

BOARD MEETING OF JULY 8, 2004

Beth Anderson, Chair
C. Kent Conine, Vice-Chair



Patrick R. Gordon, Member
Vidal Gonzalez, Member
Shadrick Bogany, Member
Norberto Salinas, Member

MISSION

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

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

JULY 8, 2004

ROLL CALL

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

_____, Presiding Officer

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
State Capitol Extension Auditorium, 1100 Congress, Austin, Texas 78701
Thursday, July 8, 2004 9:00 am

A G E N D A

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

Elizabeth Anderson
Chair of Board

PUBLIC COMMENT

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

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

ACTION ITEMS

Item 1 Presentation, Discussion and Possible Approval of Minutes of Board Meeting of June 10, 2004 Elizabeth Anderson

Item 2 Presentation, Discussion and Possible Approval of Housing Tax Credit Items: Elizabeth Anderson

a) Appeals to Board from Housing Tax Credit Applicants on Application Matters:

Project #	Project Name
04037	Las Canteras Apartments
04041	Mesa Senior's Apartments
04050	San Diego Creek Apartments
04052	Chisholm Trail Senior Village
04060	Providence Place Apartments
04063	Depriest Gardens
04064	Ramah Village
04120	Sedona Springs Village
04120	Sedona Springs Village
04141	Spring Creek Station Apartments
04143	Courtland Square Apartments
04211	Arbors at Rose Park
04213	Village at Morningstar
04214	Las Villas de Magnolia
04036	Villa del Sol Apartments
04218	Converse Village Apartments
04252	Waxahachie Senior Apartments
04258	Vista Del Sol-The Rudy C Perez, Sr.
04268	Lansborough Apartments

Any Other Appeals Timely Filed

b) Issuance of Determination Notice on Tax Exempt Bond Transactions with Other Issuer:

04-427 Rosemont At Old Manor, Austin, Texas
Travis County Housing Finance Corporation is the Issuer
(Requested Amount of \$917,585 and Recommended Amount of \$906,289)

04-430 Heatherbrook Apartments, Port Arthur
 Port Arthur Housing Finance Corporation is the Issuer
 (Requested Amount of \$421,398 and Recommended
 Amount of \$421,398)

Item 3 Presentation, Discussion and Possible Approval of Programmatic Items:

C. Kent Conine

- a) Office of Colonia Initiatives 2004 Bootstrap Awards for:
- | 2/3rd Economically Distressed County Applicants | Location | Requested and Recommended Amount | # of Units |
|---|--------------------------|---|-------------------|
| Community Services Agency of South Texas | Dimmit/LaSalle Counties | \$312,000 | 10 |
| Community Colonias Organ. | Maverick Co. | \$374,400 | 12 |
| Edinburg Housing Opp. | Hidalgo Co. | \$624,000 | 20 |
| El Paso Assoc. of Adult Families Unidas De Val | El Paso Co. | \$258,960 | 23 |
| County, Inc. Comm. Council Of SW Texas | Val Verde Co. | \$499,200 | 16 |
| La Gloria Dev. Corp. | Webb Co. | \$374,400 | 12 |
| Organizacion Progresiva De San Elizario (Requested \$300,000) | El Paso Co. | \$276,240 | 9 |
| Canaan Latin American Ministries, Inc. | Cameron Co. | \$0 | 0 |
| El Paso Community Action Program, Project Bravo, Inc. | El Paso Co. | \$0 | 0 |
| 1/3rd Statewide Applicants | Location | Requested and Recommended Amount | # of Units |
| Midland Habitat for Humanity | Midland Co. | \$ 31,200 | 1 |
| Ft. Worth Habitat for Humanity | Tarrant/Johnson Counties | \$249,600 | 8 |
- b) Resolution No. 04-050 Approving the Application to the Bond Review for Reservation of Calendar Year 2004 Private Activity Bond Authority
- c) Restructuring of Program 57A, Part I
- d) Restructuring of Program 57A, Part II
- e) TDHCA Market Rate Mortgage Program

Item 4 Presentation, Discussion and Possible Approval of Department Rules

Elizabeth Anderson

- a) Adoption of Emergency Amendment to the 2004 Housing Tax Credit Qualified Allocation Plan and Rules, Title 10, Part 1, Chapter 50, Texas Administrative Code, Based on Texas Attorney General Opinion No. GA-0208
- b) Proposed Amendment for Public Comment to the 2004 Housing Tax Credit Qualified Allocation Plan and Rules, Title 10, Part 1, Chapter 50, Texas Administrative Code, (Identical to the Emergency Amendment) Based on Texas Attorney General Opinion No. GA-0308
- c) Final Adoption of New Rule on Department Policy Concerning Alternative Dispute Resolution and Negotiated Rulemaking, Title 10, Part 1, Chapter 1, §1.17, Texas Administrative Code
- d) Final Adoption of Amended Rule for Public Comment Procedures and Topics at Public Hearings and Meetings, Title 10, Part 1,

Chapter 1, §1.10, Texas Administrative Code

Item 5 Presentation, Discussion and Possible Approval of Multi-Family: Vidal Gonzalez
Mortgage Revenue Bonds and Four Percent (4%) Housing Tax
Credits With TDHCA as the Issuer:

- a) Proposed Issuance of Multifamily Mortgage Revenue Bonds for Churchill at Pinnacle Park, Dallas, Texas in an Amount Not to Exceed \$10,750,000 and Issuance of Determination Notice Requested Amount of \$615,327 and Recommended Amount of \$615,327) for Housing Tax Credits for Churchill at Pinnacle Park, Dallas, Texas #04-422
- b) Proposed Issuance of Multifamily Mortgage Revenue Bonds for Post Oak East Apartments, Fort Worth, Texas in an Amount Not To Exceed \$13,700,000 and Issuance of Determination Notice (Requested Amount of \$651,286) for Housing Tax Credits for Post Oak East Apartments, Fort Worth, Texas #04-433
- c) Proposed Issuance of Multifamily Mortgage Revenue Bonds for Sphinx at Delafield, Dallas, Texas in an Amount Not to Exceed \$11,346,000 and Issuance of Determination Notice (Requested Amount of \$729,073 and Recommended Amount of \$729,073) for Housing Tax Credits for Sphinx at Delafield, Dallas, Texas, #04-419

Item 6 Presentation, Discussion and Possible Approval of: Edwina Carrington

- a) FY 2005 Draft Operating Budget
- b) FY 2005 Draft Housing Finance Operating Budget
- c) Third Quarter Investment Report

EXECUTIVE SESSION

Elizabeth Anderson

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session
Consultation with Attorney Pursuant to §551.071, Texas Government Code, Concerning an Investigation by the Brazoria County Criminal District Attorney on Forged Letters Concerning Tranquility Bay Apartments

OPEN SESSION

Elizabeth Anderson

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS

Executive Directors Report

ADJOURN

Elizabeth Anderson

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

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

Non-English speaking individuals who require interpreters for this meeting should contact Delores Groneck, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made.

EXECUTIVE OFFICE
BOARD ACTION REQUEST
July 28, 2004

Action Item

Board Minutes of June 10, 2004.

Required Action

Review of the minutes of the Board Meeting and make any necessary corrections.

Background

The Board is required to keep minutes of each of their meetings. Staff recommends approval of the minutes.

Recommendation

Approve the minutes with any requested corrections.

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
1100 Congress Avenue, State Capitol Extension Auditorium, Austin, Texas 78701
June 10, 2004 11:00 a. m.

Summary of Minutes

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

The Board Meeting of the Texas Department of Housing and Community Affairs of June 10, 2004 was called to order by the Chair of the Board Elizabeth Anderson at 11:15 a.m. It was held at the State Capitol Extension Auditorium, 1100 Congress, Austin, Texas 78701. Roll call certified a quorum was present.

Members present:

Elizabeth Anderson – Chair
C. Kent Conine – Vice Chair
Shadrick Bogany – Member
Patrick Gordon – Member
Vidal Gonzalez – Member
Norberto Salinas – Member

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

Ms. Anderson asked for a moment of silence in memory of the 40th President of the United States, Ronald Reagan. She also asked everyone to keep the family of St. Rep. Jim Pitts in their thoughts and prayers as his wife was killed in a car accident recently.

Ms. Anderson noted that Scott Sims from the Speakers Office, Liza Gonzales from the Governors Office and Beau Rothchild from the Urban Affairs Committee were in attendance at this meeting.

She thanked Senator Todd Staples for sponsoring the department for the use of this room.

PUBLIC COMMENT

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

Ms. Anderson called for public comment and the following either gave comments at this time or preferred to wait until the agenda item was presented.

Susana Benavidez, U.S. Congressman Charles Gonzalez Office, San Antonio, Texas

Ms. Benavidez stated she represented Congressman Charlie Gonzalez, District 20 and was speaking on application No. 04-074, Las Palmas Garden Apartments. This development team had meetings with the residents in the surrounding community to listen to their concerns and they have worked together to set a program for rehabilitation. This project has 100 units and is 100% affordable for persons at 40% of AMFI. There will be computers and social and educational programs for the entire family. She read a letter into the record from the Congressman which stated:

"I'm writing this letter in support of Las Palmas housing in their application to the Texas Department Housing and Community Affairs for housing tax credits to rehabilitate the Las Palmas Garden Apartments at 1014 South San Eduardo, San Antonio, Bexar County, Texas 78237. The 100-unit multifamily development consists of one, two and three bedrooms on 7.15 acres. There is a need for quality, affordable housing on the west side of San Antonio. This rehabilitation of the 35-plus-year old multifamily apartments will continue to address the needs of families in the 40 percent, 50 percent and 60 percent of the area median income.

Las Palmas Garden Apartments has long and good standing in the community. I support this application to the Texas Department of Housing and Community Affairs. If you have any questions or concerns regarding this letter, please do not hesitate to contact my office. Sincerely, Congressman Charles A. Gonzalez"

Jose Angelo Salinas, Pearland, Texas

Mr. Salinas gave his time to Mr. Mayfield.

Leslie Hinds, Pearland, Texas

Ms. Hinds gave her time to Mr. Mayfield.

Patti Jeschke, Pearland, Texas 77584

Ms. Jeschke gave her time to Mr. Mayfield.

Chad Howard, Pearland, Texas

Mr. Howard gave his time to Mr. Dumont.

David Crane, Pearland, Texas

Mr. Crane gave his time to Mr. Dumont.

Jason Simon, Pearland, Texas

Mr. Simon gave his time to Mr. Dumont.

Patrick Lesley, Pearland, Texas

Mr. Lesley gave his time to Mr. Dumont.

Stella Rodriguez, Texas Assoc. Of Community Action Agencies, Austin, Texas

Ms. Rodriguez presented a resolution adopted by their membership regarding a policy by TDHCA that creates a burden to the clients they serve and prevents many clients from being served with needed assistance. Effective Jan. 1, 2004, TDHCA implemented General Policy No. 04-3.2 which requires service providers of 3 programs, the Community Services Block Grant, the Comprehensive Energy Program and the Weatherization Assistance Program to use previous 90 day income of a household to determine eligibility as opposed to a 30-day period formerly used. The clients they serve are fluid in terms of employment. Many have seasonal jobs and many are left unemployed due to the unstable economy. Many live from paycheck to paycheck. She asked that the Department not penalize the community action agencies for client overuse of the Self Declaration of Income Statement caused by this policy.

Dan Boyd, Deputy Executive Director of Galveston County Community Action Council, Galveston, Texas

Mr. Boyd stated he supported the TACAA resolution as this policy affects their ability to help needy families. He stated their customers have fluid lives; their customers are more susceptible to crisis; their customers seek their help in a predictable manner; as more citizens cannot access available services due to this issuance, the number of communications to state legislators will continue to increase; and, it does not matter who is right in this policy issuance – it only matters what is right. He asked that the staff revisit this issue.

Mr. Conine asked staff to review this issue and bring it back to the Programs Committee at a later meeting.

Ms. Anderson closed public comment at this time but those people who requested to speak at the time of the agenda items will do so at that time.

ACTION ITEMS

- (1) Presentation, Discussion and Possible Approval of Minutes of the Board Meetings of May 13, 2004**
The minutes were deferred until the next meeting.
- (2) Presentation and Discussion of Report from the Programs Committee:**

(a) **Update on Issues Raised at the May Committee Meeting Including HOME Funding Timelines, HOME Over-Subscription Rate for Current Cycle, Community Development Block Grant Housing Information Update and HOME Consolidated Plan Amendment Language**

(b) **Report from Texas Interagency Council for the Homeless**

(c) **Update and Discussion on Section 8 Program**

Mr. Conine stated staff provided information on the HOME Program along with information on Section 8 and the Committee heard a report from the Texas Interagency Council for the Homeless. TDHCA has been the lead agency in this council for some time. He stated the Programs Committee will have a presentation for the Board at a future meeting. The Programs Committee also discussed the Section 8 Program and there are proposed changes in the way Section 8 vouchers are allocated and paid for. The Programs Committee is asking staff to look at the involvement in the current Section 8 program and come back with more information.

(3) **Presentation, Discussion and Possible Approval of Programmatic Items:**

(a) **Forgiveness of Housing Trust Fund Predevelopment Loans for:
City of Orange for \$50,000**

East Austin Economic Development Corporation for \$30,000

Ms. Carrington stated this is consideration of the forgiveness of payment for 2 predevelopment loans that were made through the Housing Trust Fund. The City of Orange was to examine the feasibility of a park addition. The funds were used for a study but there was no construction of housing in the plan. They are requesting forgiveness of the loan in the amount of \$50,000.

The East Austin Economic Corporation has paid back \$20,000 to the department. Their original \$50,000 was to be used for redevelopment costs associated with the construction of a 20 unit elderly project in Lockhart. The development was completed and is partially leased. It has not performed as they had anticipated it would and they are asking for forgiveness of the remaining \$30,000.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the forgiveness of loans for the City of Orange for \$50,000 and the East Austin Economic Development Corporation for \$30,000.

Mr. Conine had questions on the spending of the funds for Orange. On a study completed only to find out that housing did not need to be considered and they are now asking for forgiveness as there is no money to repay the department.

Ms. Carrington stated this was a redevelopment of an area where they were looking at commercial, retail and residential.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to table the City of Orange portion of the motion until the next meeting.

Passed Unanimously

Ms. Carrington stated the East Austin Economic Development loan was for predevelopment costs for construction of a 20 unit elderly development.

Motion made by C. Kent Conine and seconded by Shad Bogany to table this item until the Real Estate Analysis Division comes back with the HOME restructures.

Passed Unanimously

(b) **Update on Strategic Plan for Fiscal Years 2005-2009**

Ms. Carrington stated that the Strategic Plan is a requirement for all state agencies. This plan covers fiscal years 2005 and 2009. The plan is submitted to the Governors Office of Budget and Planning and the Legislative Budget Board and is due to them by July 2, 2004.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the Strategic Plan for Fiscal Years 2005-2009.

Passed Unanimously

- (4) **Presentation, Discussion and Possible Approval of Multi-Family: Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits With TDHCA as the Issuer:**
- (a) **Proposed Issuance of Multifamily Mortgage Revenue Bonds for Tranquility Bay, Pearland, Texas in an Amount Not to Exceed \$14,350,000 and Issuance of Determination Notice (Requested Amount of \$650,675 and Recommended Amount of \$649,023) for Housing Tax Credits for Tranquility Bay, Pearland, Texas #04-420**

Ms. Carrington stated the Tranquility Bay project is a proposed new construction that consists of one-two-three bedroom units in Brazoria County near Pearland, Texas. It will have 246 units and the financing structure would be four-year bonds with a fixed rate which would be privately placed. The interest rate on the permanent financing would be approximately 6.5%. The amount of the bonds is \$14,350,000 and the tax credit amount being recommended for the bonds is \$649,023.

There were public comments received and there were 128 people in favor of the project and 259 people in opposition. Senator Mike Jackson and Representative Glenda Dawson are opposed to the project. The department was advised that several letters of support that had been presented to the department were not signed by the individuals whose names were on the letters. The department contracted the developer and the developer provided a sworn affidavit that indicates that Mr. Chris Richardson, developer, was not a party to the securing of those letters.

Holly Jeffcoat, Sen. Mike Jacksons Office, Austin, Texas

Ms. Jeffcoat read a letter into the record from Senator Mike Jackson which stated:

"Dear Ms. Carrington.

I'm writing on behalf of my constituents to express opposition to the Tranquility Bay Apartments application proposed for County Road 91 in Pearland, Brazoria County. I've received many letters and phone calls opposing this proposed development. I've also received letters of opposition from the Lakes of Edgewater Estates Homeowners Association, Silver Lake Homeowners Association, Pearland ISD and Brazoria County MUD Number 1. I believe from the negative interest this project has generated and from the community groups who are strongly opposed to this project, it would be a disservice to pursue issuance of multifamily housing development revenue bonds for the project at this present time.

I hope if you have any questions or need any additional information, you'll feel free to contact me. Sincerely, Mike Jackson"

Chris Cronn, St. Rep. Glenda Dawsons Office, Austin, Texas

Mr. Cronn read a letter into the record from Rep. Glenda Dawson which stated:

"Dear Ms. Myer,

I would like to voice my opposition to the multi-family housing revenue bond application for Tranquility Bay Apartments proposed at County Road 91 in Pearland, Brazoria County. I've been contacted by many of my constituents both supporting and opposing this proposed development. I believe in the sincerity of those who are both proposing and supporting the development and know that they have the best intentions for our community.

However, the concerns voiced to me have shown that this development will not be in the best interest of Pearland at this time. Thank you for your time to speak to me, and thank you for hearing my concerns of my constituents. Please call me if I have any questions, or if I can be of any additional assistance. Thank you. Glenda Dawson."

Sondra Jackson, Pearland, Texas

Ms. Jackson gave her time to Mr. Dumont.

Peter Richard Dumont, Pearland, Texas

Mr. Dumont stated he was a resident of Pearland and is a registered professional civil engineer and a graduate of the University of Texas. The questionable letters of support shed a light of uncertainty and doubt on the entire application and proposal. The City Council is in opposition to the project. The Tranquility Bay project would pose a danger to children walking to and from school. The site would have

to be served by the Brazoria County police and that county only has 12 squad cars throughout the entire county. The location will place an additional burden on the volunteer fire department. There is no transportation and no metro bus service. All the elementary schools are over capacity. He stated the traffic on the roads is unsafe for the children and adults. There is no urgent care facility in the area as the closest one is 15 miles away.

Mr. Bogany stated that the Board is following the rules and has to decide if the projects meet the criteria for affordable and this project does. He stated that the legislature has said to quit putting all the projects in poor neighborhoods and has advised the Board to disperse them. He stated the Board is following the mandate and the Board is only following the rules and did not create these rules.

Ronald Mayfield, Pearland, Texas

Mr. Mayfield stated he lives in Pearland and has all his life. He was concerned with child welfare if this project is approved. Sand pits are in this area and are very common. He stated the sand pits go far below the water table and are spring fed and a small child could not get out of a slippery clay pit. The children could also slip through a fence quickly and can climb over a fence and get stuck in the clay pits.

Mr. Chris Wittmayer, General Counsel for TDHCA, advised the Board that if a child would get injured or drown in these pits or lake, that the Board and department would not have any liability over even if the Board approved this project.

Scott M. Lester, Board Member of Brazoria County MUD #2, Pearland, Texas

Mr. Lester stated he has lived near Pearland for 6-7 years and the MUD Board, per the Texas Government Board, was entitled to receive notice of the hearing on the application but they did not receive any notification on the hearing or on the filing of the application. The Board has not officially approved the project for water and sewer. He asked that this item be tabled until the required notice of filing issued and until the MUD board has issued a capacity commitment.

Joyce Bennett, Houston, Texas

Ms. Bennett gave her time to Mr. Richardson.

Robert Coe, Houston, Texas

Mr. Coe gave his time to Mr. Richardson.

Matt Fuqua, Houston, Texas

Mr. Fuqua gave his time to Mr. Richardson.

Chris Richardson, Tranquility Bay Apartments, Houston, Texas

Mr. Richardson stated that he was the developer of Tranquility Bay. He stated there is neighborhood opposition and neighborhood support for this project and these views were presented at the TEFRA hearing. They plan to build a 5 ft. fence with pickets that will be 4 inches on center. There are plans for a new elementary school to be built that will help with the overcrowding of schools. They do have the Brazoria County permits and approval from the Drainage District Dist. No. 4 of Brazoria County. They will concentrate their efforts on youth and education programs for this property. There is a new YMCA that is becoming a partnership with the school. This facility is not far from Tranquility Bay and there will be activities for older children also.

Gene Hoff, Blazer, Inc., Houston, Texas

Mr. Horr asked the Board to draw its own conclusions of what the true worries of the residents were.

Mark Mucasey, Houston, Texas

Mr. Mucasey stated he is the architect for the project and they are designing a bus shelter for the buses to pick up the children and take them to school. They children will be protected from the weather and traffic.

David Brown, Houston, Texas

Mr. Brown stated this project will not cause or aggravate flooding. They have satisfied and have approval from the City of Pearland fire marshal for their planning as it relates to fire protection for the project.

David Smith, Pearland, Texas

Mr. Smith stated that he is a resident and goes to Texas A & M University. These townhomes would be of interest to him as this would be the kind of housing he would like to have when he graduates from college. He sees this as a great opportunity for young people in Pearland.

Valeria Rodriguez, Pearland, Texas

Ms. Rodriguez stated she lives in Pearland and this affordable housing is what the young adults in this community need to get a good start in life.

Joey Tapp, Pearland, Texas

Mr. Tapp gave his time to Mr. Heims.

Heather Arnold, Friendswood, Texas

Ms. Arnold gave her time to Mr. Heims.

Vincent Heims, Pearland, Texas

Mr. Heims stated he was a resident of Pearland and there is a need for affordable housing in the ever increasing market values in Pearland. The educational programs of this project are designed for the children and adults. He stated there is a definite need for affordable housing; there is not a crime issue; and this will be an A+ development with security systems in place.

