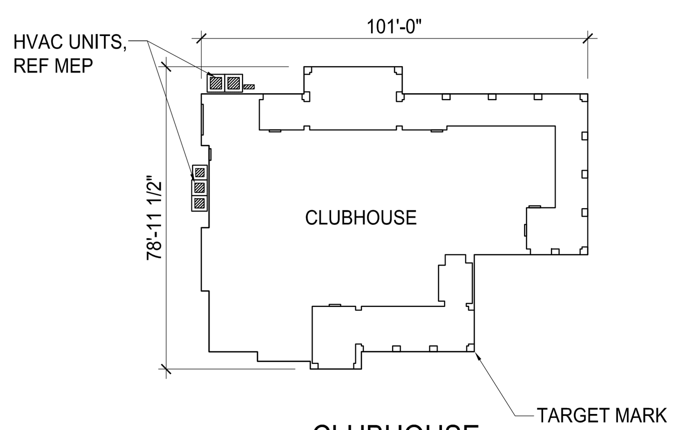
BUILDING 'B' - 3 STORY



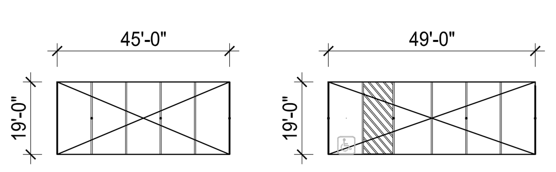
BUILDING 'C' - 3 STORY



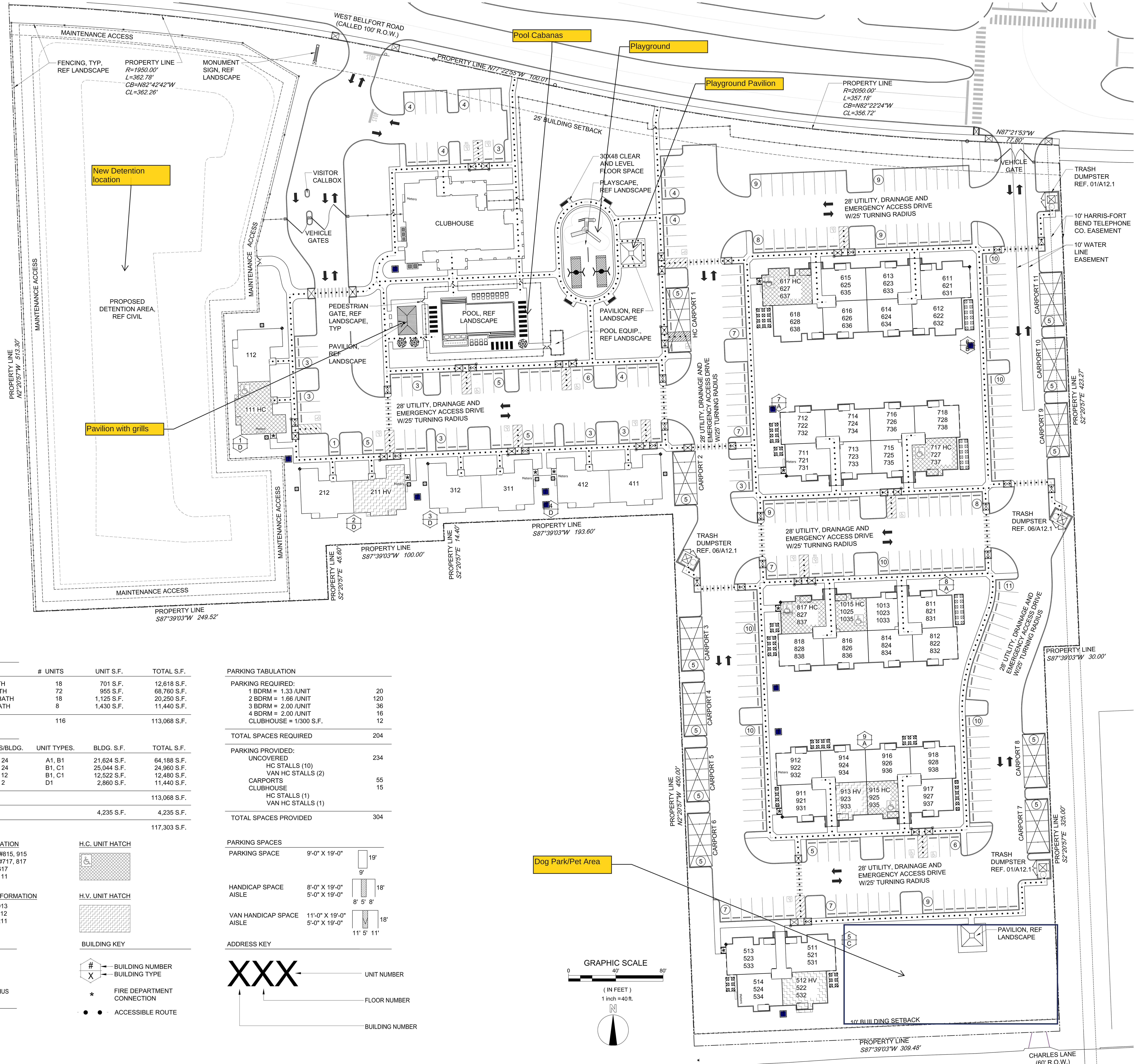
BUILDING 'D' - 1 STORY



CLUBHOUSE



CARPORT HC CARPORT



UNIT TABULATION

UNIT TYPE	# UNITS	UNIT S.F.	TOTAL S.F.
A1 - ONE BEDROOM, ONE BATH	18	701 S.F.	12,618 S.F.
B1 - TWO BEDROOM, TWO BATH	72	955 S.F.	68,760 S.F.
C1 - THREE BEDROOM, TWO BATH	18	1,125 S.F.	20,250 S.F.
D1 - FOUR BEDROOM, TWO BATH	8	1,430 S.F.	11,440 S.F.
TOTAL	116		113,068 S.F.

BUILDING TABULATION

TYPE	# BLDGS	UNITS/BLDG.	UNIT TYPES.	BLDG. S.F.	TOTAL S.F.
A	3	24	A1, B1	21,624 S.F.	64,188 S.F.
B	1	24	B1, C1	25,044 S.F.	24,960 S.F.
C	1	12	B1, C1	12,522 S.F.	12,480 S.F.
D	4	2	D1	2,860 S.F.	11,440 S.F.
TOTAL	9				113,068 S.F.
CLUBHOUSE	1			4,235 S.F.	4,235 S.F.
TOTAL W/ CLUBHOUSE					117,303 S.F.

ACCESSIBLE (HC) UNIT INFORMATION

A1-HC UNIT @ BLDG #8,9, UNIT #815, 915
B1-HC UNIT @ BLDG #7,8, UNIT #717, 817
C1-HC UNIT @ BLDG #6, UNIT #617
D1-HC UNIT @ BLDG #1, UNIT #111

H.C. UNIT HATCH

HEARING & VISUAL (HV) UNIT INFORMATION

A1-HV UNIT @ BLDG #9, UNIT #913
B1-HV UNIT @ BLDG #5, UNIT #512
D1-HV UNIT @ BLDG #2, UNIT #211

H.V. UNIT HATCH

SITE DATA

11.2711 ACRES
12.77 UNITS PER ACRE
NO KNOWN FLOOD PLAIN
KNOWN EASEMENTS SHOWN
DETENTION TO BE OFF SITE
28' FIRE LANE WITH 20' TURN RADIUS

SITE AMENITIES

- PERIMETER FENCING
- CONTROLLED ACCESS GATE
- CLUBHOUSE
- POOL
- PICNIC AREAS W/ GRILLS
- PLAYGROUND

BUILDING KEY

\# X — BUILDING NUMBER / BUILDING TYPE
* FIRE DEPARTMENT CONNECTION
• • ACCESSIBLE ROUTE

PARKING TABULATION

PARKING REQUIRED:	
1 BDRM = 1.33 /UNIT	20
2 BDRM = 1.66 /UNIT	120
3 BDRM = 2.00 /UNIT	36
4 BDRM = 2.00 /UNIT	16
CLUBHOUSE = 1/300 S.F.	12
TOTAL SPACES REQUIRED	204
PARKING PROVIDED:	
UNCOVERED	234
HC STALLS (10)	
VAN HC STALLS (2)	
CARPORTS	55
CLUBHOUSE	15
HC STALLS (1)	
VAN HC STALLS (1)	
TOTAL SPACES PROVIDED	304

PARKING SPACES

PARKING SPACE	9'-0" X 19'-0"	9' × 19'
HANDICAP SPACE AISLE	8'-0" X 19'-0" 5'-0" X 19'-0"	8' 5' 8' × 18'
VAN HANDICAP SPACE AISLE	11'-0" X 19'-0" 5'-0" X 19'-0"	11' 5' 11' × 18'

ADDRESS KEY

XXX — UNIT NUMBER / FLOOR NUMBER / BUILDING NUMBER

GRAPHIC SCALE

0 40' 80'
(IN FEET)
1 inch = 40 ft.

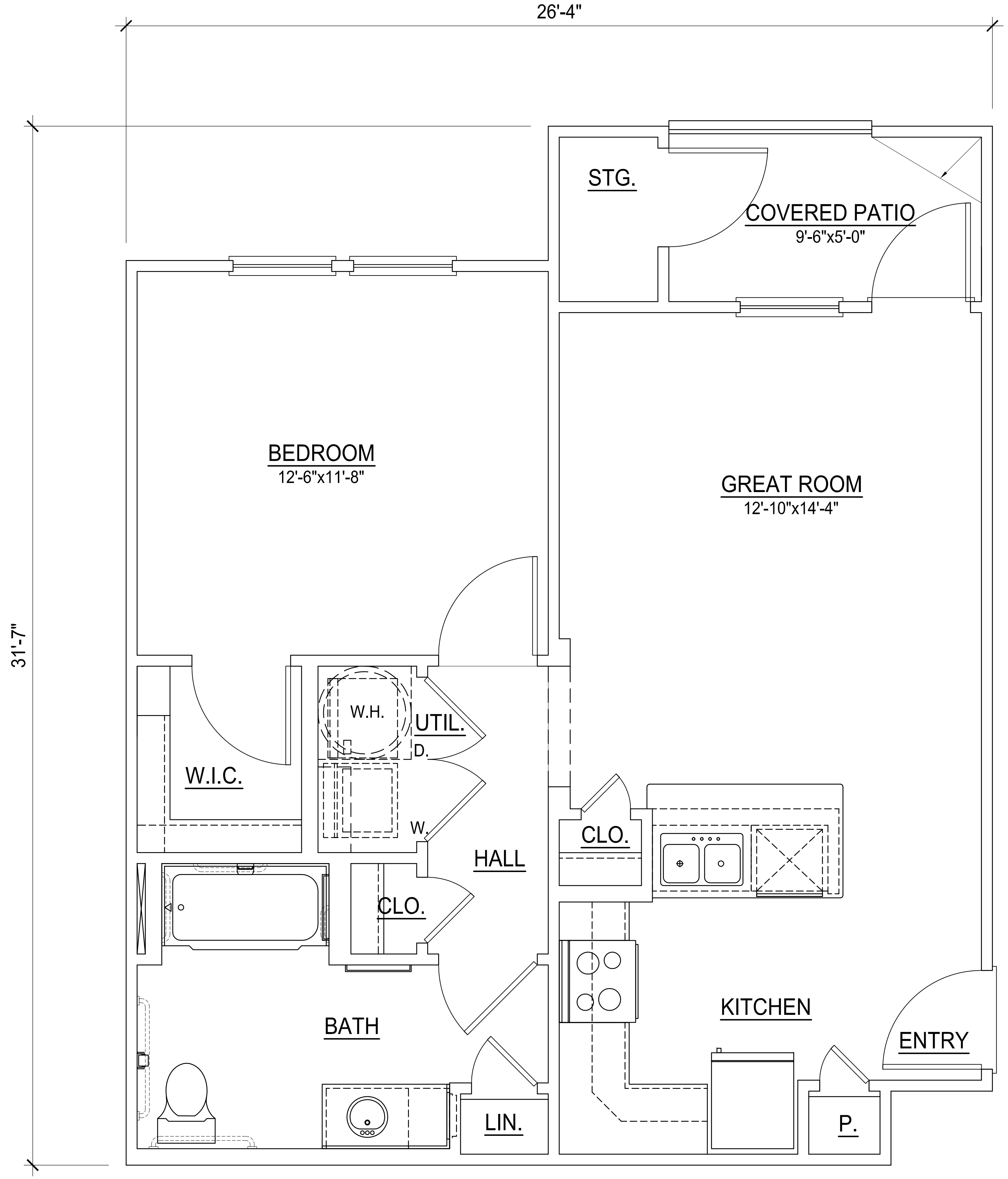
01 SITE PLAN
SCALE: 1" = 40'

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A1.0

SITE PLAN



A1 ONE BEDROOM, ONE BATH 701 S.F.

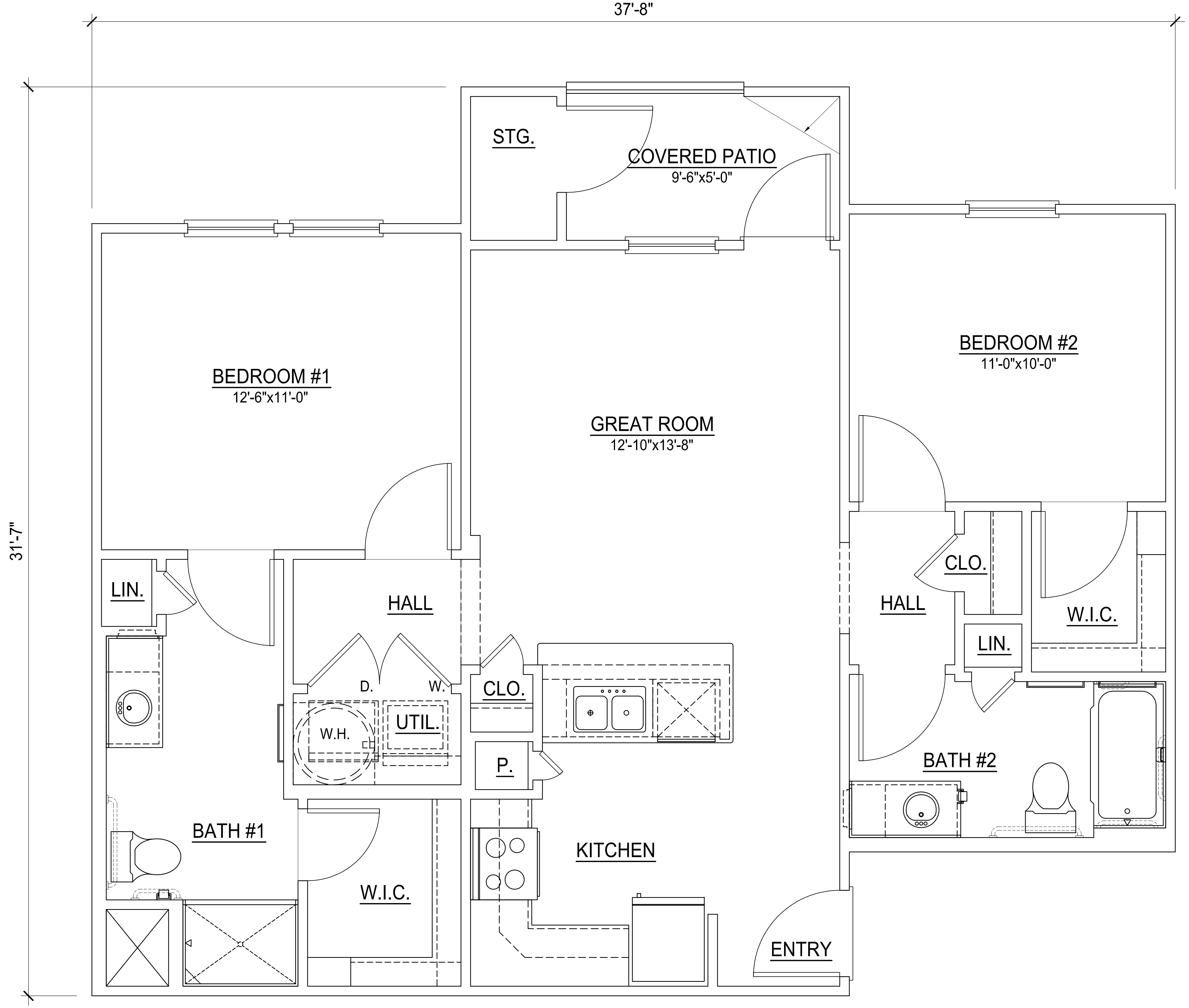
SCALE 1/4" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A2.0

A1 UNIT



B1 TWO BEDROOM, TWO BATH 955 S.F.

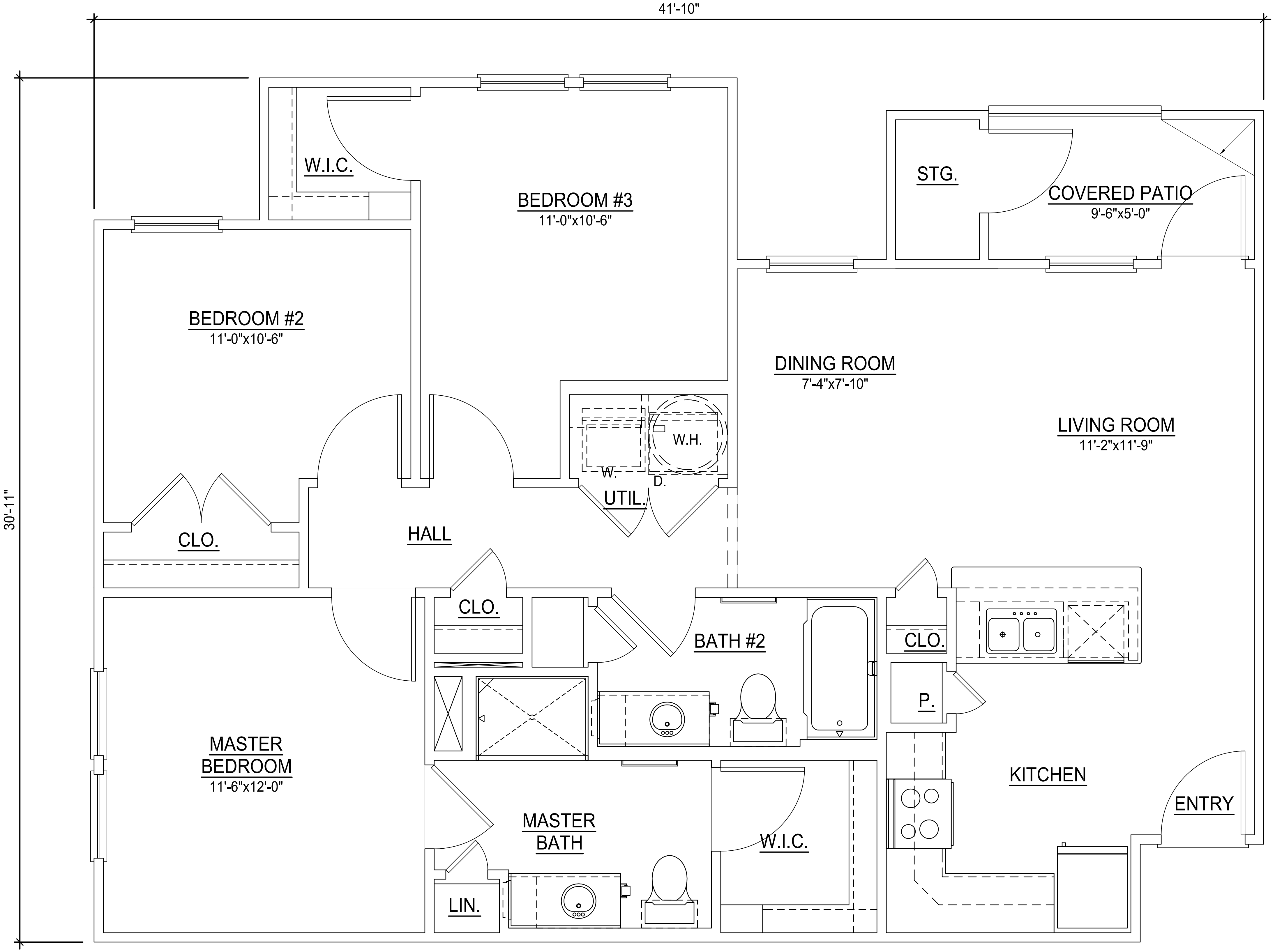
SCALE 1/4" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A2.1

B1 UNIT



C1 THREE BEDROOM, TWO BATH 1,125 S.F.

SCALE 1/4" = 1' - 0"

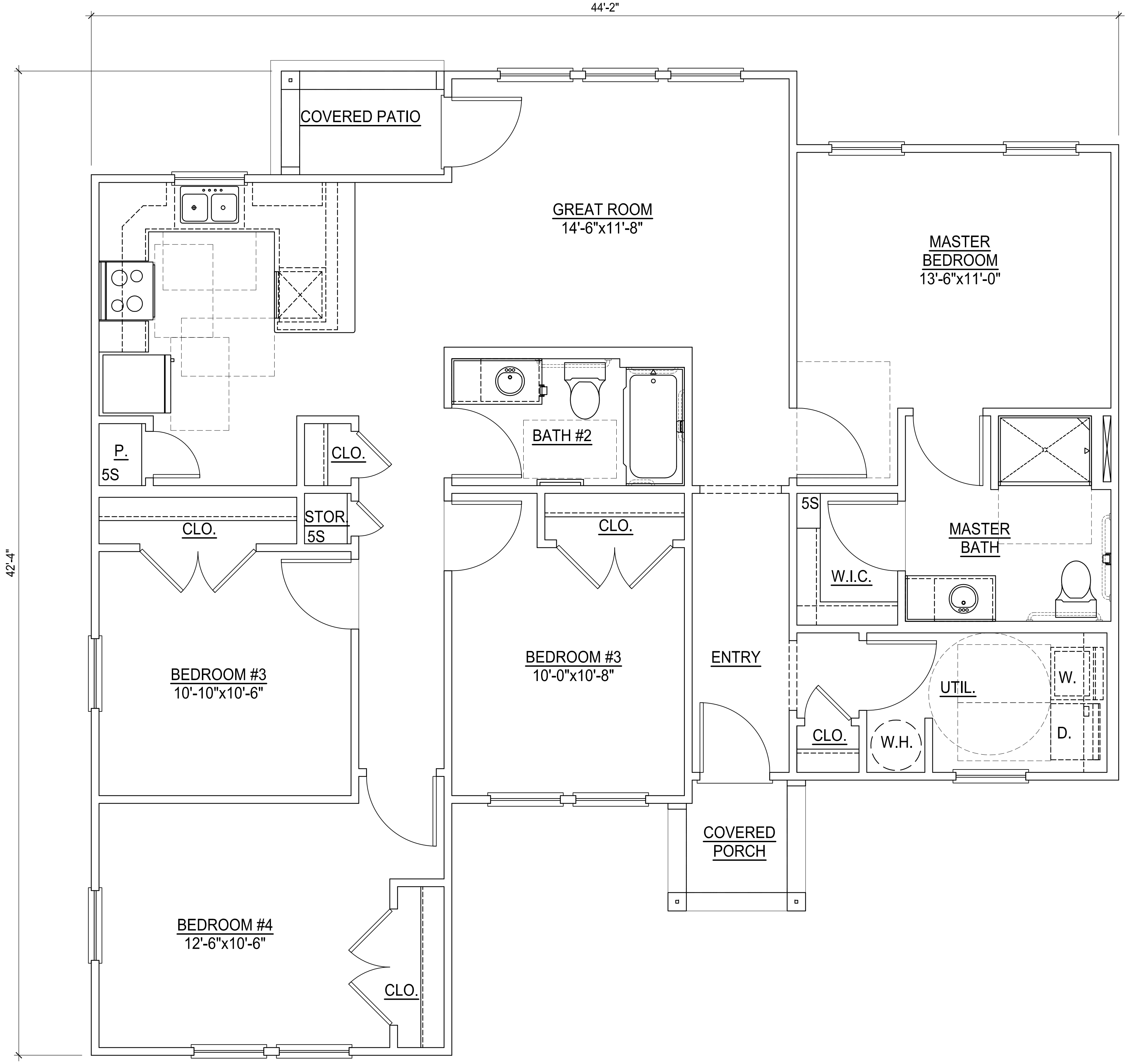
Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A2.2

C1 UNIT

Cross architects



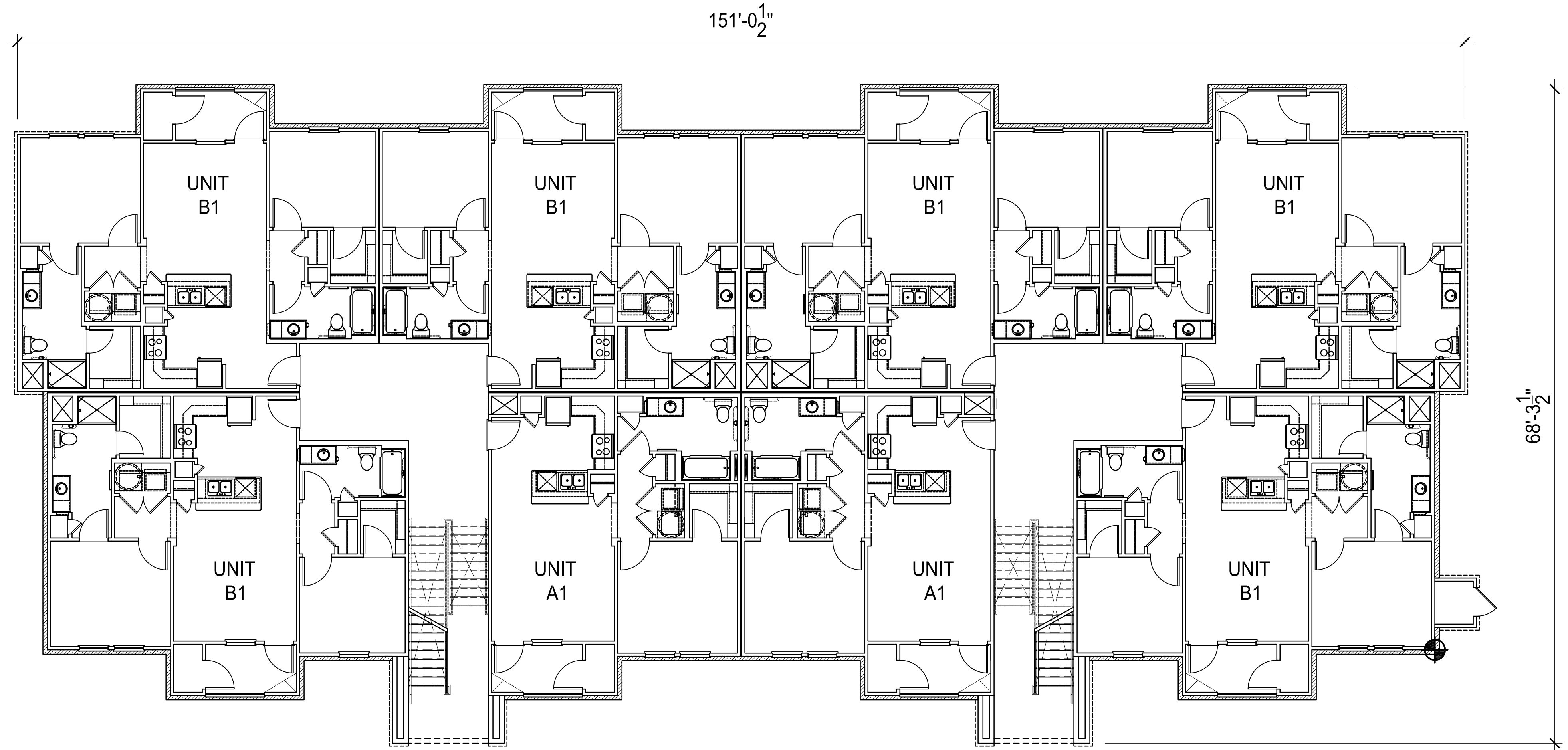
D1 FOUR BEDROOM, TWO BATH 1,430 S.F.

SCALE 3/16" = 1' - 0"

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A2.3

D1 UNIT



NON-A.C. SQ. FT.

BALCONIES, BREEZEWAYS & CORRIDORS - FIRST FLOOR	1,500 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - SECOND FLOOR	1,340 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - THIRD FLOOR	1,340 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - TOTAL	4,180 SQ. FT.

BUILDING TYPE 'A' FIRST FLOOR PLAN

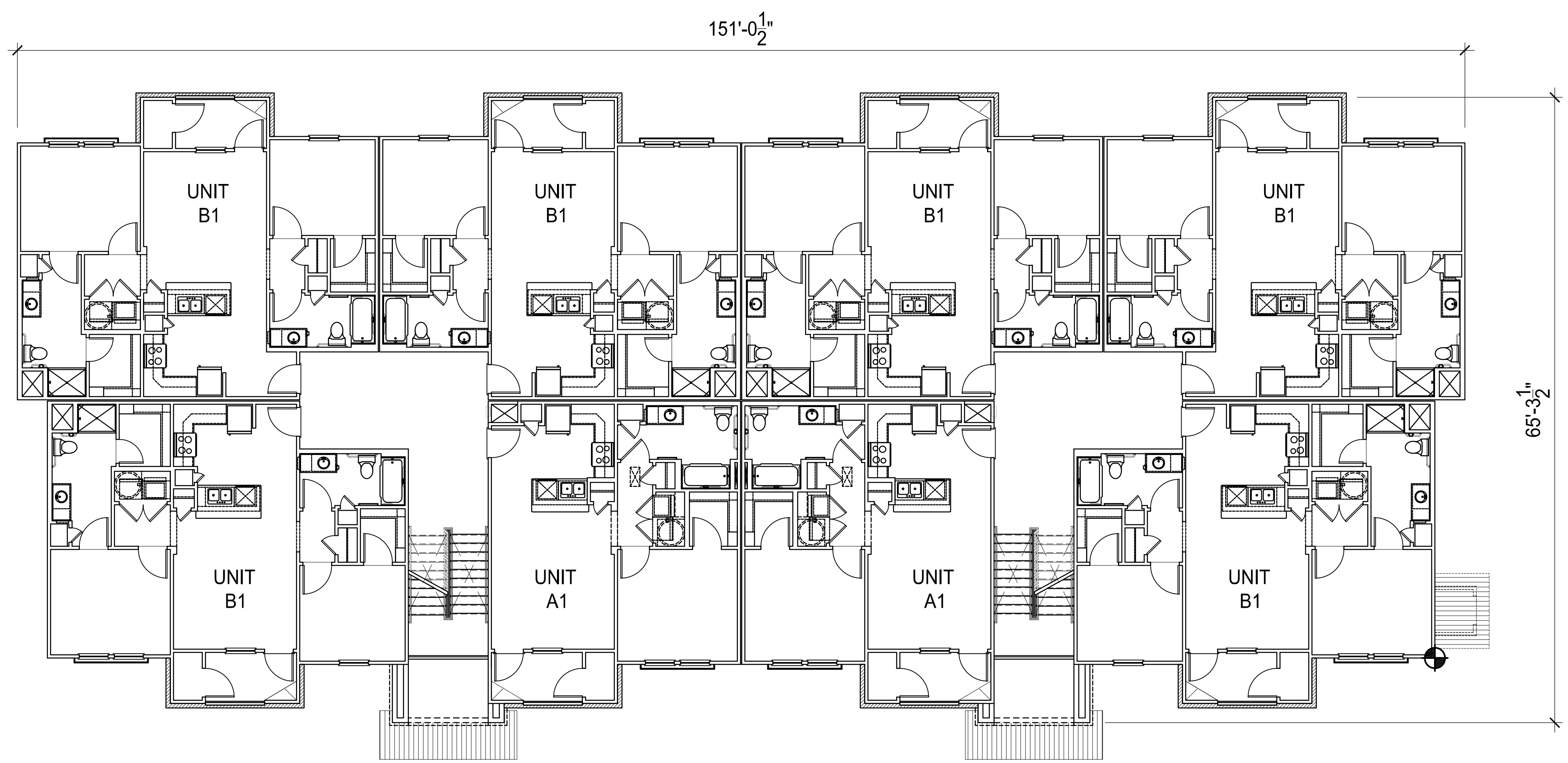
SCALE 1/16" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A3.0

BLDG. 'A'



NON-A.C. SQ. FT.

BALCONIES, BREEZEWAYS & CORRIDORS - FIRST FLOOR	1,500 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - SECOND FLOOR	1,340 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - THIRD FLOOR	1,340 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - TOTAL	4,180 SQ. FT.

BUILDING TYPE 'A' SECOND FLOOR PLAN

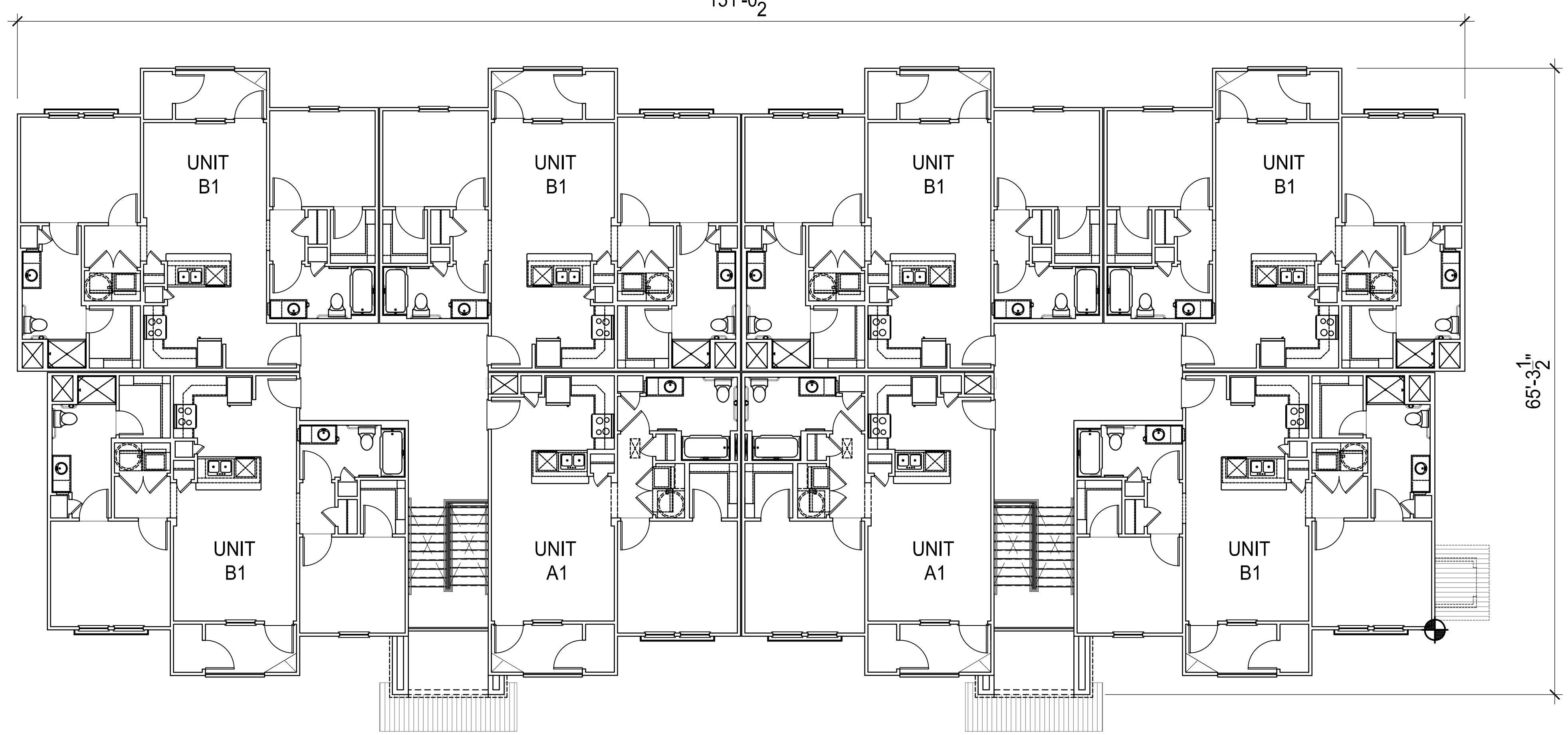
SCALE 1/16" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A3.1

BLDG. 'A'



NON-A.C. SQ. FT.

BALCONIES, BREEZEWAYS & CORRIDORS - FIRST FLOOR	1,500 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - SECOND FLOOR	1,340 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - THIRD FLOOR	1,340 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - TOTAL	4,180 SQ. FT.

BUILDING TYPE 'A' THIRD FLOOR PLAN

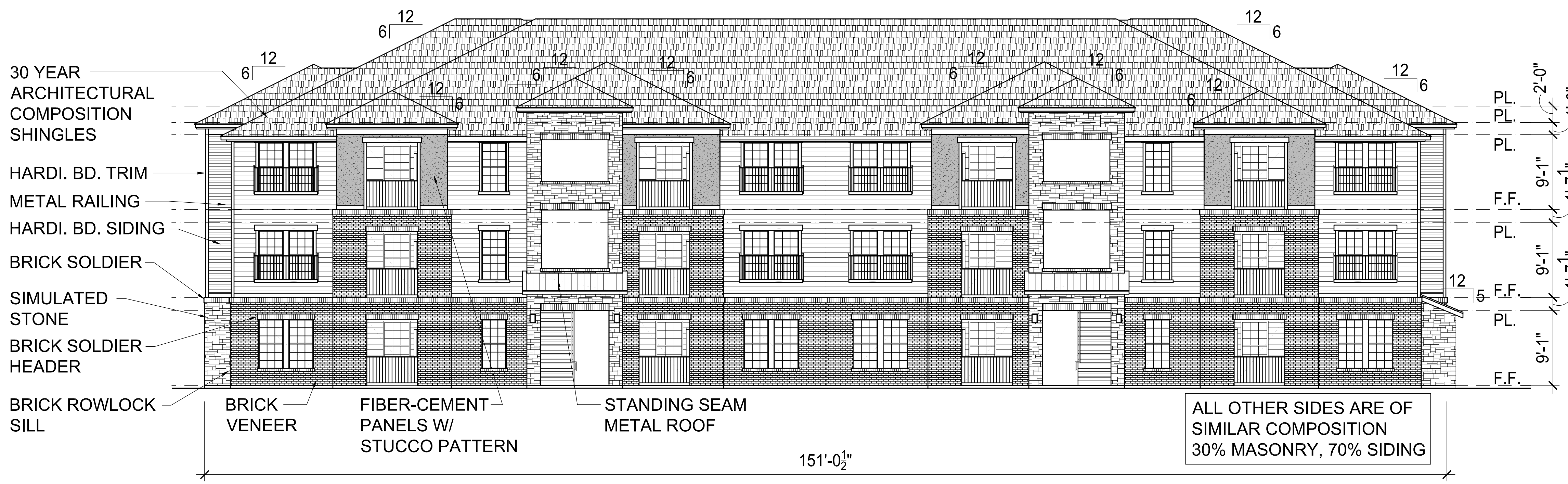
SCALE 1/16" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A3.2

BLDG. 'A'



BUILDING TYPE 'A' FRONT ELEVATION

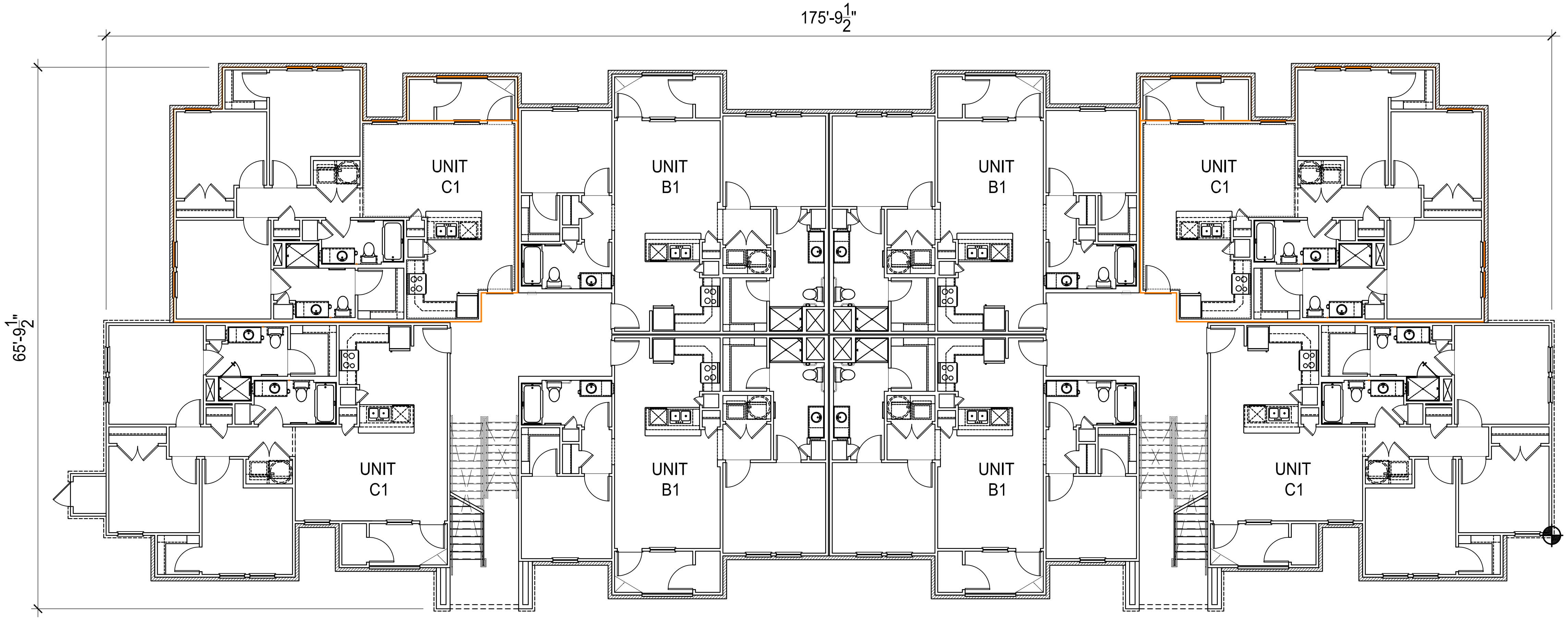
SCALE 1/16" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A3.3

BLDG. 'A'



NON-A.C. SQ. FT.

BALCONIES, BREEZEWAYS & CORRIDORS - FIRST FLOOR	1,418 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - SECOND FLOOR	1,258 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - THIRD FLOOR	1,258 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - TOTAL	3,997 SQ. FT.

BUILDING TYPE 'B' FIRST FLOOR PLAN

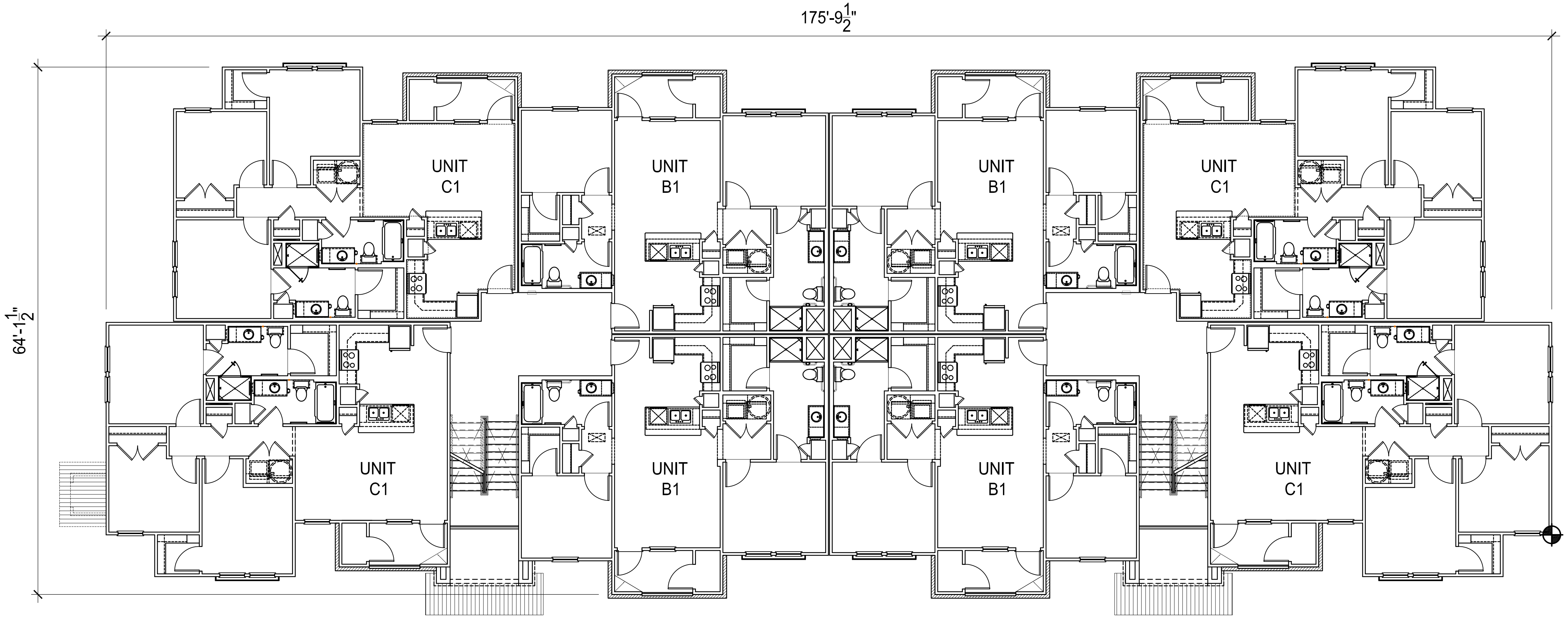
SCALE 1/16" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A4.0

BLDG. 'B'



NON-A.C. SQ. FT.

BALCONIES, BREEZEWAYS & CORRIDORS - FIRST FLOOR	1,418 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - SECOND FLOOR	1,258 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - THIRD FLOOR	1,258 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - TOTAL	3,997 SQ. FT.

BUILDING TYPE 'B' SECOND FLOOR PLAN

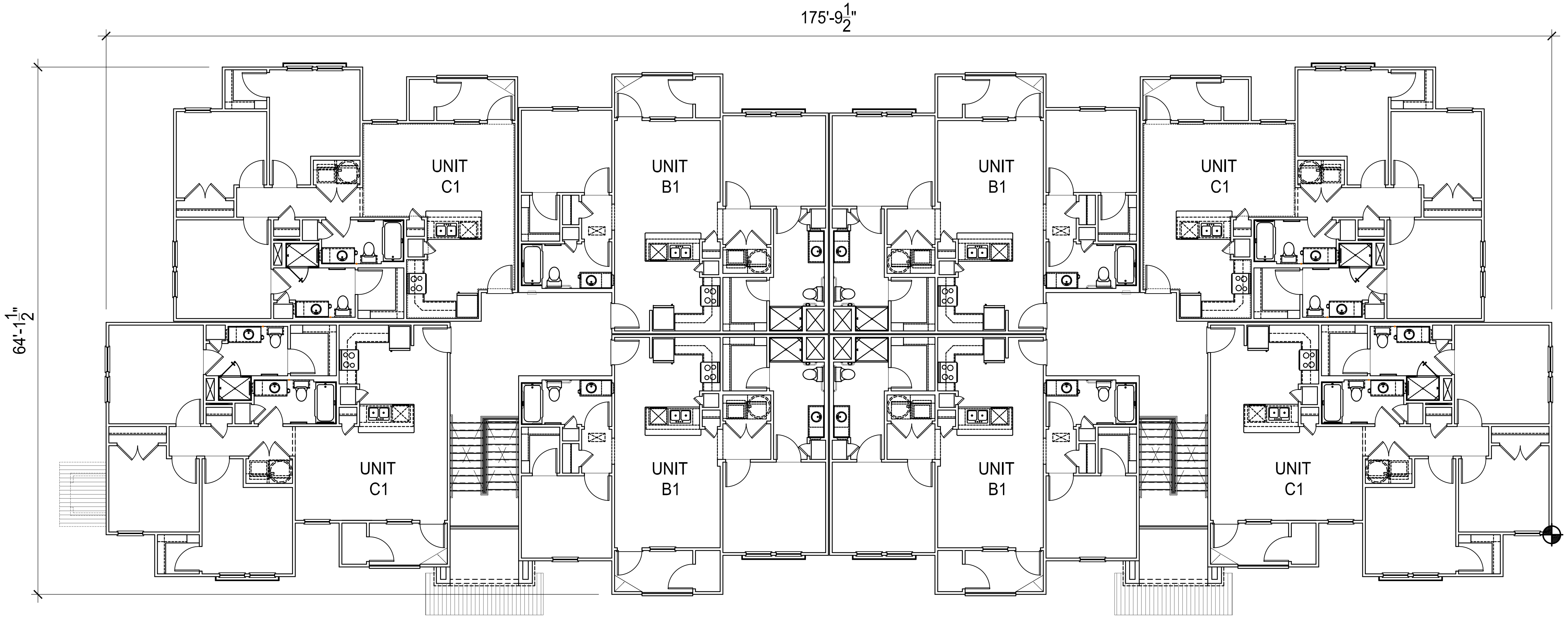
SCALE 1/16" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A4.1

BLDG. 'B'



NON-A.C. SQ. FT.

BALCONIES, BREEZEWAYS & CORRIDORS - FIRST FLOOR	1,418 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - SECOND FLOOR	1,258 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - THIRD FLOOR	1,258 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - TOTAL	3,997 SQ. FT.

BUILDING TYPE 'B' THIRD FLOOR PLAN

SCALE 1/16" = 1' - 0"

Cross architects

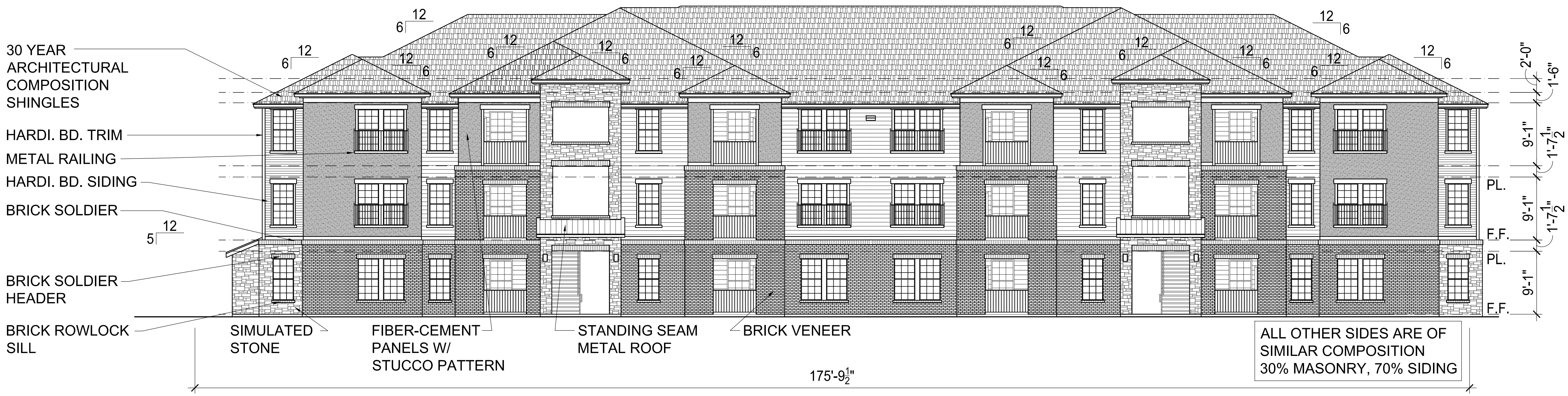
PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A4.2

BLDG. 'B'

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

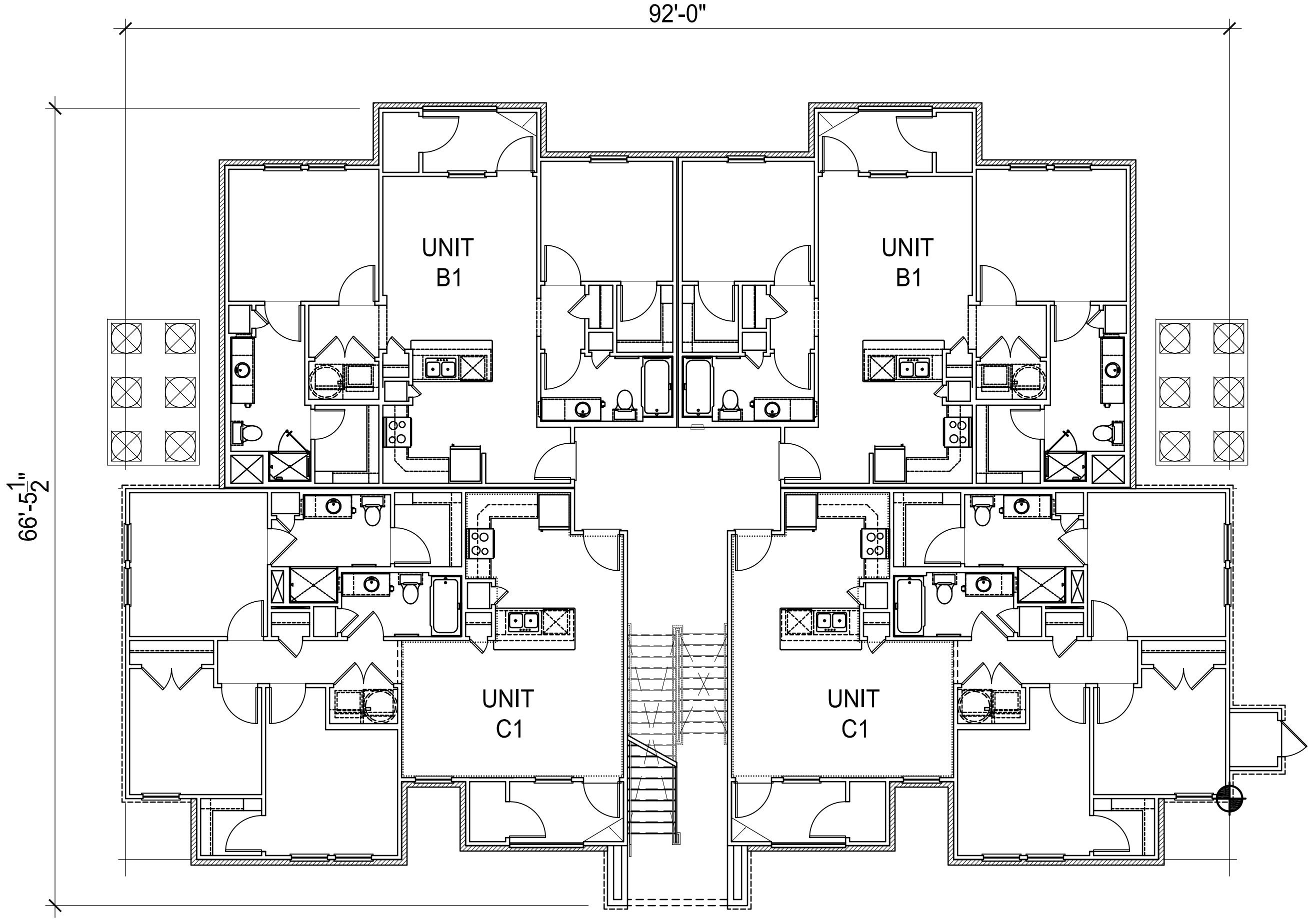


BUILDING TYPE 'B' FRONT ELEVATION

SCALE 1/16" = 1' - 0"

A4.3

BLDG. 'B'



NON-A.C. SQ. FT.

BALCONIES, BREEZEWAYS & CORRIDORS - FIRST FLOOR	697 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - SECOND FLOOR	616 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - THIRD FLOOR	616 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - TOTAL	1,929 SQ. FT.

BUILDING TYPE 'C' FIRST FLOOR PLAN

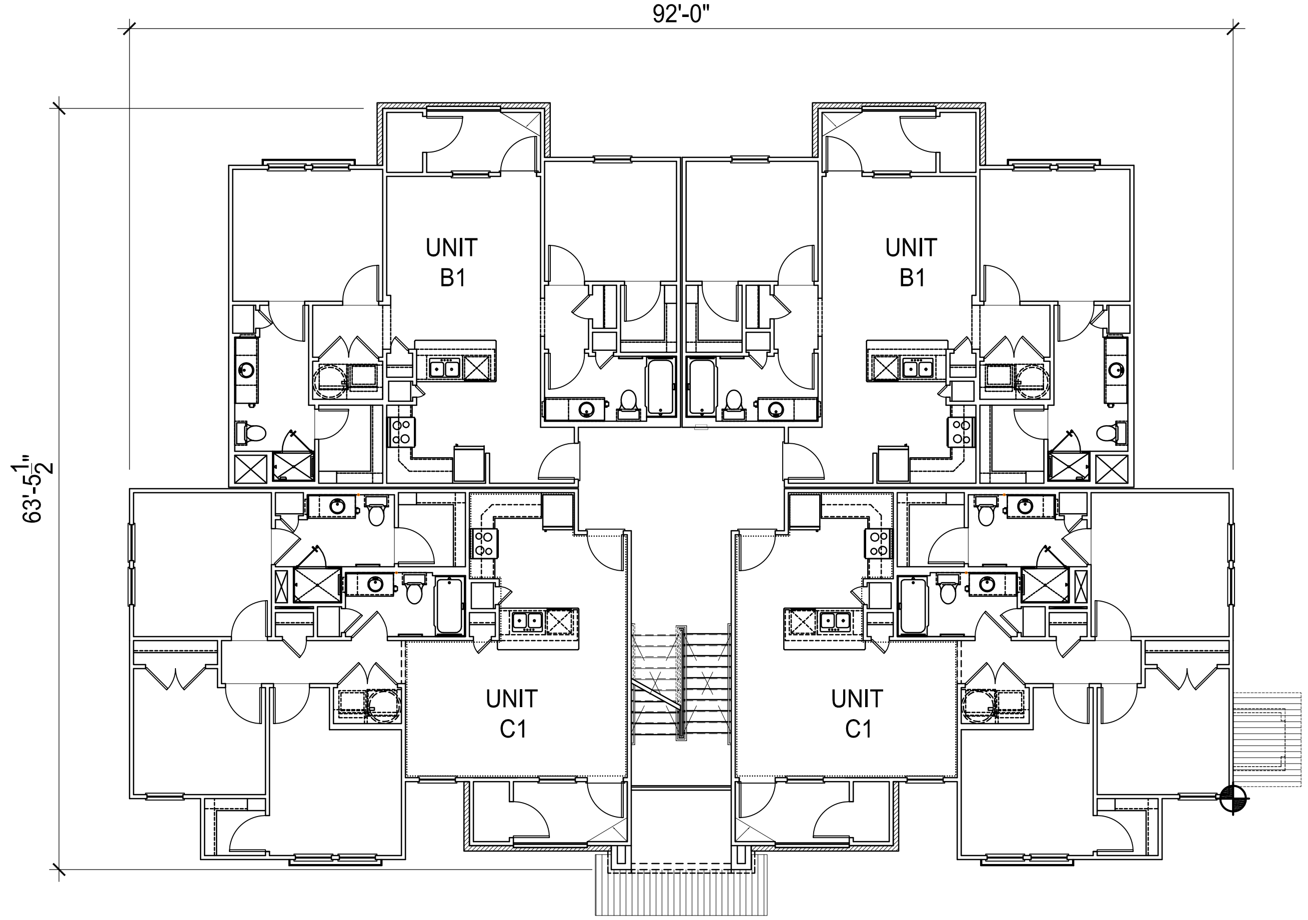
SCALE 1/16" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A5.0

BLDG. 'C'



NON-A.C. SQ. FT.

BALCONIES, BREEZEWAYS & CORRIDORS - FIRST FLOOR	697 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - SECOND FLOOR	616 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - THIRD FLOOR	616 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - TOTAL	1,929 SQ. FT.

BUILDING TYPE 'C' SECOND FLOOR PLAN

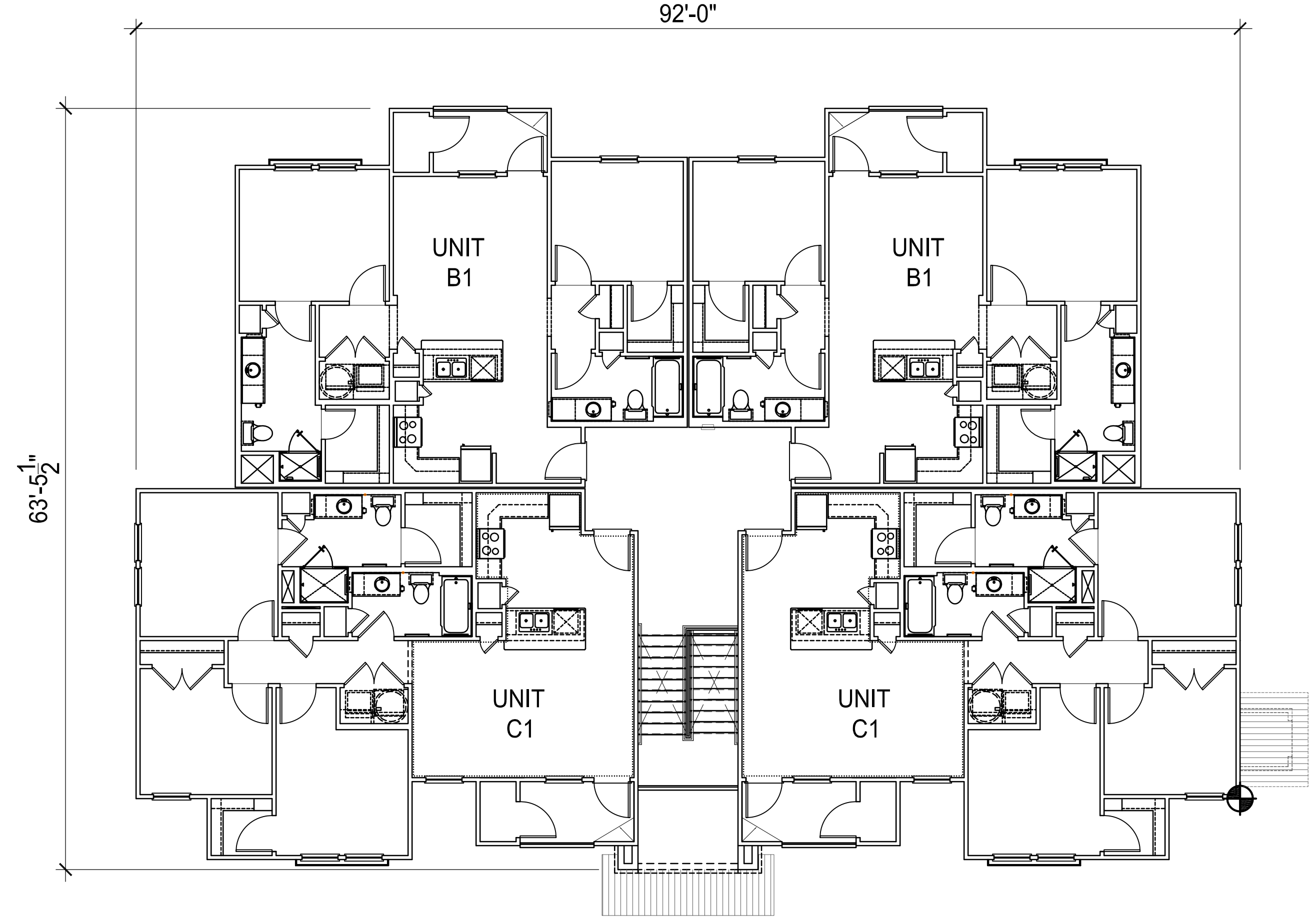
SCALE 1/16" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A5.1

BLDG. 'C'



NON-A.C. SQ. FT.

BALCONIES, BREEZEWAYS & CORRIDORS - FIRST FLOOR	697 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - SECOND FLOOR	616 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - THIRD FLOOR	616 SQ. FT.
BALCONIES, BREEZEWAYS & CORRIDORS - TOTAL	1,929 SQ. FT.

BUILDING TYPE 'C' THIRD FLOOR PLAN

SCALE 1/16" = 1' - 0"

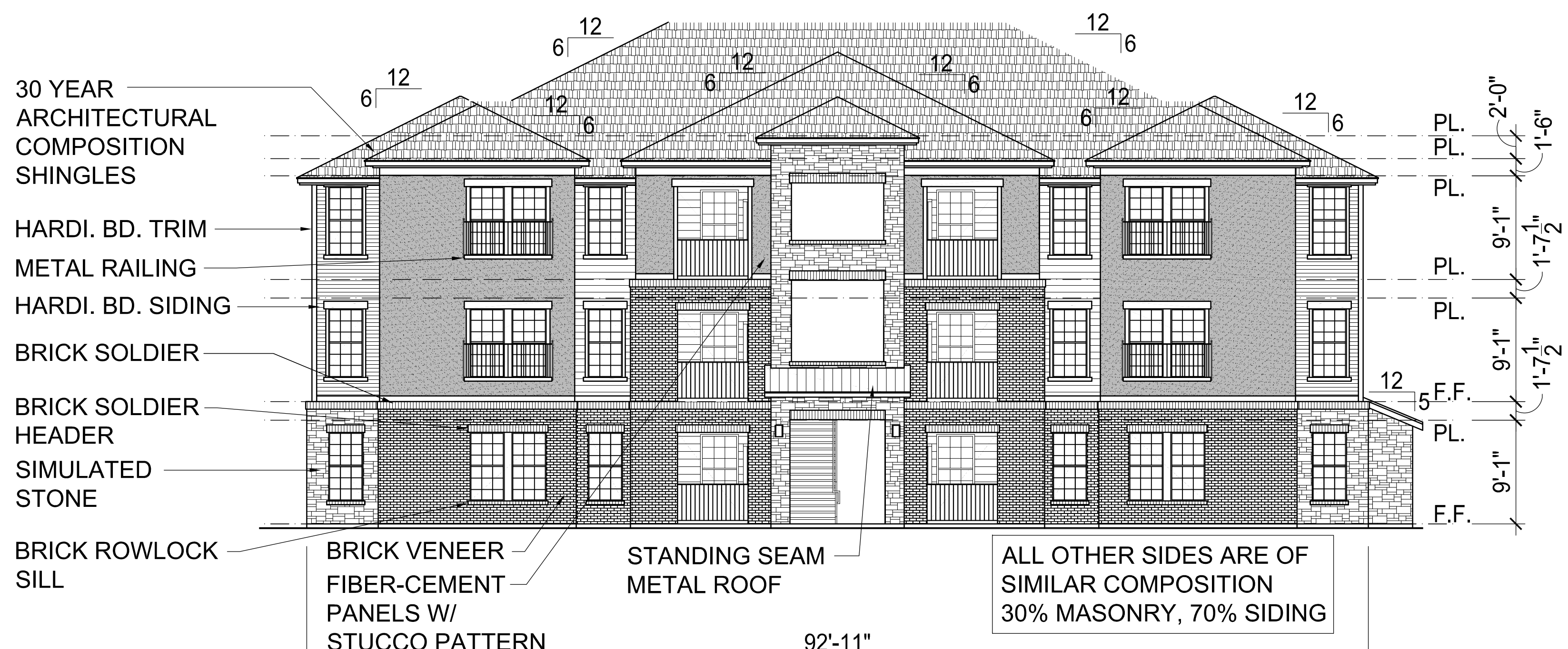
Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A5.2

BLDG. 'C'

Cross architects



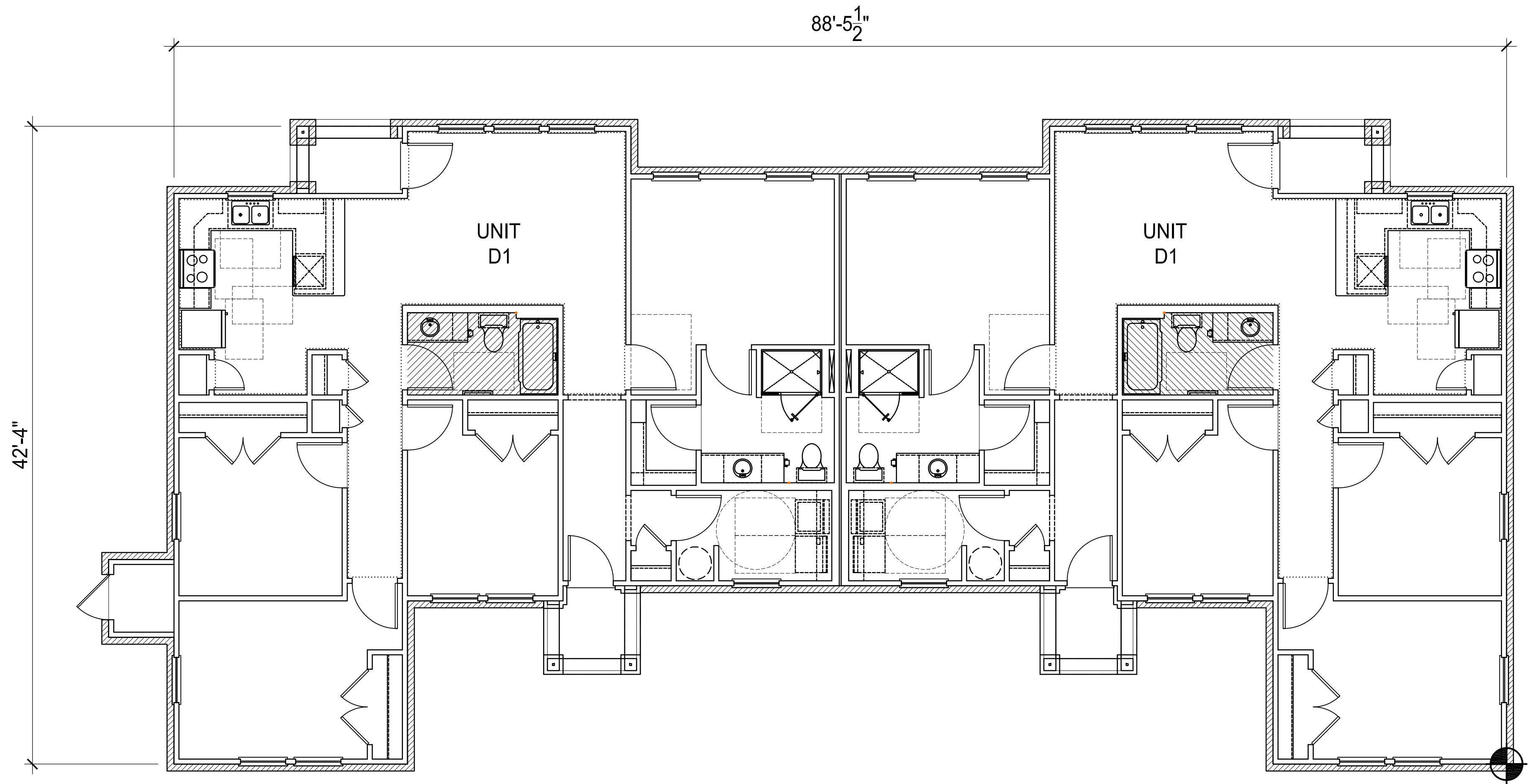
BUILDING TYPE 'C' FRONT ELEVATION

SCALE 1/16" = 1' - 0"

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A5.3

BLDG. 'C'



NON-A.C. SQ. FT.

PORCHES & PATIOS - FIRST FLOOR	127 SQ. FT.
PORCHES & PATIOS - TOTAL	127 SQ. FT.

BUILDING TYPE 'D' FIRST FLOOR PLAN

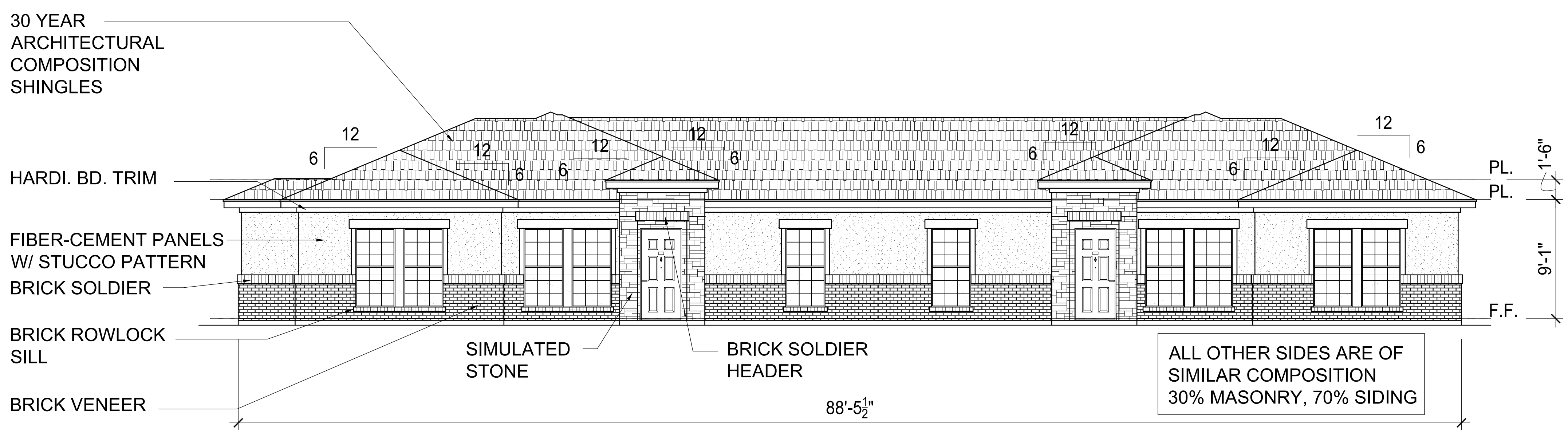
SCALE 3/32" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A6.0

BLDG. 'D'



BUILDING TYPE 'D' FRONT ELEVATION

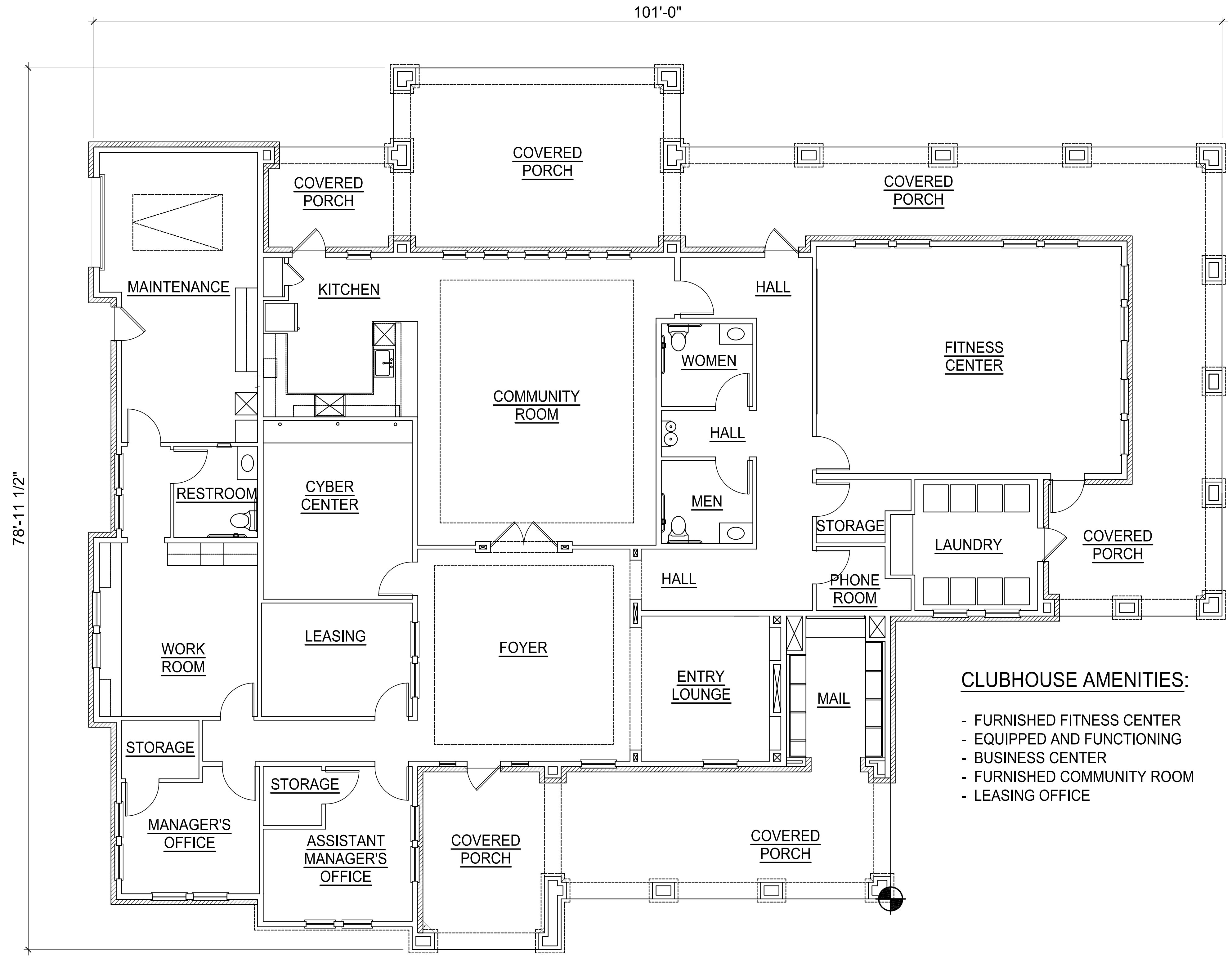
SCALE 1/16" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A6.1

BLDG. 'D'



CLUBHOUSE AMENITIES:

- FURNISHED FITNESS CENTER
- EQUIPPED AND FUNCTIONING
- BUSINESS CENTER
- FURNISHED COMMUNITY ROOM
- LEASING OFFICE

NON-A.C. SQ. FT.-

PORCHES & MAIL TOTAL 2,017 SQ. FT.