Vernice J. Hendon, Pearland, Texas

Ms. Herndon stated Pearland has a comprehensive plan but does not have a master plan. She stated affordable housing is not Section 8 and this will be a good project for Pearland.

Karen Jewell, Houston, Texas

Ms. Jewell did not give testimony.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the issuance of Mortgage Revenue Bonds for Tranquility Bay in Pearland, Texas in an amount not to exceed \$14,350,000 and the Issuance of a Determination Notice in the amount of \$649,023 and Resolution No. 04-428.

Passed Unanimously

(b) Selection of Underwriters for the Multi-Family Bond Program

Ms. Carrington stated this is the renewal of three underwriters for the Multi Family Bond Program. Currently there are 13 senior managers and 3 co-managers on the approved list. These three that staff is recommending approval of are: Estrada and Hinojosa as a co-manager; Raymond James and Associates as a senior manager; and Reed Capital Markets as a senior manager.

Motion made by C. K. Conine and seconded by Shad Bogany to approve the recommendations of staff for Estrada and Hinojosa as a co-manager; Raymond James and Associates as a senior manager; and Reed Capital Markets as a senior manager.

Passed Unanimously

(c) Selection of Trustees for the Multi-Family Bond Program

Ms. Carrington stated the Board did a request for qualifications to serve as trustee in the Multi Family Bond Program. The department has 4 approved trustees and staff is recommending not to add Zion First National Bank to the list.

Motion made by Shad Bogany and seconded by C. Kent Conine to agree with staff recommendations and not recommend Zion First National Bank to the list.

Passed Unanimously

(d) Approval of Private Mortgage Insurance Subsidy for Expanded Approval Program

This item was pulled from the agenda.

(5) Presentation, Discussion and Possible Approval of Housing Tax Credit Items:

**(a) Appeals to Board from Housing Tax Credit Applicants on Applications as follows:
04-066 Pineywoods Community Development, Orange, Texas**

Ms. Carrington stated that they are two appeals being presented and the first one is for the Pineywoods Community Development, Orange, Texas. They submitted the first appeal to Ms. Carrington and it was denied so they are now appealing to the Board. In the QAP it states that the Department has to have notice by April 1, 2004 that zoning is in place and the department did not have that in the file. Staff is recommending that the appeal be denied.

Motion made by Shad Bogany and seconded by Norberto Salinas to uphold the staff recommendation and to deny the appeal.

Doug Dowler, Pineywoods Home Team, Lufkin, Texas

Mr. Dowler stated the zoning letter was in their application and they had the zoning requirement. He stated the letter dated February 12 was in the application and staff should have had it in the file.

Mayor Salinas removed his second to the motion and Mr. Bogany removed his motion from consideration.

Motion made by C. Kent Conine and seconded by Norberto Salinas to allow the appeal and for the application to go forward.

Passed Unanimously

04-267 Brentwood Apartments, Aldine City, Texas

Ms. Carrington stated Brentwood Apartments followed the same steps that Pineywoods did but the situation is very different that the one the Board just looked at.

Ms. Boston stated Brentwood Apartments is appealing the ability to bet 10 points back. There was a clause in the QAP that stated that one could get 10 points if the development was located within the exurban area. There is a problem with where this problem is to be located as one states Aldine and another place it states Houston. This project can not be located in both places. She read a letter into the record from the Greater Greenspoint Management District which stated:

“Dear Ms. Boston, the Greater Greenspoint Management District requests this letter to be read into the record at the TDHCA Board of Directors meeting on June 10, 2004. This letter is to register our support for TDHCA staff recommendation to deny an appeal of application point reductions to Langwick Hardy LTD, the developer of the Brentwood Apartments, located within the boundaries of the Greater Greenspoint District in Houston, Texas, a political subdivision of the state. TDHCA guidelines state that an application can be awarded ten points if the proposed development is located in an incorporated city that is not a rural area, but has a population of greater than 100,000.

The applicant has indicated the development should be awarded ten points for locating in Aldine City. This is inaccurate. The proposed Brentwood Apartments development is located in the City of Houston. Aldine City does not exist. It is not and never has been an incorporated city. This developer is familiar with the City of Houston and the Aldine area. Consequently, the claim of Aldine as a city was, in our opinion, a purposeful attempt to secure extra points without foundation.

This claim raises questions in our view of the credibility of the developer, and of the accuracy of the entire application. We have other concerns with the application regarding the notification of public meetings and sufficient community input, all of which have been submitted to TDHCA in a previous letter. We cannot support the Brentwood Apartments, given these circumstances. We believe the applicant sought to bypass the rules and procedures established by TDHCA in an effort to promote his application above other developers who have submitted accurate applications. We respectfully request that TDHCA carefully review the appeal of point reductions and deny the request." And it's signed by Jack Drake, President of the Greater Greenspoint Management District.

Robert Cash, State Rep. Kevin Baileys Office, Austin, Texas

Mr. Cash stated Rep. Bailey has asked him to read a letter into the record which states:

"Dear Ms. Carrington, I am writing to request an investigation of an applicant, and prosecution if warranted, of what appears to be an attempt to commit fraud by the applicant. The determination by TDHCA to challenge the eligibility of the applicant to receive points for an exurban location is recognized and appreciated, but does not go far enough. While it is right -- while it is the right of community organizations, state representative and state senator for that area to determine whether an affordable housing development is needed in that location, I am compelled to comment because of the larger issues raised by this application.

As a member of the Urban Affairs Committee, it causes me extreme concern that the very integrity of our competitive process is being attacked. If manipulative developers are allowed to make a mockery of the process by submitting applications that contain false information, it will lead to frustration and anger from those who do abide by the rules. The facts in this case are clear and unambiguous. The proposed complex is in the City of Houston. Proposed Brentwood Apartments it to be located at the northwest corner of Langwick and West Hardy. It was clearly within the city limits of Houston. But the applicants choose to list the location as the fictional Aldine City. The Houston City Limits sign is visible a short distance north of the property. The property being acquired by the Texas -- being acquired from Texas Blackstar Investments is shown on the Harris County Appraisal District website as having a City of Houston property tax statement for 2003 of \$1,763.39.

This is a clear indication that the property is in the City of Houston. The proposed property is not within the boundaries of the CDP Aldine. I understand after reading your correspondence of April 19 that there was some confusion caused by TDHCA mistakenly identifying some unincorporated Census-designated places as eligible for meeting the criteria for extra points as cities of fewer than 100,000 residents. But this does not apply in this case. The property is located in -- about two miles from the nearest boundary of CDP Aldine. Furthermore, the applicant contacted my district office on March 1, 2004 requesting demographic information on Aldine City, and was told that there was no such incorporated city. My aide informed him that the area he referenced was not even in the area commonly known as Aldine, but did appear to be within Houston City Limits. I would appreciate it if you would investigate this matter. In addition, I would appreciate it if you would keep me informed as to the results of your investigation. Thank you for your attention to this request. If you have any questions or comments regarding the matter, please do not hesitate to contact me." Kevin Bailey, State Representative, District 140.

Joseph Lopez, Langwick/Hardy, Ltd., Houston, Texas

Mr. Lopez stated he is the developer for this project and the development has always been referred to as within the City of Houston. There has never been any doubt as to where it was located. He stated within Houston, Texas there is an area called Aldine and he is trying to claim exurban points for that area called Aldine.

Mr. Wittmayer stated the QAP wording to get the 10 points are very explicit and it requires that one be in an incorporated city. It is not a rural area that has a population no greater than 100,000.

Motion made by C. Kent Conine and seconded by Norberto Salinas to accept the staff recommendation and deny the appeal of point reduction.

Passed Unanimously

(b) Issuance of Determination Notices on Tax Exempt Bond Transactions with Other Issuers:

04-425 The Masters, Dallas, Texas

City of Dallas Housing Finance Corp. is the Issuer

(Requested Amount of \$511,061 and Recommended Amount of \$500,879)

04-428 Primrose at Pasadena, Pasadena, Texas

Southeast Texas Housing Finance Corp, is the Issuer

(Requested Amount of \$783,565 and Recommended Amount of \$783,565)

Ms. Carrington stated the Masters is in Dallas and staff is recommending \$500,879 in tax credits be awarded to this project. Primrose in Pasadena is located in Pasadena and staff is recommending the credit amount of \$783,565.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the issuance to determination notices for Masters in Dallas for \$500,879 and for Primrose in Pasadena in Pasadena for \$783,565.

Passed Unanimously

(c) Proposed Amendments to Housing Tax Credit Projects:

03-134 Lilac Gardens, El Paso, Texas

Ms. Carrington stated this is an acquisition rehab development located in El Paso, Texas. There are some requirements in the QAP that do not address rehab or evaporative coolers as they have in El Paso and they are recommending to let them do something other than what was in the QAP.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the amendment for Lilac Gardens.

Passed Unanimously

04-408 Hickory Manor, DeSoto, Texas

Ms. Carrington stated they are requesting a material change which is a change in the site plan and increasing the number of units by two. They also increased the size of the area from 18.95 acres to 24.31 acres.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the amendment for Hickory Manor.

Passed Unanimously

Mr. Wittmayer stated it was brought to his attention that on the City of Orange and Pineywoods that there was a follow up letter and the city would approve any variances, etc. need.

After a short discussion it was decided that the two attorneys should discuss this matter and work out the details on the Pineywoods appeal.

(d) Extension of Construction Loan Closing Deadlines for:

03-004 Arbor Woods Apartments, Dallas, Texas

Arbor Woods Apartments was pulled from consideration as they closed their construction loan on June 10, 2004.

03-011 Jefferson Davis Artist Lofts, Houston, Texas

03-136 Tigoni Villas, San Antonio, Texas

03-159 Summit Senior Village, Gainesville, Texas

03-178 Jacinto Manor, Jacinto City, Texas

03-182 The Manor at Jersey Village, Jersey Village, Texas

03-212 Village of Kaufman Apartments, Kaufman, Texas

03-213 Fox Run Apartments, Orange, Texas

03-220 Desert Breeze, Horizon City, Texas

Ms. Carrington stated these are extension requests and the applicants have been the required extension fees. They are requesting extensions ranging from July 11 to September 10.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the extension requests.

Passed Unanimously

(e) Request for Additional Housing Tax Credits for:

(1) 0004T, Carroll Townhomes, Dallas, Texas, in the Amount of \$13,587 (Total amount of Housing Tax Credits for Carroll Townhomes is \$265,587)

(2) 01401, Roseland Gardens, Dallas, Texas, in the Amount of \$3,188 (Total amount of Housing Tax Credits for Roseland Gardens is 402,563)

Ms. Carrington stated Roseland Gardens is requesting \$3,188 in additional credits and Carroll Townhomes is requesting \$13,587. Carroll Townhomes needs a waiver of the requirement in the 2000 QAP. This project did have one building that was ineligible.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the requests for additional tax credits for Carroll Townhomes in Dallas and Roseland Gardens in Dallas, Texas.

Passed Unanimously

John Wright, San Antonio, Texas

Mr. Wright did not speak.

Deborah Welchel, Edgewater Affordable Housing, Spicewood, Texas

Ms. Welchel did not speak.

EXECUTIVE SESSION

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

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

There was no Executive Session held.

REPORT ITEMS

Executive Directors Report

1. *USA Today* Article on *Most Back Affordable Housing Next Door*
2. Biennial Operating Plan and Legislative Appropriations Request Process
3. Speaking Engagement on June 14, 2004 at National Association of Real Estate Brokers in Houston, Texas on *Making Money With Low Income Housing Tax Credits*
4. Speaking Engagement on July 14, 2004 at National Advisory Group in Washington, D.C. *On State Allocating Agencies: Priorities and Issues*
5. House Committee on Urban Affairs Interim Hearings

The Executive Directors report was not given.

ADJOURN

Motion made by C. Kent Conine and seconded by Shad Bogany to adjourn.
Passed Unanimously

The meeting adjourned at 3:45 p.m.

Respectfully submitted,

Delores Groneck
Board Secretary

Bdmijun1

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
July 8, 2004

Action Item

Appeals for 2004 Housing Tax Credit (HTC) Applications.

Requested Action

Issue a determination on the appeals.

Background and Recommendations

Background

Attached is a list of appeals being considered by the Texas Department of Housing and Community Affairs Board of Directors. The list includes a brief description of the nature of each appeal.

Staff Recommendation:

The Executive Director denied the original appeals. Staff is recommending that the Board also deny the appeals.

July 8, 2004 Board Appeals

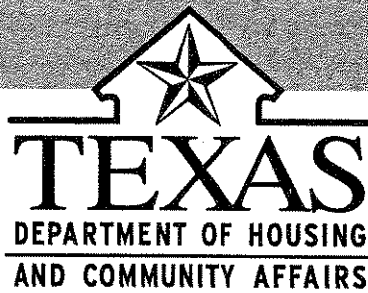
<i><u>Project</u></i>	<i><u>Project Name</u></i>	<i><u>Nature of Appeal</u></i>
04036	Villa del Sol	The appeal is in regard to the denial of Quantifiable Community Participation points by the Executive Director.
04037	Las Canteras Apartments	The appeal is in regard to the denial of Quantifiable Community Participation points and the denial of 6 points for hosting a public meeting by the Executive Director.
04041	Mesa Senior's Apartments	The appeal is in regard to the denial from the Executive Director of points for subsidy funding from the City of Houston, as well as Quantifiable Community Participation points.
04050	San Diego Creek Apartments	The appeal is in regard to the denial of an dincrease in Quantifiable Community Participation points by the Executive Director.
04052	Chisholm Trail Senior Village	The appeal is in regard to the denial of Quantifiable Community Participation points by the Executive Director.
04057	Stone Hollow Village	The appeal is in regard to the denial of Quantifiable Community Participation points by the Executive Director.
04060	Providence Place Apartments	The appeal is in regard to the denial of Quantifiable Community Participation points by the Executive Director.
04063	Depriest Gardens	The appeal is in regard to the Attorney General opinion and the Department's interpretation of legislative requirements.
04064	Ramah Village	The appeal is in regard to the Attorney General opinion and the Department's interpretation of legislative requirements.
04120	Sedona Springs Village	The appeal is in regard to the denial of Quantifiable Community Participation points by the Executive Director.

<i>Project</i>	<i>Project Name</i>	<i>Nature of Appeal</i>
04141	Spring Creek Station Apartmen	The appeal is in regard to the termination for the Phase I Environmental Site Assesment by the Executive Director.
04143	Courtland Square Apartments	The appeal is in regard to the 3 points denied by the Executive Director for the State Senator letter because it was received after the May 31, 2004 deadline.
04211	Arbors at Rose Park	The appeal is in regard to the denial of Quantifiable Community Participation points by the Executive Director.
04213	Village at Morningstar	The appeal is in regard to the denial of Quantifiable Community Participation points by the Executive Director.
04214	Las Villas de Magnolia	The appeal is in regard to a 5-point deduction for a past-deadline deficiency response.
04218	Converse Village Apartments	The appeal is in regard to the denial of 6 points for hosting a public meeting by the Executive Director.
04252	Waxahachie Senior Apartments	The appeal is in regard to the termination of the application for violating Section 50.5(a)(7), a 'twice per capita' violation.
04258	Vista Del Sol-The Rudy C Pere	The appeal is in regard to the denial of Quantifiable Community Participation points and the Department's interpretation of the Attorney General opinion.
04268	Lansborough Apartments	The appeal is in regard to the denial from the Executive Director of points for subsidy funding from the City of Houston.

Project # 04036

Villa Del Sol

Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 24, 2004

.....
RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

William Skeen
VDS Housing, Ltd.
2700 Via Fortuna, Suite 160
Austin, TX 78746
Telephone: (512) 328-0487
Fax: (512) 328-0491

**Re: Response to appeal received June 10, 2004
Villa Del Sol TDHCA Project No. 04036**

Dear Mr. Skeen:

Appeal Review

Regarding the eligibility of your application to receive points for Quantifiable Community Participation (QCP), 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP), allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the development noted above. Consistent with that section of the QAP, your letters were reviewed to determine if all submission requirements were met.

Unfortunately, the letters from neighborhood organizations received for this Development did not meet the requirements to be scored (please see attached "Response to Neighborhood Organizations" for explanation of denial for each letter).

Appeal Determination

For the above mentioned reason, your appeal is denied.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck,

Mr. William Skeen
May 26, 2004

Board Secretary, no later than July 1, although it is strongly suggested that you submit it by June 28, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,

A handwritten signature in cursive script that reads "Edwina P. Carrington". The signature is fluid and connected, with a large initial "E" and a long, sweeping tail.

Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal

VDS Housing, Ltd.

June 10, 2004



Ms. Jennifer Joyce
Low Income Housing Tax Credit Program
Texas Department of Housing and Community Affairs
507 Sabine
Austin, TX 78741

RE: 2004 HTC Application for Villa Del Sol
TDHCA #04036

Dear Ms. Joyce:

I am writing in response to the June 7, 2004 letter from Ms. Brooke Boston announcing the Final Scoring for 2004 Housing Tax Credit Application #04036 for the renovation of Villa Del Sol in Brownsville. I am writing to request award of points for Quantifiable Community Participation.

The Department awarded no points for community support letters for the application, and did not post responses on its website for four support letters that were delivered to the Department on April 27, 2004. These letters are from:

- Ms. Mary Gutierrez of the Linda Vista, Las Brisas, Sunset Terrace & Rose Gardens Resident Association;
- Ms. Magdalena Azcona of the Victoria Gardens Resident Association;
- Ms. Maria Jaime of the Poinsettia Resident Association; and
- Ms. Socorro Basavilvaza of the Villa Del Sol Resident Association.

These letters follow all the requirements of the 2004 Qualified Action Plan for format and content. These neighborhood associations are registered with Cameron County. Copies of the letters and proof of registration are attached as well as their receipt stamps from the Department. Thus, we respectfully request that the appropriate points be awarded for these four letters.

Sincerely

A handwritten signature in black ink, appearing to read "Bill S.", with a long horizontal line extending to the right.

William C. Skeen

Attachments

cc: Remberto Arteaga
Apolonio Flores



Transmittal

Date: 07/01/04
To: Ms. Delores Groneck
Board Secretary
Texas Department of Housing and Community Affairs
507 Sabine
Austin, TX 78741

From: Bill Skeen
RE: # 04036 Villa Del Sol

Enclosed Please find Appeal to the Board for Villa Del Sol Las Apartments.

VDS Housing, Ltd.

June 30, 2004

Ms. Delores Groneck
Board Secretary
Texas Department of Housing and Community Affairs
507 Sabine
Austin, TX 78741

RE: 2004 HTC Application for Villa Del Sol Apartments
TDHCA #04036- Appeal to Board of Directors

Dear Ms. Anderson and Board Members:

On June 24, we received a letter from Edwina Carrington, Executive Director, denying our appeal to staff dated June 10, 2004. Pursuant to Section 50.18(b) (4), I am writing to appeal Ms. Carrington and the staff's decision to the Board of Directors. We respectfully disagree with the denial of additional points for the 2004 Housing Tax Credit Application #04036 for Villa Del Sol Apartments for no Quantifiable Community Participation.

- **Quantifiable Community Participation:** The Department did not award any points for community support letters for the application. The Department rejected four (4) letters from neighborhood organizations that were submitted to the Department on April 27 and again in our June 10 appeal. These letters were from:
 - Ms. Maria Gutierrez of the Linda Vista, Las Brisas, Sunset Terrace and Rose Gardens Resident Association, Brownsville, Texas,
 - Ms. Magdalena Azcona of the Victoria Gardens Resident Association Brownsville, Texas,
 - Ms. Maria Jaime of the Poinsettia Resident Association, Brownsville, Texas, and
 - Ms. Socorro Basavilvazo of the Villa Del Sol Resident Association, Brownsville, Texas.

We believe that these letters follow all the requirements of the 2004 Qualified Action Plan (QAP) for format and content. An attached matrix compares the QAP (tabs 1 thru 4 for each letter), Department guidelines, and department ruling with the content of the letters. We have also attached the following supporting documentation:

1. Letter from Joe G. Rivera, Cameron County Clerk, regarding registration of all four (4) neighborhood groups with the Cameron County (tab 5),
2. Bylaws Linda Vista, Las Brisas, Sunset Terrace & Rose Gardens, Victoria Gardens, Poinsettia, and Villa Del Sol Resident Associations (included in tabs 1 thru 4).

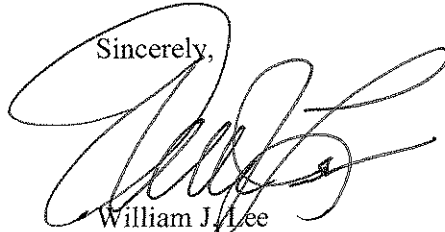
All of these resident council associations represent public housing residents in Brownsville. Villa Del Sol is a public housing project, and the rehabilitation and modernization of the property utilizing tax credits will provide safe and affordable housing for Brownsville's most vulnerable citizens, the very low income elderly and disabled. Therefore, each of these resident councils, especially the Villa Del Sol Resident Association, has an interest in maintaining and preserving Villa Del Sol's 200 units. In the matrix, you will note that one of the criteria for denial of the Villa Del Sol Resident Association support letter is that the property is not within the organization's boundaries. The Villa Del Sol Resident Association is the council for the subject property.

The application process included a series of meetings with the Villa Del Sol resident council board members, the applicant, and the developer. This process culminated a public meeting (transcript and information submitted to TDHCA), where more than 90 of the resident council members and residents of Villa Del Sol voted unanimously to support the project. A petition was circulated after the meeting so that all residents could participate; 139 signed the document stating their support for the HTC application and urging elected officials and local associations to do the same. These and other informal letters of support were included in the application (Tab 4B). No letters of opposition have been received. The only concern they raised was the relocation plan, and we agreed to make certain that the relocation plan submitted to the U.S. Department of Housing and Urban Development addressed their concerns.

In addition to these points, please note the response section of the matrix for each letter. It presents specific points that address each of the Department's reasons for the June 24, 2004 denial and the reason that we believe the application met the requirements for Qualified Community Participation.

We respectfully request that the Board of Directors reconsider Ms. Carrington and the staff's position on these two matters and award the appropriate points for these neighborhood support letters.

Sincerely,



William J. Lee
Tekoa Partners Ltd.
Its Developer

cc: Remberto Arteaga
Andrew Muniz
Apolonio Flores
Cynthia Bast

Tab 1

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #1: MS. MARY GUTIERREZ, PRESIDENT, LINDA VISTA, LAS BRISAS, ETC. RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Gutierrez April 20 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
(A) Receipt of Input.				
Letters must be received no later than April 30, 2004 and only, for scoring purposes, directly from neighborhood organizations or with the Application		TDHCA received stamp marked April 27, 2004		
Letters must be addressed to "Attention: Director of Multifamily Finance Production Division (Neighborhood Input)"		Addressed correctly		
Letters received after April 30, 2004 will be summarized and provided for Board's information and consideration but will not affect score.				
(B) Neighborhood Organizations				
For scoring purposes, organizations are on record with the county or state in which the development is proposed to be located as of March 1 of the application year	A dated copy of the record from the state or county is the best documentation.	Attachment is February 27, 2004 letter from Ms. Gutierrez to Cameron County Clerk Joe Rivera requesting registration with the County. Clerk's office stamp in lower right-hand corner marks it received March 1, 2004		

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #1: MS. MARY GUTIERREZ, PRESIDENT, LINDA VISTA, LAS BRISAS, ETC. RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Gutierrez April 20 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
And that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site, not including government entities	Legal organizational documents for the neighborhood organization are the best documentation to show boundaries. The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site	Paragraphs two and three of the letter states the purpose of the Association is to “improve community life and services”. They are committed to the Villa Del Sol application because many of their residents may need to live in Villa del Sol when they are disabled and/or elderly.		
<u>Scoring of Input</u>				
Each neighborhood organization may submit one letter that represents organization's input		One letter submitted		
Letter must identify specific development		Names Villa Del Sol in Brownsville		
Signed by the chairman of the board, chief executive officer or comparable head of the organization and		Signed “Mary Gutierrez, President, Linda Vista, Las Brisas, Sunset Terrace, and Rose Gardens Resident Association”		
include the signer's address and telephone number.		Telephone number included at signature block.		

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #1: MS. MARY GUTIERREZ, PRESIDENT, LINDA VISTA, LAS BRISAS, ETC. RESIDENT ASSOCIATION

<p style="text-align: center;">Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)</p>	<p style="text-align: center;">TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)</p>	<p style="text-align: center;">Gutierrez April 20 Letter</p>	<p style="text-align: center;">TDHCA Staff Reasons for Denial</p>	<p style="text-align: center;">Response to TDHCA June 24 Denial</p>
<p>Letter must state and provide documentation which shows that it is from a neighborhood organization</p>	<p>Documentation may include organizational documents that show the purpose of the organization and that it is a "neighborhood organization"</p>	<p>Paragraph two of the letter describes the Association and the public housing developments it represents. Paragraph three further states that they support renovation of Villa Del Sol because it is "also a public housing project" and their residents may someday need affordable housing for elderly and disabled.</p>	<p>Insufficient documentation that the organization is a "neighborhood organization"</p>	<p>The letter describes the association's role and why the proposed development is relevant to its mission to "improve community life". Public housing resident councils are commonly known organizations within the affordable housing field. (See attached By-Laws, Article II, Purpose.) The QAP does not state points will only be awarded if <u>every</u> technical requirement is met without an opportunity to cure deficiencies as allowed in other stages of the process.</p>
<p>That it is on record with the State or county in which the development is proposed to be located</p>	<p>A dated copy of the record from the state or county is the best documentation.</p>	<p>Attachment is February 27, 2004 letter from Ms. Gutierrez to Cameron County Clerk Joe Rivera requesting registration with the County. Clerk's stamp in lower right-hand corner marks it received March 1, 2004</p>		

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #1: MS. MARY GUTIERREZ, PRESIDENT, LINDA VISTA, LAS BRISAS, ETC. RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Gutierrez April 20 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
That the organization's boundaries contain the proposed development site	The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site.	Paragraphs two and three note that the Association's residents and Villa Del sol residents are all residents of public housing in Brownsville. Paragraph three further states that they support renovation of Villa Del Sol because it is "also a public housing project" and their residents may someday need affordable housing tailored to elderly and disabled.		
Total number of members of the organization		Paragraph two, first sentence states "I am President of the five-member Resident Association, which represents 193 families living in four public housing developments, which are owned and operated by the Brownsville Housing Authority."	Did not provide total number of members and/or description of process used to determine the members' position	The number of officers and members is noted in paragraph two. See attached By-Laws, Articles III and V regarding officers and duties.

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #1: MS. MARY GUTIERREZ, PRESIDENT, LINDA VISTA, LAS BRISAS, ETC. RESIDENT ASSOCIATION

<p>Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)</p>	<p>TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)</p>	<p>Gutierrez April 20 Letter</p>	<p>TDHCA Staff Reasons for Denial</p>	<p>Response to TDHCA June 24 Denial</p>
<p>A brief description of the process used to determine the members' position</p>		<p>The first and second paragraphs state that the author acts in her capacity as president and can speak on behalf of the officers and residents.</p>	<p>Did not provide total number of members and/or description of process used to determine the members' position</p>	<p>The first and second paragraphs state that the author acts in her capacity as president and can speak on behalf of the officers and residents. See attached By-Laws, Article V regarding officers and duties.</p>
<p>Clearly and concisely state each reason for the organization's support for or opposition to the development and provide specific evidence supporting the input</p>		<p>Paragraph three notes that the renovation is needed because their residents may need affordable housing tailored to elderly and disabled in downtown Brownsville.</p>		

JULY 26, 2004 3:11 PM BROWNSVILLE HOUSING AUTHORITY 10:00 11:00 AM

**LINDA VISTA, LAS BRISAS, SUNSET TERRACE & ROSE GARDENS
RESIDENT ASSOCIATION BY-LAWS**

**ARTICLE I
NAME OF THE ASSOCIATION**

The name of the Association is the LINDA VISTA, LAS BRISAS, SUNSET TERRACE & ROSE GARDENS RESIDENT ASSOCIATION, a non-profit organization.

**ARTICLE II
PURPOSE**

The purpose of this association is to provide opportunities for members to meet each other, exchange views and ideas, and plan social functions. Besides residents will engage in planning for innovative ideas to promote employment opportunities for residents; establish goals for improving housekeeping habits; improving community life and services; promoting self-sufficiency and upward mobility; work toward elimination of drugs and other substances; promote for home ownership in the private sector, and establish such other initiatives from time to time for the economic and welfare requirements of all residents.

**ARTICLE III
MEMBERSHIP**

Membership in the Linda Vista, Las Brisas, Sunset Terrace & Rose Gardens Resident Association shall be restricted to residents of Linda Vista, Las Brisas, Sunset Terrace & Rose Gardens. All residents are automatically members of this Association.

**ARTICLE IV
MEETINGS**

Regular meetings of the membership will be held the **third Tuesday** of each month at **5:30 P.M.** in the Linda Vista Community Center. Unless otherwise designated the business at hand issues will take precedence at all meetings.

**ARTICLE V
OFFICERS AND DUTIES**

Election of officers will be held each year the first Wednesday of January at the general membership meeting. The officers shall be elected by a majority vote (vote will be counted by a show of hands) of the resident membership and shall consist of a president, vice-president, secretary, treasurer and secretary of social events. Nominees for all offices shall not be present or visible to the voting area at the time of election. The term of office shall be for one year.

Section 1. Powers and Duties of the President

The president shall preside at all regular or special meetings. He/She shall conduct these meetings in a fair and impartial manner. This title does not automatically vest or cause any absolute authority over any business or actions to be taken.

Section 2. Powers and Duties of the Vice-President

The vice-president shall, in the absence of the President, preside at all regular or special meetings. He/She shall conduct these meeting in a fair and impartial manner. This title does not automatically vest or cause any absolute authority over any business or actions to be taken.

Section 3. Powers and Duties of the Treasurer

The treasurer shall have custody of all the funds of the Association, and shall be responsible for keeping accurate records of all financial affairs of the association. The treasurer shall keep records of all receipts and disbursements of the association and shall at each regular monthly meeting make a report on the financial account of the association. This title does not vest upon him/her any absolute authority over any business transacted or actions to be taken. He/She shall give such bond for the faithful performance of his/her duties as the Association may determine.

Section 4. Powers and Duties of the Secretary

The secretary of the association shall be responsible for keeping and reading the minutes of the regular or special meetings.

Section 5. Powers and Duties of the Secretary of Social Events

The secretary of social events will be responsible for organizing major events such as Easter, Mothers Day, Thanksgiving and Christmas and other celebrations. Will be in charge of working closely with the social events committee.

Section 6. Right of Authority

No officer shall delegate his/her right or authority to any other party.

ARTICLE IV FINANCES

No membership dues shall be charged. All bills shall be paid by check upon receipt of a check requisition form. Checks will be written by the treasurer, on a membership designated bank, and shall require two signatures. There shall be three authorized co-signors – treasurer and president of vice-president. The treasurer shall handle any petty cash. All withdrawals from the petty cash fund will require a voucher. All vouchers must be verified with a receipt. Reimbursement of the petty cash fund will be made once each month. All expenditures of the association shall be approved by the membership.

ARTICLE VII COMMITTEES

Section 1. Social Events Committee

The entertainment committee shall be composed of five (5) members to be selected and appointed by the members at the regular membership meeting, and will elect its own chairman.

Section 2. Finance/Fundraising Committee

The finance/fundraising committee will prepare a budget and present to the association for approval, will monitor income and expenses of all projects. The finance/fundraising committee will be composed of three members. A report of the finance/fundraising committee review of the books of account of all committees will be presented to the Association at their regular monthly meeting. The Finance/Fundraising Committee will also audit the books of account of the Association twice per year, in March and again in August of each year and a report of the audit is to be made to the Association at the next meeting following each interval. The Finance/Fundraising Committee is to be charged also with the responsibility of checking that any donations made for a particular activity or project be deposited or credited to the account of the Association or to the respective project so designated by the Association, and that no unauthorized expenditures be made with donated funds or proceeds without the specific approval and vote of the Association. The Finance/Fundraising Committee will be selected and appointed by majority vote of the Association.

ARTICLE VIII REMOVAL

Any officer or committee member selected or appointed may be removed from such office by a consenting vote of the membership whenever in its judgment the best interests of the Association will be best served.

ARTICLE IX AMENDMENTS

These by-laws may be amended by a majority of the members present at a regular meeting. Members will be notified of proposed amendments by special notice a week before the meeting.

Let it be known to all on this 21 day of October
 In the year 2003 these revised bylaws were read, explained and given to the membership
 of the Linda Vista, Las Brisas, Rose Gardens, and Sunset Terrace Association.

Let it also be known that on this same date the mentioned revised bylaws were
 adopted by a favorable vote taken in the same manner as called by the voting procedures.

Mary Gutierrez 6/29/04
 President
 Mary Gutierrez

Mary Fernandez
 Vice-President
 Mary Fernandez

Blanca Holland
 Secretary
 Blanca Holland 6/30/04

Angeles Castro
 Treasurer 6.29.04
 Angeles Castro

MARIA ELENA ACUNA
 Secretary of Social Events
 Maria Elena Acuna

Tab 2

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #2: MS. MAGDALENA AZCONA, PRESIDENT, VICTORIA GARDENS RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Azcona April 21 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
(A) Receipt of Input.				
Letters must be received no later than April 30, 2004 and only, for scoring purposes, directly from neighborhood organizations or with the Application		TDHCA received stamp marked April 27, 2004		
Letters must be addressed to "Attention: Director of Multifamily Finance Production Division (Neighborhood Input)"		Addressed correctly		
Letters received after April 30, 2004 will be summarized and provided for Board's information and consideration but will not affect score.				
(B) Neighborhood Organizations				

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #2: MS. MAGDALENA AZCONA, PRESIDENT, VICTORIA GARDENS RESIDENT ASSOCIATION

<p style="text-align: center;">Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)</p>	<p style="text-align: center;">TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)</p>	<p style="text-align: center;">Azcona April 21 Letter</p>	<p style="text-align: center;">TDHCA Staff Reasons for Denial</p>	<p style="text-align: center;">Response to TDHCA June 24 Denial</p>
<p>For scoring purposes, organizations are on record with the county or state in which the development is proposed to be located as of March 1 of the application year</p>	<p>A dated copy of the record from the state or county is the best documentation.</p>	<p>Attachment is February 27, 2004 letter from Ms. Azcona to Cameron County Clerk Joe Rivera requesting registration with the County. Clerk's Office stamp in lower right-hand corner marks it received March 1, 2004</p>	<p>Insufficient evidence that organization was on record with County or State by March 1, 2004</p>	<p>The QAP does not require a letter from the County or State certifying organizations are "on record". The organization submitted a letter requesting registration which was marked received by Cameron County Clerk on March 1. TDHCA accepted same documentation submitted by Ms. Gutierrez of Linda Vista, Las Brisas, etc. Resident Association. Cameron County Clerk's Office does not keep a record of "neighborhood organizations" because it is not legally required to do so. Thus, no list from the County Clerk's Office can be supplied as proof of registration. The Clerk's Office did not inform the organizations that this was their policy until a letter addressed to TDHCA acknowledging registration of four neighborhood was requested. (See attached letter.) No duplicative efforts to register with the State were made.</p>

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #2: MS. MAGDALENA AZCONA, PRESIDENT, VICTORIA GARDENS RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Azcona April 21 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
And that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site, not including government entities	Legal organizational documents for the neighborhood organization are the best documentation to show boundaries. The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site	Paragraphs two and three of the letter states the purpose of the Association is to represent residents' needs and work to improve residents' lives and their community. They are committed to the Villa Del Sol application because many of their residents will need housing when they are elderly and/or disabled.		
<u>Scoring of Input</u>				
Each neighborhood organization may submit one letter that represents organization's input		One letter submitted		
Letter must identify specific development		Names Villa Del Sol in Brownsville		
Signed by the chairman of the board, chief executive officer or comparable head of the organization and		Signed "Magdalena Azcona, President, Victoria Gardens Resident Council"	Letter not signed by organization's chairman of the board, CEO or comparable head of organization or did not include signer's address and phone number.	The signature block and second paragraph states that author is president of the organization. There is no such position of Board Chair or CEO. See attached By-Laws Article V, Officers and Duties.

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #2: MS. MAGDALENA AZCONA, PRESIDENT, VICTORIA GARDENS RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Azcona April 21 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
include the signer's address and telephone number.		Telephone number included at signature block.	Letter not signed by organization's chairman of the board, CEO or comparable head of organization or did not include signer's address and phone number.	The author's home address and telephone number were included in signature block. The organization does not have letterhead.
Letter must state and provide documentation which shows that it is from a neighborhood organization	Documentation may include organizational documents that show the purpose of the organization and that it is a "neighborhood organization"	Paragraph two and three of the letter describes the Association, notes that its residents and those at Villa Del Sol are all residents of Brownsville Housing Authority properties. Villa Del Sol is for elderly and disabled tenants and their residents may need such housing and service tailored to elderly and disabled.	Insufficient documentation that the organization is a "neighborhood organization"	The letter describes the association's role and why the proposed development is relevant to its mission to "improve community life". Public housing resident councils are commonly known organizations within the affordable housing field. (See attached By-Laws, Article II, Purpose.) The QAP does not state points will only be awarded if <u>every</u> technical requirement is met without an opportunity to cure deficiencies as allowed in other stages of the process.

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #2: MS. MAGDALENA AZCONA, PRESIDENT, VICTORIA GARDENS RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Azcona April 21 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
That it is on record with the State or county in which the development is proposed to be located	A dated copy of the record from the state or county is the best documentation.	Attachment is February 27, 2004 letter from Ms. Azcona to Cameron County Clerk Joe Rivera requesting registration with the County. Clerk's Office stamp in lower right-hand corner marks it received March 1, 2004	Insufficient evidence that organization was on record with County or State by March 1, 2004	The QAP does not require a letter from the County or State certifying organizations are "on record". The organization submitted a letter requesting registration which was marked received by Cameron County Clerk on March 1. TDHCA accepted same documentation submitted by Ms. Gutierrez of Linda Vista, Las Brisas, etc. Resident Association. Cameron County Clerk's Office does not keep a record of "neighborhood organizations" because it is not legally required to do so. Thus, no list from the County Clerk's Office can be supplied as proof of registration. The Clerk's Office did not inform the organizations that this was their policy until a letter addressed to TDHCA acknowledging registration of four neighborhood was requested. (See attached letter.) No duplicative efforts to register with the State were made.

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #2: MS. MAGDALENA AZCONA, PRESIDENT, VICTORIA GARDENS RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Azcona April 21 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
That the organization's boundaries contain the proposed development site	The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site.	Paragraph two and three of the letter describes the Association, notes that its residents and those at Villa Del Sol are all residents of Brownsville Housing Authority properties. Villa Del Sol is for elderly and disabled tenants and their residents may need such housing and service tailored to elderly and disabled.	Insufficient evidence that organization's boundaries include proposed development site.	Resident councils of the Brownsville Housing Authority have a direct stake in the improvement of their sister developments. The letter notes that the Association supports the renovation of Villa del Sol because their residents will need subsidized housing when they are elderly and/or disabled. The QAP does not state that points will only be awarded if <u>every</u> technical requirement is met without any opportunity to "cure" the deficiency as is true at other stages of the process.
Total number of members of the organization		Paragraph two states that the Council consists of 5 members that represent 46 families.	Did not provide total number of members and/or description of process used to determine the members' position	The number of officers and members is noted in paragraph two. See attached By-Laws, Articles III and V regarding officers and duties.

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #2: MS. MAGDALENA AZCONA, PRESIDENT, VICTORIA GARDENS RESIDENT ASSOCIATION

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<p>A brief description of the process used to determine the members' position</p>		<p>First paragraph notes that on behalf of the Association as President Ms. Azcona is writing to express support for the Villa del Sol application.</p>	<p>Did not provide total number of members and/or description of process used to determine the members' position</p>	<p>The first and second paragraphs state that the author acts in her capacity as president and can speak on behalf of the officers and residents. See attached By-Laws, Article V regarding officers and duties.</p>
<p>Clearly and concisely state each reason for the organization's support for or opposition to the development and provide specific evidence supporting the input</p>		<p>Paragraph three notes that the renovation is needed because their residents may need affordable housing tailored to elderly and disabled in downtown Brownsville.</p>		

GARDENS

VICTORIA RESIDENT ASSOCIATION BY-LAWS

ARTICLE I NAME OF THE ASSOCIATION

The name of the Association is the VICTORIA RESIDENT ASSOCIATION, a non-profit organization.

ARTICLE II PURPOSE

The purpose of this association is to provide opportunities for members to meet each other, exchange views and ideas, and plan social functions. Besides residents will engage in planning for innovative ideas to promote employment opportunities for residents; establish goals for improving housekeeping habits; improving community life and services; promoting self-sufficiency and upward mobility; work toward elimination of drugs and other substances; promote for home ownership in the private sector, and establish such other initiatives from time to time for the economic and welfare requirements of all residents.

ARTICLE III MEMBERSHIP

Membership in the Victoria Resident Association shall be restricted to residents of Victoria. All residents are automatically members of this Association.

ARTICLE IV MEETINGS

Regular meetings of the membership will be held the **first Wednesday** of each month at **5:30 P.M.** in the Victoria Community Center. Unless otherwise designated the business at hand issues will take precedence at all meetings.

ARTICLE V OFFICERS AND DUTIES

Election of officers will be held each year the first Wednesday of **OCTOBER** at the general membership meeting. The officers shall be elected by a majority vote (vote will be counted by a paper ballot or a show of hands) of the resident membership and shall consist of a president, vice-president, secretary, treasurer and secretary of social events. Nominees for all offices shall not be present or visible to the voting area at the time of election. The term of office shall be for one year.

Section 1. Powers and Duties of the President

The president shall preside at all regular or special meetings. He/She shall conduct these meetings in a fair and impartial manner. This title does not automatically vest or cause any absolute authority over any business or actions to be taken.

Section 2. Powers and Duties of the Vice-President

The vice-president shall, in the absence of the President, preside at all regular or special meetings. He/She shall conduct these meeting in a fair and impartial manner. This title does not automatically vest or cause any absolute authority over any business or actions to be taken.

Section 3. Powers and Duties of the Treasurer

The treasurer shall have custody of all the funds of the Association, and shall be responsible for keeping accurate records of all financial affairs of the association. The treasurer shall keep records of all receipts and disbursements of the association and shall at each regular monthly meeting make a report on the financial account of the association. This title does not vest upon him/her any absolute authority over any business transacted or actions to be taken. He/She shall give such bond for the faithful performance of his/her duties as the Association may determine.

Section 4. Powers and Duties of the Secretary

The secretary of the association shall be responsible for keeping and reading the minutes of the regular or special meetings.

Section 5. Powers and Duties of the Secretary of Social Events

The secretary of social events will be responsible for organizing major events such as Easter, Mothers Day, Thanksgiving, Christmas and other celebrations. Will be in charge of working closely with the social events committee.

Section 6. Right of Authority

No officer shall delegate his/her right or authority to any other party.

ARTICLE VI FINANCES

No membership dues shall be charged. All bills shall be paid by check upon receipt of a check requisition form. Checks will be written by the treasurer, on a membership designated bank, and shall require two signatures. There shall be three authorized co-signors – treasurer and president of vice-president. The treasurer shall handle any petty cash. All withdrawals from the petty cash fund will require a voucher. All vouchers must be verified with a receipt. Reimbursement of the petty cash fund will be made once each month. All expenditures of the association shall be approved by the membership.

ARTICLE VII COMMITTEES

Section 1. Social Events Committee

Association officers may ask for volunteers from the resident members to form a sub-committee to help with social events, entertainment, decorations for parties or fundraising events (rummage sales, raffles, bingo or chalupa games, recreational activities).