CLUBHOUSE FLOOR PLAN 4,235 S.F. A.C.

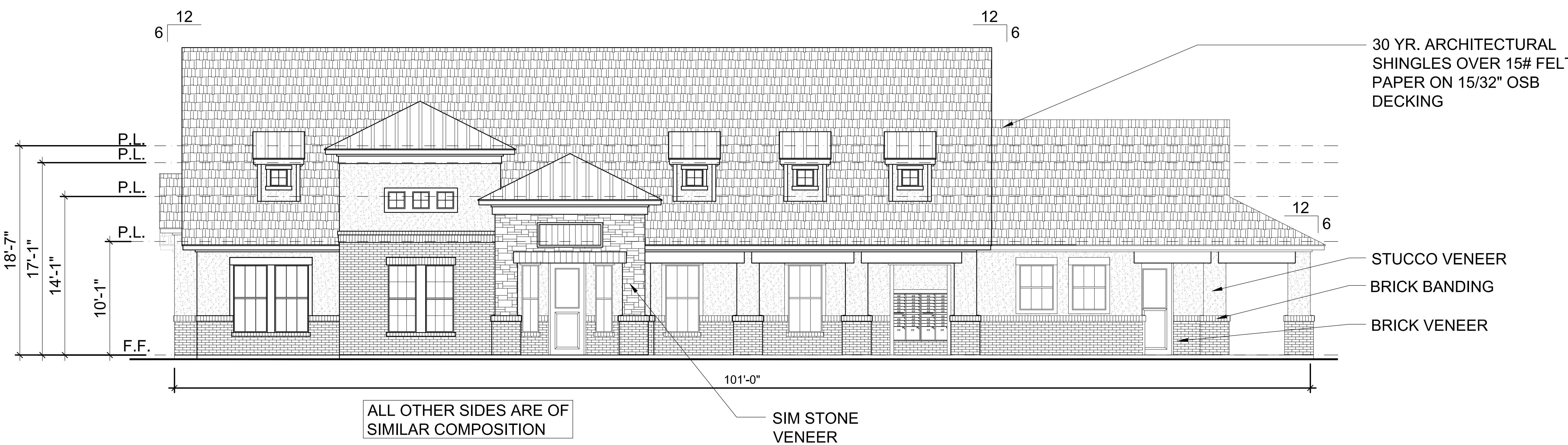
SCALE 3/32" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A7.0

CLUB



CLUBHOUSE FRONT ELEVATION

SCALE 3/32" = 1' - 0"

Cross architects

PROVISION AT WEST BELLFORT
FORT BEND COUNTY, TEXAS

A7.1

CLUB

Rent Schedule

Self Score Total: 122

ate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 30%					7	1	1.0	701	4,907	402	40	362	2,534
TC 50%					6	1	1.0	701	4,206	670	40	630	3,780
TC 60%					1	1	1.0	701	701	804	40	764	764
MR					4	1	1.0	701	2,804			917	3,668
TC 30%					1	2	2.0	955	955	483	52	431	431
TC 50%					30	2	2.0	955	28,650	805	52	753	22,590
TC 60%					28	2	2.0	955	26,740	966	52	914	25,592
MR					13	2	2.0	955	12,415			1097	14,261
TC 30%					1	3	2.0	1125	1,125	558	67	491	491
TC 50%					1	3	2.0	1125	1,125	930	67	863	863
TC 60%					12	3	2.0	1125	13,500	1,116	67	1049	12,588
MR					4	3	2.0	1125	4,500			1259	5,036
TC 30%					1	4	2.0	1430	1,430	622	86	536	536
TC 50%					1	4	2.0	1430	1,430	1,037	86	951	951
TC 60%					5	4	2.0	1430	7,150	1,245	86	1159	5,795
MR					1	4	2.0	1430	1,430			1391	1,391
									0				-
									0				-
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				TOTAL	116				113,068				101,271

Non Rental Income	$0.00	per unit/month for:		
Non Rental Income	20.00	per unit/month for:	*late fees, application fees, pet deposits, retained*	2,320
Non Rental Income	0.00	per unit/month for:	*security deposits, interest income*	
+ TOTAL NONRENTAL INCOM	**$20.00**	per unit/month		2,320
= POTENTIAL GROSS MONTHLY INCOME				103,591
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 7.50%	(7,769)
- Rental Concessions ***(enter as a negative number)***			**Enter as a negative value**	
= EFFECTIVE GROSS MONTHLY INCOME				95,822
x 12 = EFFECTIVE GROSS ANNUAL INCOME				1,149,860

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	11%	9%	10
	TC40%			0
	TC50%	40%	33%	38
	TC60%	49%	40%	46
	HTC LI Total			94
	EO			0
	MR			22
	MR Total			22
	Total Units			116
MORTGAGE REVENUE BOND				
	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
	MR Total			0
	HTF Total			0
HOME	30%			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	HOME LI Total			0
	EO			0
	MR			0
	MR Total			0
	HOME Total			0
OTHER	Total OT Units			0

BEDROOMS	0			0
	1			18
	2			72
	3			18
	4			8
	5			0

ACQUISITION + HARD			
Cost Per Sq Ft	$113.38		
HARD			
Cost Per Sq Ft	$113.38		
BUILDING		Total Points claimed:	
Cost Per Sq Ft	$ 73.97		12

Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.

ANNUAL OPERATING EXPENSES

General & Administrative Expenses					
Accounting		$	12,375		
Advertising		$	7,425		
Legal fees		$	9,281		
Leased equipment		$			
Postage & office supplies		$	4,455		
Telephone		$	4,455		
Other	***travel & internet/cable***	$	5,693		
Other	***training***	$	1,856		
Total General & Administrative Expenses:				$	45,540
Management Fee:	Percent of Effective Gross Income:		4.50%	$	51,742
Payroll, Payroll Tax & Employee Benefits					
Management		$	45,080		
Maintenance		$	41,674		
Other	***taxes & benefits***	$	21,689		
Other	***incentives***		3,606		
Total Payroll, Payroll Tax & Employee Benefits:				$	112,050
Repairs & Maintenance					
Elevator		$			
Exterminating		$	3,446		
Grounds		$	17,228		
Make-ready		$	27,564		
Repairs		$	17,228		
Pool		$			
Other	***fire sprinklers***	$	4,135		
Other	***describe***	$			
Total Repairs & Maintenance:				$	69,600
Utilities (Enter Only Property Paid Expense)					
Electric	***portfolio***	$	15,548		
Natural gas		$			
Trash	***portfolio***	$	7,632		
Water/Sewer	***portfolio***	$	73,876		
Other	***describe***	$			
Other	***describe***	$			
Total Utilities:				$	97,056
Annual Property Insurance:	Rate per net rentable square foot:	$	0.38	$	43,500
Property Taxes:					
Published Capitalization Rate: 10.00%	Source:		Fort Bend		
Annual Property Taxes		$	167,438		
Payments in Lieu of Taxes		$			
Total Property Taxes:				$	167,438
Reserve for Replacements:	Annual reserves per unit:	$	$ 250	$	29,000
Other Expenses					
Cable TV		$			
Supportive Services (Staffing/Contracted Services)		$			
TDHCA Compliance fees		$	3,760		
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$			
Security		$			
Other	***describe***	$			
Other	***describe***	$			
Total Other Expenses:				$	3,760
TOTAL ANNUAL EXPENSES	Expense per unit:	$	5342	$	619,686
	Expense to Income Ratio:		**53.89%**		
NET OPERATING INCOME (before debt service)				$	530,174
Annual Debt Service					
Amegy Bank		$	441,703		
		$			
		$			
		$			
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.20	$	441,703
NET CASH FLOW				$	88,471

15 Year Rental Housing Operating Pro Forma

All Programs Must Complete the following:

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	$1,215,252	$1,239,557	$1,264,348	$1,289,635	$1,315,428	$1,452,339	$1,603,499
Secondary Income	$ 27,840	$ 28,397	$ 28,965	$ 29,544	$ 30,135	$ 33,271	$ 36,734
POTENTIAL GROSS ANNUAL INCOME	$1,243,092	$1,267,954	$1,293,313	$1,319,179	$1,345,563	$1,485,610	$1,640,233
Provision for Vacancy & Collection Loss	($93,232)	($95,097)	($96,998)	($98,938)	($100,917)	($111,421)	($123,018)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$1,149,860	$1,172,857	$1,196,314	$1,220,241	$1,244,646	$1,374,189	$1,517,216
EXPENSES							
General & Administrative Expenses	$45,540	$46,906	$48,313	$49,763	$51,256	$59,419	$68,883
Management Fee	$ 51,742	$ 52,777	$ 53,832	$ 54,909	$ 56,007	$ 61,836	$ 68,272
Payroll, Payroll Tax & Employee Benefits	$ 112,050	$ 115,412	$ 118,874	$ 122,440	$ 126,113	$ 146,200	$ 169,486
Repairs & Maintenance	$ 69,600	$ 71,688	$ 73,839	$ 76,054	$ 78,335	$ 90,812	$ 105,276
Electric & Gas Utilities	$ 15,548	$ 16,015	$ 16,495	$ 16,990	$ 17,500	$ 20,287	$ 23,518
Water, Sewer & Trash Utilities	$ 81,508	$ 83,953	$ 86,471	$ 89,065	$ 91,737	$ 106,349	$ 123,287
Annual Property Insurance Premiums	$ 43,500	$ 44,805	$ 46,149	$ 47,534	$ 48,960	$ 56,758	$ 65,798
Property Tax	$ 167,438	$ 172,461	$ 177,635	$ 182,964	$ 188,453	$ 218,469	$ 253,265
Reserve for Replacements	$ 29,000	$ 29,870	$ 30,766	$ 31,689	$ 32,640	$ 37,838	$ 43,865
Other Expenses	$ 3,760	$ 3,873	$ 3,989	$ 4,109	$ 4,232	$ 4,906	$ 5,687
TOTAL ANNUAL EXPENSES	$619,686	$637,759	$656,364	$675,517	$695,233	$802,875	$927,339
NET OPERATING INCOME	$530,174	$535,098	$539,950	$544,724	$549,412	$571,315	$589,877
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$441,703	$441,703	$441,703	$441,703	$441,703	$441,703	$441,703
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$88,471	$93,395	$98,247	$103,021	$107,709	$129,612	$148,174
CUMULATIVE NET CASH FLOW	$88,471	$181,866	$280,114	$383,134	$490,844	$1,084,146	$1,778,611
Debt Coverage Ratio	1.20	1.21	1.22	1.23	1.24	1.29	1.34
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consisstent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone:

Email:

Signature, Authorized Representative, Construction or Permanent Lender | **Printed Name** | **Date**

15 Year Rental Housing Operating Pro Forma

All Programs Must Complete the following:

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
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Secondary Income	$ 27,840	$ 28,397	$ 28,965	$ 29,544	$ 30,135	$ 33,271	$ 36,734
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Provision for Vacancy & Collection Loss	($93,232)	($95,097)	($96,998)	($98,938)	($100,917)	($111,421)	($123,018)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$1,149,860	$1,172,857	$1,196,314	$1,220,241	$1,244,646	$1,374,189	$1,517,216
EXPENSES							
General & Administrative Expenses	$45,540	$46,906	$48,313	$49,763	$51,256	$59,419	$68,883
Management Fee	$ 51,744	$ 52,779	$ 53,834	$ 54,911	$ 56,009	$ 61,839	$ 68,275
Payroll, Payroll Tax & Employee Benefits	$ 112,050	$ 115,412	$ 118,874	$ 122,440	$ 126,113	$ 146,200	$ 169,486
Repairs & Maintenance	$ 69,600	$ 71,688	$ 73,839	$ 76,054	$ 78,335	$ 90,812	$ 105,276
Electric & Gas Utilities	$ 15,548	$ 16,015	$ 16,495	$ 16,990	$ 17,500	$ 20,287	$ 23,518
Water, Sewer & Trash Utilities	$ 81,508	$ 83,953	$ 86,471	$ 89,065	$ 91,737	$ 106,349	$ 123,287
Annual Property Insurance Premiums	$ 43,500	$ 44,805	$ 46,149	$ 47,534	$ 48,960	$ 56,758	$ 65,798
Property Tax	$ 167,438	$ 172,461	$ 177,635	$ 182,964	$ 188,453	$ 218,469	$ 253,265
Reserve for Replacements	$ 29,000	$ 29,870	$ 30,766	$ 31,689	$ 32,640	$ 37,838	$ 43,865
Other Expenses	$ 3,760	$ 3,873	$ 3,989	$ 4,109	$ 4,232	$ 4,906	$ 5,687
TOTAL ANNUAL EXPENSES	$619,688	$637,761	$656,366	$675,519	$695,235	$802,877	$927,341
NET OPERATING INCOME	$530,172	$535,096	$539,948	$544,722	$549,410	$571,312	$589,875
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$441,703	$441,703	$441,703	$441,703	$441,703	$441,703	$441,703
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$88,469	$93,393	$98,245	$103,019	$107,707	$129,609	$148,172
CUMULATIVE NET CASH FLOW	$88,469	$181,862	$280,107	$383,126	$490,833	$1,084,125	$1,778,577
Debt Coverage Ratio	1.20	1.21	1.22	1.23	1.24	1.29	1.34
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consisstent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone: 281-297-7944

Email: Sara.Hutchinson@amegybank.com

Sara Hutchinson

Signature, Authorized Representative, Construction or Permanent Lender

Sara Hutchinson

Printed Name

6-12-17

Date

Development Cost Schedule

Self Score Total: 122

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the Eligible Basis columns and the Requested Credit calculation below:

	TOTAL DEVELOPMENT SUMMARY			Scratch Paper/Notes
	Total Cost	Eligible Basis (If Applicable) Acquisition	Eligible Basis (If Applicable) New/Rehab.	
ACQUISITION				
Site acquisition cost	2,043,280			
Existing building acquisition cost				
Closing costs & acq. legal fees	65,000			
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$2,108,280	$0	$0	
OFF-SITES[2]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities				
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	$0	$0	$0	
SITE WORK[3]				
Demolition	65,127			
Asbestos Abatement (Demolition Only)				
Detention				
Rough grading	361,159		343,472	
Fine grading	153,937		146,398	
On-site concrete	61,575		58,559	
On-site electrical	119,597		113,740	
On-site paving	359,975		342,346	
On-site utilities	680,873		647,530	
Decorative masonry	20,130		19,144	
Bumper stops, striping & signs	20,130		19,144	
Retaining walls	52,102		49,550	
Subtotal Site Work Cost	$1,894,604	$0	$1,739,884	
SITE AMENITIES				
Landscaping	251,353		251,353	
Pool and decking	146,136		146,136	
Athletic court(s), playground(s)	29,227		29,227	
Fencing	0		0	
Amenity equipment & furniture	87,681		87,681	
Subtotal Site Amenities Cost	$514,397	$0	$514,397	

BUILDING COSTS*:						
Concrete		760,541		760,541		
Masonry		451,628		451,628		
Metals		376,722		376,722		
Woods and Plastics		1,887,663		1,887,663		
Thermal and Moisture Protection		175,633		175,633		
Roof Covering		258,196		258,196		
Doors and Windows		360,766		360,766		
BUILDING COSTS (Continued):						
Finishes		1,009,302		1,009,302		
Specialties		34,290		34,290		
Equipment		457,482		457,482		
Furnishings		54,363		54,363		
Special Construction		0		0		
Conveying Systems (Elevators)		0		0		
Mechanical (HVAC; Plumbing)		1,489,195		1,489,195		
Electrical		904,092		904,092		
Individually itemize costs below:						
Detached Community Facilities/Building		143,605		143,605		
Carports and/or Garages		44,000				
Lead-Based Paint Abatement						
Asbestos Abatement (Rehabilitation Only)						
Structured Parking						
Commercial Space Costs						
Other (specify) - see footnote 1						
Subtotal Building Costs		$8,407,480	$0	$8,363,480		
TOTAL BUILDING COSTS & SITE WORK		$10,816,481	$0	$10,617,761		
(including site amenities)						
Contingency	5.00%	$540,824		540,824		
TOTAL HARD COSTS		$11,357,305	$0	$11,158,585		
OTHER CONSTRUCTION COSTS						
General requirements (<6%)	5.69%	646,349		646,349	5.79%	
Field supervision (within GR limit)				0		
Contractor overhead (<2%)	1.90%	215,450		215,450	1.93%	
G & A Field (within overhead limit)				0		
Contractor profit (<6%)	5.69%	646,349		646,349	5.79%	
TOTAL CONTRACTOR FEES		$1,508,148	$0	$1,508,148		
TOTAL CONSTRUCTION CONTRACT		*$12,865,453*	*$0*	*$12,666,733*		

SOFT COSTS[3]			
Architectural - Design fees	246,160		246,160
Architectural - Supervision fees	69,200		69,200
Engineering fees	62,950		62,950
Real estate attorney/other legal fees			0
Accounting fees	20,000		20,000
Impact Fees	130,000		130,000
Building permits & related costs	150,800		150,800
Appraisal	5,000		5,000
Market analysis	5,000		5,000
Environmental assessment	5,000		5,000
Soils report	10,000		10,000
Survey	30,000		30,000
Marketing	144,400		
Hazard & liability insurance	2,000		2,000
Real property taxes	53,780		53,780
Personal property taxes			0
Other (specify) - see footnote 1			0
Other/Misc inc Builder's Risk & Bond	468,515		468,515
FFE	250,000		250,000
Subtotal Soft Cost	$1,652,806	$0	$1,508,405
FINANCING:			
CONSTRUCTION LOAN(S)[3]			
Interest	558,569		279,284
Loan origination fees	167,000		167,000
Title & recording fees	110,000		110,000
Closing costs & legal fees	52,500		52,500
Inspection fees			
Credit Report			
Discount Points			
Other (specify) - see footnote 1			
Other (specify) - see footnote 1			
PERMANENT LOAN(S)			
Loan origination fees	64,565		
Title & recording fees			
Closing costs & legal	52,500		
Bond premium			
Credit report			
Discount points			
Credit enhancement fees			
Prepaid MIP			
Other (specify) - see footnote 1			
Other (specify) - see footnote 1			
BRIDGE LOAN(S)			
Interest			
Loan origination fees			
Title & recording fees			
Closing costs & legal fees			
Other (specify) - see footnote 1			
Other (specify) - see footnote 1			

OTHER FINANCING COSTS[3]				
Tax credit fees	70,000			
Tax and/or bond counsel	80,000		80,000	
Payment bonds				
Performance bonds				
Credit enhancement fees				
Mortgage insurance premiums				
Cost of underwriting & issuance				
Syndication organizational cost	45,000			
Tax opinion				
Reimbursables	15,000		15,000	
Other (specify) - see footnote 1				
Subtotal Financing Cost	$1,215,134	$0	$703,784	
DEVELOPER FEES[3]				
Housing consultant fees[4]	167,500		167,500	
General & administrative				
Profit or fee	2,094,147		2,064,008	
Subtotal Developer Fees 15.00%	$2,261,647	$0	$2,231,508	15.00%
RESERVES				
Rent-up				
Operating	530,694			
Replacement				
Escrows				
Subtotal Reserves	$530,694	$0	$0	
TOTAL HOUSING DEVELOPMENT COSTS[5]	$20,634,013	$0	$17,110,430	

The following calculations are for HTC Applications only.

Deduct From Basis:			
Federal grants used to finance costs in Eligible Basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units §42(d)(5)			
Historic Credits (residential portion only)			
Total Eligible Basis		$0	$17,110,430
**High Cost Area Adjustment (100% or 130%)			130%
Total Adjusted Basis		$0	$22,243,559
Applicable Fraction			81%
Total Qualified Basis	$18,023,956	$0	$18,023,956
Applicable Percentage[6]			9.00%
Credits Supported by Eligible Basis	$1,622,156	$0	$1,622,156
(May be greater than actual request)			

Name of contact for Cost Estimate: **Dan Rigney**

Phone Number for Contact: **512-992-1913**

Footnotes:

[1] An itemized description of all "other" costs must be included at the end of this exhibit.

[2] All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.

[3] (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.

[4] *(HTC Only)* Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.

[5] *(HTC Only)* Provide **all** costs & Eligible Basis associated with the Development.

[6] (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Mutifamily Rules.

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Financing Participants	Funding Description	Construction Period		Lien Position	Permanent Period					Lien Position
		Loan/Equity Amount	Interest Rate (%)		Loan/Equity Amount	Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	
Debt										
TDHCA	Multifamily Direct Loan (Repayable)	$0	0.00%		$ -	0.00%	30	0		
TDHCA	Multifamily Direct Loan (Deferred Forgivable)	$0	0.00%		$ -	0.00%	0	0		
TDHCA	Mortgage Revenue Bond	$0	0.00%		$ -	0.00%	0	0		
Amegy Bank	Conventional Loan	$16,500,000	3.50%	1st	$ 6,455,494	6.00%	35	15		1st
Third Party Equity										
RBC Capital Markets	HTC $ 1,500,000	$ 2,819,718			$ 14,098,590				0.94	
Grant										
Houston Housing Finance Corp	Local Government Grant				$ 1,000					
Deferred Developer Fee										
					$ 78,929					
Other										
	Total Sources of Funds	$ 19,319,718			$ 20,634,013					
	Total Uses of Funds				$ 20,634,013					

Briefly describe the complete financing plan for the Development, including a discussion of the sources of funds. The information must be consistent with all other documentation in this section. Provide sufficient detail so that the reader can understand all terms related to each source that are not readily apparent above or in the term sheets.

The Development will finance the construction of the project by obtaining a construction loan from Amegy Bank, in the amount of $16,500,000 at a construction period interest rate of 3.50%. RBC Capital Markets will be providing $2,819,718 in equity during the construction period, or 20% of the total anticipated equity. Amegy Bank will also provide a permanent loan in the amount of $6,455,494 at an assumed interest rate of 6.00%, this loan will be amortized over 35 years and have a term of 15 years. In total, RBC Capital Markets is providing $14,098,590 in equity, which equals a equity rate of $0.94 per tax credit dollar. Currently, it is anticipated that $78,929 in developer fee will be deferred. The lender/syndicator has requested $250 per unit in annual replacement reserves and $530,694 in operating reserves. Finally, the Houston Housing Finance Corporation has agreed to provide $1,000 in the form of a Local Government Grant.

AmegyBank

Sara J. Hutchinson
Senior Vice President
4576 Research Forest Drive
The Woodlands, TX 77381

Via: E-Mail

June 12, 2017

Provision at West Bellfort, LP
8000 Maryland Avenue
#910
Clayton, MO 63105
Attn: Jervon Harris

RE: Provision at West Bellfort, Houston, TX – TDHCA #16258

Dear Mr. Harris,

THIS TERM SHEET/LETTER OF INTENT IS FOR DISCUSSION PURPOSES ONLY AND IS NOT AN OFFER OR COMMITMENT TO LEND. THIS TERM SHEET REFLECTS THE BANK'S PRELIMINARY INTEREST IN EXPLORING THE POSSIBILITY OF A CREDIT ARRANGEMENT AND WILL NOT BE BINDING ON THE BANK OR THE ADDRESSEE. The terms proposed herein are subject to revision at ZB, N.A., dba Amegy Bank's discretion. Should ZB, N.A., dba Amegy Bank enter into a credit relationship with the borrower, documents may contain additional or different terms, covenants, and conditions. This term sheet may not be contradicted by evidence or any alleged oral agreement, may not be disclosed, and may not be relied upon for any purpose without ZB, N.A. dba Amegy Bank's prior written consent.

General Information

Borrower:	Provision at West Bellfort, LP, a to be formed single asset entity (the "Borrower").
Property:	A 116 unit multifamily rental housing project to be constructed on land located at 13701 West Bellfort Street, Houston, Fort Bend County, Texas 77478 (the "Property").
Purpose:	To provide a "Mortgage Loan" for construction and permanent financing of a multifamily rental housing property and related facilities and improvements.
Security:	A valid, first lien encumbering the Property along with an assignment of the plans, specs, equity contributions, leases, rents, architect/engineering contracts, construction contracts, licenses, permits, and other agreements.
Recourse:	Full recourse to the Borrower. Provision at West Bellfort GP, LLC, Michael Gardner and Gardner Capital Construction Texas, LLC, (the

"Guarantor") must sign a full unconditional joint and several guaranty at closing.

Upon satisfying the requirements for Amortization Commencement, as outlined in this Term Sheet, the Mortgage Loan will convert to a non-recourse loan and the guaranty shall become limited to certain circumstances occurring, such as fraud, misrepresentation, environmental issues, bankruptcy, etc.

Loan Terms

Loan Amount: The Mortgage Loan will be in an amount equal to the lesser of (a) $16,500,000 or (b) 80% of the Property's appraised value, as completed (including the value of the tax credits), based upon Lender's review of an approved third party appraisal. The Mortgage Loan amount is based upon a total project cost of $20,664,190. The Loan Agreement will require Lender's approval of, among other things, the project budget as a condition to Lender's obligations thereunder.

Permanent Loan Term Amount: The "Permanent Loan Term Amount" is estimated to be $6,455,494. The Permanent Loan Term Amount may not exceed 80% of the Property's appraised value "as stabilized" assuming restricted rents based upon Lender's review of a third party appraisal, with a minimum underwritten debt service coverage ratio of 1.15 to 1 at project completion and stabilization based upon an underwritten interest rate of 6.0% with a 35-year amortization.

Equity Investment: $14,098,590 or such other amount acceptable by Lender, by tax credit investors acceptable to Lender. If at any time during the Loan Term Lender determines that the portion of the Loan Amount not yet advanced is insufficient to complete the remaining construction work due to an increase in the total project cost, Borrower will be required to contribute additional equity equal to the shortage prior to Lender advancing additional loan proceeds.

Equity installments will be used to fund development costs and/or pay down the Mortgage Loan to the Permanent Loan Term Amount.

Other Anticipated Sources of Funds: $1,000 grant from Houston Housing Finance Corporation.

Interest Rate: The Interest Rate on the Mortgage Loan is calculated by adding a base spread of 2.75% to the 30-day LIBOR rate adjusted monthly. (Currently, underwritten at a 3.50% rate)

The Interest Rate on the Permanent Loan Term Amount shall be fixed at a rate equal to the rate on the FHLB CIP 20 Year Term/30 Year Amortization Rate plus 2.90%, which shall be set at closing. (Currently, underwritten at a 6.0% rate.)

Loan Term: The term for the Mortgage Loan will be 20 years. (24 months construction period and 18 years permanent period).

Loan Payments:	Monthly payments for the Mortgage Loan will be interest only for the first 24 months, thereafter converting to principal and interest payments based upon a 35-year amortization period.
Amortization Commencement:	"Amortization Commencement" is the date that the Mortgage Loan begins amortization which occurs after (1) completion of the Project, (2) principal balance of the Mortgage Loan reduced to the Permanent Loan Term Amount, (3) Project occupancy of 90% for 90 days, (4) operating performance at a debt coverage ratio of no less than a 1.15 to 1 for 90 days and (5) satisfaction of the limited partnership requirements. Amortization Commencement is not to occur later than 24 months from loan closing. The debt coverage ratio calculation will include principal, interest, operating expenses, any and all taxes payable, insurance and replacement reserves, and use the actual rate locked at closing and a 35-year amortization.
Construction Completion:	Project construction must be completed within 15 months of loan closing.
Construction Contract:	Gardner Capital Construction Texas, LLC will be the Contractor for the project. The construction contract must be for a fixed cost consistent with the budget approved by Lender. Any lien rights of the Contractor shall be subordinate to liens of the Lender. No bonding or letter of credit will be required.
Advances:	Project costs will first be funded from the equity deposited with Lender (as it is funded), second from the Houston Housing Finance Corp. grant and thirdly the proceeds of the Mortgage Loan. None of the proceeds of the Mortgage Loan will be made available to Borrower unless and until the entire amount of the first equity payment has been deposited with Lender and disbursed to Borrower in accordance with the terms of the Loan Agreement. Construction draws can be submitted for consideration by Lender on monthly basis. All advances are subject to the terms of the Loan Agreement and other loan documents which use percentage of completion with a 10% retainage (except for materials) for determining each advance.
Developer Fees & Overhead:	Developer fees and overhead may be paid based on a mutually agreed upon schedule between the Lender and the tax credit investors.
Inspections:	An independent inspection firm will verify draw requests involving hard construction costs. The cost of the inspections will be paid for by the Borrower. Any testing reports that the Borrower receives during construction should be forwarded to Lender so these reports can be provided to Lender's inspecting engineer.
Prepayment:	The Mortgage Loan may be prepaid at any time subject to a "Prepayment Penalty", which shall be based on the following: 1st - 5th Year of Mortgage Loan – 1% 6th Year of Mortgage Loan and thereafter– 0%.

Notwithstanding the foregoing, the Mortgage Loan balance may be reduced by up to 10%, without penalty, at time of Amortization Commencement.

Funds and Accounts

Tax and Insurance Escrow: An escrow account will be required for real estate taxes, assessments and insurance premiums commencing the month following conversion.

Capital Improvement Reserve: The Lender will establish a designated escrow account for the Capital Improvements Reserve. Borrower shall make monthly deposits to said account in the amount of $2,417 per month for replacement items commencing the month following conversion.

Reserves: An Operating Reserve must be included in the development budget equal to $530,694 for future operating deficits after Amortization Commencement.

Deposits and Fees

Expense Deposit: An Expense Deposit is not required. However, Borrower agrees to pay for any Lender ordered third party reports, such as the appraisal.

Origination Fee: Borrower agrees to pay to Lender non-refundable "Origination Fees" in an amount equal to 1% of the Mortgage Loan amount and 1% of the Permanent Loan Amount at closing.

Legal Fees: Borrower agrees to pay Lender's legal fees incurred in connection with the preparation and negotiation of the loan documents.

Broker Fees: It is Lender's understanding that no mortgage broker is involved in this transaction. No broker's fees will be paid by Lender or from any fees due Lender.

This term sheet is provided as an outline of terms only and is not to be considered a commitment by Lender to lend at a contract rate of interest. Any commitment by Lender is subject to further due diligence, including but not limited, to the following:

- The receipt, review and acceptance of an appraisal to be commissioned by Lender,
- The receipt, review and acceptance of an environmental report for the project,
- Verification of the source of the Equity Investment,
- Evidence of permissive zoning, adequacy of parking, and flood zone determination,
- a review of the apartment market in Houston, Fort Bend County, Texas,
- Acceptability of the financial condition, credit worthiness and references of the Borrower and each Guarantor with no material change in the information prior to closing, and
- Review and final approval by the loan committee of Lender.

Please contact **Sara Hutchinson** before **August 31, 2017** for consideration by Lender of final credit approval of an extension of credit or to continue discussions with Lender.

Sincerely,

Sara Hutchinson

Sara Hutchinson

Royal Bank of Canada
Tax Credit Equity Group
4720 Piedmont Row Drive, Suite 240
Charlotte, North Carolina 28210
Telephone: 980-233-6500

June 12, 2017

Provision at West Bellfort, LP
4803 South National, #200
Springfield, MO 65810
Attn: Mark Gardner

Re: ***Provision at West Bellfort***
Houston, TX

Dear Mark:

Thank you for providing us the opportunity to submit a proposal on Provision at West Bellfort (the "Project"). This letter serves as our mutual understanding of the business terms regarding the acquisition of an ownership interests in Gala at Texas Parkway, LP (the "Partnership"). RBC Tax Credit Equity, LLC, its successors and assigns ("RBC") will acquire a 99.99% interest, and RBC Tax Credit Manager II, Inc. ("RBC Manager") will acquire a .01% interest (collectively, the "Interest") in the Partnership.

1. **Project and Parties Involved.**

(a) The Project, located in Houston, Texas will consist of 116 apartment units. Within the Project 94 units will be occupied in compliance with the low-income housing tax credit ("LIHTC") requirements of Section 42 of the Internal Revenue Code and 22 will be market rate.

(b) The parties involved with the Project are as follows:

(i) **General Partner**. The General Partner is Provision at West Bellfrot GP, LLC, a single purpose, taxable entity and affiliate of GCI Development Texas, LLC.

(ii) **Co-Developers**. The co-developers are GCI Development Texas, LLC and SuperUrban Realty Ventures, LLC.

(iii) **Guarantors**. Subject to RBC's review and approval of financial statements, the Guarantors are the General Partner, Developer, Mark Gardner and Gardner Capital Construction Texas, LLC on a joint and several basis.

2. **Purchase Price**. The Interest in the Partnership will be acquired for a total capital contribution of $14,098,590. This capital contribution is based on the Project receiving the tax credits described in Paragraph 3 and represents a price per tax credit dollar of $0.94. The capital contribution, subject to adjustments set forth in Paragraph 5 below, will be payable to the Partnership in installments as set forth on **Exhibit A**.

3. **LIHTC**. The Project has received an allocation of 2016 LIHTC in the amount of $1,500,000 annually. The total LIHTC anticipated to be delivered to the Partnership is $15,000,000. The LIHTC will be available to the Partnership beginning in 2018.

4. **Funding Sources**. The purchase price is based upon the assumption that the Project will receive funding on the terms and conditions listed on **Exhibit B**.

5. **Adjustments**.

(a) Downward Capital Adjustment. The amount of LIHTC to be allocated to RBC during the credit period ("Certified LIHTC") will be determined promptly following receipt of cost certification from the accountant and Form 8609. If the Certified LIHTC is less than Projected LIHTC, RBC's capital contributions will be reduced by an amount (the "Downward Capital Adjustment") equal to the product of (i) $.94 multiplied by (ii) the difference between Projected LIHTC and Certified LIHTC.

(b) Late Delivery Adjustment. The amount of LIHTC allocated to RBC for 2018 will be determined at the time the Project is fully leased. If the amount of the LIHTC allocated to RBC for calendar year 2020 is less than the amounts shown in Paragraph 3, RBC's capital contribution shall be reduced by an amount (the "Late Delivery Adjustment") equal to the difference between the amount shown in Paragraph 3 (adjusted for any Downward Capital Adjustment) and the amount of the LIHTC allocated to RBC for calendar year 2018 less the present value (using a 10% discount rate) of the additional LIHTC projected to be received in 2028.

(c) Payment by General Partner. If the Downward Capital Adjustment and the Late Delivery Adjustment exceed the total of all unfunded capital contributions, then the General Partner will make a payment to the Partnership equal to the amount of such excess, and the Partnership will immediately distribute such amount to RBC as a return of its capital contribution. Except to the extent otherwise stated herein, this payment will not give rise to any right as a loan or capital contribution or result in any increase in the General Partner's capital account.

6. **General Partner and Guarantor Obligations**. In addition to Paragraph 5(c) above, the General Partner is responsible for items 6(a) through 6(f) below. Any amounts advanced by the General Partner will not be considered as loans or capital contributions reimbursable or repayable by the Partnership unless otherwise stated herein.

(a) Construction Completion. The General Partner will guarantee construction completion in accordance with approved plans and specifications and will pay for any construction costs, costs to achieve permanent loan closing, repayment of all construction financing and costs necessary to fund reserves required to be funded at or before permanent loan closing.

(b) Operating Deficits.

(i) Pre-Stabilization. The General Partner will guarantee funding of operating deficits until the date (the "Stabilization Date") which is the first day of the month following a 3-month period (such 3-month period to commence after the permanent loan closing) in which the Project has maintained an average 1.15 debt service coverage; and

(ii) Post-Stabilization. Commencing with the Stabilization Date and continuing until the Release Date (defined below), the General Partner will guarantee funding of operating deficits in an amount equal to 6 months of operating expenses, debt service, and replacement reserves. Any funds paid by the General Partner under this Paragraph 6(b)(ii) shall be treated as an unsecured loan to the Partnership with interest at the rate of 0% per annum, to be repaid out of cash flow, refinancing, sale and liquidation proceeds as provided in Paragraph 9 hereof.

The "Release Date" is the later of:

(A) the fifth anniversary of the Stabilization Date,

(B) the date the Project has achieved an average debt service coverage of 1.15 for the 12-month period immediately prior to the Release Date, and

(C) the date the Project has achieved a 1.15 debt service coverage for each of the 3 months immediately prior to the Release Date.

(c) LIHTC Shortfall or Recapture Event. To the extent not already addressed by the Downward Capital Adjustment or the Late Delivery Adjustment, if the actual amount of LIHTC for any year is less than

Projected LIHTC, the General Partner will guarantee payment to RBC of an amount equal to the shortfall or recapture amount, plus related costs and expenses incurred by RBC.

(d) Repurchase. The General Partner will repurchase RBC's interest upon the occurrence of certain events described in the Project Entity Agreement.

(e) Environmental Indemnity. The General Partner will indemnify RBC against any losses due to environmental condition at the Project.

(f) Developer Fee. The General Partner will guarantee payment of any developer fee remaining unpaid at the end of the LIHTC compliance period.

(g) Guarantors. The Guarantors will guarantee all of the General Partner's obligations. The Guarantors will maintain a net worth and liquidity level as determined by RBC after review of the Guarantors' financial statements.

7. **Reserves**.

(a) Operating Reserves. An operating reserve in an amount equal to six months of operating expenses, debt service and replacement reserves will be established and maintained by the General Partner concurrent with RBC's third capital contribution. Withdrawals from the operating reserve will be subject to RBC's consent. Expenditures from operating reserves will be replenished from available cash flow as described in Paragraph 9(b) below.

(b) Replacement Reserves. The Partnership will maintain a replacement reserve, and make contributions on an annual basis equal to the greater of (i) $250 per unit and (ii) the amount required by the permanent lender. The amount of the contribution will increase annually by 3%. Annual contributions will commence with substantial completion of the Project.

8. **Fees and Compensation**. The following fees will be paid by the Partnership for services rendered in organizing, developing and managing the Partnership and the Project.

(a) Developer Fee. The Developer will earn a developer fee of $2,095,116 projected to be paid as follows:

(i) $198,602 (10% of paid fee) concurrent with RBC's first capital contribution;

(ii) $794,404 (40% of paid fee) concurrent with RBC's second capital contribution;

(iii) $496,502 (25% of paid fee) concurrent with RBC's third capital contribution;

(iv) $496,502 (25% of paid fee) concurrent with RBC's final capital contribution; and

(v) $109,106 is deferred and paid from net cash flow.

The deferred portion of the developer fee shall accrue interest at 8% per annum commencing as of the date of RBC's final capital contribution. Payment of the deferred fee will be subordinate to all other Partnership debt as well as operating expense and reserve requirements

(b) Incentive Management Fee. An incentive management fee will be payable to the General Partner on an annual basis in an amount equal to 90% of net cash flow as set forth on Paragraph 9(b) below.

(c) Property Management Fee. The property management fee will not exceed 6% of gross rental revenues. The management agent and the terms of the property management agreement are subject to the prior approval of RBC. If the management agent is an affiliate of any Guarantor, 50% of its fee will be subordinated to payment of operating costs and required debt service and reserve payments. It is anticipated that Allied Orion will serve as the initial management agent.

(d) Asset Management Fee. The Partnership will pay RBC Manager an annual asset management fee of $7,500 which will increase by 3% annually. The asset management fee will be cumulative and will be paid quarterly in advance commencing with the first anniversary of the closing date.

9. **Tax Benefits and Distributions**.

(a) Tax Benefits. Tax profits, tax losses, and tax credits will be allocated 99.99% to RBC, .001% to RBC Manager and .009% to the General Partner.

(b) Net Cash Flow Distributions. Distributions of net cash flow (cash receipts less cash expenditures, payment of debt service, property management fee and asset management fee), will be made as follows:

(i) to RBC in satisfaction of any unpaid amounts due under Paragraphs 5 and 6 above and for any other amounts due and owing to RBC;

(ii) to RBC Manager for any unpaid asset management fees;

(iii) to the operating reserve to maintain the Minimum Balance;

(iv) to the payment of any remaining unpaid developer fee;

(v) to the payment of any debts owed to the General Partners or their affiliates;

(vi) to the payment of the General Partner asset management fees;

(vii) 90% of the remaining cash flow to the General Partner as an incentive management fee; and

(viii) the balance to the General Partners, RBC and RBC Manager in accordance with their percentage interests described in Paragraph 9(a).

(c) Distributions upon Sale, Liquidation or Refinance. Net proceeds resulting from any sale, liquidation or refinance will be distributed as follows:

(i) to payment in full of any Partnership debts except those due to RBC, RBC Manager, General Partner and/or their affiliates;

(ii) to the setting up of any required reserves for contingent liabilities or obligations of the Partnership;

(iii) to RBC, in satisfaction of any unpaid amounts due under Paragraphs 5 and 6 above and for any other amounts due and owing to RBC;

(iv) to RBC Manager for any unpaid asset management fees;

(v) to RBC for any excess or additional capital contributions made by it;

(vi) to the payment of any debts owed to the General Partner or their affiliates including any unpaid developer fee;

(vii) to RBC Manager, 1% of such proceeds as a capital transaction administrative fee;

(viii) to RBC in an amount equal to any projected federal income tax incurred as a result of the transaction giving rise to such proceeds; and

(ix) the balance, 90.00% to the General Partner, 9% to RBC, and 1% to RBC Manager.

10. **<u>Construction</u>**. The General Partner will arrange for a fixed or guaranteed maximum price construction contract. The Contractor's obligations will be secured by a letter of credit in an amount not less than 15% of the amount of the construction contract or a payment and performance bonds in an amount not less than the amount of the construction contract. The Project will establish a construction contingency in an amount not less than 5% of the construction costs, or such greater amount as RBC may reasonably require following its review of construction documents. RBC, may, in its sole discretion, engage a construction consultant (i) to review plans and specifications and (ii) evaluate the construction progress by providing monthly reports to the Partnership. The cost of the construction consultant will be paid by the Partnership.

11. **<u>Due Diligence, Opinions and Projections</u>**.

(a) <u>Due Diligence</u>: The General Partner will provide RBC with all due diligence items set forth on its due diligence checklist, including but not limited to, financial statements for the Guarantors, schedule of real estate owned and contingent liabilities, plans and specifications, a current appraisal, a current (less than 6 months old) market study, a current (less than 6 months old) Phase I environmental report, rent and expense data from comparable properties, site/market visit and title and survey. The General Partner agrees to reasonably cooperate with RBC (including signing such consents as may be necessary) in obtaining background reports on the Developer, Guarantors and other Project entities as determined by RBC.

(b) <u>Legal Opinions</u>. The General Partner's counsel will deliver to RBC a local law opinion satisfactory to RBC. RBC's counsel will prepare a tax opinion and the General Partner agrees to cooperate to provide all necessary documentation requested by RBC's counsel.

(c) <u>Diligence Reimbursement</u>. The Partnership will reimburse RBC toward the costs incurred by RBC in conducting its due diligence review and for the costs and expenses of RBC's counsel in connection with the preparation of the tax opinion. RBC may deduct this amount from its first capital contribution.

(d) <u>Projections</u>. The projections to be attached to the Project Entity Agreement and that support the Tax Opinion will be prepared by RBC based on projections provided by the General Partner. RBC's projections will include development sources and uses, calculation of eligible basis, operating and construction period cash flow analysis, 15-year operating projection, 30-year debt analysis and 15-year capital account analysis.

12. **<u>Closing Contingencies</u>**. RBC's obligation to close on the purchase of the Interest will be contingent upon RBC's receipt, review and approval of all due diligence including the items set forth on its due diligence checklist as well as the following:

(a) <u>Project Entity Documents</u>. Preparation and execution of RBC's standard Project Entity Agreement and other fee agreements containing representations and warranties, covenants, consent rights, and indemnities, each on terms and conditions satisfactory to RBC.

(b) <u>Information and Laws</u>. No adverse change in the information you have provided to us, no adverse change in market conditions and no adverse change in existing law.

(c) Anticipated Closing Date. The closing occurring on or before October 31, 2017

If the foregoing is in accordance with your understanding of the terms and conditions, please indicate your acceptance on the enclosed copy and return it to the undersigned.

Very truly yours,

By: ______________________
Brian Flanagan
Regional Director

EXHIBIT A
CAPITAL CONTRIBUTIONS

Conditions	Amount	Anticipated Funding Date
i) 15.00% upon the later of: (a) the execution of the Partnership Agreement, (b) closing of the financing sources described in Exhibit B, and (c) receipt and approval of all due diligence items on RBC's due diligence checklist.	$2,114,788	October, 2017
ii) 65.00% upon the later of: (a) receipt of final Certificates of Occupancy for all of the units, (b) receipt of an architect's certificate of substantial completion, (c) receipt of a preliminary cost certification accompanied by a General Partner certification, and (d) January 1, 2019.	$9,164,083	January 1, 2019
iii) 16.35% upon the later of: (a) receipt of a final cost certification from an independent certified public accountant, (b) achievement of 100% qualified occupancy, (c) permanent loan conversion, including achievement of 90 days at a 1.15 Debt Service Coverage Ratio, and (d) January 1, 2020	$2,305,627	January 1, 2020
iv) 3.65% upon the later of: (a) achievement of the Stabilization Date, (b) receipt of the IRS Form 8609, and (c) April 1, 2020	$514,092	April 1, 2020
Total:	$14,098,590	

EXHIBIT B
SOURCES

Construction Loan

- Lender: a Lender acceptable to RBC
- Amount: $16,500,000 during construction and upon Conversion
- Term: 24 months
- Interest Rate: 3.5%
- Collateral: 1st mortgage on Project during construction (or other collateral acceptable to RBC)

Permanent Loan

- Lender: a Lender acceptable to RBC
- Amount: $6,455,494
- Maturity: No less than 15 years after Conversion
- Amortization: 35 years
- Interest Rate: 6.0%
- Collateral: 1st mortgage on Project after Conversion (or other collateral acceptable to RBC)

AmegyBank

Sara J. Hutchinson
Senior Vice President
4576 Research Forest Drive
The Woodlands, TX 77381

July 5, 2017

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Provision at West Bellfort Apartments

To Whom It May Concern;

We anticipate underwriting market rate rents at a premium of up to 15% over the gross 60% HTC rent levels, subject to a subsequent final market analysis report. We believe that current market conditions would support a premium on the market rate units.

Please do not hesitate to contact me if you have any questions.

Sara Hutchinson
Sara Hutchinson

office 281.297.7944 fax 713-571-5102 e-mail sara.hutchinson@amegybank.com

RBC Capital Markets
Tax Credit Equity Group
4720 Piedmont Row Drive, Suite 240
Charlotte, NC 28210
Telephone: 980-233-6462

Texas Department of Community Affairs
221 East 11th St.
Austin, TX 78701

July 6, 2017

RE: Provision at West Bellfort Apartments

To Whom It May Concern:

RBC is currently underwriting the market rate units at a premium of 15% above the gross 60% AMI rent levels. Per the most recent market study, we feel that this is supportable. The final market rents will be confirmed by RBC's third party market study.

Please do not hesitate to contact me with any questions.

Thank you,

Brian Flanagan
Regional Director
RBC Capital Markets - Tax Credit Equity Group

BOARD ACTION REQUEST

ASSET MANAGEMENT

JULY 27, 2017

Presentation, discussion and possible action to approve a Material Amendment to the Housing Tax Credit ("HTC") Application for Starlight (#16263)

RECOMMENDED ACTION

WHEREAS, Starlight (the "Development") received an award of 9% Housing Tax Credits in 2016 to construct 141 new senior units in Edinburg;

WHEREAS, a representative for VDC Alberta Longoria, LP (the "Development Owner") has requested approval to make material amendments to the Application due to unforeseen and negative trends in the tax credit equity markets in recent months, which have resulted in a reduced credit price for the subject Development (from $0.97 to $0.90) and impacting the feasibility of the Development as originally proposed;

WHEREAS, in an effort to keep the Development viable the Applicant has requested approval to reduce the number of total units from 141 to 107, reduce the site acreage from 8.25 acres to 7.14 acres (which modifies the residential density by more than five percent and also results in a significant modification to the site plan), reduce the number of residential buildings from four to three, and finally to reduce the number of low income units from 119 to 96;

WHEREAS, the changes proposed represent material alterations requiring Board approval, including a significant modification of the site plan, modification of the number of units or bedroom mix or units and a modification of the residential density of at least five percent as described in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(A), (B), and (F);

WHEREAS, amendments that involve a reduction in the total number of Low-Income Units, or a reduction in the number of Low-Income Units at any rent or income level must include evidence supporting the need for the change, including written confirmation from the lender and syndicator that the Development is infeasible without the adjustment in Units, and staff's evaluation of the change that concludes and concurs that the unit adjustment is necessary for the continued financial feasibility of the Development as required by 10 TAC §10.405(a)(7);

WHEREAS, staff has evaluated the requested reduction in the number of low income units and found the adjustment to be necessary for the continued financial feasibility;

WHEREAS, the Applicant has complied with the amendment requirements in 10 TAC §10.405(a); and

WHEREAS, the reduction in the total number of units and low income units and the other changes reflected in the Applicant's request are necessary for the financial feasibility given the reduction in equity pricing, and the changes described do not negatively impact the viability of the transaction or reduce the amount of tax credits awarded at this time;

NOW, therefore, it is hereby

RESOLVED, that the material application amendment for Starlight is approved as presented to this meeting and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

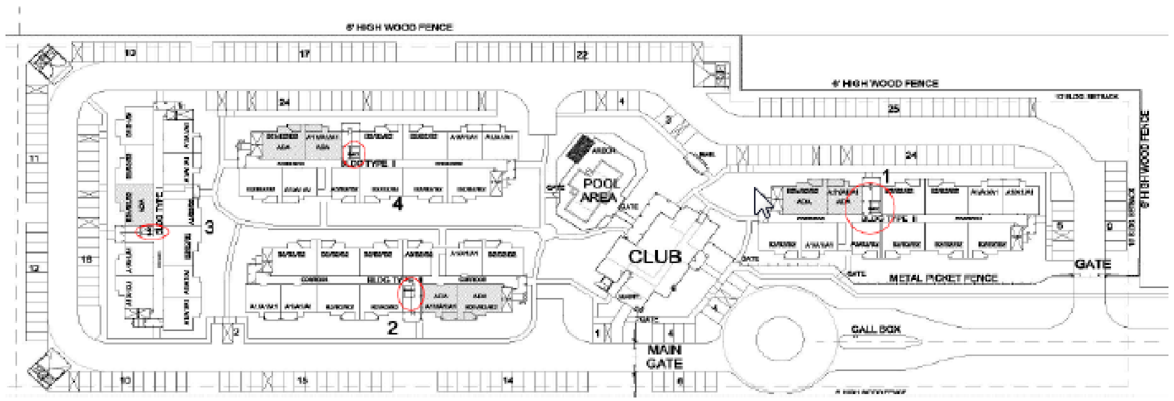
Starlight was submitted and approved for a 9% HTC allocation during the 2016 competitive cycle to construct 141 new multifamily senior units in Edinburg, Hidalgo County. The representative for the Development Owner, Manish Verma, has submitted a request seeking approval for several material changes to the Application.

The Application for Starlight was underwritten and approved at a credit price of $0.97 offered by Hudson Housing Capital ("Hudson"). The Applicant's request explains that after the tax credit award, the design team was authorized to complete the construction plans and up until November 2016 the Applicant was negotiating and finalizing the terms with Hudson. However, Hudson's offer was rescinded shortly thereafter, requiring the Applicant to work with Hudson and other equity providers over the past six to eight months exploring various financing structures to preserve this award. The Applicant received a new Letter of Intent ("LOI") from RBC Capital Markets for $0.90 per tax credit. According to the Applicant, as a result of the reduced equity price and rising construction costs, the Development as proposed and approved at Application is infeasible without the requested changes.

This amendment would, among other changes, reduce the total unit count from 141 to 107 (reducing low income units from 119 to 96, and market units from 22 to 11), reduce site acreage from 8.25 acres to 7.14 acres, which decreases the residential density by 12%, and reduce the number of residential buildings by one. A comparison of the Development as proposed at Application and now at amendment follows on the next page:

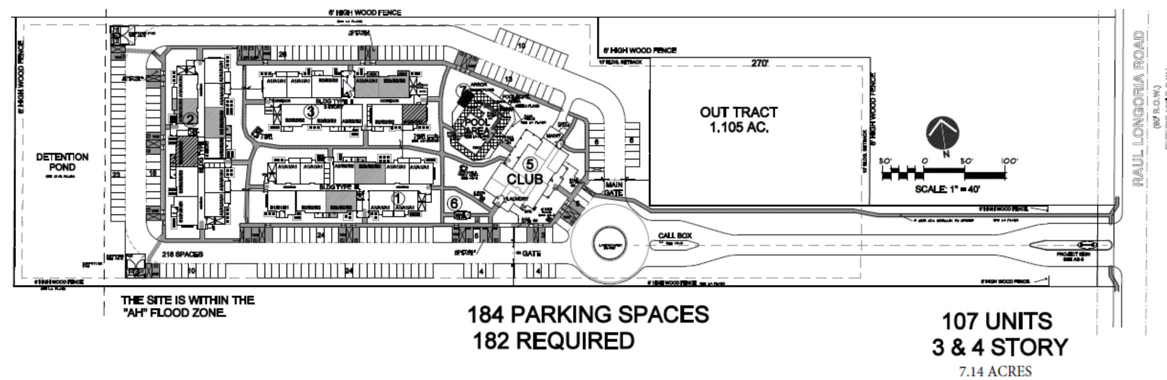
Material Alterations as defined in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)
16263 – Starlight

Development Site: 8.25 acres
Units: 141
Density: 17.1 units/acre
Residential Buildings: 4
Common Area Square Footage: 4,750 sf
Net Rentable Square Footage: 123,052 sf
Parking Spaces: 238 spaces



UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	12	8.5%
1	58	41.1%	0	40%	-	0.0%
2	83	58.9%	0	50%	24	17.0%
3	-	0.0%	0	60%	83	58.9%
4	-	0.0%	0	MR	22	15.6%
TOTAL	141	100.0%	-	TOTAL	141	100.0%

Development Site: 7.14 acres
Units: 107
Density: 14.9 units/acre (- 12% decrease)
Residential Buildings: 3
Common Area Square Footage: 4,750 sf
Net Rentable Square Footage: 90,974 sf (- 26% decrease)
Parking Spaces: 184 spaces



UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	10	9.3%
1	57	53.3%	0	40%	-	0.0%
2	50	46.7%	0	50%	20	18.7%
3	-	0.0%	0	60%	66	61.7%
4	-	0.0%	0	MR	11	10.3%
TOTAL	107	100.0%	-	TOTAL	107	100.0%

Real Estate Analysis ("REA") has re-evaluated the transaction pursuant to Tex. Gov't Code §2306.6712(b) and a written analysis of this Application with the changes proposed is included after this Board Action Request. REA has concluded that the Development remains feasible and continues to support the credit allocation previously awarded to this Development.

Staff has reviewed the original application and underwriting report and concluded that the changes related to the Application would not have changed the scoring of the Application and do not negatively impact the tax credit allocation awarded. The need for the proposed modifications was neither reasonably foreseeable nor preventable by the Development Owner at the time the Application was submitted.

Staff recommends approval of the requested material Application amendment for Starlight as presented herein.

Real Estate Analysis Division
July 11, 2017

Addendum to Underwriting Report

TDHCA Application #: **16263** Program(s): **9% HTC**

Starlight

Address/Location: SWQ of Alberta and Raul Longoria

City: Edinburg County: Hidalgo Zip: 78542

	APPLICATION HISTORY
Report Date	**PURPOSE**
07/11/17	**Amendment**
07/19/16	Original Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (Annual)	$1,500,000				**$1,500,000**				

CONDITIONS STATUS

- Receipt and acceptance by 10% test:
  - a: Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.
  - b: An architectural engineer's certification that the finished ground floor elevation for each building is at least one foot above the floodplain and that all drives, parking and amenities are not more than 6 inches below the floodplain, or a Letter of Map Amendment ("LOMA") or Letter of Map Revision ("LOMRF)" indicating that the development is no longer within the 100 year floodplain.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

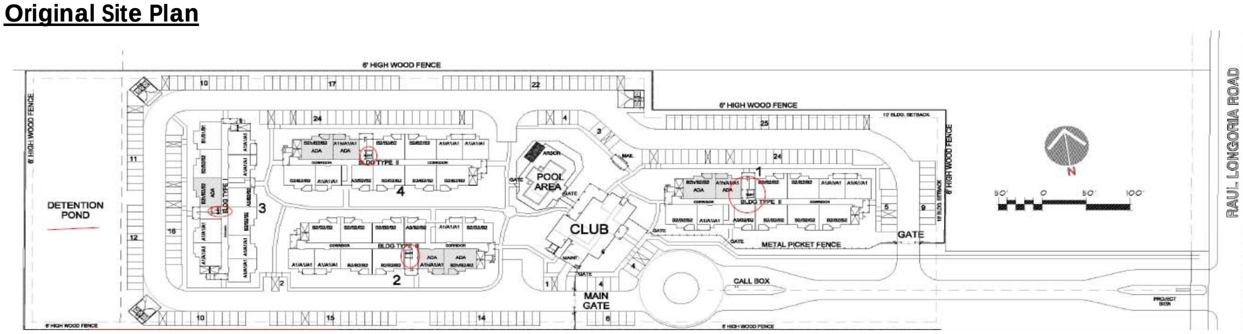
ANALYSIS

Tax credit equity pricing dropped from $0.97 to $0.90, resulting in a loss of approximately $1.05M in equity. The Applicant has received a new term sheet from CITI for construction and permanent financing, and a Letter of Intent (“LOI”) from RBC Capital Markets for syndication of the tax credits.

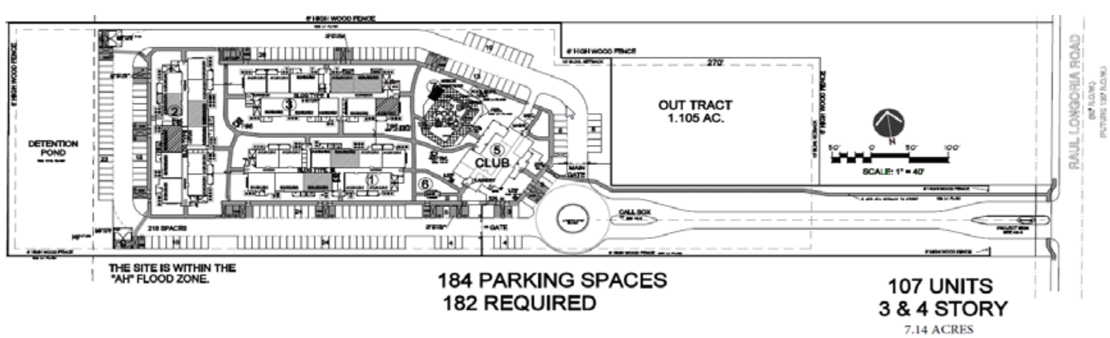
In an effort to keep this project viable, the Applicant has proposed several material changes to its application including:

- Reducing total units from 141 to 107 (including a decrease in the number of low income units offered from 119 to 96 and market rate units decrease from 22 to 11)
- The number of one bedroom units offered decreased from 58 to 57
- The number of two bedroom units offered decreased from 83 to 50
- The number of residential buildings decreased from four to three
- Net Rentable square footage decreased by approximately 26% from 123,052 to 90,974
- Reduction in Development Site acreage from 8.25 acres to 7.14 acres
- Reduction in parking from 238 to 184

Original Site Plan



Current Site Plan



BUILDING CONFIGURATION

Building Type	I	II	III										Total Buildings
Floors/Stories	4	3	3										
Number of Bldgs	1	1	1										3
Units per Bldg	44	30	33										
Total Units	**44**	**30**	**33**										**107**

Avg. Unit Size (SF)	**850 sf**	**Total NRA (SF)**	**90,974**	**Common Area (SF)**	**4,750**

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	10
40% of AMI	40% of AMI	0
50% of AMI	50% of AMI	20
60% of AMI	60% of AMI	66

Operating Pro Forma

In the original design 59% of the units were two-bedroom. In the proposed re-design only 47% of the units are two-bedroom.

The new unit mix proposed has less than 15% market units; therefore, per 10 TAC §10.302(d)(1)(A), the pro forma rents for the market rate units in this analysis are limited to the gross program rent at 60% AMI. Applicant's revised expenses remain at around $4,000/unit ($2,500 controllable). Applicant's revised NOI remains within 5% of the Underwriter's estimate so this analysis continues to use the Applicant's pro forma.

DCR stays above 1.15 and cash flow stays positive through year 30. Deferred fee pays off in Year 10 with a 15 year residual cash flow of $354K.

Development Cost

Site acquisition costs have decreased to $1,477,337 based on a decreased site acreage of 7.14 acres (Applicant reflected a 8.25-acre Development site originally). Total development costs decreased from $19M to $17.5M due to less units, NRA and buildings. Applicant's building cost per square foot increased from $72.12/sf to $74.96/sf. Overall the Applicant's total development costs are within 5% of the underwriter's revised estimate.

Sources of Funds

Lender changed from BBVA Compass who originally offered $4.2M at 6% (30 year amortization and 15 year term) to Citi who now offers $3.1M at 5.6% (35 year amortization and 15 year term).
Hudson was the original equity provider offering $0.97. Now RBC Capital Markets proposes providing equity at $0.90 per credit.

Based on the changes reflected in the amendment request the Development continues to remain feasible and eligible for the tax credit allocation previously awarded. No change to the tax credit allocation is recommended at this time.

Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Starlight, Edinburg, 9% HTC #16263

LOCATION DATA	
CITY:	Edinburg
COUNTY:	Hidalgo
PROGRAM REGION:	11

UNIT DISTRIBUTION						
# Beds	**# Units**	**% Total**	**Assisted**	**Income**	**# Units**	**% Total**
Eff	-	0.0%	0	30%	10	9.3%
1	57	53.3%	0	40%	-	0.0%
2	50	46.7%	0	50%	20	18.7%
3	-	0.0%	0	60%	66	61.7%
4	-	0.0%	0	MR	11	10.3%
TOTAL	**107**	**100.0%**	**-**	**TOTAL**	**107**	**100.0%**

Applicable Programs
9% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	89.70%
APP % Acquisition	3.37%
APP % Construction	9.00%
Average Unit Size	850 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	**Gross Rent**	**# Units**	**# Beds**	**# Baths**	**NRA**	**Gross Rent**	**Utility Allow**	**Max Net Program Rent**	**Delta to Max**	**Rent psf**	**Net Rent per Unit**	**Total Monthly Rent**	**Total Monthly Rent**	**Rent per Unit**	**Rent psf**	**Delta to Max**	**Underwritten**		**Mrkt Analyst**
TC 30%	$305	1	1	1	680	$305	$46	$259	$0	$0.38	$259	**$259**	**$259**	$259	$0.38	$0	$770	$1.13	$770
TC 50%	$508	1	1	1	680	$508	$46	$462	$0	$0.68	$462	**$462**	**$462**	$462	$0.68	$0	$770	$1.13	$770
TC 60%	$610	1	1	1	680	$610	$46	$564	$0	$0.83	$564	**$564**	**$564**	$564	$0.83	$0	$770	$1.13	$770
TC 30%	$305	4	1	1	752	$305	$46	$259	$0	$0.34	$259	**$1,036**	**$1,036**	$259	$0.34	$0	$835	$1.11	$835
TC 50%	$508	10	1	1	752	$508	$46	$462	$0	$0.61	$462	**$4,620**	**$4,620**	$462	$0.61	$0	$835	$1.11	$835
TC 60%	$610	34	1	1	752	$610	$46	$564	$0	$0.75	$564	**$19,176**	**$19,176**	$564	$0.75	$0	$835	$1.11	$835
MR		6	1	1	752	$0	$46		NA	$0.81	$610	**$3,660**	**$3,660**	$610	$0.81	NA	$800	$1.06	$835
TC 30%	$366	1	2	2	939	$366	$63	$303	$0	$0.32	$303	**$303**	**$303**	$303	$0.32	$0	$900	$0.96	$900
TC 50%	$610	1	2	2	939	$610	$63	$547	$0	$0.58	$547	**$547**	**$547**	$547	$0.58	$0	$900	$0.96	$900
TC 60%	$732	5	2	2	939	$732	$63	$669	$0	$0.71	$669	**$3,345**	**$3,345**	$669	$0.71	$0	$900	$0.96	$900
TC 30%	$366	4	2	2	971	$366	$63	$303	$0	$0.31	$303	**$1,212**	**$1,212**	$303	$0.31	$0	$970	$1.00	$970
TC 50%	$610	8	2	2	971	$610	$63	$547	$0	$0.56	$547	**$4,376**	**$4,376**	$547	$0.56	$0	$970	$1.00	$970
TC 60%	$732	26	2	2	971	$732	$63	$669	$0	$0.69	$669	**$17,394**	**$17,394**	$669	$0.69	$0	$970	$1.00	$970
MR		5	2	2	971	$0	$63		NA	$0.75	$732	**$3,660**	**$3,660**	$732	$0.75	NA	$925	$0.95	$970
TOTALS/AVERAG		**107**			**90,974**				**$0**	**$0.67**	**$566**	**$60,614**	**$60,614**	**$566**	**$0.67**	**$0**	**$888**	**$1.04**	**$892**

ANNUAL POTENTIAL GROSS RENT:	**$727,368**	**$727,368**	

STABILIZED PRO FORMA

Starlight, Edinburg, 9% HTC #16263

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Local Comps		% EGI	Per SF	Per Unit	Amount	Applicant - Original	TDHCA - Original	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.67	$566	$727,368	$1,013,520	$1,013,520	$727,368	$566	$0.67		0.0%	$0
late fees, phone, cable, laundry							$17.80	$22,860	25,380							
0							$0.00	$0	3,240							
Total Secondary Income							$17.80			28,620	$22,860	$17.80			0.0%	$0
POTENTIAL GROSS INCOME								$750,228	$1,042,140	$1,042,140	$750,228				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(56,267)	(78,161)	(78,161)	(56,267)	7.5% PGI			0.0%	-
Rental Concessions								-	0	0	-				0.0%	-
EFFECTIVE GROSS INCOME								$693,961	$963,980	$963,980	$693,961				0.0%	$0

General & Administrative	$30,907	$289/Unit	$16,578	$155	4.56%	$0.35	$296	$31,660	$38,620	$41,263	$30,907	$289	$0.34	4.45%	2.4%	753
Management	$37,114	5.4% EGI	$41,063	$384	5.01%	$0.38	$325	$34,801	$48,050	$48,199	$34,698	$324	$0.38	5.00%	0.3%	103
Payroll & Payroll Tax	$105,423	$985/Unit	$106,752	$998	14.82%	$1.13	$961	$102,822	$134,994	$138,921	$105,423	$985	$1.16	15.19%	-2.5%	(2,601)
Repairs & Maintenance	$60,984	$570/Unit	$47,371	$443	9.25%	$0.71	$600	$64,165	$85,740	$84,600	$64,200	$600	$0.71	9.25%	-0.1%	(35)
Electric/Gas	$28,194	$263/Unit	$15,628	$146	3.78%	$0.29	$245	$26,220	$33,060	$23,691	$17,316	$162	$0.19	2.50%	51.4%	8,904
Water, Sewer, & Trash	$54,832	$512/Unit	$40,533	$379	6.98%	$0.53	$453	$48,420	$69,060	$71,688	$53,706	$502	$0.59	7.74%	-9.8%	(5,286)
Property Insurance	$38,770	$0.43 /sf	$26,931	$252	5.51%	$0.42	$357	$38,209	$49,220	$49,000	$49,000	$458	$0.54	7.06%	-22.0%	(10,791)
Property Tax (@ 100%) 2.1891	$48,655	$455/Unit	$0	$0	7.72%	$0.59	$501	$53,600	$70,000	$77,447	$51,141	$478	$0.56	7.37%	4.8%	2,459
Reserve for Replacements	$28,241	$264/Unit	$27,885	$261	3.85%	$0.29	$250	$26,750	$35,250	$35,250	$26,750	$250	$0.29	3.85%	0.0%	-
Cable TV			-	$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Supportive Services			-	$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	$0	0.55%	$0.04	$36	$3,840	$4,760	$4,760	$3,840	$36	$0.04	0.55%	0.0%	-
TOTAL EXPENSES					**62.03%**	**$4.73**	**$4,023**	**$ 430,487**	$568,754	$574,818	**$ 436,981**	**$4,084**	**$4.80**	**62.97%**	**-1.5%**	**$ (6,494)**
NET OPERATING INCOME ("NOI")					**37.97%**	**$2.90**	**$2,462**	**$263,474**	$395,226	$389,161	**$256,980**	**$2,402**	**$2.82**	**37.03%**	**2.5%**	**$ 6,494**

CONTROLLABLE EXPENSES	$2,554/Unit				$2,538/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Starlight, Edinburg, 9% HTC #16263

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant - Original**	**TDHCA - Original**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Citibank		1.25	1.28	205,476	5.60%	35	15	$3,150,000	$4,200,000	$4,200,000	$3,150,000	15	35	5.60%	$205,475	1.28	18.0%
CASH FLOW DEBT / GRANTS																	
City of Edinburg		1.25	1.28		0.00%	0	0	$10	$10	$10	$10	0	0	0.00%		1.28	0.0%
				$205,476	**TOTAL DEBT / GRANT SOURCES**			**$3,150,010**			**$3,150,010**	**TOTAL DEBT SERVICE**			**$205,475**	1.28	18.0%
NET CASH FLOW		$51,504	$57,998								**APPLICANT**	**NET OPERATING INCOME**		**$263,474**	**$57,999**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Applicant - Original**	**TDHCA - Original**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**
RBC	LIHTC Equity	77.3%	$1,500,000	0.8999	$13,498,000	$14,548,000	$14,548,000	$13,498,000	$0.8999	$1,500,000	77.3%	$14,019	Applicant Request
VDC Starlight, LLC	Deferred Developer Fees	4.7%	(43% Deferred)		$823,599	$297,018	$297,018	$823,599	(43% Deferred)		4.7%	**Total Developer Fee:**	**$1,899,843**
Additional (Excess) Funds Req'd		0.0%			$0	$0	$0	$0			0.0%		
TOTAL EQUITY SOURCES		82.0%			$14,321,599	$14,845,018	$14,845,018	$14,321,599			82.0%	**15-Year Cash Flow:**	**$957,670**
TOTAL CAPITALIZATION					**$17,471,609**	$19,045,028	$19,045,028	**$17,471,609**				**15-Yr Cash Flow after Deferred Fee:**	**$134,071**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis										Eligible Basis			
	Acquisition	**New Const. Rehab**			**Total Costs**	**Applicant - Original**	**TDHCA - Original**	**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition				$13,807 / Unit	$1,477,337	$1,655,280	$1,655,280	$1,477,337	$13,807 / Unit				0.0%	$0
Off-Sites				$435 / Unit	$46,500	$46,500	$46,500	$46,500	$435 / Unit				0.0%	$0
Site Work		$1,150,522		$10,753 / Unit	$1,150,522	$1,206,000	$1,206,000	$1,150,522	$10,753 / Unit		$1,150,522		0.0%	$0
Site Amenities		$320,100		$2,992 / Unit	$320,100	$364,300	$364,300	$320,100	$2,992 / Unit		$320,100		0.0%	$0
Building Cost		$6,803,197	$74.96 /sf	$63,731/Unit	$6,819,180	$8,874,653	$9,282,259	$6,823,811	$63,774/Unit	$75.01 /sf	$6,807,828		-0.1%	($4,631)
Contingency		$580,286	7.014%	6.96%	$580,286	$671,957	$671,957	$580,286	6.96%	7.00%	$579,492		0.0%	$0
Contractor Fees		$1,241,812	14.03%	13.93%	$1,241,812	$1,452,778	$1,452,778	$1,241,812	13.92%	14.00%	$1,240,112		0.0%	$0
Soft Costs	0	$1,992,557		$20,201 / Unit	$2,161,557	$1,252,671	$1,252,671	$2,161,557	$20,201 / Unit		$1,992,557	$0	0.0%	$0
Financing	0	$685,211		$13,613 / Unit	$1,456,572	$1,027,879	$1,027,879	$1,456,572	$13,613 / Unit		$685,211	$0	0.0%	$0
Developer Fee	$0	$1,899,843	14.87%	14.80%	$1,899,843	$2,164,910	$2,164,910	$1,899,843	14.80%	14.87%	$1,899,843	$0	0.0%	$0
Reserves				$2,971 / Unit	$317,900	$328,100	$328,100	$317,900	$2,971 / Unit				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BA	**$0**	**$14,673,528**		$163,286 / Unit	**$17,471,609**	$19,045,028	$19,452,634	**$17,476,240**	$163,329 / Unit		**$14,675,665**	**$0**	**0.0%**	**($4,631)**
Acquisition Cost	$0				$0									
Contingency		($1,119)			$0									
Contractor's Fee		($2,394)												
Interim Interest		$0												
Developer Fee	$0	$0			$0									
Reserves					$0									
ADJUSTED BASIS / COST	**$0**	**$14,670,015**		$163,286/unit	**$17,471,609**	$19,045,028	$19,452,634	**$17,476,240**	$163,329/unit		**$14,675,665**	**$0**	**0.0%**	**($4,631)**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						**$17,471,609**								

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Starlight, Edinburg, 9% HTC #16263

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$14,670,015	$0	$14,675,665
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$14,670,015	$0	$14,675,665
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$19,071,020	$0	$19,078,364
Applicable Fraction	89.70%	89.70%	89.70%	89.70%
TOTAL QUALIFIED BASIS	$0	$17,107,401	$0	$17,113,989
Applicable Percentage	3.37%	9.00%	3.37%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,539,666	$0	$1,540,259
CREDITS ON QUALIFIED BASIS	$1,539,666		$1,540,259	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8999	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,539,666	$13,854,942	----	----	----
Needed to Fill Gap	$1,591,525	$14,321,599	----	----	----
Applicant Request	$1,500,000	$13,498,000	**$1,500,000**	**$0**	**$0**

Development Cost/SF

	Application	TDHCA
Acquisition & Hard Costs	$104.60	$111.71
Hard Costs	$104.60	$111.71
Building Costs	$74.20	$75.01
Total Points Claimed:		12

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost:	Garden (Up to 4-story)	90,974 SF	$65.45	5,954,570
Adjustments				
Exterior Wall Finish	2.59%		1.70	$154,377
Elderly	3.00%		1.96	178,637
9-Ft. Ceilings	3.32%		2.18	197,934
Roof Adjustment(s)			1.18	107,000
Subfloor			(0.01)	(850)
Floor Cover			2.56	232,893
Breezeways	$27.82	17,895	5.47	497,893
Balconies	$27.67	10,585	3.22	292,854
Plumbing Fixtures	$990	129	1.40	127,710
Rough-ins	$485	214	1.14	103,790
Built-In Appliances	$1,725	107	2.03	184,575
Exterior Stairs	$2,250	14	0.35	31,500
Heating/Cooling			2.14	194,684
Storage Units	$27.82	775	0.24	21,563
Carports	$11.94	0	0.00	0
Garages		0	0.00	0
Comm &/or Aux Bldgs	$82.08	4,750	4.29	389,857
Elevators	$84,800	3	2.80	254,400
Other:			0.00	0
Fire Sprinklers	$2.47	114,394	3.11	282,553
SUBTOTAL			**101.19**	**9,205,941**
Current Cost Multiplier	0.99		(1.01)	(92,059)
Local Multiplier	0.88		(12.14)	(1,104,713)
TOTAL BUILDING COSTS			**88.04**	**$8,009,168**
Plans, specs, survey, bldg permits	3.30%		(2.91)	($264,303)
Contractor's OH & Profit	11.50%		(10.12)	(921,054)
NET BUILDING COSTS		$63,774/unit	$75.01/sf	$6,823,811

Long-Term Pro Forma

Starlight, Edinburg, 9% HTC #16263

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 30
EFFECTIVE GROSS INCOME	2.00%	$693,961	$707,840	$721,997	$736,437	$751,166	$829,348	$915,667	$1,010,970	$1,232,367
TOTAL EXPENSES	3.00%	$430,487	$443,054	$455,990	$469,308	$483,018	$557,871	$644,430	$744,536	$994,261
NET OPERATING INCOME ("NOI")		**$263,474**	**$264,787**	**$266,007**	**$267,129**	**$268,148**	**$271,477**	**$271,237**	**$266,434**	**$238,106**
MUST -PAY DEBT SERVICE										
Citibank		$205,475	$205,475	$205,475	$205,475	$205,475	$205,475	$205,475	$205,475	$205,475
TOTAL DEBT SERVICE		$205,475	$205,475	$205,475	$205,475	$205,475	$205,475	$205,475	$205,475	$205,475
ANNUAL CASH FLOW		**$57,999**	**$59,311**	**$60,532**	**$61,654**	**$62,673**	**$66,001**	**$65,762**	**$60,959**	**$32,630**
CUMULATIVE NET CASH FLOW		$57,999	$117,310	$177,842	$239,495	$302,168	$626,769	$957,670	$1,274,118	$1,751,670
DEBT COVERAGE RATIO		1.28	1.29	1.29	1.30	1.31	1.32	1.32	1.30	1.16
EXPENSE/INCOME RATIO		62.0%	62.6%	63.2%	63.7%	64.3%	67.3%	70.4%	73.6%	80.7%
Deferred Developer Fee Balance		$765,600	$706,289	$645,757	$584,104	$521,431	$196,830	$0	$0	$0
Residual Cash Flow		$0	$0	$0	$0	$0	$0	$65,762	$60,959	$32,630

Asset Management Division

Amendment Request Form

Completed forms and supporting materials can be emailed to asset.management@tdhca.state.tx.us

TYPE OF AMENDMENT REQUESTED

Date Submitted: 6/12/2017 Amendment Requested: *Application Amendment,*

Has the change been implemented? *No* Award Stage: *Carryover (Prior to Construction/10% Test)*

NOTE: *Material Application or LURA Amendment requests must be received* ***45 days before the Board Meeting****.*

Contact your Asset Manager if you are unsure what type of Amendment to request: https://www.tdhca.state.tx.us/asset-management/contacts.htm

DEVELOPMENT INFORMATION

Dev. Name: Starlight File No. / CMTS No.: 16263 /

CONTACT INFORMATION

Request Submitted By: David Krukiel Phone #/Email: (972) 814-1141 /

SECTION 1: COVER LETTER

A cover letter ***MUST*** be submitted with your request. Review your cover letter to ensure it includes:

☒ The change(s) requested ☒ The reason the change is necessary ☒ The good cause for the change

☒ An explanation of whether the amendment was reasonably foreseeable or preventable at the time of Application

SECTION 2: REQUIRED DOCUMENTATION

Entering an Amendment conveys to the Department that representations in the Application have changed. You ***MUST*** provide information about any and all changes made from the time of Application (or as last approved by the Department) in your request, including any items that will be impacted by the requested change. Failure to represent or properly document all changes may result in delays, denials, or a request for re-submission. The following is attached:

☒ Revised Development Financing Exhibits – if sources, terms, conditions, or amounts of financing will be impacted or changed by your amendment request, revised Application exhibits and term sheets (or executed Loan documents and LPA, if the loan has closed) must be submitted

☐ Signed Statement of No Financial Impact – if no sources, terms, conditions, or amount of financing will be impacted or changed by your amendment request, the Owner must sign and submit a statement to this effect

☒ Revised Application Exhibits/Documents Reflecting or Supporting All Requested Changes – revised site plans, surveys, Building and Unit Configuration exhibit, etc.

☒ Material Amendment fee of $2,500 for first amendments, $3,000 for second amendments, $3,500 for third or more. (Applicable to Non-Material Amendments only if changes have been implemented prior to Amendment approval) – *N/A for Developments only funded by a Direct Loan program (HOME, NSP, HTF)*

SECTION 3A: MATERIAL APPLICATION AMENDMENT ITEMS

Check all items that have been modified from the original application (see ***Subchapter E, §10.405(a)(3)***):

☒ Site plan ☐ Scope of tenant services ☐ Exclusion of reqs in Subchapters B & C

☒ Number of units* ☐ Reduction of 3%+ in unit sq ft ☐ Other

☒ Bedroom mix ☐ Reduction of 3%+ common area

☒ Architectural design ☒ Residential density (5%+ change)

If "Number of units" is selected above and the total LI units or LI units at any rent or income level will be reduced, also:

☒ Written confirmation from the lender *and* syndicator that the development is infeasible without the adjustment in units

☒ Evidence supporting the need for the adjustment in units

NOTE: **The approved amendment may carry a penalty in accordance with* ***§10.405(a)(6)(b).***

SECTION 3B: MATERIAL LURA AMENDMENT ITEMS

Check all items that require a material LURA amendment (see Subchapter E, ***§10.405(b)(2)***):

☐ Reductions in the number of LI units ☐ Change in Target Population

☐ Changes to income or rent restrictions ☐ Removal of Non-profit ☐ Other

☐ Change in ROFR period or other ROFR provisions

The following additional items are attached for consideration or will be forthcoming:

☐ Draft Notice of Public Hearing* ☐ Evidence of public hearing*

NOTE: **Draft Notices of Public Hearing must be provided with the Amendment materials 45 days prior to the Board meeting. *The Public Hearing must be held at least 15 business days prior to the Board meeting and evidence in the form of attendance sheets and a summary of comments made must be submitted to TDHCA within 3 days of the hearing.*

SECTION 4A: NON-MATERIAL APPLICATION AMENDMENT SUMMARY

Identify all non-material changes that have been or will be made (Contact your Asset Manager if you are unsure of whether your request is non-material):

☐ Amendment is requesting a change in Developer(s) or Guarantor(s) and Previous Participation forms are attached.

SECTION 4B: NON-MATERIAL LURA AMENDMENT SUMMARY

Identify non-material amendments requested to the LURA:

None.

SECTION 4C: NOTIFICATION ITEM SUMMARY

Identify any notification items from the time of application:

None.

VDC Alberta Longoria, LP

June 12, 2017
Revised July 5, 2017

Lee Ann Chance
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: REVISED Amendment Request – TDHCA 16263 – Starlight

Dear Ms. Chance,

Due to the unforeseen dramatic changes in tax credit equity pricing since the 2016 presidential election, we are requesting a material application amendment for Starlight. Please accept this letter as a formal request for approval of the following amendments.

Please note that this Revised Amendment request does not include an Amendment Fee since we didn't proceed with the original Amendment Request. This was confirmed by Raquel Morales on June 6, 2017.

Overview of Changes Requested:

1. Reduction in total Units from 141 to 107.
2. Amendment to Unit Floor Plans.
   - This amendment is a revision to the floor plan layout and NRSF of each unit type.

   NOTE: The two above Amendments result in a NRSF of 90,974 as opposed to 123,052 presented in the original application.

3. Amendment to Residential Building Footprints and Elevations.
   - This amendment incorporates the reduction of units referenced in #1 above and the newly designed unit floor plans referenced in #2 above.
   - The newly amended buildings consist of two types:
     i. Building Type I – Four Floors
     ii. Building Type II – Three Floors
     iii. Building Type III – Three Floors
4. Amendment to the total number of Residential Buildings from four to three.
   - This amendment is a result of the amended building footprints referenced in #3 above.
5. Amendment to Building Common Area Square Footages from 5,636 to 4,839.
   - This amendment is a result of the amended building footprints referenced in #3 above.
6. Amendment to Building Corridor Square Footages from 25,092 to 16,161.
   - This amendment is a result of the amended building footprints referenced in #3 above.
7. Reduction in acreage from 8.25 acres to 7.14 acres.

8. Reduction in parking from 238 to 184.
    - This amendment is a result of reduction of units referenced in #1 above.
9. Amendment to project financials (Development Cost Schedule, Sources and Uses, Etc.) as a result of the above referenced amendments.

To assist in your review of this Amendment Request, please find attached the current available Architectural Drawings required under Tab 22, Tab 23, Tab 24, Tab 26, Tab 27, Tab 30, Tab 31, and updated debt & equity letters.

Reason for Changes:
At the time of the 2016 tax credit application submittal, we received an LOI from Hudson Housing Capital based on tax credit equity pricing of $.97. After receiving the tax credit award, we authorized the design team to complete the construction plans (100% drawings were completed in 4Q 2016). Up until the time of the 2016 presidential election, we were negotiating and finalizing the terms with Hudson at pricing greater than $.97, with the anticipation of closing in early 2017. However, soon after the election, Hudson's offer was rescinded.

We have been working diligently with Hudson and other equity providers over the past 6-8 months, exploring various financing structures to preserve the Starlight award. We have seen offers in the lows 80s, and have even explored opportunities with potential investors who have never participated in the tax credit program.

After evaluating the offers that we have received on Starlight to date, and in order to preserve the Starlight award and bring the much needed affordable senior housing to the City of Edinburg community, we are proposing a reduction to the number of units in the Starlight development from 140 units to 107 units. This reduction in units will assist in mitigating the significant decrease in equity pricing as well as rising construction costs, and allow the development to remain feasible and economically viable.

Good Cause:
This Development is a much needed senior community for the senior citizens of Hidalgo County. This amendment contributes to Versa's goal of providing quality, affordable housing.

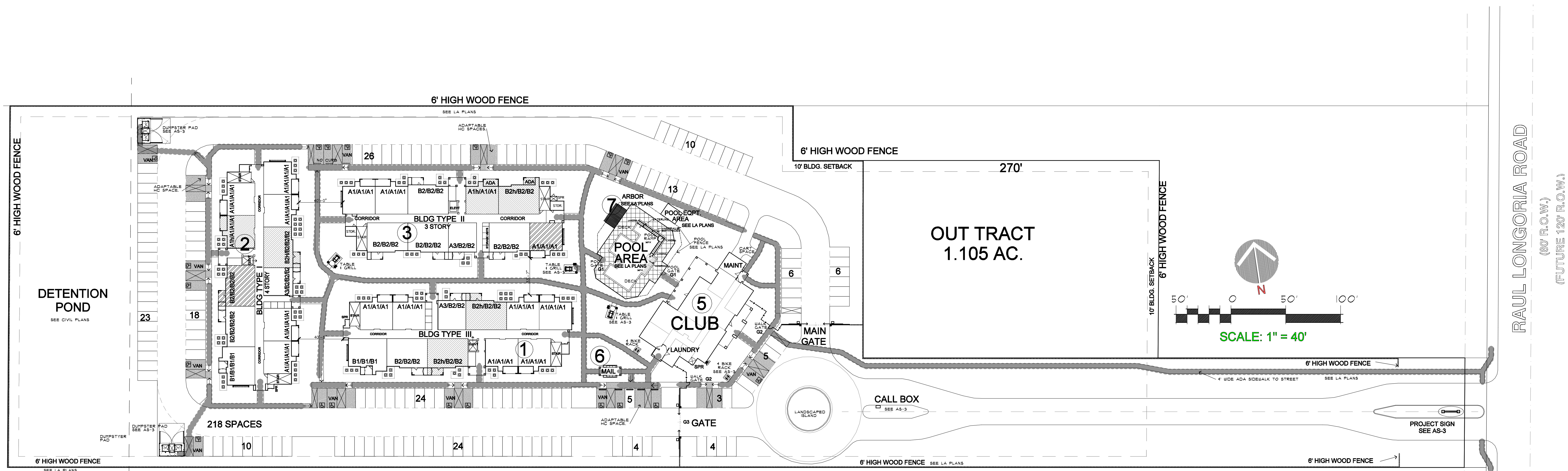
Was Amendment Foreseeable/Preventable?
We do not believe that the stresses faced by the equity could have been foreseen or were preventable. The assumptions made for the application were reasonable and based on the best information we had at the time.

Your consideration and approval of this Amendment Request will be greatly appreciated.

Please do not hesitate to contact me if you have any questions or require additional information. I can be reached at 972.814.1141 or davidk@versadevco.com.

Sincerely,

David Krukiel



THE SITE IS WITHIN THE "AH" FLOOD ZONE.

184 PARKING SPACES
182 REQUIRED

107 UNITS
3 & 4 STORY
7.14 ACRES

NOT FOR REGULATORY APPROVAL PERMITTING OR CONSTRUCTION

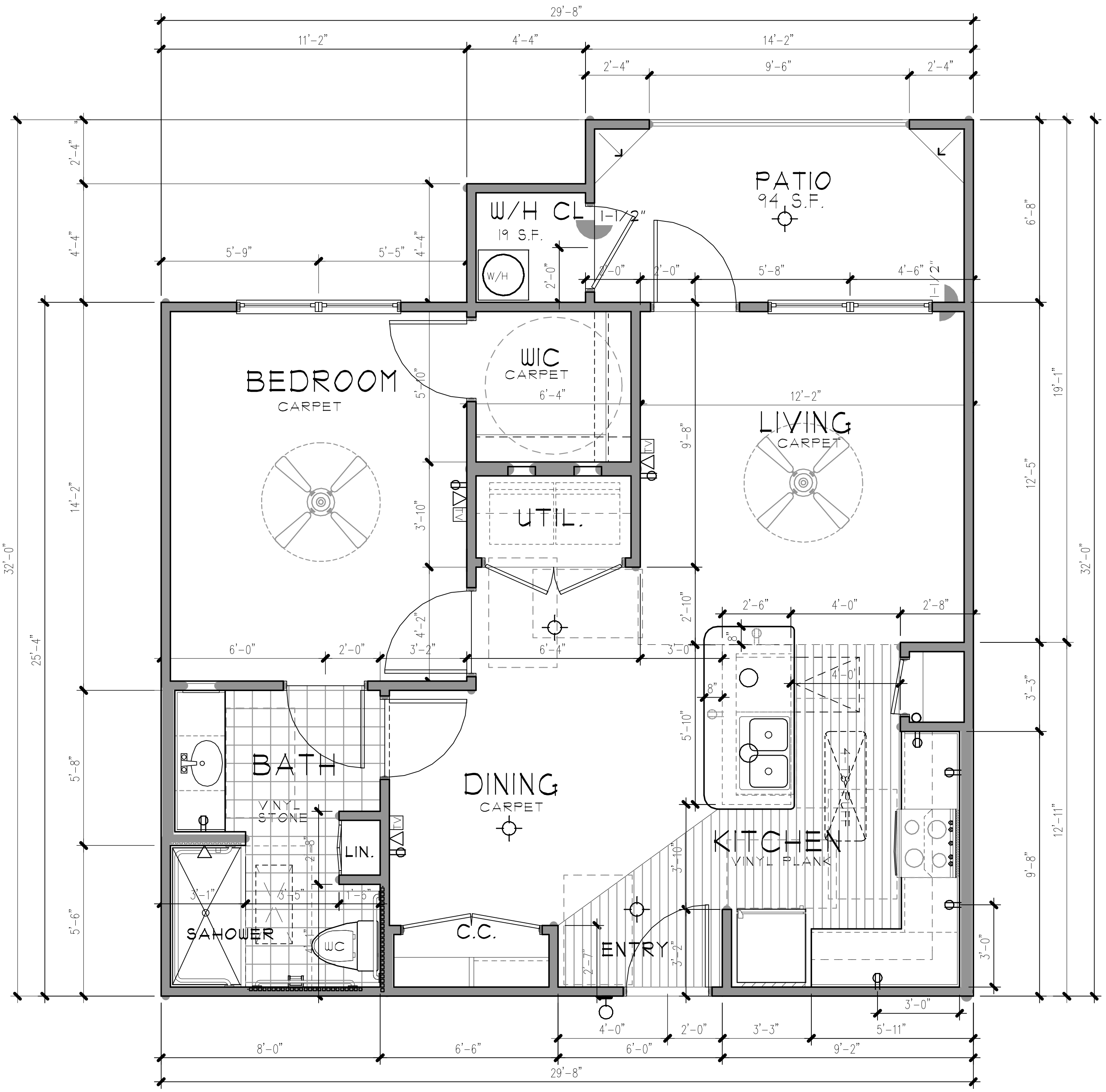
drawn by: LKN

VERSA DEVELOPMENT

Starlight Senior's Apartments
EDINBURG, TEXAS

GNB inc. Gonzalez Newell Bender URBAN PLANNING ARCHITECTURE

SP-1



A1 unit plan

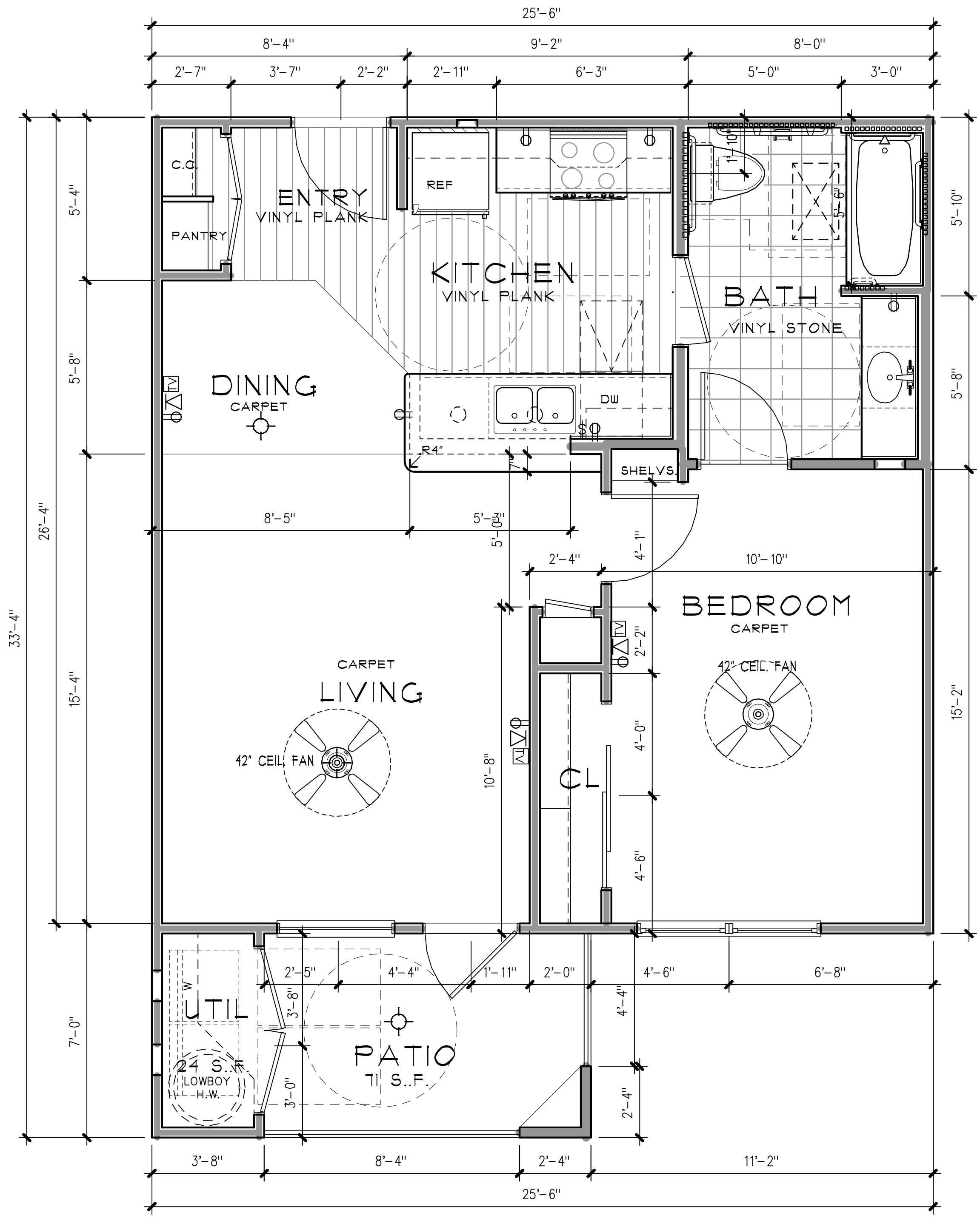
10/10/16

ONE BEDROOM - ONE BATH

NET RENTABLE AREA = 752 S.F.

GROSS UNIT AREA = 864 S.F.

A/C NET AREA = 713 S.F.



A3 unit plan

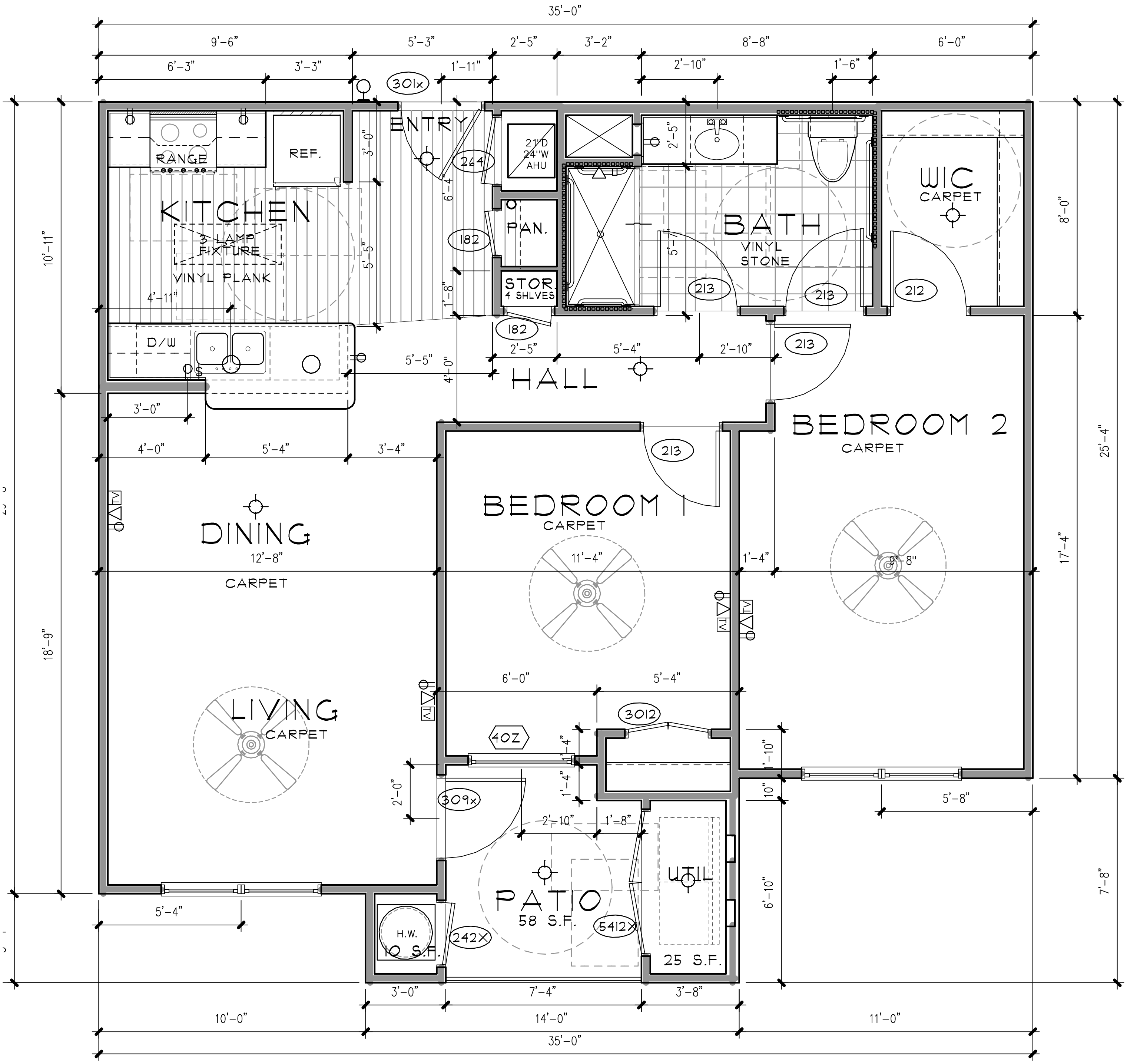
AT FIRST FLOOR BELOW B2 UNIT

ONE BEDROOM - ONE BATH

NET RENTABLE AREA = 680 S.F.

HVAC NET AREA = 644 S.F.

GROSS (+PATIO) UNIT AREA = 775 S.F.



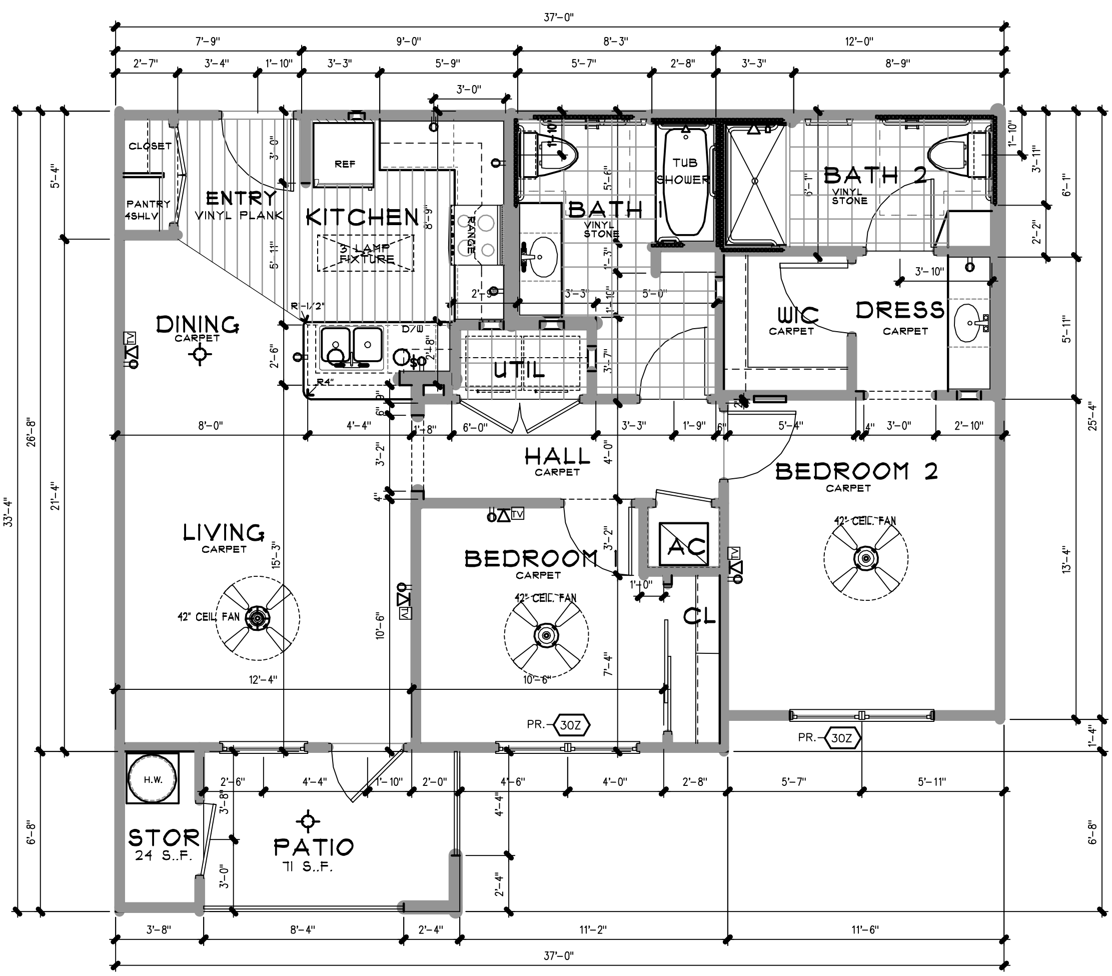
B1 unit plan

TWO BEDROOM - ONE BATH

NET RENTABLE AREA = 939 S.F.

GROSS UNIT AREA = 1,032 S.F.

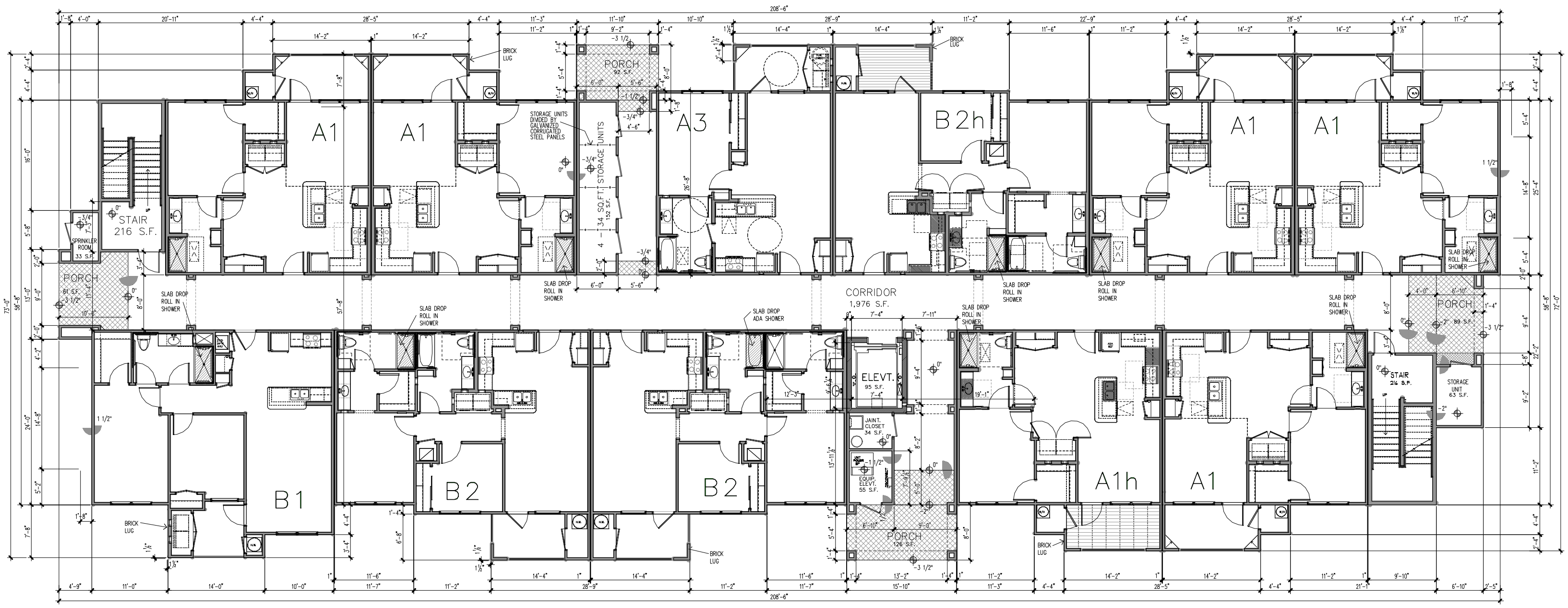
HVAC NET AREA = 893 S.F.



B2-1 unit plan

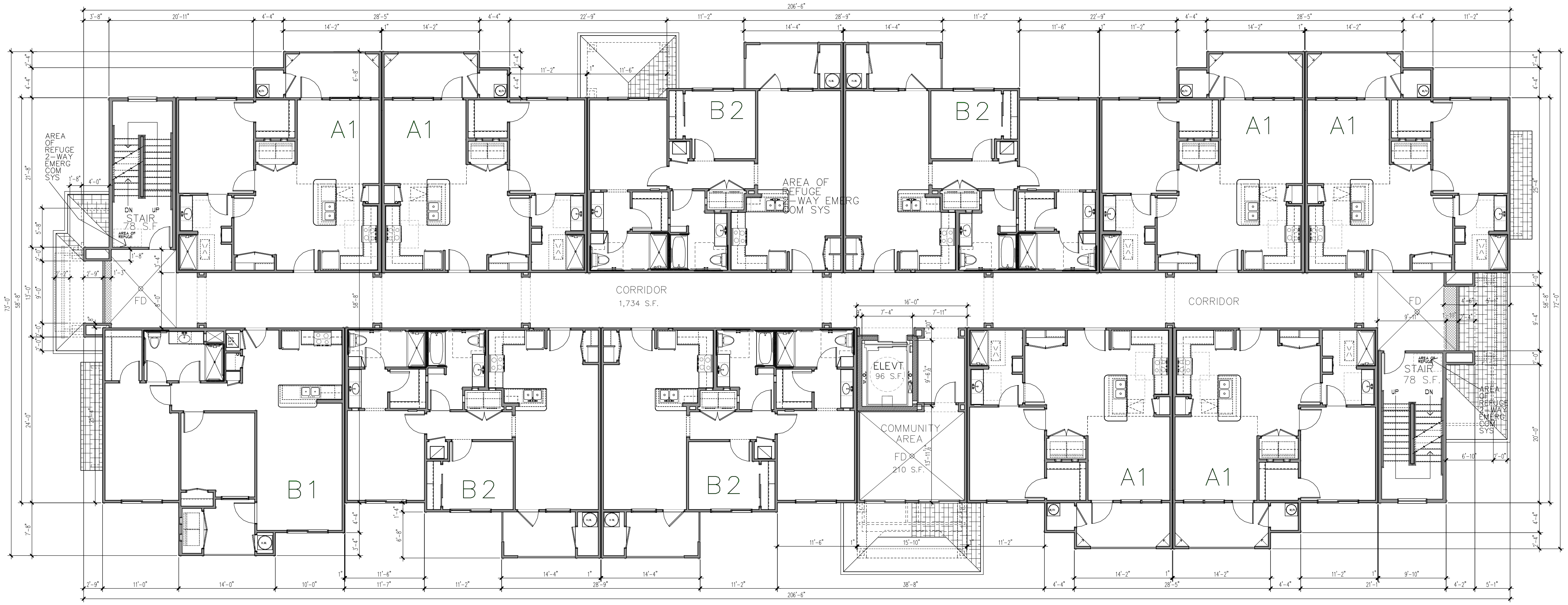
TWO BEDROOM - TWO BATH

HVAC NET AREA = 925 S.F.
NET RENTABLE AREA = 971 S.F.
GROSS (+PATIO) UNIT AREA = 1,062 S.F.



FIRST FLOOR PLAN - BLDG. TYPE I & III

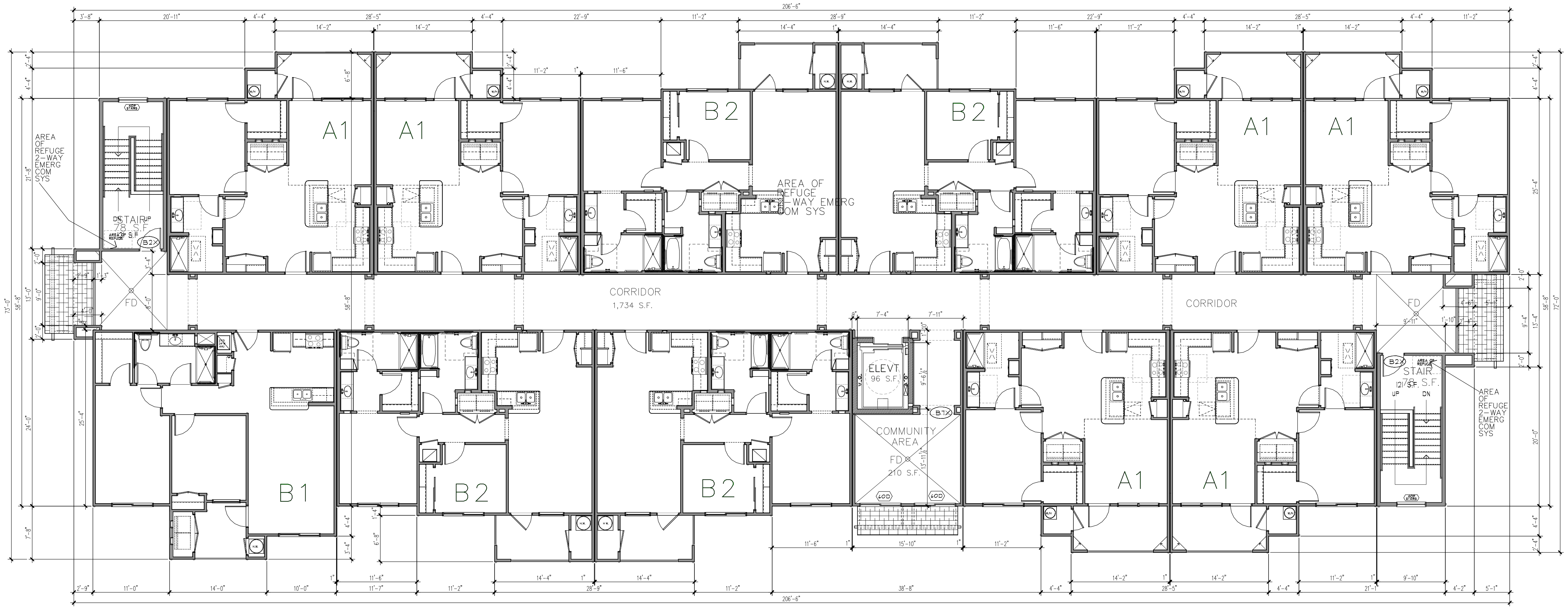
FIRST FLOOR – STAIRS = 432 S.F. ELEVT. 95 S.F. CORRIDOR = 1,930 S.F. STORAGE UNITS = 215 S.F.



SECOND & THIRD FLOOR PLAN - BLDG. TYPE I

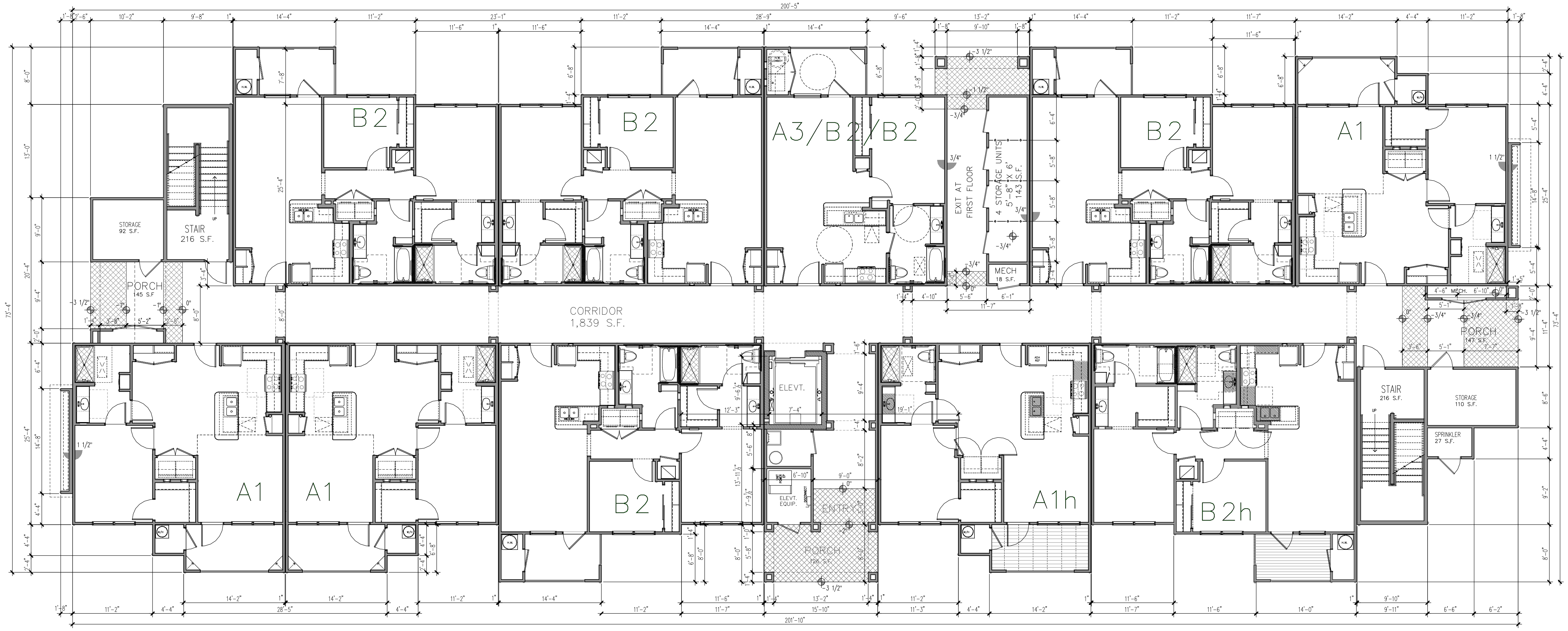
SECOND FLOOR PLAN - BLDG. TYPE III

THIRD FLOOR ---- STAIR AREA = 216 S.F CORRIDOR = 1,734 S.F COMMUNITY AREA = 210 S.F.
SECOND FLOOR -- STAIR AREA = 216 S.F CORRIDOR = 1,734 S.F COMMUNITY AREA = 210 S.F.



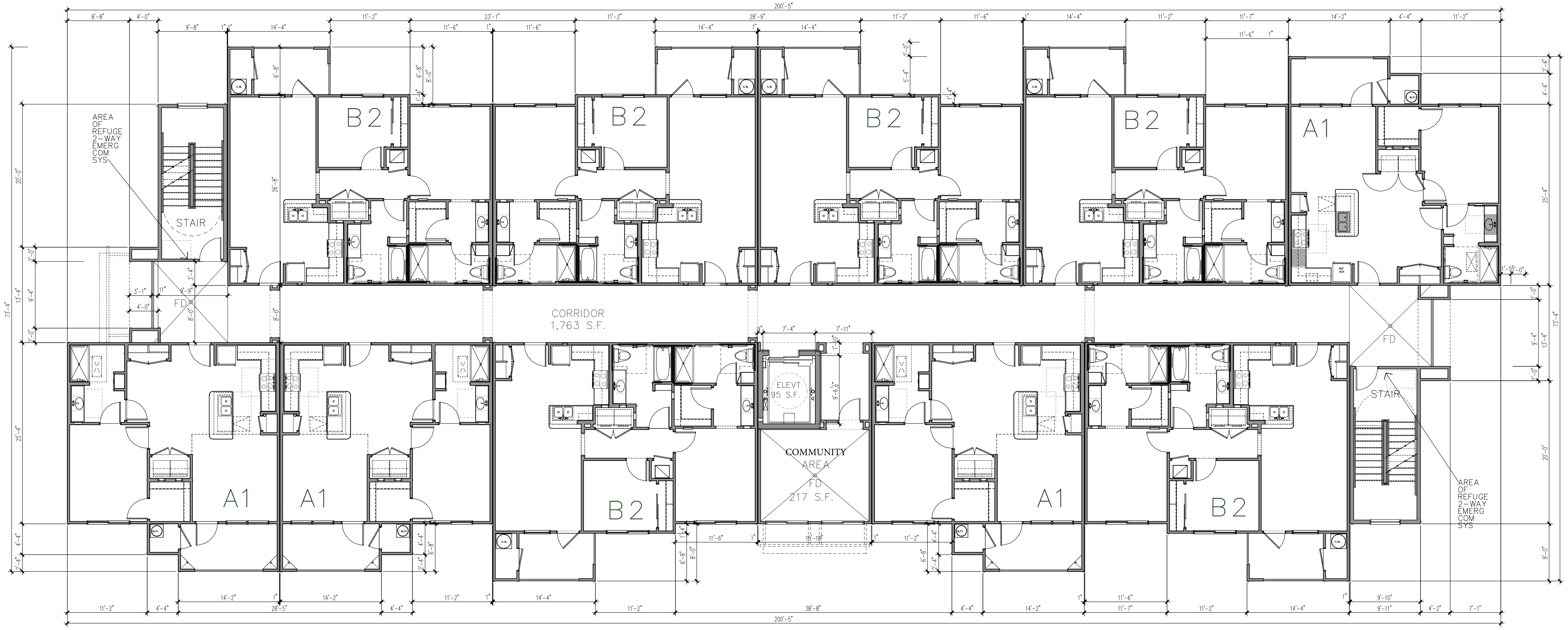
FOURTH - FLOOR PLAN - BLDG. TYPE I THIRD FLOOR PLAN - BLDG. TYPE III

FOURTH FLOOR -- STAIR AREA = 156 S.F CORRIDOR = 1,734 S.F. COMMUNITY AREA = 210 S.F.



FIRST FLOOR PLAN - BLDG. TYPE II

FIRST FLOOR -- STAIR AREA = 432 S.F. ELEVT. = 94 S.F. CORRIDOR AREA = 1,839 S.F. STORAGE UNITS = 345 S.F.



SECOND FLOOR PLAN - BLDG. TYPE II

SECOND FLOOR -- STAIR AREA = 312 S.F. CORRIDOR AREA = 1,763 S.F. COMMUNITY AREA = 217 S.F.

THIRD FLOOR -- STAIR AREA = 154 S.F. CORRIDOR AREA = 1,763 S.F. COMMUNITY AREA = 217 S.F.

SPECIFICATIONS AND BUILDING/UNIT TYPE CONFIGURATION

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns Q through AA, and rows 51 through 79.

Specifications and Amenities (check all that apply)

Building Configuration (Check all that apply):

[ ] Single Family Construction	[ ] SRO	[ ] Transitional (per §42(i)(3)(B))	[ ] Duplex
[ ] Scattered Site	[ ] Fourplex	[x] > 4 Units Per Building	[ ] Townhome

Development will have: [x] Fire Sprinklers; [x] Elevators; 3 # of Elevators; [ ] Wt. Capacity

Number of Parking Spaces(consistent with Architectural Drawings):

Free	Paid		Free	Paid	
0	0	Shed or Flat Roof Carport Spaces	0	0	Detached Garage Spaces
0	0	Attached Garage Spaces	200	0	Uncovered Spaces
0	0	Structured Parking Garage Spaces			

Floor Composition & Wall Height:

100	% Carpet/Vinyl/Resilient Flooring	9'	Ceiling Height
	% Ceramic Tile		Upper Floor(s) Ceiling Height (Townhome Only)
	% Other	*Describe:*	

				Building Label	I	II	III								Total # of Residential Buildings	
				Number of Stories	4	3	3									
Unit Type				Number of Buildings	1	1	1								3	
Unit Label	# of Bed-rooms	# of Baths	Sq. Ft. Per Unit		Number of Units Per Building										Total # of Units	Total Sq Ft for Unit Type
A3	1	1	680		1	1	1								3	2,040
A1	1	1	752		23	11	17								51	38,352
A1-h	1	1	752		1	1	1								3	2,256
B1	2	1	939		4		3								7	6,573
B2	2	2	971		14	16	10								40	38,840
B2-h	2	2	971		1	1	1								3	2,913
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				Totals	44	30	33	-	-	-	-	-	-	-	107	90,974

Net Rentable Square Footage from Rent Schedule 90,974

Interior Corridors												
Total Interior Corridor Per Building Label	0	0	0	0	0	0	0	0	0	0		-
Common Area	1,960	1,771	1,108									
Total Common Area Per Building Label	1,960	1,771	1,108	0	0	0	0	0	0	0		4,839
Breezeways	7,132	5,365	3,664									
Total Breezeways Per Building Label	7,132	5,365	3,664	0	0	0	0	0	0	0		16,161

Rent Schedule

Self Score Total: **112**

ate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			**(B)**	**(A) x (B)**			**(E)**	**(A) x (E)**
TC 30%					1	1	1.0	680	680	295	46	249	249
TC 50%					1	1	1.0	680	680	491	46	445	445
TC 60%					1	1	1.0	680	680	590	46	544	544
TC 30%					4	1	1.0	752	3,008	295	46	249	996
TC 50%					10	1	1.0	752	7,520	491	46	445	4,450
TC 60%					34	1	1.0	752	25,568	590	46	544	18,496
MR					6	1	1.0	752	4,512	800	0	800	4,800
TC 30%					1	2	1.0	939	939	354	63	291	291
TC 50%					1	2	1.0	939	939	590	63	527	527
TC 60%					5	2	1.0	939	4,695	708	63	645	3,225
TC 30%					4	2	2.0	971	3,884	354	63	291	1,164
TC 50%					8	2	2.0	971	7,768	590	63	527	4,216
TC 60%					26	2	2.0	971	25,246	708	63	645	16,770
MR					5	2	2.0	971	4,855	925	0	925	4,625
									0				-
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			TOTAL		107				90,974				60,798

Non Rental Income	$17.80	per unit/month for:	*late fees, phone, cable, laundry, storages*	1,905
Non Rental Income	0.00	per unit/month for:		
Non Rental Income	0.00	per unit/month for:		
+ TOTAL NONRENTAL INCOM	**$17.80**	per unit/month		1,905
= POTENTIAL GROSS MONTHLY INCOME				62,703
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 7.50%	(4,703)
- Rental Concessions ***(enter as a negative number)***			**Enter as a negative value**	
= EFFECTIVE GROSS MONTHLY INCOME				58,000
x 12 = EFFECTIVE GROSS ANNUAL INCOME				696,003

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	10%	9%	10
	TC40%			0
	TC50%	21%	19%	20
	TC60%	69%	62%	66
	HTC LI Total			96
	EO			0
	MR			11
	MR Total			11
	Total Units			107
MORTGAGE REVENUE BOND				
	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
	MR Total			0
	HTF Total			0
HOME	30%			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	HOME LI Total			0
	EO			0
	MR			0
	MR Total			0
	HOME Total			0
OTHER	Total OT Units			0

BEDROOMS	0			0
	1			57
	2			50
	3			0
	4			0
	5			0

ACQUISITION + HARD		
Cost Per Sq Ft	$ 111.66	
HARD		
Cost Per Sq Ft	$ 111.66	
BUILDING		Total Points claimed:
Cost Per Sq Ft	$ 74.96	12

Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.

ANNUAL OPERATING EXPENSES

General & Administrative Expenses				
Accounting		$	3,500	
Advertising		$	10,800	
Legal fees		$	1,800	
Leased equipment		$	0	
Postage & office supplies		$	1,200	
Telephone		$	5,340	
Other	*additional office supplies and office exp*	$	9,020	
Other		$		
Total General & Administrative Expenses:				$ 31,660
Management Fee:	Percent of Effective Gross Income:		5.00%	$ 34,801
Payroll, Payroll Tax & Employee Benefits				
Management		$	52,000	
Maintenance		$	26,000	
Other	*Taxes and Benefits*	$	24,822	
Other				
Total Payroll, Payroll Tax & Employee Benefits:				$ 102,822
Repairs & Maintenance				
Elevator		$	9,000	
Exterminating		$	2,140	
Grounds		$	8,025	
Make-ready		$	5,507	
Repairs		$	24,793	
Pool		$	1,800	
Other	*Landscape Costs*	$	12,900	
Other		$		
Total Repairs & Maintenance:				$ 64,165
Utilities (Enter Only Property Paid Expense)				
Electric		$	14,220	
Natural gas		$	12,000	
Trash		$	6,420	
Water/Sewer		$	42,000	
Other		$		
Other		$		
Total Utilities:				$ 74,640
Annual Property Insurance:	Rate per net rentable square foot:	$	0.42	$ 38,209
Property Taxes:				
Published Capitalization Rate:	Source:			
Annual Property Taxes		$	53,600	
Payments in Lieu of Taxes		$		
Total Property Taxes:				$ 53,600
Reserve for Replacements:	Annual reserves per unit:	$	$ 250	$ 26,750
Other Expenses				
Cable TV		$		
Supportive Services (Staffing/Contracted Services)		$		
TDHCA Compliance fees		$	3,840	
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$		
Security		$		
Other		$		
Other		$		
Total Other Expenses:				$ 3,840
TOTAL ANNUAL EXPENSES	Expense per unit:	$	4023	$ 430,487
	Expense to Income Ratio:		**61.85%**	
NET OPERATING INCOME (before debt service)				$ 265,517
Annual Debt Service				
Citibank		$	205,476	
		$		
		$		
		$		
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.29	$ 205,476
NET CASH FLOW				$ 60,041

15 Year Rental Housing Operating Pro Forma

All Programs Must Complete the following:

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	$729,576	$744,168	$759,051	$774,232	$789,717	$871,911	$962,660
Secondary Income	$ 22,860	$ 23,317	$ 23,784	$ 24,259	$ 24,744	$ 27,320	$ 30,163
POTENTIAL GROSS ANNUAL INCOME	$752,436	$767,485	$782,834	$798,491	$814,461	$899,231	$992,823
Provision for Vacancy & Collection Loss	($56,433)	($57,561)	($58,713)	($59,887)	($61,085)	($67,442)	($74,462)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$696,003	$709,923	$724,122	$738,604	$753,376	$831,788	$918,362
EXPENSES							
General & Administrative Expenses	$31,660	$32,610	$33,588	$34,596	$35,634	$41,309	$47,889
Management Fee	$ 34,801	$ 35,497	$ 36,207	$ 36,931	$ 37,670	$ 41,590	$ 45,919
Payroll, Payroll Tax & Employee Benefits	$ 102,822	$ 105,907	$ 109,084	$ 112,356	$ 115,727	$ 134,159	$ 155,528
Repairs & Maintenance	$ 64,165	$ 66,090	$ 68,072	$ 70,115	$ 72,218	$ 83,720	$ 97,055
Electric & Gas Utilities	$ 26,220	$ 27,007	$ 27,817	$ 28,651	$ 29,511	$ 34,211	$ 39,660
Water, Sewer & Trash Utilities	$ 48,420	$ 49,873	$ 51,369	$ 52,910	$ 54,497	$ 63,177	$ 73,240
Annual Property Insurance Premiums	$ 38,209	$ 39,355	$ 40,536	$ 41,752	$ 43,005	$ 49,854	$ 57,795
Property Tax	$ 53,600	$ 55,208	$ 56,864	$ 58,570	$ 60,327	$ 69,936	$ 81,075
Reserve for Replacements	$ 26,750	$ 27,553	$ 28,379	$ 29,230	$ 30,107	$ 34,903	$ 40,462
Other Expenses	$ 3,840	$ 3,955	$ 4,074	$ 4,196	$ 4,322	$ 5,010	$ 5,808
TOTAL ANNUAL EXPENSES	$430,487	$443,053	$455,990	$469,308	$483,018	$557,871	$644,429
NET OPERATING INCOME	$265,517	$266,870	$268,132	$269,297	$270,359	$273,918	$273,932
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$205,476	$205,476	$205,476	$205,476	$205,476	$205,476	$205,476
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$60,041	$61,394	$62,656	$63,821	$64,883	$68,442	$68,456
CUMULATIVE NET CASH FLOW	$60,041	$121,435	$184,090	$247,911	$312,794	$646,106	$988,351
Debt Coverage Ratio	1.29	1.30	1.30	1.31	1.32	1.33	1.33
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consisstent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone:

Email:

Signature, Authorized Representative, Construction or Permanent Lender

Printed Name

Date

Development Cost Schedule

Self Score Total: 112

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the Eligible Basis columns and the Requested Credit calculation below:

	TOTAL DEVELOPMENT SUMMARY			Scratch Paper/Notes
	Total Cost	Eligible Basis (If Applicable) Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	1,257,081			
Existing building acquisition cost				
Closing costs & acq. legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$1,257,081	$0	$0	
OFF-SITES[2]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities	46,500			
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	$46,500	$0	$0	
SITE WORK[3]				
Demolition				
Asbestos Abatement (Demolition Only)				
Detention				
Rough grading	174,522		174,522	
Fine grading			0	
On-site concrete	18,000		18,000	
On-site electrical				
On-site paving	335,000		335,000	
On-site utilities	620,000		620,000	
Decorative masonry	0		0	
Bumper stops, striping & signs	3,000		3,000	
Other (specify) - see footnote 1				
Subtotal Site Work Cost	$1,150,522	$0	$1,150,522	
SITE AMENITIES				
Landscaping	139,100		139,100	
Pool and decking	100,000		100,000	
Athletic court(s), playground(s)			0	
Fencing	81,000		81,000	
Other (specify) - see footnote 1				
Subtotal Site Amenities Cost	$320,100	$0	$320,100	

BUILDING COSTS*:						
Concrete		366,070		366,070		
Masonry		730,965		730,965		
Metals		72,000		72,000		
Woods and Plastics		1,895,774		1,895,774		
Thermal and Moisture Protection		87,205		87,205		
Roof Covering		82,850		82,850		
Doors and Windows		226,018		226,018		
BUILDING COSTS (Continued):						
Finishes		909,446		909,446		
Specialties		29,616		29,616		
Equipment		213,025		213,025		
Furnishings						
Special Construction						
Conveying Systems (Elevators)		80,000		80,000		
Mechanical (HVAC; Plumbing)		1,172,361		1,172,361		
Electrical		593,850		593,850		
Individually itemize costs below:						
Detached Community Facilities/Building		360,000		360,000		
Carports and/or Garages						
Lead-Based Paint Abatement						
Asbestos Abatement (Rehabilitation Only)						
Structured Parking						
Commercial Space Costs						
Other (specify) - see footnote 1						
Subtotal Building Costs		$6,819,180	$0	$6,819,180		
TOTAL BUILDING COSTS & SITE WORK		$8,289,802	$0	$8,289,802		
(including site amenities)						
Contingency	6.96%	$580,286		580,286		
TOTAL HARD COSTS		$8,916,588	$0	$8,870,088		
OTHER CONSTRUCTION COSTS						
General requirements (<6%)	5.97%	532,205		532,205	6.00%	
Field supervision (within GR limit)				0		
Contractor overhead (<2%)	1.99%	177,402		177,402	2.00%	
G & A Field (within overhead limit)				0		
Contractor profit (<6%)	5.97%	532,205		532,205	6.00%	
TOTAL CONTRACTOR FEES		$1,241,812	$0	$1,241,812		
TOTAL CONSTRUCTION CONTRACT		*$10,158,400*	*$0*	*$10,111,900*		

SOFT COSTS[3]				
Architectural - Design fees	550,000		550,000	
Architectural - Supervision fees	120,000		120,000	
Engineering fees	250,000		250,000	
Real estate attorney/other legal fees	300,000		300,000	
Accounting fees	50,000		50,000	
Impact Fees	240,750		240,750	
Building permits & related costs	26,750		26,750	
Appraisal			0	
Market analysis	30,000		30,000	
Environmental assessment	10,000		10,000	
Soils report	8,000		8,000	
Survey	15,000		15,000	
Marketing	169,000			
Hazard & liability insurance	263,657		263,657	
Real property taxes	128,400		128,400	
Personal property taxes				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Soft Cost	$2,161,557	$0	$1,992,557	
FINANCING:				
CONSTRUCTION LOAN(S)[3]				
Interest	788,204		347,343	
Loan origination fees	31,500		31,500	
Title & recording fees	140,000		140,000	
Closing costs & legal fees	100,000			
Inspection fees	25,000		25,000	
Credit Report				
Discount Points				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
PERMANENT LOAN(S)				
Loan origination fees	142,500			
Title & recording fees				
Closing costs & legal				
Bond premium				
Credit report				
Discount points				
Credit enhancement fees				
Prepaid MIP				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
BRIDGE LOAN(S)				
Interest				
Loan origination fees				
Title & recording fees				
Closing costs & legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				

OTHER FINANCING COSTS[3]					
Tax credit fees		88,000			
Tax and/or bond counsel					
Payment bonds					
Performance bonds		141,368		141,368	
Credit enhancement fees					
Mortgage insurance premiums					
Cost of underwriting & issuance					
Syndication organizational cost					
Tax opinion					
Other (specify) - see footnote 1					
Other (specify) - see footnote 1					
Subtotal Financing Cost		$1,456,572	$0	$685,211	
DEVELOPER FEES[3]					
Housing consultant fees[4]					
General & administrative		506,625		506,625	
Profit or fee		1,393,218		1,393,218	
Subtotal Developer Fees	14.80%	$1,899,843	$0	$1,899,843	14.85%
RESERVES					
Rent-up					
Operating		317,900			
Replacement					
Escrows					
Subtotal Reserves		$317,900	$0	$0	

TOTAL HOUSING DEVELOPMENT COSTS[5]	$17,251,353	$0	$14,689,511

The following calculations are for HTC Applications only.

Deduct From Basis:			
Federal grants used to finance costs in Eligible Basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units §42(d)(5)			
Historic Credits (residential portion only)			
Total Eligible Basis		$0	$14,689,511
**High Cost Area Adjustment (100% or 130%)			130%
Total Adjusted Basis		$0	$19,096,365
Applicable Fraction		89.70%	89.70%
Total Qualified Basis	$17,130,137	$0	$17,130,137
Applicable Percentage[6]		9.00%	9.00%
Credits Supported by Eligible Basis	$1,541,712	$0	$1,541,712
(May be greater than actual request)			

Name of contact for Cost Estimate: **Manish Verma**

Phone Number for Contact: **210-530-0090**

Footnotes:

[1] An itemized description of all "other" costs must be included at the end of this exhibit.

[2] All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.

[3] (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.

[4] *(HTC Only)* Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.

[5] *(HTC Only)* Provide **all** costs & Eligible Basis associated with the Development.

[6] (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Mutifamily Rules.

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Financing Participants	Funding Description	Construction Period Loan/Equity Amount	Construction Period Interest Rate (%)	Lien Position	Permanent Period Loan/Equity Amount	Permanent Period Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	Lien Position
Debt										
TDHCA	Multifamily Direct Loan (Repayable)	$0	0.00%		$ -	0.00%	30	0		
TDHCA	Multifamily Direct Loan (Deferred Forgivable)	$0	0.00%		$ -	0.00%	0	0		
TDHCA	Mortgage Revenue Bond	$0	0.00%		$ -	0.00%	0	0		
Citibank	Conventional Loan	$14,250,000	3.75%	1	$ 3,150,000	5.60%	35	15		1
Third Party Equity										
RBC	HTC $ 1,500,000	$ 2,024,700			$ 13,498,000				0.9	
Grant										
Deferred Developer Fee										
VDC Starlight, LLC		$ 976,643			$ 603,343					
Other										
City of Edinburg		$ 10			$ 10					
	Total Sources of Funds	$ 17,251,353			$ 17,251,353					
	Total Uses of Funds				$ 17,251,353					

Briefly describe the complete financing plan for the Development, including a discussion of the sources of funds. The information must be consistent with all other documentation in this section. Provide sufficient detail so that the reader can understand all terms related to each source that are not readily apparent above or in the term sheets.

The Development Owner has submitted an application to Citibank for funding a loan; providing an interim construction loan for construction of the improvements and a permanent loan commitment. The lender would have a first lien on the land and the improvements. Citibank's construction loan will be in an amount up to $14,250,000 at a rate of 3.75%, and the permanent loan will be in the amount of $3,150,000. Payments will be based on an anticipated interest rate of 5.60%, with a 35 year amortization over a 15 year term. The Development Owner has received a commitment from the City of Edinburg for a loan, grant, in-kind contribution, or waiver of fees for the benefit of the proposed development in the amount of no less than $10. The equity will be advanced from RBC in the estimated amount of $13,498,000. The exact amount may be adjusted based on adjusters as to be defined in the Partnership Agreement. The syndication proceeds are to be based on $0.90 per dollar of tax credits. Based on a project tax allocation of $1,500,000, the equity would be $13,498,000. Any shortfall between the sources and uses of funds will be filled by the developer deferring a portion of the developer fee to make the development financially feasible. The payment of the developer note will be based on the cash flow of the development and will bear interest at the applicable federal rate. It is anticipated that all of the deferred developer fee, if any, will be paid in full with interest prior to fifteen years from the placed in service date of the entire development. The partnership believes that the present financing structure allows TDHCA to most effectively allocate the tax credits to create high-quality, affordable, service-enriched housing.

Ken L. Overshiner
Senior Vice President
Community Development Capital
Phone 713-966-2303
Ken.Overshiner@bbva.com
BBVA Compass
2200 Post Oak Blvd. 20th Floor
Houston, TX 77056

July 10, 2017

VDC Alberta Longoria, LP
c/o Manish Verma
4733 College Park, Suite 200
San Antonio, TX 78249

Re: Starlight Senior Village TDHCA #16263
Edinburg, Texas

Dear Manish,

In February 2016, Compass Bank issued a construction and permanent debt letter for the proposed 141-unit senior development to be known as Starlight Senior Village in Edinburg, TX. Based upon our review of the project at 141 units, the financing structure appears to be infeasible and the deferred fee estimates are high.

Sincerely,

Ken L. Overshiner
Senior Vice President, Community Development Capital

Community Capital

TERM SHEET

Multifamily Rental Developments with Rent Restrictions
New Construction and/or Substantial Rehabilitation and/or Term Mortgages

Starlight Apartments

June 12, 2017

NOTE: This Term Sheet constitutes a brief summary of certain, but not all, transaction terms and conditions for discussion purposes only. The summary that follows is subject to credit approval and does not constitute an offer or commitment.

In connection with this Term Sheet, CITI will be acting solely as a principal and not as your agent, advisor or fiduciary. CITI has not assumed a fiduciary responsibility with respect to this Term Sheet, and nothing in this transaction or in any prior relationship between you and CITI will be deemed to create an advisory, fiduciary or agency relationship between us in respect of this Term Sheet. You should consider carefully whether you would like to engage an independent advisor to represent or otherwise advise you in connection with this Term Sheet, if you have not already done so.

PRELIMINARY LOAN TERMS

Transaction Summary: Citibank, N.A. ("CITI") proposes to arrange a construction/permanent loan ("Loan") to the Borrower (defined below) in connection with the acquisition and construction of the Property described below.

Property: A to-be-constructed multifamily project containing 107 units located in Edinburg, TX. The property is commonly referred to as "Starlight." ("Property")

Set-Asides: 90% of the units are reserved for individuals or families whose income is no greater than 60% of Area Median Income ("AMI"). 10% of the units will be unrestricted Market Rate Units.

Applicant: **Versa Development, LLC**

Borrower: A single asset entity whose manager or general partner is the Applicant or an affiliate of Applicant. Borrower entity, its constituent entities and its operating agreement must be acceptable to CITI in all respects.

LIHTC Investor/ Syndicator: RBC is an approved LIHTC Investor/Syndicator.

Guarantor(s): GMAT Development and/or other individual(s) or corporate entity acceptable to CITI in all respects. The Guarantor(s)' financial condition(s) must be acceptable to CITI in all respects.

Subordinate Debt: If applicable, the sources of subordinate debt and the subordinate loan documents must be acceptable to CITI in all respects. All subordinate debt must fund prior to Loan funding unless CITI approves other arrangements.

Loan Security: First lien on land and any improvements, UCC filings for fixtures; assignment of all leases and rents; and, a first priority collateral assignment of all contracts, management agreements, and other agreements and all permits relating to the Property. Ground leases must be subordinate to CITI's lien position unless the fee is owned by a government agency to ensure long-term affordability. All income and rent restrictions will be subordinate to the CITI security instrument.

Construction Phase Recourse Guarantees: Prior to Conversion of the Loan to the Permanent Phase (described below) and during the Construction Phase (described below), the Loan will be fully recourse to the Borrower and to the Guarantor(s) and Completion and Repayment Guarantees are required from the Borrower and the Guarantor(s).

Guarantees, Permanent Phase: None, except for industry standard carve outs ("Carve Outs"). Carve Outs include guarantees against fraud, misrepresentation, bankruptcy and environmental issues.

Environmental Indemnity: Borrower and Guarantor(s) will be liable for CITI's standard environmental indemnity.

Closing: Closing is subject to full satisfaction of CITI's standard due diligence, underwriting and credit approval processes, and the execution and delivery of all required loan documents, delivery of opinions, payment of fees and other customary requirements.

Closing Date (*est.)*: September 2017 (estimated)

CONSTRUCTION PHASE

Construction Phase Loan Amount: An amount, currently estimated to be $14,250,000, but in any event, an amount not to exceed 80% of costs budgeted for the Construction Phase.

Term: 30 months, plus one 6-month extension(s). Fees for the extension(s) are indicated below under "Fees & Expenses."

Construction Phase Interest Rate: Variable rate equal to one month LIBOR plus a spread of 2.75% ("Construction Phase Interest Rate"). Rate adjusts monthly. Currently, one month LIBOR is trading at approximately 1.06%, for a current indicative rate of 3.81%. Pricing is based on current market conditions and is subject to change.

Interest Reserve: Calculated at the Construction Phase Interest Rate noted above, plus a cushion acceptable to CITI at time of final credit approval. Currently, CITI is underwriting with a cushion of 1.00%. The Interest Reserve will be sized based on an analysis of the projected draw schedule for the Loan during the Construction Phase.

Availability: Loan proceeds will be advanced to Borrower on a "draw down" basis upon receipt of a written request from Borrower, supported by documentation acceptable to CITI. Borrower will be required to submit a loan budget worksheet with each draw request tracking all Property sources and uses of funds. Draw requests limited to one per month.

Loan in Balance: The Loan must remain "in balance" during the Construction Phase. "In balance" means that (1) the funds available during the Construction Phase (from the Loan and all other debt and equity sources) are sufficient to complete the construction or rehabilitation of the Property and all other expenses reasonably expected to be necessary to achieve the conditions for conversion of the Loan to the Permanent Phase; and (2) the sources available at Conversion are sufficient to pay down the Construction Phase Loan Amount to the Permanent Phase Loan Amount, along with any other funding requirements for Conversion.

Amortization: None. Payments on the Loan during the Construction Phase will be interest only.

Prepayment and Yield Maintenance:

Voluntary prepayment of Loan principal amounts during the Construction Phase, including those as a result of a Borrower default, may be made without prepayment premium unless the Construction Phase Loan Amount is reduced to less than the Permanent Phase Loan Amount (as defined below).

If the prepayment reduces the Loan amount to an amount less than the Permanent Phase Loan Amount, the Borrower shall pay the greater of: (i) 1% of the amount of the Loan prepaid below 100% of the Permanent Phase Loan Amount; or (ii) CITI's standard yield maintenance amount on the amount of the Loan prepaid below 100% of the Permanent Phase Loan Amount.

In the event that a Loan prepayment resulting from a Loan resizing, as determined by CITI in its sole discretion, reduces the Loan amount to an amount less than the Permanent Phase Loan Amount, the Borrower shall pay the greater of: (i) 1% of the amount of the Loan prepaid below 90% of the Permanent Phase Loan Amount; and (ii) CITI's standard yield maintenance amount on the amount of the Loan prepaid below 90% of the Permanent Phase Loan Amount.

Notwithstanding any of the above, in the event the amount of such prepayment would cause the Loan amount to fall below 50% of the Permanent Phase Loan Amount, the Borrower shall be required to repay the Loan in full plus the greater of: (i) 1% of the amount of the Loan repaid below 90% of the Permanent Phase Loan Amount; and (ii) CITI's standard yield maintenance amount on the amount of the Loan repaid below 90% of the Permanent Phase Loan Amount.

If Borrower prepays Loan principal amounts through the application of insurance proceeds or a condemnation award, no prepayment premium shall be payable to CITI

Budget and Contingencies: The budget for the Construction Phase, including all budget line items, is subject to CITI approval. The budget shall include a hard cost contingency of no less than 5% of budgeted hard costs for new construction projects and no less than 10% of budgeted hard costs for rehabilitation projects. The budget shall include a soft cost contingency of no less than 5% of budgeted soft costs, excluding 1) soft costs incurred prior to or in connection with closing; 2) interest reserve and bank fees; 3) capitalized operating reserve deposits and other costs that may be due in connection with Conversion for which specific sources are identified; and 4) developer fees.

General Contractor and Bonding Requirements: The general contractor and the construction contract must be acceptable to CITI. CITI will require payment and performance bonds equal to 100% of the construction contract amount. Surety issuing bonds must have an A.M. Best rating of "A/X" or better and must be acceptable to CITI in all other respects. In lieu of bonds, CITI will accept a letter of credit ("LC") equal to 15% of the hard cost budget. LC provider must be rated "A" or better.

Retainage: Construction contract will provide for a minimum retainage of 10% of each construction pay application until "substantial completion" (as defined in the Loan documents). Retainage percentage amounts can be revised, but only down to a minimum of 10% until 50% completion and then 0% retention withheld thereafter. No release of retainage is permitted for achieving 50% completion. All retained amounts will be released upon final, lien-free completion of construction, as approved by CITI.

PERMANENT PHASE

Permanent Phase Loan Amount: An amount currently estimated to be in the maximum amount of $3,150,000 or such other loan amount supported by CITI and Freddie Mac's underwriting of the Property at the time of Conversion in accordance with CITI and Freddie Mac's underwriting requirements including those listed below.

Forward Commitment Term: 24 months. Any extension will require Freddie Mac approval and will be subject to a Freddie Mac Extension Fee (see below).

Term/Amortization: 15/35 years

Interest Calc: 30/360

Yield Maintenance Period: 10 year lock-out followed by 4.5 years of yield maintenance. Thereafter, the loan is pre-payable at a 1% prepayment until 3 months prior to maturity at which point the loan is open to prepayment at par.

Permanent Phase Interest Rate: Fixed rate equal to the 10 Year US Treasury plus a Freddie Mac spread (including servicing) of 3.39%. Currently, the 10 Year US Treasury is trading at 2.21%, for a current indicative rate of 5.60%. Pricing is based on current market conditions and is subject to change. The rate will be committed at the time of closing of the Construction Phase financing.

Conversion to Permanent Phase Requirements: Conversion requirements include completion of construction and 90% physical occupancy of Project for three consecutive calendar months. CITI and Freddie Mac will review the Property's net operating income to determine the maximum Permanent Phase Loan Amount based on the Debt Service Coverage and Loan-to-Value noted above.

Other Conversion Requirements: As may be required by Governmental Lender, CITI and Freddie Mac.

Debt Service Coverage: A minimum of 1.15 to 1.00.

Loan-to-Value: 90%

Replacement Reserve: Upon Conversion, Borrower will be required to fund a Replacement Reserve for each of the first five years following Conversion in a minimum amount of $250/unit/year for new construction projects or, for renovation projects, in an amount determined by a Physical Needs Assessment acceptable to Citi, but in a minimum amount of $250/unit/year. For each successive five year period thereafter until Permanent Loan maturity, the Replacement Reserve level will be determined by a new Physical Needs Assessment acceptable to Citi.

Operating Reserve / Re- Stabilizing Reserve: Citi will require an operating deficit/re-stabilizing reserve equal to a minimum of six months of debt service on all mandatory ("hard pay") debt service. The operating deficit/re-stabilizing reserve is required to fund operating deficits and to allow for a transition of Section 8 subsidized tenants to non-Section 8 subsidized tenants in the event that the Section 8 subsidy is eliminated.

Taxes and Insurance: Commencing upon Conversion, real estate taxes and insurance premiums must be escrowed with the Loan servicer ("Servicer") on a monthly prorated basis in an amount sufficient to enable the Servicer to pay (at least 30 days before due) all taxes, assessments, insurance premiums or other similar charges affecting the Property.

Assumability: Subject to CITI's / Freddie Mac's prior written approval and payment of an Assumption Fee of 1.00% of the unpaid principal balance of the Loan. Each request for approval must be accompanied by a $3,000 non-refundable Review Fee. Notwithstanding the foregoing, no consent or assumption fee will be required in connection with the sale of tax credits (provided, however, Borrower shall provide the Review Fee).

OTHER

Appraisal, Environmental, Plan/Cost Reviews: Appraisal and Plan/Cost Review reports will be commissioned and reviewed by CITI. CITI may rely upon environmental reports commissioned by Borrower if report is current (within 12 months) and Citi has been provided evidence of acceptable E&O insurance coverage carried by Borrower's environmental consultant and a reliance letter in form acceptable to CITI. Appraisal, environmental condition and plan/cost reviews must be acceptable to CITI in all respects.

Property Tax Abatements, Incentives: All documentation related to any tax abatement or tax incentives must be acceptable to CITI in all respects.

Developer Fee: Any developer fee paid prior to conversion to the Permanent Phase shall be pre-approved by CITI in its sole discretion.

FEES & EXPENSES

Application Fee: $25,000, which amount shall be non-refundable (except as set forth in the "Exclusivity" section of the Preliminary Application to which this Term Sheet is appended) and due and payable upon acceptance of a Preliminary Application. This fee is applicable toward third party reports, loan underwriting and processing (in the minimum amount of $5,000), and CITI's initial legal fees. Applicant is responsible for the payment of all reasonable costs incurred in connection with the underwriting, processing and/or closing of the Loan (including CITI legal fees).

Origination Fee: A non-refundable Origination Fee equal to 1.00% of the Construction Phase loan amount and 1.00% of the Permanent phase loan amount ("Origination Fee") shall be earned in full by CITI upon the closing of the Loan, and is due and payable at that time. The Origination Fee will be applied towards CITI's costs of providing this financing.

CITI and Freddie Mac Legal Fees (*est*): Estimated fees of CITI's counsel for the initial closing is $65,000 and assumes no significant negotiation over CITI's form documents. A portion of the Application Fee will be applied to initial CITI counsel fees. Applicant agrees to make a supplemental deposit to cover CITI's counsel fees once the drafting of legal documentation commences, if requested.

Course of Construction Inspections (*est*): $TBD/monthly report.

Construction Term Extension Fee: An extension fee equal to 0.25% of the Construction Phase Loan Amount is payable prior to the six month extension.