Section 2. Finance/Fundraising Committee

The finance/fundraising committee will prepare a budget and present to the association for approval, will monitor income and expenses of all projects. The finance/fundraising committee will be composed of three members. A report of the finance/fundraising committee review of the books of account of all committees will be presented to the Association at their regular monthly meeting. The Finance/Fundraising Committee will also audit the books of account of the Association twice per year, in March and again in August of each year and a report of the audit is to be made to the Association at the next meeting following each interval. The Finance/Fundraising Committee is to be charged also with the responsibility of checking that any donations made for a particular activity or project be deposited or credited to the account of the Association or to the respective project so designated by the Association, and that no unauthorized expenditures be made with donated funds or proceeds without the specific approval and vote of the Association. The Finance/Fundraising Committee will be selected and appointed by majority vote of the Association.

ARTICLE VIII REMOVAL

Any officer or committee member selected or appointed may be removed from such office by a consenting vote of the membership whenever in its judgment the best interests of the Association will be best served. In addition, an officer will be removed after 3 consecutive absences.

ARTICLE IX AMENDMENTS

These by-laws may be amended by a majority of the members present at a regular meeting. Members will be notified of proposed amendments by special notice a week before the meeting.

2003

Let it be known to all on this 1st day of October. In the year 2003 these revised bylaws were read, explained and given to the membership of the Victoria Gardens Association.

Let it also be known that on this same date the mentioned revised bylaws were adopted by a favorable vote taken in the same manner as called by the voting procedures.

Magdalena Azcona
President
Magdalena Azcona

Maria del Refugio Mejia
Vice-president
Maria del Refugio Mejia

Martha Castillo
Secretary
Martha Castillo

Estella Ochoa
Treasurer
Estella Ochoa

Patricia Chavez
Secretary of Social Events
Patricia Chavez

Tab 3

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #3: MS. MARIA JAIME, PRESIDENT, POINSETTIA RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Jaime April 20 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
(A) Receipt of Input.				
Letters must be received no later than April 30, 2004 and only, for scoring purposes, directly from neighborhood organizations or with the Application		TDHCA received stamp marked April 27, 2004		
Letters must be addressed to "Attention: Director of Multifamily Finance Production Division (Neighborhood Input)"		Addressed correctly		
Letters received after April 30, 2004 will be summarized and provided for Board's information and consideration but will not affect score.				
(B) Neighborhood Organizations				

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

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<p>For scoring purposes, organizations are on record with the county or state in which the development is proposed to be located as of March 1 of the application year</p>	<p>A dated copy of the record from the state or county is the best documentation.</p>	<p>Attachment is February 27, 2004 letter from Ms. Jaime to Cameron County Clerk Joe Rivera requesting registration with the County. Clerk's stamp in lower right-hand corner marks it received March 1, 2004</p>	<p>Insufficient evidence that organization was on record with County or State by March 1, 2004</p>	<p>The QAP does not require a letter from the County or State certifying organizations are "on record". The organization submitted a letter requesting registration which was marked received by Cameron County Clerk on March 1. TDHCA accepted same documentation submitted by Ms. Gutierrez of Linda Vista, Las Brisas, etc. Resident Association. Cameron County Clerk's Office does not keep a record of "neighborhood organizations" because it is not legally required to do so. Thus, no list from the County Clerk's Office can be supplied as proof of registration. The Clerk's Office did not inform the organizations that this was their policy until a letter addressed to TDHCA acknowledging registration of four neighborhood was requested. (See attached letter.) No duplicative efforts to register with the State were made.</p>

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

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LETTER #3: MS. MARIA JAIME, PRESIDENT, POINSETTIA RESIDENT ASSOCIATION

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And that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site, not including government entities	Legal organizational documents for the neighborhood organization are the best documentation to show boundaries. The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site	Paragraphs two and three of the letter states the purpose of the Association is to represent residents' needs. They are committed to the Villa Del Sol application because many of their residents and family members live in Villa del Sol or will need housing when they are elderly and disabled.		
<u>Scoring of Input</u>				
Each neighborhood organization may submit one letter that represents organization's input		One letter submitted		
Letter must identify specific development		Names Villa Del Sol in Brownsville		
Signed by the chairman of the board, chief executive officer or comparable head of the organization and		Signed "Maria Jaime, President, Poinsettia Resident Association"		

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

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include the signer's address and telephone number.		Telephone number included at signature block.		
Letter must state and provide documentation which shows that it is from a neighborhood organization	Documentation may include organizational documents that show the purpose of the organization and that it is a "neighborhood organization"	Paragraphs two and three of the letter describe the Association and its purpose.	Insufficient documentation that the organization is a "neighborhood organization"	The letter describes the association's role and note their residents are eligible to live in Villa Del Sol when elderly or disabled. Public housing resident councils are commonly known organizations within the affordable housing field. (See attached By-Laws, Article II, Purpose.) The QAP does not state points will only be awarded if <u>every</u> technical requirement is met without an opportunity to cure deficiencies as allowed in other stages of the process.

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

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LETTER #3: MS. MARIA JAIME, PRESIDENT, POINSETTIA RESIDENT ASSOCIATION

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<p>That it is on record with the State or county in which the development is proposed to be located</p>	<p>A dated copy of the record from the state or county is the best documentation.</p>	<p>Attachment is February 27, 2004 letter from Ms. Jaime to Cameron County Clerk Joe Rivera requesting registration with the County. Clerk's Office stamp in lower right-hand corner marks it received March 1, 2004-████</p>	<p>Insufficient evidence that organization was on record with County or State by March 1, 2004</p>	<p>The QAP does not require a letter from the County or State certifying organizations are "on record". The organization submitted a letter requesting registration which was marked received by Cameron County Clerk on March 1. TDHCA accepted same documentation submitted by Ms. Gutierrez of Linda Vista, Las Brisas, etc. Resident Association. Cameron County Clerk's Office does not keep a record of "neighborhood organizations" because it is not legally required to do so. Thus, no list from the County Clerk's Office can be supplied as proof of registration. The Clerk's Office did not inform the organizations that this was their policy until a letter addressed to TDHCA acknowledging registration of four neighborhood was requested. (See attached letter.) No duplicative efforts to register with the State were made.</p>

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

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<p>That the organization's boundaries contain the proposed development site</p>	<p>The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site.</p>	<p>Paragraphs two and three note that the Association is concerned with renovation of Villa Del Sol because their residents are eligible to move there when elderly and/or disabled.</p>	<p>Insufficient evidence that organization's boundaries include proposed development site.</p>	<p>Resident councils of the Brownsville Housing Authority have a direct stake in the improvement of their sister developments. The letter notes that the Association supports the renovation of Villa del Sol because their residents will need subsidized housing when they are elderly and/or disabled. The QAP does not state that points will only be awarded if <u>every</u> technical requirement is met without any opportunity to "cure" the deficiency as is true at other stages of the process.</p>
<p>Total number of members of the organization</p>		<p>Paragraph two states that the Council consists of 5 members that represent 250 families.</p>	<p>Did not provide total number of members and/or description of process used to determine the members' position</p>	<p>The number of officers and members is noted in paragraph two. See attached By-Laws, Articles III and V regarding officers and duties.</p>

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

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<p>A brief description of the process used to determine the members' position</p>		<p>First paragraph notes that on behalf of the Association as President Ms. Jaime is writing to express support for the Villa del Sol application.</p>	<p>Did not provide total number of members and/or description of process used to determine the members' position</p>	<p>The first and second paragraphs state that the author acts in her capacity as president and can speak on behalf of the officers and residents. See attached By-Laws, Article V regarding officers and duties.</p>
<p>Clearly and concisely state each reason for the organization's support for or opposition to the development and provide specific evidence supporting the input</p>		<p>Paragraph three notes that the renovation is needed because their residents may need affordable housing tailored to elderly and disabled in downtown Brownsville.</p>		

POINSETTIA RESIDENT ASSOCIATION BY-LAWS

ARTICLE I NAME OF THE ASSOCIATION

The name of the Association is the POINSETTIA RESIDENT ASSOCIATION, a non-profit organization.

ARTICLE II PURPOSE

The purpose of this association is to provide opportunities for members to meet each other, exchange views and ideas, and plan social functions. Besides residents will engage in planning for innovative ideas to promote employment opportunities for residents; establish goals for improving housekeeping habits; improving community life and services; promoting self-sufficiency and upward mobility; work toward elimination of drugs and other substances; promote for home ownership in the private sector, and establish such other initiatives from time to time for the economic and welfare requirements of all residents.

ARTICLE III MEMBERSHIP

Membership in the Poinsettia Resident Association shall be restricted to residents of Poinsettia. All residents are automatically members of this Association.

ARTICLE IV MEETINGS

Regular meetings of the membership will be held the **second Monday** of each month at **5:30 P.M.** in the Poinsettia Community Center. Unless otherwise designated the business at hand issues will take precedence at all meetings.

ARTICLE V OFFICERS AND DUTIES

Election of officers will be held each year the second Monday of October at the general membership meeting. The officers shall be elected by a majority vote (vote will be counted by a show of hands) of the resident membership and shall consist of a president, vice-president, secretary, treasurer and secretary of social events. Nominees for all offices shall not be present or visible to the voting area at the time of election. The term of office shall be for one year.

Section 1. Powers and Duties of the President

The president shall preside at all regular or special meetings. He/She shall conduct these meetings in a fair and impartial manner. This title does not automatically vest or cause any absolute authority over any business or actions to be taken.

Section 2. Powers and Duties of the Vice-President

The vice-president shall, in the absence of the President, preside at all regular or special meetings. He/She shall conduct these meeting in a fair and impartial manner. This title does not automatically vest or cause any absolute authority over any business or actions to be taken.

Section 3. Powers and Duties of the Treasurer

The treasurer shall have custody of all the funds of the Association, and shall be responsible for keeping accurate records of all financial affairs of the association. The treasurer shall keep records of all receipts and disbursements of the association and shall at each regular monthly meeting make a report on the financial account of the association. This title does not vest upon him/her any absolute authority over any business transacted or actions to be taken.

Section 4. Powers and Duties of the Secretary

The secretary of the association shall be responsible for keeping and reading the minutes of the regular or special meetings.

Section 5. Powers and Duties of the Secretary of Social Events

The secretary of social events will be responsible for organizing major events such as Easter, Mothers Day, Thanksgiving, Christmas and other celebrations. Will be in charge of working closely with the social events committee.

Section 6. Right of Authority

No officer shall delegate his/her right or authority to any other party.

ARTICLE VI FINANCES

No membership dues shall be charged. All bills shall be paid by check upon receipt of a check requisition form. Checks will be written by the treasurer, on a membership designated bank, and shall require two signatures. There shall be three authorized co-signors – treasurer and president of vice-president. The treasurer shall handle any petty cash. All withdrawals from the petty cash fund will require a voucher. All vouchers must be verified with a receipt. Reimbursement of the petty cash fund will be made once each month. All expenditures of the association shall be approved by the membership.

Let it be known to all on this 10 day of October
In the year 2007 these revised bylaws were read, explained and given to the membership
of the Poinsettia Association.

Let it also be known that on this same date the mentioned revised bylaws were
adopted by a favorable vote taken in the same manner as called by the voting procedures.

Maria Jaime 6-29-04
President
Maria Jaime

Felicitas Perez 6-29-04
Vice-President
Felicitas Perez

Margarita Davila 6-29-04
Secretary
Margarita Davila

Treasurer
Juanita Valdez

Lilia Rodriguez 6-29-04
Secretary of Social Events
Lilia Rodriguez

Tab 4

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #4: MS. SOCORRO BASAVILVAZO, PRESIDENT, VILLA DEL SOL RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Basavilvazo April 21 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
(A) Receipt of Input.				
Letters must be received no later than April 30, 2004 and only, for scoring purposes, directly from neighborhood organizations or with the Application		TDHCA received stamp marked April 27, 2004		
Letters must be addressed to "Attention: Director of Multifamily Finance Production Division (Neighborhood Input)"		Addressed correctly		
Letters received after April 30, 2004 will be summarized and provided for Board's information and consideration but will not affect score.				
(B) Neighborhood Organizations				

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #4: MS. SOCORRO BASAVILVAZO, PRESIDENT, VILLA DEL SOL RESIDENT ASSOCIATION

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<p>For scoring purposes, organizations are on record with the county or state in which the development is proposed to be located as of March 1 of the application year</p>	<p>A dated copy of the record from the state or county is the best documentation.</p>	<p>Attachment is February 27, 2004 letter from Ms. Basavilvazo to Cameron County Clerk Joe Rivera requesting registration with the County. Clerk's Office stamp in lower right-hand corner marks it received March 1, 2004</p>	<p>Insufficient evidence that organization was on record with County or State by March 1, 2004</p>	<p>The QAP does not require a letter from the County or State certifying organizations are "on record". The organization submitted a letter requesting registration which was marked received by Cameron County Clerk on March 1. TDHCA accepted same documentation submitted by Ms. Gutierrez of Linda Vista, Las Brisas, etc. Resident Association. Cameron County Clerk's Office does not keep a record of "neighborhood organizations" because it is not legally required to do so. Thus, no list from the County Clerk's Office can be supplied as proof of registration. The Clerk's Office did not inform the organizations that this was their policy until a letter addressed to TDHCA acknowledging registration of four neighborhood was requested. (See attached letter.) No duplicative efforts to register with the State were made.</p>

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

LETTER #4: MS. SOCORRO BASAVILVAZO, PRESIDENT, VILLA DEL SOL RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Basavilvazo April 21 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
<p>And that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site, not including government entities</p>	<p>Legal organizational documents for the neighborhood organization are the best documentation to show boundaries. The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site</p>	<p>Paragraphs two and three of the letter states the purpose of the Association is to represent 200 residents of Villa Del Sol before the management of the Brownsville Housing Authority and to "improve the services and quality of life of the residents."</p>		
<p><u>Scoring of Input</u></p>				
<p>Each neighborhood organization may submit one letter that represents organization's input</p>		<p>One letter submitted</p>		
<p>Letter must identify specific development</p>		<p>Names Villa Del Sol in Brownsville</p>		
<p>Signed by the chairman of the board, chief executive officer or comparable head of the organization and</p>		<p>Signed by "Socorro Basavilvazo, President, Villa Del Sol Resident Association"</p>		

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #4: MS. SOCORRO BASAVILVAZO, PRESIDENT, VILLA DEL SOL RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Basavilvazo April 21 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
include the signer's address and telephone number.		Telephone number included at signature block.		
Letter must state and provide documentation which shows that it is from a neighborhood organization	Documentation may include organizational documents that show the purpose of the organization and that it is a "neighborhood organization"	Paragraph two of the letter describes the Association and its purpose. It states that Ms. Basavilvazo and her fellow officers "were elected by 200 elderly and disabled residents living at Villa Del Sol to represent them before the management of the Brownsville Housing Authority and to work to improve the services and quality of life of the residents."	Insufficient documentation that the organization is a "neighborhood organization"	The letter states that the Association represents the 200 residents of Villa Del Sol, which is the development proposed for major rehabilitation. No other neighborhood organization has more at stake in the application. Public housing resident councils are commonly known organizations within the affordable housing field. The QAP does not state that points will only be awarded if every technical requirement is met without any opportunity to "cure" the deficiency as is true with other elements of the application.

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #4: MS. SOCORRO BASAVILVAZO, PRESIDENT, VILLA DEL SOL RESIDENT ASSOCIATION

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Basavilvazo April 21 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
That it is on record with the State or county in which the development is proposed to be located	A dated copy of the record from the state or county is the best documentation.	Attachment is February 27, 2004 letter from Ms. Basavilvazo to Cameron County Clerk Joe Rivera requesting registration with the County. The Clerk's stamp in the lower right-hand corner marks it received March 1, 2004	Insufficient evidence that organization was on record with County or State by March 1, 2004	The QAP does not require a letter from the County or State certifying organizations are "on record". The organization submitted a letter requesting registration which was marked received by Cameron County Clerk on March 1. TDHCA accepted same documentation submitted by Ms. Gutierrez of Linda Vista, Las Brisas, etc. Resident Association. Cameron County Clerk's Office does not keep a record of "neighborhood organizations" because it is not legally required to do so. Thus, no list from the County Clerk's Office can be supplied as proof of registration. The Clerk's Office did not inform the organizations that this was their policy until a letter addressed to TDHCA acknowledging registration of four neighborhood was requested. (No attached letter.) No duplicative efforts to register with the State were made.

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

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<p>That the organization's boundaries contain the proposed development site</p>	<p>The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site.</p>	<p>Paragraphs one through three note that the Association is concerned with renovation of Villa Del Sol because it is their home and in need of renovation because it is more than 30 years old.</p>	<p>Insufficient evidence that organization's boundaries include proposed development site.</p>	<p>The letter states that the Association represents the 200 residents of Villa Del Sol, which is the development proposed for major rehabilitation. No other neighborhood organization has more at stake in the application.</p>
<p>Total number of members of the organization</p>		<p>Paragraph two states that the Council consists of 5 members that represent the 200 elderly and disabled residents of Villa Del Sol.</p>		

**VILLA DEL SOL (TDHCA #04036)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #4: MS. SOCORRO BASAVILVAZO, PRESIDENT, VILLA DEL SOL RESIDENT ASSOCIATION

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<p>A brief description of the process used to determine the members' position</p>		<p>First paragraph notes that on behalf of the Association as President Ms. Basavilvazo is writing to express support for the Villa del Sol application.</p>		
<p>Clearly and concisely state each reason for the organization's support for or opposition to the development and provide specific evidence supporting the input</p>		<p>Paragraph three notes that the renovation is needed because of the age of the building and the frailty of the residents.</p>		

VILLA DEL SOL RESIDENT ASSOCIATION BY-LAWS

ARTICLE I NAME OF THE ASSOCIATION

The name of the Association is the VILLA DEL SOL RESIDENT ASSOCIATION, a non-profit organization.

ARTICLE II PURPOSE

The purpose of this association is to provide opportunities for members to meet each other, exchange views and ideas, and plan social functions. Besides residents will engage in planning for innovative ideas to promote employment opportunities for residents; establish goals for improving housekeeping habits; improving community life and services; promoting self-sufficiency and upward mobility; work toward elimination of drugs and other substances; promote for home ownership in the private sector, and establish such other initiatives from time to time for the economic and welfare requirements of all residents.

ARTICLE III MEMBERSHIP

Membership in the Villa del Sol Resident Association shall be restricted to residents of Villa del Sol. All residents are automatically members of this Association.

ARTICLE IV MEETINGS

Regular meetings of the membership will be held the **first Thursday** of each month at **2:30 P.M.** in the Villa del Sol Dining Room. Unless otherwise designated the business at hand issues will take precedence at all meetings.

ARTICLE V OFFICERS AND DUTIES

Election of officers will be held each year the first Thursday of October at the general membership meeting. The officers shall be elected by a majority vote (vote will be counted by a show of hands) of the resident membership and shall consist of a president, vice-president, secretary, treasurer and secretary of social events. Nominees for all offices shall not be present or visible to the voting area at the time of election. The term of office shall be for one year.

Section 1. Powers and Duties of the President

The president shall preside at all regular or special meetings. He/She shall conduct these meetings in a fair and impartial manner. This title does not automatically vest or cause any absolute authority over any business or actions to be taken.

Section 2. Powers and Duties of the Vice-President

The vice-president shall, in the absence of the President, preside at all regular or special meetings. He/She shall conduct these meeting in a fair and impartial manner. This title does not automatically vest or cause any absolute authority over any business or actions to be taken.

Section 3. Powers and Duties of the Treasurer

The treasurer shall have custody of all the funds of the Association, and shall be responsible for keeping accurate records of all financial affairs of the association. The treasurer shall keep records of all receipts and disbursements of the association and shall at each regular monthly meeting make a report on the financial account of the association. This title does not vest upon him/her any absolute authority over any business transacted or actions to be taken. He/She shall give such bond for the faithful performance of his/her duties as the Association may determine.

Section 4. Powers and Duties of the Secretary

The secretary of the association shall be responsible for keeping and reading the minutes of the regular or special meetings.

Section 5. Powers and Duties of the Secretary of Social Events

The secretary of social events will be responsible for organizing major events such as Easter, Mothers Day, Thanksgiving, Christmas and other celebrations. Will be in charge of working closely with the social events committee.

Section 6. Right of Authority

No officer shall delegate his/her right or authority to any other party.

ARTICLE VI FINANCES

No membership dues shall be charged. All bills shall be paid by check upon receipt of a check requisition form. Checks will be written by the treasurer, on a membership designated bank, and shall require two signatures. There shall be three authorized co-signors – treasurer and president of vice-president. The treasurer shall handle any petty cash. All withdrawals from the petty cash fund will require a voucher. All vouchers must be verified with a receipt. Reimbursement of the petty cash fund will be made once each month. All expenditures of the association shall be approved by the membership.

ARTICLE VII COMMITTEES

Section 1. Social Events Committee

Association officers may ask for volunteers from the resident members to form a sub-committee to help with social events, entertainment, decorations for parties or fundraising events (rummage sales, raffles, bingo or chalupa games, recreational activities).

Section 2. Finance/Fundraising Committee

The finance/fundraising committee will prepare a budget and present to the association for approval, will monitor income and expenses of all projects. The finance/fundraising committee will be composed of three members. A report of the finance/fundraising committee review of the books of account of all committees will be presented to the Association at their regular monthly meeting. The Finance/Fundraising Committee will also audit the books of account of the Association twice per year, in March and again in August of each year and a report of the audit is to be made to the Association at the next meeting following each interval. The Finance/Fundraising Committee is to be charged also with the responsibility of checking that any donations made for a particular activity or project be deposited or credited to the account of the Association or to the respective project so designated by the Association, and that no unauthorized expenditures be made with donated funds or proceeds without the specific approval and vote of the Association. The Finance/Fundraising Committee will be selected and appointed by majority vote of the Association.