Freddie Mac Application Fee: Upon acceptance of this proposal, Applicant shall deliver to CITI a Freddie Mac Application Fee which is equal to the greater of $3,000 or 0.10% of the Permanent Phase Loan Amount. This fee is non-refundable.

Freddie Mac Forward Commitment Deposit Fee: A Forward Commitment Deposit Fee equal to 2% of the Permanent Phase Loan Amount is payable to Freddie Mac prior to closing. The Forward Commitment Deposit Fee will be returned no later than thirty (30) days after Permanent Phase Conversion or will be retained if the loan does not convert to the Permanent Phase.

Freddie Mac Construction Period Standby Fee: 0.15% of the Permanent Phase Loan Amount per annum for each year (or partial year, prorated) of the Forward Commitment period. Subject to Freddie Mac approval, a prorated amount of the Standby Fee will be credited back to the Borrower if the Borrower converts prior the end of the Forward Commitment period.

Freddie Mac Extension Fee: If Freddie Mac approves a six (6) month extension of the Forward Commitment Term, the Borrower will be required to pay a 0.50% Freddie Mac Extension Fee for the 1st extension and 0.75% Extension Fee for the 2nd extension, at Freddie Mac's discretion.

Conversion Fee and Expenses: A Conversion fee equal to $10,000 will be charged by CITI. Other expenses, including insurance review, site inspection and loan servicer set-up fees are estimated to be $5,000.

Other Costs: Applicant is responsible for costs of survey, title insurance policy, hazard insurance policy, tax escrow fee and all other normal and customary loan closing expenses.

Term Sheet Expiration Date: Fifteen (15) days after the date hereof, unless attached to a Preliminary Application letter.

This Term Sheet is an indication of our proposal to finance the Property. It is understood and agreed that this Term Sheet does not, in any manner, constitute a commitment to lend. The financing documents evidencing the Loan will be documented separately and will contain terms and conditions that may be in addition to or in substitution of those set forth in this Term Sheet.

Any terms set forth herein are intended for discussion purposes only and are subject to the final terms as set forth in separate definitive written agreements. This Term Sheet is not a commitment to lend, syndicate a financing, underwrite or purchase securities, or commit capital. By accepting this Term Sheet, subject to applicable law or regulation, you agree to keep confidential the existence of and proposed terms for any transaction contemplated hereby (a "Transaction").

The provision of information in this Term Sheet is not based on your individual circumstances and should not be relied upon as an assessment of suitability for you of a particular product or transaction. Even if CITI possesses information as to your objectives in relation to any transaction, series of transactions or trading strategy, this will not be deemed sufficient for any assessment of suitability for you of any transaction, series of transactions or trading strategy.

This Term Sheet is provided for information purposes and is intended for your use only. Except in those jurisdictions where it is impermissible to make such a statement, CITI hereby informs you that this Term Sheet should not be considered as a solicitation or offer to sell or purchase any securities or other financial products. This Term Sheet does not constitute investment advice and does not purport to identify all risks or material considerations which should be considered when undertaking a transaction. CITI makes no recommendation as to the suitability of any of the products or transactions mentioned. Any trading or investment decisions you take are in reliance on your own analysis and judgment and/or that of your advisors and not in reliance on us.

CITI often acts as (i) a market maker; (ii) an issuer of financial instruments and other products; and (iii) trades as principal in many different financial instruments and other products, and can be expected to perform or seek to perform investment banking and other services for the issuer of such financial instruments or other products. The author of this Term Sheet may have discussed the information contained herein with others within or outside CITI and the author and/or such other Citi personnel may have already acted on the basis of this information (including by trading for CITI's proprietary accounts or communicating the information contained herein to other customers of CITI). CITI, CITI's personnel (including those with whom the author may have consulted in the preparation of this Term Sheet), and other customers of CITI may be long or short the financial instruments or other products referred to in this Term Sheet, may have acquired such positions at prices and market conditions that are no longer available, and may have interests different from or adverse to your interests.

CITI is required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with CITI. CITI will ask for your complete name, street address, and taxpayer ID number. CITI may also request corporate formation documents, or other forms of identification, to verify information provided.

Although Citibank, N.A. (together with its subsidiaries and branches worldwide, "Citibank") is an affiliate of CITI, you should be aware that none of the financial instruments or other products mentioned in this term sheet (unless expressly stated otherwise) are (i) insured by the Federal Deposit Insurance Corporation or any other governmental authority, or (ii) deposits or other obligations of, or guaranteed by, Citibank or any other insured depository institution.

IRS Circular 230 Disclosure: CITI and its employees are not in the business of providing, and do not provide, tax or legal advice to any taxpayer outside of CITI. Any statements in this term sheet regarding tax matters were not intended or written to be used, and cannot be used or relied upon, by any taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

HUDSON
HOUSING CAPITAL

July 6, 2017

Manish C. Verma
VDC Alberta Longoria GP, LLC
4733 College Park, Ste. 200
San Antonio, Texas 78249

Re: **Starlight Senior Village, Edinburg ETJ, TX (16263)**

Dear Manish:

In February 2016, Hudson Housing Capital issued a letter of intent to purchase the limited partnership interest in the Partnership that would own a 141-unit senior development known as Starlight Senior Village (the "Property") in Edinburg, TX. Since that time, there has been significant downward pressure in equity pricing due to potential tax reform. Our letter of intent from February, which indicated a credit price of $0.97, has since expired and we are unable re-issue a new term sheet at that pricing level. We understand you are seeking an amendment from TDHCA to modify the unit mix. Doing so would allow you to preserve the full LIHTC allocation while reducing the total development costs. This modification would allow the Property to be feasible at a lower credit price.

Please let us know if you need any additional information.

Sincerely,

Joshua Lappen
Vice President

RBC Capital Markets®

Royal Bank of Canada
Tax Credit Equity Group
Cleveland, Ohio, 44102
Telephone: (216) 875-2626
Fax: (216) 875-2612

June 12, 2017

Versa Development, LLC
4733 College Park, Suite 200
San Antonio, TX 78249
Attn: Manish Verma

Re: Starlight Apartments
Edinburg, Hidalgo County, TX

Dear Manish:

Thank you for providing us the opportunity to submit a proposal on Starlight Apartments (the "Project"). This letter serves as our mutual understanding of the business terms regarding the acquisition of an ownership interest in VDC Alberta Longoria, LP, a Texas limited partnership, or similar entity to be formed (the "Partnership"). RBC Tax Credit Equity, LLC, its successors and assigns ("RBC") will acquire a 99.98% interest, and RBC Tax Credit Manager II, Inc. ("RBC Manager") will acquire a .01% interest (collectively, the "Interest") in the Partnership.

1. **Project and Parties Involved.**

(a) The Project, located in the City of Edinburg, County of Hidalgo, State of Texas will consist of 107 apartment units. Within the Project 96 units will be occupied in compliance with the low-income housing tax credit ("LIHTC") requirements of Section 42 of the Internal Revenue Code and 11 units will be unrestricted market-rate units.

(b) The parties involved with the Project are as follows:

(i) **General Partner**. The General Partner is VDC Alberta Longoria GP, LLC, a single purpose, taxable entity, owned by Versa Development LLC, or an affiliate.

(ii) **Developer**. The Developer is Versa Development LLC, or an affiliate.

(iii) **Guarantors**. Subject to RBC's review and approval of financial statements, the Guarantors are the Developer, the General Partner, Manish Verma, and other entities deemed necessary by RBC, on a joint and several basis.

2. **Purchase Price**. The Interest in the Partnership will be acquired for a total capital contribution of $13,497,300. This capital contribution is based on the Project receiving the tax credits described in Paragraph 3 and represents a price per tax credit dollar of $0.90. The capital contribution, subject to adjustments set forth in Paragraph 5 below, will be payable to the Partnership in installments as set forth on **Exhibit A**.

3. **LIHTC**. The Project has received a reservation of 2016 LIHTC in the amount of $1,500,000 annually. The total LIHTC anticipated to be delivered to the Partnership is $15,000,000. The LIHTC will be available to the Partnership beginning in 2019.

4. **Funding Sources**. The purchase price is based upon the assumption that the Project will receive funding on the terms and conditions listed on **Exhibit B**.

5. **Adjustments**.

(a) Downward Capital Adjustment. The amount of LIHTC to be allocated to RBC during the credit period ("Certified LIHTC") will be determined promptly following receipt of cost certification from the accountant and Form 8609. If the Certified LIHTC is less than Projected LIHTC, RBC's capital contributions will be reduced by an amount (the "Downward Capital Adjustment") equal to the product of (i) $0.92 multiplied by (ii) the difference between Projected LIHTC and Certified LIHTC.

(b) Late Delivery Adjustment. The amount of LIHTC allocated to RBC for 2019 will be determined at the time the Project is fully leased. If the amount of the LIHTC allocated to RBC for calendar year 2019 is less than the amounts shown in Paragraph 3, RBC's capital contribution shall be reduced by an amount (the "Late Delivery Adjustment") equal to the difference between the amount shown in Paragraph 3 (adjusted for any Downward Capital Adjustment) and the amount of the LIHTC allocated to RBC for calendar year 2019 less the present value (using a 10% discount rate) of the additional LIHTC projected to be received in 2029.

(c) Payment by General Partner. If the Downward Capital Adjustment and the Late Delivery Adjustment exceed the total of all unfunded capital contributions, then the General Partner will make a payment to the Partnership equal to the amount of such excess, and the Partnership will immediately distribute such amount to RBC as a return of its capital contribution. Except to the extent otherwise stated herein, this payment will not give rise to any right as a loan or capital contribution or result in any increase in the General Partner's capital account.

(d) Early Delivery Adjustment. The amount of LIHTC allocated to RBC for 2019 will be determined at the time the Project is fully leased. If the amount of the LIHTC allocated to RBC for calendar year 2019 is more than the amounts shown in Paragraph 3, RBC's capital contribution shall be increased by an amount (the "Early Delivery Adjustment") equal to the difference between the amount shown in Paragraph 3 (adjusted for any Downward Capital Adjustment) and the amount of the LIHTC allocated to RBC for calendar year 2019, multiplied by $0.40. This additional capital contribution will be paid by RBC at the time of its final capital contribution and will be applied first to any deferred developer fee, with any remaining amounts released to Net Cash Flow.

(e) Upward Capital Adjustment. If the Certified LIHTC is more than the Projected LIHTC, RBC will pay an additional capital contribution (the "Upward Capital Adjustment") equal to the product of (i) $0.88 multiplied by (ii) the difference between the Certified LIHTC and the Projected LIHTC. This additional capital contribution will be paid by RBC at the time of its final capital contribution and will be applied first to any deferred developer fee, with any remaining amounts released to Net Cash Flow.

The aggregate of the Early Delivery Adjustment and Upward Capital Adjustment will not exceed 5% of the total capital contribution.

6. **General Partner and Guarantor Obligations**. In addition to Paragraph 5(c) above, the General Partner is responsible for items 6(a) through 6(f) below. Any amounts advanced by the General Partner will not be considered as loans or capital contributions reimbursable or repayable by the Partnership unless otherwise stated herein.

(a) Construction Completion. The General Partner will guarantee construction completion in accordance with approved plans and specifications and will pay for any construction costs, costs to achieve permanent loan closing, repayment of all construction financing and costs necessary to fund reserves required to be funded at or before permanent loan closing.

b) Operating Deficits.

(i) Pre-Stabilization. The General Partner will guarantee funding of operating deficits until the date (the "Stabilization Date") which is the first day of the month following a 3-month period (such 3-month period to commence after the permanent loan closing) in which the Project has maintained an average 1.15 debt service coverage; and

(ii) Post-Stabilization. Commencing with the Stabilization Date and continuing until the Release Date (defined below), the General Partner will guarantee funding of operating deficits in an amount equal to 6 months of operating expenses, debt service, and replacement reserve contributions. Any funds paid by the General Partner under this Paragraph 6(b)(ii) shall be treated as an unsecured loan to the Partnership with interest at the rate of 0% per annum, to be repaid out of cash flow, refinancing, sale and liquidation proceeds as provided in Paragraph 9 hereof.

The "Release Date" is the later of:

(A) the fifth anniversary of the Stabilization Date,

(B) the date the Project has achieved an average debt service coverage of 1.15 for the 12-month period immediately prior to the Release Date, and

(C) the date the Project has achieved a 1.15 debt service coverage for each of the 3 months immediately prior to the Release Date.

(c) LIHTC Shortfall or Recapture Event. To the extent not already addressed by the Downward Capital Adjustment or the Late Delivery Adjustment, if the actual amount of LIHTC for any year is less than Projected LIHTC, the General Partner will guarantee payment to RBC of an amount equal to the shortfall or recapture amount, plus related costs and expenses incurred by RBC.

(d) Repurchase. The General Partner will repurchase RBC's interest upon the occurrence of certain events described in the Project Entity Agreement.

(e) Environmental Indemnity. The General Partner will indemnify RBC against any losses due to environmental condition at the Project.

(f) Developer Fee. The General Partner will guarantee payment of any developer fee remaining unpaid at the end of the LIHTC compliance period.

(g) Guarantors. The Guarantors will guarantee all of the General Partner's obligations. The Guarantors will maintain a net worth and liquidity level as determined by RBC after review of the Guarantors' financial statements.

7. **Reserves**.

(a) Operating Reserves. An operating reserve in an amount equal to six months of operating expenses, debt service and replacement reserve contributions will be established and maintained by the General Partner concurrent with RBC's third capital contribution. Withdrawals from the operating reserve will be subject to RBC's consent. Expenditures from operating reserves will be replenished from available cash flow as described in Paragraph 9(b) below.

(b) Replacement Reserves. The Partnership will maintain a replacement reserve, and make contributions on an annual basis equal to the greater of (i) $250 per unit and (ii) the amount required by the permanent lender. The amount of the contribution will increase annually by 3%. Annual contributions will commence with substantial completion of the Project.

8. **Fees and Compensation**. The following fees will be paid by the Partnership for services rendered in organizing, developing and managing the Partnership and the Project.

(a) Developer Fee. The Developer will earn a developer fee of $2,049,075 projected to be paid as follows:

(i) $45,957 (2.24%) concurrent with RBC's second capital contribution;

(ii) $330,000 (16.11%) concurrent with RBC's third capital contribution;

(iii) $375,000 (18.30%) concurrent with RBC's final capital contribution; and

(iv) $1,298,118 (63.35%) is deferred and paid from net cash flow.

The deferred portion of the developer fee shall accrue interest at 5% per annum commencing as of the date of RBC's final capital contribution. Payment of the deferred fee will be subordinate to all other Partnership debt as well as operating expense and reserve requirements

(b) Incentive Management Fee. An incentive management fee will be payable to the General Partner on an annual basis in an amount equal to 90% of net cash flow as set forth on Paragraph 9(b) below.

(c) Property Management Fee. The property management fee will not exceed 5% of gross rental revenues. The management agent and the terms of the property management agreement are subject to the prior approval of RBC. If the management agent is an affiliate of any Guarantor, its fee will be subordinated to payment of operating costs and required debt service and reserve payments.

(d) Asset Management Fee. The Partnership will pay RBC Manager an annual asset management fee of $10,000 which will increase by 3% annually.

9. **Tax Benefits and Distributions**.

(a) Tax Benefits. Tax profits, tax losses, and tax credits will be allocated 99.98% to RBC, .01% to RBC Manager, and .01 % to the General Partner.

(b) Net Cash Flow Distributions. Distributions of net cash flow (cash receipts less cash expenditures, payment of debt service, property management fee and asset management fee), will be made as follows:

(i) to RBC in satisfaction of any unpaid amounts due under Paragraphs 5 and 6 above and for any other amounts due and owing to RBC;

(ii) to RBC Manager for any unpaid asset management fees;

(iii) to the operating reserve to maintain the balance required in Paragraph 7(a);

(iv) to the payment of any unpaid developer fee;

(v) to the payment of any debts owed to the General Partner or their affiliates;

(vi) 90% of the remaining cash flow to the General Partner as an incentive management fee; and

(vii) the balance to the General Partner, RBC and RBC Manager in accordance with their percentage interests described in Paragraph 9(a).

(c) Distributions upon Sale, Liquidation or Refinance. Net proceeds resulting from any sale, liquidation or refinance will be distributed as follows:

(i) to payment in full of any Partnership debts except those due to RBC, RBC Manager, General Partner and/or their affiliates;

(ii) to the setting up of any required reserves for contingent liabilities or obligations of the Partnership;

(iii) to RBC, in satisfaction of any unpaid amounts due under Paragraphs 5 and 6 above and for any other amounts due and owing to RBC;

(iv) to RBC Manager for any unpaid asset management fees;

(v) to RBC for any excess or additional capital contributions made by it;

(vi) to the payment of any debts owed to the General Partner or their affiliates including any unpaid developer fee;

(vii) to RBC Manager, 1% of such proceeds as a capital transaction administrative fee;

(viii) to RBC in an amount equal to any projected federal income tax incurred as a result of the transaction giving rise to such proceeds; and

(ix) the balance, 90% to the General Partner, 9% to RBC, and 1% to RBC Manager.

10. **Construction**. The General Partner will arrange for a fixed or guaranteed maximum price construction contract. The Contractor's obligations will be secured by a letter of credit in an amount not less than 15% of the amount of the construction contract or a payment and performance bonds in an amount not less than the amount of the construction contract. The Project will establish a construction contingency in an amount not less than 5% of the construction costs, or such greater amount as RBC may reasonably require following its review of construction documents. RBC, may, in its sole discretion, engage a construction consultant (i) to review plans and specifications and (ii) evaluate the construction progress by providing monthly reports to the Partnership. The cost of the construction consultant will be paid by the Partnership.

11. **Due Diligence, Opinions and Projections**.

(a) Due Diligence: The General Partner will provide RBC with all due diligence items set forth on its due diligence checklist, including but not limited to, financial statements for the Guarantors, schedule of real estate owned and contingent liabilities, plans and specifications, a current appraisal, a current (less than 6 months old) market study, a current (less than 6 months old) Phase I environmental report, rent and expense data from comparable properties, site/market visit and title and survey. The General Partner agrees to reasonably cooperate with RBC (including signing such consents as may be necessary) in obtaining background reports on the Developer, Guarantors and other Project entities as determined by RBC.

(b) Legal Opinions. The General Partner's counsel will deliver to RBC a local law opinion satisfactory to RBC. RBC's counsel will prepare a tax opinion and the General Partner agrees to cooperate to provide all necessary documentation requested by RBC's counsel.

(c) Diligence Reimbursement. The Partnership will reimburse RBC $75,000 toward the costs incurred by RBC in conducting its due diligence review and for the costs and expenses of RBC's counsel in connection with the preparation of the tax opinion. RBC may deduct this amount from its first capital contribution.

(d) Projections. The projections to be attached to the Project Entity Agreement and that support the Tax Opinion will be prepared by RBC based on projections provided by the General Partner. RBC's projections will include development sources and uses, calculation of eligible basis, operating and construction period cash flow analysis, 15-year operating projection, 30-year debt analysis and 15-year capital account analysis.

12. **Closing Contingencies**. RBC's obligation to close on the purchase of the Interest will be contingent upon RBC's receipt, review and approval of all due diligence including the items set forth on its due diligence checklist as well as the following:

(a) Project Entity Documents. Preparation and execution of RBC's standard Project Entity Agreement and other fee agreements containing representations and warranties, covenants, consent rights, and indemnities, each on terms and conditions satisfactory to RBC.

(b) Information and Laws. No adverse change in the information you have provided to us, no adverse change in market conditions and no adverse change in existing law.

(c) Anticipated Closing Date. The closing occurring on or before August 31, 2017.

(d) Third Party Investor. RBC's receipt of a firm commitment from a third party investor to purchase from RBC the LP Interest on terms and conditions satisfactory to RBC in its sole discretion.

If the foregoing is in accordance with your understanding of the terms and conditions, please indicate your acceptance on the enclosed copy and return it to the undersigned.

Very truly yours,

By: ______________________
Name: Dan Kierce
Title: Director

The undersigned approves and accepts the terms of this Letter of Intent.

GENERAL PARTNER:

By: ______________________

Its: ______________________
Date: ______________________

GUARANTORS:

By: ______________________
Its: ______________________
Date: ______________________

By: ______________________
Its: ______________________
Date: ______________________

EXHIBIT A
CAPITAL CONTRIBUTIONS

Conditions	Amount	Anticipated Funding Date
i) 15.00% upon the later of: (a) the execution of the Partnership Agreement, (b) closing of the financing sources described in Exhibit B, and (c) receipt and approval of all due diligence items on RBC's due diligence checklist.	$2,024,595	8/1/17
ii) 65.00% upon the later of: (a) receipt of final Certificates of Occupancy for all of the units, (b) receipt of an architect's certificate of substantial completion, (c) receipt of a preliminary cost certification accompanied by a General Partner certification, and (d) November 1, 2018.	$8,773,245	11/1/18
iii) 17.22% upon the later of: (a) receipt of a final cost certification from an independent certified public accountant, (b) achievement of 100% qualified occupancy, (c) permanent loan conversion, including achievement of 90 days at a 1.15 Debt Service Coverage Ratio, and (d) October 1, 2019.	$2,324,460	10/1/19
iv) 2.78% upon the later of: (a) achievement of the Stabilization Date, (b) receipt of the IRS Form 8609, and (c) January 1, 2020.	$375,000	1/1/20
Total:	$13,497,300	

EXHIBIT B
SOURCES

<u>Construction/Permanent Loan</u>

- Lender: Citi Community Capital (or another Lender acceptable to RBC)
- Amount: $14,250,000 during construction, $3,150,000 upon Conversion
- Maturity: 35 years after Conversion
- Amortization: 35 years
- Interest Rate: TBD during construction, 5.25% upon Conversion
- Collateral: 1st mortgage on Project during construction and upon Conversion (or other collateral acceptable to RBC)

June 12, 2017

Re: Starlight Apartments
Versa Development

To: Manish Verma

Manish, thank you again for the opportunity to consider financing for Starlight Apartments. Based on a review of the project at 140 units, the financing structure appears to be infeasible. The cost structure is not workable and the deferred fee estimates are significantly high. Based on a review of your revised proposal of 107 units, the financing structure is feasible and the deferred fee estimates are in line with we would anticipate for most 9% transactions.

We are supportive of your revised application of 107 units.

Thank you.

Mahesh Aiyer
Director
(713) 752-5046

1e

BOARD ACTION REQUEST

ASSET MANAGEMENT

JULY 27, 2017

Presentation, discussion, and possible action regarding the adoption of a hold order and possible sale from the Department's Real Estate Owned ("REO") portfolio.

RECOMMENDED ACTION

WHEREAS, in protecting the States's investments in affordable housing, in 2007 the Texas Department of Housing and Community Affairs (the "Department") foreclosed and took possession of two unrelated multifamily properties that are located in Alpine and Dickinson Texas;

WHEREAS, after extensive dialogue with the city, the Dickinson property was condemned and demolished;

WHEREAS, per Tx Gov Code §2306.174(2)(C) the Department shall sell a housing development acquired through foreclosure not later than the third anniversary of the date of acquisition unless the Board adopts a resolution stating that a purchaser cannot be found; and,

WHEREAS, multiple potential buyers for each property have been identified and discussions are in process to negotiate the potential sale, but an acknowledgement of the continued hold order while negotiations continue and approved sale prices need to be adopted in order to proceed with the sale;

NOW, therefore, it is hereby

RESOLVED, that this Governing Board, per §2306.174(2)(C); authorizes Asset Management Staff to negotiate with potential buyers on the both properties while the Department continues to hold the real estate owned properties.

RESOLVED, Authorizes each property to be sold for a minimum purchase price as determined in closed session per Tex Gov't Code §551.072.

BACKGROUND

Alpine Retirement Community ("Alpine") is a 24-unit property in Alpine, Brewster County. Alpine was provided HOME funds through the Furman Allen Corporation in 1998 for new construction. The property is income restricted through a Land Use Restriction Agreement ("LURA") in accordance with HOME regulations. The term of the LURA is for 41 years and is restricted for Very Low Income Families whose annual incomes do not exceed fifty percent (50%) of Area Median Income. In 2006 the Department was notified that the owner had not made property tax payments for 2005 and risked being foreclosed on. The Department facilitated the payments for the past due property taxes and foreclosed on the property in May 2007 due to default of tax obligations. The Department initially procured a management company that operated another property immediately adjacent to Alpine to ensure affordability on the property, and to mitigate any potential federal liability from HUD through the HOME program. For a number of years immediately after the foreclosure, the property was maintaining rents far below HOME max rents in order to assess the rental market in the remote area of Brewster County, Alpine Texas. Additionally, the adjacent property to Alpine was charging below market rents, and competed directly with the subject property establishing a rental market "floor" for the area. Over the past three (3) years Asset Management staff has worked with the onsite manager and UAH Management Company to address HOME rent rates, capital needs, and occupancy rates. The Alpine property has thrived over this time and has seen continued profitability and sustained occupancy rates above ninety-percent (90%). The Department regularly updates the TDHCA website with financials and the continued success has lead to an increase in acquisition discussion from different investors, including nonprofits.

The Department also holds title to two (2) acres in Dickinson, Galveston County. This project was originally named Carriage Square and had a thirty-four (34) unit multi-family HOME development on the two acre site. This property was foreclosed on by the Department in 2007, and has been maintained as a two acre lot for multi-family development. The land sits along the Dickinson Bayou with approximately 600 feet of water frontage and is also in a 100 year flood plain. Due to the flood plain, the expectations of multi-family development have made this proposal economically infeasible due to additional cost for elevating any and all structures on the site. As of 2015, the Department has resolved the Federal liability associated with this property and is eligible to sell the land free and clear of any encumbrances from the Land Use Restriction Agreement currently on the property from the Carriage Square development. The Dickinson area has recently seen an uptick in single family development and this site is ideal for this type of construction with the water frontage. Staff is seeking Board approval to sell the property and if necessary obtain an appraisal on the property to confirm the market value and to negotiate any and all offers on the subject property.

Balance Sheet

Period = Jun 2017

Book = Accrual ; Tree = ysi_bs

		Current Balance
10000000	ASSETS	
10010000	CURRENT ASSETS	
11000000	CASH	
11200000	Cash - Operating	88,224.95
11300000	Cash - Petty	150.00
11700000	Cash - Security Deposits	6,001.16
11999999	TOTAL CASH	94,376.11
12000000	ACCOUNTS RECEIVABLE	
12100000	Receivable - Tenants	253.00
12999999	TOTAL ACCOUNTS RECEIVABLE	253.00
13000000	PREPAID EXPENSES	
13300000	Prepaid Payroll	1,850.00
13400000	Prepaid Other	42.00
13999999	TOTAL PREPAID EXPENSES	1,892.00
14000000	RESTRICTED FUNDS	
14100000	Replacement Reserve	36,019.97
14999999	TOTAL RESTRICTED FUNDS	36,019.97
15999999	TOTAL CURRENT ASSETS	132,541.08
16000000	LONG TERM ASSETS	
16010000	PROPERTY	
16100000	LAND AND BUILDINGS	
16110000	Land	33,845.13
16130000	Building	1,077,055.59
16199999	TOTAL LAND AND BUILDINGS	1,110,900.72
16200000	LAND IMPROVEMENTS	
16299999	TOTAL LAND IMPROVEMENTS	0.00
16700000	ACCUMULATED DEPRECIATION	
16710000	Accumulated Depreciation	-73,597.00
16799999	TOTAL ACCUMULATED DEPRECIATION	-73,597.00
16999998	TOTAL PROPERTY	1,037,303.72
16999999	TOTAL LONG TERM ASSETS	1,037,303.72
19999999	TOTAL ASSETS	1,169,844.80

Balance Sheet

Period = Jun 2017

Book = Accrual ; Tree = ysi_bs

		Current Balance
20000000	**LIABILITIES AND EQUITY**	
20010000	**LIABILITIES**	
20020000	**CURRENT LIABILITIES**	
21000000	**ACCOUNTS PAYABLE**	
21100000	Accounts Payable	1,021.80
21999999	**TOTAL ACCOUNTS PAYABLE**	**1,021.80**
22000000	**ACCRUED EXPENSES**	
22920000	Other Accrued Expenses	176.61
22999999	**TOTAL ACCRUED EXPENSES**	**176.61**
23000000	**DEFERRED INCOME**	
23100000	Rent Prepayment Liability	40.00
23900000	Subsidy Suspense Clearing	132.00
23999999	**TOTAL DEFERRED INCOME**	**172.00**
24000000	**DEPOSITS HELD**	
24100000	Tenant Security Deposit	4,774.00
24999999	**TOTAL DEPOSITS HELD**	**4,774.00**
25999999	**TOTAL CURRENT LIABILITIES**	**6,144.41**
29999999	**TOTAL LIABILITIES**	**6,144.41**
30000000	**EQUITY**	
31000000	**CAPITAL**	
31100000	Partner Capital	1,001,390.64
31999999	**TOTAL CAPITAL**	**1,001,390.64**
32000000	**RETAINED EARNINGS**	
32100000	Retained Earnings	20,507.04
32200000	Retained Earnings Prior Years	141,802.71
32999999	**TOTAL RETAINED EARNINGS**	**162,309.75**
33000000	**TOTAL EQUITY**	**1,163,700.39**
39999999	**TOTAL LIABILITIES AND EQUITY**	**1,169,844.80**
99999999	**TOTAL OF ALL**	**0.00**

Cash Flow Statement

Period = Jun 2017

Book = Accrual ; Tree = ysi_cf

		Period to Date	%	Year to Date	%
40000000	**INCOME**				
40010000	**OPERATING INCOME**				
40020000	**REVENUE**				
40030000	**RENTS**				
42000000	**RESIDENTIAL RENT COLLECTED**				
42100000	**GROSS POTENTIAL RENT**				
42110000	Gross Potential Rent	12,360.00	2,070.53	74,160.00	-361.63
42140000	Loss/Gain to Lease	-2,655.00	-444.76	-18,318.00	89.33
42199999	**TOTAL GROSS POTENTIAL RENT**	**9,705.00**	**1,625.76**	**55,842.00**	**-272.31**
42910000	Less: Vacancy Loss	-488.00	-81.75	-2,125.00	10.36
42940000	Less: Write Offs	-3,007.00	-503.73	-2,650.08	12.92
42999998	**TOTAL RESIDENTIAL RENT COLLECTED**	**6,210.00**	**1,040.29**	**51,066.92**	**-249.02**
42999999	**TOTAL RENTS**	**6,210.00**	**1,040.29**	**51,066.92**	**-249.02**
43000000	**OTHER INCOME**				
43100000	Application Fee Income	14.00	2.35	28.00	-0.14
43600000	Cleaning / Damage Income	0.00	0.00	3,805.00	-18.55
43930000	Late Fee Income	276.00	46.24	387.08	-1.89
43960000	Lock / Key Income	0.00	0.00	10.00	-0.05
43996000	Utility/Phone/CableCommissions	0.00	0.00	44.77	-0.22
43999000	InterestIncome	1.75	0.29	12.67	-0.06
43999960	Other Income Write-Offs	0.00	0.00	-759.00	3.70
43999999	**TOTAL OTHER INCOME**	**291.75**	**48.87**	**3,528.52**	**-17.21**
59999999	**TOTAL REVENUE**	**6,501.75**	**1,089.16**	**54,595.44**	**-266.23**
60010000	**OPERATING EXPENSES**				
61000000	**CONTROLLABLE EXPENSES**				
61100000	**ADMINISTRATIVE EXPENSES**				
61120000	Bank Fees	29.05	4.87	173.25	-0.84
61130000	Computer Costs	105.60	17.69	633.60	-3.09
61140000	Credit Services	13.78	2.31	111.83	-0.55
61160000	Dues / Licenses / Permits	0.00	0.00	465.99	-2.27
61180000	Employee Training / Education	15.60	2.61	113.09	-0.55
61194000	Meals and Entertainment	0.00	0.00	32.81	-0.16
61195000	Travel	0.00	0.00	49.14	-0.24
61199000	Office Supplies	18.00	3.02	701.16	-3.42
61199300	Postage / Delivery	2.40	0.40	75.32	-0.37
61199700	Telephone / Internet	185.01	30.99	1,098.67	-5.36
61199800	Uniforms	0.00	0.00	87.63	-0.43
61199999	**TOTAL ADMINISTRATIVE EXPENSES**	**369.44**	**61.89**	**3,542.49**	**-17.27**

Cash Flow Statement

Period = Jun 2017

Book = Accrual ; Tree = ysi_cf

		Period to Date	%	Year to Date	%
61200000	**MARKETING AND LEASING**				
61270000	Advertising	6.00	1.01	268.10	-1.31
61299999	**TOTAL MARKETING AND LEASING**	**6.00**	**1.01**	**268.10**	**-1.31**
61300000	**MANAGEMENT FEES**				
61310000	Management Fees	500.00	83.76	3,000.00	-14.63
61399999	**TOTAL MANAGEMENT FEES**	**500.00**	**83.76**	**3,000.00**	**-14.63**
61400000	**PAYROLL EXPENSES**				
61410000	Management Salaries	2,269.50	380.18	9,834.50	-47.96
61420000	Maintenance Wages	549.00	91.97	1,128.00	-5.50
61460000	Payroll Service Fees	235.15	39.39	828.13	-4.04
61470000	Employee Insurance	450.00	75.38	2,700.00	-13.17
61480000	Payroll Taxes	300.13	50.28	1,299.12	-6.34
61490000	Workers Comp Insurance	199.19	33.37	612.38	-2.99
61491000	401k Company Match	1.50	0.25	9.00	-0.04
61499999	**TOTAL PAYROLL EXPENSES**	**4,004.47**	**670.82**	**16,411.13**	**-80.03**
61590000	**REPAIRS AND MAINTENANCE**				
61592800	Appliance Supplies	0.00	0.00	43.29	-0.21
61598000	HVAC Repairs	435.87	73.02	435.87	-2.13
61599000	Fire Extinguishers	0.00	0.00	510.51	-2.49
61599700	Plumbing Repairs / Supplies	0.00	0.00	614.65	-3.00
61599999	**TOTAL REPAIRS AND MAINTENANCE**	**435.87**	**73.02**	**1,604.32**	**-7.82**
61600000	**UNIT PREPARATION**				
61620000	Unit Prep: Carpet Cleaning / Repairs	179.03	29.99	903.20	-4.40
61630000	Unit Prep: Cleaning Supplies	11.99	2.01	25.76	-0.13
61670000	Unit Prep: Doors / Locks / Keys	0.00	0.00	38.76	-0.19
61690000	Unit Prep: Unit Preparation Supplies	0.00	0.00	7.58	-0.04
61691000	Unit Prep: Paint / Wallpaper	0.00	0.00	338.35	-1.65
61699999	**TOTAL UNIT PREPARATION**	**191.02**	**32.00**	**1,313.65**	**-6.41**
61700000	**CONTRACT SERVICES**				
61740000	Landscape Maintenance	81.55	13.66	443.88	-2.16
61780000	Pest Control	97.43	16.32	215.65	-1.05
61799999	**TOTAL CONTRACT SERVICES**	**178.98**	**29.98**	**659.53**	**-3.22**
61800000	**UTILITIES**				
61820000	Electricity - Office	101.33	16.97	573.44	-2.80
61880000	Water and Sewer	342.16	57.32	1,959.85	-9.56
61890000	Trash Removal	188.67	31.61	1,137.63	-5.55
61899999	**TOTAL UTILITIES**	**632.16**	**105.90**	**3,670.92**	**-17.90**
61900000	**TAXES AND INSURANCE**				
61920000	Fidelity Bond	0.00	0.00	84.00	-0.41

Cash Flow Statement

Period = Jun 2017

Book = Accrual ; Tree = ysi_cf

		Period to Date	%	Year to Date	%
61999996	**TOTAL TAXES AND INSURANCE**	**0.00**	**0.00**	**84.00**	**-0.41**
61999997	**TOTAL CONTROLLABLE EXPENSES**	**6,317.94**	**1,058.37**	**30,554.14**	**-148.99**
61999998	**TOTAL OPERATING EXPENSES**	**6,317.94**	**1,058.37**	**30,554.14**	**-148.99**
61999999	**NET OPERATING INCOME**	**183.81**	**30.79**	**24,041.30**	**-117.23**
66000000	**NON-OPERATING EXPENSES**				
66100000	**REPLACEMENT RESERVE EXPENDITURES**				
66193000	Doors/Locks	223.27	37.40	223.27	-1.09
66197000	Plumbing	557.49	93.39	920.99	-4.49
66199600	Flooring	0.00	0.00	2,390.00	-11.65
66199998	**TOTAL REPLACEMENT RESERVE EXPENDITURES**	**780.76**	**130.79**	**3,534.26**	**-17.23**
66199999	**TOTAL NON-OPERATING EXPENSES**	**780.76**	**130.79**	**3,534.26**	**-17.23**
99900000	**NET INCOME**	**-596.95**	**-100.00**	**20,507.04**	**-100.00**
	ADJUSTMENTS				
12100000	Receivable - Tenants	3,234.00	541.75	1,227.92	-5.99
12200000	Subsidy Accounts Receivable	-187.00	-31.33	0.00	0.00
12300000	HAP Accounts Recceivable	0.00	0.00	808.00	-3.94
12400000	Subsidy Suspense Receivable	0.00	0.00	-952.00	4.64
12920000	Allowance for Doubtful Accounts	-396.00	-66.34	-752.92	3.67
13400000	Prepaid Other	6.00	1.01	-42.00	0.20
21100000	Accounts Payable	773.55	129.58	899.62	-4.39
22920000	Other Accrued Expenses	0.00	0.00	-185.54	0.90
23100000	Rent Prepayment Liability	-7.00	-1.17	-319.00	1.56
23900000	Subsidy Suspense Clearing	0.00	0.00	132.00	-0.64
24100000	Tenant Security Deposit	-200.00	-33.50	-549.00	2.68
	TOTAL ADJUSTMENTS	3,223.55	540.00	267.08	-1.30
	CASH FLOW	2,626.60	440.00	20,774.12	-101.30

	Period to Date	**Beginning Balance**	**Ending Balance**	**Difference**
11200000	Cash - Operating	86,400.10	88,224.95	1,824.85
11300000	Cash - Petty	150.00	150.00	0.00
11400000	Cash-Prior Petty	0.00	0.00	0.00
11700000	Cash - Security Deposits	5,800.91	6,001.16	200.25
14100000	Replacement Reserve	35,418.47	36,019.97	601.50
	Total Cash	**127,769.48**	**130,396.08**	**2,626.60**

	Year to Date	**Beginning Balance**	**Ending Balance**	**Difference**
11200000	Cash - Operating	71,263.50	88,224.95	16,961.45
11300000	Cash - Petty	150.00	150.00	0.00
11400000	Cash-Prior Petty	0.00	0.00	0.00
11700000	Cash - Security Deposits	5,799.71	6,001.16	201.45
14100000	Replacement Reserve	32,408.75	36,019.97	3,611.22
	Total Cash	**109,621.96**	**130,396.08**	**20,774.12**

Statement (12 months)

Period = Jul 2016-Jun 2017

Book = Accrual ; Tree = ysi_is

		Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Total
40000000	INCOME													
40010000	OPERATING INCOME													
40020000	REVENUE													
40030000	RENTS													
42000000	RESIDENTIAL RENT COLLECTED													
42100000	GROSS POTENTIAL RENT													
42110000	Gross Potential Rent	12,360.00	12,360.00	12,360.00	12,360.00	12,360.00	12,360.00	12,360.00	12,360.00	12,360.00	12,360.00	12,360.00	12,360.00	148,320.00
42140000	Loss/Gain to Lease	-4,106.00	-3,544.00	-2,534.00	-2,509.00	-2,773.00	-3,023.00	-3,538.00	-3,113.00	-2,833.00	-3,031.00	-3,148.00	-2,655.00	-36,807.00
42199999	TOTAL GROSS POTENTIAL RENT	8,254.00	8,816.00	9,826.00	9,851.00	9,587.00	9,337.00	8,822.00	9,247.00	9,527.00	9,329.00	9,212.00	9,705.00	111,513.00
42910000	Less: Vacancy Loss	1,338.00	-1,099.00	-1,070.67	-602.00	-273.00	-599.00	394.00	-169.00	-255.00	-1,292.00	-315.00	-488.00	-4,430.67
42940000	Less: Write Offs	161.39	-578.92	29.02	0.00	0.00	-505.02	340.00	48.92	-32.00	0.00	0.00	-3,007.00	-3,543.61
42999998	TOTAL RESIDENTIAL RENT COLLECTED	9,753.39	7,138.08	8,784.35	9,249.00	9,314.00	8,232.98	9,556.00	9,126.92	9,240.00	8,037.00	8,897.00	6,210.00	103,538.72
42999999	TOTAL RENTS	9,753.39	7,138.08	8,784.35	9,249.00	9,314.00	8,232.98	9,556.00	9,126.92	9,240.00	8,037.00	8,897.00	6,210.00	103,538.72
43000000	OTHER INCOME													
43100000	Application Fee Income	0.00	39.00	0.00	14.00	0.00	0.00	0.00	0.00	0.00	14.00	0.00	14.00	81.00
43600000	Cleaning / Damage Income	88.66	0.00	31.99	0.00	156.00	0.00	0.00	0.00	0.00	3,805.00	0.00	0.00	4,081.65
43910000	Forfeited Security Deposits	0.00	0.00	0.00	0.00	250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	250.00
43930000	Late Fee Income	0.00	0.00	-10.00	0.00	14.00	-175.00	15.00	55.00	10.00	-4.92	36.00	276.00	216.08
43940000	Laundry Income	420.00	300.00	0.00	405.00	0.00	420.00	0.00	0.00	0.00	0.00	0.00	0.00	1,545.00
43960000	Lock / Key Income	0.00	0.00	17.59	0.00	25.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	52.59
43994000	Re-lettingFeeIncome	0.00	0.00	0.00	0.00	340.00	0.06	0.00	0.00	0.00	0.00	0.00	0.00	340.06
43995000	ResidentUtilityIncome	0.00	0.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00
43996000	Utility/Phone/CableCommissions	0.00	0.00	0.00	0.00	0.00	0.00	44.77	0.00	0.00	0.00	0.00	0.00	44.77
43999000	InterestIncome	0.23	0.24	1.39	2.70	2.79	2.81	2.97	0.25	4.35	1.69	1.66	1.75	22.83
43999960	Other Income Write-Offs	0.00	0.00	0.00	-100.00	0.00	50.00	-709.00	-61.92	0.00	11.92	0.00	0.00	-809.00
43999999	TOTAL OTHER INCOME	508.89	339.24	40.97	321.70	797.79	297.87	-646.26	-6.67	14.35	3,837.69	37.66	291.75	5,834.98
59999999	TOTAL REVENUE	10,262.28	7,477.32	8,825.32	9,570.70	10,111.79	8,530.85	8,909.74	9,120.25	9,254.35	11,874.69	8,934.66	6,501.75	109,373.70

Statement (12 months)

Period = Jul 2016-Jun 2017
Book = Accrual ; Tree = ysi_is

		Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Total
60010000	OPERATING EXPENSES													
61000000	CONTROLLABLE EXPENSES													
61100000	ADMINISTRATIVE EXPENSES													
61120000	Bank Fees	28.75	29.05	29.20	29.35	29.05	28.75	29.20	28.90	28.75	28.60	28.75	29.05	347.40
61130000	Computer Costs	105.60	105.60	105.60	105.60	105.60	105.60	105.60	105.60	105.60	105.60	105.60	105.60	1,267.20
61140000	Credit Services	13.91	70.36	41.73	0.00	0.00	13.91	84.27	0.00	0.00	0.00	13.78	13.78	251.74
61160000	Dues / Licenses / Permits	40.00	0.00	0.00	0.00	0.00	0.00	350.00	129.90	0.00	-13.91	0.00	0.00	505.99
61180000	Employee Training / Education	6.72	6.72	6.72	6.72	6.72	6.72	8.40	13.20	13.20	49.49	13.20	15.60	153.41
61194000	Meals and Entertainment	0.00	0.00	0.00	21.56	0.00	0.00	0.00	0.00	0.00	32.81	0.00	0.00	54.37
61195000	Travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	49.14	0.00	0.00	49.14
61199000	Office Supplies	52.30	29.03	242.13	48.46	178.72	63.14	419.70	45.74	163.34	36.38	18.00	18.00	1,314.94
61199300	Postage / Delivery	8.34	62.58	9.40	3.75	1.44	51.91	5.16	2.40	2.40	60.56	2.40	2.40	212.74
61199700	Telephone / Internet	145.56	205.72	144.50	112.98	156.41	322.16	136.93	152.09	254.62	185.01	185.01	185.01	2,186.00
61199800	Uniforms	0.00	0.00	87.63	0.00	0.00	0.00	0.00	0.00	0.00	87.63	0.00	0.00	175.26
61199999	TOTAL ADMINISTRATIVE EXPENSES	401.18	509.06	666.91	328.42	477.94	592.19	1,139.26	477.83	567.91	621.31	366.74	369.44	6,518.19
61200000	MARKETING AND LEASING													
61270000	Advertising	0.00	46.00	14.00	14.00	14.00	14.00	212.00	6.00	6.00	32.10	6.00	6.00	370.10
61291000	Signage	0.00	0.00	0.00	18.38	175.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	193.81
61299999	TOTAL MARKETING AND LEASING	0.00	46.00	14.00	32.38	189.43	14.00	212.00	6.00	6.00	32.10	6.00	6.00	563.91
61300000	MANAGEMENT FEES													
61310000	Management Fees	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00
61399999	TOTAL MANAGEMENT FEES	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	500.00	6,000.00
61400000	PAYROLL EXPENSES													
61410000	Management Salaries	2,269.50	1,513.00	1,513.00	1,513.00	1,513.00	2,269.50	1,513.00	1,513.00	1,513.00	1,513.00	1,513.00	2,269.50	20,425.50
61420000	Maintenance Wages	0.00	960.00	957.00	813.00	714.00	0.00	0.00	0.00	204.00	375.00	0.00	549.00	4,572.00
61450000	Bonuses	0.00	0.00	0.00	0.00	0.00	750.00	0.00	0.00	0.00	0.00	0.00	0.00	750.00
61460000	Payroll Service Fees	109.72	128.36	127.47	122.15	118.50	143.42	101.38	101.38	130.51	158.33	101.38	235.15	1,577.75
61470000	Employee Insurance	0.00	0.00	450.00	900.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	450.00	4,950.00
61480000	Payroll Taxes	183.38	245.64	221.31	201.83	188.43	195.11	183.76	183.76	212.01	235.70	183.76	300.13	2,534.82
61490000	Workers Comp Insurance	104.54	69.69	69.69	69.69	69.69	104.54	7.41	7.41	132.79	132.79	132.79	199.19	1,100.22

Statement (12 months)

Period = Jul 2016-Jun 2017

Book = Accrual ; Tree = ysi_is

		Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Total
61491000	401k Company Match	1.50	3.00	3.00	3.00	3.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	24.00
61499999	TOTAL PAYROLL EXPENSES	2,668.64	2,919.69	3,341.47	3,622.67	3,056.62	3,914.07	2,257.05	2,257.05	2,643.81	2,866.32	2,382.43	4,004.47	35,934.29
61590000	REPAIRS AND MAINTENANCE													
61592500	Small Tools	0.00	31.65	0.00	198.70	12.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	243.25
61592800	Appliance Supplies	150.47	0.00	0.00	0.00	0.00	0.00	0.00	43.29	0.00	0.00	0.00	0.00	193.76
61594000	Window Repairs	0.00	0.00	0.00	9.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.19
61596000	Electrical Repairs	4.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.98
61598000	HVAC Repairs	0.00	423.69	65.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	435.87	925.21
61599000	Fire Extinguishers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	510.51	0.00	0.00	0.00	510.51
61599200	Interior Repairs	0.00	0.00	0.00	23.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23.90
61599700	Plumbing Repairs / Supplies	0.00	47.62	65.49	119.77	0.00	23.80	264.52	107.98	77.47	154.99	9.69	0.00	871.33
61599999	TOTAL REPAIRS AND MAINTENANCE	155.45	502.96	131.14	351.56	12.90	23.80	264.52	151.27	587.98	154.99	9.69	435.87	2,782.13
61600000	UNIT PREPARATION													
61620000	Unit Prep: Carpet Cleaning / Repairs	88.66	0.00	196.95	0.00	0.00	0.00	0.00	0.00	203.35	520.82	0.00	179.03	1,188.81
61630000	Unit Prep: Cleaning Supplies	0.00	0.00	0.00	6.48	24.51	0.00	13.77	0.00	0.00	0.00	0.00	11.99	56.75
61670000	Unit Prep: Doors / Locks / Keys	0.00	0.00	30.43	0.00	10.90	0.00	0.00	12.79	0.00	0.00	25.97	0.00	80.09
61690000	Unit Prep: Unit Preparation Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.58	0.00	0.00	7.58
61691000	Unit Prep: Paint / Wallpaper	0.00	0.00	30.99	0.00	0.00	0.00	0.00	0.00	0.00	338.35	0.00	0.00	369.34
61693000	Unit Prep: Window Treatments	0.00	97.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	97.17
61699999	TOTAL UNIT PREPARATION	88.66	97.17	258.37	6.48	35.41	0.00	13.77	12.79	203.35	866.75	25.97	191.02	1,799.74
61700000	CONTRACT SERVICES													
61740000	Landscape Maintenance	-51.16	35.87	108.23	192.43	0.00	0.00	0.00	0.00	68.15	124.18	170.00	81.55	729.25
61780000	Pest Control	90.00	209.78	-270.00	121.80	96.60	110.84	103.72	-207.44	0.00	97.45	124.49	97.43	574.67
61799999	TOTAL CONTRACT SERVICES	38.84	245.65	-161.77	314.23	96.60	110.84	103.72	-207.44	68.15	221.63	294.49	178.98	1,303.92
61800000	UTILITIES													
61820000	Electricity - Office	141.87	90.75	53.16	83.42	71.91	122.18	109.83	101.33	88.10	82.08	90.77	101.33	1,136.73
61880000	Water and Sewer	309.60	228.00	258.60	238.20	235.60	263.60	277.60	267.10	342.79	484.10	246.10	342.16	3,493.45
61890000	Trash Removal	204.23	204.23	204.23	204.23	204.23	204.23	204.23	204.23	132.04	204.23	204.23	188.67	2,363.01
61899999	TOTAL UTILITIES	655.70	522.98	515.99	525.85	511.74	590.01	591.66	572.66	562.93	770.41	541.10	632.16	6,993.19

Statement (12 months)

Period = Jul 2016-Jun 2017

Book = Accrual ; Tree = ysi_is

		Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Total
61900000	TAXES AND INSURANCE													
61920000	Fidelity Bond	0.00	0.00	0.00	0.00	0.00	0.00	84.00	0.00	0.00	0.00	0.00	0.00	84.00
61999996	TOTAL TAXES AND INSURANCE	0.00	0.00	0.00	0.00	0.00	0.00	84.00	0.00	0.00	0.00	0.00	0.00	84.00
61999997	TOTAL CONTROLLABLE EXPENSES	4,508.47	5,343.51	5,266.11	5,681.59	4,880.64	5,744.91	5,165.98	3,770.16	5,140.13	6,033.51	4,126.42	6,317.94	61,979.37
61999998	TOTAL OPERATING EXPENSES	4,508.47	5,343.51	5,266.11	5,681.59	4,880.64	5,744.91	5,165.98	3,770.16	5,140.13	6,033.51	4,126.42	6,317.94	61,979.37
61999999	NET OPERATING INCOME	5,753.81	2,133.81	3,559.21	3,889.11	5,231.15	2,785.94	3,743.76	5,350.09	4,114.22	5,841.18	4,808.24	183.81	47,394.33
66000000	NON-OPERATING EXPENSES													
66100000	REPLACEMENT RESERVE EXPENDITURES													
66130000	Driveways/ParkingLots	0.00	0.00	0.00	12,600.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,600.30
66193000	Doors/Locks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	223.27	223.27
66197000	Plumbing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	363.50	0.00	0.00	557.49	920.99
66199600	Flooring	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,390.00	0.00	0.00	2,390.00
66199920	HVAC	648.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	648.02
66199998	TOTAL REPLACEMENT RESERVE EXPENDITURES	648.02	0.00	0.00	12,600.30	0.00	0.00	0.00	0.00	363.50	2,390.00	0.00	780.76	16,782.58
66199999	TOTAL NON-OPERATING EXPENSES	648.02	0.00	0.00	12,600.30	0.00	0.00	0.00	0.00	363.50	2,390.00	0.00	780.76	16,782.58
99900000	NET INCOME	5,105.79	2,133.81	3,559.21	-8,711.19	5,231.15	2,785.94	3,743.76	5,350.09	3,750.72	3,451.18	4,808.24	-596.95	30,611.75

1f

BOARD ACTION REQUEST

BOND FINANCE DIVISION

JULY 27, 2017

Presentation, discussion, and possible action on Resolution No. 17-022 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject

RECOMMENDED ACTION

See attached resolution.

BACKGROUND

An allocation of private activity bond authority, also known as volume cap, is required for the issuance of tax-exempt, single family mortgage revenue bonds ("SFMRBs") and for the issuance of mortgage credit certificates ("MCCs"). In 2017, the State of Texas received approximately $2.8 billion in volume cap for all private activity purposes, of which one-third, or $260,102,907, was set-aside for the Department until August 7, 2017.

Staff is requesting authorization to submit one or more applications for a maximum reservation amount of $2 billion, which includes up to $1.5 billion to be used for MCC Program 88, $75 million for single family mortgage revenue bonds, and up to an additional $425 million to be carried forward for future use, which amount is subject to availability after August 15, 2017, when volume cap set-asides are collapsed and applications are filled on a first-come, first-served basis.

Staff will return to the Board at a later date with requests for approval to use awarded volume cap in connection with specific transactions.

The chart on the following page outlines the Department's projected sources and uses of reservation amounts for which authorization is requested.

Department Carryforward Allocations		
2015 Carryforward	$	200,191,694
2016 Carryforward		1,025,493,619
Existing Department Carryforward Allocations	$	1,225,685,313

Projected Sources for Reservation Amounts		
Existing Department Carryforward Allocations	$	1,225,685,313
TDHCA 2017 Private Activity Bond Allocation		260,102,907
Reservation for Additional Allocation for Program 88		14,211,780
Reservation for 2017 Series D Single Family Mortgage Revenue Bonds		75,000,000
Unused Amounts in Subceiling 1, Mortgage Revenue Bonds		425,000,000
Total Sources for Reservation Amounts	$	2,000,000,000

Projected Uses of Reservation Amounts		
Program 88 Mortgage Credit Certificates	$	1,500,000,000
2017 Series D Single Family Mortgage Revenue Bonds		75,000,000
Carryforward for Future Use		425,000,000
Total Uses of Reservation Amounts	$	2,000,000,000

RESOLUTION NO. 17-022

RESOLUTION AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR RESERVATION WITH THE TEXAS BOND REVIEW BOARD WITH RESPECT TO QUALIFIED MORTGAGE BONDS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, Section 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences will be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 143 of the Code; and

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

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

WHEREAS, the Allocation Act requires the Department, in order to reserve a portion of the State ceiling for qualified mortgage bonds (the "Reservation") and satisfy the requirements of Section 146(a) of the Code, to file an application for reservation (the "Application for Reservation") with the Texas Bond Review Board (the "Bond Review Board"), stating the maximum amount of the bonds requiring an allocation, the purpose of the bonds and the section of the Code applicable to the bonds; and

WHEREAS, the Allocation Act and the rules promulgated thereunder by the Bond Review Board (the "Allocation Rules") require that the Application for Reservation be accompanied by a certified copy of the resolution of the issuer authorizing the filing of the Application for Reservation; and

WHEREAS, the Board has determined to authorize the filing of one or more Applications for Reservation in the maximum aggregate amount of $2,000,000,000 with respect to qualified mortgage bonds;

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

ARTICLE 1

APPROVAL OF CERTAIN ACTIONS

Section 1.1 Applications for Reservation. The Board hereby authorizes Bracewell LLP, as Bond Counsel to the Department, to file on its behalf with the Bond Review Board one or more Applications for Reservation in the maximum aggregate amount of $2,000,000,000 with respect to qualified mortgage bonds, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of one or more Reservations.

Section 1.2 Authorization of Certain Actions. The Authorized Representatives of the Department named in this Resolution are hereby authorized to take such actions on behalf of the Department as may be necessary to carry out the purposes of this Resolution, including the submission of any carryforward designation requests for such Reservations.

Section 1.3 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Chief Financial Officer 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

GENERAL PROVISIONS

Section 2.1 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 2.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Execution page follows]

PASSED AND APPROVED this 27th day of July, 2017.

____
Chair, Governing Board

ATTEST:

____
Secretary to the Governing Board

(SEAL)

1g

BOARD ACTION REQUEST

BOND FINANCE DIVISION

JULY 27, 2017

Presentation, discussion, and possible action regarding Resolution No. 17-023 authorizing request for Unencumbered State Ceiling and containing other provisions relating to the subject

RECOMMENDED ACTION

Approve the attached Resolution.

BACKGROUND

Each year, state agencies with authority to issue tax exempt bonds may apply to the Texas Bond Review Board ("BRB") for private activity bond carryforward from the Unencumbered State Ceiling. The Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") has requested and received carryforward allocations from the Unencumbered State Ceiling in calendar years 2010, 2011, 2013, 2014, 2015, and 2016. Bond Finance is requesting authorization to draw down an amount not to exceed $1 billion of additional unreserved 2017 volume cap from the Unencumbered State Ceiling to the extent available at year end. All volume cap will be used for future issuance of single family mortgage revenue bonds (new origination and refunding) and for future Mortgage Credit Certificate programs. Any requested volume cap must be used within three years.

At the beginning of each new single family bond issuance, the Department petitions the BRB to start the process by resolution, followed by an application to draw down the Department's private activity bond authority (also known as volume cap). At this time, staff is not seeking, nor is the Board granting, approval of any specific program using this volume cap.

The chart on the following page outlines the Department's currently available single family volume cap, projected uses of volume cap through August 2018, and recent volume cap utilization.

Sources of Volume Cap		
Existing Department Carryforward Allocations	$	1,225,685,313
2017 Private Activity Bond Allocation		260,102,907
Maximum Received from Unused Subceiling 1 MRBs		514,211,780
Maximum Potential Department Allocation	$	2,000,000,000
2017 Unencumbered State Ceiling Volume Cap Request	$	1,000,000,000
Maximum Potential Department Allocation	$	3,000,000,000
(assumes the maximum requested in August and the maximum unencumbered state ceiling are received)		

Projected Uses of Volume Cap		
2017 MCC Program 88	$	1,500,000,000
2017 Series D Single Family Mortgage Revenue Bonds		75,000,000
2018 Series A Single Family Mortgage Revenue Bonds		75,000,000
2018 Series B Single Family Mortgage Revenue Bonds		100,000,000
2018 Series C Single Family Mortgage Revenue Bonds		100,000,000
2018 Series D Single Family Mortgage Revenue Bonds		75,000,000
Carryforward for Future Use		1,075,000,000
Total Projected Uses	$	3,000,000,000

Volume Cap Usage History		
2013 MCC Program 81	$	260,000,000
2014 MCC Program 82		525,000,000
2015 MCC Program 83		799,586,213
2015 B Single Family Bonds, Program 84		19,870,000
2016 A Single Family Bonds, Program 85		31,500,000
2017 MCC Program 86		1,000,000,000
2017 A Single Family Bonds, Program 87		61,916,906
Total Recent Volume Cap Used	$	2,697,873,119

RESOLUTION NO. 17-023

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

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

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

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

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

WHEREAS, the Governing Body desires to request that Unencumbered State Ceiling for the year 2017 be assigned to the Department as carryforward;

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Assignment of Unencumbered State Ceiling. The Department is authorized to submit a request to the Bond Review Board for assignment as carryforward to the Department of all remaining Unencumbered State Ceiling for the year 2017 in an aggregate amount not to exceed $1,000,000,000.

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

Section 1.3 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Chief Financial Officer 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 Purposes of Resolution. The Board has expressly determined and hereby confirms that the Department's receipt of Unencumbered State Ceiling will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the 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 3.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 27th day of July, 2017.

____
Chair, Governing Board

ATTEST:

____
Secretary to the Governing Board

(SEAL)

1h

BOARD ACTION REQUEST

BOND FINANCE DIVISION

JULY 27, 2017

Presentation, discussion, and possible action on Resolution No. 17-024 authorizing publication of Public Notice for Mortgage Credit Certificate Program (“MCC”) (“Program 88”)

RECOMMENDED ACTION

See attached Resolution.

BACKGROUND

The Texas Department of Housing and Community Affairs (the “Department”) released its current MCC program, Program 86, on February 7, 2017, using $1 billion of volume cap allocation to provide MCCs in conjunction with approximately $625 million in first lien mortgage loans. Approximately 62% of the amount available under Program 86 has been originated or is in the pipeline. Based on current volume, staff anticipates that Program 86 funds will be fully committed by October 1, 2017. To ensure a continuous flow of available MCC authority, staff is requesting approval to publish the public notice required by the Internal Revenue Service (the “Public Notice”) for MCC Program 88, expected to be released in November 2017. The Public Notice is required to be published for 90 days prior to the issuance of the related MCCs.

Staff will return to the Board for authorization to request bond authority from the Texas Bond Review Board, for approval to convert bond authority to MCC authority, and for approval of the related MCC documents before Program 88 is released and MCC issuance can begin. Staff anticipates that Program 88 will use bond authority carried forward from 2015 and 2016.

Mortgage Credit Certificates

The Department, through its Homeownership Division, offers low, very low, and moderate income first-time homebuyers (with some exceptions), three primary financing options. Borrowers can choose a combination first-lien and second-lien mortgage that includes down payment and closing cost assistance, which is offered through the Taxable Mortgage Program (“TMP-79”); a stand-alone MCC, where a mortgage loan is originated and funded by a third-party lender and the Department issues an MCC for the mortgage loan; or a “Combo” where the Department provides the first-lien and second-lien mortgage with down payment and closing cost assistance and issues an MCC for the mortgage loan.

An MCC is a federal income tax credit that makes homeownership more affordable by allowing the borrower to receive a tax credit of up to $2,000 per year as a direct reduction of the borrower's federal income tax liability. Because the MCC reduces the borrower's federal income tax liability, the credit amount can be used to effectively increase the borrower's net income for qualifying purposes. In addition to the MCC credit, borrowers can deduct the mortgage interest paid, less the MCC credit amount, as an itemized deduction on their annual federal income tax return.

To be eligible for an MCC, borrowers must comply with the same first-time homebuyer requirements stipulated by the Internal Revenue Code for mortgage revenue bonds. MCC recipients must occupy the residence as their primary residence, meet IRS income and purchase price limits, and, with few exceptions, must be first-time homebuyers. MCCs cannot be used when mortgages are funded with tax-exempt bond proceeds, but may be used with taxable single family programs offered by the Department, such as the MCC component of the TMP-79 mortgage loan program.

Under Federal guidelines, the Department, as an issuer of mortgage revenue bonds, can trade $1 of bond authority for $0.25 of MCC authority. Program 86 used $1 billion in private activity volume cap to make available $250 million of MCC authority, allowing MCCs to be issued for $625 million in mortgage loans at a 40% MCC credit rate. Program 88 is expected to use up to $1.5 billion in private activity volume cap to make available up to $375 million of MCC authority. The maximum volume cap and the MCC credit rate for Program 88 have not yet been determined. Those items will be presented to the Board when final approval for the program is requested.

Sample MCC Calculation

Average Mortgage Credit Certificate Program Mortgage Amount	$155,000
Market Mortgage Interest Rate	3.50%
First Year Mortgage Interest	$5,378
MCC Credit Rate	40%
Calculated Tax Credit Amount	$2,151
Maximum Tax Credit Allowed	$2,000
Schedule "A" Mortgage Interest Deduction	$3,378

Lenders participating in TDHCA's previous MCC Programs have expressed continued interest in MCCs. The Department's MCC volume continues to increase each year and there has been a significant increase in volume in the past several months.

RESOLUTION NO. 17-024

RESOLUTION AUTHORIZING PUBLICATION OF PUBLIC NOTICE FOR MORTGAGE CREDIT CERTIFICATE PROGRAM; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Department proposes to convert a portion of its authority to issue qualified mortgage bonds to mortgage credit certificates ("MCCs"), to be used for the Department's Mortgage Credit Certificate Program to be designated as Program 88 ("MCC Program 88"); and

WHEREAS, the Governing Board desires to authorize the publication of public notice required under Section 25 of the Internal Revenue Code of 1986, as amended, and Treasury Regulation Section 1.25-3T(j)(4) issued thereunder as to the issuance of MCCs and maintenance of a list of single family mortgage lenders that will participate in MCC Program 88 (the "Public Notice") and the taking of such actions as may be necessary 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 THAT:

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Publication of Public Notice. The Department is hereby authorized to publish the Public Notice in the Texas Register and newspapers throughout the State.

Section 1.2 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Governing Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Chief Financial Officer 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 Governing Board.

Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.3 Ratifying Other Actions. All other actions taken or to be taken by the Executive Director and the Department's staff in connection with the publication of the Public Notice for MCC Program 88 are hereby ratified and confirmed.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

Section 2.2 Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

[Execution Page Follows]

PASSED AND APPROVED this 27th day of July, 2017.

____
Chair, Governing Board

ATTEST:

____
Secretary to the Governing Board

(SEAL)

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BOARD ACTION REQUEST

HOME AND HOMELESS PROGRAMS DIVISION

JULY 27, 2017

Presentation, discussion, and possible action on State Fiscal Year 2018 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;

WHEREAS, the Texas Legislature has, through the enactment of House Bill 1 (85th Legislature, 1st called session), provided General Revenue funds of $9,800,000 million over the biennium to be allocated to these cities;

WHEREAS, the allocation formula for HHSP is set forth in 10 TAC Chapter 7, Homeless Programs, §7.1002, Distribution of Funds and Formula; and

WHEREAS, the Executive Award Review Advisory Committee reviewed the awards and compliance history and recommends the awards subject to conditions being met by one of the subrecipients prior to contracting

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 $4,900,000 in state fiscal year ("SFY") 2018 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) subject to:

- Resolution of any questions the Department's Legal Division has regarding pending litigation disclosures by the City of Houston; and
- Repayment of $881 in program income resulting from prior funding to the City of Houston.

BACKGROUND

The Department administers the HHSP in accordance with Tex. Gov't Code §2306.2585 and 10 TAC Chapter 7, Subchapter B. Allowable activities include case management for households experiencing or at-risk of Homelessness; construction, conversion, or rehabilitation of structures targeted to serving homeless persons or persons at-risk of homelessness; essential services for homeless persons or persons at risk of homelessness; provision of direct services; operation of emergency shelters or administrative facilities; and other homelessness-related activity, as approved by the Department in writing.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) 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 management decision letter and resolution of any findings in the entity's most recent single audit.

Effective dates for these contracts will be September 1, 2017, through August 31, 2018.

2018 Homeless Housing and Services Program Award Log

	Subrecipient	Award
1	City of Arlington	$208,788
2	City of Austin	$513,732
3	City of Corpus Christi, with Mother Teresa Shelter	$220,536
4	City of Dallas	$833,481
5	City of El Paso	$438,776
6	City of Fort Worth, with United Way of Tarrant County	$453,561
7	City of Houston	$1,241,808
8	City of San Antonio, with Haven for Hope of Bexar County	$989,318
		$4,900,000

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BOARD ACTION REQUEST

HOME AND HOMELESS PROGRAMS DIVISION

JULY 27, 2017

Presentation, discussion, and possible action on awards for the 2017 HOME Investment Partnerships Program ("HOME") Single Family Programs Homebuyer Assistance ("HBA") and Tenant-Based Rental Assistance ("TBRA") Open Cycle Notice of Funding Availability ("NOFA")

RECOMMENDED ACTION

WHEREAS, through Board action on January 26, 2017, the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") made available approximately $3,000,000 from de-obligated 2015 HOME Single Family funds in an Open Application Cycle NOFA;

WHEREAS, seven applicants requesting 10 contract awards totaling $1,762,000 have been awarded funds and $1,238,000 remains available to be awarded;

WHEREAS, one additional applicant requesting three contract awards totaling $600,000 has received complete reviews for compliance with program and previous participation requirements;

WHEREAS, the Executive Award and Review Advisory Committee ("EARAC") has recommended the approval of all three awards; and

WHEREAS, following Board approval of the applications presented herein, funding remaining to be awarded under the NOFA will total $638,000;

NOW, therefore, it is hereby

RESOLVED, that awards of HOME funding from the Single Family Programs HBA and TBRA Open Cycle NOFA totaling $600,000 are hereby approved in the form presented at this meeting.

BACKGROUND

On December 2, 2016, HUD published an interim final rule making changes with respect to HOME Program commitment and expenditure requirements. Beginning with FY 2015 HOME allocations, HUD is no longer using the cumulative method for measuring compliance with the requirement that Participating Jurisdictions ("PJs") commit HOME funds within 24 months of obligation. Instead HUD is determining compliance with the deadlines on a grant-specific basis instead of the "cumulative average" approach HUD previously employed. The rule was effective on January 3, 2017.

To ensure that to the extent feasible all HOME funding available from prior year grant funds could be re-committed timely, and in an effort to avoid the potential for a significant amount of funds to be returned to HUD treasury accounts, staff began pursuing several different strategies as outlined in a prior Board Action Request presented on January 26, 2017. That action resulted in the authorization of an Open Application Cycle NOFA, specifically for HBA and TBRA activities that was later amended on May 25, 2017, to extend the deadline and make the remaining funds available for all HBA and TBRA Applicants. Under the NOFA, the selection of Applicants occurs on a first-come, first-served basis, based on Application receipt date and time. Funds in an amount not to exceed $100,000 in project funds per application are authorized to be awarded for HBA activities, and funds in an amount not to exceed $200,000 in project funds per Application are authorized to be awarded for TBRA activities. Applicants can apply for up to three awards total, provided that separate Applications are submitted for each request, and the service areas are mutually exclusive and do not overlap.

EARAC met on July 17, 2017 and recommended approval of these awards.

Staff recommends the following administrator receive a total of three awards as follows.

Award Recommendation Log

App #	HOME Applicant	Activity	Award	Region	Area Served
2017-1012	Community Services of Northeast Texas	TBRA	$200,000	4	Franklin, Camp, Morris, Red River, and Titus counties
2017-1013	Community Services of Northeast Texas	TBRA	$200,000	4	Bowie, Cass, and Marion counties
2017-1014	Community Services of Northeast Texas	TBRA	$200,000	4	Delta, Hopkins, Lamar, and Rains counties
		TOTAL	**$600,000**		

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TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

11

BOARD ACTION REQUEST

SINGLE FAMILY OPERATIONS & SERVICES

JULY 27, 2017

Presentation, discussion, and possible action on an Order adopting the repeal of 10 TAC Chapter 20, Single Family Programs Umbrella Rule, and an Order adopting new 10 TAC Chapter 20, Single Family Programs Umbrella Rule, and directing that these be published 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 Single Family business model that facilitated greater consistency, efficiency, and coordination among all Single Family Programs;

WHEREAS, pursuant to Tex. Gov't Code, §2306.053, the Department is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, the Department's Governing Board last adopted amendments to 10 TAC Chapter 20 on June 30, 2016, to be effective on July 21, 2016;

WHEREAS, at the Board meeting of April 27, 2017, the Board approved the proposed repeal of, and proposed new, 10 TAC Chapter 20, Single Family Programs Umbrella Rule, to clarify applicability of the Rule; update definitions; further clarify Household Eligibility requirements; state Affirmative Fair Housing Marketing Plan submission requirements; clarify inspection requirements with respect to condemned and extremely substandard properties and address instances for waivers of final inspection/pending corrections; expand Loan, Lien and Mortgage Requirements; and simplify limits for increases in award amounts;

WHEREAS, the proposed 10 TAC Chapter 20, Single Family Programs Umbrella Rule, was published in the *Texas Register* on May 12, 2017, for public comment and the public comment period ended on June 12, 2017; and

WHEREAS, public comment was received, the Department has carefully considered the comments, and the Department has made changes in response to the comments;

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 cause the repeal of the current 10 TAC Chapter 20 and adoption of new 10 TAC Chapter 20, Single Family Programs Umbrella Rule, 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, including the preparation of the subchapter specific preambles.

BACKGROUND

On April 27, 2017, the Board approved the proposed repeal, with concurrent proposed new, 10 TAC Chapter 20, Single Family Programs Umbrella Rule. The significant updates to 10 TAC Chapter 20 were:

- §20.1 Purpose. This section clarifies that loans that are excluded from this chapter are those facilitated by the Department's pass through first-time homebuyer Programs utilizing bond financing or mortgage credit certificates.

- §20.3 Definitions. This section corrects capitalization and abbreviations on existing definitions, eliminated superfluous or unused terms, and further clarified some existing terms. The section included the terms "Debt," "Life-of-Loan Flood Certification," "Mortgage Loan," and "Qualifying Income."

- §20.6 Applicant Eligibility. This section has been edited to improve readability, and state that Applicants originating or servicing a Mortgage Loan must possess all pertinent licenses for such activity unless exempted.

- §20.7 Household Eligibility Requirements. This section states that Households cannot be assisted if any Household member owes a tax or debt further described in this section.

- §20.8 Single Family Housing Unit Eligibility Requirements. This section clarifies the length of time (6 consecutive months) that a Household must be current with an approved property tax payment plan prior to applying for Department programs.

- §20.9 Fair Housing, Affirmative Marketing and Reasonable Accommodations. This section has been renamed from "General Administration and Program Requirements" and clarifies the required frequency for submitting an Affirmative Fair Housing Marketing Plan (for every new contract or activity application, and every two years during continued activity), and further explained limited English proficiency requirements.

- §20.12 Inspection Requirements for Construction Activities. This section clarifies under "Reconstruction requirements" that condemned units are ineligible for rehabilitation and that initial inspection requirements may be waived for properties certified as substandard beyond repair or condemned. This section clarifies under "Rehabilitation requirements" that Certificates of Occupancy may be acceptable in certain circumstances in lieu of a final inspection and that pending cosmetic corrections may be waived in certain circumstances.

- §20.13 Loan, Lien and Mortgage Requirements for Activities. This section expands the credit qualification requirements for applicants seeking a mortgage loan from the Department. This section also clarifies mitigation for unacceptable credit regarding medical accounts, outstanding delinquent accounts, outstanding judgments and bankruptcy.

  Lastly, this section adds the requirement that the Department and the Administrator must comply with the Equal Credit Opportunity Act and further defines citations to applicable state and federal requirements, such as chapters of the Texas Finance Code, the Real Estate Settlement Procedures

Act, the Dodd Frank Wall Street Reform and Consumer Protections Act, and the Truth-in-Lending Act.

- §20.14 Amendments and Modifications to Written Agreements and Contracts. This section has been edited under "Changes in Household" to state that if an amendment request has not been approved, the Applicant has the right to appeal. This section has been edited under "Increases in Award and Contract Amounts" to eliminate the simultaneous 25%-of-original-award limit and $50,000 limit on increase requests. The maximum increase has been simplified to 50%-of-original-award.

The proposed new rule was published in the May 12, 2017, issue of the *Texas Register* for public comment through June 12, 2017. Public comments were received and are summarized below. Staff is recommending the adoption of the rule with the changes described in response to the public comments.

Attachment 1: Preamble and order adopting the repeal of 10 TAC Chapter 20 Single Family Programs Umbrella Rule

The Texas Department of Housing and Community Affairs (the "Department") adopts the repeal of 10 TAC Chapter 20, Single Family Programs Umbrella Rule. The rule is adopted for repeal in connection with the adoption of new 10 TAC Chapter 20, Single Family Programs Umbrella Rule, which was published concurrently in the May 12, 2017, issue of the *Texas Register* (42 Tex.Reg. 2508).

REASONED JUSTIFICATION. The repeal of 10 10 TAC Chapter 20, Single Family Programs Umbrella Rule, will allow for the concurrent adoption of new 10 TAC Chapter 20, Single Family Programs Umbrella Rule.

STATUTORY AUTHORITY. The repeal is adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules.

The repeal affects no other code, article or statute.

Attachment 2: Preamble and adoption of new 10 TAC Chapter 20 Single Family Programs Umbrella Rule

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 20, Single Family Programs Umbrella Rule. This new rule is being adopted concurrently with the repeal of existing 10 TAC Chapter 20, Single Family Programs Umbrella Rule, with changes being made to the proposed text as published in the May 12, 2017, issue of the *Texas Register* (42 Tex.Reg. 2508).

REASONED JUSTIFICATION. The new rule clarifies applicability of the Rule; updates definitions; further clarifies Household Eligibility requirements; states Affirmative Fair Housing Marketing Plan submission requirements; clarifies inspection requirements with respect to condemned and extremely substandard properties and addresses instances for waivers of final inspection/pending corrections; expands Loan, Lien and Mortgage Requirements; and simplifies limits for increases in award amounts.

SUMMARY OF PUBLIC COMMENT AND STAFF RECOMMENDATIONS. The public comment period was from May 12, 2017, through June 12, 2017. Comments were accepted in writing and via email, with comments received from: (1) Judge Robert Blaschke of Refugio County, (2) Judge Carlos Urias of Culberson County, (3) Judge Pedro "Pete" Trevino, Jr., of Jim Wells County, (4) Roderick Hutto of City of Kountze, (5) Mayor Billy Slaughter of City of Trinity, (6) Mayor Mark Bricker of City of Bay City, (7) Lamar Schulz of City of Carrizo Springs, (8) Mayor Scott Martinez of City of O'Donnell, (9) Mayor Michael S. Wolfe, Sr., of City of Hempstead, (10) Sam A. Listi of City of Belton, (11) Sylvia Rucka of City of Eagle Lake, (12) Judge Stephanie Moreno of Bee County, (13) Mayor Gerald Sandusky of City of Bronte, (14) Melissa Truelove of City of Eldorado, (15) Mayor Pro-Tem Joe Holt of City of Josephine, (16) Mayor Sharion Scott of City of Wolfe City, (17) Brad Stafford of City of Navasota, (18) Charles Cloutman of Meals on Wheels Central Texas, (19) Rosa Gonzalez-Abrego of Easter Seals Central Texas, (20) Karen Rego of Langford Community Management Services, (21) Judy Telge of Coastal Bend Center for Independent Living, and (22) Cassie Allred of Webb County Self-Help Center.

§20.1 PURPOSE

COMMENT SUMMARY: Commenter 19 stated that the applicability of the Single Family Programs Umbrella Rule to the State Housing Trust Fund's Amy Young Barrier Removal Program for people with disabilities should be excluded. Otherwise the requirements of the rule will make the program more difficult to administer and disproportionately harm people with disabilities in rural areas.

STAFF RESPONSE: While some of the Single Family Programs Umbrella Rule's applicability extends to the Amy Young Barrier Removal Program, there are significant portions of the rule that do not apply, such as: §20.10 Inspection Requirements for Construction Activities; §20.11 Survey Requirements; §20.12 Insurance Requirements; and §20.13 Loan, Lien and Mortgage Requirements for Activities (because the Amy Young Barrier Removal Program is a grant program). In addition, staff has modified §20.9(b)(3) Fair Housing, Affirmative Marketing and Reasonable Accommodations for the Amy Young Barrier Removal Program, which is further described below.

§20.3 DEFINITIONS

COMMENT SUMMARY: Commenter 18 stated that by defining the State Housing Trust Fund's Amy Young Barrier Removal Program as it is written in the board-approved Program Rule, instead of as it is written by a staff-approved Notice of Funding Availability, the program will be more inflexible and difficult to administer.

STAFF RESPONSE: The mirroring of program rules with program implementation is intended to incorporate public input and greatly simplify the interpretation and administration of programs. The HTF staff is currently drafting proposed amendments to the Housing Trust Fund Rule, which extends to the Amy Young Barrier Removal Program, and they will be presented for public comment prior to final approval. No changes to this section of the rule will be made in response to this comment.

§20.8 SINGLE FAMILY HOUSING UNIT ELIGIBILITY REQUIREMENTS

COMMENT SUMMARY: Commenters (1) through (17) and Commenter (20) all stated that it is infeasible to require applying households that may owe property taxes to be current with any taxing authority-approved payment plans for at least 6 consecutive months prior to date of initial application. This creates a delay in program implementation and could interfere with meeting interim program benchmarks (deadlines). Instead, the Commenters propose that applying households be allowed to demonstrate that they are current with property tax payment plans on a monthly basis after date of initial application date and through date of Department approval.

STAFF RESPONSE: The purpose of this amendment is to reduce the likelihood that assisted households will face imminent tax foreclosure and possibly lose their home, and to stabilize the Department's single family loan portfolio. Due to the length of time it takes for administrators to complete environmental reviews and prepare applications, building in six months of successful participation in a property tax payment plan is not infeasible. It also demonstrates to the Department and the administrators that the household has the ability to manage the responsibilities of homeownership and housing-related debt. It should be noted that this rule has been proposed specifically in reaction to a noted trend of single family loans within the Department's portfolio not paying taxes. No changes to this section of the rule will be made in response to this comment.

§20.9 FAIR HOUSING, AFFIRMATIVE MARKETING AND REASONABLE ACCOMMODATIONS

COMMENT SUMMARY: Commenters (1) through (21) all stated that it is infeasible to require a 30-day application cycle with a "neutral random selection process" because it could hinder the timely expenditure of funds and interfere with meeting other program benchmarks and requirements(such as title clearing) in a timely manner. The commenters requested that the HOME's Homeowner Rehabilitation Assistance Program be exempt from rule 20.9(b)(3) and/or that administrators be able to use the first *complete*-first served method as it is allowed by HUD.

STAFF RESPONSE: HUD program participants are required to establish application and selection processes that treat applicants equitably and determine program eligibility effectively. In HUD Notice H 2014-16 issued November 28, 2014, HUD published additional options for waitlist management and affirmative marketing in multifamily housing properties, stating that a random technique may "be appropriate in scenarios where individuals unable to apply in person at the onset of the opening would be at a distinct disadvantage in their placement on the waiting list."

Staff agrees that the first-come, first-served method has been acceptable to HUD, but it may still pose an impediment to applicants such as persons with disabilities or with limited English proficiency who could face obstacles to getting their application in first. The neutral random selection process is more likely than the first-come, first-served method to reach populations that are least likely to apply. Many of TDHCA's single family program activities, including the Homeowner Rehabilitation Assistance Program, are extremely competitive. Providing a 30-day application period followed by a neutral random selection process ensures that there is an equitable opportunity for all households to participate in the program.

Lastly, there is often a 30-day period between an administrator receiving award notification and receiving a contract for execution. Administrators may begin the 30-day period during this time to ensure the timely expenditure of funds, and administrators may start vetting applications within the 30-day application cycle. HOME staff may consider amending contracts and benchmarks to allow for an additional 30 days. No changes to this section of the rule will be made in response to this comment.

COMMENT SUMMARY: Commenter (20) requested that the Affirmative Marketing plan cover the length of the contracts and Reservation System Participation agreements, which are three years, instead of two years. This commenter also expressed concern over meeting the HOME requirement to assist one in every four homes with a household at a specific income level.

STAFF RESPONSE: Staff agrees and has revised §20.9(b) accordingly. The new rule (revision in italics) is "(b) Affirmative Marketing and Procedures. An Administrator receiving Federal or state funds must have an Affirmative Marketing Plan. The AFHMP must be submitted to the Department each time the Administrator applies for a new contract or a new type of activity. The plan must be submitted at a minimum of every *three* years if the Administrator continues to accept new applications."

In addition, staff have clarified in the rule that the HOME requirement to assist households at a specific income level can be rolled into the preferences allowed under the rule. Applicants will be selected randomly from those meeting the defined preference.

COMMENT SUMMARY: Commenters (18), (19) and (21) stated that affirmative marketing efforts are redundant and unnecessary for the Amy Young Barrier Removal Program because this program is only available to eligible people with disabilities, a special population for whom administrators already make accommodations. Also, commenters stated that the 30-day open intake period for neutral, random selection followed by a first-come, first-served method goes against administrators' existing, effective priority systems already in place to serve those with urgent needs. Commentors requested that the Amy Young Barrier Removal Program be exempt from the requirements of the Single Family Umbrella Rule or exempt from this section of the rule.

STAFF RESPONSE: The Amy Young Barrier Removal Program assists persons with disabilities, one of seven protected classes in Texas. The Department may not exempt any housing provider from the requirements of the federal or Texas Fair Housing Act.

A neutral system for intake allows for affirmative marketing efforts to reach populations least likely to apply, including individuals who face barriers to submitting an application first, such as persons with disabilities or with limited English proficiency. It also avoids giving an advantage to persons that may be friends or family members of the Administrator, and thus more likely to hear about the program at an earlier date. However, staff agrees with commentors regarding the neutral, random selection process and has revised §20.9(b)(3) accordingly. The new rule (revision in italics) is "(3) After the required outreach efforts have been made, all Administrators must accept applications from possible eligible Applicants for a minimum of a 30-day period rather than a first-come, first-served basis when selecting among eligible Applicants. At the close of the 30-day period Administrators will select Applicants through a neutral random selection process developed by the Administrator. After Administrators have allowed for a 30-day period to accept applications and used a neutral random selection process to assist Households, they may accept applications on a first-come, first-served basis. *HOME Tenant Based Rental Assistance Reservation System Participants with disaster funds may request to be exempt from the 30-day period and the neutral random selection process, as necessary to respond to the disaster.*"

Staff also notes that under §20.9(b)(2)(B), Administrators with an existing list of applications are already exempt from affirmative marketing: "Administrators that currently have an existing list of Applicants and are not accepting new Applicants or establishing a waiting list are not required to affirmatively market that portion of their program, but must develop a plan as described below."

Staff also recognizes that some Amy Young Barrier Removal Program Administrators would like employ a preference in order to prioritize households that may be forced to reside in institutions if their homes are not made accessible. As a result, staff has revised §20.9(b)(4) to allow Administrators of the Amy Young Barrier Removal Program to have a preference prioritizing Households to prevent displacement from permanent housing, or to foster returning to permanent housing related to inaccessible features of the unit.

§20.13 LOAN, LIEN AND MORTGAGE REQUIREMENTS FOR ACTIVITIES

COMMENT SUMMARY: Commenter (22) stated that the credit requirements are too stringent for the credit poor colonia population of Laredo and the target populations the Webb County Colonia Self-Help Centers is mandated to serve.

STAFF RESPONSE: The purpose of the mortgage requirements section of this rule is to decrease delinquencies, defaults and foreclosures so that Households do not lose their homes, and to stabilize the Department's single family loan portfolio. Such underwriting requirements better ensure that participating households have the ability to manage the responsibilities of homeownership and housing-related debt. The Colonia Self-Help Center Program provides forgivable loans and grants and this section of the rule does not apply. No changes to this section of the rule will be made in response to this comment.

STATUTORY AUTHORITY. The new rule is adopted pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules.

The new rule affects no other code, article or statute.

<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. Fair Housing, Affirmative Marketing and Reasonable Accomodations.
§20.10. Inspection Requirements for Construction Activities.

§20.11. Survey Requirements.
§20.12. Insurance Requirements.
§20.13. Loan, Lien and Mortgage Requirements for Activities.
§20.14. Amendments and Modifications to Written Agreements and Contracts.
§20.15. Compliance and Monitoring.
§20.16. Waivers and Appeals.

TITLE 10 COMMUNITY DEVELOPMENT

PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CHAPTER 20 SINGLE FAMILY PROGRAMS UMBRELLA RULE

§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), State Housing Trust Fund (SHTF or HTF), 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 Chapter 2306 of the Texas Government Code and any applicable statutes and federal regulations. Excluded from this Chapter are loans facilitated by the Department's pass through first-time homebuyer Programs utilizing bond financing structures or mortgage credit certificates that have no other Department funding.

§20.2 Applicability

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 and the item is not preempted by federal law, the provisions of this Chapter will govern Program decisions.

§20.3 Definitions

The following words and terms, when used in this Chapter, shall have the following meanings unless the context indicates otherwise. Any capitalized terms not specifically mentioned in this Section or any Section referenced in this Chapter shall have the meaning as defined in Chapter 2306 of the Texas Government Code, the Program Rules, the Texas Administrative Code, or applicable federal regulations.

(1) Activity--The assistance provided to a specific Household or Administrator by which funds are used for acquisition, new construction, reconstruction, rehabilitation, refinance of an existing Mortgage, tenant-based rental assistance, or other Department approved expenditure under single family housing Programs.

(2) Administrator--A unit of local government, Nonprofit Organization or other entity acting as a 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. May be referred to as "Affirmative Fair Housing Marketing Plan" (AFHMP).

(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 as it relates to the Program, the form of assistance under a Program, or an Activity.

(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.

(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, as applicable, who has submitted to the Department or to an Administrator 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) Combined Loan to Value (CLTV)--The aggregate principal balance of all the Mortgage Loans, including Forgivable Loans, divided by the appraised value.

(13) 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.

(14) 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."

(15) Control--The possession, directly or indirectly, of the power to direct or cause the direction of the management, operations or policies of any person or entity, whether through the ownership of voting securities, ownership interests, or by contract or otherwise.

(16) Debt--A duty or obligation to pay money to a creditor, lender, or person which can include car payments, credit card bills, loans, child support payments, and student loans.

(17) Debt-to-Income Ratio--The percentage of gross monthly income from Qualifying Income that goes towards paying off Debts and is calculated by dividing total recurring monthly Debt by gross monthly income expressed as a percentage.

(18) Deobligate--The cancellation of or release of funds under a Contract or Agreement as a result of expiration of termination of or reduction of funds under a Contract or Agreement.

(19) 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.

(20) Domestic Farm Laborer--Individuals (and the Household) who receive a substantial portion of their income from the production or handling of agricultural or aquacultural products.

(21) Draw--Funds requested by the Administrator, approved by the Department and subsequently disbursed to the Administrator.

(22) Enforcement Committee--The Committee as defined in Chapter 2 of this Title.

(23) Forgivable Loan--Financial assistance in the form of a loan that is not required to be repaid if the terms of the Mortgage Loan are met.

(24) HOME Program--A HUD funded Program authorized under the HOME Investment Partnerships Program at 42 U.S.C. §§12701 - 12839.

(25) Household--One or more persons occupying a rental unit or owner-occupied Single Family Housing Unit as their primary residence. May also be referred to as a "family" or "beneficiary."

(26) Housing Trust Fund or State Housing Trust Fund (SHTF)--State-funded Programs authorized under Chapter 2306 of Texas Government Code.

(27) 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.

(28) HUD--The United States Department of Housing and Urban Development or its successor.

(29) Life-of-Loan Flood Certification--Tracks the flood zone of the Single Family Housing Unit for the life of the Mortgage Loan.

(30) 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.

(31) 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.

(32) Manufactured Housing Unit (MHU)--A structure that meets the requirements of Texas Manufactured Housing Standards Act, Chapter 1201 of the Texas Occupations Code or FHA guidelines as required by the Department.

(33) Mortgage--Has the same meaning as defined in Section 2306.004 of the Texas Government Code.

(34) Mortgage Loan--Has the same meaning as defined in Section 2306.004 of the Texas Government Code.

(35) Neighborhood Stabilization Program (NSP)--A HUD-funded program authorized by HR3221, the "Housing and Economic Recovery Act of 2008" (HERA) and Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010, as a supplemental allocation to the CDBG Program.

(36) NOFA--Notice of Funding Availability or announcement of funding published by the Department

notifying the public of available funds for a particular Program with certain requirements.

(37) Nonprofit Organization--An organization in which no part of its income is distributable to its members, directors or officers of the organization and has a current tax exemption classification status from the Internal Revenue Service in accordance with the Internal Revenue Code.

(38) 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.

(39) Parity Lien--A lien position whereby two or more lenders share a security interest of equal priority in the collateral.

(40) 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.

(41) Principal Residence--The primary Single Family Housing Unit that a Household inhabits. May also be referred to as "primary residence."

(42) Program--The specific fund source from which single family funds are applied for and used.

(43) Program Income--Gross income received by the Administrator or Affiliate directly generated from the use of single family funds, including, but limited to gross income received from matching contributions under the HOME Program.

(44) 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.

(45) Program Rule--Chapters of this Title which pertain to specific single family Program requirements.

(46) Qualifying Income---The income used to calculate the Applicant and co-Applicant's debt-to-income ratio and excludes the total of any income not received consistently for the past 12 months from the date of Application including, but is not limited to, income from a full or part time job that lacks a stable job history, potential bonuses, commissions, and child support. Income less than 12 months such as retirement annuity or court ordered payments will be considered if expected to continue at least 24 months in the foreseeable future.

(47) Reservation--Funds set-aside for a Household submitted through the Department's Reservation System.

(48) Reservation System--The Department's online tracking system that allows Administrators to reserve funds for a specific Household.

(49) 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 of the issuing organization.

(50) 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.

(51) Single Family Housing Unit--A residential dwelling designed and built for a Household to occupy as

its primary residence where single family Program funds are used for rental, acquisition, construction, reconstruction or rehabilitation Activities of an attached or detached housing unit, including Manufactured Housing Units after installation. May be referred to as a single family "home," "housing," "property," "structure," or "unit."

(52) Subrecipient--Same as "Administrator."

(53) TMCS--Texas Minimum Construction Standards located at http://www.tdhca.state.tx.us/single-family/training/index.htm.

§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 or Contract for Deed 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 describing submission and eligibility guidelines and requirements.

(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 of the Texas Government Code.

(d) Eligible Applicants must comply with the provisions of the Application materials and funding notice and are responsible for the accuracy and timely 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 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 administrative requirements in 10 TAC Chapter 1.

(d) Applicants must provide Resolutions in accordance with the applicable Program Rule.

(e) The actions described in the following 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 and/or threshold requirements described in the applicable Program Rule and NOFA;

(2) Applicant failed to make timely payments on fee commitments or on debts to the Department 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 insurance;

(4) Applicant is debarred by HUD or the Department; or

(5) Applicant is currently noncompliant or has a history of noncompliance with any Department Program. 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, recommended with conditions, 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 components of any Application.

(h) If Applicant is originating or servicing a Mortgage Loan, Applicant must possess all licenses required under state or federal law for taking the application of and/or servicing a residential mortgage loan and be in good standing with respect hereto, unless Applicant is specifically exempted from such licensure pursuant to the applicable state and federal laws and regulations regarding residential mortgage loans.

§20.7 Household Eligibility Requirements

(a) The method used to determine Annual Income will be provided in the Program Rule.

(b) Households must occupy the Single Family Housing Unit as their Principal Residence for the entirety of the affordability period as established by the Program Rule.

§20.8 Single Family Housing Unit Eligibility Requirements

(a) A Single Family Housing Unit must be located in the State of Texas and in the case of acquisition or construction assistance, the Household 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 Unit must be current (including prior years). Alternatively, the Household must be satisfactorily participating in an approved payment plan with the taxing authority and must be current for at least six consecutive months prior to the date of Application, or must have qualified for an approved tax deferral plan, or 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 Fair Housing, Affirmative Marketing and Reasonable Accommodations

(a) In addition to Chapter 1, Subchapter B of this Title, Administrators 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. Administrators receiving Federal or state funds must comply with the Age Discrimination Act of 1975.

(b) Affirmative Marketing and Procedures. An Administrator receiving Federal or state funds must have an Affirmative Marketing Plan. The AFHMP must be submitted to the Department each time the Administrator applies for a new contract or a new type of activity. The plan must be submitted at a minimum of every three years if the Administrator continues to accept new applications.

(1) Administrators must use HUD Form 935.2B, the form on the Department's website, or create an equivalent AFHMP that includes:

(A) Identification of the population "least likely to apply" for the Administrator's Program(s) without special outreach efforts. Administrators may use the Department's single family affirmative marketing tool to determine populations "least likely to apply." If Administrators use another method to determine the populations "least likely to apply" the AFHMP must provide a detailed explanation of the methodology used. Persons with Disabilities must always be included as a population least likely to apply.

(B) Identification of the methods of outreach that will be used to attract persons identified as least likely to apply. Outreach methods must include identification of a minimum of three organizations with whom the Administrator plans to conduct outreach, and whose membership or clientele consists primarily of protected class members. If the Administrator is unable to locate three such groups, the reason must be documented in the file.

(C) Identification of the methods to be used for collection of data and periodic evaluation to determine the success of the outreach efforts. If efforts have been unsuccessful, the Administrator's AFHMP should be revised to include new or improved outreach efforts.

(D) Description of the fair housing trainings required for Administrator staff, including delivery method, training provider and frequency. Training must include requirements of the Fair Housing Act relating to financing and advertising, expected real estate broker conduct, as well as redlining and zoning for all programs, and discriminatory appraisal practices for programs involved in homebuyer transactions.

(E) A description for the provision of applicable counseling programs and educational materials that will be offered to Applicants. Administrators offering acquisition programs must require that potential home purchasers receive homeownership counseling and education at the time assistance is approved.

(2) Applicability.

(A) Affirmative marketing is required as long as an Administrator is accepting applications and/or until all dwelling units are sold in the case of single family homeownership programs.

(B) Administrators that currently have an existing list of Applicants and are not accepting new Applicants or establishing a waitlist are not required to affirmatively market until preparing to accept new Applications, but must develop a plan as described above.

EXAMPLE: An Administrator has an active HOME Reservation System Participation Agreement with a closed waiting list. The Administrator must develop an affirmative marketing plan, but does not have to affirmatively market that portion of its program. The Administrator should serve its waitlist. When the Administrator is nearing the bottom of the waitlist it should begin to affirmatively market the program, open up the program to new Applicants, finish serving the existing Households on the waitlist, and all new Applicants will be held for 30 calendar days, and then selected based on the neutral random selection process.

(C) Administrators providing assistance in more than one service area must provide a separate plan for each market area in which the housing assistance will be provided.

(3) After the required outreach efforts have been made, all Administrators must accept applications from possible eligible Applicants for a minimum of a 30 calendar day period rather than a first-come, first-served basis when selecting among eligible Applicants. At the close of the 30 day period Administrators will select Applicants through a neutral random selection process developed by the Administrator. After Administrators have allowed for a 30 calendar day period to accept applications and used a neutral random selection process to assist Households, they may accept applications on a first-come, first-served basis. HOME Tenant Based Rental Assistance Reservation System Participants with disaster funds may request to be exempt from the 30 calendar day period and the neutral random selection process, as necessary to respond to the disaster.(4) Administrators must include as an attachment to HUD Form 935.2B or equivalent AFHMP, a waitlist policy including any Department approved preferences used in selecting Applicants from the list. Administrators of the Amy Young Barrier Removal Program may have a preference prioritizing Households to prevent displacement from permanent housing, or to foster returning to permanent housing related to inaccessible features of the unit. Administrators who have defined preferences in their written waitlist procedures or tenant selection plans, as applicable, will employ preferences first and select Applicants from the list of Applicants meeting the defined preference still using the neutral random selection process. Administrators of federally funded programs may only request to establish preferences included in Department planning documents, specifically the One Year Action Plan or Consolidated Plan, or as otherwise allowed for CDBG funded Activities.

EXAMPLE: A HOME Program Administrator has specific program requirements to assist one in every four Households at 30% area median family income. This Administrator should use a neutral random selection process to rank Applicants, and select going down the list. When the Administrator must assist a Household at or below 30% area median income they will then go down the list and select, in order, a Household at the 30% income level.

(5) Administrators offering homeownership or rental assistance that allow the Household to relocate from their current residence must provide the Household access to mobility counseling. For homeownership, mobility counseling may be included in homeownership counseling and education trainings.

(A) Mobility counseling must, at a minimum, include easily understandable information that the Household can use in determining areas of opportunity within a service area, it must at minimum provide the following: poverty rates, average income information, school ratings, crime statistics, available area services, public transit, and other items the Administrator deems appropriate to fair housing. Administrators may use resources offered by “Community Commons” as a tool in identifying areas of opportunity in their community. This data resource can be located at https://www.communitycommons.org/.

(B) Information provided for mobility counseling may be offered via the Administrator's website or in paper form.

(C) Administrators must collect signed certifications from Applicants acknowledging the receipt of information. Certifications may be collected as a standalone form or may be integrated into existing program forms.

(6) An analysis of the AFHMP must be conducted at the close out of the contract or Activity and attached to any subsequent AFHMP submitted for the same program.

(7) In the case of any Applicant denial, a letter providing the specific reason for the denial must be provided to the applicant within seven calendar days of the denial. Administrators must keep a record of all denied Applicants including the basis for denial. Such records must be retained for the record retention period described by the Agreement or other sources.

(8) Administrators must provide Applicants with eligibility criteria, which shall include the procedures for requesting a reasonable accommodation to the Administrator's rules, policies, practices, and services, particularly as it relates to the application process.

(9) Administrators must include the Equal Housing Opportunity logo and slogan on any commercial and other media used in marketing outreach.

(10) Copies of all outreach and media ads must be kept in a separate record and made available to the Department upon request.

(c) A copy of all reasonable accommodation requests and the Administrator's responses to such requests must be kept in addition to responses sent by the Administrator.

(d) Provisions Related to Limited English Proficiency.

(1) Administrators must have a Language Assistance Plan that ensures persons with Limited English Proficiency ("LEP") have meaningful access and an equal opportunity to participate in services, activities, programs, and other benefits.

(2) Materials that are critical for ensuring meaningful access to an Administrator's major activities and programs, including but not limited to Applications, mortgage loan applications, consent forms and notices of rights, should be translated for any population considered least likely to apply that meets the threshold requirements of Safe Harbor LEP provisions as provided by HUD and published on the Department's website. Materials considered critical for ensuring meaningful access should be outlined in the Administrator's Language Assistance Plan.

(3) If the Administrator is required to translate vital documents under Safe Harbors guidelines, they must include in their Language Assistance Plan how such translation services will be provided (*e.g.*, whether the Administrator will use voluntary or contracted qualified translation services, telephonic services, or will identify bilingual staff that will be available to assist Applicants in completing vital documents and/or accessing vital services). If the Administrator plans to use bilingual staff in its translation services, contact information for bilingual staff members must be provided.

(4) The plan must be submitted to the Department upon request and be available for review during monitoring visits.

(5) Administrators must offer reasonable accommodations information and Fair Housing rights information in both English and Spanish, and other languages as required by the inclusion of "least likely to apply" groups to reach populations identified as least likely to apply.

(e) The plans noted in sections (b)(1) and (d)(1) of this section, any documentation supporting the plans, and any changes made to the plans, must be kept in accordance with recordkeeping requirements for the specific Program, and in accordance with 10 TAC §1.409, relating to Records Retention.

§20.10 Inspection Requirements for Construction Activities

(a) Applicable to all construction activities. The Amy Young Barrier Removal Program is excluded from Section 20.10, Inspection Requirements for Construction Activities, of this Chapter to the extent funded with SHTF.

(1) Interim inspections of construction progress may be required to document a Draw request.

(2) Final inspections are required for all single family construction Activities. The inspection must document that the Activity is complete; meets all applicable codes, requirements, zoning ordinances; and has no known deficiencies related to health and safety standards.

(A) A copy of the final inspection report must be provided to the Department and to the Household.

(B) Third party certification of compliance with the Minimum Energy Efficiency Requirements for Single Family Construction Activities under 10 TAC 21 is required, as applicable.

(b) 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 in accordance to (a)(2) of this subchapter.

(2) Applicant must demonstrate compliance with Section 2306.514 of the Texas Government Code, "Construction Requirements for Single Family Affordable Housing," and applicable Program Rules.

(c) Reconstruction requirements.

(1) The initial inspection must identify all substandard conditions listed in TMCS along with any other health or safety concerns unless the unit has been condemned or in the case of a HOME Activity, the unit to be reconstructed is an MHU. A housing unit condemned by a governmental entity will not be rehabilitated.

(A) A copy of the initial inspection report must be provided to the Department and to the Household as applicable. 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) All substandard conditions identified in the initial inspection report shall be addressed in the work write-up and cost-estimate in adequate detail to document the need for reconstruction.

(2) Applicant must demonstrate compliance with Section 2306.514 of the Texas Government Code, "Construction Requirements for Single Family Affordable Housing," and other Program Rules.

(d) Rehabilitation requirements.

(1) The initial inspection must identify all substandard conditions listed in TMCS along with any other health and safety concerns.

(A) A copy of the initial inspection report must be provided to the Department and to the Household.

(B) All substandard conditions identified in the initial inspection report shall be addressed in the work write-up and cost-estimate 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 Section 20.16, Waivers and Appeals, of this Chapter.

(4) The Certificate of Occupancy may serve as the final inspection if available and acceptable in the Program Rule.

(5) All deficiencies noted on the inspector's report must be corrected prior to the final draw of funds.

(6) Correction of cosmetic issues, such as paint, wall texture, etc., will not be required if acceptable to the Program as outlined in the Program Rule or if utilizing a Self-Help construction Program.

Program Rule Program Rule Program Rule(e) Inspector Requirements.

(1) Inspectors hired to verify compliance with this Chapter must meet Program requirements as outlined in the Program Rule, 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, and Department-approved inspection 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

(a) The Amy Young Barrier Removal Program is excluded from Section 20.11, Survey Requirements, of this Chapter to the extent funded with SHTF. A survey sufficient to induce a title company to issue a title insurance policy without the standard survey exception is required where Program funds are used for construction or acquisition because:

(1) the rehabilitation project is enlarging the footprint; or

(2) the Activity is reconstruction or new construction or acquisition of an existing home.

(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 Activity basis if additional survey requirements would, at the sole discretion of the Department, benefit the Activity.

§20.12 Insurance Requirements

(a) Title Insurance Requirements. A "Mortgagee's Title Insurance Policy" is required for all Department

Mortgage Loans Program Rule, exclusive of subordinate lien mortgage loans for down payment assistance and closing costs. 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.

(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 Mortgage Loan transaction.

(c) Builder's Risk. 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.

(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 one hundred percent (100%) 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. 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

(a) The term “borrower” in this section means the individual or Household who is borrowing funds from or through the Department for the acquisition, new construction and/or rehabilitation of a Principal Residence.

(b) The fees to be paid by the Department or borrower upfront or through the closing must be reasonable for the service rendered, in accordance with the typical fees paid in the market place for such activities and:

(1) Fees charged by third party Mortgage lenders are limited to the greater of two percent (2%) of the Mortgage Loan amount or $3,500, including but not limited to origination, loan application, and/or underwriting fees, and

(2) Fees paid to other parties that are supported by an invoice and/or reflected on the Closing Disclosure will not be included in the limit in (1).

(c) Mortgage Loan Underwriting Requirements. The requirements in this paragraph shall apply to all non-forgivable amortizing Mortgage Loans.

(1) Total Debt-to-Income Ratio. The applicant's total Debt-to-Income Ratio shall not exceed 45 percent of Qualifying Income (unless otherwise allowed or dictated by a participating lender providing a fixed rate Mortgage Loan that is insured or guaranteed by the federal government or a conventional or Mortgage Loan that adheres to the guidelines set by Fannie Mae and Freddie Mac.) A potential borrower's spouse who does not apply for the Mortgage Loan will be required to execute the information disclosure form(s) 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 the primary potential borrower(s) and the "non-purchasing" spouse will be considered in the potential borrower's total Debt-to-Income Ratio.

(2) Credit Qualifications.

(A) Potential borrowers must have a credit history that indicates reasonable ability and willingness to meet debt obligations. In order for the Department to make a reasonable determination, all borrowers must provide a credit release form. The Department may utilize credit reports if less than 90 days old as part of the loan application or obtain a tri-merge credit reports on all potential borrowers submitted to the Department for approval at the time of loan application. In addition to the initial credit report, the Department may at its discretion obtain one or more additional credit reports before loan closing to ensure the potential borrower still meets Program requirements. Acceptable outstanding debt means that all accounts have paid as agreed and are current.

(B) Unacceptable Credit. Applicant's meeting one or more of the following criteria will not be qualified to receive a single family Program loan from the Department.

(i) A credit history reflecting payments on any open consumer, retail and/or installment account (*e.g.*, auto loans, signature loans, payday loans, credit cards or any other type of retail and/or installment loan, with the exception of a medical account) which have been delinquent for more than 30 days on two or more occasions within the last 12 months and must be current for the six months immediately preceding the loan application date.

(ii) A foreclosure or deed-in-lieu of foreclosure or a potential borrower in default on a mortgage at the time of the short sale any of which had occurred or been completed within the last 24 months prior to the date of loan application.

(iii) An outstanding Internal Revenue Service tax lien or any other outstanding tax liens where the potential borrower has not entered into a satisfactory re-payment arrangement and been current for at least 12 months prior to the date of loan application.

(iv) A court-created or court-affirmed obligation or judgment caused by nonpayment that is outstanding at the date of loan application or any time prior to closing of the Mortgage Loan.

(v) Any account (with the exception of a medical account) that has been placed for "collection," "profit and loss" or "charged off" within the last 24 months prior to the date of loan application._

(vi) Any reported delinquency on any government debt at the date of loan application.

(vii) A bankruptcy that has been filed within the past 24 months prior to the date of loan.

(viii) Any reported child support payments in arrears unless the potential borrower has satisfactory payment arrangements for at least 12 months prior to the date of loan.

(C) Mitigation for Unacceptable Credit. The following exceptions will be considered as mitigation to the unacceptable credit criteria in Subsection (c)(2)(B) of this Section:

(i) The potential borrower is a Domestic Farm Laborer and receives a substantial portion of his/her income from the production or handling of agriculture or aquacultural products, and has demonstrated the ability and willingness to meet debt obligations as determined by the Department.

(ii) The potential borrower has medical accounts that are delinquent or that have been placed for collection.

(iii) The potential borrower provides documentation to evidence that the outstanding delinquency or unpaid account has been paid or settled or the potential borrower has entered into a satisfactory re-payment arrangement or debt management plan and been current for at least 12 consecutive months prior to the date of loan.

(iv) The potential borrower submits to the Department a written explanation of the cause for the previous delinquency, which is acceptable to the Executive Director or his or her designee.

(v) Any and all outstanding judgments must be released prior to closing of Mortgaged Loan.

(vi) If a potential borrower an applicant is currently participating in a debt management plan, the trustee or assignee provides a letter to the Department stating they are aware and agree with the potential borrower applying for a Mortgage Loan. If a potential borrower filed a bankruptcy, the bankruptcy must have been discharged or dismissed more than 12 months prior to the date of loan application and the potential borrower has re-established good credit with at least one existing or new active consumer account or credit account that is in good standing with no delinquencies for at least 12 months prior to the date of loan application.

(vii) If a Chapter 13 Bankruptcy was filed, a potential borrower must have satisfactorily made 12 consecutive payments and obtain court trustee’s written approval to enter into Mortgage Loan.

(D) Liabilities.

(i) The potential borrower's liabilities include all revolving charge accounts, real estate loans, alimony, child support, installment loans, and all other debts of a continuing nature with more than ten (10) monthly payments remaining. Debts for which the potential borrower is a co-signer will be included in the total monthly obligations. For payments with ten or fewer monthly payments remaining, there shall be no late payments within the past 12 months or the debt will be included into the debt ratio calculation. Payments on installment debts which are paid off prior to funding are not included for qualification purposes. Payments on all revolving debts (*e.g.*, credit cards, payday loans, lines of credit, unsecured loans) and certain types of installment loans that appear to be recurring in nature will be included in the Debt-to-Income Ratio calculation, even if the potential borrower intends to pay off the accounts, since the potential borrower can reuse those credit sources, unless the account is paid off and closed. If the credit report shows a revolving account with an outstanding balance but no specific minimum payment, the payment must be calculated as the greater of 5% of the outstanding balance or $10. If the potential borrower provides a copy of the current statement reflecting the monthly payment that amount may be used for the debt ratio calculation.

(ii) Payments on any type of loan that have been deferred or have not yet commenced, including accounts in forbearance will be calculated using one percent (1%) of the outstanding balance or monthly payment reported on the potential borrower’s credit report for student loans, whichever is less. Other types of loans with deferred payment will be calculated using the monthly payment shown on the potential borrower’s credit report. If the credit report does not include a monthly payment for the loan, the monthly payment shown in the loan agreement or payment statement will be utilized. If a potential borrower provides written evidence that debt will be deferred at least 12 months from the date of closing, the debt will not to be included in the debt ratio calculation.

(E) Non-Traditional Credit and Insufficient Credit. Applicants must provide three lines of nontraditional credit such as utility payments, auto insurance, cell phone payments, child care or other credit, as approved by the Department, listed in their name and reflecting no more than one 30 day delinquency on payments due to nontraditional creditors within the last 12 months and meet the requirements of section (c)(2)(B) of this section.

(F) Equal Credit Opportunity Act. The Department and/or the Administrator on behalf of the Department will comply with all federal and state laws and regulations relating to the extension of credit, including the Equal Credit Opportunity Act (ECOA) (15 U.S.C. 1691 et seq.) and its implementing regulation at 12 CFR Part 1002 (Regulation B) when qualifying potential borrower to receive a single family Program loan from the Department.

(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 Rules.

(e) Lien Position Requirements.

(1) A Mortgage Loan made by the Department shall be secured by a first 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 fifty-five percent (55%) of the combined loans; 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.

(f) Loan Terms. All loan terms must meet all of the following criteria:

(1) May not exceed a term of 30 years;

(2) May not be for a term of less than five years; and

(3) Interest rate may be as low as zero percent as provided in the Program Rules.

(g) Loan Assumption. A Mortgage Loan may be assumable if the Department determines the potential borrower assuming the Mortgage Loan is eligible according to the underwriting criteria of this section and complies with all Program requirements in effect at the time of the assumption.

(h) Cash Assets. Applicant with unrestricted cash assets in exceeds of $25,000 must use such excess funds towards the acquisition of the property in lieu of loan proceeds. Unrestricted cash assets for this purpose are Net Family Assets defined in 24 CFR §5.603.

(i) Appraisals.

(1) An appraisal is required by the Department on each property that is part of an acquisition Activity, except for down payment assistance only, prior to closing to determine the current market value.

(2) The appraisal must conform to the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation.

(3) The Appraiser must have an active and current license by the Texas Appraisal Licensing and Certification Board.

(j) Combined Loan to Value. The Combined Loan to Value ratio of the property may not exceed 100 percent of the cost to acquire the property. The lien amounts of Forgivable Loans shall be included when determining the Combined Loan to Value ratio. The cost to acquire the property may exceed the appraised value only to the extent of closing costs but in no case may result in cash back to the borrower or exceed the limits under (b)(1) of this section.

(k) 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 following provisions described in subparagraphs (A) - (F) of this paragraph are applicable:

(A) The borrower must contribute monthly payments to cover the anticipated costs, as calculated by the Department, 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 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;

(F) These funds are included in the borrower's monthly payment to the Department or to the servicer; and

(G) The Department will establish and administer the escrow accounts in accordance with the Real Estate Settlement and Procedures Act of 1974 (RESPA) under 12 U.S.C. §2601 and its implementing regulations at 12 CFR §1024 (Regulation X), as applicable.

(l) Requirements for Originating Mortgage Loans for the Department.

(1) Any Administrator or staff member of an Administrator originating Mortgage Loans for the Department must be properly licensed and registered as a residential mortgage loan originator in accordance with Chapters 157 and 180 of the Texas Finance Code and its implementing regulations at Chapter 81, Part 4 of Title 7 of the Texas Administrative Code, unless exempt from licensure or registration pursuant to the applicable state and federal laws and regulations regarding residential mortgage loans.

(A) The Department reserves the right to reject any Mortgage Loan application originated by an Administrator or individual that is not properly licensed or registered.

(B) The Department will not reimburse any expenses related to a rejected Mortgage Loan application received from an Administrator or individual that is not properly licensed or registered.

(2) Only Administrators approved by the Department may issue initial mortgage disclosures, including the Loan Estimate and other integrated disclosures for Mortgage Loans made by the Department as required under RESPA, Regulation X, the Dodd Frank Wall Street Reform and Consumer Protection Act (Dodd Frank)at 124 Stat.1375, the Truth in Lending Act (TILA) at 15 U.S.C. §1601 and its implementing regulations at 12 CFR §1026 (Regulation Z), and any applicable Texas laws, statutes, and regulations regarding consumer disclosures for residential mortgage loan transactions.

(A) The Department reserves the right to reject any application for Mortgage Loan 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 final mortgage disclosures, including the Closing Disclosures and other integrated disclosures, for Mortgage Loans made by the Department as required under RESPA, Regulation X, Dodd Frank, TILA, Regulation), and any applicable Texas laws, statutes, and regulations regarding consumer disclosures for residential mortgage loan transactions.

(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 Mortgage Loan with a Closing Disclosure that does not have Department approval.

(4) The Department will not allow disbursement of any portion of the Department's Mortgage Loan for acquisition until seller delivers to the borrower a fully executed deed to the property. After execution of the deed, the deed must be recorded in the records of the county where the property is located.

(5) The first monthly mortgage payment upon closing of the Mortgage Loan with monthly scheduled payments will be due one full month after the last day of the month in which the Mortgage Loan closed. For example, if the Mortgage Loan closed on May 10^{th} or May 30^{th}, the first Mortgage payment will be due July 1^{st}.

(m) Principal Residence. Loans are only permitted for potential borrowers who will occupy the property as their Principal Residence. The property must be occupied by the potential borrower within the later of

60 days after closing or completion of the final Draw of Department funds for rehabilitation or reconstruction and remain their Principal Residence as defined in the Mortgage Loan documents or in the case of Forgivable Loans, until the forgiveness period has concluded in accordance to the Mortgage documents.

(n) Life-of-Loan Flood Certifications will be required to monitor for FEMA flood map revisions and community participation status changes for the term of the Mortgage Loan.

§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 unless otherwise indicated in the Program Rules.

(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. 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 and be approved administratively. If such amendment is not approved, the Applicant will have the right to appeal in accordance with this Title.

(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 50 percent (50%) of the original award amount.

(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 increase threshold established in this subsection.

(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.

(6) The Division Director may approve other amendments to a Contract of an Agreement, including amendments to the Administrator's service area, benchmarks, or selection of Activities administered under a Contract of an Agreement, provided that the amendment would not have negatively impacted the priority of Board approved Applications.

(b) The Department may terminate a Contract in whole or in part if the Administrator does not achieve performance benchmarks as outlined in the Program Rule and/or Contract, or for any other reason in the Department's reasonable discretion.

(c) 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 Chapter.

(c) In general, Administrators will be scheduled for monitoring based on federal or state monitoring requirements, or a risk assessment process including but 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 to the Enforcement Committee, or other action under this Title.

(h) Monitoring Close Out. After completion of the monitoring review, 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, and the Administrator disagrees, 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 a provision of the Contract or a requirement of the Texas Administrative Code, or a provision of an OMB Circular, the Administrator may submit an appeal to the Executive Director consistent with Section 1.7, Staff Appeals Process, in Chapter 1 of this Title.

(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 Section 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) If the Department receives a complaint under Section 1.2 of this Title, it may elect or may be required to follow the procedures outlined therein instead of this Section.

§20.16 Waivers and Appeals

(a) Appeal of Department staff decisions or actions will follow requirements in Program Rules and Chapter 1 or Chapter 2 of this Title, as applicable.

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BOARD ACTION REQUEST

SINGLE FAMILY OPERATIONS & SERVICES

JULY 27, 2017

Presentation, discussion, and possible action on the proposed amendments to 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule, and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code, §2306.053, the Department is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, pursuant to Tex. Gov't Code, §2306.752, the Department is required to establish, operate, monitor, and fund an Owner-Builder Loan Program to enable Owner-Builders to purchase or refinance real property on which to build new residential housing or improve existing residential housing;

WHEREAS, the Department's Governing Board last amended 10 TAC Chapter 24 on October 15, 2015, to be effective on November 12, 2015; and

WHEREAS, proposed amendments to 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule, §§24.1, 24.2, 24.3, 24.5, 24.6, 24.8, 24.9, 24.10, 24.11, 24.12, and 24.13, are to integrate changes made by the 85th Texas Legislature via House Bill 1512, increase the Administrative Fee to be earned by Participants, add missing definitions, correct capitalization, simplify wording, and eliminate duplication of underwriting rules already stated in the Single Family Programs Umbrella Rule 10 TAC 20;

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 cause the publication of the proposed amendments, 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, including the preparation of the subchapter specific preambles.

BACKGROUND

The purpose of amending the Texas Bootstrap Loan Program Rule is to integrate changes made by the 85th Texas Legislature via House Bill 1512, add missing definitions, correct capitalization, simplify wording, and eliminate duplication of underwriting rules already stated in the Single Family Programs Umbrella Rule 10 TAC 20. The significant proposed changes to 10 TAC Chapter 24 are:

§24.1 Purpose. This section is amended to remove the limit on the amount of other funding that could be leveraged with Bootstrap loan funds per House Bill 1512, passed by the 85th Texas Legislature. Previously, Bootstrap borrowers could not exceed a total of $90,000 for all amortizing loan funds applied to their housing unit, including any leveraged funds from outside the Bootstrap Program.

§24.2 Definitions. This section is amended to include the term "Improvement Survey" because this term appears in §24.12, Property Guidelines and Related Issues, and was undefined.

§24.9 Program Administration. This section is amended to remove the limit on the amount of other funding that could be leveraged with Bootstrap loan funds per House Bill 1512, passed by the 85th Texas Legislature. This section is also amended to increase the Administrative Fee that can be earned by a Participant upon completing and funding a Bootstrap loan from 6% to 10% of the Bootstrap loan amount. This makes both the Bootstrap Loan Program and the Amy Young Barrier Removal Program—the two programs of the State Housing Trust Fund—consistent with one another with respect to the Administrative Fee provided to participating entities.

§24.10 Owner-Builder Qualifications. This section is amended to remove rules pertaining to underwriting (e.g., examples of outstanding items on a credit report that affect eligibility, limits on liquid assets, etc.) that are already stated in the Single Family Programs Umbrella Rule 10 TAC 20.

§§24.3, 24.5, 24.6, 24.8, 24.11, 24.12, and 24.13 are amended to correct capitalization and simplify wording.

RECOMMENDATION

Staff recommends publishing the proposed amended Texas Bootstrap Loan Program Rule in the *Texas Register* in order to receive public comment.

Attachment A: Preamble of 10 TAC Chapter 24 Texas Bootstrap Loan Program Rule; proposed amendments to §§24.1, 24.2, 24.3, 24.5, 24.6, 24.8, 24.9, 24.10, 24.11, 24.12, and 24.13

The Texas Department of Housing and Community Affairs (the "Department") proposes amendments to TAC Chapter 24 Texas Bootstrap Loan Program Rule, §§24.1 Purpose, 24.2 Definitions, 24.3 Allocation of Funds, 24.5 Program Activities, 24.6 Prohibited Activities, 24.8 Criteria for Funding, 24.9 Program Administration, 24.10 Owner-Builder Qualifications, 24.11 Types of Funding Transactions, 24.12 Property Guidelines and Related Issues, and 24.13 Nonprofit Owner-Builder Housing Program Certification.

The purpose of amending the Texas Bootstrap Loan Program Rule is to integrate changes made by the 85th Texas Legislature via House Bill 1512, add missing definitions, correct capitalization, simplify wording, and eliminate duplication of underwriting rules already stated in the Single Family Programs Umbrella Rule 10 TAC 20. The significant proposed changes to 10 TAC Chapter 24 are:

§24.1 Purpose. This section is amended to remove the limit on the amount of other funding that could be leveraged with Bootstrap loan funds per House Bill 1512, passed by the 85th Texas Legislature. Previously, Bootstrap borrowers could not exceed a total of $90,000 for all amortizing loan funds applied to their housing unit, including any leveraged funds from outside the Bootstrap Program.

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§24.10 Owner-Builder Qualifications. This section is amended to remove rules pertaining to underwriting (e.g., examples of outstanding items on a credit report that affect eligibility, limits on liquid assets, etc.) that are already stated in the Single Family Programs Umbrella Rule 10 TAC 20.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that for each year of the first five years the amendments are in effect, enforcing or administering the amendments 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 amendments are in effect, the public benefit anticipated as a result of the amendments will be clarity of program requirements, adherence to state governing statute, and decreased potential foreclosures via modified underwriting criteria. There will be minimal economic cost to entities complying with the amendments.

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. The public comment period for the proposed amendments will be from August 11, 2017, to September 11, 2017. Written comments may be mailed to the Texas Department of Housing and Community Affairs, Attention: Homero Cabello, Director of Single Family Operations & Services, Bootstrap Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, or emailed to homero.cabello@tdhca.state.tx.us.

ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. SEPTEMBER 11, 2017.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Government Code §2306.053, which authorizes the Department to adopt rules; and §2306.752, which requires the Department to establish, operate, monitor and fund an Owner-Builder Loan Program to enable Owner-Builders to purchase or refinance real property on which to build new residential housing or improve existing residential housing.

The proposed amendments affect no other code, article, or statute.

TITLE 10 COMMUNITY DEVELOPMENT

PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

CHAPTER 24 TEXAS BOOTSTRAP LOAN PROGRAM RULE

§24.1 Purpose

(a) This chapter clarifies the Texas Bootstrap Loan Program, administered by the Texas Department of Housing and Community Affairs (the "Department"), also known as the Owner-Builder Loan Program. The Texas Bootstrap Loan Program provides assistance to income-eligible individuals, families and households to purchase or refinance real property, on which to build new residential housing or improve existing residential housing. The Program is administered in accordance with Texas Government Code, Chapter 2306, Subchapter FF, Chapter 1 of this title (relating to Administration), Chapter 2 of this title (relating to Enforcement), Chapter 20 of this title (relating to Single Family Programs Umbrella Rule), Chapter 21 of this title (relating to Minimum Energy Efficiency Requirements for Single Family Construction Activities), and Chapter 26 of this title (relating to Housing Trust Fund).

(b) The Texas Bootstrap Loan Program is a Self-Help construction Program that is designed to provide very low-income families an opportunity to help themselves attain homeownership or repair their existing homes through sweat equity. All Owner-Builder Applicants under this Program are required to provide through personal labor at least 65 percent of labor necessary to build or rehabilitate the home. All applicable building codes and housing standards are adhered to under this Program. ~~In addition, Nonprofit Organizations can combine these funds with other sources of funds. The total amount of amortized repayable loans made by the Department and other entities to an Owner-Builder may not exceed $90,000 per housing unit.~~

§24.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Other definitions may be found in Texas Government Code, Chapter 2306, Chapter 1 of this title (relating to Administration), Chapter 2 of this title (relating to Enforcement), Chapter 20 of this title (relating to Single Family Programs Umbrella Rule), Chapter 21 of this title (relating to Minimum Energy Efficiency Requirements for Single Family Construction Activities), and Chapter 26 of this title (relating to Housing Trust Fund).

(1) Capital Recovery Fee--Means a charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development. The term includes amortized charges, lump-sum charges, contributions in aid of construction, and any other fee that functions as described by this definition.

(2) Improvement Survey--A survey locating the boundaries of the property and the location of all improvements.

(3)~~(2)~~ Loan Origination Agreement--A written agreement, including all amendments thereto between the Department and the Participant that authorizes the Participant to originate certain loans under the Texas Bootstrap Loan Program.

(4)~~(3)~~ NOHP--Nonprofit Owner-Builder Housing Provider.

(5)~~(4)~~ Owner-Builder--A person, other than a person who owns or operates a construction business and who owns or purchases a piece of real property through a warranty deed and deed of trust; or is purchasing a piece of real property under a Contract for Deed entered into before January 1, 1999; and who undertakes to make improvements to that property.

(6)~~(5)~~ Participant--An organization which submits an application to the Department to be certified as an NOHP or a Colonia Self-Help Center.

(7)~~(6)~~ Program--Texas Bootstrap Loan Program also known as the Owner-Builder Loan Program.

(8)~~(7)~~ Self-Help Housing Construction--The Self-Help Housing process enables Owner-Builders to Rehabilitate, Reconstruct or construct their own homes, usually working together in groups on other eligible Owner-Builder's houses at the same time. Owner-Builders use their own "sweat equity" to reduce the cost of their homes.

§24.3 Allocation of Funds

(a) The Department administers all Texas Bootstrap Loan Program funds provided to the Department in accordance with Texas Government Code, Chapter 2306, Subchapter FF. The Department shall solicit gifts and grants to make loans under this chapter.

(b) The Department may also make loans under this chapter from:

(1) available funds in the Housing Trust Fund~~housing trust fund~~ established under Texas Government Code, §2306.201; or

(2) federal block grants that may be used for the purposes of this chapter.~~; and~~

~~(3) the Owner-Builder revolving loan fund established under Texas Government Code, §2306.7581.~~

~~(c) The Department shall establish an Owner-Builder revolving loan fund for the sole purpose of funding loans pursuant to Texas Government Code, §2306.7581.~~

~~(d) The Department shall deposit money received in repayment of a loan to the Owner-Builder revolving loan fund pursuant to Texas Government Code, §2306.7581.~~

(c)~~(e)~~ Each state fiscal year the Department shall transfer at least $3 million to the Texas Bootstrap Loan Program~~ revolving fund~~ from money received under federal block grants or from available funds in the Housing Trust Fund~~the federal HOME Investment Partnerships program established under Title II of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. §§12701, et seq.), from money in the housing trust fund; or from money appropriated by the legislature to the Department pursuant to Texas Government Code, §2306.7581~~.

(d)~~(f)~~ In a state fiscal year the Department may use not more than 10 percent of the revenue available to enhance the ability of tax-exempt organizations described by Texas Government Code, §2306.755(a) to enhance the number of such organizations that are able to implement the Program. The Department shall use that available revenue to provide financial assistance, technical training and management support.

§24.4 Participant Requirements

(a) Eligible Participants. The following organizations or entities are eligible to participate in the Texas Bootstrap Loan Program:

(1) Colonia Self Help Centers established under Texas Government Code, Chapter 2306, Subchapter Z; or

(2) NOHPs certified by the Department pursuant to Texas Government Code, §2306.755.

(b) Eligibility requirements. The Participant must be certified as an NOHP or must be a Colonia Self-Help Center and must have entered into a Loan Origination Agreement with the Department in order to be eligible to participate in the Texas Bootstrap Loan Program. The Participant must have the capacity to administer and manage resources as evidenced by previous experience of managing state and/or federal programs.

§24.5 Program Activities

Texas Bootstrap Loan Program funds may be used to finance affordable housing and promote homeownership through acquisition, new construction, reconstruction~~Reconstruction~~, or rehabilitation~~Rehabilitation~~ of residential housing. All eligible organizations that satisfy the requirements of this chapter may reserve funds by submitting a loan application on behalf of an Owner-Builder Applicant for the Texas Bootstrap Loan Program.

§24.6 Prohibited Activities

The fees described in paragraphs (1) - (8) of this section are prohibited and may not be charged directly to the Owner-Builder~~ in relation to the origination or servicing of a loan through the Texas Bootstrap Loan Program~~, but may be charged as an allowable cost by a third~~ (3rd)~~ party lender or servicer for a Texas Bootstrap loan~~the origination of all other loans originated in connection with a loan through the Texas Bootstrap Loan Program~~:

(1) payment of delinquent property taxes or related fees or charges on properties to be assisted with Texas Bootstrap Loan Program funds;

(2) Loan Origination Fees;

(3) Application fee;

(4) discount fees;

(5) underwriter fee;

(6) loan processing fees;

(7) loan servicing fees; and

(8) other fees not approved by the Department in writing prior to expenditure.

§24.7 Distribution of Funds

(a) Set-Asides. In accordance with Texas Government Code, §2306.753(d), at least two-thirds (2/3) of the dollar amount of loans made under this chapter in each fiscal year must be made to Owner-Builders whose property is located in a census tract that has a median household income that is not greater than 75 percent of the median state household income for the most recent year for which statistics are available.

(b) Balance of State. The remaining one-third (1/3) of the dollar amount of loans may be made to Owner-Builders statewide.

(c) Loan Priority. The Department may allow a Participant access to the Reservation System 24 hours prior to all other Participants if the Owner-Builder Applicant meets the following criteria:

(1) annual household income is less than $17,500; or

(2) property is located in a county and/or municipality that agrees in writing to waive the Capital Recovery Fees, building permit fee or other fees related to the house(s) to be built with the loan proceeds. Owner-Builder Applicant will not receive priority if there are none of the above fees are imposed by the county and/or municipality or water supply company.

§24.8 Criteria for Funding

(a) The Department will distribute the funds in accordance with the Texas Housing Trust Fund (HTF) Plan in effect at the time. The Department will publish an announcement for a Notice of Funding Availability (NOFA) in the *Texas Register* and post the NOFA on the Department's website. The Program Rule and NOFA will establish and define the terms, conditions, and maximum Reservation amounts allowed per Participant. The Department may also set a deadline for receiving Reservations and/or Applications. The NOFA will indicate the approximate amount of available funds. The Department may increase funds in the NOFA from time to time without republishing the NOFA in the *Texas Register* and Department's website.

(b) A Nonprofit Organization must have been certified by the Department as an NOHP and must have executed a Loan Origination Agreement to be eligible to submit Reservations. Any Reservation containing false information will be disqualified. The Department will review and process all Reservations in the order received. The NOHP will be notified in writing of the Department's determination.

(c) Reservations received by the Department in response to a NOFA will be handled as described in paragraphs (1) - (5) of this subsection.

(1) The Department will accept Reservations until all funds under the NOFA have been committed. The Department may limit the eligibility of Reservations in the NOFA.

(2) Each Reservation will be assigned a "received date" based on the date and time the Reservation was entered into the Texas Bootstrap Loan Program Reservation system. Each Reservation will be reviewed in accordance with the Program rules.

(3) Reservations must comply with all applicable Texas Bootstrap Loan Program requirements or regulations established in this chapter. Reservations that do not comply with such requirements may be disqualified. The Participant will be notified in writing of any cancelled and/or disqualified Reservations.

(4) If a Reservation contains deficiencies which, in the determination of the Department, require clarification or correction of information submitted at the time of the Reservation, the Department may request clarification or correction in the form of an email or letter to the Participant.

(5) Prior to issuing an Applicant eligibility letter the Department may decline to fund any Reservation entered into the Reservation system if the proposed housing 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 Reservation which are entered, and may decide it is in the Department's best interest to refrain from committing the funds. If the Department has issued an Applicant eligibility letter to the Owner-Builder Applicant, but the Participant and/or Owner-Builder Applicant has not complied with all the Program rules and guidelines, the Department may suspend funding until the Participant and/or Owner-Builder Applicant has satisfied all requirements of the Program. If the Participant is unable to cure any deficiencies within fifteen (15) calendar days, the Department may provide a one-time fifteen (15) calendar day extension or decline to fund the Reservation.

§24.9 Program Administration

(a) Pursuant to §2306.754(b), the Department shall not exceed $45,000 in household assistance for any Texas Bootstrap Loan Program loan. If it is not possible for an Owner-Builder to purchase necessary real property and build or rehabilitate adequate housing for $45,000, the Owner-Builder must obtain the additional amounts necessary from other sources, which may include other types of Department funds with the exception of other State Housing Trust Funds.
~~Household assistance from the Department for any Texas Bootstrap Loan Program loans may not exceed $45,000 per household pursuant to Texas Government Code, §2306.754(b). The Owner-Builder must~~

~~obtain the amount necessary that exceeds $45,000 from other sources of funds including other Department funds with the exception of funds being utilized to implement the Texas Bootstrap Loan Program. The total amount of amortized repayable loans made by the Department and other entities to an Owner-Builder under the Program may not exceed $90,000 pursuant to Texas Government Code, §2306.754(b).~~

(b) The Department shall make loans for Owner-Builder applicants to enable them to:

(1) purchase or refinance real property on which to build new residential housing;

(2) build new residential housing; or

(3) improve existing residential housing.

(c) Upon approval by the Department, the Participant shall enter into, execute, and deliver to the Department the Loan Origination Agreement. The Department may terminate the Loan Origination Agreement in whole or in part if the Participant has not performed as outlined in the Program Rule, NOFA, Loan Origination Agreement, and/or Program Manual.

(d) In the event the Department has additional funds in the same funding cycle, the Department, with Board approval, will distribute funds in accordance with this chapter.

(e) If the Owner-Builder Applicant qualifies for the Program, the Department will issue an Applicant eligibility letter ~~(approval letter)~~ which reserves up to $45,000 in funds~~the funds (up to $45,000 per Reservation)~~ for twelve (12) months from the date of the Applicant eligibility letter. Owner-Builder Applicant will not be required to re-qualify ~~for the Program~~ if the Owner-Builder Applicant closes by~~on the loan on or before~~ the expiration date ~~stated~~ on the Applicant eligibility ~~letter issued by the Department~~. Otherwise~~If the Owner-Builder fails to close on the loan on or before the expiration date stated on the Applicant eligibility letter~~, the Owner-Builder Applicant must~~will be required to~~ re-qualify for the Program and~~. The Owner-Builder Applicant must be requalified by the Department. If the Owner-Builder Applicant is requalified~~ the Department may grant an extension of up to 90 days from the expiration date on the original Applicant eligibility letter. If the Owner-Builder Applicants fails to close on the loan after the extension is granted the Reservation and/or loan will be cancelled.

(f) Roles and responsibilities for administering the Program Contract. Participants are required to:

(1) qualify potential Owner-Builders for loans;

(2) provide Owner-Builder homeownership education classes;

(3) supervise and assist Owner-Builders to build and/or Rehabilitate housing;

(4) facilitate loans made or purchased by the Department under the Program; and

(5) implement and administer the Program on behalf of the Department.

(g) Loan Servicing Agreement. If the Participant wishes to service the loans originated on behalf of the Department it must obtain prior approval and enter into a Loan Servicing Agreement with the Department. ~~The Department may grant the request upon reviewing the Participant capacity to implement those specific functions.~~

(h) First Year Consultation Agreement. The Participant agrees that if notified by the Department that Owner-Builder has failed to make a scheduled payment due under the Program loan, or other payments due under the Program loan documents ~~issued under the Program~~, within the first twelve (12) months of funding, the Participant will be required to meet with the Owner-Builder and provide counseling and assistance until the payments are made current. After consultation and in the event that the Department and Participant are not able to ~~reach a consensus about Participant's effort to~~ bring the Program loan current as required under this chapter, the Department in accordance with its administrative rules may apply appropriate graduated sanctions leading up to, but not limited to, deobligation of funds and future debarment from participation in the Program.

(i) Administrative Fee. The Participant will be granted a 10~~6~~ percent administration fee upon completion of the house and funding of each Mortgage loan.

(j) Blueprints. If Participant's activity is interim or residential construction, Participant must provide an original copy of the proposed blueprints to be approved by the Department prior to accepting applications. Blueprints must include the required construction requirements pursuant to Texas Government Code, §2306.514, and ~~. All blueprints submitted for approval must~~ be prepared and executed by an architect or engineer licensed by the state of Texas.

(k) Work Write-up. If Participant's activity is rehabilitation, Participant must submit work write-ups and cost estimations for Department approval prior to construction~~The Participant must submit a work write-up for all rehabilitation projects. Work write-ups must be reviewed and approved by the Department, before rehabilitation is started~~.

(l) Loan Program requirements. The Department may purchase or originate loans that conform to the lending parameters and the specific loan Program requirements as described in paragraphs (1) - (8) of this subsection:

(1) maximum Texas Bootstrap Loan Program Loan amount shall not to exceed $45,000. If it is not possible for an Owner-Builder to purchase necessary real property and build or rehabilitate adequate housing for $45,000, the Owner-Builder must obtain the additional amounts necessary from other sources, which may include other types of Department funds with the exception of other State Housing Trust Funds.~~If it is not possible for the Owner-Builder to purchase necessary real property and build adequate housing for $45,000, the Participant must obtain additional funding from other sources of funds.~~

(2) minimum Loan amount is $1,000;

~~(3) the total amount of all amortized repayable loans under the Program may not exceed $90,000. Deferred Forgivable Loans are not included in these total loan calculations;~~

(3)~~(4)~~ may not exceed a term of thirty (30) years;

(4)~~(5)~~ minimum loan term of five (5) years;

(5)~~(6)~~ zero (0) percent ~~(0 percent)~~ non-interest loans;

(6)~~(7)~~ when refinancing a Contract for Deed, the Department will not disburse any portion of the Department's loan until the Owner-Builder receives a deed to the property;

(7)~~(8)~~ Owner-Builder~~(s)~~ must have resided in Texas~~this state~~ for the preceding six (6) months prior to the date of loan application.

(m) Loan Assumption. A Program loan is assumable if the Department determines that the Owner-Builder Applicant complies with all Program requirements in effect at the time of the assumption.

(n) Forgivable Loan. The term for a Forgivable Loan may not exceed 15 years from the date of closing.

§24.10 Owner-Builder Qualifications

The Owner-Builder must:

(1) own or be purchasing a piece of real property through a warranty deed or Contract for Deed;

(2) not have an annual household income that exceeds 60 percent of the greater of the state or local area median family income as determined by HUD's current income table;

(A) Eligibility Income is the total Household income including all income (salary, tips, bonus, overtime, alimony, child support, benefits, etc.) received by the Owner-Builder Applicant, co-Applicant and/or any other persons living in the home. This income is used to determine whether the household income exceeds 60% of the Area Median Family Income or 60% of the State Median Family Income, adjusted for Household size, whichever is greater. No income is excluded in this calculation.

~~(B) Qualifying Income is the income used to calculate the Owner-Builder Applicant's debt to income ratio. It is the income of the Owner-Builder Applicant and co-Applicant excluding the total of any income not received consistently for the past 12 months from the date of application. Examples of excluded income includes, but is not limited to, income from a full or part time job that lacks a stable job history, potential bonuses, commissions, and child support.~~

~~(3) demonstrate the willingness and ability to repay the loan; Owner-Builder Applicants must have a credit history that indicates reasonable ability and willingness to meet debt obligations. In order for the Department to make a reasonable determination, the Department will obtain a tri-merge credit report on all Owner-Builder Applicants submitted to the Department for approval. Unacceptable credit includes, but is not limited to:~~

~~(A) payments on any open consumer, retail and/or installment account (i.e. auto loans, signature loans, payday loans, credit cards or any other type of retail and/or installment loan) which has been delinquent for more than thirty (30) days on three (3) or more occasions within the last twelve (12) months. For purposes of this subparagraph, the credit history of an Owner-Builder who is a Domestic Farm Laborer and receives a substantial portion of his/her income from the production or handling of agriculture or aquacultural products will not apply. However, Owner-Builder must still demonstrate the ability and willingness to meet debt obligations;~~

~~(B) a foreclosure which has been completed within the last twelve (12) months prior to the date of loan application;~~

~~(C) an outstanding Internal Revenue Service tax lien or any other outstanding tax liens unless the Owner-Builder Applicant has made formal and satisfactory payment arrangements for at least six (6) months prior to the date of loan application;~~

~~(D) a court-created or court-affirmed obligation or judgment caused by nonpayment that is currently outstanding must be paid off. The Department may consider this account in good standing if the Owner-Builder Applicant has made formal and satisfactory payment arrangements for at least six (6) months prior to the date of loan application;~~

~~(E) any account (with the exception of a medical account) that has been placed for "collection," "profit and loss" or "charged off" within the last twenty-four (24) months prior to the date of loan application, unless the account has been or will be paid in full after receiving notice from the Department. If there are other, unpaid or unresolved accounts that were placed for "collection," "profit and loss," or "charged off" prior to the last twenty-four (24) months prior to the date of loan application then. Owner-Builder Applicant must also have re-established at least one line of credit that must be in good standing with no delinquencies for at least six (6) months prior to the date of loan application. Type of debts that will be taken into consideration may include, but are not limited to the following: rental history, cell phone, utility, child care, auto insurance, etc.;~~

~~(F) any delinquency on any government debt unless the Owner-Builder Applicant has made formal and satisfactory payment arrangements for at least six (6) months prior to the date of loan application;~~

~~(G) a bankruptcy that has been filed within the past twelve (12) months prior to the date of loan application;~~

~~(H) any delinquency on child support unless the Owner-Builder Applicant has made formal and satisfactory payment arrangements for at least six (6) months prior to the date of loan application. The following will not be considered indicators of unacceptable credit:~~

~~(i) a bankruptcy in which debts were discharged more than twelve (12) months prior to the date of loan application. Owner-Builder Applicant must also have re-established at least one line of credit that must be in good standing with no delinquencies for at least six (6) months prior to the date of loan application. In addition the Owner-Builder Applicant must submit to the Department a letter of explanation regarding the circumstances that led to the bankruptcy which is acceptable to the Department;~~

~~(ii) where an Owner-Builder Applicant has successfully completed a debt restructuring plan and has demonstrated a willingness to meet obligations when due for the six (6) months prior to the date of loan application. If an Owner-Builder Applicant is currently participating in a debt management plan, the trustee or assignee must provide a letter to the Department stating that they are aware and agree with the Owner-Builder Applicant applying for a mortgage loan. In addition Owner-Builder Applicant must have successfully completed at least six (6) months of the debt management plan with no delinquent payments;~~

~~(iii) medical accounts that are delinquent or that have been placed for collection; The Owner-Builder Applicant's liabilities include all revolving charge accounts, real estate loans, alimony, child support, installment loans, and all other debts of a continuing nature with more than ten (10) monthly payments remaining. Debts for which the Owner-Builder Applicant is a co-signer will be included in the total monthly obligations. Payments on installment debts which are paid off prior to funding are not included for qualification purposes. Payments on all revolving debts (e.g. credit cards, payday loans, lines of credit, unsecured loans) and certain types of installment loans that appear to be recurring in nature will be included in debt ratio calculation, even if the Owner-Builder Applicant intends to pay off the accounts, since the Owner-Builder Applicant can reuse those credit sources, unless the account is paid off and closed. Payments on any type of loan that have been deferred must be deferred for at least eighteen (18) months from the date of loan application in order for the debt not to be included in the debt ratio calculation;~~

(3)~~(4)~~ execute a Self-Help Agreement committing to provide ~~through personal labor~~ at least 65 percent of the labor necessary to build or rehabilitate~~Rehabilitate~~ the proposed housing ~~working~~ through a state-certified Participant; or provide an amount of labor equivalent to 65 percent in connection with building or rehabilitating~~Rehabilitating~~ housing for others through a state-~~-~~certified Participant; provide through the noncontract labor of friends, family, or volunteers and through personal labor at least 65 percent of the labor necessary to build or rehabilitate~~Rehabilitate~~ the proposed housing ~~by working~~ through a state-~~-~~certified Participant or if due to a documented disability or other limiting circumstances the Owner-Builder cannot provide the amount of personal labor otherwise required, provide through the noncontract labor of friends, family or volunteers at least 65 percent of the labor necessary to build or rehabilitate~~Rehabilitate~~ the proposed housing ~~by working~~ through a state-~~-~~certified Participant;

~~(5) not have cash assets in excess of $25,000 (excluding retirement and/or 401K accounts);~~

(4)~~(6)~~ successfully complete an Owner-Builder homeownership education class prior to loan funding;

(5)~~(7)~~ be given priority for loans if the Owner-Builder has an income of less than $17,500 annually; and

(6)~~(8)~~ not have any outstanding judgments and/or liens on the property.

(7)~~(9)~~ the Owner-Builder must occupy the residence as a Principal Residence~~residence must be occupied as the Principal Residence of the Owner-Builder~~ within thirty (30) days of ~~the later of~~ the end of the construction period or the closing of the loan, whichever is later. Any additional habitable structures must be removed from the property prior to closing but a portion of the structure~~. Portion of the former~~

~~structure~~ may be utilized as storage upon the Department's written approval prior to closing.

§24.11 Types of Funding Transactions

All Mortgage Loans will be evidenced by a promissory note and will be secured by a lien on the subject property. The following transaction types are permitted by the Department under the Program.

(1) Purchase Money. ~~In a purchase money transaction, all~~ All proceeds are used to finance the purchase of a single-family dwelling unit and/or a piece of real property which must become~~will be~~ the Owner-Builder's primary residence within thirty (30) days of closing the loan. ~~In this instance, a~~ The Department makes a permanent loan~~ is made~~ and the Owner-Builder's repayment obligation begins immediately. In certain situations, eligible closing costs may be financed by the loan proceeds.

(2) Residential Construction~~ (One Time Closing with Owner-Builder). An interim construction loan, also known as a residential construction loan, this~~ This transaction is treated as a purchase and~~, because it~~ is a one-time closing with the Owner-Builder. Construction period may be up to twelve (12) months.

(3) Interim Construction (Closing with Participant). Interim construction is a commercial transaction between the Participant and the Department. The construction period may be up to twelve (12) months.~~;~~ Once~~once~~ the construction of the home is completed, the closing with the Owner-Builder will take place as a purchase money transaction.

(4) Purchase of Mortgage loans. The Department may purchase and take assignments from Mortgage lenders of notes and other obligations evidencing loans or interest in loans for purchase money transactions as described in paragraph (1) of this section or for residential construction transactions as described in paragraph (2) of this section.

§24.12 Property Guidelines and Related Issues

(a) Appraisals are required by the Department on each property prior to closing.

(b) Loan-~~-~~to-~~-~~value ratio may not exceed 95 percent of the appraised value. The lien amounts of forgivable loans and/or Grants will not be included in the loan-to-value calculation.

(c) Combined loan-to-value ratio may not exceed 100 percent of the appraised value. The lien amounts of Forgivable Loans will also be included in the combined loan to value ratio.

(d) Improvement Surveys are required on each property.

(e) Category 1A (Texas Society of Professional Surveyors) lot surveys~~("lot survey")~~ are required for all interim and residential construction loans. Upon Department approval a recorded subdivision plat may be used in lieu of lot surveys for interim construction loans only. Upon completion of construction an improvement survey must also be provided.

(f) Title Commitment. A copy of the preliminary title report including complete legal description~~,~~ and copies of covenants, conditions and restrictions, easements, and any supplements thereto is required. The preliminary title report should not be more than thirty (30) days old at the time the submission or funding package ~~(Submission or Funding Package)~~ is sent to the Department and must list the Department's Loan.

(g) Existing Property. A property inspection will be required to be completed by a professional inspector licensed by the Texas Real Estate Commission for all existing properties. A copy of the inspection report must be submitted and any~~prior to closing. Any~~ deficiencies listed on the report must be corrected prior to closing. Cosmetic issues such as paint, wall texture, etc. may not be required to be corrected if utilizing a Self-Help construction Program. A copy of the reports must be provided to the Owner-Builder Applicant and the Department. The Participant and/or the Owner-Builder Applicant will be responsible for the selection and/or the fee of a licensed inspector.

§24.13 Nonprofit Owner-Builder Housing Program Certification

(a) Definitions and Terms. The following terms when used in this section shall have these meanings~~words and terms, when used in this section, shall have the following meanings,~~ unless the context clearly indicates otherwise.

(1) Applicant--A Nonprofit Organization that is an NOHP or has submitted a request to the Department for certification as an NOHP in order to participate in ~~to the Department. An Applicant for~~ the Texas Bootstrap Loan Program ~~must be an NOHP certified by the Department~~.

~~(2) Bylaws--A rule or administrative provision adopted by a corporation for its internal governance. Bylaws are enacted apart from the Certificate of Formation. Bylaws and amendments to bylaws must be formally adopted in the manner prescribed by the organization's certificate of formation or current bylaws by either the organization's board of directors or the organization's members, whoever has the authority to adopt and amend bylaws.~~

~~(3) Certificate of Formation--A document that sets forth the basic terms of a corporation's existence and is the official recognition of the corporation's existence. The documents must evidence that they have been filed with the Office of the Secretary of State.~~

~~(4) Resolutions--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.~~

(b) Application Procedures for NOHP Certification or NOHP Recertification~~Re-Certification of NOHP~~. An Applicant requesting NOHP certification or recertification~~re-certification~~ ~~as an NOHP~~ must submit an Application ~~for NOHP certification in a form prescribed by the Department. The NOHP Application must be submitted~~ prior to submitting an Application for Texas Bootstrap Loan Program Reservation system, and must be recertified every three (3) years. NOHP recertification requires submission of the following ~~An NOHP applying for recertification will only be required to submit the following~~ only if any changes have occurred. ~~An organization applying for certification must include documentation pertaining to the requirements of this subsection.~~

(1) Applicant must have the following legal status at the time of Application ~~to apply~~ for NOHP certification ~~as an NOHP~~:

(A) The Applicant must be organized as a nonprofit organization under the Texas Business Code or other state not-for-profit/nonprofit statute as evidenced by charter or Certificate of Formation.

(B) The Applicant must be registered and in good standing with the Office of the Secretary of State and the State Comptroller's Office to do business in the state of Texas.

(C) No part of the Nonprofit Organization's net earnings may inure to the benefit of any member, founder, contributor, or individual, as evidenced by charter or Certificate of Formation.

(D) The Applicant must have the following tax status:

(i) A current letter of determination from the Internal Revenue Service (IRS) under §501(c)(3), a charitable, nonprofit corporation, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS ~~that is~~ dated 1986 or later. The exemption ruling must be effective on the date of the Application and must continue to be effective while certified as an NOHP; or

(ii) Classification as a subordinate of a central Nonprofit Organization under the Internal Revenue Code §501(c)(3), as evidenced by a current group exemption letter~~, that is~~ dated 1986 or later. ~~The group~~

~~exemption letter must specifically list the Applicant.~~

(iii) A Nonprofit Organization's pending application for §501(c)(3) status cannot be used to comply with the tax status requirement under this subparagraph.

(E) The Applicant must have among its purposes the provision of decent housing that is affordable to low and moderate income people as evidenced by a statement in the organization's charter, Certificate of Formation, Resolutions, or Bylaws.

(2) An Applicant must have the capacity and experience listed in subparagraphs (A) and (B) of this paragraph.

(A) Conforms to the United States Generally Accepted Accounting Principles ("GAAP") as evidenced by a:

(i) notarized statement by the Executive Director or chief financial officer of the organization in a form prescribed by the Department; or

(ii) certification from a Certified Public Accountant.