ARTICLE VIII REMOVAL

Any officer or committee member selected or appointed may be removed from such office by a consenting vote of the membership whenever in its judgment the best interests of the Association will be best served. In addition, an officer will be removed after 3 consecutive absences.

ARTICLE IX AMENDMENTS

These by-laws may be amended by a majority of the members present at a regular meeting. Members will be notified of proposed amendments by special notice a week before the meeting.



Estos reglamentos pueden ser enmendados por una mayoria de los miembros presentes en una reunion regular. Los miembros seran notificados de enmiendas propuestas por notas especial una semana antes de la reunion.

Permita sea sabido a todos en este dia 5 de Mayo en el ano 2003, estos reglamentos revisado se leyo, explico y fue dado a la Asociacion de Villa del Sol.

Permita sea sabido tambien que en esta misma fecha el mencionado revisado por leyes fue adoptado por un voto favorable acepto la misma manera como se llamo por los procedimientos electorales.

Jesus Salinas Presidente
Jesus Salinas

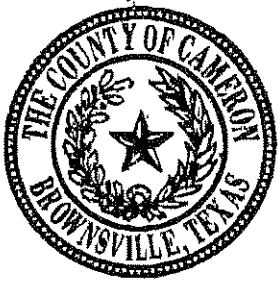
Osbaldo Vereb Vice-Presidente
Osbaldo Vereb

Philip Brady Secretario
Philip Brady

Elva Flores Tesorera
Elva Flores

Ludivina Garza Secretaria de Eventos Sociales
Ludivina Garza

Tab 5



Office of
JOE G. RIVERA
CAMERON COUNTY CLERK
P.O. Box 2178
Brownsville, TX 78520

July 1, 2004

Ms. Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine
Austin, Texas 78741

Re: 2004-HTC Application for Villa Del Sol , Brownsville
TDHCA #04036

Dear Ms. Carrington:

The Purpose of this letter is to confirm that the following neighborhood organizations submitted letters to my office. (see attachment)

- Linda Vista, Las Brisas, Sunset Terrace & Rose Gardens Neighborhood Association;
- Victoria Gardens Resident Association
- Poinsettia Resident Association; and
- Villa Del Sol Resident Association

This office does not maintain such a list or keep such records. Such activity is not required by statute or regulation.

Sincerely,



Joe G. Rivera, County Clerk
Cameron County Clerk

Cc: Dough Wright
Manny Saenz

Official Records
(956)544-0815

Vital Statistics
(956)544-0817

Vault
(956)544-0882

Fax
(956)544-0813

*Linda Vista, Las Brisas, Sunset Terrace, & Rose Garden
Neighborhood Association*

February 27, 2004

Joe G. Rivera
Cameron County Clerk
P.O. Box 2178
Brownsville, Texas

RECEIVED
APR 27 2004
HOUSING TRUST
FUND

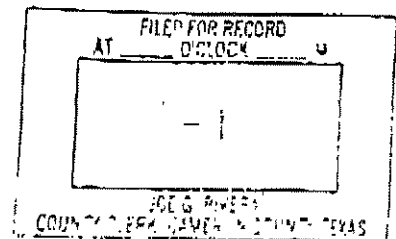
Dear Mr. Rivera:

Our group of Neighborhood Associations hereby requests these associations be registered with Cameron County as a duly organized Neighborhood organization. Please indicate your receipt of the registration of the Linda Vista, Las Brisas, Sunset Terrace, and Rose Garden.

Sincerely,



Mary Gutierrez
President



Victoria Gardens Association

February 27, 2004

Joe G. Rivera
Cameron County Clerk
P.O. Box 2178
Brownsville, Texas

RECEIVED

APR 27 2004

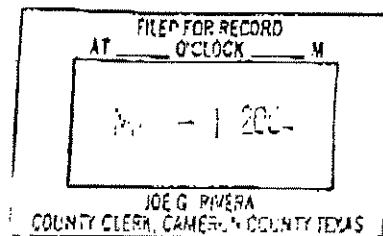
HOUSING TRUST
FUND

Dear Mr. Rivera:

The Victoria Gardens Association is hereby requesting that it be registered with Cameron County as a duly organized Neighborhood organization. Please indicate your receipt of the registration of the Victoria Gardens Association.

Sincerely,

Magdalena Azocopa
Magdalena Azocopa
President



Brownsville Housing Authority
Poinsettia Association
137 Oak Street
Brownsville, Texas 78520
(956) 986-2458

February 27, 2004

RECEIVED
APR 27 2004
HOUSING TRUST
FUND

Joe G. Rivera
Cameron County Clerk
P.O. Box 2178
Brownsville, Texas

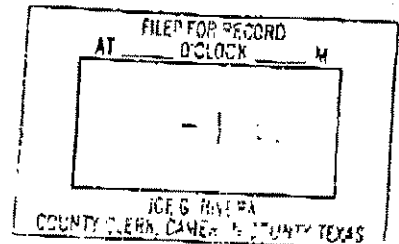
Dear Mr. Rivera:

The Poinsettia Association is hereby requesting that it be registered with Cameron County as a duly organized Neighborhood organization. Please indicate your receipt of the registration of the Poinsettia Association.

Sincerely,



Maria Jaime
President



Villa Del Sol Association

February 27, 2004

Joe G. Rivera
Cameron County Clerk
P.O. Box 2178
Brownsville, Texas

Dear Mr. Rivera:

The Villa Del Sol Resident Association is hereby requesting that it be registered with Cameron County as a duly organized Neighborhood Organization. Please indicate your receipt of the registration of the Villa Del Sol Association.

Sincerely,

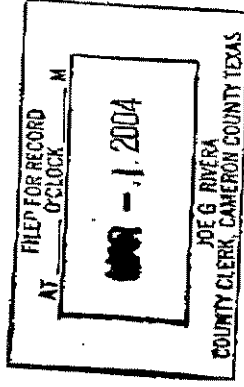
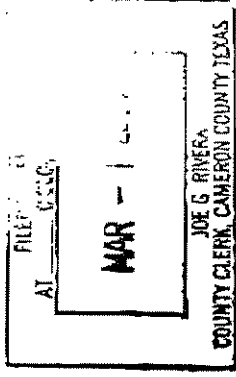


Socorro Basavilvazo
President

RECEIVED

APR 27 2004

HOUSING TRUST
FUND



VERY IMPORTANT

Congratulations on your purchase of a manufactured home. Manufactured homes are built to federal design and quality standards and installed by licensed installers in accordance with state and federal rules. Properly built, installed, and maintained your manufactured home should be a safe, affordable home for many years to come. However, as with any home, there may be problems. Sometimes those problems are covered by a warranty, sometimes those problems result from someone doing something wrong in the process of installing or repairing the home, and sometimes those problems are your responsibility. Any problem that is the responsibility of a licensee – be it a manufacturer, a retailer, or an installer – is something we can help you with. We are the agency that regulates the manufactured housing industry in Texas and requires license holders to give consumers one year home construction and installation warranties on new homes and 60 day habitability warranties on used homes. If the used home you are purchasing has been recently moved to a new location or reinstalled at the same location and you would like to have the installation inspected you may request an inspection. If you have any concerns, please do not hesitate to contact us at:



1-800-500-7074

or

www.tdhca.state.tx.us

TDHCA – Division of Manufactured Housing

P. O. Box 12489

Austin, TX 78711-2489

MUY IMPORTANTE

Felicidades en la compra de su casa manufacturada! Casas manufacturadas están construidas al diseño y calidad nivel federal e instaladas por instaladores licenciados en conformidad con las reglas del estado y federales. Construida e instalada apropiadamente y bien cuidado, su casa le dará seguridad y comodidad por muchos años por venir. Pero, como cualquier casa, puede haber problemas. A veces esas problemas están protegidas o cubiertas por una garantía, a veces esas problemas resultan porque alguien hizo algo mal en el proceso de instalando o reparando la casa, y a veces estas problemas son su responsabilidad. Cualquier problema que es la responsabilidad del licenciado – sea el manufacturador, el vendedor (negociante) o el instalador – eso es algo con que nosotros le podemos ayudar. Nosotros somos la agencia en Tejas que reglamentamos la industria de casas manufacturadas y requerimos que los vendedores licenciados por nosotros den al consumidor un año de garantía en la construcción y instalación en casas nuevas y 60 días de garantía habitable en casas usadas. Si tiene alguna queja o preocupación, o si quiere que se haga una inspección de su casa para saber si fue correctamente instalada, por favor póngase en contacto con nosotros al:

1-800-500-7074



o en la computadora: www.tdhca.state.tx.us

o a nuestra dirección:

TDHCA – Division of Manufactured Housing

P. O. Box 12489

507 Sabine, 10th Floor

Austin, TX 78711-2489

Did You Know . . .

- Only someone who has obtained a permit from the Texas Department of Transportation (TxDOT) can move a manufactured home. Use of an unauthorized mover may jeopardize your ability to obtain an updated or revised Statement of Ownership and Location, and that may adversely impact your property tax liability. You may check on any mover's permit by calling TxDOT's Motor Carrier Division at 1-800-299-1700.
- Only an installer who is licensed by our department may install a manufactured home in Texas. Installers must be bonded, and installations must be warranted.
- Anyone may sell ONE manufactured home in a twelve month period, but to sell more than one you must be licensed as a retailer by us AND sell only from the bonded location shown on your license.
- NEW manufactured homes must be warranted for one year to be free from defects in materials or workmanship. USED homes must come with a 60 day warranty that they are "habitable."

About Us . . .

We are the Manufactured Housing Division of the Texas Department of Housing and Community Affairs. This is what we do:

- License and regulate the people who manufacture, sell, broker, and install manufactured homes;
- Investigate and assist in resolving consumer complaints and problems with our licensees;
- Inspect manufactured homes to be sure they are built and installed properly; and
- Maintain the official state records (called Statements of Ownership and Location) regarding the ownership, location, lien status and status as real property or consumer goods/personal property. These records are handled exclusively by our Austin headquarters staff.

Call us if you have complaints or questions regarding any aspect of manufactured homes. We have inspectors located in field offices around the state, and our Austin headquarters staff is prepared to assist you with any questions you may have.

By making sure that you are dealing with licensed parties and working with us in the event of any questions or problems, you should be able to obtain a well-built, properly installed manufactured home that will serve you well for many years.



Manufactured Housing
Division

To Visit Us:

MHP, 10th Floor
507 Sabine Street
Austin, Texas
78701

Mailing Address:
TDHCA, MHP
P. O. Box 12489
Austin, Texas
78711

Phone: 800-500-7074

Consumer Information

IMPORTANT!

Effective June 18, 2003, the traditional manufactured housing title has been replaced with a *Statement of Ownership and Location (SOL)*. It identifies *WHO* owns the home, *WHAT* the home is being declared as (personal property or real property), *WHERE* the home is physically located, and of course, the home information like the serial number, make and model, size, etc.

Enclosed please find your Statement of Ownership and Location which should be signed upon receipt.

In the event that you sell or transfer ownership of the home, the Statement of Ownership and Location **MUST** be updated. It also must be updated if the home is moved, or the home remains subject to property taxes at the old location.

www.tdhca.state.tx.us/mh

www.tdhca.state.tx.us/mh

Project # 04037

Las Canteras Apt.

Board Appeal

TDHCA

JUL 01 2004



Transmittal RESOURCE OFFICE

Date: 07/01/04
To: Ms. Delores Groneck
Board Secretary
Texas Department of Housing and Community Affairs
507 Sabine
Austin, TX 78741
From: Bill Skeen
RE: # 04037 Las Canteras Housing Partners

RECEIVED
JUL 1 2004
EXECUTIVE

Enclosed Please find Original Documentation for Las Canteras Housing Partners with regard to the denial of our Request For An Appeal.

Las Canteras Housing Partners, Ltd.

June 28, 2004

Ms. Delores Groneck
Board Secretary
Texas Department of Housing and Community Affairs
507 Sabine
Austin, TX 78741

RE: 2004 HTC Application for Las Canteras Apartments
TDHCA #04037- Appeal to Board of Directors

Dear Ms. Anderson and Board Members:

On June 24 we received a letter from Edwina Carrington, executive director, in response to our June 10 appeal letter. Ms. Carrington's letter denied an appeal that was submitted on June 10, 2004. Pursuant to Section 50.18(b) (4) I am writing to appeal Ms. Carrington and the staff's decision to the Board of Directors. We do not agree with the denial of additional points for the 2004 Housing Tax Credit Application #04037 for Las Canteras Apartments for no Quantifiable Community Participation and failure to comply with the requirements of a Public Meeting.

- **Quantifiable Community Participation:** The Department did not award any points for community support letters for the application. The Department rejected 15 support letters from area organizations; these responses are posted on its website. We are specifically referring to four (4) letters from neighborhood organizations that were submitted to the Department on April 27 and again in our June 10 with the appeal. These letters were from:
 - Ms. Maria Gutierrez of the Sunset Terrace Resident Council, Pharr Texas,
 - Ms. Rosario Perez of the Las Milpas Resident Council Pharr, Texas,
 - Mr. Dale McNallen of the Rio Grande Habitat for Humanity, McAllen, Texas, and
 - Ms. Yolanda Moreno of ARISE-Las Milpas, Pharr, Texas.

We believe that these letters follow all the requirements of the 2004 Qualified Action Plan (QAP) for format and content. An attached matrix for each association (tabs 1 thru 4) compares the QAP, Department guidelines and ruling with the content of the letters. We have also attached the following supporting documentation:

1. Letter from J.D. Salinas the Hidalgo County Clerk, confirming registration of all four (4) neighborhood groups with the County of Hidalgo on or before March 1 (tab 5)
2. Bylaws of Sunset Terrace, Las Milpas, and Rio Grande Habitat for Humanity (included in tabs 1 thru 4)

Please note the response section of the matrix for each letter. It presents specific points that address each of the Department's reasons for denial and the reason that we believe that the denial is not consistent with the requirements for Qualified Community Participation.

- **Transcript of Public Meeting**. As part of the QAP applicants can earn six (6) points for a public meeting. There is no question that this project had a public meeting. However due to an equipment failure, there is no tape recording of the February 18 public meeting for Las Canteras Apartments, and thus no "word for word transcript" can be produced. We have submitted two out of three of the items required in the QAP.
 1. Evidence of notifications of the meeting
 2. A copy of the sign-in sheet

In order to meet the spirit and intent of the 2004 QAP, we have also provided:

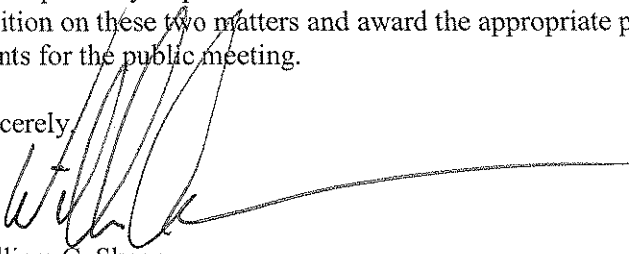
- A summary of the meeting,
- **Affidavits from all attendees stating the summary accurately reflects the content of the public meeting,**
- A copy of the PowerPoint presentation, and
- Copies of pictures of the meeting.

There is no question that a public meeting occurred and more importantly all of the attendees were in support of the proposed Las Canteras Apartments. Texas Rules of Civil Procedure address a similar situation that allows a brief statement (similar to a summary) to replace records that are lost or destroyed in a court case. Specifically, under rule 77 of the Texas Rules of Civil Procedure "when any papers or records are lost or destroyed during the pendency of a suit the parties may with the approval of the judge agree in writing on a brief statement of matters contained in the lost papers or records and this statement is then entered into the record. In all fairness, a public hearing was held for Las Canteras and an accurate summary of the meeting was provided with the application. More importantly, this summary was acknowledged by all of the attendees.

Attached (tab 6) includes all of the information previously provided to the Department evidencing the public meeting.

We respectfully request that the Board of Directors reconsider Ms. Carrington and the staff's position on these two matters and award the appropriate points for the support letters, and six (6) points for the public meeting.

Sincerely



William C. Skeen
Tekoa Partners Ltd.
Its Developer

cc: Roy Navarro
Apolonio Flores
Cynthia Bast

Tab 1

**LAS CANTERAS APARTMENTS (TDHCA #04037)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #1: MS. MARIA GUTIERREZ, PRESIDENT SUNSET TERRACE COUNCIL

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Gutierrez April 19 Letter (Note: Support letter was in Spanish; TDHCA response is in English.)	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
(A) Receipt of Input.				
Letters must be received no later than April 30, 2004 and only, for scoring purposes, directly from neighborhood organizations or with the Application		TDHCA received stamp marked April 27, 2004		
Letters must be addressed to "Attention: Director of Multifamily Finance Production Division (Neighborhood Input)"		Addressed correctly		
Letters received after April 30, 2004 will be summarized and provided for Board's information and consideration but will not affect score.				
(B) Neighborhood Organizations				
For scoring purposes, organizations are on record with the county or state in which the development is proposed to be located as of March 1 of the application year	A dated copy of the record from the state or county is the best documentation.	Attachment is February 29, 2004 letter from Ms. Gutierrez to Hidalgo County Clerk J.D. Salinas requesting registration with the County. Clerk's office stamp marks it received March 1, 2004	Insufficient evidence that organization was on record with County or State by March 1, 2004	The QAP does not require a letter from the County or State. The organization submitted a letter requesting registration which was marked received by the County on March 1. Written confirmation of registration from the County Clerk dated June 23 was sent to TDHCA and is also attached.

**LAS CANTERAS APARTMENTS (TDHCA #04037)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #1: MS. MARIA GUTIERREZ, PRESIDENT SUNSET TERRACE COUNCIL

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And that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site, not including government entities	Legal organizational documents for the neighborhood organization are the best documentation to show boundaries. The Department also requests a map be submitted of the boundaries for the organization -- as reflected in the organizational documents -- and that the map show the proposed development site	Paragraphs two and three of the letter states the purpose of the Council is to advocate for residents' needs. They are committed to the Las Canteras application because many families need affordable housing, and it will replace 75 public housing units demolished in 2000.		
<u>Scoring of Input</u>				
Each neighborhood organization may submit one letter that represents organization's input		One letter submitted		
Letter must identify specific development		Names Las Canteras in Pharr		
Signed by the chairman of the board, chief executive officer or comparable head of the organization and		Signed "Maria Gutierrez, President, Sunset Terrace Resident Council"		
include the signer's address and telephone number.		Telephone number included at signature block.		

**LAS CANTERAS APARTMENTS (TDHCA #04037)
QUANTIFIABLE COMMUNITY PARTICIPATION**

Attachment to Board Appeal Letter

LETTER #1: MS. MARIA GUTIERREZ, PRESIDENT SUNSET TERRACE COUNCIL

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<p>Letter must state and provide documentation which shows that it is from a neighborhood organization</p>	<p>Documentation may include organizational documents that show the purpose of the organization and that it is a "neighborhood organization"</p>	<p>Paragraph two of the letter describes the Association and its purpose. It notes that the development is part of the Pharr Housing Authority and Las Canteras Apartments is needed to replace 75 public housing units demolished in 2000.</p>	<p>Insufficient documentation that the organization is a "neighborhood organization"</p>	<p>The letter describes the association's role and why the proposed development is relevant to its mission to advocate for its residents. Public housing resident councils are commonly known organizations within the affordable housing field. See attached Council By-Laws, notably Article II, Section 9 which states its purpose to be to "advise and assist the Housing Authority in all aspects of public housing operations." Of the 100 units proposed to be built, 40 of them will be public housing. The QAP does not state points will only be awarded if <u>every</u> technical requirement is met without an opportunity to cure deficiencies as allowed in other stages of the process.</p>
<p>That it is on record with the State or county in which the development is proposed to be located</p>	<p>A dated copy of the record from the state or county is the best documentation.</p>	<p>Attachment is February 29, 2004 letter from Ms. Gutierrez to Hidalgo County Clerk requesting registration with the County. Clerk's stamp marks it received March 1, 2004</p>	<p>Insufficient evidence that organization was on record with County or State by March 1, 2004</p>	<p>The QAP does not require a letter from the County or State. The organization submitted a letter requesting registration which was marked received by the County on March 1. Written confirmation of registration from the County Clerk dated June 23 was sent to TDHCA and is also attached.</p>

**LAS CANTERAS APARTMENTS (TDHCA #04037)
QUANTIFIABLE COMMUNITY PARTICIPATION**

LETTER #1: MS. MARIA GUTIERREZ, PRESIDENT SUNSET TERRACE COUNCIL

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That the organization's boundaries contain the proposed development site	The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site.	Paragraphs two and three note that the Council supports Las Canteras Apts. Because many families need affordable housing, and it will replace 75 public housing units demolished in 2000.	Insufficient evidence that organization's boundaries include proposed development site.	Resident councils of the Pharr Housing Authority have a direct stake in the improvement of their sister developments. See attached Council By-Laws, Article II, Section 9 which states its purpose to be to "advise and assist the Housing Authority in all aspects of public housing operations." Of the 100 units proposed to be built, 40 of them will be public housing. The QAP does not state that points will only be awarded if <u>every</u> technical requirement is met without any opportunity to "cure" the deficiency as is true at other stages of the process.
Total number of members of the organization		Paragraph two states that the Council consists of 5 members that represent 100 families.	Did not provide total number of members and/or description of process used to determine the members' position	The number of officers and members is noted in paragraph two. (See attached By-Laws, Article V, Section 1 and Article VI, Section 1)

**LAS CANTERAS APARTMENTS (TDHCA #04037)
QUANTIFIABLE COMMUNITY PARTICIPATION**

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LETTER #1: MS. MARIA GUTIERREZ, PRESIDENT SUNSET TERRACE COUNCIL

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<p>A brief description of the process used to determine the members' position</p>		<p>The first and second paragraphs state that the author acts in her capacity as president and can speak on behalf of the officers and residents.</p>	<p>Did not provide total number of members and/or description of process used to determine the members' position</p>	<p>The first and second paragraphs state that the author acts in her capacity as president and can speak on behalf of the officers and residents. (See attached By-Laws, Article VI, Section 1. The President shall have such other powers and duties consistent with the By-Laws.</p>
<p>Clearly and concisely state each reason for the organization's support for or opposition to the development and provide specific evidence supporting the input</p>		<p>Paragraphs two and three list reasons for support, including lack of affordable housing; the location is near services and retail, and the development will help to replace 75 public housing units</p>		

Model By-Laws for Resident Councils

ARTICLE I

Name:

The name of this organization is the Sunset Terrace Resident Council (give exact and complete legal name as incorporated) Council (hereinafter referred to as the "Council"). It is a not-for-profit organization constituted and established under the laws of the State of Texas.