(B) If the Applicant will be utilizing interim or residential construction funds it must provide an audited financial statement for the most recent fiscal year or a signed and dated financial statement for the period since last published audit. Applicants that do not have audited financial statements or a signed and dated financial statement for the period since last published audit must provide a resolution from the Board of Directors that is signed and dated within 6 months from the date of application and certifies that the accounting procedures used by the organization conform to the GAAP. Applicants that do not have audited financial statements or a signed and dated financial statement for the period since last published audit and are certified ~~as~~ NOHPs are restricted to only originating permanent loans and will be ineligible for any interim or residential construction loans until the Department has reviewed the most current audited financial statements.

(C) Has a demonstrated capacity of at least one (1) year for carrying out Mortgage loan origination and Self-Help housing construction Activities, as evidenced by resumes and/or statements that describe the experience of key staff members who have successfully completed projects similar to those to be assisted with Texas Bootstrap Loan Program funds; or contract(s) with consultant firms or individuals who have housing experience similar to projects to be assisted with Texas Bootstrap Loan Program funds, to train appropriate key staff of the organization. If applying for NOHP recertification~~re-certification to participate in the Texas Bootstrap Loan Program~~ and the organization is in good standing as determined by the Department, the organization will not be required to submit any additional information regarding experience.

(3) An Applicant must submit a current roster of all Board of Directors, including names and mailing addresses.

(4) A local or state government and/or public agency cannot qualify as an NOHP, but may sponsor the creation of an NOHP.

(5) Religious or Faith-based Organizations may sponsor an NOHP if the NOHP meets all the requirements of this section. While the governing board of an NOHP sponsored by a religious or a faith-based organization remains subject to all other requirements in this section, the religious or faith-based organization may retain control over appointments to the board. ~~If an NOHP is sponsored by a religious organization, the restrictions described in subparagraphs~~ Subparagraphs (A) - (C) of this paragraph also apply:

(A) Housing developed must be made available exclusively for the residential use of Program beneficiaries, and must be made available to all persons regardless of religious affiliations or beliefs;

(B) ~~A religious organization that participates in the Texas Bootstrap Loan Program may not use~~ Texas Bootstrap Loan Program funds may never be used to support any explicitly ~~inherently~~ religious activities such as worship, religious instruction, or proselytizing; and

(C) Compliance with subparagraphs (A) and (B) of this paragraph must~~may~~ be evidenced by the Bylaws, charter or Certificate of Formation. ~~If an organization is applying for re-certification and no updates have been made to its Bylaws and/or Certificate of Formation, the organization will not be required to submit any additional information regarding its Bylaws and/or Certificate of Formation, but must submit a sworn statement attesting to the fact that no changes have been made to either the Bylaws and/or Certificate of Formation.~~

(6) A Colonia Self-Help Center as defined under Texas Government Code, Chapter 2306, Subchapter Z is not required to complete the NOHP Certification process as long as it provides a letter from the unit of local government demonstrating ~~a~~ performance is in good standing ~~performance~~.

(c) Program Design. Organizations must provide policies for~~written evidence on~~ how the Owner-Builder will meet the 65 percent sweat equity requirement. If applying for NOHP recertification~~re-certification to participate in the Texas Bootstrap Loan Program~~ and the organization is in good standing and ~~certifies that~~ no changes have been made to the Program design, the organization will not be required to submit any additional information ~~regarding the Program design~~.

(d) Applicant must provide details, such as number of houses they are proposing to build, type of proposed financing structure and construction timelines, ~~in order~~ to ~~show~~ evidence ~~of~~ its ability to carry out the ~~Texas Bootstrap Loan~~ Program. If applying for NOHP recertification~~re-certification to participate in the Texas Bootstrap Loan Program~~ and the organization is in good standing and ~~certifies that~~ no changes have been made that impact the proposed financing structure or construction timelines, the organization will not be required to submit any additional information.

(e) Applicant must provide copies of Program guidelines ~~used to qualify Owner-Builders~~ and homebuyer course curriculum ~~in order~~ to ~~show~~ evidence ~~of~~ its experience in qualifying potential Owner-Builders and in providing education classes, counseling and training. If applying for NOHP recertification~~re-certification to participate in the Texas Bootstrap Loan Program~~ and the organization is in good standing, the organization will not be required to submit any additional information.

(f) Applicant must be in compliance with 10 TAC §1.403~~submit any past due Single Audit to the Department in a satisfactory format~~ on or before the Application deadline.

(g) Applicants must be in compliance in any existing or prior Contracts awarded by the Department.

~~(h) The Department may certify NOHPs meeting all of the criteria in subsection (b) of this section operated by a tax-exempt organization listed under §501(c)(3), Internal Revenue Code of 1986 to:~~

~~(1) qualify potential Owner-Builders for loans under this chapter;~~

~~(2) provide Owner-Builder education classes;~~

~~(3) assist Owner-Builders in building or Rehabilitating housing; and~~

~~(4) originate and/or service loans.~~

1n

BOARD ACTION REQUEST

SINGLE FAMILY OPERATIONS & SERVICES

JULY 27, 2017

Presentation, discussion, and possible action on an Order proposing the repeal of 10 TAC Chapter 26, Texas Housing Trust Fund Rule, and an Order proposing new 10 TAC Chapter 26, Texas Housing Trust Fund Rule, and directing its publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code, §2306.053, the Department is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, pursuant to Tex. Gov't Code, §2306.202, the Department is required to use the Housing Trust Fund to provide loans, grants, or other comparable forms of assistance to local units of government, public housing authorities, nonprofit organizations and income-eligible individuals, families, and households to finance, acquire, rehabilitate, and develop decent, safe and sanitary housing;

WHEREAS, the Department's Governing Board last adopted amendments to 10 TAC Chapter 26 on October 9, 2012, to be effective on November 1, 2012; and

WHEREAS, the proposed repeal of 10 TAC Chapter 26 and the proposed new 10 TAC Chapter 26, Texas Housing Trust Fund Rule, clarifies applicability of the Rule to the Texas Bootstrap Loan Program and the Amy Young Barrier Removal Program; improves readability through the re-ordering of phrases and sections; removes frequent references to Notices of Funding Availability and Program Manuals; and further delineates program guidelines for the Amy Young Barrier Removal Program with regards to purpose, definitions, geographic dispersion of funds, administrative requirements, reservation system requirements, household eligibility, property eligibility, construction requirements and project completion requirements.

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 cause the proposed repeal of the current 10 TAC Chapter 26 and the proposed new 10 TAC Chapter 26, regarding the Texas Housing Trust Fund 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, including the preparation of the subchapter specific preambles.

BACKGROUND

The purpose of repealing and replacing the Texas Housing Trust Fund ("HTF") Rule is to clarify applicability of the Rule to the Texas Bootstrap Loan Program and the Amy Young Barrier Removal Program; improve readability through the re-ordering of phrases and sections; remove frequent references to Notices of Funding Availability and Program Manuals; and further delineate program guidelines for the Amy Young Barrier Removal Program with regards to purpose, definitions, geographic dispersion of funds, administrative requirements, reservation system requirements, household eligibility, property eligibility, construction requirements and project completion requirements.

The attached proposed rule is shown with tracked changes so the Board and public can see what is being changed. The significant updates to 10 TAC Chapter 26 are:

- The Rule has been reorganized in a style similar to 10 TAC Chapter 23, Single Family HOME Program Rule, in which subchapters and subsections are used to categorize content, instead of just subsections. There are two subchapters: Subchapter A, General Guidance; and Subchapter B, the Amy Young Barrier Removal Program. There is no subchapter devoted to the Texas Bootstrap Loan Program, which is also funded by the HTF, because this Program is fully described by 10 TAC Chapter 24, Texas Bootstrap Loan Program Rule.

- Subchapter A, General Guidance, is based on the original version of the HTF Rule. It contains minor reorganization of sentences, correction of capitalization, and adds and removes references to other rules or codes that are applicable or no longer applicable, respectively.

- Subchapter B, the Amy Young Barrier Removal Program, contains nine subsections to comprehensively describe core rules of the Program: §26.20 Purpose, §26.21 Definitions, §26.22 Geographic Dispersion (as an alternative to the Department's Regional Allocation Formula, which is not applicable because the Program is dedicated to People with Disabilities), §26.23 Administration Requirements, §26.24 Reservation System Requirements, §26.25 Household Eligibility, §26.26 Property Eligibility, §26.27 Construction Requirements, and §26.28 Project Completion Requirements. Each of these subsections contains requirements that previously appeared in Program Notices of Funding Availability, but this content is being proposed to be reflected in Rule in order to enhance program clarity, create consistency with other Department programs, and reduce program changes that might occur without public input.

Attachment A: Preamble of 10 TAC Chapter 26 Texas Housing Trust Fund Rule; proposed new

The Texas Department of Housing and Community Affairs (the "Department") proposes new TAC Chapter 26, §§26.1 – 26.28, concerning the Texas Housing Trust Fund Rule. The purpose of the proposed new rule is to clarify applicability of the Rule to the Texas Bootstrap Loan Program and the Amy Young Barrier Removal Program; improve readability through the re-ordering of phrases and sections; remove frequent references to Notices of Funding Availability and Program Manuals; and further delineate program guidelines for the Amy Young Barrier Removal Program with regards to purpose, definitions, geographic dispersion of funds, administrative requirements, reservation system requirements, household eligibility, property eligibility, construction requirements and project completion requirements. The proposed repeal of existing Chapter 26 is published concurrently with this rulemaking.

FISCAL NOTE. Timothy K. Irvine, Executive Director, has determined that for each year of the first five years the amendments are in effect, enforcing or administering new sections do 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 amendments are in effect, the public benefit anticipated as a result of the new sections will be clarity of applicability of the rule to HTF Programs, and further delineation of the program guidelines for the Amy Young Barrier Removal Program, especially with respect to Administrator expectations for construction performance. There will be minimal economic cost to entities complying with the amendments.

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. The public comment period for the proposed amendments will be from August 11, 2017, to September 11, 2017. Written comments may be mailed to the Texas Department of Housing and Community Affairs, Attention: Homero Cabello, Director of Single Family Operations & Services, Texas Housing Trust Fund Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941; or emailed to htf@tdhca.state.tx.us.

ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M Austin local time, September 11, 2017.

STATUTORY AUTHORITY. The amendments are proposed pursuant to Texas Government Code §2306.053, which authorizes the Department to adopt rules.

The proposed amendments affect no other code, article, or statute.

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 26 TEXAS HOUSING TRUST FUND RULE

SUBCHAPTER A GENERAL GUIDANCE

§26.1 Purpose

This chapter clarifies the administration of the Texas Housing Trust Fund Program (HTF). The HTF provides loans, grants or other comparable forms of assistance to income-eligible individuals, families and households. The HTF is administered in accordance with Texas Government Code, Chapter 2306, ~~and~~ Chapter 20 of this Title~~title~~ (relating to Single Family Programs Umbrella Rule), and Chapter 24 of this Title (relating to Texas Bootstrap Loan Program Rule).

§26.2 Definitions

Definitions may be found in Texas Government Code, Chapter 2306; Chapter 1 of this Title~~title~~ (relating to Administration), Chapter 2 of this Title relating to Enforcement; ~~and~~ Chapter 20 of this Title~~title~~ (relating to Single Family Programs Umbrella Rule); Chapter 21 of this Title (relating to Minimum Energy Efficiency Requirements for Single Family Construction Activities), and Chapter 24 of this Title (relating to Texas Bootstrap Loan Program Rule), unless the context or the Notice of Funding Availability (NOFA) indicates otherwise.

§26.3 Allocation of Funds

(a) The Department administers all HTF funds provided to the Department in accordance with Texas Government Code, Chapter 2306. The Department may solicit gifts and grants to endow the fund.
(b) Pursuant to Texas Government Code, §2306.202(b), use of the HTF is limited to providing:
(1) assistance for individuals and families of low and very low income;
(2) technical assistance and capacity building to nonprofit organizations engaged in developing housing for individuals and families of low and very low income;
(3) security for repayment of revenue bonds issued to finance housing for individuals and families of low and very low income; and
(4) subject to the limitations in Texas Government Code, §2306.251, the Department may also use the fund to acquire property to endow the fund.
~~(c) Regional Allocation. Funds shall be allocated to achieve broad geographic dispersion by awarding funds in accordance with Texas Government Code, §2306.111(d) and (g).~~
(c)~~(d)~~ Set-Asides. In accordance with Texas Government Code, §2306.202(a) and program guidelines:
(1) in each biennium, the first $2.6 million available through the HTF for loans, grants, or other comparable forms of assistance shall be set aside and made available exclusively for Local Units of Government, Public Housing Authorities, and Nonprofit Organizations;
(2) any additional funds may also be made available to for-profit organizations provided that at least 45 percent of available funds, as determined on September 1 of each state fiscal year, in excess of the first $2.6 million shall be made available to Nonprofit Organizations; and
(3) the remaining portion shall be distributed to Nonprofit Organizations, for-profit organizations, and other eligible entities, pursuant to Texas Government Code, §2306.202.

§26.4 Use of Funds

(a) Use of additional or Deobligated Funds. In the event the Department receives additional funds, such as loan repayments, donations and interest earnings, the Department will redistribute the funds in accordance with the HTF plan in effect at the time the additional funds become available.
(b) Reprogramming of Funds. If funding for a program is undersubscribed or funds not utilized, within a timeframe as determined by the Department, remaining funds may be reprogrammed at the discretion of the Department consistent with the HTF plan in effect at the time.

§26.5 Prohibited Activities

(a) Persons receiving or benefiting from HTF funds, as determined by the Department, may not be currently in delinquency or in default with child support and/or government loans.
(b)~~(a)~~ The activities described in paragraphs (1) - (7) of this subsection are prohibited in relation to the origination of a HTF loan, but may be charged as an allowable cost by a third (3rd) party lender for the origination of all other loans originated in connection with an HTF loan:
(1) payment of delinquent property taxes or related fees or charges on properties to be assisted with HTF funds;
(2) loan origination fees;
(3) application fees;
(4) discount fees;
(5) underwriter fees;
(6) loan processing fees; and
(7) other fees not approved by the Department in writing prior to expenditure.
~~(b) Persons receiving or benefiting from HTF funds, as determined by the Department, may not be currently in delinquency or in default with child support and/or government loans.~~

§26.6 Administrator Eligibility and Requirements

~~(a)~~ Administrator must enter into an agreement with the Department in order to be eligible to access the Housing Trust Fund~~as more fully described in the NOFA~~.
~~(b) Determination of annual income. The method used to determine annual income will be provided in the NOFA or program manual.~~

~~§26.7 Waiver~~

~~The Board, in its discretion and within the limits of the law, may waive any one or more of the requirements of this chapter if the Board finds that waiver is appropriate to fulfill the purposes or policies, Texas Government Code, Chapter 2306, or for good cause, as determined by the Board.~~

SUBCHAPTER B AMY YOUNG BARRIER REMOVAL PROGRAM

§26.20 Amy Young Barrier Removal Program Purpose

The Amy Young Barrier Removal Program (the "Program" or "AYBRP") provides one-time grants of up to $20,000 in combined Hard and Soft Costs to Persons with Disabilities in a Household qualified as Low-Income. Grants are for home modifications that increase accessibility, eliminate life-threatening hazards and correct unsafe conditions.

§26.21 Amy Young Barrier Removal Program Definitions

The following words and terms used in this Subchapter shall have the following meanings, unless the context clearly indicates otherwise. Other definitions are found in Texas Government Code, Chapter 2306, Chapter 1 of this Title (relating to Administration), Chapter 2 of this Title (relating to Enforcement), Chapter 20 of this Title (relating to Single Family Programs Umbrella Rule), Chapter 21 of this Title (relating to Minimum Energy Efficiency Requirements for Single Family Construction Activities), and Chapter 26, Subchapter A of this Title (relating to Housing Trust Fund).

(1) Administration Fee – Funds equal to 10% of the Project Costs (combined Hard and Soft Costs) paid to an Administrator upon completion of a project.
(2) Hard Costs – Site-specific costs incurred during construction, including but not limited to: general requirements, building permits, jobsite toilet rental, dumpster fees, site preparation, demolition, construction materials, labor, installation equipment expenses, etc.
(3) Low-Income – Household income does not exceed the greater of 80% of the Area Median Family Income or 80% of the Statewide Income Limits, adjusted for Household size, in accordance with the current HOME Investment Partnerships Program income limits as defined by HUD.
(4) Project Costs – Program funds (combined Hard and Soft Costs) that directly assist a Household.
(5) Qualified Inspector – Certified by the Administrator that the individual has professional certifications, relevant education or a minimum of five (5) years experience in a field directly related to home inspection, including but not limited to installing, servicing, repairing or maintaining the structural, mechanical, plumbing and electrical systems found in Single Family Housing Units, as evidenced by inspection logs, certifications, training courses or other documentation.
(6) Reservation Agreement – A written Agreement including all amendments thereto between the Department and Administrator that authorizes the Administrator to reserve funds under the AYBRP.
(7) Soft Costs – Costs related to and identified with a specific Single Family Housing Unit other than construction costs, per Texas Administrative Code, Title 10, Part 1, Single Family Umbrella Rule §20.3.

§26.22 Amy Young Barrier Removal Program Geographic Dispersion

(a) The process to promote geographic dispersion of program funds is as follows:
(1) For the first 90 days of the initial release of funds, each state region will receive funding amounts for their rural and urban subregions. For 90 days, these funds may be reserved only for Households located in these rural and urban subregions.
(2) For the next 90 days following the initial 90 days after the release date, any funds remaining in the rural and urban subregions will be combined into one balance for that state region. For 90 days, these funds may be reserved only for Households located in that state region.
(3) After the initial 180 days following the release date, any funds remaining across all state regions will collapse into one state-wide pool. For as long as funds are available, these funds may be reserved for any Households anywhere in the state on a first-come, first-served basis.
(b) If any additional funds beyond the original program allocations that derive from HTF loan repayments, interest earnings, deobligations, and other HTF funds in excess of those required under Rider 8 may be placed directly into the state-wide pool for reservation.

§26.23 Amy Young Barrier Removal Program Administrative Requirements

(a) To participate in the Program, an eligible participant must first be approved as an Administrator by the Department by the submission of a Reservation System Access Application.
Eligible participants include Colonia Self-Help Centers established under Texas Government Code, Chapter 2306, Subchapter Z; Councils of Government; Units of Local Government; Nonprofit Organizations; Local Mental Health Authorities and Public Housing Authorities.
(b) The Administrator must enter into a Reservation Agreement ("Agreement") with the Department in order to be eligible to reserve funds for the Amy Young Barrier Removal Program.
(1) The Applicant submit a current letter of determination from the Internal Revenue Service (IRS) under §501(c)(3), a charitable, nonprofit corporation, of the Internal Revenue Code of 1986, as evidenced by a certificate from the IRS that is dated 1986 or later. The exemption ruling must be effective on throughout the agreement period to access the Reservation System.
(2) The Applicant must be registered and in good standing with the Office of the Secretary of State and the State Comptroller's Office to do business in the state of Texas.
(3) The Applicant must have the capacity and experience demonstrating at least two years experience in housing rehabilitation in Texas. Summary of experience will describe the capacity of key staff members and their skills and experience in client intake, records management, and managing housing rehabilitation. It will also describe organizational knowledge and experience in serving Persons with Disabilities.
(4) The Applicant must evidence of financial accountability standards, demonstrated by certification from a Certified Public Accountant and an audited financial statement from the most recent fiscal year, or a current dated and signed financial statement for the period since last audit produced. For Nonprofit Organizations that do not yet have audited financial statements, the Department may accept a resolution from the Board of Directors that is signed and dated within the six months preceding the application and that certifies that the accounting procedures used by the organization conform to Generally Accepted Accounting Principles (GAAP) and the Financial Accounting Standards Board (FASB) No. 117, "Financial Statements of Not-For-Profit Organizations".
(5) Applicants who have previously received any TDHCA funding must be in compliance with all active Contracts and Agreements.
(6) An Applicant must submit a current roster of all Board of Directors, including names and mailing addresses.
(7) The Applicant must submit a resolution from the Board of Directors, Council, or Commissioners that is signed and dated within the six months preceding the application. The resolution must state that the board, council or commissioners have approved the Applicant to access the Reservation System for TDHCA's Amy Young Barrier Removal Program; and the name and title of the individual authorized to execute a written Reservation System Access Agreement.
(8) The Applicant must submit any past due Single Audit to the Department in a satisfactory format on or before the Application deadline.
(9) The Applicant's compliance history will be evaluated in accordance with 10 TAC Chapter 1, Subchapter 1, §1.302, relating to Previous Participation Reviews for Department Program Awards. Access to funds may be subject to terms and conditions.
(10) If applicable, the Applicant must submit copies of executed contracts with consultants or other organizations that are assisting in the implementation of the applicant's AYBRP activities. They must include a summary of the consultant or other organization's experience in housing rehabilitation and/or serving Persons with Disabilities.
(c) Administrators must follow the processes and procedures as required by the Department through its governing statute (Chapter 2306 of the Government Code), Administrative Rules (Texas Administrative Code, Title 10, Part 1), Reservation Agreement, Program Manual, forms, and NOFA.

§26.24 Amy Young Barrier Removal Program Reservation System Requirements

(a) An Administrator is ineligible to access the online Reservation System until any past due audits or Department audit certification forms have been submitted to the Department in a satisfactory format.
(b) Reservation Setups will be processed in the order submitted on the Reservation System. Submission of a Reservation Setup consisting of support documentation on behalf of a Household does not guarantee funding.

(c) If the Reservation is incomplete and missing any of the required forms as prescribed by the current setup instructions, it will be set back to "pending" status and funds will be released and available for reservation.
(d) If support documentation needs correction or additional information, the Department will notify the Administrator of the deficiencies. If any deficiencies remain uncured within ten calendar days after notification, the Department may cancel the reservation.
(e) If a Household is eligible for assistance, the Department will reserve up to the maximum of $20,000 in Project Costs and an Administration Fee equal to 10% of the combined Hard and Soft costs in the Housing Contract System on behalf of the Household.

§26.25 Amy Young Barrier Removal Program Household Eligibility Requirements

(a) At least one Household member shall meet the definition of Persons with Disabilities.
(b) The assisted Household shall not have Household income that exceeds 80% of Area Median Family Income.
(c) The assisted Household's liquid assets shall not exceed $20,000. Liquid assets are considered to be cash deposited in checking or savings accounts, money markets, certificates of deposit, mutual funds or brokerage accounts; the net value of stocks or bonds that may be easily converted to cash; and the appraisal district's market value for any real property that is not a principal residence. Funds in tax-deferred accounts for retirement or education savings (*e.g.*, Individual Retirement Accounts, 401Ks, 529 plans) are excluded from the liquid assets calculation.
(d) The Household may be ineligible for the program if there is debt owed to the State of Texas, including a tax delinquency; a child support delinquency; a student loan default; or any other delinquent debt owed to the State of Texas.

§26.26 Amy Young Barrier Removal Program Property Eligibility Requirements

(a) Owner-occupied homes are eligible for Program assistance.
(1) In owner-occupied homes, the owner of record must reside in the home as their permanent residence unless otherwise approved by the Department.
(2) Real property taxes assessed on an owner-occupied Single Family Housing Unit must be current (including prior years). Alternatively, the Household must be satisfactorily participating in an approved payment plan with the taxing authority and must be current for at least six consecutive months prior to the date of Application, or, must have qualified for an approved tax deferral plan, or has received a valid exemption from real property taxes.
(b) Certain rental units are eligible for Program assistance.
(1) In rental units, all Household occupants, including the Person with Disability, must be named on the lease.
(2) If the owner of record does not live in the subject property with the Person with Disability, the Department may consider it a renter-occupied unit.
(3) If the property is family-owned but the owner of record is not a Household member (or is deceased), the Department may consider it a renter-occupied unit.
(4) The following rental properties are ineligible for Program assistance:
(A) Property that is or has been developed, owned, or managed by that Administrator or an Affiliate;
(B) Rental units in properties that are financed with any federal funds or that are subject to 10 TAC Chapter 1, Subchapter B, §1.206 relating to Applicability of the Construction Standards for Compliance with §504 of the Rehabilitation Act of 1973.
(C) Rental units that have life-threatening hazards or unsafe conditions identified in the initial inspection. Program funds may not be used to correct hazardous or unsafe conditions in rental units, but may be used for accessibility modifications only after the life-threatening hazards and unsafe conditions have been corrected by the property owner at the property owner's expense.
(D) Rental units owned by a property owner who is delinquent on property taxes associated with the property occupied by the Household.

§26.27 Amy Young Barrier Removal Program Construction Requirements

(a) Inspections.
(1) Initial inspection is required and must identify the accessibility modifications needed by the Person with Disability; assess and document the condition of the property; and identify all deficiencies that constitute life-threatening hazards and unsafe conditions.
(2) Final inspection is required and must verify, assess and document that all construction activities have been repaired, replaced and/or installed in a professional manner consistent with all applicable building codes and Program requirements.
(3) Initial and final inspections must be completed by a Qualified Inspector.
(4) All On-Site Sewage Facilities (OSSF or septic system) shall be inspected by a Texas Commission on Environmental Quality authorized agent to determine if the system is in substantial compliance with Health & Safety Code, Chapter 366, and the rules adopted under that chapter, unless waived by the Department on a case-by-case basis.
(b) A Manufactured Housing Unit may be eligible for Program assistance if it was constructed on or after January 1, 1995.
(c) Construction standards.
(1) Administrators must follow all applicable sections of their local building codes and ordinances, pursuant to Section 214.212 of the Local Government Code. Where local codes do *not* exist, the 2015 International Residential Code (IRC), including Appendix J for Existing Buildings and Structures, is the applicable code for the Program.
(2) Accessibility modifications shall be made with consideration of the design standards established by the 2010 ADA Standards. Any variation from 2010 ADA Standards must be documented as necessary to meet the disability related needs of the Person with a Disability.
(3) Administrators must adhere to Chapter 21 of this Title, relating to "Minimum Energy Efficiency Requirements for Single Family Construction Activities".
(d) Life-threatening hazards and unsafe conditions.
(1) Administrators may make repairs to eliminate life-threatening hazards and correct unsafe conditions in the housing unit as long as no more than 25% of the Project Hard Costs budget is utilized for this purpose, unless otherwise approved by the Department.
(2) Life-threatening hazards and unsafe conditions include, but are not limited to: faulty or damaged electrical systems; faulty or damaged gas-fueled systems; faulty or damaged heating and cooling systems or the absence of adequate heating and cooling system; faulty or damaged plumbing systems, including sanitary sewer systems; faulty or damaged smoke, fire and carbon monoxide detection/alarm systems or the absence of these systems; structural systems on the verge of collapse or failure; environmental hazards such as mold, lead-based paint, asbestos or radon; serious pest infestation; absence of adequate emergency escape and rescue openings and fire egress; and the absence of ground fault circuit interrupters (GFCI) and arc fault circuit interrupters (AFCI) in applicable locations.
(3) Because of the essential nature of the elimination of certain life-threatening hazards, the percentage of Project Hard Costs budget devoted to eliminate life-threatening hazards and correct unsafe conditions in the housing unit may exceed 25% if the work write-up and cost estimation includes the correction of: inadequate, faulty, or damaged systems; the absence of emergency escape, rescue openings and fire egress, ground fault circuit interrupters (GFCI), arc fault circuit interrupters (AFCI); and the absence of smoke, fire and carbon monoxide detection/alarm systems. The combination of the correction of these certain life-threatening hazards with the correction of any other unsafe conditions cannot exceed 40% of Project Hard Costs budget.
(4) All areas and components of the housing must be free of life-threatening hazards and unsafe conditions at project completion.
(e) Work-Write Ups. The Department shall review work-write ups (also referred to as "scope of work") and cost estimates prior to the Administrator soliciting bids.
(f) Bids. The Department shall review all line item bids Administrators select for award prior to the commencement of construction. Lump sum bids will not be accepted.
(g) Change orders. Administrators seeking change orders must obtain written Department approval prior to the commencement of any work related to the proposed change. Failure to get prior Departmental approval may result in disallowed costs.

§26.28 Amy Young Barrier Removal Program Project Completion Requirements

(a) The Administrator has ninety calendar days to complete all construction activities and submit the Project and Administrative draw request, with required supporting documentation, in the Housing Contract System for reimbursement by the Department. The Department may grant a one-time, 30 -calendar-day extension to the Project completion deadline due to extenuating circumstances that were beyond the Administrator's control.

(b) The Department will reimburse the Administrator in one, single payment after the Administrator's successful submission of the Project and Administrative draw request per Department instructions. Interim draws will not be permitted. The Department reserves the right to delay draw approval in the event that the Household expresses dissatisfaction with the work completed in order to resolve any outstanding conflicts between the Household and/or the Administrators and their subcontractors.

10

BOARD ACTION REQUEST

LEGAL DIVISION

JULY 27, 2017

Presentation, discussion, and possible action on the adoption of new 10 TAC, Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.3 concerning Sick Leave Pool, and directing its publication in the *Texas Register.*

RECOMMENDED ACTION

WHEREAS, at the Board meeting on May 25, 2017, the Board approved publication in the *Texas Register* of proposed new 10 TAC §1.3, concerning Sick Leave Pool; and

WHEREAS, public comment was accepted from June 9, 2017 through July 7, 2017, (42 TexReg 2988), and no public comments were received;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be, and each of them are hereby authorized, empowered, and directed, for and on behalf of the Department, to cause the adoption of new 10 TAC §1.3, concerning Sick Leave Pool, with the preamble in the form presented to this meeting, to be published in the *Texas Register* and, in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

Tex. Gov't Code Chapter 661, Subchapter A, requires a state agency to establish a sick leave pool program for its employees. It also requires a state agency to appoint a pool administrator. This rule appoints the Human Resources Director as the pool administrator, and will, among other things, allow employees to donate or transfer earned sick leave to the pool for use by other employees who have exhausted their own sick leave on account of a catastrophic illness or injury, or a previous donation of sick leave to the pool.

Preamble and Adopted Amendments to 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.3

The Texas Department of Housing and Community Affairs (the "Department") adopts, without changes, amendments to 10 TAC Chapter 1, Subchapter A, General Policies and Procedures §1.3 concerning Sick Leave Pool, which was published in the June 9, 2017, issue of the *Texas Register* (42 TexReg 2988).

REASONED JUSTIFICATION: Texas Government Code, Chapter 661, requires the governing body of a state agency to establish a sick leave pool in accordance with the chapter. New 10 TAC §1.3, concerning Sick Leave Pool accomplishes that directive.

STATUTORY AUTHORITY. The new rule is adopted pursuant to Tex. Gov't Code §661.002 which requires the Department's governing body to establish a sick leave pool program..

The adopted new rule affects no other code, article or statute.

Chapter 1, Subchapter A

§1.3.Sick Leave Pool.

A sick leave pool is established to help alleviate hardship caused to an employee and employee's immediate family if a catastrophic illness or injury forces the employee to exhaust all sick leave time earned by that employee and to lose compensation from the state.

(1) The Department's Human Resources Director is designated as the pool administrator.

(2) The pool administrator will recommend a policy, operating procedures, and forms for the administration of this section to the Executive Director for inclusion in the Department's Personnel Policies and Procedures Manual.

(3) Operation of the pool shall be consistent with Texas Gov't Code, Chapter 661.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt

2a

TDHCA Outreach Activities, July 2017

A compilation of outreach and educational activities designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public.

Activity	Event	Date	Location	Division
TICH Listing	Texas Interagency Council for the Homeless (TICH) Quarterly Meeting	7/11/17	Austin	Housing Resource Center
HHSCC Listing	Housing and Health Services Coordination Council Meeting	7/12/17	Austin	Housing Resource Center
Board/Committee Meeting	TDHCA Board Meeting	7/13/17	Austin	
Manufactured Housing Listing	Manufactured Housing Board Meeting	7/14/17	Austin	Manufactured Housing Division
Training/Workshop	Advanced Environmental Review and Decision Making	7/17/17	Austin	Program Services
Training/Workshop	Advanced Environmental Review and Decision Making	7/18/17	Austin	Program Services
Training/Workshop	Advanced Environmental Review and Decision Making	7/19/17	Austin	Program Services
Training/Workshop	Advanced Environmental Review and Decision Making	7/20/17	Austin	Program Services

Internet Postings of Note

A list of new or noteworthy postings to the Department's website.

Community Affairs:

- Updated LIHEAP Priority List
- Added 2018 estimated allocations, budget forms and instructions
- Added link to update subrecipients' contact information to all CA programs.
- Replaced links for 2018 allocations, forms and instructions for CSBG eligible entities.

Compliance:

- Update to training link at http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html (Income eligibility training)
- Updated construction inspection forms and information related to common facilities

Finance:

- Replace FY 2017 Operating Budget with FY 2018 Operating Budget

Homeownership:

- Updated http://www.tdhca.state.tx.us/homeownership/fthb/index.htm to include Find a REALTOR search feature

Housing Trust Fund ("HTF"):

- Added amended 2018-2019 Housing Trust Fund Plan to http://www.tdhca.state.tx.us/htf/background.htm

Internal Audit:

- Reviews added to include reports on Compliance Monitoring Division and Low Income Housing Tax Credit Program.

Multifamily:

- Updated the 2017 Uniform Application to reflect July 6
- Updated the 4% HTC Bond status
- Updated 2017 9 % HTC full application log to reflect July 14 amended list.

Notices of Funding Availability ("NOFA"):

- Updated Multifamily Direct Loan 2017-1 NOFA webpage in the amount column to read $46,159,669 and change the deadline to October 31, 2017.
- Updated 2017-1Multifamily Direct Loan NOFA application log to reflect July 6 dateline
- Updated 2017 HOME Single Family Programs Open Cycle Application Log

Press Page:

- Included additional Showcase articles regarding 811 PRA Program and Amy Young Barrier Removal Program.

Public Comment: www.tdhca.state.tx.us/public-comment.htm

- Added Items *Open* for Public:
    - Draft 2017 National Housing Trust Fund Allocation Plan open for comment beginning Friday, June 30, 2017 to Friday, July 14, 2017.
- Moved Items to *Closed* for Public Comment
    - Colonia Self-Help Center Program rule, 10 TAC Chapter 25
    - Single Family Programs Umbrella Rule

Purchasing:

- Updated reporting of No-Bid contracts

Real Estate Analysis:

- Updated REA Underwriting Reports page to reflect those applications in which reports are pending

Request for Proposals:

- Bond/Securities Counsel - #332-RFQ18-1001
- Documentation Preparation Counsel #332-RFQ18-1002
- Single Family/Multifamily Bond Counsel #332-RFQ18-1003
- Low Income Housing Tax Credit Counsel #332-RFQ18-1004

Single Family Operations & Services:

- Added Minimum Energy Efficiency Requirements for Single Family Construction Activities
- Consolidation of contact offices/names on webpages

Frequently Used Acronyms

AMFI	Area Median Family Income
AYBR	Amy Young Barrier Removal Program
CEAP	Comprehensive Energy Assistance Program
CFD	Contract for Deed Program
CFDC	Contract for Deed Conversion Assistance Grants
CHDO	Community Housing Development Organization
CMTS	Compliance Monitoring and Tracking System
CSBG	Community Services Block Grant Program
ESG	Emergency Solutions Grants Program
FAQ	Frequently Asked Questions
HBA	Homebuyer Assistance Program
HHSCC	Housing and Health Services Coordination Council
HHSP	Homeless Housing and Services Program
HRA	Homeowner Rehabilitation Assistance Program
HTC	Housing Tax Credit
HTF	Housing Trust Fund
HUD	US Department of Housing and Urban Development
IFB	Invitation for Bid
LURA	Land Use Restriction Agreement
MF	Multifamily
MFTH	My First Texas Home Program
MRB	Mortgage Revenue Bond Program
NHTF	National Housing Trust Fund
NOFA	Notice of Funding Availability
NSP	Neighborhood Stabilization Program
OIG	Office of Inspector General
QAP	Qualified Allocation Plan
QCP	Quantifiable Community Participation
REA	Real Estate Analysis
RFA	Request for Applications
RFO	Request for Offer
RFP	Request for Proposals
RFQ	Request for Qualifications
ROFR	Right of First Refusal
SLIHP	State of Texas Low Income Housing Plan
TA	Technical Assistance
TBRA	Tenant Based Rental Assistance Program
TICH	Texas Interagency Council for the Homeless
TXMCC	Texas Mortgage Credit Certificate
VAWA	Violence Against Women Act
WAP	Weatherization Assistance Program

2b

BOARD REPORT ITEM

FINANCIAL ADMINISTRATION DIVISION

JULY 27, 2017

Report on the Department's 3rd Quarter Investment Report in accordance with the Public Funds Investment Act ("PFIA")

BACKGROUND

The Department's investment portfolio consists of two distinct parts. One part is related to bond funds under trust indentures that are not subject to the PFIA, and the remaining portion is related to accounts excluded from the indentures but covered by the PFIA. The Department's total investment portfolio is $664,661,692, of which $634,840,205 is not subject to the PFIA. This report addresses the remaining $29,821,487 (See Page 1 of the Internal Management Report) in investments covered by the PFIA. These investments are deposited in the General Fund, Housing Trust Fund, Compliance, and Housing Initiative accounts, which are all, held at the Texas Treasury Safekeeping Trust Company ("TTSTC"), primarily in the form of overnight repurchase agreements. These investments are fully collateralized and secured by the U.S. Government Securities. A repurchase agreement is the purchase of a security with an agreement to repurchase that security at a specific price and date (which in this case was May 31, 2017), with an effective interest rate of 0.64%. These investments safeguard principal while maintaining liquidity.

Below is a description of each fund group and its corresponding accounts.

- The General Fund accounts maintain funds for administrative purposes to fund expenses related to the Department's ongoing operations. These accounts contain balances related to bond residuals, fee income generated from the Mortgage Credit Certificate ("MCC") Program, escrow funds, single family and multifamily bond administration fees, and balances associated with the Below Market Interest Rate ("BMIR") Program.

- The Housing Trust Fund accounts maintain funds related to programs set forth by the Housing Trust Fund funding plan. The Housing Trust Fund provides loans and grants to finance, acquire, rehabilitate, and develop decent and safe affordable housing.

- The Compliance accounts maintain funds from compliance fees and asset management fees collected from multifamily developers. The number of low income units and authority to collect these fees is outlined in the individual Land Use Restriction Agreements ("LURAs") that are issued to each Developer. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the monitoring and administration of these properties.

- The Housing Initiative accounts maintain funds from fees collected from Developers in connection with the Department's Tax Credit Program. The majority of fees collected are application fees and commitment fees. The authority for the collection of these fees is outlined in the Department's Multifamily Rules. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the administration of the Tax Credit Program.

This report is in the format required by the Public Funds Investment Act. It shows in detail the types of investments, their maturities, their carrying (face amount) values, and fair values at the beginning and end of the quarter. The detail for investment activity is on Pages 1 and 2.

During the 3rd Quarter, as it relates to the investments covered by the PFIA, the carrying value decreased by $736,277 (See Page 1) for a total of $29,821,487. The decrease is described below by fund groups.

General Fund: The General Fund increased by $40,725. This consists primarily of $163,354 received in multifamily bond administration fees, and $838,893 in MCC Fees, offset by disbursements including $830,218 transferred to fund the operating budget, and $89,325 in bond related expenses.

Housing Trust Fund: The Housing Trust Fund decreased by $599,661. This consists primarily of $927,015 received in loan repayments offset by disbursements including $1,514,200 for loans, grants and escrow payments.

Compliance: Compliance funds increased by $345,054. This consists primarily of $1,844,850 received in compliance fees, offset by disbursements of $1,506,703 transferred to fund the operating budget.

Housing Initiative: Housing Initiative funds decreased by $522,395. This consists primarily of $599,451 received in fees related to tax credit activities, offset by disbursements of $1,109,080 transferred to fund the operating budget.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING MAY 31, 2017

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Supplemental Management Report
Quarter Ending May 31, 2017

	Investment Type	FAIR VALUE (MARKET) @ 02/28/17	CARRYING VALUE @ 02/28/17	CHANGE IN CARRYING VALUE ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 05/31/17	FAIR VALUE (MARKET) @ 05/31/17	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 05/31/17	RECOGN GAI
NON-INDENTURE RELATED:												
General Fund	Mortgage-Backed Securities	182,742.01	182,181.84			(84,981.20)		97,200.64	97,869.99	109.18	607.51	
General Fund	Repurchase Agreements	4,601,606.78	4,601,606.78	805,445.89	(679,739.40)			4,727,313.27	4,727,313.27	0.00	85.34	
Housing Trust Fund	Repurchase Agreements	6,585,342.34	6,585,342.34	902,982.64	(1,502,643.44)			5,985,681.54	5,985,681.54	0.00	108.34	
Compliance	Repurchase Agreements	8,732,769.01	8,732,769.01	375,556.10	(30,501.84)			9,077,823.27	9,077,823.27	0.00	163.91	
Housing Initiatives	Repurchase Agreements	10,455,863.20	10,455,863.20	171,319.00	(693,714.33)			9,933,467.87	9,933,467.87	0.00	179.55	
NON-INDENTURE RELATED TOTAL		**30,558,323.34**	**30,557,763.17**	**2,255,303.63**	**(2,906,599.01)**	**(84,981.20)**	**0.00**	**29,821,486.59**	**29,822,155.94**	**109.18**	**1,144.65**	

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

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 12, 2016
Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 17, 2017

Date 7/19/17
David Cervantes, Chief Financial Office

Monica Galuski Date 7/19/17
Monica Galuski, Director of Bond Finance

Texas Department of Housing and Community Affairs
Non-Indenture Related Investment Summary
For Period Ending May 31, 2017

Investment Type	Issue	Curren Interes Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/28/17	Beginning Market Value 02/28/17	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 05/31/17	Ending Market Value 05/31/17	Change In Market Value	Recognized Gain
Repo Agmt	General Fund	0.65	5/31/2017	6/1/2017	2,413.40	2,413.40	145,047.15				147,460.55	147,460.55		
Repo Agmt	General Fund	0.65	5/31/2017	6/1/2017	33,866.40	33,866.40	19.81				33,886.21	33,886.21		
Repo Agmt	General Fund	0.65	5/31/2017	6/1/2017	644,418.15	644,418.15	565,441.37				1,209,859.52	1,209,859.52		
Repo Agmt	General Fund	0.65	5/31/2017	6/1/2017	1,588,885.98	1,588,885.98		(610,318.86)			978,567.12	978,567.12		
Repo Agmt	General Fund	0.65	5/31/2017	6/1/2017	828,988.45	828,988.45		(32,560.62)			796,427.83	796,427.83		
Repo Agmt	General Fund	0.65	5/31/2017	6/1/2017	499,192.71	499,192.71	6,097.13				505,289.84	505,289.84		
Repo Agmt	General Fund	0.65	5/31/2017	6/1/2017	241,830.17	241,830.17	326.60				242,156.77	242,156.77		
Repo Agmt	General Fund	0.65	5/31/2017	6/1/2017	575,065.89	575,065.89	88,513.83				663,579.72	663,579.72		
Repo Agmt	General Fund	0.65	5/31/2017	6/1/2017	186,945.63	186,945.63		(36,859.92)			150,085.71	150,085.71		
GNMA	General Fund	7.50	8/31/1989	7/20/2018	24,992.45	25,224.88			(8,957.03)		16,035.42	16,139.01	(128.84)	
GNMA	General Fund	7.50	10/31/1989	9/20/2018	24,481.45	24,693.21			(9,041.61)		15,439.84	15,532.79	(118.81)	
GNMA	General Fund	7.50	1/1/1990	11/20/2018	12,952.78	13,076.09			(2,223.06)		10,729.72	10,808.91	(44.12)	
GNMA	General Fund	7.50	1/1/1990	12/20/2018	14,193.56	14,329.39			(2,266.39)		11,927.17	12,015.79	(47.21)	
GNMA	General Fund	7.50	2/27/1990	12/20/2018	3,080.16	3,090.94			(488.87)		2,591.29	2,597.38	(4.69)	
GNMA	General Fund	7.50	3/30/1990	1/20/2019	26,558.13	26,821.85			(4,773.05)		21,785.08	21,944.55	(104.25)	
GNMA	General Fund				6,546.44	6,568.44			(6,546.44)				(22.00)	
GNMA	General Fund	7.50	5/29/1990	4/20/2019	25,710.59	25,959.98			(7,018.47)		18,692.12	18,831.56	(109.95)	
GNMA	General Fund				43,666.28	42,977.23			(43,666.28)				689.05	
	General Fund Total				4,783,788.62	4,784,348.79	805,445.89	(679,739.40)	(84,981.20)	0.00	4,824,513.91	4,825,183.26	109.18	0.00
Repo Agmt	Housing Trust Fund	0.65	5/31/2017	6/1/2017	75,750.09	75,750.09	55,911.12				131,661.21	131,661.21		
Repo Agmt	Housing Trust Fund	0.65	5/31/2017	6/1/2017	426.57	426.57	221.52				648.09	648.09		
Repo Agmt	Housing Trust Fund	0.65	5/31/2017	6/1/2017	123,488.51	123,488.51	61,601.58				185,090.09	185,090.09		
Repo Agmt	General Revenue Appn	0.65	5/31/2017	6/1/2017	7,642.77	7,642.77	2,835.12				10,477.89	10,477.89		
Repo Agmt	General Revenue Appn	0.65	5/31/2017	6/1/2017	172,287.06	172,287.06	230,769.22				403,056.28	403,056.28		
Repo Agmt	General Revenue Appn	0.65	5/31/2017	6/1/2017	730,010.64	730,010.64		(496,060.79)			233,949.85	233,949.85		
Repo Agmt	General Revenue Appn	0.65	5/31/2017	6/1/2017	105,386.93	105,386.93	4,678.90				110,065.83	110,065.83		
Repo Agmt	General Revenue Appn	0.65	5/31/2017	6/1/2017	245,787.30	245,787.30	0.00				245,787.30	245,787.30		
Repo Agmt	Housing Trust Fund-GR				367,810.65	367,810.65		(367,810.65)						
Repo Agmt	Housing Trust Fund-GR	0.65	5/31/2017	6/1/2017	1,785,937.31	1,785,937.31	161,765.18				1,947,702.49	1,947,702.49		
Repo Agmt	Boostrap -GR	0.65	5/31/2017	6/1/2017	930,434.21	930,434.21		(138,772.00)			791,662.21	791,662.21		
Repo Agmt	Boostrap -GR	0.65	5/31/2017	6/1/2017	1,229,880.30	1,229,880.30	385,200.00				1,615,080.30	1,615,080.30		
Repo Agmt	Contract for Deed Conversion	0.65	5/31/2017	6/1/2017	310,500.00	310,500.00					310,500.00	310,500.00		
Repo Agmt	Contract for Deed Conversion				250,000.00	250,000.00		(250,000.00)						
Repo Agmt	Contract for Deed Conversion				250,000.00	250,000.00		(250,000.00)						
Repo Agmt	Contract for Deed Conversion Total				810,500.00	810,500.00	0.00	(500,000.00)			310,500.00	310,500.00		
	Housing Trust Fund Total				6,585,342.34	6,585,342.34	902,982.64	(1,502,643.44)	0.00	0.00	5,985,681.54	5,985,681.54	0.00	0.00
Repo Agmt	Multi Family	0.65	5/31/2017	6/1/2017	932,759.43	932,759.43		(30,501.84)			902,257.59	902,257.59		
Repo Agmt	Multi Family	0.65	5/31/2017	6/1/2017	779,177.64	779,177.64	115,693.62				894,871.26	894,871.26		
Repo Agmt	Low Income Tax Credit Prog.	0.65	5/31/2017	6/1/2017	7,020,831.94	7,020,831.94	259,862.48				7,280,694.42	7,280,694.42		
	Compliance Total				8,732,769.01	8,732,769.01	375,556.10	(30,501.84)	0.00	0.00	9,077,823.27	9,077,823.27	0.00	0.00
Repo Agmt	Asset Management	0.65	5/31/2017	6/1/2017	1,008,659.46	1,008,659.46	75,491.31				1,084,150.77	1,084,150.77		
Repo Agmt	Low Income Tax Credit Prog.	0.65	5/31/2017	6/1/2017	1,310,173.22	1,310,173.22	95,827.69				1,406,000.91	1,406,000.91		
Repo Agmt	Low Income Tax Credit Prog.	0.65	5/31/2017	6/1/2017	7,729,886.15	7,729,886.15		(680,438.27)			7,049,447.88	7,049,447.88		
Repo Agmt	Low Income Tax Credit Prog.	0.65	5/31/2017	6/1/2017	407,144.37	407,144.37		(13,276.06)			393,868.31	393,868.31		
	Housing Initiative Total				10,455,863.20	10,455,863.20	171,319.00	(693,714.33)	0.00	0.00	9,933,467.87	9,933,467.87	0.00	0.00
Total Investment Summary					30,557,763.17	30,558,323.34	2,255,303.63	(2,906,599.01)	(84,981.20)	0.00	29,821,486.59	29,822,155.94	109.18	0.00

2c

BOARD REPORT ITEM
BOND FINANCE DIVISION
JULY 27, 2017

REPORT ITEM

Report on the Department's 3rd Quarter Investment Report relating to funds held under Bond Trust Indentures

BACKGROUND

- The Department's Investment Policy excludes funds invested under a bond trust indenture for the benefit of bond holders because each trust indenture controls the authorized investments under that particular trust indenture. Management of assets within an indenture is the responsibility of the Trustee. This internal management report is for informational purposes only and, while not required under the Public Funds Investment Act, it is consistent with the prescribed format and detail as required by the Public Funds Investment Act. It details the types of investments, maturity dates, carrying (face amount) values, and fair market values at the beginning and end of the quarter.

- Overall, the portfolio carrying value decreased by approximately $56.6 million (see page 3), resulting in an end of quarter balance of $634,840,205. The decrease reflects various bond redemptions.

  The portfolio consists of those investments described in the attached Bond Trust Indentures Supplemental Management Report.

	Beginning Quarter	Ending Quarter
Mortgage Backed Securities (MBS)	75%	78%
Guaranteed Investment Contracts/Investment Agreements	5%	5%
Repurchase Agreements	8%	7%
Money Markets and Mutual Funds	10%	9%
Treasury Bills	2%	1%

The decrease in Repurchase Agreements, Money Markets/Mutual Funds, and Treasury Bills is attributed to the withdrawal of funds for the redemption of bonds, which resulted in the increased percentage of Mortgage Backed Securities.

Portfolio activity for the quarter:

- The maturities in MBS this quarter were $21.7 million which represent loan repayments or payoffs. The table below shows the trend in MBS activity.

	3rd Qtr FY16	4th Qtr FY16	1st Qtr FY 17	2nd Qtr FY 17		Total
Purchases	$ -					$ -
Sales	$ -					$ -
Maturities	$ 34,948,821	$ 24,958,486	$ 26,818,361	$ 36,222,187	$ 21,716,863	$ 122,947,855
Transfers						$ -

- The process of valuing investments at fair market value identifies unrealized gains and losses. These gains or losses do not impact the overall portfolio because the Department typically holds these investments (MBS) until maturity.

- The fair market value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties) decreased $928,966 (see pages 3 and 4), with fair market value being greater than the carrying value. The national average for a 30-year fixed rate mortgage, as reported by the Freddie Mac Primary Mortgage Market Survey as of May 31, 2017, was 3.95%, down from 4.16% at the end of February 2017. There are various factors that affect the fair market value of these investments, but there is a correlation between the prevailing mortgage interest rates and the change in market value.

- Given the current financial environment, this change in market value is to be expected. However, the change is cyclical and is reflective of the overall change in the bond market as a whole.

- The ability of the Department's investments to provide the appropriate cash flow to pay debt service and eventually retire the related bond debt is of more importance than the assessed relative value in the bond market as a whole.

- The more relevant measures of indenture parity are reported on page 5 in the Bond Trust Indenture Parity Comparison. This report shows parity (ratio of assets to liabilities) by indenture with assets greater than liabilities in a range from 99.57% to 213.21% which would indicate the Department has sufficient assets to meet its obligations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOND FINANCE DIVISION
BOND TRUST INDENTURES
Supplemental Management Report
Quarter Ending May 31, 2017

	FAIR VALUE (MARKET) @ 02/28/17	CARRYING VALUE @ 02/28/17	CHANGE IN CARRYING VALUE ACCRETION / PURCHASES	AMORT/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 05/31/17	FAIR VALUE (MARKET) @ 05/31/17	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 05/31/17	RECOGNIZED GAIN
INDENTURE RELATED:											
Single Family	383,890,774.79	359,532,248.94	7,942,720.95	(24,044,300.07)	(11,850,319.54)		331,580,350.28	354,792,312.28	(1,146,563.85)	1,649,946.16	
RMRB	212,953,084.85	198,559,947.45	4,049,498.20	(2,778,293.69)	(9,581,692.04)		190,249,459.92	203,974,582.67	(668,014.65)	631,983.09	
CHMRB	3,174,007.10	2,966,344.69	228,601.34	(42,441.59)	(160,584.04)		2,991,920.40	3,177,592.84	(21,989.97)	14,764.73	
Taxable Mortgage Program	5,458,943.50	5,342,777.27	811,634.33		(52,049.38)		6,102,362.22	6,220,942.27	2,413.82	53,022.50	
Multi Family	123,973,883.46	125,120,380.50	5,918,080.16	(27,050,130.50)	(72,218.05)		103,916,112.11	103,674,803.96	905,188.89		
TOTAL	729,450,693.70	691,521,698.85	18,950,534.98	(53,915,165.85)	(21,716,863.05)	0.00	634,840,204.93	671,840,234.02	(928,965.76)	2,349,716.48	0.00

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

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 12, 2016
Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 17, 2017

Date 7/19/17
David Cervantes, Chief Financial Officer

Monica Galuski Date 7/18/17
Monica Galuski, Director of Bond Finance

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
BOND FINANCE DIVISION
BOND TRUST INDENTURES
Supplemental Management Report
Quarter Ending May 31, 2017

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 2/28/17	CARRYING VALUE @ 2/28/17	ACCRETION / PURCHASES	AMORT/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 5/31/17	FAIR VALUE (MARKET) @ 5/31/17	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
INDENTURE RELATED:										
Mortgage-Backed Securities	556,744,220.20	518,815,225.35			(21,716,863.05)		497,098,362.30	534,098,391.39	(928,965.76)	
Guaranteed Inv Contracts	30,786,152.36	30,786,152.36	4,809,444.34	(495,433.70)			35,100,163.00	35,100,163.00	-	
Investment Agreements	628,616.24	628,616.24	1,314,963.04				1,943,579.28	1,943,579.28	-	
Treasury-Backed Mutual Funds	68,209,527.94	68,209,527.94	5,790,656.19	(16,967,027.77)			57,033,156.36	57,033,156.36	-	
Repurchase Agreements	58,253,074.23	58,253,074.23	7,035,471.41	(26,369,601.65)			38,918,943.99	38,918,943.99	-	
Treasury Bill	14,829,102.73	14,829,102.73		(10,083,102.73)			4,746,000.00	4,746,000.00	0.00	
	729,450,693.70	691,521,698.85	18,950,534.98	(43,832,063.12)	(21,716,863.05)	0.00	634,840,204.93	671,840,234.02	(928,965.76)	0.00

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

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Date 7/19/17
David Cervantes, Chief Financial Officer

Date 7/18/17
Monica Galuski, Director of Bond Finance

Texas Department of Housing and Community Affairs
Bond Finance Division
Executive Summary
As of May 31, 2017

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Collateralized Home Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
PARITY COMPARISON:					
PARITY ASSETS					
Cash	$ 182,137	$ 7,500		$ 13,942,338	$ 14,131,975
Investments[1]	$ 48,893,794	$ 21,495,751	$ 449,798	$ 101,602,646	$ 172,441,989
Mortgage Backed Securities[1]	$ 282,517,855	$ 168,903,271	$ 2,540,103	$ -	$ 453,961,229
Loans Receivable[2]	$ 180,628			$ 914,318,249	$ 914,498,877
Accrued Interest Receivable	$ 1,647,144	$ 631,983	$ 14,765	$ 6,848,563	$ 9,142,455
TOTAL PARITY ASSETS	$ 333,421,558	$ 191,038,505	$ 3,004,666	$ 1,036,711,796	$ 1,564,176,525
PARITY LIABILITIES					
Loans Payable		$ 9,039,298		$ 75,026,627	$ 84,065,925
Bonds and Notes Payable[1]	$ 277,925,000	$ 158,030,000	$ 1,400,000	$ 852,733,129	$ 1,290,088,129
Accrued Interest Payable	$ 2,428,514	$ 2,407,780	$ 9,263	$ 6,957,040	$ 11,802,597
Other Non-Current Liabilities[3]				$ 106,460,959	$ 106,460,959
TOTAL PARITY LIABILITIES	$ 280,353,514	$ 169,477,078	$ 1,409,263	$ 1,041,177,755	$ 1,492,417,610
PARITY DIFFERENCE	$ 53,068,044	$ 21,561,427	$ 1,595,403	$ (4,465,960)	$ 71,758,915
PARITY	**118.93%**	**112.72%**	**213.21%**	**99.57%**	**104.81%**

(1) Investments, Mortgage Backed Securities and Bonds Payable reported at par value not fair value. This adjustment is consistent with indenture cashflows prepared for rating agencies.
(2) Loans Receivable include whole loans only. Special mortgage loans are excluded.
(3) Other Non-Current Liabilities include "Due to Developers" (for insurance, taxes and other operating expenses) and "Earning Due to Developers" (on investments).
Note: Based on preliminary and unaudited financial statements, subject to change in audited financial statements.

2d

BOARD REPORT ITEM

BOND FINANCE DIVISION

JULY 27, 2017

Report on the Department's Swap Portfolio and recent activities with respect thereto

BACKGROUND

The Department previously entered into five interest rate swaps for the purpose of hedging interest rate risk associated with its single family mortgage revenue tax-exempt variable rate demand bonds; currently, four of the swaps remain outstanding.

In accordance with the Department's Interest Rate Swap Policy, the Bond Finance Division has the day-to-day responsibility for managing the swaps. The outstanding bonds associated with each of the swaps are reduced by scheduled redemptions and maturing amounts, and by amounts representing principal and prepayments received on the mortgage-backed securities that secure each bond issue. Under State law, the notional amount of swap outstanding cannot exceed the par amount of related bonds outstanding; to avoid being overswapped, staff closely monitors the amount of swap outstanding, the related outstanding bond amount, and any upcoming bond redemptions to ensure enough swap is called to comply with State law.

In addition to monitoring State law compliance, staff works closely with the Department's Financial Advisor, George K. Baum, to identify opportunities to terminate or reduce swaps by exercising par optional termination, or call rights, on those swaps. Staff analyzes the economic benefit of the proposed termination and evaluates any potential interest rate or other associated risk. When both economically beneficial and prudent to do so, optional termination rights are exercised on portions of the underlying swaps.

The attached report reflects the status of the Department's swaps as of June 1, 2017. Series 2005A and Series 2007A swaps are matched amortization swaps; as such, a reduction in the outstanding swap amount for these series is the result of principal payments and prepayments received on the underlying mortgage loans. The reduction of $6.5 million in the outstanding swap for Series 2004B was primarily due to principal and prepayments on the underlying mortgage loans, with $855,000 terminated at par for a slight economic benefit. The reduction of approximately $2 million in the outstanding swap for Series 2004D was primarily to match the amount of bonds outstanding to the amount of swap outstanding in compliance with State law, which requires that the bonds outstanding equal or exceed the amount of swap outstanding at all times.

Since 2004, when the Department first utilized swaps to hedge variable rate bonds, the total notional amount of swaps has been reduced from an initial $354,005,000 to the current outstanding amount of $102,000,000.

Texas Department of Housing and Community Affairs
Swap Portfolio Update
July 27, 2017

Matched Amortization Swaps							
Related Bonds	Swap Counterparty	Effective Date	Maturity Date	Original Notional Amount	Swap Outstanding Notional as of 12/1/2016	Swap Outstanding Notional as of 6/1/2017	CHANGE in Swap Outstanding
2005A	JP Morgan	8/1/2005	9/1/2036	$ 100,000,000	$ 28,415,000	$ 25,675,000	$ (2,740,000)
2007A	JP Morgan	6/5/2007	9/1/2038	$ 143,005,000	$ 33,285,000	$ 30,385,000	$ (2,900,000)

Amortizing Swaps with Optionality							
Related Bonds	Swap Counterparty	Effective/ Restructured Date	Maturity Date	Original Notional Amount	Swap Outstanding Notional as of 12/1/2016	Swap Outstanding Notional as of 6/1/2017	CHANGE in Swap Outstanding
2004B	BNY Mellon	3/1/2014	9/1/2034	$ 40,000,000	$ 33,530,000	$ 27,020,000	$ (6,510,000)
2004D	Goldman Sachs	1/1/2005	3/1/2035	$ 35,000,000	$ 20,955,000	$ 18,920,000	$ (2,035,000)
2006H	BNY Mellon	3/1/2014	9/1/2025	$ 36,000,000	$ -	$ -	$ -
TOTAL SWAPS				$ 354,005,000	$ 116,185,000	$ 102,000,000	$ (14,185,000)

2004B - UBS AG was the original counterparty and the original notional at issuance was $53,000,000.

Variable Rate Bonds Associated with Matched Amortization Swaps							
Related Bonds	Swap Counterparty	Effective Date	Maturity Date	Original Notional Amount	Bonds Outstanding 12/1/2016	Bonds Outstanding 6/1/2017	CHANGE in Bonds Outstanding
2005A	JP Morgan	8/1/2005	9/1/2036	$ 100,000,000	$ 28,415,000	$ 25,675,000	$ (2,740,000)
2007A	JP Morgan	6/5/2007	9/1/2038	$ 143,005,000	$ 33,285,000	$ 30,385,000	$ (2,900,000)

Variable Rate Bonds Associated with Amortizing Swaps with Optionality							
Related Bonds	Swap Counterparty	Effective Date	Maturity Date	Original Notional Amount	Bonds Outstanding 12/1/2016	Bonds Outstanding 6/1/2017	CHANGE in Bonds Outstanding
2004B	BNY Mellon	3/1/2014	9/1/2034	$ 40,000,000	$ 33,530,000	$ 27,875,000	$ (5,655,000)
2004D	Goldman Sachs	1/1/2005	3/1/2035	$ 35,000,000	$ 21,530,000	$ 18,920,000	$ (2,610,000)
2006H	BNY Mellon	3/1/2014	9/1/2025	$ 36,000,000	$ -	$ -	$ -
TOTAL BONDS				$ 354,005,000	$ 116,760,000	$ 102,855,000	$ (13,905,000)

2e

BOARD REPORT ITEM

HOME AND HOMELESS PROGRAMS DIVISION

JULY 27, 2017

Report on the reallocation of recaptured Program Year 2016 Emergency Solutions Grants Program funding

BACKGROUND

The Texas Department of Housing and Community Affairs ("TDHCA" or the "Department) receives Emergency Solutions Grants Program ("ESG") funding from the U.S. Department of Housing and Urban Development ("HUD") to assist people with regaining stability in permanent housing quickly after experiencing a housing crisis and/or homelessness. ESG funds can be used for the rehabilitation or conversion of buildings for use as emergency shelters for the homeless; the payment of certain expenses related to operating emergency shelters; essential services related to emergency shelters and street outreach for the homeless and, homelessness prevention and rapid re-housing assistance.

For Program Year ("PY") 2015, the Department reallocated $409,955 in April 2017 from unspent allocation and deobligated funds six months after the original contracts expired. While this reobligation provided much needed funding for several subrecipients, staff believes the timing of reobligation could be improved to address gaps of funding that may occur between the end of the 2016 program year (August 2017) and the earliest that the 2017 program year funding is anticipated to be available (November 2017). Therefore, staff has contacted all 2016 program year ESG subrecipients and requested those that are drawing funds at a slow rate to provide a plan for full expenditure and, if necessary, a budget amendment, request an extension, and/or consider voluntarily returning funds. This would allow the Department to then reallocate those funds to subrecipients that will run out of funds prior to the original contract deadline or be in need of funds prior to the 2017 funds being available.

The Executive Director has the authority and will be able to reallocate returned funds to existing contracts up to 15% of the original awarded amount. Thus far three subrecipients have indicated a willingness to return a total of $179,994 in program year 2016 funding. The Department has received requests from seven subrecipients for additional gap funding totaling $215,652. Staff intends to recommend to the Executive Director prorated amounts should all seven subrecipients be eligible for the returned funds. Should additional returns become available or other existing eligible subrecipients request additional funding staff will recommend adjustments to the prorated requests to accommodate changes until such time as the returned funds are fully reallocated.

2f

BOARD REPORT ITEM
ASSET MANAGEMENT DIVISION
JULY 27, 2017

Executive Report of Multifamily Program Amendments, Extensions, and Ownership Transfers

REPORT ITEM

This report contains information on Fiscal Year 2017 – 2nd Quarter (12/1/2016 to 2/28/2017) and Fiscal Year 2017 – 3rd Quarter (3/1/2017 to 5/31/2017).

Fiscal Year 2017 – 2nd Quarter (12/1/2016 to 2/28/2017)

- 32 LURA Amendments (11 Administratively Approved; 21 Board Approved)
- 22 Application Amendments (15 Administratively Approved; 7 Board Approved)
- 45 Extensions – 41 Cost Certification Extension (All Administratively Approved) and 4 Placement in Service Extensions (All Board Approved)
- 39 Ownership Transfers (All Administratively Approved)

Fiscal Year 2017 – 3rd Quarter (3/1/2017 to 5/31/2017)

- 15 LURA Amendments (9 Administratively Approved; 6 Board Approved)
- 20 Application Amendments (12 Administratively Approved; 8 Board Approved)
- 29 Extensions – 5 10% Test Extension (Administratively Approved); 22 Cost Certification Extension (Administratively Approved) and 2 Placement in Service Extensions (All Board Approved)
- 51 Ownership Transfers (All Administratively Approved)

Fiscal Year 2017 – 4th Quarter information will be reported at the October 2017 meeting.

Land Use Restriction Agreement (LURA) Amendments

2017 Quarter 2

Administrative approval

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
14154	12/1/2016	The Grove	Odessa	Sarah Anderson	Correction to Addendum C - Accessibility Unit Numbers
13281	12/19/2016	Sunquest Apartments	Primera	Craig Alter	Correction of Applicable Fractions for Buildings 1 and 6 on Addendum F
13068	1/5/2017	Vista Monterrey	Brownsville	Melissa R. Fisher	Correction to Mobility and AV accessibility unit numbers and to legal description
04469	1/9/2017	Louetta Village Apartments	Spring	Paula Burns	Correction to remove Non-Profit Requirement from the LURA
04434	1/9/2017	Cornerstone Village Apartments	Houston	Paula Burns	Correction to remove Non-Profit Requirement from the LURA
14200	2/3/2017	Constitution Court Phase II	Copperas Cove	Emanuel Glockzin, Jr.	Correction to Applicable Fraction for Bldg 2, addition of the name of the HUB on Addendum B, and addition of Green Building Features requirement on Addendum D.
13139, 1002119	2/3/2017	Stonebridge of Plainview	Plainview	Jeffrey Spicer	Correction to applicable fractions on the Addedum F

Land Use Restriction Agreement (LURA) Amendments

2017 Quarter 2

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
11405	2/10/2017	Buckeye Trail Commons II	Dallas	Timothy J. Lott	Revision to the list of the required 20% of each unit type with an accessible entry and one bedroom and bathroom at entry.
14226	2/10/2017	Art at Brattons Edge	Austin	Louis Wolfson, III	Correction to accessible unit numbers identified on Addendum C.
14070	2/24/2017	Lakeline Station	Austin	Walter Moreau	Correction of mobility accessible unit number on Addendum C.
931812569, 92061	2/28/2017	Bella Vista Creek (fka Diamond Creek Apts.) (fka Skyline Apts.)	Dallas	Debra Zoutman	Correct set-aside from 20/50 to 40/60

Board approval

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
99086	12/15/2016	Park Vista Townhomes	Watauga	Joseph Kemp	Removal of Material Participation by a HUB or Non-Profit and change in the Right of First Refusal period.
99029	12/15/2016	Rancho del Cielo, Phase II	Brownsville	Mark Musemeche	Change in the Right of First Refusal Period
04101	12/15/2016	Pleasant Hill Apartments	Austin	Dodge N. McCord	Removal of HUB Requirement & ROFR LURA Amendment

Land Use Restriction Agreement (LURA) Amendments

2017 Quarter 2

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
05044	12/15/2016	Copperwood Apartments	The Woodlands	Dodge N. McCord	ROFR LURA Amendment
02011, 852020	12/15/2016	Live Oak Village	Aransas Pass	Charles Holcomb	Removal of Material Participation by a HUB or Non-Profit
97139	12/15/2016	Bent Oaks Apartments	Hitchcock	William D. Henson	ROFR LURA Amendment
95120	12/15/2016	Park Yellowstone Townhomes	Houston	Brian C. Courtney	ROFR LURA Amendment
04108	12/15/2016	Tamarac Pines Apartments	The Woodlands	Dodge N. McCord	Removal of HUB Requirement & ROFR LURA Amendment
99003	12/15/2016	Fairmont Oaks Apartments	La Porte	J. Steve Ford	ROFR LURA Amendment
04107	12/15/2016	Whitefield Place Apartments	San Antonio	Dodge N. McCord	Removal of HUB Requirement & ROFR LURA Amendment
00022	12/15/2016	Almeda Park Apartments	Houston	Darlene Smith Guidry	Removal of HUB Requirement & ROFR LURA Amendment

Land Use Restriction Agreement (LURA) Amendments

2017 Quarter 2

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
08200	12/15/2016	Ingram Square Apartments	San Antonio	Rebecca Rizo	Change in the Right of First Refusal Period
060040	12/15/2016	San Jose Apartments	San Antonio	Rebecca Rizo	Change in the Right of First Refusal Period
07060, 04255	1/26/2017	Freeport Oaks Apartments	Freeport	Royce R. Kilday	Removal of HUB Requirement & ROFR LURA Amendment
02079	1/26/2017	Arbor Oaks Apartments	Odessa	Royce Dick Kilday	Change in the Right of First Refusal Period
99002, 72090021	1/26/2017	Tidwell Estates	Houston	Isaac Matthews	ROFR LURA Amendment
99043	1/27/2017	Arbor Terrace Townhomes (Antiqua Terrace Apartments)	Odessa	Albert E Magill, III	Removal of Material Participation by a HUB or Non-Profit
1002048	2/28/2017	Sunrise Townhomes	Fredericksburg	Scott Crutchfield	Amendment Deemed Material by the Executive Director
98135	2/28/2017	Rio Grande Ranch aka Villa Del Rio	Laredo	Cathy Story	Request to remove HUB and amend ROFR period

Land Use Restriction Agreement (LURA) Amendments

2017 Quarter 2

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
99002, 72090021	2/28/2017	Tidwell Estates	Houston	Barry Kahn	Release of 1.35 acres of the Development site & Extend affordability period 10 years
94193	2/28/2017	Sterling Green Village	Channelview	Barry Kahn	Amend ROFR section of LURA

32

Housing Tax Credit Application Amendments

2017 Quarter 2

Board Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
15028	12/15/2016	The Estates of Lampasas	Lampasas	Sallie Burchett	Modification of the Residential Density of at least 5 Percent
14036	12/15/2016	La Esperanza De Alton	Alton	Sara Reidy	Change in Acreage/Residential Density
05452	12/15/2016	Lindbergh Parc Senior Apartments	Fort Worth	Steven West	Replace walking path with barbecue grills and picnic tables and provide "utility allowance" for high speed internet as substitute for CAT5e wiring (CAT3 wiring installed).
12152	12/15/2016	Eastside Crossings	El Paso	Ike Monty	Modification of the Number of Units or Bedroom Mix of Units
14191	1/11/2017	East Meadows	San Antonio	Sarah Andre	Significant Increases in Development Costs or Changes in Financing
93102, 14411	1/26/2017	Ash Lane Apartments	Euless	Stephanie Baker	Waiver of requirement for Energy Star refrigerators and dishwashers
14409, 93153	1/26/2017	Lakes Of El Dorado	Mckinney	Stephanie Baker	Waiver of requirement for Energy Star refrigerator and dishwasher

Housing Tax Credit Application Amendments

2017 Quarter 2

Administratively Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
14130	12/5/2016	Tays	El Paso	Tamea Dula	Amendment to Carryover Agreement to Allow One Unit per Building to Qualify for PIS Deadline
02011, 852020	12/15/2016	Live Oak Village	Aransas Pass	Charles Holcomb	Removal of HUB and change in Supportive Service Provider
14284	12/19/2016	The Vineyards at Monterey	Lubbock	Toby Williams	Amendment to Carryover Allocation Agreement to Allow One Unit per Building to Qualify for PIS Deadline
14283	12/20/2016	Bella Vista Apartments	Alton	Enrique Flores, IV	CAA Waiver
14200	1/20/2017	Constitution Court Phase II	Copperas Cove	Emanuel Glockzin	A modification of a .009 decrease in site acreage requiring acknowledgment under §10.405 (a)(2)(A).
1001750, 12269	1/20/2017	Stonebridge of Kelsey Park	Lubbock	Jeffrey Spicer	A 2.9% reduction in the common area.
14306	1/20/2017	Live Oak Villas	George West	Lora Myrick	A modification of a .003 increase in site acreage requiring acknowledgment under §10.405 (a)(2)(A).

Housing Tax Credit Application Amendments

2017 Quarter 2

Administratively Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
14283	1/25/2017	Bella Vista Apartments	Alton	Enique Flores	Change to Site Plan
14410, 93155	1/26/2017	Fountains Of Rosemeade	Carrollton	Stephanie Baker	Waiver of requirement for Energy Star refrigerator and dishwasher
15059	2/9/2017	Gala at Oak Crest Estates	Euless	Alyssa Carpenter	Reduction in acreage from 5 acres to 4.99 acres, change unit and building plans, change to costs
14295	2/10/2017	Post Oak Apartments (fka M2 Apartments)	Mckinney	Terri Anderson	Shift of maintenance building and dumpster enclosure, decrease parking spaces from 291 to 290, increase NRA from 173,070 to 181,429 sq. ft., increase clubhouse area from 4,966 to 5,978 sq. ft. and decrease maintenance building area from 1,491 to 731sq ft.
13042	2/15/2017	The Cottages at South Acres	Houston	Ryan Hettig	Reduction in Parking Spaces, Acreage, and Accessibility Features
14274	2/23/2017	The Heritage	Montgomery	Nathan Kelley	Minor changes to Application
16061	2/24/2017	Easterling Culebra Apartments	San Antonio	Anne Tyler	Minor modification of site plan and increase of acreage

Housing Tax Credit Application Amendments

2017 Quarter 2

Administratively Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
1002198, 14122	2/27/2017	Riverside Park	Early	Vaughn Zimmerman	Redution in LPS contribution and change to original design plan.

22

Housing Tax Credit Extensions

2017 Quarter 2

Administrative Approval

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
15202	12/7/2016	Laureles del Este	El Paso	Cost Certification	1/15/2017	5/31/2017
14150	12/7/2016	Junipers Edge	San Antonio	Cost Certification	1/13/2017	4/3/2017
14229	12/8/2016	Barron's Branch II	Waco	Cost Certification	1/15/2016	3/15/2017
14226	12/8/2016	Art at Brattons Edge	Austin	Cost Certification	1/15/2017	3/1/2017
14182	12/15/2016	Prairie Gardens	Abilene	Cost Certification	1/15/2017	3/15/2017
14401	12/16/2016	Villages of Ben White	Austin	Cost Certification	1/15/2017	3/15/2017
1002201, 14132	12/16/2016	Mission Village of Monahans	Monahans	Cost Certification	1/15/2017	3/17/2017
14271	12/16/2016	Abbington Walk of Emory	Emory	Cost Certification	1/15/2017	2/15/2017
1002231, 14417	12/16/2016	Waters at Sunrise	Round Rock	Cost Certification	1/15/2017	2/28/2017

Housing Tax Credit Extensions

2017 Quarter 2

Administrative Approval

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
14415	12/16/2016	THF Palladium Midland	Midland	Cost Certification	1/15/2017	8/15/2017
14130	12/16/2016	Tays	El Paso	Cost Certification	1/15/2017	4/28/2017
14127	12/16/2016	Haymon Krupp	El Paso	Cost Certification	1/15/2017	4/28/2017
15083	12/16/2016	Georgetown Square Apartments	Georgetown	Cost Certification	1/15/2017	3/15/2017
14066	12/16/2016	Lexington Manor Apartments	Corpus Christi	Cost Certification	1/15/2017	3/31/2017
14284	12/16/2016	The Vineyards at Monterey	Lubbock	Cost Certification	1/15/2017	4/15/2017
14423	12/19/2016	Everett Alvarez Apartments	El Paso	Cost Certification	1/15/2017	4/28/2017
14425	12/19/2016	Dwight D. Eisenhower Memorial Apartments	El Paso	Cost Certification	1/15/2017	4/28/2017
14426	12/19/2016	Woodrow Bean Apartments	El Paso	Cost Certification	1/15/2017	4/28/2017

Housing Tax Credit Extensions

2017 Quarter 2

Administrative Approval

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
14427	12/19/2016	Kennedy Brothers Communities	El Paso	Cost Certification	1/15/2017	4/28/2017
14430	12/19/2016	Rafael Marmolejo Jr. Memorial Apartments	El Paso	Cost Certification	1/15/2017	4/28/2017
14406	12/19/2016	Avenue Station	Houston	Cost Certification	1/16/2016	4/15/2017
14429	12/19/2016	Lyndon B. Johnson Memorial Apartments	El Paso	Cost Certification	1/15/2017	4/28/2017
14428	12/19/2016	Aloysius A. Ochoa Apartments	El Paso	Cost Certification	1/15/2017	4/28/2017
14272	12/20/2016	Meadows at Cypress Creek	Cypress	Cost Certification	1/16/2017	5/16/2017
13001, 1002026	12/21/2016	Sunset Place Apartments	Malakoff	Cost Certification	1/15/2016	4/15/2016
13411, 14412	12/27/2016	Heights on Parmer Apartments	Austin	Cost Certification	1/15/2017	1/27/2017
961581863, 12010	12/27/2016	La Hacienda Apartments	Harlingen	Cost Certification	1/15/2014	12/19/2016

Housing Tax Credit Extensions

2017 Quarter 2

Administrative Approval

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
14285	12/28/2016	The Arbor at Centerbrook	Live Oak	Cost Certification	1/15/2017	4/15/2017
14266	1/12/2017	Abbington Junction of Pottsboro	Pottsboro	Cost Certification	1/15/2017	2/14/2017
13044	1/12/2017	Villas of Vanston Park	Mesquite	Cost Certification	1/15/2017	4/30/2017
13234	1/12/2017	HighPoint Family Living	Dallas	Cost Certification	1/15/2017	4/30/2017
14295	1/13/2017	Post Oak Apartments (fka M2 Apartments)	Mckinney	Cost Certification	1/15/2017	4/15/2017
14402	1/13/2017	Sterlingshire Apartment Homes	Dallas	Cost Certification	1/15/2017	4/3/2017
14088	1/13/2017	Mariposa at Spring Hollow	Saginaw	Cost Certification	1/15/2017	4/15/2017
14302	1/17/2017	Socorro Palms	Socorro	Cost Certification	1/15/2017	4/15/2017
14189	1/30/2017	Citrus Cove	Bridge City	Cost Certification	1/15/2017	3/15/2017

Housing Tax Credit Extensions

2017 Quarter 2

Administrative Approval

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
13167	1/30/2017	Freedoms Path at Kerrville	Kerrville	Cost Certification	1/15/2017	4/14/2017
15419	2/13/2017	Woodside Village	Palestine	Cost Cert	1/15/2017	4/15/2017
06660, 97002, 14276	2/24/2017	Meadowbrook Square	Godley	Cost Certification	1/17/2017	1/18/2017
14277, 97003	2/24/2017	Pecan Tree Square Apartments	Grandview	Cost Certification	1/15/2017	1/18/2017
14409, 93153	2/27/2017	Lakes Of El Dorado	Mckinney	Cost Certification	1/15/2016	1/6/2017

Total Administrative Approvals: 41

Housing Tax Credit Extensions

2017 Quarter 2

Board Approval

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
14088	12/15/2016	Mariposa at Spring Hollow	Saginaw	Placement in Service	12/31/2016	1/31/2017
14054	12/15/2016	Whispering Oaks	West Orange	Placement in Service	12/31/2016	2/28/2017
14070	12/15/2016	Lakeline Station	Austin	Placement in Service	12/31/2016	1/14/2017
14088	1/26/2017	Mariposa at Spring Hollow	Saginaw	Placement in Service	1/31/2017	3/31/2017

Total Board Approvals: 4

45

Housing Tax Credit Program Ownership Transfers

2017 Quarter 2

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
96128	12/2/2016	Monticello Manor Apartments	San Antonio	Bethesda Holdings III, LLC	Bethesda Holdings II, LLC	Change in General Partner
02009	12/6/2016	Las Villas De Merida Apartments	San Antonio	Las Villas De Merida, LP	ZGLVDM, LLC	Change in General Partner
98159	12/8/2016	Washington Courtyards	Houston	Boston Capital Tax Credit Funds	Avenue 2505 Washington LLC	Transfer of LP Interest
02403	12/8/2016	Matthew Ridge Apartments	Houston	VDC/GP-Matthew Ridge, LLLP	Alden GP-Texas, LLC	Change in General Partner
00068	12/9/2016	Timber Run Apartments	Spring	Goldenrod Asset Management, Inc.	Timber Run Investment Partners LLC	Change in Limited Partner Interest
04600, 05617, 05617B	12/9/2016	Canal Place Apartments	Houston	Foxford Company, LLC	CAPREIT Canal Place GP, LLC	Change in General Partner
99207	12/16/2016	Columbia Greens	Houston	Columbia at Greens Partners, LLC & Columbia Residential LLC	Houston Columbia Greens GP, LLC & Lone Star Investors, LLC	Change in General Partner & Limited Partner

Housing Tax Credit Program Ownership Transfers

2017 Quarter 2

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
98174	12/16/2016	Lodge at Merrilltown	Austin	Ocampo Partners, Ltd. and Special Housing Enterprises LLC	AH SubGP 516 Merrilltown, LLC	Transfer of General Partner
00038	12/16/2016	Ryans Crossing (Pemberton Place)	Marshall	Tatum Oakridge Partners, Ltd.	Apple Court North, LLC	Transfer to Non-Affiliate
02477	12/29/2016	Potters House at Primrose	Dallas	CAH-IDA Escondido Housing LLC (GP) and CAL-IDA Escondido Housing Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
02438, MF057	12/29/2016	Rosemont at Hickory Trace	Dallas	CAH-IDA Hickory Trace Housing LLC (GP) and CAL-IDA Hickory Trace Housing Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
01409, MF039	12/29/2016	Primrose at Sequoia Park	Denton	CAH-IDA Bluffview Housing LLC (GP) and CAL-IDA Bluffview Housing Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
00014T, MF031	12/29/2016	Primrose Oaks	Dallas	CAH-IDA Hampton Senior Housing LLC (GP) and CAL-Ida Hampton Senior Housing Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
01406, MF049	12/29/2016	Rosemont at Pemberton Hill	Dallas	CAH-IDA Hillside Apartments LLC (GP) and CAL-IDA Hillside Apartments Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner

Housing Tax Credit Program Ownership Transfers

2017 Quarter 2

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
01435, MF048	12/29/2016	Rosemont of Oak Hollow	Dallas	CAH-IDA Oak Hollow Housing LLC (GP) and CAL-IDA Oak Hollow Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
02446	12/29/2016	Rosemont at Cedar Crest	Dallas	CAH-IDA Southern Oaks Housing LLC (GP) and CAL-IDA Southern Oaks Housing Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
00029T, MF034	12/29/2016	Primrose Park at Rolling Hills	Desoto	CAH-IDA Westmoreland Senior Housing LLC (GP) and CAH-IDA Westmoreland Senior Housing Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
MF058, 02417	12/29/2016	Rosemont at Bluff Ridge	Dallas	CAH-IDA Clarkridge Villas LLC (GP) and CAL-IDA Clarkridge Villas Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
01408, MF040	12/29/2016	Rosemont at Pecan Creek	Denton	CAH-IDA Knollwood Villas LLC (GP) and CAL-IDA Knollwood Villas Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
04405	12/29/2016	Primrose Del Sol	Houston	CAH-IDA Aldine-Bender Housing LLC (GP) and CAL-IDA Aldine-Bender Housing Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
02433	12/29/2016	Rosemont at Heather Bend	Pflugerville	CAH-IDA Heatherwilde Villas LLC (GP) and CAL-IDA Heatherwilde Villas Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner

Housing Tax Credit Program Ownership Transfers

2017 Quarter 2

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
01485	12/29/2016	Clearwood Villas	Houston	Wells Fargo Affordable Housing Community Development Corporation	Clearwood Villas Investment Partners LLC	Transfer of LP interest to affiliate of GP
02413	12/29/2016	Rosemont of Oak Valley	Austin	CAH-IDA Pleasant Valley Villas LLC (GP) and CAL-IDA Pleasant Valley Villas Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
99011	1/4/2017	Plum Creek Townhomes	Houston	Boston Capital/Park @ Plum Creek Housing, LLC	Blazer Building, Inc.	Transfer of LP Interest
99177	1/4/2017	Park at Clear Creek	Hempstead	Boston Capital/Park@ Clear Creek Housing, LLC	Blazer Building, Inc.	Transfer of LP Interest
02011, 852020	1/9/2017	Live Oak Village	Aransas Pass	CRC of Aransas Pass, LP	National Church Residences Aransas Texas	Purchase/Sale
93076	1/9/2017	Valley Ridge Apartments	Lewisville	CrestMarc Valley Ridge, LLC	FF Realty II LLC	Purchase/Sale
99111	2/8/2017	Roseland Townhomes	Dallas	The Chase Affordable Housing Fund, L.P., Banc of America Fund IIIC LP, THOF IV, Ltd.	The Housing Authority of the City of Dallas, Texas	Change in Limited Partner

Housing Tax Credit Program Ownership Transfers

2017 Quarter 2

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
00003T	2/8/2017	Monarch Townhomes	Dallas	The Chase Affordable Housing Fund, L.P., Banc of America Fund IIIC LP, THOF IV, Ltd.	The Housing Authority of the City of Dallas, Texas	Change in Limited Partner
00004T	2/8/2017	Carroll Townhomes	Dallas	The Chase Affordable Housing Fund, L.P., Banc of America Fund IIIC LP, THOF IV, Ltd.	The Housing Authority of the City of Dallas, Texas	Change in Limited Partner
02006	2/8/2017	Roseland Estates	Dallas	SLP, Inc., MMA Roseland Estates, LLC	The Housing Authority of the City of Dallas, Texas	LP interest
00005T	2/8/2017	Lakeview Townhomes	Dallas	The Chase Affordable Housing Fund, L.P., Banc of America Fund IIIC LP, WAMU Affordable Housing Fund LP, THOF IV, Ltd.	The Housing Authority of the City of Dallas, Texas	Change in Limited Partner
04012	2/13/2017	Rose Valley Apartments	Tyler	Related Corporate XXVI SLP, LLC	EAH Rose Valley, LLC	Transfer to Non-Affiliate
00027	2/14/2017	Rosemont at Arlington Park	Dallas	CAH-IDA Chattanooga Housing, LLC	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
00003	2/14/2017	Villas of Greenville, The	Greenville	CAH-IDA Greenville Senior Housing LLC (GP) and CAL-IDA Greenville Senior Housing Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner

Housing Tax Credit Program Ownership Transfers

2017 Quarter 2

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
01001	2/14/2017	Rosemont of Hillsboro Phase II	Hillsboro	CAH-IDA Hillsboro Housing, LLC	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
01051	2/14/2017	Rosemont of El Dorado	Brownsville	CAH-IDA Tahoe Housing LLC	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
01058	2/14/2017	Rosemont of Highland Gardens	Harlingen	CAH-IDA Highland Gardens LLC	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner
98032	2/14/2017	Villas of Remond	Dallas	CAH-IDA MHMR Senior Housing LLC (GP) and CAL-IDA MHMR Senior Housing Class B LLC (Special Class B LP)	Grand Marais, LLC d/b/a Alden Grand Marais, LLC	Change in General Partner

39

Land Use Restriction Agreement (LURA) Amendments

2017 Quarter 3

Administrative approval

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
97111	3/7/2017	Garden Gate I Apartments	New Caney	Jim Washbun	Change the nonprofit entity designated in ROFR section
99020	4/7/2017	Houston Villas in the Pines	Houston	Renee Meader	Change to Elderly Requirement
13071	4/10/2017	Windy Ridge	Austin	Adrian Iglesias	Correct Mobility Accessible Unit Numbers
1002197, 14170	4/25/2017	The Reserves at Brookside	Borger	Sarah Anderson	Correction to the Accessible Unit Numbers
14069	5/9/2017	Live Oak Trails	Austin	Tillie Croxdale	Amendment to Apartment Building Numbers
13429	5/10/2017	William Cannon Apartments	Austin	Craig Lintner	Change in Mobility Accessible Units
14182	5/15/2017	Prairie Gardens	Abilene	Val DeLeon	Correction to Name of the HUB on Addendum B

Land Use Restriction Agreement (LURA) Amendments

2017 Quarter 3

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
97050	5/19/2017	Cimarron Senior Apartments (AKA Cimarron Estates)	Corpus Christi	Locke Lord	Change in the Right of First Refusal Period
13119, 1002050, 15341	5/25/2017	Emma Finke Villas	Beeville	TX Kennedy Apartments II SLP LLC	Change to the accessible units identified

Board approval

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
01130	3/23/2017	Port Arthur Townhomes	Port Arthur	Diana McIver	HUB Removal and ROFR period amendment
99201	3/23/2017	Sea Mist Townhomes	Rockport	Victoria W Spicer	Removal of Material Participation by a HUB or Non-Profit
1000435, 060629, 060629B	5/25/2017	Villas at Henderson Place	Cleburne	Lucille Jones/G. Granger MacDonald	Changes to the Target Population
02036	5/25/2017	Gateway East Apartments	El Paso	Cynthia Bast	Change in the Right of First Refusal Period
02156	5/25/2017	Town North Apartments	Texarkana	Daniel F. O'Dea	Amendment to ROFR period

Land Use Restriction Agreement (LURA) Amendments

2017 Quarter 3

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
01165	5/25/2017	McMullen Square Apartments	San Antonio	Daniel F O'Dea	Change in the Right of First Refusal Period

15

Housing Tax Credit Application Amendments

2017 Quarter 3

Board Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
16105	3/23/2017	Tuscany Park at Arcola	Arcola	Sarah Andre	Material Changes to Site Plan & Modifications to Site Boundary
16057	4/27/2017	Silverleaf at Mason	Mason	Robbye Meyer	Modification of the Number of Units or Bedroom Mix of Units
14025, 91184	4/27/2017	Heritage Place	Jacksonville	James W. Fieser	Removal of principal of owner/developer and co-developer prior to issuance of 8609s
14024	4/27/2017	Creekside Village Apartments	Jacksonville	James W. Fieser	Change in princpal of owner/developer and removal of co-developer prior to issuance of 8609s
06912, 14023	4/27/2017	Heritage Square Apartments	Jacksonville	James W. Fieser	Removal of Principal from ownership/developer and removal of co-developer Prior to issuance of 8609's.
16178	4/27/2017	Palladium Anna	Anna	Thomas E. Huth/Ryan Combs	Modification of the Number of Units or Bedroom Mix of Units
16164, 1002503	5/25/2017	Saralita Senior Village	Kerrville	Carrie Adams	Modification Considered Significant by the Board

Housing Tax Credit Application Amendments

2017 Quarter 3

Board Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
16370	5/25/2017	The Villas	Lubbock	Christine Richardson/Locke Lord	Change to Ownership Structure, Developer, and Guarantors Prior to 8609 Issuance

Administratively Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
13600, 13600B	3/3/2017	Waters at Willow Run Apartments	Austin	Michael N. Nguyen	Acknowledgment of correction to Net Rentable Area
14191	3/16/2017	East Meadows	San Antonio	SAHA	adding half bath to existing two story, two and three BR townhome units
14109	3/24/2017	Hidden Glen	Salado	Will Markel	Less than 3% Reduction in Common Area and Minor Revision to Site Plan
15205	4/13/2017	Villas at Boston Heights	Benbrook	Kit Sarai	R.O.W. dedication and elimination of LPS funding
14180	5/2/2017	Serenity Place	Dallas	Will Henderson	Changes to building plans
97058	5/9/2017	Madison Park	Lubbock	Cari Gill	Notification of Change in Amenities

Housing Tax Credit Application Amendments

2017 Quarter 3

Administratively Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
96042	5/9/2017	Cameron Court	Lubbock	Cari Gill	Notification of Change in Amenities
16184	5/25/2017	Reserve at Hagan	Whitehouse	Chris Applequist/Neal Rackleff	Material Amendment to change site plan due to anticipated changes in credit pricing.
060058	5/25/2017	Park Meadows Apartments Phase II	Lubbock	Jeffrey Spicer/Mark Mayfield	Waiver Request for Nonprofit Requirements in 10 TAC §10.406(f)
07016, 04057	5/25/2017	Stone Hollow Village	Lubbock	Jeffrey Spicer/Mark Mayfield	Waiver Request for Nonprofit Requirements in 10 TAC §10.406(f)
03140	5/25/2017	Park Meadows Villas	Lubbock	Jeffrey Spicer/Mark Mayfield	Waiver Request for Nonprofit Requirements in 10 TAC §10.406(f)
16172	5/25/2017	Lumberton Senior Village	Lumberton	Leslie Holleman	LURA Amendment to reduce the number of units from 76 to 56 and eliminate all 30% units.

20

Housing Tax Credit Extensions

2017 Quarter 3

Administrative Approval

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
14410, 93155	3/1/2017	Fountains Of Rosemeade	Carrollton	Cost Certification	1/15/2016	1/6/2017
93102, 14411	3/1/2017	Ash Lane Apartments	Euless	Cost Certification	1/15/2016	1/6/2017
1002231, 14417	3/1/2017	Waters at Sunrise	Round Rock	Cost Certification	1/15/2017	3/31/2017
1002200, 14133	3/1/2017	Mission Village of Jacksonville	Jacksonville	Cost Certification	1/15/2017	3/1/2017
15090009356, 09119	4/12/2017	Legacy Villas	Eagle Pass	Cost Certification	10/3/2011	4/4/2017
14155	4/15/2017	Cypress Place Apartments	Beaumont	Cost Certification	1/15/2017	4/15/2017
14295	4/21/2017	Post Oak Apartments (fka M2 Apartments)	Mckinney	Cost Certification	4/11/2017	5/30/2017
16057	4/27/2017	Silverleaf at Mason	Mason	10% Test	6/30/2017	8/29/2017
14284	4/28/2017	The Vineyards at Monterey	Lubbock	Cost Certification	1/15/2017	5/15/2017

Housing Tax Credit Extensions

2017 Quarter 3

Administrative Approval

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
14256	4/28/2017	Retama Park	Brownsville	Cost Certification	1/15/2017	4/28/2017
1002243, 14209	4/30/2017	Riverside Village Apartments	Rio Hondo	Cost Certification	1/15/2017	4/30/2017
14423	5/4/2017	Everett Alvarez Apartments	El Paso	Cost Certification	4/28/2017	8/31/2017
14429	5/4/2017	Lyndon B. Johnson Memorial Apartments	El Paso	Cost Certification	4/28/2017	8/31/2017
14430	5/4/2017	Rafael Marmolejo Jr. Memorial Apartments	El Paso	Cost Certification	4/28/2017	8/31/2017
14428	5/4/2017	Aloysius A. Ochoa Apartments	El Paso	Cost Certification	4/28/2017	8/31/2017
14427	5/4/2017	Kennedy Brothers Communities	El Paso	Cost Certification	4/28/2017	8/31/2017
14426	5/4/2017	Woodrow Bean Apartments	El Paso	Cost Certification	4/28/2017	8/31/2017
14425	5/4/2017	Dwight D. Eisenhower Memorial Apartments	El Paso	Cost Certification	4/28/2017	8/31/2017

Housing Tax Credit Extensions

2017 Quarter 3

Administrative Approval

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
13234	5/5/2017	HighPoint Family Living	Dallas	Cost Certification	4/30/2017	6/1/2017
13044	5/5/2017	Villas of Vanston Park	Mesquite	Cost Certification	4/30/2017	5/31/2017
14284	5/19/2017	The Vineyards at Monterey	Lubbock	Cost Certification	1/15/2017	6/16/2017
16172	5/25/2017	Lumberton Senior Village	Lumberton	10% Test	6/30/2017	10/31/2017
16164, 1002503	5/30/2017	Saralita Senior Village	Kerrville	10% Test	6/30/2017	7/15/2017
15090009961, 09135	5/30/2017	Villas on the Hill (fka Lincoln Terrace)	Fort Worth	Cost Certification	1/13/2012	9/9/2015
16043	5/30/2017	SilverLeaf at Panhandle Seniors	Panhandle	10% Test	6/30/2017	10/2/2017
16105	5/30/2017	Tuscany Park at Arcola	Arcola	10% Test	6/30/2017	8/15/2017
14297	5/31/2017	Casitas Los Olmos	Raymondville	Cost Certification	1/15/2017	5/31/2017

Total Administrative Approvals: 27

Housing Tax Credit Extensions

2017 Quarter 3

Board Approval

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
1002203, 14087	3/23/2017	Cypress Creek Apartment Homes at Joshua Station	Joshua	Placed in Service	4/15/2017	6/15/2017
1002204, 14292	3/23/2017	Cypress Creek at Parker Creek North	Royse City	Placed in Service	4/15/2017	7/15/2017

Total Board Approvals: 2

29

Housing Tax Credit Program Ownership Transfers

2017 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
05401	3/2/2017	The Homes of Mountain Creek	Dallas	MCGP Homes, Inc.	HOMC GP, LLC	Transfer of General Partner
94039	3/10/2017	Willow Pond Apartments	Dallas	WPA Investment Group, Ltd.	S2 Willow Pond, LLC	Purchase/Sale
612006759, 93075	3/13/2017	Sierra Vista Apts. (fka Cherry Walk Apt)	Dallas	Sierra Vista Limited Partnership	SevenSeas Holdings IV, LLC	Purchase/Sale
352021, 85218850	3/15/2017	The Dakota f/k/a Villas at Arroyo Springs	Arlington	S2/PBC Arroyo, LP	D2 Residence at Arlington, LLC	Purchase/Sale
11202	3/15/2017	Hunters Chase Senior Apts	Rockdale	N/A	Hunter's Chase Senior GP, LLC and JNB LIHTC Parent, LLC	Transfer of General Partner
14109	3/24/2017	Hidden Glen	Salado	Not Applicable	Salado GP, LLC	Transfer to Affiliate
16416	3/30/2017	Fairway Landings at Plum Creek	Kyle	Alliant Credit Facility, Ltd. and Alliant Credit Facility ALP, LLC	Allliant Tax Credit Fund 86, Ltd. and Alliant ALP 86, LLC	Transfer of Limited Partner

Housing Tax Credit Program Ownership Transfers

2017 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
15417	3/30/2017	Tuckaway Apartments	Cedar Park	Alliant Credit Facility, Ltd. and Alliant Credit Facility ALP, LLC	Alliant Tax Credit Fund 84, Ltd.	Changes to Limited Partner
16415	3/30/2017	West Gate Ridge	Austin	Alliant Credit Facility, Ltd. and Alliant Credit Facility ALP, LLC	Alliant ALP 86, LLC and Alliant Tax Credit Fund 86, Ltd.	Transfer of Limited Partner
95039	4/3/2017	Dayton Park Apartments	Dayton	Dayton Park Ventures II, Ltd.	Dayton Park Ventures, Ltd.	Merger
98019	4/3/2017	Dayton Park Apartments II	Dayton	Dayton Park Ventures II, Ltd.	Dayton Park Ventures, Ltd.	Merger
00102	4/5/2017	Vanderbilt Apartments	Edna	Boston Captial Corporation, Limited Partner	Fountainhead Residuals, LLC	Change in Limited Partner
00099	4/5/2017	Rose Villa Apartments	Ganado	Boston Capital Corporation, Limited Partner	Fountainhead Residuals, LLC	Change in Limited Partner
00100	4/5/2017	Texana Apartments	Edna	Boston Capital Corporation, Limited Partner	Fountainhead Residuals, LLC	Change in Limited Partner

Housing Tax Credit Program Ownership Transfers

2017 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
93089	4/5/2017	Rio Grande Apartments	Eagle Pass	Boston Capital Corporation, Limited Partner	Fountainhead Residuals, LLC	Change in Limited Partner
02470	4/6/2017	Avery Trace Apartments	Port Arthur	AMTAX Holdings 342, LLC	Avery Trace ILP, LLC	Change in Limited Partner
99132	4/6/2017	Hillside Apartments	Mexia	Boston Capital Corporate Tax Credit Fund XIV, L.P.	Fountainhead Residuals, LLC	Change in Limited Partner
97092, 537078	4/6/2017	Westwind Village	Carrizo Springs	Key Corporation Investment, limited Partnership	Westwind Village, A Public Facility Corporation	Change in Limited Partner
97087, 06667	4/6/2017	Mesquite Trails	Jacksboro	Boston Capital Tax Credit Fund IV, L.P.	Fountainhead Residuals, LLC	Change in Limited Partner
1000435, 060629, 060629B	4/11/2017	Villas at Henderson Place	Cleburne	Resolution Real Estate Services, LLC	N/A	Affiliate transfer
05414	4/17/2017	Rosemont at Highland Park	San Antonio	CAH-IDA Clark 05 Housing Class B, LLC	Grand Marais d/b/a Alden Grand Marais	Affliliate Transfer

Housing Tax Credit Program Ownership Transfers

2017 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
04467	4/17/2017	Primrose at Heritage Park	Houston	CAH-IDA Bammel Housing Class B, LLC	Grand Marais d/b/a/ Alden Grand Marais	Affiliate Transfer
01424	4/17/2017	Primrose at Shadow Creek	Austin	CAH-IDA Arbors Housing Class B, LLC	Grand Marais d/b/a Alden Grand Marais	Affiliate transfer
04427	4/17/2017	Rosemont at Hidden Creek	Austin	CAH-IDA Old Manor Housing Class B, LLC	Grand Marais d/b/a/ Alden Grand Marais	Affiliate Transfer
02456	4/17/2017	Rosemont of Palo Alto	San Antonio	CAH-IDA SA II Housing Class B, LLC	Grand Marais d/b/a/ Alden Grand Marais	Affliliate Transfer
70028, 94032	4/18/2017	Estrada Apts	Carrollton	Estrada Apts LLC, CWW Estrada Apartments LLC, and Magnolia Estrada Apartments LLC	EB Estrada LP	Purchase/Sale
1001828, 12413	4/18/2017	Sienna Pointe	San Marcos	Not applicable	RD Holdco LLC and Sienna Pointe E-Group, LLC	Change in ownership structure of the Class B Limited Partner
16015	4/21/2017	The Standard at Boswell Marketplace	Fort Worth	Boswell Marketplace Public Facility Corporation	Fort Worth Affordability, Inc.	Affiliate Transfer

Housing Tax Credit Program Ownership Transfers

2017 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
95040, 96136, 537070	4/21/2017	Granada Apartments	Uvalde	General Partner	Kumar Konera	Change in General Partner
13102	4/24/2017	Reserve at McAlister	Fort Worth	None	FW Reserve at McAlister GP, LLC	Change in Managing Member
MF065, 02463	5/3/2017	Park at North Vista	Houston	TCR North Vista Partners	AH SubGP	Change in General Partner
99018T	5/4/2017	Village at Collinwood	Austin	TCR Collinwood Partners LP	American International Group, Inc.	Change in General Partner
20031, 03401	5/4/2017	West Virginia Park Apartments	Dallas	TCR West Virginia Partners, LP	American International Group Inc.	Change in General Partner
00037T, MF037	5/5/2017	Collingham Park	Houston	TCR Bissonnett Partners Limited	AH SubGP 1020	Change in General Partner
00036T, MF033	5/5/2017	Highland Meadow Village	Houston	TCR North Higland	AH SubGp	Change in General Partner

Housing Tax Credit Program Ownership Transfers

2017 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
MF026, 99003T	5/5/2017	Mayfield Park	Arlington	TCR Mayfield Partners, LP	American International Group	Change in General Partner
01420	5/5/2017	Park at Piney Woods	Conroe	TCR Montgomery	AH SubGP 1045	Change in General Partner
00018T, MF030	5/5/2017	Deerwood Pines Apartments	Houston	TCR Maxey Partners	AH SubGP 997	Change in General Partner
12098	5/9/2017	The Belleview (fka1400 Belleview)	Dallas	Casa Linda Development Corporation	Casa Linda Affordable Housing, LLC	Affiliate Transfer
14036	5/11/2017	La Esperanza De Alton	Alton	Casa Linda Development Corporation	Casa Linda Affordable Housing, LLC	Affiliate Transfer
15173	5/11/2017	The Heights Apartments	Edinburg	Casa Linda Development Corporation	Casa Linda Affordable Housing, LLC	Affiliate Transfer
1002040, 13046	5/11/2017	La Esperanza Del Rio	Rio Grande City	Casa Linda Development Corporation	Casa Linda Affordable Housing, LLC	Affiliate Transfer

Housing Tax Credit Program Ownership Transfers

2017 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
13090009704, 09013	5/17/2017	Desert Villas	El Paso	IBI Desert Villas, LLC	The Monty 2015 Irrevocable Trust	Affiliate Transfer
11004	5/17/2017	North Court Villas	Frisco	N/A	CP Development Group, LLC	Addition of member
96026	5/17/2017	Hollow Creek Apts	Conroe	Bainbrdige Properties, LLC	OTM Hollow Creek GP, LLC and Foundation For Affordable Rental Housing Holdings Inc.	Change in General Partner and Limited Partner
99007T	5/19/2017	North Knoll Apartments (AKA Saddle Ridge Apts.)	San Antonio	TCR Saddleridge Partners, LP	AH SubGP 787 North Knoll, LLC	Sell of GP interests
01034	5/19/2017	Stonegate Apartments	Alvin	Jean Johnson	Megan Asset Services, LLC	Change in General Partner
537601	5/24/2017	Notre Dame Hills	El Paso	None	CLJR Notredame Hills, LLC	Affiliated Transfer
538263	5/24/2017	Santa Lucia Housing	El Paso	None	CLJR Santa Lucia Housing, LLC	Affiliated Transfer

Housing Tax Credit Program Ownership Transfers

2017 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
99017T	5/26/2017	Park at Fort Bend	Stafford	TCR Murphy	Emmaus Housing Partner	Change in General Partner
93072	5/30/2017	Cornerstone Apartments Phase I	Dallas	AIGP Cornerstone Apartments, LLC	JAG CA Re-Development, LLC	Sale

51

ACTION ITEMS

3

BOARD REPORT ITEM

BOND FINANCE DIVISION

JULY 27, 2017

Report on the closing of the Department's 2017 Series A Single Family Mortgage Revenue Bonds, 2017 Series B Single Family Mortgage Revenue Refunding Bonds (Taxable), and 2017 Series C Single Family Mortgage Revenue Bonds (Taxable)

BACKGROUND

Historically, single family mortgage revenue bonds ("MRBs") have been the primary financing method for providing homeownership opportunities through the Department's single family program. For several years following the market collapse of 2008, market conditions were not conducive to the issuance of MRBs, and the Department moved to what is known as a To Be Announced ("TBA") program. The TBA program is the forward sale of mortgage-backed securities ("MBS") at an agreed upon price, backed by yet-to-be-originated mortgage loans. Closed loans are pooled into MBS that are delivered to the Department's TBA Provider and sold to third-party investors. This structure has allowed the Department to finance first mortgage loans at attractive mortgage rates, while providing down payment and closing cost assistance to low, very low, and moderate income homebuyers. However, this structure adds no MBS to the Department's single family bond indentures, and the assets, liabilities, net revenues, and residuals of those indentures continue to decline.

Maintaining strong indentures is important for several reasons, one of which is that healthy indentures can be leveraged. The Department is able to offer its current attractive mortgage rates in part due to the strength of its indentures. However, since 2008, the Department's three single family bond indentures (Single Family Mortgage Revenue Bond or SFMRB Indenture, Residential Mortgage Revenue Bond or RMRB Indenture, and Collateralized Home Mortgage Revenue Bond or CHMRB Indenture) have experienced significant erosion (see Attachment 1). The SFMRB and RMRB Indentures are active indentures, while the CHMRB Indenture will be closed upon redemption of the remaining bonds outstanding.

In 2015, the Department once again began issuing MRBs to finance a portion of its new origination. The financing structure is a hybrid of TBA and MRB. The Department originates the mortgage loans through the TBA program, but rather than deliver the MBS to the TBA Provider, the trust indenture for the MRBs purchases the MBS to secure the bond issue, reducing interest rate risk and eliminating negative arbitrage. In a traditional bond structure, the bonds are issued, an origination period begins, and bond proceeds are invested until the mortgage loans have been closed and pooled into MBS. The shortfall between the rate earned on the investment of bond proceeds and the rate being paid on the bonds is negative arbitrage, and under current market conditions, negative arbitrage is significant. Purchasing pooled loans at bond closing also eliminates the risk that the Department may need to adjust its program mortgage rates if market rates move, which could result in reduced ongoing fees and/or an additional contribution made by the Department. The elimination of negative arbitrage and the reduction of interest rate risk, combined with maintenance by the Department of an ongoing interest in the MBS (including the receipt by the relevant indenture of ongoing fees for the life of the loans), results in a compelling financing structure that strengthens the indentures to provide for the current and future leveraging of indenture assets.

Using the hybrid structure, the Department has issued the following bonds for new origination, and hopes to continue to bond a portion of its loan volume, market conditions permitting:

2015 Series B	$ 19,870,000
2016 Series A	$ 31,510,000
2017 Series A	$ 61,303,867
2017 Series C (Taxable)	$ 42,787,085

THE 2017 SERIES A, B, AND C BONDS

On April 27, 2017, the Board approved the issuance of the Department's Single Family Mortgage Revenue Bonds, 2017 Series A, Single Family Mortgage Revenue Refunding Bonds, 2017 Series B (Taxable), and Single Family Mortgage Revenue Bonds, 2017 Series C (Taxable) (collectively, the 2017 Bonds). The 2017 Bonds priced June 7, 2017, the Bond Purchase Agreement was executed June 8, 2017, and the issue closed June 22, 2017. The financing team for this transaction included (see Attachment 2 for a complete list of approved underwriters):

Financial Advisors:	George K. Baum and Kipling Jones
Bond Counsel:	Bracewell LLP
Disclosure Counsel:	McCall, Parkhurst & Horton, L.L.P. and Mahomes Bolden
Underwriters, Senior Manager:	Ramirez & Co., Inc.
Underwriters, Co-Managers:	Jefferies and RBC Capital Markets

Series Descriptions and Pricing Summary

2017 Series A. The Department issued $61,303,867 Single Family Mortgage Revenue Bonds, 2017 Series A, maturing September 1, 2047, at a fixed tax-exempt interest rate of 2.835% and a price of 101%. Proceeds of this series assisted 400 homebuyers with the purchase of their home, with the Department providing approximately $2.5 million in down payment and closing cost assistance. Mortgage rates ranged from 3.750% to 4.625% depending on the loan type and date the funds were reserved. The underlying mortgage loans met IRS requirements for inclusion in a tax-exempt bond issue.

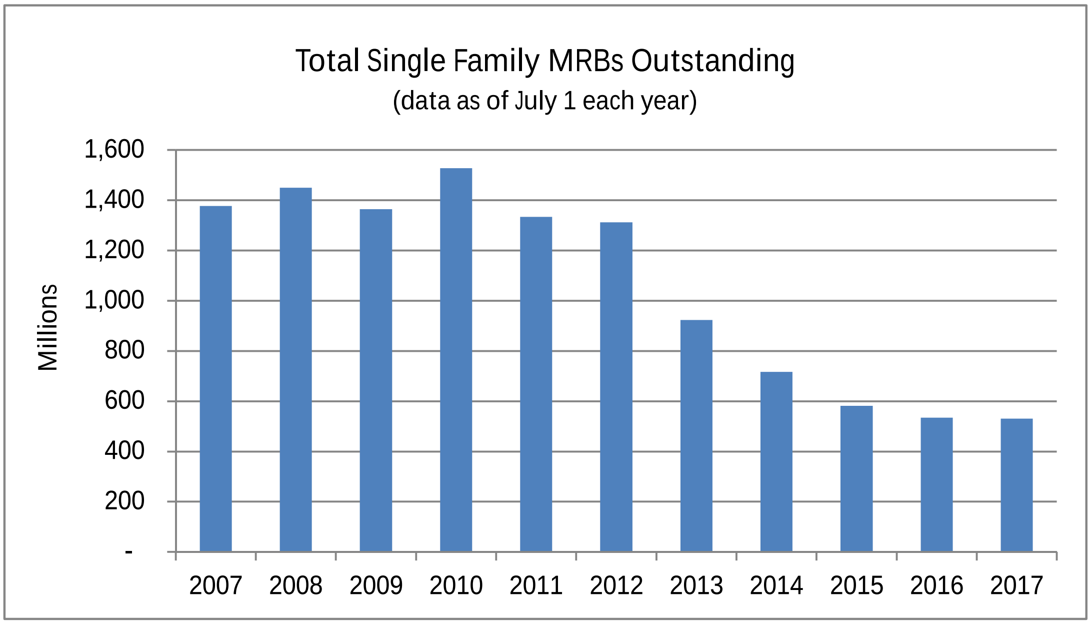
2017 Series B. The Department issued $29,610,000 Single Family Mortgage Revenue Refunding Bonds, 2017 Series B (Taxable), maturing September 1, 2038, at a fixed taxable interest rate of 2.750%. Proceeds of this series refunded the Department's Single Family Mortgage Revenue Bonds, 2007 Series B. The present value of the net benefit of this refunding was approximately $4 million, which is retained in the trust estate for the single family indenture.

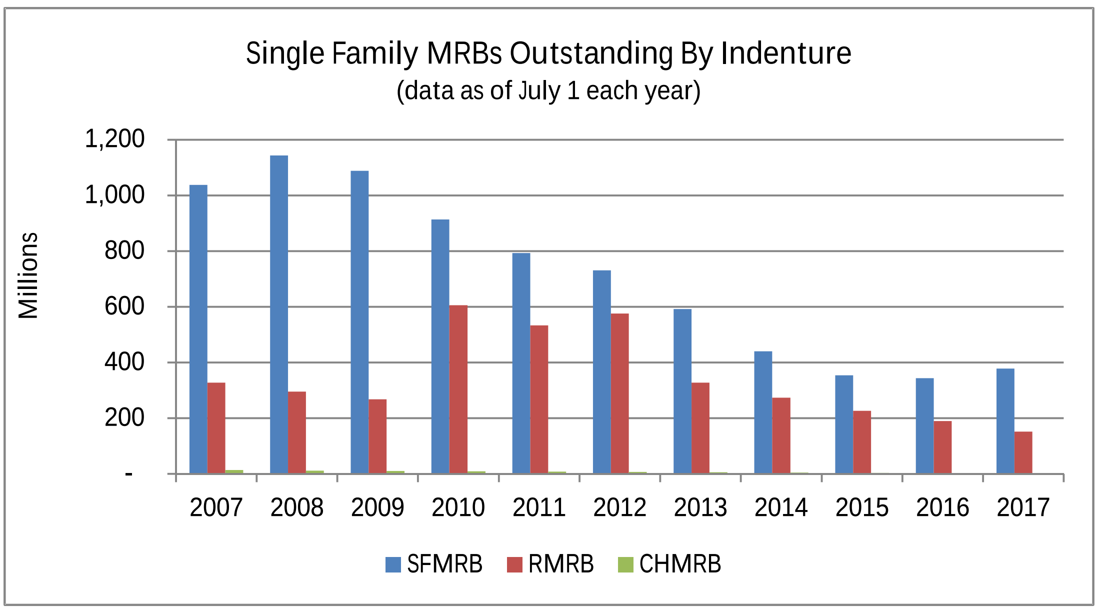
2017 Series C. The Department issued $42,787,085 Single Family Mortgage Revenue Bonds, 2017 Series C (Taxable), maturing September 1, 2047, at a fixed taxable interest rate of 3.100%. Proceeds of this series assisted 264 homebuyers with the purchase of their home, with the Department providing approximately $1.7 million in down payment and closing cost assistance. Mortgage rates ranged from 4.000% to 5.375% depending on the loan type and date the funds were reserved. The underlying mortgage loans did not meet IRS requirements for inclusion in a tax-exempt bond issue due, primarily, to the issuance of Mortgage Credit Certificates by the Department.

Pricing Summary. The financing team worked together very effectively, coordinating closely and deciding to accelerate by one day the pricing of the 2017 Bonds to take advantage of strong investor demand and favorable market conditions. While the 2017 Bonds were offered at aggressive levels, investor demand was strong and the Department was able to reprice the 2017 Series B Bonds by .05%. In addition, the Department was able to achieve its goal of selling the 2017 Series A Bonds at a premium (price of 101%). Detailed pricing information has been provided in the Final Pricing Book (see Attachment 3), prepared by Ramirez & Co., Inc. The Final Pricing Book includes specific information regarding market conditions at the time of pricing, orders and allotment of bonds by underwriter, orders and allotment of bonds by investor type, total underwriter compensation, and other relevant details.

Texas Department of Housing and Community Affairs

Single Family Mortgage Revenue Bonds





Texas Department of Housing and Community Affairs
Single Family Mortgage Revenue Bonds

Approved Underwriters

Firm	Eligible Role
Fidelity Capital Markets	Co-Manager
Jefferies	Senior Manager or Co-Manager
J.P. Morgan	Senior Manager or Co-Manager
Piper Jaffray & Co.	Co-Manager
Ramirez & Co., Inc.	Senior Manager or Co-Manager
RBC Capital Markets	Senior Manager or Co-Manager

Staff recommends to the Board firms within the underwriting team to serve as Senior Manager and Co-Managers for each bond issue, on a transaction-by-transaction basis.

Attachment 3

FINAL PRICING BOOK

$133,700,952

Texas Department of Housing and Community Affairs

Single Family Mortgage Revenue Bonds 2017 Series A (Non-AMT),
Revenue Refunding Bonds 2017 Series B (Taxable) and
Revenue Bonds 2017 Series C (Taxable)
(Mortgage-Backed Securities Pass-Through Bonds)

Pricing Information
Pricing Date: June 7, 2017
Delivery Date: June 22, 2017

Table of Contents

Transaction Overview and Market Conditions

$133,700,952 Texas Department of Housing & Community Affairs Single Family Mortgage Revenue Bonds 2017 Series A (Non-AMT), Revenue Refunding Bonds 2017 Series B (Taxable) and Revenue Bonds 2017 Series C (Taxable)

Moody's /S&P: Aa1/AA+
Pricing Date: June 7, 2017
Closing Date: June 22, 2017

MARKET NARRATIVE

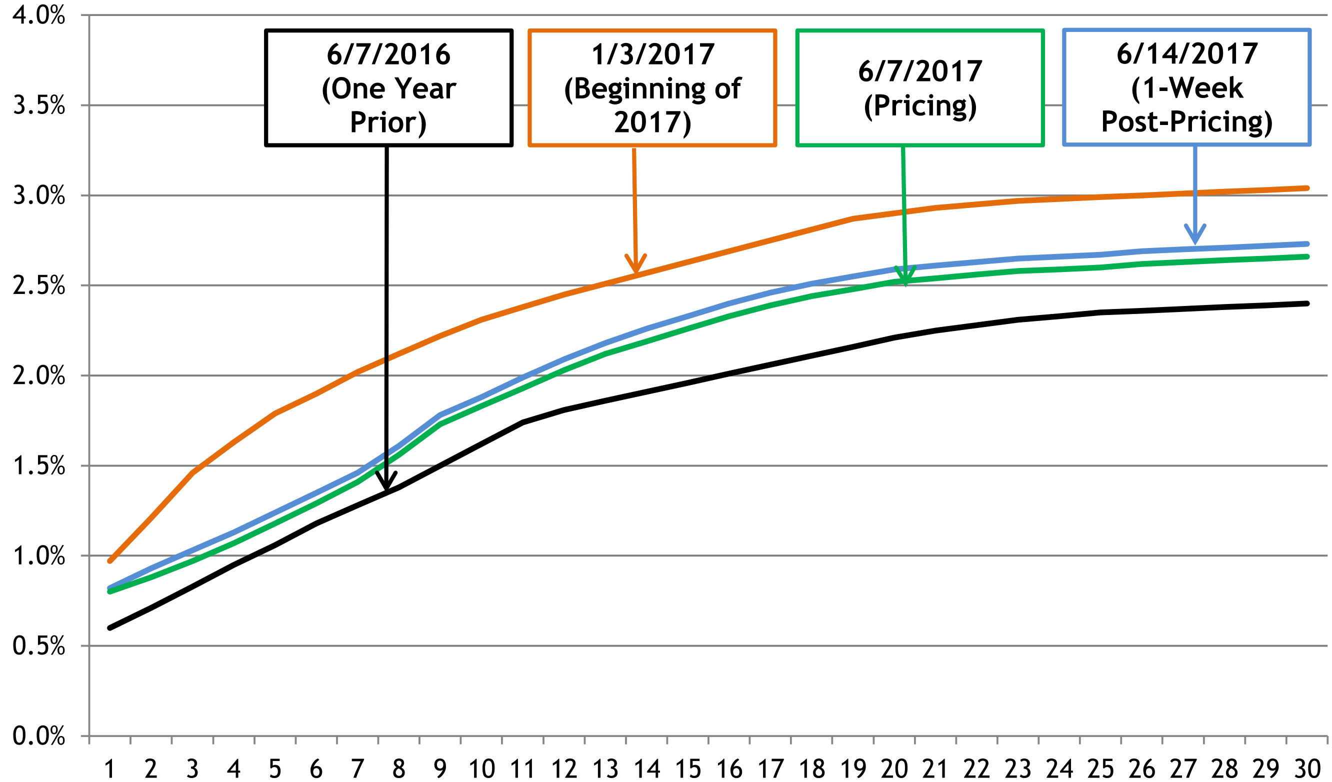
The Texas Department of Housing and Community Affairs ("TDHCA" or "Department") priced $133,700,952 Single Family Mortgage Revenue and Refunding Bonds, Series ABC on June 7, 2017 when municipal market volume totaled $9 billion, of which $6 billion was negotiated, $960 million was for Texas negotiated transactions and the Department's was the only major housing-related transaction in the market. The week before pricing, yields fell to the lowest levels since the November election, within 3 basis points (bps) of rates at that time. The AAA scale, as measured by MMD, experienced yield reductions of 9 bps in the ten-year sector and 11 bps in the longer end of the curve as compared to the week prior. The municipal market was somewhat decoupled from the Treasury market, with the Treasury yield curve aggressively flattening in the front end, China announcing the purchase of Treasuries and with investors being cautious about absolute rates. The municipal market experienced a lull in enthusiasm during the week which encouraged a 1-day acceleration of the pricing to take advantage of the rate improvement and the investor interest in the Department's strong credit and unique structure. Flows in tax-exempt mutual funds were extremely quiet resulting in a net outflow of $51 million in the week ending June 1. The transaction priced at a time of relatively low interest rates historically, but higher than rates at the same time the year before: The day of pricing, the 30-year Treasury was 2.82% which was 27 basis points higher than the year prior of 2.55%. The 10-year Treasury was 2.15% which was 42 basis points higher than the year prior of 1.73%. On the day of pricing, 30-year AAA MMD and 10-year MMD were 2.66% and 1.83%, respectively.

TRANSACTION SUMMARY

- The bond issue was structured as three pass-through bonds, each with its own series designation, so as to take advantage of the market's pricing advantage of this structure and to mirror exactly the pay down of the Department's underlying MBS collateral.
- The Series A new money component was issued as a tax-exempt bond. The Series B refunding component and the Series C new money component were issued as taxable bonds.
- During the pricing, the syndicate evaluated the market for garnering a premium on the Series A and C bonds. Ultimately, the final structure garnered interest from investors for a 1% premium on Series A, generating more than $600,000 of additional proceeds.
- The final structure incorporated a traditional par call in 9 years on September 1, 2026.
- Ramirez proposed a marketing strategy with pre-pricing rates using the lowest price views of the syndicate in order to drive an aggressive pricing.
- Investor demand was strong with average orders of 2.6 times oversubscription. The transaction garnered approx. $350 million of orders from 14 investors representing bank portfolios, bond funds, insurance companies, investment advisors and one municipal issuer. All members of the syndicate generated net designated or member orders to support the transaction.
- After entering the market with an aggressive scale and reviewing the book of orders, Ramirez worked closely with the Department and its financial advisor on a strategy to generate additional proceeds and savings based on subscription levels with the following scale changes: adding a 1% premium for Series A with no change in yield and reducing Series B yield by 5 bps.
- Achieved net present value savings of nearly $4.3 million at 100% PSA of refunded bonds.

INTEREST RATE ENVIRONMENT

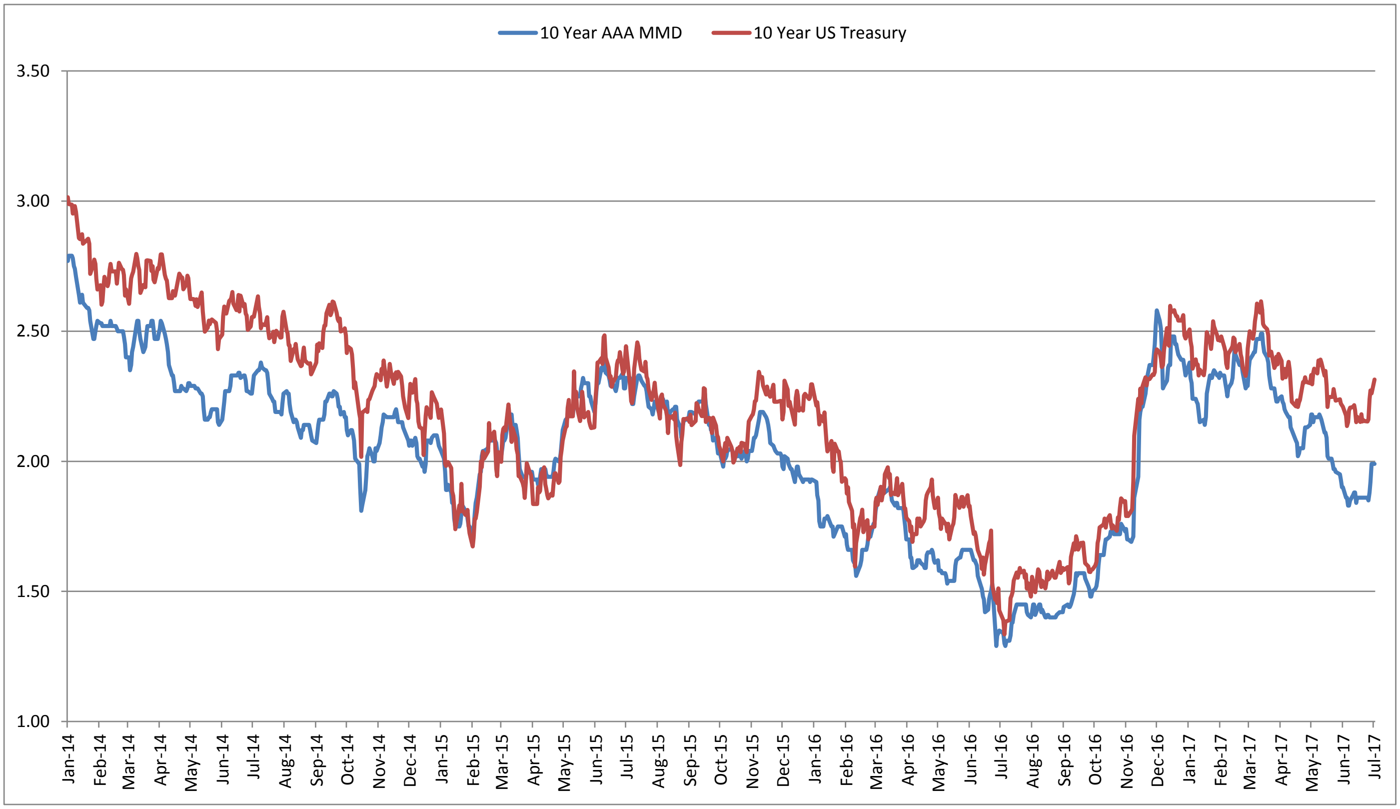
AAA GO MMD Yield Curve Changes (source: TM3)



US Treasury Yields (source: TM3 and Bloomberg)

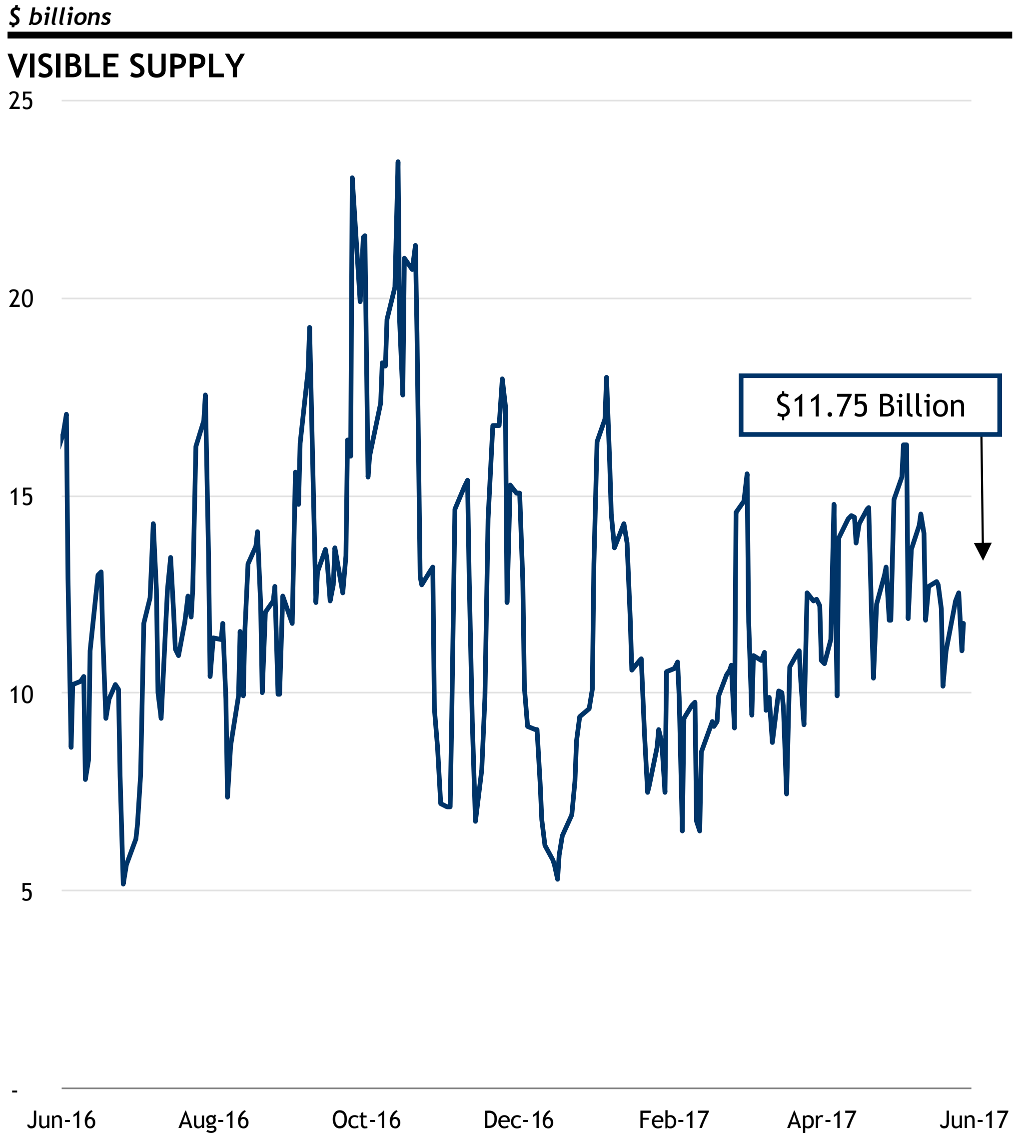
Maturity	6/7/2016 (Year Prior)	1/3/2017 (Beginning of Yr)	5/31/2017 (Week Before)	6/7/2017 (Pricing)	6/14/2017 (Week After)
5 year	1.25%	1.98%	1.77%	1.72%	1.78%
10 year	1.73%	2.51%	2.22%	2.15%	2.20%
30 year	2.55%	3.14%	2.89%	2.82%	2.85%

January 1, 2014 to July 3, 2017
10yr US Treasury & 10yr AAA MMD (%)



Source: TM3.

Visible Supply Leading Up to Pricing Day week of 6/5/2017



Source: Thomson Reuters as of 6/2/2017

30-Year Municipal Borrowing Rates as of week of 6/5/2017

Source: Thomson Reuters as of 6/2/2017

Issuance Calendar - Week of June 5, 2017 ($50 million+)

Pricing Date*	Par Amount (000s)*	Issuer and Description	State	Senior Manager
6/6/2017	$800,000	County of Los Angeles, TRANS	CA	Citigroup
6/6/2017	533,790	Metropolitan Washington Airports Authority, Revenue Refunding Bonds	DC	RBC
6/6/2017	453,840	East Bay Municipal Utility District, System Revenue Green Bonds	CA	Barclays
6/6/2017	399,705	City of Chicago, Wastewater Transmission Revenue Bonds	IL	Siebert
6/6/2017	398,655	Board of Regents of the Texas A&M University System, Revenue Bonds	TX	Bank of America
6/8/2017	340,000	County of Riverside California, TRANS	CA	JP Morgan
6/8/2017	263,245	The City of St. Louis, Missouri, Airport Refunding Revenue Bonds	MO	Wells Fargo
6/8/2017	213,760	County of Hanover, North Carolina Hospital Revenue Bonds	NC	Fifth Third Securities
6/7/2017	199,560	City of Chicago, Water Revenue Refunding Bonds	IL	Cabrera
6/6/2017	160,000	Chabot-Las Positas CCD, GO Bonds	CA	Piper Jaffray
6/6/2017	146,655	City of Chillicothe, Ohio, Hospital Revenue Bonds	OH	Cain Brothers
6/8/2017	**134,610**	**Texas Department of Housing & Community Affairs, Pass Through Bonds**	**TX**	**Ramirez & Co., Inc.**
6/7/2017	128,000	Macomb Interceptor Drain Drainage District, Drain Refunding Bonds	MI	Citigroup
6/6/2017	122,455	Regional Transportation District, Sales Tax Revenue Bonds	CO	Morgan Stanley
6/6/2017	107,820	Pearland Independent School District, Unlimited Tax School GO Bonds	TX	Piper Jaffray
6/6/2017	97,830	Board of Regents of the Texas A&M University System, Revenue Bonds	TX	Bank of America
6/7/2017	89,995	City of Shreveport, Water and Sewer Revenue Bonds	LA	Siebert
6/7/2017	87,910	Arlington Independent School District, Unlimited Tax School Bonds	TX	Raymond James
6/5/2017	77,475	Escambia County, Sales Tax Revenue Bonds	FL	RBC
6/7/2017	75,000	Buffalo and Fort Erie Public Bridge Authority	NY	Morgan Stanley
6/6/2017	60,000	Santa Monica-Malibu Unified School District, Election of 2012 GO Bonds	CA	Stifel
6/8/2017	60,000	ABAG Finance Authority for Non-Profit, Revenue Refunding Bonds	CA	Stifel
6/8/2017	54,475	City of Sacramento, Water Revenue Bonds	CA	Bank of America
6/5/2017	53,190	Maryland Health and Higher Educational, Goucher College Revenue Bonds	MD	Bank of America
6/5/2017	51,645	The Oklahoma Development Finance Authority, Lease Revenue Bonds	OK	BOK Financial

Source: Bloomberg, IPREO and Texas MAC

U.S. Economic Calendar June 2017

Monday	Tuesday	Wednesday	Thursday	Friday
			June 1	**June 2**
			Jobless Claims Manufacturing Index Petroleum Status	Employment Situation International Trade
June 5	**June 6**	**June 7**	**June 8**	**June 9**
Factory Orders Non-Manufacturing Index	Redbook	Petroleum Status MBA Mortgage Applications Consumer Credit	Jobless Claims Fed Balance Sheet Money Supply *Series 2017ABC Pricing* *(accelerated to June 7)*	Wholesale Trade
June 12	**June 13**	**June 14**	**June 15**	**June 16**
Treasury Budget	FOMC Meeting Begins PPI	FOMC Meeting Announcement Retail Sales Consumer Price Index Business Inventories	Jobless Claims Industrial Production Housing Market Index	Housing Starts Consumer Sentiment
June 19	**June 20**	**June 21**	**June 22**	**June 23**
	Redbook	Bank Reserve Settlement MBA Mortgage Applications	Jobless Claims Fed Balance Sheet Money Supply Natural Gas Report *Series 2017ABC Closing*	New Home Sales
June 26	**June 27**	**June 28**	**June 29**	**June 30**
Durable Good Orders Dallas Manufacturing Survey	Consumer Confidence Case-Schiller Redbook	Petroleum Report MBA Mortgage Applications Pending Home Sales	GDP Jobless Claims Farm Prices Fed Balance Sheet	Personal Income & Outlays Consumer Sentiment

Source: Bloomberg

Pre-Sale Marketing Memo

	Rating	Outlook
Moody's:	Aa1	STA
S&P:	AA+	STA

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$134,610,000
Texas Department of Housing and Community Affairs
Single Family Mortgage Revenue Bonds
(Mortgage-Backed Securities Pass-Through Bonds)

$65,000,000 Single Family Mortgage Revenue Bonds 2017 Series A (Non-AMT)	$29,610,000 Single Family Mortgage Revenue Refunding Bonds 2017 Series B (Taxable)	$40,000,000 Single Family Mortgage Revenue Bonds 2017 Series C (Taxable)

Ramirez Pre-Sale Summary	
Overview	• Ramirez & Co. is **Senior Manager** of this transaction. • Pricing Date: Wednesday, June 7, 2017 • Tax Status: 2017A: Fed Tax-Exempt; 2017B & 2017C: Fed Taxable
Proceeds	Texas Department of Housing and Community Affairs (TDHCA) Single Family Mortgage Revenue Bonds (SFMRB) Series 2017A/C proceeds are used to purchase Ginnie Mae and Fannie Mae mortgage-backed securities (MBS). Series 2017B proceeds refund Series 2007B with MBS transferred to Series 2017B.
Security	Series 2017A/B/C bonds (Bonds) are issued on parity with thirteen series of outstanding senior lien SFMRBs totaling $298.76 mil., secured by mortgage loan and investment collateral pledged under the indenture. TDHCA expects to repay Bonds only from allocated MBS. Series 2017A/C MBS are expected to have a 30 year term and pass-through rates of 3.785% (2017A) and 3.854% (2017C). Series 2017B MBS total $31.686 mil., consisting of $27.757 mil. Ginnie Mae MBS (87%), $2.13 mil. Fannie Mae MBS (6.7%), and $1.798 mil. Freddie Mac MBS (5.6%) with a weighted average remaining term of 21 years and pass-through rate of 5.438%.
Issuer Info	TDHCA is a public agency of the State of Texas that provides housing financing for low and moderate income residents of the State.
Credit Highlights	Bonds are issued as pass-through securities that pay interest monthly and are redeemed in whole or in part on the first business day of each month at par plus accrued interest from mortgage loan principal payments and prepayments. Bonds are also subject to optional and extraordinary redemption in whole or in part at any time beginning approximately 9 years from the issuance date at par plus accrued interest from any TDHCA source, including excess revenues. At 100% PSA of MBS, average life is 10.8 years for Series 2017A/C and 7.5 years for Series 2017B. The SFMRB program's asset-to-liability ratio was about 120% at FY15 vs 118% in FY12. SFMRB indenture assets consist primarily (98.6%) of Ginnie Mae MBS ($246.2 mil.; 84%), Fannie Mae MBS ($42.7 mil.; 14.5%), and Freddie Mac MBS ($4.2 mil.; 1.5%). About $119.8 mil. (40%) of SFMRBs are variable rate demand bonds (VRDB) swapped to fixed rates under four agreements with 'AA' rated counterparties. VRDB tenders are supported by liquidity facilities provided by the Texas Comptroller of Public Accounts ('AAA').

Issue Comparison

TAX-EXEMPT SINGLE FAMILY PASS-THROUGHS IN 2017

Issuer Series Sale Date	Wisconsin HEDA Series 2017 A 06/20/17	Texas DHCA 2017 Series A 06/07/17	Minnesota HFA 2017 Series E 05/10/17	Minnesota HFA 2017 Series C 03/14/17	Minnesota HFA 2017 Series A 02/09/17	Illinois HsgDA 2017 Series A 01/24/17
Ratings: M/S/F	Aaa/AA+/NR	Aa1/AA+/NR	Aaa/NR/NR	Aaa/NR/NR	Aaa/NR/NR	Aaa/NR/NR
Par Amount ($000)	**$93.023**	**$61.304**	**$39.283**	**$23.904**	**$24.966**	**$62.316**
Coupon	**2.690%**	**2.70%Y (2.835% C/101%P)**	**2.850%**	**3.080%**	**2.930%**	**3.125%**
Maturity	**07/01/47**	**09/01/47**	**06/01/47**	**04/01/47**	**03/01/47**	**02/01/47**
Tax Status	Tax-Exempt	Tax-Exempt	Tax-Exempt	Tax-Exempt	Tax-Exempt	Tax-Exempt
Lead Manager	RBC	Ramirez	RBC	RBC	RBC	Citigroup
Cusip	97689SAC6	88275FNY1	60416QGU2	60416QGS7	60416QGQ1	45201YN29
Purpose	New Money	New Money	New Money	New Money	New Money	New Money
Pledge(s)	MBS/ Limited Ob of Indenture	MBS/ Limited Ob of Indenture	MBS/Indenture Assets/GO of Agency	MBS/Indenture Assets/GO of Agency	MBS/Indenture Assets/GO of Agency	Special Limited Obs. MBS/Indenture Assets
Source of Redemption	Loan Principal Repays/Prepays	Loan Principal Repays/Prepays	Loan Principal Repays/Prepays	Loan Principal Repays/Prepays	Loan Principal Repays/Prepays	Loan Principal Repays/Prepays
Denomination	1.00	1.00	1.00	1.00	1.00	1.00
Interest PMT Date	1st of mo.	1st of mo.	1st of mo.	1st of mo.	1st of mo.	1st of mo.
Mandatory Red. Date	1st of mo.	1st of mo.	1st of mo.	1st of mo.	1st of mo.	1st of mo.
Optional Redemption	9 yrs; 10/1/2026	9 yrs; 9/1/2026	9 yrs; 7/1/2026	9 yrs; 7/1/2026	9 yrs; 7/1/2026	9 yrs; 3/1/2026
Bond Avg Life @ 0% PSA	17.73	18.1	17.98	17.56	17.56	17.47
Bond Avg Life @ 100% PSA	10.51	10.8	10.72	10.47	10.43	10.42
Bond Avg Life @ 300% PSA	5.25	5.60	5.45	5.30	5.24	5.27
Bond Avg Life @ 500% PSA	n/a	3.80	n/a	n/a	n/a	n/a
Loan Type	MBS	MBS	MBS	MBS	MBS	MBS
GNMA/FNMA/FHLMC	F	G	G/F	G/F	G/F	G/F
MBS PASS THRU	2.960%	3.790%	3.610%	3.300%	3.200%	3.145%
WAM	354 months	359 months	357 months	356 months	355 months	354 months
Portfolio Avg Life @ Life	not avail	not avail	not avail	not avail	not avail	not avail
Portfolio Avg Life @ 12 mo	not avail	not avail	not avail	not avail	not avail	not avail
Portfolio Avg Life @ 6 mo	not avail	not avail	not avail	not avail	not avail	not avail
Portfolio Avg Life @ 3 mo	not avail	not avail	not avail	not avail	not avail	not avail
GNMA 3% @ 100% PSA AVG. LF/YLD	9.72/2.758%	9.75/2.744%	9.71/2.892%	9.70/3.081%	9.75/2.865%	9.67/2.931%
SPREAD TO COUPON @ 100% PSA	-0.068%	-0.044%	-0.042%	-0.001%	0.065%	0.194%
GNMA 3.5% @ 100% PSA AVG. LF/YLD	9.75/2.99%	9.78/2.975%	9.74/3.052%	9.73/3.206%	9.78/3.018%	9.70/3.065%
SPREAD TO COUPON @ 100% PSA	-0.300%	-0.275%	-0.202%	-0.126%	-0.088%	0.060%
GNMA 4% @ 100% PSA AVG. LF/YLD	9.95/3.329%	9.98/3.267%	9.94/3.302%	9.93/3.426%	9.98/3.285%	9.90/3.315%
SPREAD TO COUPON @ 100% PSA	-0.639%	-0.567%	-0.452%	-0.346%	-0.355%	-0.190%
5 YR TREASURY	1.79%	1.72%	1.89%	2.13%	1.84%	1.90%
10 YR TREASURY	2.18%	2.15%	2.41%	2.60%	2.40%	2.47%

Issue Comparison

TAXABLE SINGLE FAMILY PASS-THROUGHS IN 2017

Issuer Series Sale Date	Colorado HFA Class I 2017 Series A 06/27/17	Texas DHCA 2017 Series B 06/07/17	Texas DHCA 2017 Series C 06/07/17	Virginia HsgDA 2017 Series A 05/23/17	Minnesota HFA 2017 Series F 05/10/17	New Mexico MFA Series 2017A 05/02/17
Ratings: M/S/F	Aaa/AAA/NR	Aa1/AA+/NR	Aa1/AA+/NR	Aaa/AAA/NR	Aaa/NR/NR	Aaa/NR/NR
Par Amount ($000)	**$52.000**	**$29.610**	**$42.787**	**$150.084**	**$19.348**	**$27.898**
Coupon	**3.000%**	**2.750%**	**3.100%**	**3.125%**	**3.200%**	**2.980%**
Maturity	**08/01/47**	**09/01/38**	**09/01/47**	**11/25/39**	**06/01/47**	**08/01/38**
Tax Status	Taxable	Taxable	Taxable	Taxable	Taxable	Taxable
Lead Manager	RBC	Ramirez	Ramirez	Wells Fargo	RBC	RBC
Cusip	196479A58	88275FNZ8	88275FPA1	92812VMA1	60416QGV0	6472005U4
Purpose	New Money	Refunding	New Money	Refunding	New Money	Refunding
Pledge(s)	MBS/ Limited Ob of Indenture	MBS/ Limited Ob of Indenture	MBS/ Limited Ob of Indenture	Indenture pledge; GO of the Issuer	MBS/Indenture Assets/GO of Agency	MBS/ Limited Ob of Indenture
Source of Redemption	Loan Principal Repays/Prepays	Loan Principal Repays/Prepays	Loan Principal Repays/Prepays	Loan Principal Repays/Prepays	Loan Principal Repays/Prepays	Loan Principal Repays/Prepays
Denomination	1.00	1.00	1.00	1.00	1.00	1.00
Interest PMT Date	1st of mo.	1st of mo.	1st of mo.	25th of each mo.	1st of mo.	1st of mo.
Mandatory Red. Date	1st of mo.	1st of mo.	1st of mo.	25th of each mo.	1st of mo.	1st of mo.
Optional Redemption	9 yrs; 11/1/2026	9 yrs; 9/1/2026	9 yrs; 9/1/2026	no optional call; when bond balance less than 10% of orig par	9 yrs; 7/1/2026	9 yr; 7/1/2026
Bond Avg Life @ 0% PSA	18.29	12.20	18.20	11.90	18.02	11.90
Bond Avg Life @ 100% PSA	10.91	7.60	10.90	8.00	10.73	7.90
Bond Avg Life @ 300% PSA	5.59	3.70	5.60	4.20	5.47	4.10
Bond Avg Life @ 500% PSA	3.78	2.20	3.80	2.60	n/a	2.50
Loan Type	MBS	MBS	MBS	Whole Loans	MBS	MBS
GNMA/FNMA/FHLMC	G	G/F/F	G/F	NA	G/F	G/F
MBS PASS THRU	4.000%	5.438%	3.842%	5.566% Avg Cpn	3.610%	5.530%
WAM	359 months	251 months	360 months	241 months	357 months	238 months
Portfolio Avg Life @ Life	not avail	225%	not avail	not avail	not avail	238%
Portfolio Avg Life @ 12 mo	not avail	163%	not avail	not avail	not avail	147%
Portfolio Avg Life @ 6 mo	not avail	114%	not avail	not avail	not avail	114%
Portfolio Avg Life @ 3 mo	not avail	not avail	not avail	not avail	not avail	71%
GNMA 3% @ 100% PSA AVG. LF/YLD	9.70/2.828%	9.75/2.744%	9.75/2.744%	9.67/2.816%	9.71/2.892%	9.73/2.829%
SPREAD TO COUPON @ 100% PSA	*0.172%*	*0.006%*	*0.356%*	*0.309%*	*0.308%*	*0.151%*
GNMA 3.5% @ 100% PSA AVG. LF/YLD	9.73/3.02%	9.78/2.975%	9.78/2.975%	9.71/2.996%	9.74/3.052%	9.77/2.998%
SPREAD TO COUPON @ 100% PSA	*-0.020%*	*-0.225%*	*0.125%*	*0.129%*	*0.148%*	*-0.018%*
GNMA 4% @ 100% PSA AVG. LF/YLD	9.93/3.332%	9.98/3.267%	9.98/3.267%	9.90/3.28%	9.94/3.302%	9.96/3.265%
SPREAD TO COUPON @ 100% PSA	*-0.332%*	*-0.517%*	*-0.167%*	*-0.155%*	*-0.102%*	*-0.285%*
5 YR TREASURY	1.78%	1.72%	1.72%	1.79%	1.89%	1.85%
10 YR TREASURY	2.16%	2.15%	2.15%	2.25%	2.41%	2.29%

TAXABLE SINGLE FAMILY PASS-THROUGHS IN 2017 (CONT'D)

Issuer Series Sale Date	Louisiana HC Series 2017 04/18/17	Minnesota HFA 2017 Series D 03/14/17	Minnesota HFA 2017 Series B 02/09/17
Ratings: M/S/F	Aaa/NR/NR	Aaa/NR/NR	Aaa/NR/NR
Par Amount ($000)	**$27.100**	**$23.904**	**$24.966**
Coupon	**2.875%**	**3.430%**	**3.250%**
Maturity	**11/01/38**	**04/01/47**	**03/01/47**
Tax Status	Taxable	Taxable	Taxable
Lead Manager	JPM	RBC	RBC
Cusip	54627DBX8	60416QGT5	60416QGR9
Purpose	Refunding	New Money	New Money
Pledge(s)	MBS/ Limited Ob of Indenture	MBS/Indenture Assets/GO of Agency	MBS/Indenture Assets/GO of Agency
Source of Redemption	Loan Principal Repays/Prepays	Loan Principal Repays/Prepays	Loan Principal Repays/Prepays
Denomination	1.00	1.00	1.00
Interest PMT Date	1st of mo.	1st of mo.	1st of mo.
Mandatory Red. Date	1st of mo.	1st of mo.	1st of mo.
Optional Redemption	9 yr; 5/1/2026	9 yrs; 7/1/2026	9 yrs; 7/1/2026
Bond Avg Life @ 0% PSA	10.90	17.66	17.63
Bond Avg Life @ 100% PSA	6.10	10.53	10.51
Bond Avg Life @ 300% PSA	2.70	5.34	5.33
Bond Avg Life @ 500% PSA	1.60	n/a	n/a
Loan Type	MBS	MBS	MBS
GNMA/FNMA/FHLMC	G/Freddie	G/F	G/F
MBS PASS THRU	5.261%	3.300%	3.200%
WAM	251 months	356 months	355 months
Portfolio Avg Life @ Life	258%	not avail	not avail
Portfolio Avg Life @ 12 mo	150%	not avail	not avail
Portfolio Avg Life @ 6 mo	114%	not avail	not avail
Portfolio Avg Life @ 3 mo	103%	not avail	not avail
GNMA 3% @ 100% PSA AVG. LF/YLD	9.69/2.730%	9.70/3.081%	9.75/2.865%
SPREAD TO COUPON @ 100% PSA	*0.145%*	*0.349%*	*0.385%*
GNMA 3.5% @ 100% PSA AVG. LF/YLD	9.72/2.934%	9.73/3.206%	9.78/3.018%
SPREAD TO COUPON @ 100% PSA	*-0.059%*	*0.224%*	*0.232%*
GNMA 4% @ 100% PSA AVG. LF/YLD	9.92/3.22%	9.93/3.426%	9.98/3.285%
SPREAD TO COUPON @ 100% PSA	*-0.345%*	*0.004%*	*-0.035%*
5 YR TREASURY	1.76%	2.13%	1.84%
10 YR TREASURY	2.18%	2.60%	2.40%

Sales Results and Distribution

Pricing Results

$133,700,952 Texas Department of Housing & Community Affairs Single Family Revenue Bonds						
Maturity	Par Amount	Coupon	Price	Yield	Call Date	Takedown
Revenue Bonds 2017 Series A (Non-AMT)						
09/01/47	$61,303,867	2.835%	101.00%	2.700%	09/01/26	$5.00
Revenue Refunding Bonds 2017 Series B (Taxable)						
09/01/38	29,610,000	2.750%	100.000%	2.750%	09/01/26	5.00
Revenue Bonds 2017 Series C (Taxable)						
09/01/47	42,787,085	3.100%	100.000%	3.100%	09/01/26	5.00
Total	$133,700,952					