The registered address of the Council is at 920 W. Villegas Pharr, Texas 7857 (give full and complete street address, including ZIP code). The Council may also have offices at other such locations as the Board of Directors may from time to time determine.

ARTICLE II

Purpose:

The purpose of the Council is to improve life for the residents of Sunset Terrace Housing Authority (name the development or legal community name if possible, e.g. the Bremen Township). In specific, the purpose of the Council shall be to:

1. maintain a viable resident organization representative of the residents who elected its officers and Board of Directors.
2. assure adequate maintenance of all units and common areas.
3. provide maximum employment and training opportunities.
4. establish and maintain security and public safety programs.
5. promote programs which will provide improved educational, recreational and social service opportunities.
6. inform residents of their rights and responsibilities under existing federal, state and local law, as well as under the Corporation's By-Laws.
7. receive official recognition from the Housing Authority and HUD as a resident council pursuant to the HUD regulations.
8. institute economic development programs for residents.
9. advise and assist the Housing Authority in all aspects of public housing operations.

advisable.

4. **Special Meetings.** The President or any four (4) directors may at any time call a Special Meeting provided that the written notice including agenda is given at least forty-eight (48) hours prior to the meeting.
5. **Quorum** At any Council meeting, two-thirds (2/3) of the directors of the Council shall be necessary and sufficient to constitute a quorum.
6. **Attendance** Each time a member of the Board of Directors appears at a regular or special meeting, a record of the presence of that director shall be placed in the minutes of the meeting. The board may request that a record of all those attending the meeting to be recorded as well.
7. **Voting by Directors** Each member of the Council present at a meeting shall be entitled to cast one (1) vote on any subject for which a determination is presented for considerations.

ARTICLE V

Directors have a formal, legal responsibility to manage the affairs of the organization, to conduct its business and to consult with and inform the residents. To insure continuity, board members' terms should be overlapping, starting and ending during different years. Special arrangements should be made for the first board of directors to provide for these staggered terms of office.

Board of Directors:

1. **Number** The Board of Directors of the Council shall consist of at least five (5) Directors. Not more than three (3) additional alternate members shall be elected by the members. Each director and alternate must be at least eighteen (18) years of age. Each director must be a head of household on the lease.
2. **Term of Office** Members of a Board of Directors shall be elected at each annual meeting. Four (4) members of the first Board of Directors shall be elected for a term of one (1) year. Three (3) members of the first elected Board of Directors shall be elected for a term of two (2) years. The remaining three (3) members of the first elected Board of Directors shall be elected for a term of three

11. Annual Meeting

The Board of Directors shall convene an annual meeting before the end of each fiscal year and shall present a report annually to the members.

12. Annual Reports

The Board of Directors shall present, at each annual meeting of the members of the Council, an annual report of the Council's activities during the preceding fiscal year. It shall also present such reports as may be required by the Pharr Housing Authority, or any other funding agency. The annual report shall include a detailed financial statement of the costs incurred and funds received by the Council and during the preceding fiscal year.

13. Attendance

Any director who misses three (3) meetings of the Board of consecutively without an excuse satisfactory to the Board may be removed by the affirmative votes of a majority of the Directors present at a meeting of the Board. Written notice and a hearing shall be given to the directors of the proposed removal.

Article VI

Officers:

1. Title and Qualifications:

- a. President The President of the Board shall preside at all meetings of the organization, including those of the Board of Directors, and shall have such other powers have such other powers and duties consistent with these by-laws.
- b. Vice-President The Vice-President shall perform all duties in the absence of the President.
- c. Secretary The Secretary shall be the custodian of all records and documents of the Council and perform all other duties consistent with these by-laws.

Examples of standing committees may include the following:

Executive Committee
 Personnel Committee
 Security Committee
 Grievance Panel
 Modernization Committee
 Screening/Welcome Committee
 Laundry Facility Management Committee
 Beautification/Garden Committee
 Recreation Committee
 Youth Activities Committee
 Elderly and Disabled Concerns Committee
 Borrowed Committee
 Education/School Coordination Committee
 Spiritual Uplift Committee
 Training and Employment Committee

Examples of ad hoc committees may include the following:

Graduation Committee
 Disaster Victim Assistance Committee
 Sick and Shut-in Help Committee
 College Scholarship Committee

ARTICLE IX

Fiscal Affairs (Deposits, Checks, Loans, Contracts, etc.)

Deposit of Funds	All funds of the Council not otherwise expended shall be promptly deposited in such banks, trust companies, credit unions or other reliable and insured depositories as the Board shall determine.
Checks	All checks, drafts, endorsements, notes and evidence of debt shall be signed by at least two (2) officers as the Board of Directors may authorize.
Loans	No loans or advances or promises of payment shall be contracted or accepted on behalf of, or in the name of the Council, except those contracts authorized by the Board of Directors.
Contracts	An officer authorized by the board of directors may, in the name of and on behalf of the Council, enter into contracts which are authorized by the Board of Directors.

ARTICLE X

Amendments:

These by-laws may be amended by an affirmative vote of two-thirds (2/3) of the eligible members present at a meeting provided that at least three (3) weeks written notice of the proposed changes have been given to all members.

ARTICLE XI

Adoption:

These By-laws shall become effective and the Council established upon the signing of these By-laws by at least two-thirds (2/3) [quorum] of all eligible members.

It is important to note that all the persons authorized on the Board to approve this document should be signers of it.

Approved and ratified at the Membership meeting of the 1ST day of JANUARY, 1989.

Signatures:

Roy Naran 1-1-89

Marcia Ortiz, President 01-1-89

Judith de Leon, Vice President 01-01-89

Tab 2

**LAS CANTERAS APARTMENTS (TDHCA #04037)
QUANTIFIABLE COMMUNITY PARTICIPATION DOCUMENTATION**

Attachment to Board Appeal Letter

LETTER #2 MS. ROSARIO PEREZ, PRESIDENT, LAS MILPAS RESIDENT COUNCIL

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Perez April 19 letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
(A) Receipt of Input.				
Letters must be received no later than April 30, 2004 and only, for scoring purposes, directly from neighborhood organizations or with the Application		TDHCA received stamp marked April 27, 2004		
Letters must be addressed to "Attention: Director of Multifamily Finance Production Division (Neighborhood Input)"		Addressed correctly		
Letters received after April 30, 2004 will be summarized and provided for Board's information and consideration but will not affect score.				
(B) Neighborhood Organizations				
For scoring purposes, organizations are on record with the county or state in which the development is proposed to be located as of March 1 of the application year	A dated copy of the record from the state or county is the best documentation.	Attachment is February 29, 2004 letter from Ms. Perez to Hidalgo County Clerk J.D. Salinas requesting registration with the County. Clerk's Office stamp marks it received March 1, 2004	Insufficient evidence that organization was on record with County or State by March 1, 2004	The QAP does not require a letter from the County or State. The organization submitted a letter requesting registration which was marked received by the County on March 1. Written confirmation of registration from the County Clerk dated June 23 was sent to TDHCA and is also attached.

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And that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site, not including government entities	Legal organizational documents for the neighborhood organization are the best documentation to show boundaries. The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site	Paragraphs two and three of the letter states the purpose of the Association is to represent residents' needs. It also states that the proposed site is in their neighborhood. They are committed to the Las Canteras Apts. application because they represent public housing residents in the neighborhood and more affordable housing.		
<u>Scoring of Input</u>				
Each neighborhood organization may submit one letter that represents organization's input		One letter submitted for Las Canteras Apts. Application		
Letter must identify specific development		Names Las Canteras Apts. in Pharr		
Signed by the chairman of the board, chief executive officer or comparable head of the organization and		Signed "Rosario Perez, President, Las Milpas Resident Council		
include the signer's address and telephone number.		Telephone number included at signature block.		

**LAS CANTERAS APARTMENTS (TDHCA #04037)
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Letter must state and provide documentation which shows that it is from a neighborhood organization	Documentation may include organizational documents that show the purpose of the organization and that it is a "neighborhood organization"	Paragraph two of the letter describes the Council and its purpose to residents' lives and the community.	Insufficient documentation that the organization is a neighborhood organization	The letter describes the association's role and why the proposed development is relevant to its mission to "improve community life". Public housing resident councils are commonly known organizations within the affordable housing field. See attached Council By-Laws, notably Article II, Section 9 which states its purpose to be to "advise and assist the Housing Authority in all aspects of public housing operations." Of the 100 units proposed to be built, 40 of them will be public housing. The QAP does not state that points will only be awarded if <u>every</u> technical requirement is met without any opportunity to "cure" the deficiency as is true with other elements of the application.
That it is on record with the State or county in which the development is proposed to be located	A dated copy of the record from the state or county is the best documentation.	Attachment is February 29, 2004 letter from Ms. Perez to Hidalgo County Clerk J.D. Salinas requesting registration with the County. Clerk's office stamp marks it received March 1, 2004	Insufficient evidence that organization was on record with County or State by March 1, 2004	The QAP does not require a letter from the County or State. The organization submitted a letter requesting registration which was marked received by the County on March 1. Written confirmation of registration from the County Clerk dated June 23 was sent to TDHCA and is also attached.

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That the organization's boundaries contain the proposed development site	The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents -- and that the map show the proposed development site.	Paragraphs two and three note that they are committed to Las Canteras Apts. application because they represent public housing residents in the neighborhood and more affordable housing is needed for residents of the Las Milpas neighborhood.	Insufficient evidence that organization's boundaries include proposed development site.	Resident councils of the Pharr Housing Authority have a direct stake in the improvement of their sister developments. See attached Council By-Laws, Article II, Section 9 which states its purpose to be to "advise and assist the Housing Authority in all aspects of public housing operations." Of the 100 units proposed to be built, 40 of them will be public housing. The QAP does not state that points will only be awarded if <u>every</u> technical requirement is met without any opportunity to "cure" the deficiency as is true at other stages of the process. The Pharr Housing Authority's boundary is the City limits of Pharr, Texas.
Total number of members of the organization		Paragraph two states that the Council consists of 5 members that represent 34 families.	Did not provide total number of members and/or description of process used to determine the members' position	The number of officers and members is noted in paragraph two. (See attached By-Laws, Article V, Section 1 and Article VI, Section 1)
A brief description of the process used to determine the members' position		First paragraph notes that on behalf of the Council, President Perez is writing to express support for the Las Canteras Apts. application.	Did not provide total number of members and/or description of process used to determine the members' position	The first and second paragraphs state that the author acts in her capacity as president and can speak on behalf of the officers and residents. (See attached By-Laws, Article VI, Section 1. The President shall have such other powers and duties consistent with the By-Laws.

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<p>Clearly and concisely state each reason for the organization's support for or opposition to the development and provide specific evidence supporting the input</p>		<p>Paragraph two and three note that the Council supports the application because they know the neighborhood can use more affordable housing and that the area is well suited for the project.</p>		

Model By-Laws for Resident Councils

ARTICLE I

Name:

The name of this organization is the Las Milpas Resident Council [give exact and complete legal name as incorporated] Council (hereinafter referred to as the "Council"). It is a not-for-profit organization constituted and established under the laws of the State of Texas.

The registered address of the Council is at 215 Universal Drive Pharr, Texas [give full and complete street address, including ZIP code]. 78577
The Council may also have offices at other such locations as the Board of Directors may from time to time determine.

ARTICLE II

Purpose:

The purpose of the Council is to improve life for the residents of Las Milpas Housing Authority [name the development or legal community name if possible, e.g. the Bremen Township]. In specific, the purpose of the Council shall be to:

1. maintain a viable resident organization representative of the residents who elected its officers and Board of Directors.
2. assure adequate maintenance of all units and common areas.
3. provide maximum employment and training opportunities.
4. establish and maintain security and public safety programs.
5. promote programs which will provide improved educational, recreational and social service opportunities.
6. inform residents of their rights and responsibilities under existing federal, state and local law, as well as under the Corporation's By-Laws.
7. receive official recognition from the Housing Authority and HUD as a resident council pursuant to the HUD regulations.
8. institute economic development programs for residents.
9. advise and assist the Housing Authority in all aspects of public housing operations.

advisable.

4. **Special Meetings.** The President or any four (4) directors may at any time call a Special Meeting provided that the written notice including agenda is given at least forty-eight (48) hours prior to the meeting.
5. **Quorum** At any Council meeting, two-thirds (2/3) of the directors of the Council shall be necessary and sufficient to constitute a quorum.
6. **Attendance** Each time a member of the Board of Directors appears at a regular or special meeting, a record of the presence of that director shall be placed in the minutes of the meeting. The board may request that a record of all those attending the meeting to be recorded as well.
7. **Voting by Directors** Each member of the Council present at a meeting shall be entitled to cast one (1) vote on any subject for which a determination is presented for considerations.

ARTICLE V

Directors have a formal, legal responsibility to manage the affairs of the organization, to conduct its business and to consult with and inform the residents. To insure continuity, board members' terms should be overlapping, starting and ending during different years. Special arrangements should be made for the first board of directors to provide for these staggered terms of office.

Board of Directors:

1. **Number** The Board of Directors of the Council shall consist of at least five (5) Directors. Not more than three (3) additional alternate members shall be elected by the members. Each director and alternate must be at least eighteen (18) years of age. Each director must be a head of household on the lease.
2. **Term of Office** Members of a Board of Directors shall be elected at each annual meeting. Four (4) members of the first Board of Directors shall be elected for a term of one (1) year. Three (3) members of the first elected Board of Directors shall be elected for a term of two (2) years. The remaining three (3) members of the first elected Board of Directors shall be elected for a term of three

11. Annual Meeting The Board of Directors shall convene an annual meeting before the end of each fiscal year and shall present a report annually to the members.
12. Annual Reports The Board of Directors shall present, at each annual meeting of the members of the Council, an annual report of the Council's activities during the preceding fiscal year. It shall also present such reports as may be required by the Pharr Housing Authority, or any other funding agency. The annual report shall include a detailed financial statement of the costs incurred and funds received by the Council and during the preceding fiscal year.
13. Attendance Any director who misses three (3) meetings of the Board of consecutively without an excuse satisfactory to the Board may be removed by the affirmative votes of a majority of the Directors present at a meeting of the Board. Written notice and a hearing shall be given to the directors of the proposed removal.

Article VI

Officers:

1. Title and Qualifications:

- a. President The President of the Board shall preside at all meetings of the organization, including those of the Board of Directors, and shall have such other powers have such other powers and duties consistent with these by-laws.
- b. Vice-President The Vice-President shall perform all duties in the absence of the President.
- c. Secretary The Secretary shall be the custodian of all records and documents of the Council and perform all other duties consistent with these by-laws.

Examples of standing committees may include the following:

- Executive Committee
- Personnel Committee
- Security Committee
- Grievance Panel
- Modernization Committee
- Screening/Welcome Committee
- Laundry Facility Management Committee
- Beautification/Garden Committee
- Recreation Committee
- Youth Activities Committee
- Elderly and Disabled Concerns Committee
- Borrowed Committee
- Education/School Coordination Committee
- Spiritual Uplift Committee
- Training and Employment Committee

Examples of ad hoc committees may include the following:

- Graduation Committee
- Disaster Victim Assistance Committee
- Sick and Shut-in Help Committee
- College Scholarship Committee

ARTICLE IX

Fiscal Affairs (Deposits, Checks, Loans, Contracts, etc.)

- Deposit of Funds All funds of the Council not otherwise expended shall be promptly deposited in such banks, trust companies, credit unions or other reliable and insured depositories as the Board shall determine.
- Checks All checks, drafts, endorsements, notes and evidence of debt shall be signed by at least two (2) officers as the Board of Directors may authorize.
- Loans No loans or advances or promises of payment shall be contracted or accepted on behalf of, or in the name of the Council, except those contracts authorized by the Board of Directors.
- Contracts An officer authorized by the board of directors may, in the name of and on behalf of the Council, enter into contracts which are authorized by the Board of Directors.

ARTICLE X

Amendments:

These by-laws may be amended by an affirmative vote of two-thirds (2/3) of the eligible members present at a meeting provided that at least three (3) weeks written notice of the proposed changes have been given to all members.

ARTICLE XI

Adoption:

These By-laws shall become effective and the Council established upon the signing of these By-laws by at least two-thirds (2/3) [quorum] of all eligible members.

It is important to note that all the persons authorized on the Board to approve this document should be signers of it.

Approved and ratified at the Membership meeting of the 1ST day of JANUARY, 1991

Signatures:

Ray Nam 1-1-89

Magdel Rosario Pérez President 01-1-91

Maria Caudillo Vice president 01-1-91

Tab 3

**LAS CANTERAS APARTMENTS (TDHCA #04037)
 QUANTIFIABLE COMMUNITY PARTICIPATION DOCUMENTATION**

Attachment to Board Appeal Letter

LETTER #3: MR. DALE MCNALLEN, EXECUTIVE DIRECTOR, RIO GRANDE HABITAT FOR HUMANITY

<p style="text-align: center;">Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)</p>	<p style="text-align: center;">TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)</p>	<p style="text-align: center;">McNallen April 21 Letter</p>	<p style="text-align: center;">TDHCA Staff Reasons for Denial</p>	<p style="text-align: center;">Response to TDHCA June 24 Denial</p>
(A) Receipt of Input.				
<p>Letters must be received no later than April 30, 2004 and only, for scoring purposes, directly from neighborhood organizations or with the Application</p>		<p>TDHCA received stamp marked April 27, 2004</p>		
<p>Letters must be addressed to "Attention: Director of Multifamily Finance Production Division (Neighborhood Input)"</p>		<p>Addressed correctly</p>		
<p>Letters received after April 30, 2004 will be summarized and provided for Board's information and consideration but will not affect score.</p>				
(B) Neighborhood Organizations				
<p>For scoring purposes, organizations are on record with the county or state in which the development is proposed to be located as of March 1 of the application year</p>	<p>A dated copy of the record from the state or county is the best documentation.</p>	<p>Attachment is February 29, 2004 letter from Mr. McNallen to Hidalgo County Clerk J.D. Salinas requesting registration with the County. Clerk's stamp marks it received March 1, 2004</p>		

**LAS CANTERAS APARTMENTS (TDHCA #04037)
QUANTIFIABLE COMMUNITY PARTICIPATION DOCUMENTATION**

Attachment to Board Appeal Letter

LETTER #3: MR. DALE MCNALLEN, EXECUTIVE DIRECTOR, RIO GRANDE HABITAT FOR HUMANITY

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<p>And that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site, not including government entities</p>	<p>Legal organizational documents for the neighborhood organization are the best documentation to show boundaries. The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site</p>	<p>Paragraphs two and three of the letter states the purpose of the organization is to eliminate substandard housing and create ownership opportunities for low-income residents. They are working less than five miles from the Las Canteras site.</p>	<p>Insufficient documentation that the organization is a “neighborhood organization”</p>	<p>The letter describes the organization’s role and why the proposed development is relevant to its mission to eliminate substandard housing. The organization’s title notes that it works throughout the Rio Grande Valley and in the letter specifically states it is creating new affordable housing opportunities less than five miles from the proposed development site. See also attached By-Laws, Article II, Section 1 regarding working with economically disadvantaged people to help them create better housing to work and live in the Rio Grande Valley. The QAP does not state points will only be awarded if <u>every</u> technical requirement is met without an opportunity to cure deficiencies as allowed in other stages of the process.</p>
<p>Scoring of Input</p>				

**LAS CANTERAS APARTMENTS (TDHCA #04037)
 QUANTIFIABLE COMMUNITY PARTICIPATION DOCUMENTATION**

Attachment to Board Appeal Letter

LETTER #3: MR. DALE MCNALLEN, EXECUTIVE DIRECTOR, RIO GRANDE HABITAT FOR HUMANITY

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<p>Each neighborhood organization may submit one letter that represents organization's input</p>		<p>One letter submitted for Las Canteras Apts.</p>		
<p>Letter must identify specific development</p>		<p>Names Las Canteras Apts. in Pharr</p>		
<p>Signed by the chairman of the board, chief executive officer or comparable head of the organization and</p>		<p>Signed by executive director (Note: A support letter from Board Chair Fred Kurth dated February 24, 2004 was submitted with the application)</p>		
<p>include the signer's address and telephone number.</p>		<p>Address & Telephone number included in letterhead.</p>		
<p>Letter must state and provide documentation which shows that it is from a neighborhood organization</p>	<p>Documentation may include organizational documents that show the purpose of the organization and that it is a "neighborhood organization"</p>	<p>Paragraphs two and three of the letter states the purpose of the organization is to eliminate substandard housing and create ownership opportunities for low-income residents. They are working less than five miles from</p>		

**LAS CANTERAS APARTMENTS (TDHCA #04037)
 QUANTIFIABLE COMMUNITY PARTICIPATION DOCUMENTATION**

Attachment to Board Appeal Letter

LETTER #3: MR. DALE MCNALLEN, EXECUTIVE DIRECTOR, RIO GRANDE HABITAT FOR HUMANITY

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<p>That it is on record with the State or county in which the development is proposed to be located</p>	<p>A dated copy of the record from the state or county is the best documentation.</p>	<p>Attachment is February 29, 2004 letter from Mr. McNallen to Hidalgo County Clerk J.D. Salinas requesting registration with the County. Clerk's stamp marks it received March 1, 2004</p>		
<p>That the organization's boundaries contain the proposed development site</p>	<p>The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site.</p>	<p>Paragraphs two and three of the letter states the purpose of the organization is to eliminate substandard housing and create ownership opportunities for low-income residents. They are working less than five miles from the Las Canteras site.</p>		

**LAS CANTERAS APARTMENTS (TDHCA #04037)
 QUANITIFIABLE COMMUNITY PARTICIPATION DOCUMENTATION**

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<p>Total number of members of the organization</p>			<p>Did not provide total number of members and/or description of process used to determine the members' position</p>	<p>There are no "members" of the organization. The Habitat for Humanity letterhead used for Board Chair Fred Kurth's February 24 letter lists 27 board members in the margin. A different letterhead was used for the April 21 letter from Mr. McNallen, which does not list board members in the margin. See attached By-Laws, Article III regarding members, terms and attendance.</p>

**LAS CANTERAS APARTMENTS (TDHCA #04037)
QUANITIFIABLE COMMUNITY PARTICIPATION DOCUMENTATION**

Attachment to Board Appeal Letter

LETTER #3: MR. DALE MCNALLEN, EXECUTIVE DIRECTOR, RIO GRANDE HABITAT FOR HUMANITY

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	McNallen April 21 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
A brief description of the process used to determine the members' position		First paragraph notes that as Executive Director, he speaks on behalf of the organization	Did not provide total number of members and/or description of process used to determine the members' position	The first paragraph state that the author acts in his capacity as Executive Director and may speak on behalf of the officers and residents. Letter of support from Board Chair Fred Kurth dated February 24 was included with the application. See attached By-Laws, Article VII on officers and Article IX on officers' duties, notably the leader of the corporation
Clearly and concisely state each reason for the organization's support for or opposition to the development and provide specific evidence supporting the input		Paragraph three notes that the new units are needed because there is a shortage of affordable housing in Pharr.		

Rio Grande Habitat for Humanity, Inc

5001 N Jackson Rd
P.O. Box 4318
McAllen, Tx 78502

BYLAWS**ARTICLE I. NAME**

The name of this organization shall be **Rio Grande Habitat for Humanity, Inc.** which may function under titles appropriate to the accomplishment of its purposes.

ARTICLE II. MISSION AND PURPOSE

1. The Mission of this not-for-profit organization shall be to implement the Gospel of Jesus Christ in the Lower Rio Grande Valley area of Texas. The purposes of this corporation are accomplished by working with economically disadvantaged people to help them create better housing in which to live and work.
2. This corporation shall not discriminate against any person, including and without limitation, an employee, home owner or prospective home owner, on account of race, color, religion, sex, disability, age or national origin.

ARTICLE III. MEMBERSHIP

Membership in this corporation shall consist of the Board of Directors.

ARTICLE IV. NUMBER, TERMS AND ATTENDANCE

1. The Board of Directors shall consist of no less than ten members. The term of office shall be three years. One third (or the nearest number) of the members shall be elected each year.
2. A Director may serve for three terms or a total of nine years.
3. Absence from three consecutive or from two-thirds of regular meetings in a year shall constitute the basis for removal or non-reappointment to the Board of Directors.

ARTICLE V. MEETINGS

1. Regular meetings of the organization shall be held at such date, time and place as shall be specified by the Board of Directors.
2. The Annual Meeting of the Board of Directors shall be held in July of each year.
3. Special meetings of the Board of Directors may be called by the President or may be requested by three members of the Board.
4. The Fiscal year shall be July 1 to June 30.
5. If approved by the Executive Committee, meetings may be held by teleconference or other communication equipment if all persons at such a meeting may hear or see each other. Participation in such a meeting constitutes presence at such meeting. Recording and documentation of such meeting shall be the responsibility of the secretary.

6. The Board of Directors, or its committees, may consent to an action required or permitted without a meeting provided that consent thereto is in writing and filed with the minutes of the proceedings of the Board of Directors or of such committee.

ARTICLE VI. QUORUM

A quorum shall consist of members present at any regular meeting of the Board of Directors. A simple majority vote of the members present shall be required for approval of the business of the corporation.

ARTICLE VII. OFFICERS

1. Officers of the corporation shall be the following: President, Vice-President, Secretary, and Treasurer.
2. Officers shall be elected by a majority vote of the members at the Annual meeting.
3. Officers shall serve for three years from the date of election.

ARTICLE VIII. EXECUTIVE COMMITTEE

1. The Executive Committee of the corporation shall be the officers of the corporation.
2. The President of the Board of Directors shall be the Chairperson of the Executive Committee.
3. Other committees shall be named as needed by the President of the Board of Directors. Each committee shall consist of a Chairperson and the desired number of members. The President of the Board of Directors shall appoint a Chairperson and members for each committee and these shall be approved by the Board of Directors.

ARTICLE IX. OFFICER'S DUTIES

The officer's duties shall be as follows.

President:

- A. To serve as leader of the corporation.
- B. To preside at the meetings of the Board of Directors
- C. To prepare an agenda for each meeting of the Board of Directors.
- D. To appoint Chairpersons and members for all committees with the exception of the Executive Committee.

Vice-President:

- A. To serve as leader of the corporation in the President's absence
- B. To preside at meetings of the corporation in the President's absence
- C. To serve as ex-officio member (without vote) of all appointed committees.

Secretary:

- A. To record, or cause to be recorded, all minutes of the meetings of the Board of Directors and the Executive Committee
- B. To keep a file of all minutes and correspondence of the Board of Directors
- C. To provide copies of minutes of the meetings of the Board of Directors and the Executive Committee to members of the Board of Directors.

Treasurer:

- A. To be responsible for all financial business
- B. To keep an accurate account of all money received and spent

- C. To report to the Board of Directors and the Executive Committee at regular meeting on the corporation's finances
- D. To sign all checks and pay all bills of the corporation

ARTICLE X. ADMINISTRATION

The Board of Directors shall recruit and approve an administrator to carry out the day-to-day administration of the corporation and to coordinate all the activities in accord with sound principles of management and in keeping with the mission, purposes and policies of the corporation. The administrator will serve as an ex-officio member of the Board of Directors and all the corporation committees without vote. Other personnel may be recruited and hired and or fired by the administrator with the approval of the Board of Directors.

ARTICLE XI. DURATION OF EFFECT

These by-laws will be in effect after they are approved by a majority vote of the members of the Board of Directors.

ARTICLE XII. AMENDMENTS

Recommendations to change or amend these by-laws may be made by an officer or member. Changes will be in effect after they are approved by a two-thirds vote of the members present at a regular meeting of the corporation thirty days after being presented.

ARTICLE XIII. MANNER OF ACTING

Roberts Rules of Order shall be followed in all cases not in conflict with the corporation's by-laws.

Tab 4

**LAS CANTERAS APARTMENTS (TDHCA #04037)
 QUANTIFIABLE COMMUNITY PARTICIPATION DOCUMENTATION**

LETTER #4: MS. YOLANDA MORENO, EXECUTIVE DIRECTOR, PROJECT ARISE

Qualified Allocation Plan Quantifiable Community Participation from Neighborhood Organizations (QAP page 28 of 56)	TDHCA Guidelines dated February 25, 2004 (where more detailed than QAP)	Moreno April 20 Letter	TDHCA Staff Reasons for Denial	Response to TDHCA June 24 Denial
(A) Receipt of Input.				
Letters must be received no later than April 30, 2004 and only, for scoring purposes, directly from neighborhood organizations or with the Application		TDHCA received stamp marked April 27, 2004		
Letters must be addressed to "Attention: Director of Multifamily Finance Production Division (Neighborhood Input)"		Addressed correctly		
Letters received after April 30, 2004 will be summarized and provided for Board's information and consideration but will not affect score.				
(B) Neighborhood Organizations				
For scoring purposes, organizations are on record with the county or state in which the development is proposed to be located as of March 1 of the application year	A dated copy of the record from the state or county is the best documentation.	Attachment is February 29, 2004 letter from Ms. Moreno to Hidalgo County Clerk J.D. Salinas requesting registration with the County. Clerk's Office stamp marks it received March 1, 2004		

**LAS CANTERAS APARTMENTS (TDHCA #04037)
 QUANTIFIABLE COMMUNITY PARTICIPATION DOCUMENTATION**

LETTER #4: MS. YOLANDA MORENO, EXECUTIVE DIRECTOR, PROJECT ARISE

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<p>And that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site, not including government entities</p>	<p>Legal organizational documents for the neighborhood organization are the best documentation to show boundaries. The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site</p>	<p>Paragraphs two and three of the letter states the purpose of the organization is to advocate for needs of the Hispanic community in the neighborhood and that the Las Canteras site is within their service area.</p>		
<p><u>Scoring of Input</u></p>				
<p>Each neighborhood organization may submit one letter that represents organization's input</p>		<p>One letter submitted for Las Canteras Apts. Application</p>		
<p>Letter must identify specific development</p>		<p>Names Las Canteras Apts. in Pharr</p>		
<p>Signed by the chairman of the board, chief executive officer or comparable head of the organization and</p>		<p>Signed by "Yolanda Moreno, Executive Director, ARISE-Las Milpas"</p>		
<p>include the signer's address and telephone number.</p>		<p>Telephone number included at signature block.</p>		

**LAS CANTERAS APARTMENTS (TDHCA #04037)
 QUANTIFIABLE COMMUNITY PARTICIPATION DOCUMENTATION**

Attachment to Board Appeal Letter

LETTER #4: MS. YOLANDA MORENO, EXECUTIVE DIRECTOR, PROJECT ARISE

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Letter must state and provide documentation which shows that it is from a neighborhood organization	Documentation may include organizational documents that show the purpose of the organization and that it is a "neighborhood organization"	Paragraphs two and three of the letter states the purpose of the organization is to advocate for needs of the Hispanic community and that the Las Canteras site is within their service area.	Insufficient documentation that the organization is a "neighborhood organization"	
That it is on record with the State or county in which the development is proposed to be located	A dated copy of the record from the state or county is the best documentation.	Attachment is February 29, 2004 letter from Ms. Moreno to Hidalgo County Clerk J.D. Salinas requesting registration with the County. The Clerk's stamp marks it received March 1, 2004		
That the organization's boundaries contain the proposed development site	The Department also requests a map be submitted of the boundaries for the organization – as reflected in the organizational documents – and that the map show the proposed development site.	Paragraphs one through three note that the Association supports the creation of new affordable housing in Pharr because residents desperately need it.		
Total number of members of the organization		The organization advocates for the Hispanic community of Pharr.	Did not provide total number of members and/or description of process used to determine the members' position	The letter states that the organization advocates for the Hispanic community of Pharr.

**LAS CANTERAS APARTMENTS (TDHCA #04037)
 QUANTIFIABLE COMMUNITY PARTICIPATION DOCUMENTATION**

Attachment to Board Appeal Letter

LETTER #4: MS. YOLANDA MORENO, EXECUTIVE DIRECTOR, PROJECT ARISE

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<p>A brief description of the process used to determine the members' position</p>		<p>First paragraph notes as Executive Director, Ms. Moreno writes for the organization.</p>	<p>Did not provide total number of members and/or description of process used to determine the members' position</p>	<p>First paragraph notes as Executive Director, Ms. Moreno writes for the organization.</p>
<p>Clearly and concisely state each reason for the organization's support for or opposition to the development and provide specific evidence supporting the input</p>		<p>Paragraph three notes Pharr residents need more affordable housing.</p>		

Tab 5



JUAN D. SALINAS, III
HIDALGO COUNTY CLERK

June 23, 2004

Ms. Edwina Carrington - Executive Director
Texas Department of Housing & Community Affairs
507 Sabine
Austin, Texas 78741

Re: 2004 HTC Application for Las Canteras Apartments, Pharr
TDHCA #04037

Dear Ms. Carrington

This letter will serve as written confirmation that the following neighborhood organizations were registered with our office on March 01, 2004.

- Sunset Terrace Resident Council
- Las Milpas Resident Council
- Rio Grande Habitat for Humanity
- Project Arise - Las Milpas

You may contact the office manager, Annette C. Muniz at (956) 318-2119 should you have any questions or should need further information.

Thank you for your efforts to improve housing choice for low and moderate-income residents of Hidalgo County.

Sincerely,

A handwritten signature in black ink, appearing to read "J.D. Salinas, III".

J. D. Salinas, III
County Clerk

Tab 6

TDHCA

April 20, 2004

APR 21 2004

Ms. Barbara Skinner
Housing Tax Credit Program
Texas Department of Housing
And Community Affairs
507 Sabine
Austin, TX 78701

HUMAN RESOURCE OFFICE

RE: Response to April 12th Deficiency Notice
for Las Canteras Apartments, Pharr (#04037)

Dear Ms. Skinner:

Due to equipment failure, there is no tape recording and thus no "word-for-word transcript" of the February 18, 2004 public meeting to discuss the Pharr Housing Development Corporation's application for 2004 housing tax credits for Las Canteras Apartments (#04037). In order to meet the spirit and intent of the Qualified Allocation Plan and be awarded the full six points claimed, we have provided:

- i. Affidavits from all meeting attendees stating that they attended the February 18 meeting, reviewed the meeting minutes, and certify that it is an accurate and thorough summary of the February 18 presentations and discussion concerning Las Canteras Apartments. (Enclosed)
- ii. Evidence of notifications of the meeting to community, the neighborhood and elected officials (Application Tab 4F)
- iii. A copy of the sign-in sheet from the February 18 meeting (Application Tab 4F)
- iv. A summary of the public meeting (Application Tab 4F)
- v. A copy of the PowerPoint presentation made by William C. Skeen, principal, Tekoa Partners, Ltd., the project's co-developer at the February 18 meeting (Application Tab 4F)
- vi. Pictures taken at the meeting that document participants and presenters (Application Tab 4F)

Please do not hesitate to contact me if you have further questions.

Sincerely,



William C. Skeen
Principal, Tekoa Partners, Ltd.

APPLICATION FOR HOUSING TAX CREDITS
FOR LAS CANTERAS APARTMENTS (#04037)

AFFADAVIT OF CONTENT OF PUBLIC MEETING
FEBRUARY 18, 2004
VILLA LAS MILPAS COMMUNITY ROOM

I, Janie Martinec do hereby certify that I attended the public meeting held at Villa Las Milpas Community Room, 215 Universal in Pharr, Hidalgo County, Texas on February 18, 2004 at 5:30PM. I further certify that I have reviewed the minutes of that meeting, as attached, and verify that it is an accurate and thorough summary of the presentation and discussion following the presentation.

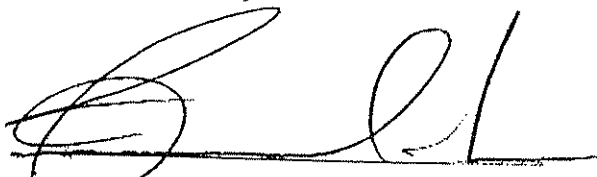
Janie Martinec
Signed

4-19-04
Date

APPLICATION FOR HOUSING TAX CREDITS
FOR LAS CANTERAS APARTMENTS (#04037)

AFFADAVIT OF CONTENT OF PUBLIC MEETING
FEBRUARY 18, 2004
VILLA LAS MILPAS COMMUNITY ROOM

I, J. Fernando Lopez do hereby certify that I attended the public meeting held at Villa Las Milpas Community Room, 215 Universal in Pharr, Hidalgo County, Texas on February 18, 2004 at 5:30PM. I further certify that I have reviewed the minutes of that meeting, as attached, and verify that it is an accurate and thorough summary of the presentation and discussion following the presentation.


Signed

4-19-04
Date

APPLICATION FOR HOUSING TAX CREDITS
FOR LAS CANTERAS APARTMENTS (#04037)

AFFADAVIT OF CONTENT OF PUBLIC MEETING
FEBRUARY 18, 2004
VILLA LAS MILPAS COMMUNITY ROOM

I, Roy Navarro do hereby certify that I attended the public meeting held at Villa Las Milpas Community Room, 215 Universal in Pharr, Hidalgo County, Texas on February 18, 2004 at 5:30PM. I further certify that I have reviewed the minutes of that meeting, as attached, and verify that it is an accurate and thorough summary of the presentation and discussion following the presentation.

Roy Navarro

Signed

4-19-04

Date

APPLICATION FOR HOUSING TAX CREDITS
FOR LAS CANTERAS APARTMENTS (#04037)

AFFADAVIT OF CONTENT OF PUBLIC MEETING
FEBRUARY 18, 2004
VILLA LAS MILPAS COMMUNITY ROOM

I, Erica E. Barberena do hereby certify that I attended the public meeting held at Villa Las Milpas Community Room, 215 Universal in Pharr, Hidalgo County, Texas on February 18, 2004 at 5:30PM. I further certify that I have reviewed the minutes of that meeting, as attached, and verify that it is an accurate and thorough summary of the presentation and discussion following the presentation.

Erica E. Barberena

Signed

4-19-04

Date

APPLICATION FOR HOUSING TAX CREDITS
FOR LAS CANTERAS APARTMENTS (#04037)

AFFADAVIT OF CONTENT OF PUBLIC MEETING
FEBRUARY 18, 2004
VILLA LAS MILPAS COMMUNITY ROOM

I, Margaret R. Shaw do hereby certify that I attended the public meeting held at Villa Las Milpas Community Room, 215 Universal in Pharr, Hidalgo County, Texas on February 18, 2004 at 5:30PM. I further certify that I have reviewed the minutes of that meeting, as attached, and verify that it is an accurate and thorough summary of the presentation and discussion following the presentation.

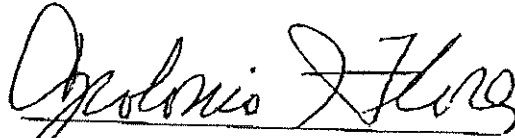

Signed

18 April 04
Date

**APPLICATION FOR HOUSING TAX CREDITS
FOR LAS CANTERAS APARTMENTS (#04037)**

**AFFADAVIT OF CONTENT OF PUBLIC MEETING
FEBRUARY 18, 2004
VILLA LAS MILPAS COMMUNITY ROOM**

I, Apolonio Flores, do hereby certify that I attended the public meeting held at Villa Las Milpas Community Room, 215 Universal in Pharr, Hidalgo County, Texas on February 18, 2004 at 5:30PM. I further certify that I have reviewed the minutes of that meeting, as attached, and verify that it is an accurate and thorough summary of the presentation and discussion following the presentation.



Signed

Date: April 16, 2004

APPLICATION FOR HOUSING TAX CREDITS
FOR LAS CANTERAS APARTMENTS (#04037)

AFFADAVIT OF CONTENT OF PUBLIC MEETING
FEBRUARY 18, 2004
VILLA LAS MILPAS COMMUNITY ROOM

I, Marisela Palacios do hereby certify that I attended the public meeting held at Villa Las Milpas Community Room, 215 Universal in Pharr, Hidalgo County, Texas on February 18, 2004 at 5:30PM. I further certify that I have reviewed the minutes of that meeting, as attached, and verify that it is an accurate and thorough summary of the presentation and discussion following the presentation.

Marisela Palacios
Signed

19-4-04
Date

APPLICATION FOR HOUSING TAX CREDITS
FOR LAS CANTERAS APARTMENTS (#04037)

AFFADAVIT OF CONTENT OF PUBLIC MEETING
FEBRUARY 18, 2004
VILLA LAS MILPAS COMMUNITY ROOM

I, Maria Caudillo do hereby certify that I attended the public meeting held at Villa Las Milpas Community Room, 215 Universal in Pharr, Hidalgo County, Texas on February 18, 2004 at 5:30PM. I further certify that I have reviewed the minutes of that meeting, as attached, and verify that it is an accurate and thorough summary of the presentation and discussion following the presentation.

 Maria Caudillo

Signed

 2/18/04

Date

APPLICATION FOR HOUSING TAX CREDITS
FOR LAS CANTERAS APARTMENTS (#04037)

AFFADAVIT OF CONTENT OF PUBLIC MEETING
FEBRUARY 18, 2004
VILLA LAS MILPAS COMMUNITY ROOM

I, ~~Maximiliano~~ do hereby certify that I attended the public meeting held at Villa Las Milpas Community Room, 215 Universal in Pharr, Hidalgo County, Texas on February 18, 2004 at 5:30PM. I further certify that I have reviewed the minutes of that meeting, as attached, and verify that it is an accurate and thorough summary of the presentation and discussion following the presentation.

~~Maximiliano~~
Signed

4/19/04
Date

APPLICATION FOR HOUSING TAX CREDITS
FOR LAS CANTERAS APARTMENTS (#04037)

AFFADAVIT OF CONTENT OF PUBLIC MEETING
FEBRUARY 18, 2004
VILLA LAS MILPAS COMMUNITY ROOM

I, Lilia Navarro do hereby certify that I attended the public meeting held at Villa Las Milpas Community Room, 215 Universal in Pharr, Hidalgo County, Texas on February 18, 2004 at 5:30PM. I further certify that I have reviewed the minutes of that meeting, as attached, and verify that it is an accurate and thorough summary of the presentation and discussion following the presentation.

Lilia Navarro

Signed

4. 18. 04

Date

APPLICATION FOR HOUSING TAX CREDITS
FOR LAS CANTERAS APARTMENTS (#04037)

AFFADAVIT OF CONTENT OF PUBLIC MEETING
FEBRUARY 18, 2004
VILLA LAS MILPAS COMMUNITY ROOM

I, Maria Del Rosario Perez do hereby certify that I attended the public meeting held at Villa Las Milpas Community Room, 215 Universal in Pharr, Hidalgo County, Texas on February 18, 2004 at 5:30PM. I further certify that I have reviewed the minutes of that meeting, as attached, and verify that it is an accurate and thorough summary of the presentation and discussion following the presentation.

Maria Del Rosario Perez

Signed

4-19-04

Date

APPLICATION FOR HOUSING TAX CREDITS
FOR LAS CANTERAS APARTMENTS (#04037)

AFFADAVIT OF CONTENT OF PUBLIC MEETING
FEBRUARY 18, 2004
VILLA LAS MILPAS COMMUNITY ROOM

I, Erica E. Barberena do hereby certify that I attended the public meeting held at Villa Las Milpas Community Room, 215 Universal in Pharr, Hidalgo County, Texas on February 18, 2004 at 5:30PM. I further certify that I have reviewed the minutes of that meeting, as attached, and verify that it is an accurate and thorough summary of the presentation and discussion following the presentation.