Key Statistics			
Par Amount	$133,700,952	Par Amount of Refunded Bonds	$29,610,000
Net Premium	$613,039	Net Savings (PV @ 4%)*	$4,296,461
Gross Proceeds	$134,313,991	Savings as a % of refunded par*	14.510%
Average Coupon*	2.901%	Total Debt Service*	$243,475,061
All-In True Interest Cost*	2.880%	Average Life (years)*	28.20

** Assumes 100% PSA*

Orders and Allotments by Maturity and Manager

$133,700,952 Texas Department of Housing & Community Affairs, Single Family Mortgage Revenue Bonds 2017 Series ABC Sale Date: June 7, 2017 - Orders & Allotments by Maturity and Manager ($000)										
2017 Series ABC										
			Ramirez		Jefferies		RBC		TOTAL	
Series	Maturity	Coupon	Orders	Allotments	Orders	Allotments	Orders	Allotments	Total Orders	Total Allotments
2017A	09/01/47	2.835%	$26,000	$20,000	$15,000	$0	$91,304	$41,304	$132,304	$61,304
2017B	09/01/38	2.750%	62,635	19,610	10,000	0	44,610	10,000	117,245	29,610
2017C	09/01/47	3.100%	45,000	22,000	10,000	0	42,787	20,787	97,787	42,787
Total			**$133,635**	**$61,610**	**$35,000**	**$0**	**$178,701**	**$72,091**	**$347,336**	**$133,701**

Summary of Orders and Allotments by Manager

$133,700,952
Texas Department of Housing & Community Affairs, Single Family Mortgage Revenue Bonds 2017 Series ABC
Summary of Orders and Allotments by Manager ($000)

	Net Designated		Retail		Member Business		Total Business	
Manager	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments
Ramirez & Co., Inc.	$ 133,635	$ 61,610	$ -	$ -	$ -	$ -	$ 133,635	$ 61,610
Jefferies	-	-	-	-	35,000	-	35,000	-
RBC Capital Markets	178,701	72,091	-	-	-	-	178,701	72,091
Total	**$ 312,336**	**$ 133,701**	**$ -**	**$ -**	**$ 35,000**	**$ -**	**$ 347,336**	**$ 133,701**

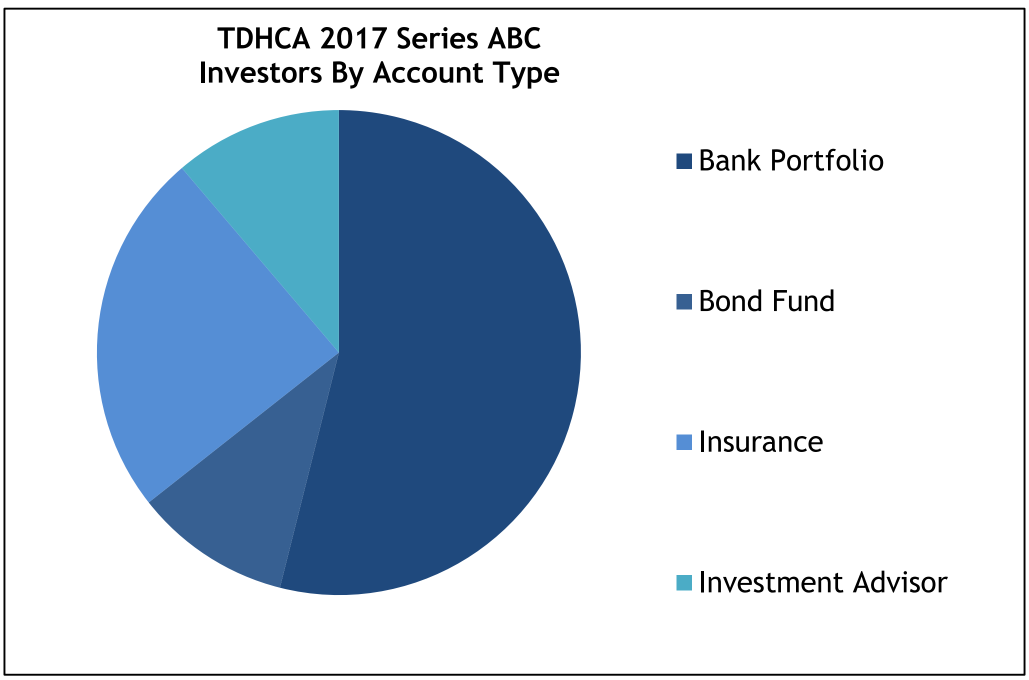
	Net Designated		Retail		Member Business		Total Business	
Manager	Orders (% of Total)	Allotments (% of Total)	Orders (% of Total)	Allotments (% of Total)	Orders (% of Total)	Allotments (% of Total)	Orders (% of Total)	Allotments (% of Total)
Ramirez & Co., Inc.	42.79%	46.08%	-	-	-	-	38.47%	46.08%
Jefferies	0.00%	0.00%	-	-	100.00%	-	10.08%	0.00%
RBC Capital Markets	57.21%	53.92%	-	-	-	-	51.45%	53.92%
Total	**100.00%**	**100.00%**	**0.00%**	**0.00%**	**100.00%**	**0.00%**	**100.00%**	**100.00%**

Individual Orders and Allotments by Maturity

$133,700,952 Texas Department of Housing & Community Affairs, Single Family Mortgage Revenue Bonds 2017 Series ABC Sale Date: June 7, 2017 - Orders & Allotments by Maturity and Manager ($000)								
Maturity	Par Amount ($)	Coupon (%)	Account Type	Firm	Order Type	Order Amount ($)	Allotment Amount ($)	Notes
				2017 Series A (Non-AMT)				
09/01/47	$61,304	2.835%	Investment Advisor	Ramirez	Net Designated	$8,000	$6,000	
09/01/47	61,304	2.835%	Bond Fund	Ramirez	Net Designated	18,000	14,000	
09/01/47	61,304	2.835%	Bank Portfolio	RBC	Net Designated	30,000	41,304	RBC determines split between firm's allotments
09/01/47	61,304	2.835%	Bank Portfolio	RBC	Net Designated	61,304	-	RBC determines split between firm's allotments
09/01/47	61,304	2.835%	Stock	Jefferies	Member	15,000	-	
					Totals	$132,304	$61,304	
				2017 Series B (Taxable)				
09/01/38	$29,610	2.750%	Insurance	Ramirez	Net Designated	$15,000	$5,585	
09/01/38	29,610	2.750%	Investment Advisor	Ramirez	Net Designated	1,000	1,000	
09/01/38	29,610	2.750%	Insurance	Ramirez	Net Designated	10,000	5,000	
09/01/38	29,610	2.750%	Investment Advisor	Ramirez	Net Designated	7,000	-	
09/01/38	29,610	2.750%	Insurance	Ramirez	Net Designated	29,610	8,000	
09/01/38	29,610	2.750%	Investment Advisor	Ramirez	Net Designated	25	25	
09/01/38	29,610	2.750%	Investment Advisor	RBC	Net Designated	29,610	10,000	RBC determines split between firm's allotments
09/01/38	29,610	2.750%	Bank Portfolio	RBC	Net Designated	5,000	-	RBC determines split between firm's allotments
09/01/38	29,610	2.750%	Issuer	RBC	Net Designated	10,000	-	RBC determines split between firm's allotments
09/01/38	29,610	2.750%	Stock	Jefferies	Member	10,000	-	
					Totals	$117,245	$29,610	
				2017 Series C (Taxable)				
09/01/47	$42,787	3.100%	Investment Advisor	Ramirez	Net Designated	$5,000	$3,000	
09/01/47	42,787	3.100%	Investment Advisor	Ramirez	Net Designated	10,000	5,000	
09/01/47	42,787	3.100%	Insurance	Ramirez	Net Designated	10,000	6,000	
09/01/47	42,787	3.100%	Insurance	Ramirez	Net Designated	20,000	8,000	
09/01/47	42,787	3.100%	Bank Portfolio	RBC	Net Designated	42,787	20,787	
09/01/47	42,787	3.100%	Stock	Jefferies	Member	10,000	-	
					Totals	$97,787	$42,787	
					Grand Totals	**$347,336**	**$133,701**	

Summary of Orders and Allotments by Institutional Investor

Institutions - Orders and Allocations ($000) - Aggregate			
	Account Type	Orders	Allotments
1	Bank Portfolio	$133,701	$30,787
2	Bank Portfolio	30,000	41,304
3	Insurance	29,610	8,000
4	Insurance	20,000	8,000
5	Insurance	20,000	11,000
6	Bond Fund	18,000	14,000
7	Insurance	15,000	5,585
8	Investment Advisor	10,000	5,000
9	Issuer	10,000	0
10	Investment Advisor	8,025	6,025
11	Investment Advisor	7,000	0
12	Investment Advisor	5,000	3,000
13	Bank Portfolio	5,000	0
14	Investment Advisor	1,000	1,000
15	Stock	35,000	0
	Total:	**$347,336**	**$133,701**



Underwriters' Compensation

$133,700,952 Texas Department of Housing & Community Affairs Single Family Mortgage Revenue Bonds (2017ABC)		
Underwriters' Spread	**$/Bond**	**Total ($)**
Takedown	$5.00	$668,504.76
Expenses	0.48	64,577.56
Management Fee	1.00	133,700.94
Total Underwriters' Spread	**$6.48**	**$866,783.26**

Compensation by Manager - $133,700,952 TDHCA Series 2017ABC

		Revenue ($)					
Manager	Liability	Net Designated	Retail	Member	Management Fee	Total ($)	% of Transaction
Ramirez & Co., Inc.	50.00%	$257,545.95	$0.00	$0.00	$133,700.94	$391,246.89	48.77%
Jefferies	25.00%	132,325.95	0.00	0.00	0.00	132,325.95	16.50%
RBC Capital Markets	25.00%	278,632.86	0.00	0.00	0.00	278,632.86	34.73%
Total	**100.00%**	**$668,504.76**	**$0.00**	**$0.00**	**$133,700.94**	**$802,205.70**	**100.00%**

Pricing Information

Priority of Orders, Designation Policy and Syndicate Liabilities

Priority of Orders

The priority of orders is:

1. **Net Designated (Exception: If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.)**
2. **Member**

Designation Policy

- **All Firms must be designated.**
- **No Firm may receive more than 60% of any designation. Each designee must receive a minimum of 15% for each priority order.**
- **The senior manager will pay out all designations.**
- **Priority orders will be identified at the time the orders are entered.**

Syndicate and Liabilities

Managers	Liability
Ramirez & Co., Inc.	50.00%
Jefferies	25.00%
RBC Capital Markets	25.00%
	100.00%

Price Views

Texas Department of Housing & Community Affairs Single Family Mortgage Revenue Bonds, 2017 Series ABC Price Views as of June 5, 2017					
Series	Maturity	Par Amount	Ramirez	Jefferies	RBC
2017A (Non-AMT)	9/1/47	$65,000,000	2.70-2.75%	2.70-2.75%	2.75%
2017B (Taxable)	9/1/38	$29,610,000	2.80-2.85%	2.80-2.85%	2.875%
2017C (Taxable)	9/1/47	$40,000,000	3.10-3.15%	3.10-3.15%	3.15%

Progression of Scale

Texas Department of Housing & Community Affairs Single Family Mortgage Revenue Bonds, 2017 Series ABC Pricing Progression					
Series	**Maturity**	**Final Par Amount**	**Pre-Marketing**	**Preliminary Pricing**	**Final Pricing**
2017A (Non-AMT)	9/1/47	$61,303,867	2.70-2.75%	2.70%	2.70%
2017B (Taxable)	9/1/38	$29,610,000	2.80-2.85%	2.80%	2.75%
2017C (Taxable)	9/1/47	$42,787,085	3.10-3.15%	3.10%	3.10%

Notes: progression presented in yields; 2017A priced at 2.835% coupon, 101% price for a 2.70% yield; 2017BC priced at par.

Structure and Schedule Wire

RE: $ 134,610,000*
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Single Family Mortgage
Revenue Bonds 2017 Series A (Non-AMT),
Revenue Refunding Bonds 2017 Series B (Taxable),
Revenue Bonds 2017 Series C (Taxable),
(Mortgage-Backed Securities Pass-Through Bonds)

LADIES AND GENTLMEN:
WE PLAN TO PRICE THIS ISSUE AS EARLY AS WEDNESDAY, JUNE 7TH. WE WILL ASK FOR PRICE VIEWS ON MONDAY, JUNE 5TH. POS Link: https://www.munios.com/munios-notice.aspx?i=4X6MUd7werd2

$ 65,000,000*
Single Family Mortgage
Revenue Bonds
2017 Series A (Non-AMT)

MOODY'S: Aa1 GNMA	S&P: AA+ GNMA	FITCH:

DATED:06/22/2017 FIRST COUPON:08/01/2017

DUE: 09/01

MATURITY	AMOUNT*	COUPON
09/01/2047	65,000M	

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST DAY OF ANY MONTH
PRINCIPAL PAYMENT DATES: FIRST DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	18.1
50	13.9
75	12.2
100	10.8
125	9.7
150	8.8
175	8.1
200	7.4
250	6.3
300	5.6

400	4.5
500	3.8

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series A Bonds.

UNDERLYING MORTGAGE RATES (WAC): 4.274%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 3.785%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 359 MONTHS*

Mortgage Certi-ficates	CUSIP	Pool Number	Outstanding Principal*	Weighted Average Pass-Thru Rate*	Weighted Average Mortgage Rate*	Weighted Average Remaining Term (in months)*
GNMA I	3617AKL83	GN BA6651	1,069,868.00	3.500%	4.000%	360
GNMA II	3617AKMT6	GN2 BA6670	1,092,711.47	3.500%	4.125%	359
GNMA II	3617AKMU3	GN2 BA6671	2,115,745.47	3.500%	4.125%	359
GNMA II	3617AKMV1	GN2 BA6672	1,215,288.48	4.000%	4.500%	359
GNMA II	3617AKMW9	GN2 BA6673	1,459,362.86	4.000%	4.500%	359
GNMA II	3617AKMX7	GN2 BA6674	1,811,625.02	4.000%	4.500%	359
GNMA II	3617AKMY5	GN2 BA6675	3,109,603.94	4.000%	4.500%	359
GNMA II	3617AKMZ2	GN2 BA6676	924,981.72	4.000%	4.375%	359
GNMA II	3617AKMZ2	GN2 BA6676	194,898.78	4.000%	4.625%	359
GNMA II	3617AKM25	GN2 BA6677	2,785,567.68	4.000%	4.375%	359
GNMA II	3617AKM25	GN2 BA6677	624,829.83	4.000%	4.625%	359
GNMA II	3617AKM33	GN2 BA6678	2,104,624.79	4.000%	4.375%	359
GNMA II	3617AKM33	GN2 BA6678	326,658.97	4.000%	4.625%	359
GNMA II	3617AKM41	GN2 BA6679	3,953,576.87	4.000%	4.375%	359
GNMA II	3617AKM41	GN2 BA6679	423,530.10	4.000%	4.625%	359
-	-	-	9,464,736.00	3.500%	4.000%	359
-	-	-	12,371,542.00	3.500%	4.125%	359
-	-	-	9,323,120.00	4.000%	4.375%	359
-	-	-	5,903,353.00	4.000%	4.500%	359
-	-	-	1,531,783.00	4.000%	4.625%	359
-	-	-	2,439,953.00	3.750%	4.000%	359
-	-	-	769,854.00	3.625%	4.000%	359
Total/Weighted Average			65,017,214.98	3.785%	4.274%	359

$ 29,610,000*
Single Family Mortgage
Revenue Refunding Bonds
2017 Series B (Taxable)

********************** ATTENTION **********************
THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aa1 GNMA/FNMA/FHLMC   S&P: AA+ GNMA/FNMA/FHLMC   FITCH:

DATED:06/22/2017   FIRST COUPON:08/01/2017

DUE: 09/01

MATURITY	AMOUNT*	COUPON
09/01/2038	29,610M	

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST DAY OF ANY MONTH
PRINCIPAL PAYMENT DATES: FIRST DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	12.1
50	9.5
75	8.4
100	7.5
125	6.8
150	6.1
175	5.5
181% (last 2 months)	5.4
200	5.0
225% (since issuance)	4.6
250	4.2
300	3.6
400	2.8
500	2.2

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series B Bonds. Data based on May 2017 factors.

UNDERLYING MORTGAGE RATES (WAC): 5.938%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 5.438%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 252 MONTHS*

The 2017 Series B Transferred Mortgage Certificates have experienced the following cumulative prepayment rates (taking into account all principal repayments and prepayments paid through May 31, 2017 based on May 2017 factors):
i) 225%* of the SIFMA Prepayment Model assumption since their issuance;
ii) 181%* of the SIFMA Prepayment Model assumption for the most recent 12 months; and
iii) 128%* of the SIFMA Prepayment Model assumption for the most recent 6 months.

See POS Appendix H for the list of the Transferred Mortgage Certificates allocated to the 2017 Series B Bonds. Information in POS Appendix H will be available in Excel upon request through closing. Please call Ramirez's desk at 212-248-3870 or visit POS link to get electronic file of Appendix H.

$ 40,000,000*
Single Family Mortgage
Revenue Bonds
2017 Series C (Taxable)

*********************** ATTENTION **********************
THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aa1 S&P: AA+ FITCH:

GNMA/FNMA GNMA/FNMA

DATED:06/22/2017 FIRST COUPON:08/01/2017

DUE: 09/01

MATURITY	AMOUNT*	COUPON
09/01/2047	40,000M	

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST DAY OF ANY MONTH
PRINCIPAL PAYMENT DATES: FIRST DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	18.1
50	13.7
75	12.1
100	10.8
125	9.7
150	8.8
175	8.0
200	7.3
250	6.3
300	5.5
400	4.4
500	3.7

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series C Bonds.

UNDERLYING MORTGAGE RATES (WAC): 4.385%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 3.854%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 358 MONTHS*

* - APPROXIMATE SUBJECT TO CHANGE

The Award is expected on Thursday, June 8, 2017.
Delivery is expected on Thursday, June 22, 2017.
This issue is book entry only. This issue is clearing through DTC.
A preliminary Blue Sky Survey or Memorandum is available upon request.

Ramirez & Co., Inc.
Jefferies LLC
RBC Capital Markets

Pre-Marketing Pricing Wire

RE: $ 134,610,000*
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Single Family Mortgage
Revenue Bonds 2017 Series A (Non-AMT),
Revenue Refunding Bonds 2017 Series B (Taxable),
Revenue Bonds 2017 Series C (Taxable),
(Mortgage-Backed Securities Pass-Through Bonds)

THE FOLLOWING SCALE IS TO BE USED FOR PRE-MARKETING PURPOSES ONLY. AT THE EARLIEST, WE MAY PRICE THIS ISSUE TOMORROW AFTERNOON, WEDNESDAY, JUNE 7, 2017.

PLEASE NOTE WE EXPECT TO PRICE SERIES A AND SERIES C AS PREMIUMS. SERIES B WILL BE PRICED AT PAR

POS Link: https://www.munios.com/munios-notice.aspx?i=4X6MUd7werd2

$ 65,000,000*
Single Family Mortgage
Revenue Bonds
2017 Series A (Non-AMT)

MOODY'S: Aa1 GNMA   S&P: AA+ GNMA   FITCH:

DATED:06/22/2017   FIRST COUPON:08/01/2017
DUE: 09/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
09/01/2047	65,000M			1/2

Yield Range 2.70% - 2.75%

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first business day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
PRINCIPAL PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	18.1
50	13.9
75	12.2
100	10.8
125	9.7
150	8.8
175	8.1
200	7.4

250	6.3
300	5.6
400	4.5
500	3.8

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series A Bonds.

UNDERLYING MORTGAGE RATES (WAC): 4.274%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 3.785%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 359 MONTHS*

Mortgage Certi-ficates	CUSIP	Pool Number	Outstanding Principal*	Weighted Average Pass-Thru Rate*	Weighted Average Mortgage Rate*	Weighted Average Remaining Term (in months)*
GNMA I	3617AKL83	GN BA6651	1,069,868.00	3.500%	4.000%	360
GNMA II	3617AKMT6	GN2 BA6670	1,092,711.47	3.500%	4.125%	359
GNMA II	3617AKMU3	GN2 BA6671	2,115,745.47	3.500%	4.125%	359
GNMA II	3617AKMV1	GN2 BA6672	1,215,288.48	4.000%	4.500%	359
GNMA II	3617AKMW9	GN2 BA6673	1,459,362.86	4.000%	4.500%	359
GNMA II	3617AKMX7	GN2 BA6674	1,811,625.02	4.000%	4.500%	359
GNMA II	3617AKMY5	GN2 BA6675	3,109,603.94	4.000%	4.500%	359
GNMA II	3617AKMZ2	GN2 BA6676	924,981.72	4.000%	4.375%	359
GNMA II	3617AKMZ2	GN2 BA6676	194,898.78	4.000%	4.625%	359
GNMA II	3617AKM25	GN2 BA6677	2,785,567.68	4.000%	4.375%	359
GNMA II	3617AKM25	GN2 BA6677	624,829.83	4.000%	4.625%	359
GNMA II	3617AKM33	GN2 BA6678	2,104,624.79	4.000%	4.375%	359
GNMA II	3617AKM33	GN2 BA6678	326,658.97	4.000%	4.625%	359
GNMA II	3617AKM41	GN2 BA6679	3,953,576.87	4.000%	4.375%	359
GNMA II	3617AKM41	GN2 BA6679	423,530.10	4.000%	4.625%	359
-	-	-	9,464,736.00	3.500%	4.000%	359
-	-	-	12,371,542.00	3.500%	4.125%	359
-	-	-	9,323,120.00	4.000%	4.375%	359
-	-	-	5,903,353.00	4.000%	4.500%	359
-	-	-	1,531,783.00	4.000%	4.625%	359
-	-	-	2,439,953.00	3.750%	4.000%	359
-	-	-	769,854.00	3.625%	4.000%	359
Total/Weighted Average			65,017,214.98	3.785%	4.274%	359

$ 29,610,000*
Single Family Mortgage
Revenue Refunding Bonds
2017 Series B (Taxable)

*********************** ATTENTION **********************
THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aa1 GNMA/FNMA/FHLMC   S&P: AA+ GNMA/FNMA/FHLMC   FITCH:

DATED:06/22/2017   FIRST COUPON:08/01/2017

DUE: 09/01

ALL BONDS ARE PRICED AT PAR

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
09/01/2038	29,610M			1/2

Yield Range 2.80% - 2.85%

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first business day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
PRINCIPAL PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	12.1
50	9.5
75	8.4
100	7.5
125	6.8
150	6.1
175	5.5
181% (last 12 months)	5.4
200	5.0
225% (since issuance)	4.6
250	4.2
300	3.6
400	2.8
500	2.2

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series B Bonds. Data based on May 2017 factors.

UNDERLYING MORTGAGE RATES (WAC): 5.938%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 5.438%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 252 MONTHS*

The 2017 Series B Transferred Mortgage Certificates have experienced the following cumulative prepayment rates (taking into account all principal repayments and prepayments paid through May 31, 2017 based on May 2017 factors):
i) 225%* of the SIFMA Prepayment Model assumption since their issuance;
ii) 181%* of the SIFMA Prepayment Model assumption for the most recent 12 months; and
iii) 128%* of the SIFMA Prepayment Model assumption for the most recent 6 months.

See POS Appendix H for the list of the Transferred Mortgage Certificates allocated to the 2017 Series B Bonds. Information in POS Appendix H will be available in Excel upon request through closing. Please call Ramirez's desk at 212-248-3870 or visit POS link to get electronic file of Appendix H.

$ 40,000,000*
Single Family Mortgage

Revenue Bonds
2017 Series C (Taxable)

********************** ATTENTION *********************

THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aa1 GNMA/FNMA   S&P: AA+ GNMA/FNMA   FITCH:

DATED:06/22/2017   FIRST COUPON:08/01/2017

DUE: 09/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
09/01/2047	40,000M			1/2

Yield Range 3.10% - 3.15%

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first business day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
PRINCIPAL PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	18.1
50	13.7
75	12.1
100	10.8
125	9.7
150	8.8
175	8.0
200	7.3
250	6.3
300	5.5
400	4.4
500	3.7

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series C Bonds.

UNDERLYING MORTGAGE RATES (WAC): 4.385%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 3.854%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 358 MONTHS*

* - APPROXIMATE SUBJECT TO CHANGE

The managers reserve the right to terminate or extend the order period prior to or later than the mentioned time and date and to confirm bonds at their discretion.

PRIORITY OF ORDERS AS FOLLOWS:
1. Net Designated
(Exception: If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.)
2. Member

PRIORITY POLICY:

All managers must be designated.
No firm may receive more than 60.00% of any designation.
Each designee must receive a minimum of 15.00% for each priority order.
The Senior Manager requests the identification of all priority orders at the time the orders are entered.
The Senior Manager will pay out all designations.
There will not be any clearance fee taken from designated sales in accordance with MSRB Rule G-17.
There are to be no soft-dollar designations.

****
Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform Ramirez & Co., Inc. at the time any such order is submitted.
****

The compliance addendum MSRB Rule G-11 will apply.
A preliminary Blue Sky Survey or Memorandum is available upon request.
The Award is expected on Thursday, June 8, 2017.
Delivery is expected on Thursday, June 22, 2017.
This issue is book entry only. This issue is clearing through DTC.

Ramirez & Co., Inc.
Jefferies LLC
RBC Capital Markets

Preliminary Pricing Wire

RE: $ 133,700,952*
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Single Family Mortgage
Revenue Bonds 2017 Series A (Non-AMT),
Revenue Refunding Bonds 2017 Series B (Taxable),
Revenue Bonds 2017 Series C (Taxable),
(Mortgage-Backed Securities Pass-Through Bonds)

WE HAVE A RELEASE FOR THE PRELIMINARY PRICING. WE WILL ACCEPT ORDERS UNTIL 2:00PM, EASTERN.
POS Link: https://www.munios.com/munios-notice.aspx?i=4X6MUd7werd2

$ 61,303,867*
Single Family Mortgage
Revenue Bonds
2017 Series A (Non-AMT)

MOODY'S: Aa1 GNMA S&P: AA+ GNMA FITCH:

DATED:06/22/2017 FIRST COUPON:08/01/2017
DUE: 09/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
09/01/2047	61,303.867M	2.835%	101.00	1/2
		(Approx. Yield 2.700)		

YIELD TO AVERAGE LIFE 2.70% AT 150% PSA EXPERIENCE-AVERAGE LIFE 8.8 YEARS

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first business day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
PRINCIPAL PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	18.1
50	13.8
75	12.2
100	10.8
125	9.7
150	8.8
175	8.0
200	7.4
250	6.3

300	5.6
400	4.5
500	3.8

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series A Bonds.

UNDERLYING MORTGAGE RATES (WAC): 4.273%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 3.790%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 359 MONTHS*

Mortgage Certi-ficates	CUSIP	Pool Number	Outstanding Principal*	Weighted Average Pass-Thru Rate*	Weighted Average Mortgage Rate*	Weighted Average Remaining Term (in months)*
GNMA I	3617AKL83	BA6651	1,068,319.52	3.500%	4.000%	359
GNMA II	3617AKMT6	BA6670	1,090,804.71	3.500%	4.125%	358
GNMA II	3617AKMU3	BA6671	2,112,554.08	3.500%	4.125%	358
GNMA II	3617AKMV1	BA6672	1,213,059.55	4.000%	4.500%	358
GNMA II	3617AKMW9	BA6673	1,457,427.29	4.000%	4.500%	358
GNMA II	3617AKMX7	BA6674	1,808,216.72	4.000%	4.500%	358
GNMA II	3617AKMY5	BA6675	3,104,986.48	4.000%	4.500%	358
GNMA II	3617AKMZ2	BA6676	1,118,375.71	4.000%	4.419%	358
GNMA II	3617AKM25	BA6677	3,405,809.13	4.000%	4.421%	358
GNMA II	3617AKM33	BA6678	2,427,996.39	4.000%	4.409%	358
GNMA II	3617AKM41	BA6679	4,370,870.94	4.000%	4.399%	358
GN1**			2,723,904.88	3.500%	4.000%	360
GN1**			4,939,047.21	3.500%	4.000%	359
GN1**			2,286,553.76	4.000%	4.500%	359
GN1**			3,215,086.58	4.000%	4.500%	359
GN2**			3,347,883.11	4.000%	4.417%	360
GN2**			7,823,782.91	4.000%	4.411%	360
GN2**			1,767,873.72	3.500%	4.074%	360
GN2**			2,675,527.53	3.500%	4.036%	360
GN2**			9,345,787.19	3.500%	4.032%	359
Total/Weighted Average			61,303,867.41	3.790%	4.273%	359

** POOLS TO BE SETTLED ON JUNE 20, 2017

$ 29,610,000*
Single Family Mortgage
Revenue Refunding Bonds
2017 Series B (Taxable)

*********************** ATTENTION **********************
THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aa1 GNMA/FNMA/FHLMC	S&P: AA+ GNMA/FNMA/FHLMC	FITCH:

DATED:06/22/2017   FIRST COUPON:08/01/2017

DUE: 09/01

ALL BONDS ARE PRICED AT PAR.

ADD'L
TAKEDOWN

MATURITY	AMOUNT*	COUPON	(Pts)
09/01/2038	29,610M	2.80%	1/2

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first business day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
PRINCIPAL PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	12.2
50	9.6
75	8.5
100	7.6
125	6.9
150	6.2
175	5.9
163% (last 12 months)	5.6
200	5.1
225% (since issuance)	4.7
250	4.3
300	3.7
400	2.8
500	2.2

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series B Bonds. Data based on June 2017 factors.

UNDERLYING MORTGAGE RATES (WAC): 5.938%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 5.438%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 251 MONTHS*

The 2017 Series B Transferred Mortgage Certificates have experienced the following cumulative prepayment rates (taking into account all principal repayments and prepayments paid through May 31, 2017 based on June 2017 factors):
i) 225%* of the SIFMA Prepayment Model assumption since their issuance;
ii) 163%* of the SIFMA Prepayment Model assumption for the most recent 12 months; and
iii) 114%* of the SIFMA Prepayment Model assumption for the most recent 6 months.

See POS Appendix H for the list of the Transferred Mortgage Certificates allocated to the 2017 Series B Bonds. Information in POS Appendix H will be available in Excel upon request through closing. Please call Ramirez's desk at 212-248-3870 or visit POS link to get electronic file of Appendix H.

$ 42,787,085*
Single Family Mortgage
Revenue Bonds
2017 Series C (Taxable)

********************** ATTENTION **********************
THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aa1 S&P: AA+ FITCH:
GNMA/FNMA GNMA/FNMA
DATED:06/22/2017 FIRST COUPON:08/01/2017
DUE: 09/01

ALL BONDS ARE PRICED AT PAR.

MATURITY	AMOUNT*	COUPON	ADD'L TAKEDOWN (Pts)
09/01/2047	42,787.085M	3.10%	1/2

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first business day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
PRINCIPAL PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	18.2
50	13.8
75	12.2
100	10.9
125	9.8
150	8.9
175	8.1
200	7.4
250	6.4
300	5.6
400	4.5
500	3.8

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series C Bonds.

UNDERLYING MORTGAGE RATES (WAC): 4.376%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 3.842%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 360 MONTHS*

Weighted Mortgage Certi-ficates	CUSIP	Pool Number	Outstanding Principal*	Weighted Average Pass-Thru Rate*	Weighted Average Mortgage Rate*	Average Remaining Term (in months)*
GN1**			1,607,939.27	3.500%	4.000%	360

GN1**	2,318,189.83	4.000%	4.500%	360
GN1**	3,478,953.54	4.000%	4.500%	360
GN1**	11,765,601.97	4.000%	4.500%	359
GN2**	2,416,415.80	3.500%	4.125%	360
GN2**	10,499,939.23	3.500%	4.125%	360
GN2**	3,604,305.02	4.000%	4.413%	359
GN2**	4,994,761.83	4.000%	4.442%	359
FN**	1,119,074.50	4.000%	4.736%	360
FN**	981,904.59	4.500%	5.199%	360
Total/Weighted Average	42,787,085.58	3.842%	4.376%	360

**POOLS TO BE SETTLED ON JUNE 20, 2017

* - APPROXIMATE SUBJECT TO CHANGE

Order period until today 2:00 PM, Eastern, Wednesday, 06/07/17.
Please use Electronic Order Entry to enter orders or call (212) 248-3870 .

The managers reserve the right to terminate or extend the order period prior to or later than the above-mentioned time and date and to confirm bonds at their discretion.

PRIORITY OF ORDERS AS FOLLOWS:
1. Net Designated
(Exception: If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.)
2. Member

PRIORITY POLICY:

All managers must be designated.
No firm may receive more than 60.00% of any designation.
Each designee must receive a minimum of 15.00% for each priority order.
The Senior Manager requests the identification of all priority orders at the time the orders are entered.
The Senior Manager will pay out all designations.
There will not be any clearance fee taken from designated sales in accordance with MSRB Rule G-17.
There are to be no soft-dollar designations.

****
Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform Ramirez & Co., Inc. at the time any such order is submitted.
****

The compliance addendum MSRB Rule G-11 will apply.
A preliminary Blue Sky Survey or Memorandum is available upon request.
The Award is expected on Thursday, June 8, 2017.
Delivery is expected on Thursday, June 22, 2017.
This issue is book entry only. This issue is clearing through DTC.

Ramirez & Co., Inc.
Jefferies LLC
RBC Capital Markets

Re-Pricing Wire

RE: $ 133,700,952*
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Single Family Mortgage
Revenue Bonds 2017 Series A (Non-AMT),
Revenue Refunding Bonds 2017 Series B (Taxable),
Revenue Bonds 2017 Series C (Taxable),
(Mortgage-Backed Securities Pass-Through Bonds)

WE HAVE RECEIVED A VERBAL AWARD. PLEASE NOTE THE REPRICING IN 09/01/2038 SERIES B.
WE WILL CONSIDER ALL ORDERS GOOD UNLESS NOTIFIED TO THE CONTRARY BY 2:45PM, EASTERN.
POS Link: https://www.munios.com/munios-notice.aspx?i=4X6MUd7werd2

$ 61,303,867*
Single Family Mortgage
Revenue Bonds
2017 Series A (Non-AMT)

MOODY'S: Aa1 GNMA   S&P: AA+ GNMA   FITCH:

DATED:06/22/2017   FIRST COUPON:08/01/2017
DUE: 09/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
09/01/2047	61,303.867M	2.835%	101.00	1/2
		(Approx. Yield 2.700)		

YIELD TO AVERAGE LIFE 2.70% AT 150% PSA EXPERIENCE-AVERAGE LIFE 8.8 YEARS

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first business day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
PRINCIPAL PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	18.1
50	13.8
75	12.2
100	10.8
125	9.7
150	8.8
175	8.0
200	7.4
250	6.3
300	5.6
400	4.5

500	3.8

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series A Bonds.

UNDERLYING MORTGAGE RATES (WAC): 4.273%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 3.790%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 359 MONTHS*

Mortgage Certi-ficates	CUSIP	Pool Number	Outstanding Principal*	Weighted Average Pass-Thru Rate*	Weighted Average Mortgage Rate*	Weighted Average Remaining Term (in months)*
GNMA I	3617AKL83	BA6651	1,068,319.52	3.500%	4.000%	359
GNMA II	3617AKMT6	BA6670	1,090,804.71	3.500%	4.125%	358
GNMA II	3617AKMU3	BA6671	2,112,554.08	3.500%	4.125%	358
GNMA II	3617AKMV1	BA6672	1,213,059.55	4.000%	4.500%	358
GNMA II	3617AKMW9	BA6673	1,457,427.29	4.000%	4.500%	358
GNMA II	3617AKMX7	BA6674	1,808,216.72	4.000%	4.500%	358
GNMA II	3617AKMY5	BA6675	3,104,986.48	4.000%	4.500%	358
GNMA II	3617AKMZ2	BA6676	1,118,375.71	4.000%	4.419%	358
GNMA II	3617AKM25	BA6677	3,405,809.13	4.000%	4.421%	358
GNMA II	3617AKM33	BA6678	2,427,996.39	4.000%	4.409%	358
GNMA II	3617AKM41	BA6679	4,370,870.94	4.000%	4.399%	358
GN1**			2,723,904.88	3.500%	4.000%	360
GN1**			4,939,047.21	3.500%	4.000%	359
GN1**			2,286,553.76	4.000%	4.500%	359
GN1**			3,215,086.58	4.000%	4.500%	359
GN2**			3,347,883.11	4.000%	4.417%	360
GN2**			7,823,782.91	4.000%	4.411%	360
GN2**			1,767,873.72	3.500%	4.074%	360
GN2**			2,675,527.53	3.500%	4.036%	360
GN2**			9,345,787.19	3.500%	4.032%	359
Total/Weighted Average			61,303,867.41	3.790%	4.273%	359

** POOLS TO BE SETTLED ON JUNE 20, 2017

$ 29,610,000*
Single Family Mortgage
Revenue Refunding Bonds
2017 Series B (Taxable)

********************** ATTENTION **********************
THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aa1 GNMA/FNMA/FHLMC   S&P: AA+ GNMA/FNMA/FHLMC   FITCH:

DATED:06/22/2017   FIRST COUPON:08/01/2017

DUE: 09/01

ALL BONDS ARE PRICED AT PAR.

MATURITY	AMOUNT*	COUPON	ADD'L TAKEDOWN (Pts)
09/01/2038	29,610M	2.75%	1/2

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first business day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
PRINCIPAL PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	12.2
50	9.6
75	8.5
100	7.6
125	6.9
150	6.2
175	5.9
163% (last 12 months)	5.6
200	5.1
225% (since issuance)	4.7
250	4.3
300	3.7
400	2.8
500	2.2

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series B Bonds. Data based on June 2017 factors.

UNDERLYING MORTGAGE RATES (WAC): 5.938%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 5.438%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 251 MONTHS*

The 2017 Series B Transferred Mortgage Certificates have experienced the following cumulative prepayment rates (taking into account all principal repayments and prepayments paid through May 31, 2017 based on June 2017 factors):
i) 225%* of the SIFMA Prepayment Model assumption since their issuance;
ii) 163%* of the SIFMA Prepayment Model assumption for the most recent 12 months; and
iii) 114%* of the SIFMA Prepayment Model assumption for the most recent 6 months.

See POS Appendix H for the list of the Transferred Mortgage Certificates allocated to the 2017 Series B Bonds. Information in POS Appendix H will be available in Excel upon request through closing. Please call Ramirez's desk at 212-248-3870 or visit POS link to get electronic file of Appendix H.

$ 42,787,085*
Single Family Mortgage
Revenue Bonds
2017 Series C (Taxable)

********************** ATTENTION *********************

THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aa1 GNMA/FNMA   S&P: AA+ GNMA/FNMA   FITCH:

DATED:06/22/2017   FIRST COUPON:08/01/2017
DUE: 09/01

ALL BONDS ARE PRICED AT PAR.

MATURITY	AMOUNT*	COUPON	ADD'L TAKEDOWN (Pts)
09/01/2047	42,787.085M	3.10%	1/2

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first business day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
PRINCIPAL PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	18.2
50	13.8
75	12.2
100	10.9
125	9.8
150	8.9
175	8.1
200	7.4
250	6.4
300	5.6
400	4.5
500	3.8

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series C Bonds.

UNDERLYING MORTGAGE RATES (WAC): 4.376%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 3.842%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 360 MONTHS*

Weighted Mortgage Certi- ficates	CUSIP	Pool Number	Outstanding Principal*	Weighted Average Pass-Thru Rate*	Weighted Average Mortgage Rate*	Average Remaining Term (in months)*

GN1**	1,607,939.27	3.500%	4.000%	360
GN1**	2,318,189.83	4.000%	4.500%	360
GN1**	3,478,953.54	4.000%	4.500%	360
GN1**	11,765,601.97	4.000%	4.500%	359
GN2**	2,416,415.80	3.500%	4.125%	360
GN2**	10,499,939.23	3.500%	4.125%	360
GN2**	3,604,305.02	4.000%	4.413%	359
GN2**	4,994,761.83	4.000%	4.442%	359
FN**	1,119,074.50	4.000%	4.736%	360
FN**	981,904.59	4.500%	5.199%	360
Total/Weighted Average	42,787,085.58	3.842%	4.376%	360

**POOLS TO BE SETTLED ON JUNE 20, 2017
* - APPROXIMATE SUBJECT TO CHANGE

PRIORITY OF ORDERS AS FOLLOWS:
1. Net Designated
(Exception: If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.)
2. Member

PRIORITY POLICY:
All managers must be designated.
No firm may receive more than 60.00% of any designation.
Each designee must receive a minimum of 15.00% for each priority order.
The Senior Manager requests the identification of all priority orders at the time the orders are entered.
The Senior Manager will pay out all designations.
There will not be any clearance fee taken from designated sales in accordance with MSRB Rule G-17.
There are to be no soft-dollar designations.

****
Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform Ramirez & Co., Inc. at the time any such order is submitted.
****

The compliance addendum MSRB Rule G-11 will apply.
A preliminary Blue Sky Survey or Memorandum is available upon request.
The Award is expected on Thursday, June 8, 2017.
Delivery is expected on Thursday, June 22, 2017.
This issue is book entry only. This issue is clearing through DTC.

Ramirez & Co., Inc.
Jefferies LLC
RBC Capital Markets

Final Wire

RE: $ 133,700,952
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Single Family Mortgage
Revenue Bonds 2017 Series A (Non-AMT),
Revenue Refunding Bonds 2017 Series B (Taxable),
Revenue Bonds 2017 Series C (Taxable),
(Mortgage-Backed Securities Pass-Through Bonds)

WE HAVE RECEIVED THE WRITTEN AWARD. PLEASE NOTE FINAL AMOUNTS. THE ACCOUNT IS CLOSED.

Delivery: 06/22/2017 (Firm)
Initial trade: 06/08/2017
Date of Execution: 06/08/2017
Time of Execution: 12:30PM Eastern

$ 61,303,867
Single Family Mortgage
Revenue Bonds
2017 Series A (Non-AMT)

MOODY'S: Aa1 GNMA S&P: AA+ GNMA FITCH:

DATED:06/22/2017 FIRST COUPON:08/01/2017
DUE: 09/01
INITIAL TRADE DATE: 06/08/2017 @ 12:30PM Eastern

MATURITY	AMOUNT	COUPON	PRICE	ADD'L TAKEDOWN (Pts)	CUSIP
09/01/2047	61,303.867M	2.835%	101.00	1/2	88275FNY1
		(Approx. Yield 2.700)			

YIELD TO AVERAGE LIFE 2.70% AT 150% PSA EXPERIENCE-AVERAGE LIFE 8.8 YEARS

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first business day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
PRINCIPAL PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	18.1
50	13.8
75	12.2
100	10.8
125	9.7

150	8.8
175	8.0
200	7.4
250	6.3
300	5.6
400	4.5
500	3.8

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series A Bonds.

UNDERLYING MORTGAGE RATES (WAC): 4.273%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 3.790%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 359 MONTHS*

Mortgage Certi-ficates	CUSIP	Pool Number	Outstanding Principal*	Weighted Average Pass-Thru Rate*	Weighted Average Mortgage Rate*	Weighted Average Remaining Term (in months)*
GNMA I	3617AKL83	BA6651	1,068,319.52	3.500%	4.000%	359
GNMA II	3617AKMT6	BA6670	1,090,804.71	3.500%	4.125%	358
GNMA II	3617AKMU3	BA6671	2,112,554.08	3.500%	4.125%	358
GNMA II	3617AKMV1	BA6672	1,213,059.55	4.000%	4.500%	358
GNMA II	3617AKMW9	BA6673	1,457,427.29	4.000%	4.500%	358
GNMA II	3617AKMX7	BA6674	1,808,216.72	4.000%	4.500%	358
GNMA II	3617AKMY5	BA6675	3,104,986.48	4.000%	4.500%	358
GNMA II	3617AKMZ2	BA6676	1,118,375.71	4.000%	4.419%	358
GNMA II	3617AKM25	BA6677	3,405,809.13	4.000%	4.421%	358
GNMA II	3617AKM33	BA6678	2,427,996.39	4.000%	4.409%	358
GNMA II	3617AKM41	BA6679	4,370,870.94	4.000%	4.399%	358
GN1**			2,723,904.88	3.500%	4.000%	360
GN1**			4,939,047.21	3.500%	4.000%	359
GN1**			2,286,553.76	4.000%	4.500%	359
GN1**			3,215,086.58	4.000%	4.500%	359
GN2**			3,347,883.11	4.000%	4.417%	360
GN2**			7,823,782.91	4.000%	4.411%	360
GN2**			1,767,873.72	3.500%	4.074%	360
GN2**			2,675,527.53	3.500%	4.036%	360
GN2**			9,345,787.19	3.500%	4.032%	359
Total/Weighted Average			61,303,867.41	3.790%	4.273%	359

** POOLS TO BE SETTLED ON JUNE 20, 2017

$ 29,610,000
Single Family Mortgage
Revenue Refunding Bonds
2017 Series B (Taxable)

*********************** ATTENTION ***********************
THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aa1 GNMA/FNMA/FHLMC   S&P: AA+ GNMA/FNMA/FHLMC   FITCH:

DATED:06/22/2017   FIRST COUPON:08/01/2017
DUE: 09/01

INITIAL TRADE DATE: 06/08/2017 @ 12:30PM Eastern
ALL BONDS ARE PRICED AT PAR.

MATURITY	AMOUNT	COUPON	ADD'L TAKEDOWN (Pts)	CUSIP
09/01/2038	29,610M	2.75%	1/2	88275FNZ8

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first business day of each month, as further described on page 6 of the POS.

REDEMPTION FROM EXCESS REVENUES: The Series 2017 Bonds are subject to redemption beginning only on and after the initial optional redemption date of September 1, 2026 from excess Revenues, as further described on page 6 of the POS.

INTEREST PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
PRINCIPAL PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	12.2
50	9.6
75	8.5
100	7.6
125	6.9
150	6.2
175	5.9
163% (last 12 months)	5.6
200	5.1
225% (since issuance)	4.7
250	4.3
300	3.7
400	2.8
500	2.2

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series B Bonds. Data based on June 2017 factors.

UNDERLYING MORTGAGE RATES (WAC): 5.938%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 5.438%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 251 MONTHS*

The 2017 Series B Transferred Mortgage Certificates have experienced the following cumulative prepayment rates (taking into account all principal repayments and prepayments paid through May 31, 2017 based on June 2017 factors):
i) 225%* of the SIFMA Prepayment Model assumption since their issuance;
ii) 163%* of the SIFMA Prepayment Model assumption for the most recent 12 months; and
iii) 114%* of the SIFMA Prepayment Model assumption for the most recent 6 months.

See POS Appendix H for the list of the Transferred Mortgage Certificates allocated to the 2017 Series B Bonds. Information in POS Appendix H will be available in Excel upon request through closing. Please call Ramirez's desk at 212-248-3870 or visit POS link to get electronic file of Appendix H.

$ 42,787,085
Single Family Mortgage

Revenue Bonds
2017 Series C (Taxable)

********************** ATTENTION **********************
THE BONDS ARE TAXABLE MUNICIPAL SECURITIES AND THIS OFFERING IS SUBJECT TO REGULATION BY THE MUNICIPAL SECURITIES RULEMAKING BOARD. ALL ACTIVITY UNDERTAKEN WITH RESPECT TO THIS OFFERING MUST BE SUPERVISED BY A MUNICIPAL SECURITIES PRINCIPAL.

MOODY'S: Aa1 GNMA/FNMA   S&P: AA+ GNMA/FNMA   FITCH:

DATED:06/22/2017   FIRST COUPON:08/01/2017

DUE: 09/01

INITIAL TRADE DATE: 06/08/2017 @ 12:30PM Eastern

ALL BONDS ARE PRICED AT PAR.

MATURITY	AMOUNT	COUPON	ADD'L TAKEDOWN (Pts)	CUSIP
09/01/2047	42,787.085M	3.10%	1/2	88275FPA1

CALL FEATURES: Optional call in 09/01/2026 @ 100.00

REDEMPTION FROM MORTGAGE LOAN PRINCIPAL PAYMENTS: The Series 2017 Bonds are subject to redemption prior to maturity and shall be redeemed, in whole or in part, as soon as practicable, at par plus accrued interest, expected to be redeemed on the first business day of each month, as further described on page 6 of the POS.

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INTEREST PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
PRINCIPAL PAYMENT DATES: FIRST BUSINESS DAY OF EACH MONTH
MINIMUM DENOMINATIONS: $1.00 OR ANY INTEGRAL MULTIPLE THEREOF

PSA Prepayment Benchmark (%)	Projected Weighted Average Life (in Years)*
0	18.2
50	13.8
75	12.2
100	10.9
125	9.8
150	8.9
175	8.1
200	7.4
250	6.4
300	5.6
400	4.5
500	3.8

See POS page 9 for assumptions in projecting the weighted average lives of the 2017 Series C Bonds.

UNDERLYING MORTGAGE RATES (WAC): 4.376%*
UNDERLYING PASS-THROUGH RATES (WEIGHTED AVERAGE): 3.842%*
WEIGHTED AVERAGE REMAINING TERM (WAM): 360 MONTHS*

Weighted Mortgage Certi-ficates	CUSIP	Pool Number	Outstanding Principal*	Weighted Average Pass-Thru Rate*	Weighted Average Mortgage Rate*	Average Remaining Term (in months)*
GN1**			1,607,939.27	3.500%	4.000%	360
GN1**			2,318,189.83	4.000%	4.500%	360
GN1**			3,478,953.54	4.000%	4.500%	360
GN1**			11,765,601.97	4.000%	4.500%	359
GN2**			2,416,415.80	3.500%	4.125%	360
GN2**			10,499,939.23	3.500%	4.125%	360
GN2**			3,604,305.02	4.000%	4.413%	359
GN2**			4,994,761.83	4.000%	4.442%	359
FN**			1,119,074.50	4.000%	4.736%	360
FN**			981,904.59	4.500%	5.199%	360
Total/Weighted Average			42,787,085.58	3.842%	4.376%	360

**POOLS TO BE SETTLED ON JUNE 20, 2017

PRIORITY OF ORDERS AS FOLLOWS:
1. Net Designated
(Exception: If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.)
2. Member

PRIORITY POLICY:

All managers must be designated.
No firm may receive more than 60.00% of any designation.
Each designee must receive a minimum of 15.00% for each priority order.
The Senior Manager requests the identification of all priority orders at the time the orders are entered.
The Senior Manager will pay out all designations.
There will not be any clearance fee taken from designated sales in accordance with MSRB Rule G-17.
There are to be no soft-dollar designations.

****
Pursuant to MSRB Rule G-11, syndicate members and other brokers, dealers, and municipal securities dealers ("Dealers"), when submitting an order for the syndicate member or Dealer's own account or for a "related account" as defined in Rule G-11 (which includes, without limitation, proprietary orders for affiliates of the syndicate member or Dealer), must so inform Ramirez & Co., Inc. at the time any such order is submitted.
****

The compliance addendum MSRB Rule G-11 will apply.
A preliminary Blue Sky Survey or Memorandum is available upon request.
The Award is final for Thursday, June 8, 2017 at 10:24AM Eastern .
Delivery is firm for Thursday, June 22, 2017.
This issue is book entry only. This issue is clearing through DTC.

$ 61,303,867

Single Family Mortgage
Revenue Bonds
2017 Series A (Non-AMT)

Award: 06/08/2017
Award Time: 10:24AM Eastern
Delivery: 06/22/2017 (Firm)
Initial trade: 06/08/2017
Date of Execution: 06/08/2017
Time of Execution: 12:30PM Eastern

$ 29,610,000
Single Family Mortgage
Revenue Refunding Bonds
2017 Series B (Taxable)

Award: 06/08/2017
Award Time: 10:24AM Eastern
Delivery: 06/22/2017 (Firm)
Initial trade: 06/08/2017
Date of Execution: 06/08/2017
Time of Execution: 12:30PM Eastern

$ 42,787,085
Single Family Mortgage
Revenue Bonds
2017 Series C (Taxable)

Award: 06/08/2017
Award Time: 10:24AM Eastern
Delivery: 06/22/2017 (Firm)
Initial trade: 06/08/2017
Date of Execution: 06/08/2017
Time of Execution: 12:30PM Eastern

Ramirez & Co., Inc.
Jefferies LLC
RBC Capital Markets

Rating Agency Reports

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
8 May 2017

New Issue

Rate this Research

Contacts

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Florence Zeman 212-553-4836
Associate Managing Director
florence.zeman@moodys.com

Texas Department of Housing and Community Affairs

New Issue - Moody's assigns Aa1 to TX Dept. of Housing & Community Affairs' SF Mtg. Rev. Bonds 2017 A--C; outlook stable

Summary Rating Rationale

Moody's Investors Service has assigned a rating of Aa1 to the proposed Texas Department of Housing and Community Affairs' Single Family Mortgage Revenue Bonds 2017 Series A (Non-AMT), Single Family Mortgage Revenue Refunding Bonds 2017 Series B (Taxable), and Single Family Mortgage Revenue Bonds 2017 Series C (Taxable). Moody's maintains existing Aa1 ratings on all outstanding Single Family Mortgage Revenue Senior Lien Bonds and Aa2 ratings on all outstanding Single Family Mortgage Revenue Junior Lien Bonds. The outlook on the rating is stable.

The Aa1 rating reflects the large percentage (99.9%) of GNMA, Freddie Mac and FNMA MBS in the program's portfolio and a program-asset-to-debt ratio (PADR) of 1.20 as of the August 31, 2016 audit. The rating also reflects 100% of the liquidity on the variable rate bonds provided by the Texas Comptroller of Public Accounts (State of Texas general obligation rating of Aaa with a stable outlook).

Credit Strengths

- A strong loan portfolio comprised of 99.9% of GNMA, FHLMC and FNMA MBSs
- Strong financial condition with a PADR of 1.20 and a net revenue as a percentage of total revenue of 21.5% as of August 31, 2016
- 100% of liquidity for variable rate debt is provided by the Texas Comptroller of Public Accounts; the agreements have favorable terms, including no term-out provisions

Credit Challenges

- The proportion of variable rate debt is high at 40% of debt outstanding as of December 31, 2016
- Liquidity facilities provided by the State Comptroller expire on August 31, 2017

Rating Outlook

The outlook is stable, based on the indenture's solid financial position, strong mortgage portfolio, and 100% of the program's variable rate debt liquidity support provided by the Texas Comptroller of Public Accounts.

Factors that Could Lead to an Upgrade

» A substantial decline in the proportion of variable rate debt while maintaining a portfolio that is nearly 100% secured by MBS.

» An improvement in financial performance, including growth of PADR and profitability.

Factors that Could Lead to a Downgrade

» Replacement of the State Comptroller-provided liquidity with agreements containing terms which are too onerous to withstand Moody's cash flow tests.

» A severe decline in the financial performance of the program that causes the PADR to drop.

Key Indicators

Exhibit 1

Texas Dept. of Housing and Community Affairs Single Family Mortgage Revenue Bonds

(Year Ending 08/31)	2012	2013	2014	2015	2016
Total Bonds Outstanding	724,866	574,100	429,890	347,390	337,150
Asset to Debt Ratio	118.02%	118.28%	123.36%	130.56%	120.15%
Margins	0.18%	0.18%	0.28%	0.31%	0.21%
Variable Rate Debt as a % of Bonds Outstanding	39.30%	46.67%	55.20%	58.18%	41.99%
Swapped Debt as a % of Variable Rate Debt	97.21%	97.11%	96.90%	93.42%	95.09%
Seriously Delinquent	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Moody's Adjusted Audited Financial Statements

Recent Developments

Recent developments are incorporated in the Detailed Rating Considerations.

Detailed Rating Considerations

Loan Portfolio: Strong Portfolio Composition Due to Highly-Rated MBS

The program's outstanding loan portfolio is very strong. As of February 28, 2017, the portfolio is 99.9% secured by Aaa-quality GNMA, FHLMC and FNMA MBSs and will continue to climb closer to 100% as whole loans are amortized or prepaid. The remainder of the portfolio is comprised of whole loans insured by the Federal Housing Administration (FHA).

Financial Position and Performance: Strong Financial Performance Including High PADR Supports Aa1 Rating

The program's strong financial performance is reflected in its PADR of 1.20 as of 8/31/16 audited financial statements. The indenture's PADR has declined from the fiscal year u2015 audit of 1.30. Profitability (net revenues as a percentage of gross revenues) remains strong at 21.5% as of the 8/31/2016 audit.

LIQUIDITY

Cash flow projections demonstrate that the program exhibits sufficient liquidity to meet all debt service obligations.

Legal Framework, Covenants, and Debt Structure: Variable Rate Debt and Liquidity Renewal Risk are Key Challenges

DEBT STRUCTURE

The total outstanding debt for the Single Family Mortgage Revenue Bonds Program as of February 28, 2017 is $302,590,000, of which $178,885,000 is fixed rate, and $123,705,000 is variable rate.

DEBT-RELATED DERIVATIVES

The senior lien of the Single Family Mortgage Revenue Bond Indenture has $119.850 million (as of 2/28/2017) in variable rate bonds which equals approximately 39% of bonds outstanding. $116.760 million is swapped to a fixed rate under four swap agreements, one with Goldman Sachs Bank USA (Aa3 (cr)/P-1 (cr) Stable outlook), one with The Bank of New York Mellon (Aa1 (cr)/P-1 (cr) Stable outlook) and two with JPMorgan Chase Bank, N.A. (Aa2 (cr)/P-1 (cr) Stable outlook).

Variable rate bonds may expose a program to additional risks including that of bondholder tenders resulting in unremarketed bonds being purchased by the liquidity provider ("bank bonds"). Bank bonds may have higher interest rates than the bonds in the primary market and may require a more rapid bond principal amortization. We believe that the program is well positioned to tolerate this risk without impairing the financial condition of the program. The program's strong financial position, with a 1.20 PADR as of 8/31/16, provides it with sufficient resources and liquidity to cover higher interest costs and a certain amount of rapid principal amortization.

Liquidity Support: Program Benefits From State Comptroller Providing 100% of Support

As of February 28, 2017, 100% of variable rate debt liquidity support is provided through liquidity agreements with the Texas Comptroller of Public Accounts (State of Texas general obligation rating of Aaa with a stable outlook). The liquidity agreements contain favorable terms that benefit TDHCA. A lack of term-out provisions is especially favorable for the Single Family Indenture because it limits financial stress in the event of a failed remarketing and limits the stress to the program under Moody's bank bond stress cash flow scenarios. While each of the Comptroller-provided liquidity agreements has a stated expiration date of August 31, 2017, they include provisions to extend the facilities for a term of not less than 90 days or more than two years, at the Comptroller's sole discretion.

Full and Timely Payment Demonstrated Under All Cash Flow Stress Scenarios

Standalone cash flows as well as consolidated cash flows were run based on the August 31, 2016 audit and included 0% and 3-year average life prepayment scenarios under a variety of stressful assumptions. Based on these projections, Moody's believes the Single Family Indenture will continue to generate sufficient revenue from its loans and investments to fully meet all existing debt obligations in a timely manner.

PENSIONS AND OPEB

Pensions and OPEB are not a major factor in the methodology.

Management and Governance

We view the management team as effective in managing its existing core business and fully dedicated to fulfilling its mission. The management staff have demonstrated a focus on reducing financial stress and competence in making decisions that have proven to reduce risk and improve financial and operational results.

Legal Security

The bonds are special obligations of TDHCA and are secured by GNMA, Freddie Mac and FNMA mortgage-backed securities (MBS), mortgage loans and all reserves and other assets under the indenture. Payment of senior lien debt is on parity with $298.735 million (as of 2/28/2017) in Single Family Mortgage Revenue Bonds, and junior lien debt is on parity with $3.855 million (as of 2/28/2017) Single Family Mortgage Revenue Bonds. The junior lien bonds are payable solely from surplus revenues of the indenture subordinate to the pledge of the senior bonds.

Use of Proceeds

Proceeds of the bonds will be utilized to refund and redeem existing bonds and to finance the purchase of new GNMA and FNMA Securities.

Obligor Profile

The Single Family Mortgage Revenue Bonds Program was established in 1980. This indenture was TDHCA's initial single family financing program. The proceeds of bonds issued under this indenture are used to finance affordable residential housing to low and moderate income persons in the State of Texas. All the bonds under the indenture are secured equally by all of the mortgage loans.

Methodology

The principal methodology used in this rating was U.S. Housing Finance Agency Single Family Programs published in November 2016. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Ratings

Exhibit 4

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS

Issue	Rating
Single Family Mortgage Revenue Bonds 2017 Series A (Non-AMT)	Aa1
Rating Type	Underlying LT
Sale Amount	$68,021,442
Expected Sale Date	05/17/2017
Rating Description	Mortgage: Single-Family: GNMA/FNMA/FHLMC
Single Family Mortgage Revenue Bonds 2017 Series C (Taxable)	Aa1
Rating Type	Underlying LT
Sale Amount	$50,282,451
Expected Sale Date	05/17/2017
Rating Description	Mortgage: Single-Family: GNMA/FNMA/FHLMC
Single Family Mortgage Revenue Refunding Bonds 2017 Series B (Taxable)	Aa1
Rating Type	Underlying LT
Sale Amount	$29,610,000
Expected Sale Date	05/17/2017
Rating Description	Mortgage: Single-Family: GNMA/FNMA/FHLMC

Source: Moody's Investors Service

REPORT NUMBER 1071639

MOODY'S INVESTORS SERVICE

S&P Global
Ratings

RatingsDirect®

Summary:

Texas Department of Housing & Community Affairs; Single Family Multiple MBS; Single Family Whole Loan

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Table Of Contents

Summary:

Texas Department of Housing & Community Affairs; Single Family Multiple MBS; Single Family Whole Loan

Credit Profile		
US$68.021 mil single fam mtg rev bnds ser 2017A (non-AMT) dtd 06/22/2017 due 09/01/2047		
Long Term Rating	AA+/Stable	New
US$50.282 mil single fam mtg rev bnds ser 2017C taxable dtd 06/22/2017 due 09/01/2047		
Long Term Rating	AA+/Stable	New
US$29.61 mil single fam mtg rev bnds ser 2017B taxable dtd 06/22/2017 due 09/01/2037		
Long Term Rating	AA+/Stable	New
Texas Dept of Hsg & Comnty Affairs sin fam mtg rev bnds (1980 Trust Indenture)		
Long Term Rating	AA+/Stable	Affirmed

Rationale

S&P Global Ratings assigned its 'AA+' rating to the Texas Department of Housing and Community Affairs' single-family mortgage revenue bonds, series 2017A; single-family mortgage revenue refunding taxable bonds, series 2017B; and single-family mortgage revenue bonds, series 2017C. At the same time, S&P Global Ratings affirmed its 'AA+' and 'AA+/A-1+' ratings on the department's single-family mortgage revenue bond (SFMRB) indenture. Finally, S&P Global Ratings affirmed its 'AA+' underlying rating (SPUR) and 'AA+/A-1+' ratings on the department's taxable junior-lien single-family variable-rate demand bonds, series 2004A. The outlook on the long-term ratings is stable.

The rating reflects our view of:

- The very high credit quality of the collateral backing the bonds;
- The strong performance of the indenture, as exhibited by asset-to-liability parity;
- Cash flow sufficiency; and
- Very high-quality investments.

In our opinion, the above strengths are partly offset by the relatively high amount of variable-rate bonds still outstanding in the indenture and the upcoming expiration of liquidity facilities from the state of Texas.

The 2017A and 2017C bonds will be issued to purchase Ginnie Mae and Fannie Mae mortgage-backed securities (MBS). The mortgage certificates related to the 2017B bonds will be guaranteed by Ginnie Mae, Fannie Mae, or Freddie Mac. The 2017B bonds will be issued to refund and redeem all of the department's series 2007B single-family mortgage revenue bonds outstanding. The series 2017 A, B, and C bonds are limited obligations of the department and are payable solely from and secured by all moneys pledged under the indenture. The bonds will be held on parity with approximately $298,735,000 senior-lien bonds outstanding (as of Feb. 28, 2017). Approximately $3.855 million of taxable junior-lien bonds are outstanding as of Feb. 28, 2017, under the junior-lien trust indenture, and are secured on a subordinated basis to the SFMRB indenture. The bonds are currently rated on par with the senior-lien bonds, as cash flows show that revenues exceed the required amount to fund the bonds' repayment.

The SFMRB trust indenture was created in 1980 as a whole loan indenture. Beginning in 1994, new mortgage loans were credit enhanced by Ginnie Mae, Fannie Mae, and Freddie Mac MBS. As of Sept. 1, 2016, the indenture consisted of $322.62 million (99.88%) MBS, and approximately $374,300 (0.12%) whole loans. Sept. 1, 2016, asset-to-liability parity was very strong, at 116.08%, even stronger than the 110.21% parity ratio from our last review.

The indenture consists of 54% fixed-rate bonds and 46% variable-rate bonds, approximately 90.2% of which are hedged with fixed payor swaps, as of Sept. 1, 2016. The 'A-1+' short-term rating on the outstanding variable-rate bonds is derived from the rating on the state of Texas, which provides liquidity support on all variable-rate demand obligations. The liquidity agreement is subject to renewal yearly on an ongoing basis with a current expiration date of Aug. 31, 2017.

Consolidated cash flow projections demonstrate that revenues are sufficient to pay debt service and fees on a full and timely basis. The overcollateralization of the indenture provides additional loan loss protection that exceeds S&P Global Ratings' loss coverage level for the relatively small amount of whole loans remaining in the portfolio. The bonds are subject to mandatory tender, mandatory redemption, and optional redemption as fully detailed in the indenture.

Outlook

The stable outlook reflects the outlook on the sovereign rating, which is the basis of the rating on the MBS collateral supporting the bonds. The ratings move in tandem with the U.S. sovereign rating.

Ratings Detail (As Of May 8, 2017)		
Texas Dept of Hsg & Comnty Affairs single fam mtg ser 2005C (AGM)		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs single-fam mtg rev rfdg bnds ser 2015 A		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs single-fam mtg rev bnds ser 2015 B		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs sin fam		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs SFMULTMBS		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs SFMULTMBS (AGM)		
Long Term Rating	AA+/A-1+/Stable	Affirmed
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs sin fam mtg		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs sin fam mtg var rate rev bnds ser 2007A		

Ratings Detail (As Of May 8, 2017) (cont.)		
Long Term Rating	AA+/A-1+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs sin fam var rate ser 2004B FSA		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Long Term Rating	AA+/A-1+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs sin fam VRDB		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Long Term Rating	AA+/A-1+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs taxable jr lien sin fam VRDB ser 2004A		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Long Term Rating	AA+/A-1+/Stable	Affirmed

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

Distribution List and Timetable

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

2017A Single Family Mortgage Revenue Bonds (Non-AMT) (New Money)
2017B Single Family Mortgage Revenue Refunding Bonds (Taxable) (Refund 2007B)
2017C Single Family Mortgage Revenue Bonds (Taxable) (New Money)
Program 87

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* Working Group for Distribution of Bond Documents

Texas Department of Housing and Community Affairs

2017A Single Family Mortgage Revenue Bonds (Non-AMT) (New Money)
2017B Single Family Mortgage Revenue Refunding Bonds (Taxable) (Refund 2007B)
2017C Single Family Mortgage Revenue Bonds (Taxable) (New Money)

Program 87

Issuer	Texas Department of Housing and Community Affairs	TDHCA
Bond Counsel	Bracewell	BC
Disclosure Counsel	McCall, Parkhurst & Horton LLP / Mahomes Bolden PC	DC
Financial Advisors	George K. Baum & Company / Kipling Jones & Co.	FA
Underwriters	Ramirez & Co. / Jefferies LLC / RBC Capital Markets, LLC	UW
Underwriter's Counsel	Chapman and Cutler, LLP	UWC
Senior Manager	Ramirez & Co.	SM
Working Group	All Parties Above	WG

Date	Action	Party
03/28/17	Distribute First Draft of Documents (Series Supplement, BPA, POS)	BC, DC, UWC
04/04/17	Comments Due On First Draft of Documents	WG
04/07/17	Distribute Revised Draft of Documents (Series Supplement, BPA, POS)	BC, DC, UWC
04/18/17	Settle GNMA MBS for Bond Issue and Deposit in Warehouse Line	TDHCA
04/25/17	Distribute Initial Cash Flows for BRB and Rating Applications	TDHCA, FA
04/26/17	BRB Notice of Intent Deadline (Submit Notice of Intent)	TDHCA, BC
04/27/17	TDHCA Board Meeting (Documents for Final Approval)	TDHCA, BC, DC, UWC
04/27/17	TDHCA Working Group Meeting Following Board Meeting (TDHCA, Room #116)	WG
04/27/17	Submit Rating Package to Rating Agencies	TDHCA, FA
05/02/17	BRB Application Deadline (Submit Application)	TDHCA, BC, FA
05/05/17	Finalize Preparation and Materials for BRB Planning Session	TDHCA, BC, FA
05/05/17	Submit Application for Reservation to BRB (required prior to voting meeting)	TDHCA, BC
05/08/17	Received Certificate of Reservation from BRB	TDHCA, BC
05/09/17	Settle FNMA MBS for Bond Issue and Deposit in Warehouse Line	TDHCA
05/09/17	BRB Planning Session (Discuss Transaction)	TDHCA, BC, FA
05/12/17	Receive Ratings on the Bonds	TDHCA, FA
05/18/17	Settle GNMA MBS for Bond Issue and Deposit in Warehouse Line	TDHCA
05/18/17	BRB Meeting (Approve Transaction)	TDHCA, BC, FA
05/23/17	Due Diligence Call	WG
05/24/17	Publish Conditional Notice of Redemption for Callable 2007B Bonds	TDHCA
05/25/17	TDHCA Board Meeting (No Relevant Action)	TDHCA
05/29/17	Memorial Day Holiday	
05/30/17	Mail the POS	WG
06/01/16	Submit Transcript to Texas Attorney General for Preliminary Approval	BC
06/06/17	Review Preliminary Pricing Wire	TDHCA, FA
06/07/17	MBS Factors Received (Initial Publication)	FA, UW
06/07/17	Size the Bond Issue	TDHCA, FA, SM
06/07/17	Pre-Pricing Call and Scale Discussion (Possible Pricing)	TDHCA, UW, FA
06/08/17	Price the Bonds; Pair Off Mortgage Loans; Execute the BPA	WG
06/09/17	Settle FNMA MBS for Bond Issue and Deposit in Warehouse Line	TDHCA
06/09/17	MBS Factors Received (Outside Date)	TDHCA, FA, SM
06/09/17	Distribute Draft of the Official Statement	DC
06/14/17	FOMC Announcement and Forecasts	N/A
06/14/17	Final Comments Due on the Official Statement	WG
06/14/17	Send Investment Agreement Notices (confirm date)	TDHCA, BC
06/15/17	Deliver Initial Bonds to Texas Attorney General	BC
06/16/17	Print the Official Statement (within 7 business days of BPA execution)	DC
06/19/17	Settle GNMA MBS for Bond Issue and Deposit in Warehouse Line	TDHCA
06/19/17	Deliver final executed documents to Texas Attorney General	BC
06/21/17	Pre-Close	WG
06/22/17	Close; Purchase MBS from Warehouse Line; Fund 2007B Escrow	WG
06/23/17	Redeem Callable 2007B Bonds; Post Disclosure Notices, including Notice of Defeasance for 2007B	TDHCA
07/27/17	TDHCA Board Meeting (Report to the Board on Bond Issue)	TDHCA
07/31/17	Publish Redemption Notice for 2007B	TDHCA
08/21/17	BRB Final Report Due	TDHCA
9/1/2017	Redeem Series 2007B Bonds	TDHCA

4

TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

5a

BOARD REPORT

MULTIFAMILY FINANCE DIVISION

JULY 27, 2017

Report on the 2018 Qualified Allocation Plan ("QAP") Project

On June 28, 2017, Texas Department of Housing and Community Affairs ("TDHCA") staff held its sixth Qualified Allocation Plan ("QAP") and Uniform Multifamily Rules ("Rules") Roundtable with stakeholders. The topic of this discussion was 10 TAC §11.9(e) of the QAP, "Criteria promoting the efficient use of limited resources and applicant accountability."

Brent Stewart, Director of Real Estate Analysis ("REA"), started the Roundtable with a presentation on why real estate analysis is incorporated into the application process. Internal Revenue Code §42 requires the efficient use of resources, and the State's 10 TAC §11.9(e) compliments that requirement by making the cost of development a competitive scoring item.

The QAP allows Applicants to score on either Hard Costs or Building Costs. Whereas Building Costs include everything "from the foundation and up," Hard Costs include other expenses involved in preparing the site for development, such as grading the land and installing utilities. Unfortunately, staff currently is unable to underwrite site work, which is why the Department now requests the Site Design and Development Feasibility Report from a licensed engineer.

For the 2017 Housing Tax Credit ("HTC") cycle, the Department raised the cost per square foot scoring thresholds for both Building and Hard Costs by 4%. It was the first time the Department had raised the cost per square foot threshold in a number of years. Staff reviewed a large sample of competitive Applications for the 9% HTC 2017 cycle and determined that 85% of Applications' costs per square foot were under these rule-based, point-qualifying thresholds. The 15% of Applications whose costs per square foot exceeded the limitations chose to voluntarily limit their eligible basis so that they could still secure points.

Mr. Stewart explained in detail how REA staff evaluate and confirm the costs submitted in Applications. He noted that staff only employs Marshall & Swift as a starting point and draws upon locally collected data to create a more accurate profile of construction costs in Texas cities. Staff compares and contrasts costs between Applications for each year and previous years; staff takes into account the differences in urban and rural markets in Texas and accounts for seasonal differences in costs; staff solicits input from contractors and subcontractors; and staff even calls materials suppliers in different cities to determine exact costs for certain construction items, such as lumber or sheetrock. Because of these efforts, staff's construction estimates for building costs are almost always within a few percent of the Applicant's projected building costs. Disagreement on construction costs tends to arise only when Applicants make significant changes to their Applications during the post-commitment phase of the Development project.

Staff's goal with 10 TAC §11.9(e) is to make cost per square foot more relevant and impactful to efficiently distributing HTCs. Currently, almost every Application for 9% HTCs secures all possible points within this section of the QAP. That either means that all proposed Developments are building affordable units at costs below the Department's thresholds, or it could mean that some Applicants are adjusting their costs to fit the parameters of the scoring item. If it is the latter, this is why staff changed the rules in this section to allow Applicants to voluntarily limit their eligible basis so that Applicants could maximize their scores while the Department gained insight into the true costs of construction of the proposed Development.

One commenter noted that perhaps the reason only 15% of Applicants voluntarily limited their eligible basis is because most Applicants did not understand these new rules.

Another commenter expressed concern about the inefficient allocation of HTCs. Some Developments have low HTC allocations per unit, while other Developments have very high allocations. Comparatively high HTC allocations per unit limit the total number of affordable units the Department could be financing every year. This commenter suggested scoring items that incentivize lower HTC allocations per unit or, at the very least, finding a way to limit higher soft costs on some Developments. Mr. Stewart shared that staff has begun to monitor more closely architectural and engineering costs submitted by Applicants for their proposed Developments. Another commenter asked if staff could introduce a scoring item similar to Hard Costs and Building Costs, but for soft costs. Mr. Stewart shared that such a scoring item could potentially be incorporated into 10 TAC §11.9(e).

Staff also pitched at the Roundtable the idea of including a "readiness-to-proceed" scoring item, with the assumption that ready-to-go projects will stay closer to their projected costs at the time of Application, and will therefore avoid cost overruns and construction / financing delays. If a Development can close on its financing 30 days after Commitment and can commence construction before the next year begins, then that Applicant and development team should be rewarded. As voiced at previous QAP roundtables, though, stakeholders are concerned about the difficulty this entails on their end, such as securing permits and financial commitments when a HTC allocation is not yet guaranteed. Staff asked if having a more predictable QAP might allay this concern, since Applicants could then better determine how they might score in the next year's cycle. This suggestion stimulated a brief conversation on whether or not the QAP and Rules should be released on two-year increments, as opposed to annually. Stakeholders could not reach agreement on whether or not switching to a two year QAP is beneficial to the program.

Returning to the goal of making the cost of proposed Developments a more meaningful and impactful scoring item, one commenter proposed penalizing HTC awardees that significantly change their construction costs as cost-certification. Mr. Stewart said that another option is to limit the changing of developer costs post-commitment. While the Department recognizes that the costs of materials can change, it is harder to understand why a Developer's fee would change (not including contingency costs). A commenter then proposed freezing the Developer Fee between the time of Application and the time of Cost-Certification. This item could be incorporated into 10 TAC §11.9(e) or, alternatively, into 10 TAC §11.7, "Tie Breaker Factors."

5b

TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

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