Erica E. Barberena
Signed

4-19-04
Date

Project # 04041

Mesa Senior's Apt.

Board Appeal

SGI Ventures, Inc.

Number of pages including cover sheet

5

FAX

Date 6-30-04

TO: Brooke Boston
HTC

SGI Ventures, Inc.
1800 Bering, Suite 501
Houston, Texas 77057

ESTIMATED TIME TO DELIVER 50 MIN 11:52

Phone
Fax Phone 512-475-0764

Phone 713.334.4911
Fax Phone 713.334.5614
Cell Phone 713-882-3233
Alt. Fax 713-623-2413

FROM: Sally Gaskin

REMARKS: Urgent For your review Reply ASAP Please Comment

RE: MESA SENIOR'S # 04041

APPEAL TO BOARD - LOAN
COMMITMENT & PRE-APP
POINTS

Please place this appeal on the July 8 Board Agenda.
In the event the appeal to the Ex. Dir. is granted, this
request will be pulled.

(M. Wall,

Please confirm receipt of fax
via email to sally@sgiventures.net)

Thank you,
Sally Gaskin

Mesa Senior's Apartments, L.P.

1800 Bering Drive, Suite 501
Houston, Texas 77057
Tel: (713) 334-4911
Fax: (713) 334-5614

June 29, 2004

Board of Directors
Texas Department of Housing and Community Affairs
Housing Tax Credit Department
507 Sabine, Suite 400
Austin, Texas 78701

**Re: APPEAL: Final Scoring Notice Issued on 6/17/04 (Loan Commitment)
2004 HTC Application for Mesa Senior's Apartments
TDHCA Number: 04041**

Dear Chairman Anderson:

I hereby appeal the decision to award of -0- points under the Subsidy Requirement, based on the determination by the Department that the City of Houston Loan must be repaid. I also appeal the decision to deduct the 7 Pre-Application points because the final application score varied by more than 5%.

The specific basis for the appeal is that the Loan Commitment is in fact forgivable. Your attention is directed to paragraph 10 of the Loan Commitment reprinted below (bolding and underlining added):

10. PAYMENT OF PRINCIPAL AND INTEREST. Payments of principal and interest on the Note shall be due and payable as follows:

Beginning the thirteenth month, monthly with interest based on a thirty (30) year amortization schedule, thirty year term (unless required otherwise to be conterminous with the first lien holder). **All installments due under the Loan shall be paid out of Net Cash Flow. If sufficient Net Cash Flow is not available to make all or some portion of a required monthly payment under the Note, such payment or payments, or unpaid portion thereof, will be deemed paid so long as the Loan is not otherwise in default and provided that each monthly installment which is not paid in full when otherwise due because of a claimed lack of sufficient Net Cash Flow, shall be substantiated by evidence acceptable to the Director documenting the lack of sufficient Net Cash Flow.** All payments made on the Loan shall be applied first, to accrued and unpaid interest, if any, and next, to installments of principal which are due and payable, in the order in which it matured. Amounts which are not paid on the Loan pursuant to the foregoing sentence will not be added to the principal and will not accrue

interest subsequently, but will be deferred until the Maturity Date. The total amount of all such deferred amounts, together with unpaid all principal and all accrued interest hereon, if any, **which is not paid or is not deemed paid as of the Maturity Date**, shall be due and payable on the Maturity Date.

As you can see, any monthly payment that is not made due to insufficient cash flow is "deemed paid" and is NOT due and payable on the Maturity Date. While the commitment does not state that the loan is 100% forgivable, it does provide for forgiveness on a month to month basis based on available cash flow. The QAP is also not specific on the degree of forgiveness, it merely says that the funds "must be in the form of a grant or a forgivable loan". The loan clearly provides for forgiveness on a month-to-month basis based on documented cash flow shortages.

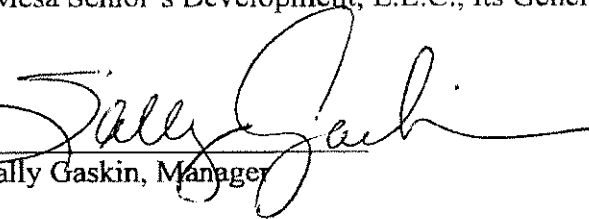
I also refer you to a copy of Ms. Stiner's letter attached also clarifying this issue based on the City's intent.

Mesa Senior's Apartments, L.P., respectfully requests that points for both Subsidy Requirements and Pre-Application be reinstated.

Regards,,

By: Mesa Senior's Apartments, L.P.

By: Mesa Senior's Development, L.L.C., its General Partner

By: 
Sally Gaskin, Manager

Enclosures:

- Letter from Ms. Daisy Stiner, Director,
Housing & Community Development Department



CITY OF HOUSTON

Housing & Community Development
Department

Bill White

Mayor

Daisy A. Stiner
Director
Housing & Community
Development Department
601 Sawyer Street, 4th Floor
Houston, Texas 77007

T. 713.868.8305
F. 713.865.4135
www.cityofhouston.gov

June 17, 2004

Ms. Edwina Carrington, Executive Director
Texas Department of Housing and Community Affairs (TDHCA)
P. O. Box 13941
Austin, Texas 78711

Re: 2004 Housing Tax Credit Applications
City of Houston Commitment Letters for Subsidy for TDHCA Number(s): 04024;
04041; 04085; 04214; 04224; 04267; 04268

Dear Ms. Carrington:

The City of Houston Housing and Community Development Department ("the City") has been apprised that TDHCA has denied scoring points to applications for which the City has issued commitment letters for subsidy funding. The denial was based on some confusion as to whether the City's commitment letters to the above referenced seven (7) applicants were in the form of a grant or forgivable loan pursuant to TDHCA's Qualified Allocation Plan (QAP).

The City's intent was for these loans to be forgivable. The City's loan commitments allow for both principal and interest to be forgivable, and deem the loan paid if there is insufficient net cash flow. We regret that the language in the City's commitment letters confused the reviewers; however the City is committed to providing the subsidy as stated in its commitment letters.

We hope that this clarification is sufficient for your purposes, and that the points will be restored to the referenced applications from the City of Houston. I regret that we did not have an opportunity to address this point beforehand; however, the City stands ready to issue any additional clarifying language that TDHCA might still require beyond this letter.

The City of Houston has an incredible need for affordable housing and therefore welcomed the opportunity to participate in these seven (7) projects. Our subsidy could potentially leverage these 700+ units of affordable housing for Houston's low-income citizens, including units for tenants at 30% of AMGI which would be lost if these points are denied. We look forward to continuing to be a partner with the state in the development of quality affordable housing in Houston.

SGI Ventures, Inc.

Number of pages including cover sheet 16

FAX

Date 6-29-04

TO: Brooke Boston
HTC

Phone
Fax Phone 512-475-0764

FROM: Sally Gaskin

SGI Ventures, Inc.
1800 Bering, Suite 501
Houston, Texas 77057

Phone 713.334.4911
Fax Phone 713.334.5614
Cell Phone 713-882-3233
Alt. Fax 713-623-2413

e-mail: sally@sgiventures.net

REMARKS: Urgent For your review Reply ASAP Please Comment

RE: MESA SENIOR'S APTS # 04041
APPEAL TO BOARD - QCP

Miscall
Please confirm receipt of fax
via email.

Thank you,
Sally Gaskin

Mesa Senior's Apartments, L.P.

1800 Bering Drive, Suite 501
Houston, Texas 77057
Tel: (713) 334-4911
Fax: (713) 334-5614

June 29, 2004

Texas Department of Housing and Community Affairs
Board of Directors
507 Sabine, Suite 400
Austin, Texas 78701

Re: APPEAL: Final Scoring Notice on QCP Issued 6/6/04
TDHCA Number 04041: Application for Mesa Senior's Apartments

Dear Chairman Anderson:

I hereby appeal the decision to award of -0- points under the Quantifiable Community Participation criteria for the letter submitted by the East Housing/Settegast (49/50) Super Neighborhood Council ("Super Neighborhood Council") in support of the proposed development.

The specific basis for the appeal is that the support letter: 1) does not evidence unlawful discrimination under the Fair Housing Law, 2) reflects support for a specific type of housing development that is lawful under the Fair Housing Act, and, 3) does not seek to have the Department deny housing because the housing would house families with children. I also refer you to the enclosed letter from the Super Neighborhood Council, responding to your concerns as well.

The Fair Housing Law specifically provides that nothing in the FHA regarding familial status applies to housing for older persons. This would obviously include expressing a preference for and support of a specific proposal to develop housing that would qualify for the exemption. Further, the organization's support for senior's housing is consistent with their By-Laws which specifically identifies the promotion of senior citizen housing as one of its stated Purposes. On the other hand, opposition to a proposed housing development which does not qualify for this exemption could be problematic, particularly if there was any reason to believe that such preference was a pretext for racial discrimination. That is clearly not the case involving this development based on the demographics from the 2000 Census for the Super Neighborhood's geographic area (demographics are attached).

Please note that Ms. Carrington's rejection letter of our initial appeal to the Director states that "the (Super Neighborhood) Council expressed opposition to families with children,...". The letter of support from the Super Neighborhood Council did not express "opposition to families with children." It merely referenced a previous proposal for an affordable family bond development which had drawn opposition from the community, noting that there were already too many low income family developments in the neighborhood (an assertion that the Department does not contradict). The opposition to the earlier proposed bond deal was expressed at a voluntary community meeting held by the developer and was made by some persons from the community in general, not by the Super Neighborhood Council. The developer, of which I was a partner, voluntarily withdrew that application in October of last year. Several key factors were considered in this decision including the fact that the bonds for the North Forest Trails Apartments, a 180 unit family bond development located 1.4 miles from the site, were closed approximately two weeks prior to community meeting for our family development, and, the fact that after the North Forest Trails deal closed, our capture rate went to 24%. These facts, combined with previous positions taken by the Board in consideration of neighborhood opposition, (whose opposition was also supported by state and local elected officials), weighed heavily in our decision to withdraw. Because our

application was withdrawn, the Super Neighborhood Council never considered our development for any action or position. In addition, in light of the Department's concern with its obligation to further fair housing, we feel that the fact that the Super Neighborhood Council did not oppose the North Forest Trails development is an important factor in this very broad interpretation of the Department's obligation.

I would also note that the Agency's response to our appeal does not say that the input received from the Neighborhood Council "evidenced unlawful discrimination", which is the only basis set out in the QAP for not scoring the input. Rather, the Agency determines that "Departmental support of the Council's opposition to families with children would be inconsistent with the Department's obligation to further fair housing," and awarding points for the letter would, "in effect, be supporting the Council's opposition to families with children." The Department nowhere states that public input will only be scored if it is consistent with the Department's duty to affirmatively further fair housing, nor does the QAP articulate what that means in the context of public input.

I believe that, had the Department appropriately considered the full context of the fair housing impact of this proposed development it would have come to exactly the opposite conclusion. Affirmatively furthering fair housing is not a check-the-box exercise. Whether a proposed development is consistent with the Department's duty to affirmatively further fair housing must be evaluated in context, based upon a totality of the circumstances. In this instance, the Super Neighborhood Council's assessment that the neighborhood already has a lot of low income family developments (an assessment supported by the capture rate issue noted above), and would benefit from a high quality senior development, which the neighborhood does not have and which is consistent with the organization's By-Laws, was an entirely appropriate and permissible expression in support of the proposed development under FHA. Even if the neighborhood had been responding to a proposal for a family development, the issues of concentration, racial makeup of the neighborhood, and other issues would have to be considered before determining whether scoring the input was consistent with the Department's duty to affirmatively further fair housing. In short, the basis for the Agency's refusal to award points for the letter of support from the East Houston/Settegast (40/50) Super Neighborhood Council is incorrect and the decision should be reversed.

I will be present at the TDHCA Board meeting on July 8th to answer any questions the Board may have.

Respectfully,

By: Mesa Senior's Apartments, L.P.

By: Mesa Senior's Development, L.L.C., its General Partner

By:


Sally Gaskin, Manager

Enclosures:

- Letter from East Houston/Settegast Super Neighborhood
- Demographic information based on 2000 Census
- Excerpt from the By-Laws of East Houston/Settegast (49/50) Super Neighborhood Council



East Houston / Settegast Super Neighborhood Council

June 11, 2004

Texas Department of Housing & Community Affairs
Attention: Ms. Brooke Boston, Director of Multi-Family
Housing Finance Production Division (Neighborhood Input)
507 Sabine Street
Austin, Texas 78701

RE: TDHCA Application #04041, Mesa Senior's Apartments, located in the 9700 Block of Mesa Rd, just north of Tidwell, Houston, Harris County, Tx 77078

Dear Ms. Boston:

Thank you for your letter regarding our organization's support for the Mesa Senior's Apartments application for tax credits. You say that you gave our letter of support no points because of your position that to do so would be inconsistent with the Department's obligation to affirmatively further fair housing. You say that you made this decision based upon the content of our input which you characterize as "opposition to housing for families with children, a protected class under the Fair Housing Act."

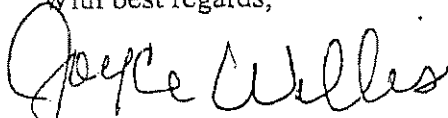
Our input does not evidence unlawful discrimination on the basis of familial status. As you know, the Fair Housing Act specifically provides that nothing in the FHA regarding familial status applies to housing for older persons. The application which we support is an application for such housing, and our expression of preference for and support of such housing is not a violation of FHA any more than the development of such housing is a violation of the Act. You apparently are referring to our comments regarding a prior proposal for non-senior housing, which the developer withdrew, that expresses a concern about an over concentration of low income family units in our neighborhood (a concern which we would have gladly documented with the Department had the proposal gone forward). However, it did not. Our input on the proposal before you is that the Mesa Senior's Apartments development is needed, wanted and supported by our Neighborhood Council.

There is no basis for concluding (or even suspecting) that a preference for mixed income senior housing over low income family housing is a pretext for racial discrimination. I attach the demographic profile of both neighborhoods that make up our organization (the proposed development is in Super Neighborhood # 49). As you can see, we are a predominately minority, mostly African American, neighborhood (race is also covered by the Fair Housing Act). As such, we appreciate your sensitivity to the Department's obligation to affirmatively further fair housing. Indeed, we believe that, given the concentration of low income family developments in our neighborhood, placement of another such development there would be totally inconsistent with affirmatively furthering the goals of fair housing for both low income minority families with children and the residents of this community. However, the Department is not considering, and our organization is not opposing, such a development at this time.

We would also point out that there is no evidence that our neighborhood excludes families with children. Indeed families with children make up over 80% of the families that reside in our neighborhood. There is no evidence that we exclude low income families with children; a significant number of those families with children are at 80% AMI or lower. Finally, we would point out that development of a senior development in our predominately minority neighborhood would not only provide much needed housing for older minority persons already in the community, but expand housing choice for non-minority elderly, who currently reside in overwhelmingly non-minority areas. While minority families are disproportionately in need of affordable housing, white elderly have a significantly higher percentage of eligible population than white non-elderly. In short, there is nothing in our letter of support that evidences unlawful discrimination by our organization or our community against any classes of persons protected by Fair Housing Law. **We would request the Department re-score our input on this development in light of this letter.**

I am available to answer any questions you might have regarding Super Neighborhood 49-50, East Houston/Settegast. My contact information is 7902 Locksley Road, Houston, Texas 77078, phone 713-633-5845 or 281-459-9806.

With best regards,



Mrs. Joyce Willis
President

Family Income by Superneighborhood

Census 2000: Family Income in 1999
City of Houston by Super Neighborhoods

For an explanation of Census Demographic Categories, [click here](#)

SN#	Super Neighborhood Name	Total Families	Less than \$10,000	\$10,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$74,999	\$75,000 to \$99,999
1	WILLOWBROOK	602	37	126	231	124	
2	GREATER GREENSPOINT	9,415	1,173	3,035	3,460	1,145	
3	CARVERDALE	471	56	121	122	81	
4	FAIRBANKS NORTHWEST CRSING	2,887	206	675	978	564	
5	GREATER INWOOD	10,251	972	2,359	3,138	1,777	
6	ACRES HOMES	5,960	1,278	1,312	1,714	837	
7	HIDDEN VALLEY	1,019	26	113	352	268	
8	WESTBRANCH	986	32	118	331	265	
9	ADDICKS PARK TEN	1,137	63	155	272	386	
10	SPRING BRANCHWEST	7,516	600	1,726	2,318	1,451	
11	LANGWOOD	2,104	182	572	803	364	
12	OAK FOREST/GARDEN OAKS	11,062	552	1,901	3,473	2,324	
13	INDEPENDENCEHEIGHTS	3,334	545	1,007	1,188	335	
14	LAZY BROOK/TIMBERGROVE	2,801	214	504	822	551	
15	GREATER HEIGHTS	8,979	696	1,651	2,798	1,671	
16	MEMORIAL	13,017	443	905	2,136	1,814	
17	ELDRIDGE/WEST OAKS	10,058	363	876	2,530	2,111	
18	BRIARFOREST AREA	11,261	349	999	2,491	2,287	
19	WESTCHASE	4,311	237	816	1,489	942	
20	WOODLAKE/BRIARMEADOW	8,088	672	1,470	2,108	1,551	
21	GREATER UPTOWN	9,613	166	413	1,396	1,612	
22	MEMORIAL PARK/WASHINGTON AVE	3,712	344	946	921	515	
23	AFTON OAKS/RIVER OAKS AREA	3,549	71	103	292	324	
24	MONTROSE	4,278	302	704	843	707	
25	ALIEF	23,783	1,658	5,406	8,717	4,394	
26	SHARPSTOWN	18,510	1,775	5,406	6,130	2,826	
27	GULFTON	10,204	1,610	3,902	3,216	920	
28	UNIVERSITY PLACE	3,140	31	96	225	350	
29	WESTWOOD	4,458	610	1,691	1,590	424	
30	BRAEBURN	8,760	897	2,307	2,858	1,407	
31	MEYERLAND AREA	5,677	261	393	967	896	
32	BRAESWOOD PLACE	4,778	154	388	885	934	
33	MEDICAL CENTER AREA	462	10	60	157	95	
34	ASTRODOMEAREA	2,158	201	220	670	598	
35	SOUTH MAIN	1,115	122	341	409	195	

Family Income by Superneighborhood

CENSUS 2000: FAMILY INCOME
IN 1999 (CONT'D)

36	GREATERFONDREN S.W.	11,905	1,123	2,494	3,732	2,098
37	WESTBURY	5,423	477	966	1,620	892
38	WILLOW MEADOWS/WILLOWBEND	3,119	165	457	836	522
39	FONDREN GARDENS	432	52	135	132	38
40	CENTRAL SOUTHWEST	10,183	875	1,775	3,670	2,301
41	FORT BEND/HOUSTON	8,268	419	1,335	2,842	2,002
42	AIRPORT AREA	1,347	53	364	477	273
43	KINGWOOD AREA	15,290	152	647	1,968	3,276
44	LAKE HOUSTON	1,164	25	100	294	337
45	NORTHSIDE NORTHLINE	12,277	1,376	3,329	4,625	2,012
46	EASTEX/JENSEN AREA	6,083	949	1,686	2,182	810
47	EAST LITTLE YORK/HOMESTEAD	5,675	828	1,448	1,760	933
48	TRINITY/HOUSTON GARDENS	4,327	970	1,308	1,235	521
49	EAST HOUSTON	4,702	975	1,216	1,487	751
50	SETTEGAST	1,075	306	319	305	107
51	NEARNORTHSIDE	6,591	940	1,932	2,215	903
52	KASHMERE AREA	2,788	582	953	891	225
53	EL DORADO/OATES PRAIRIE	576	33	113	195	132
54	HUNTERWOOD	539	12	150	246	61
55	GREATER FIFTH WARD	4,992	1,450	1,588	1,218	506
56	DENVER HARBOR/PORT HOUSTON	4,166	592	1,208	1,421	558
57	PLEASANTVILLE AREA	1,004	63	305	322	181
58	NORTHSHORE	6,418	629	1,384	2,405	1,231
59	CLINTON PARK/FIDELITY	590	94	200	198	74
60	FOURTH WARD	355	54	108	103	52
61	DOWNTOWN	291	23	69	33	49
62	MIDTOWN	680	51	164	132	93
63	SECOND WARD	3,025	492	944	1,063	309
64	EASTWOOD LAWNSDALE	2,919	284	831	975	475
65	HARRISBURG/MANCHESTER	840	139	226	340	95
66	BINZ	669	67	128	154	86
67	GREATER THIRD WARD	2,829	895	885	679	214
68	OSTSOUTH UNION	4,713	1,019	1,348	1,437	598
69	GULFGATE/PINE VALLEY	2,727	308	812	1,011	314
70	PECAN PARK	4,183	476	1,370	1,566	503
71	SUNNYSIDE	4,576	1,006	1,388	1,290	544
72	SOUTH PARK	5,535	805	1,533	1,918	803
73	GOLFCRES/TREVEILLE	5,857	664	1,500	2,026	1,043
74	PARK PLACE	2,188	229	651	875	266
75	MEADOWBROOK/ALLENSDALE	5,243	461	1,119	1,999	993
76	SOUTH ACRES/CRESTMONT PARK	4,754	704	1,091	1,586	708

Family Income by Superneighborhood

Page 3 of 3

77	MINNETEX	518	80	175	126	89
78	GREATER HOBBY AREA	10,095	995	2,292	3,505	1,713
79	EDGEBROOK AREA	4,796	395	819	1,983	954
80	ELLINGTON/SOUTH BELT	8,987	374	1,108	2,961	2,497
81	CLEAR LAKE	15,408	345	999	2,529	3,299
82	MAGNOLIA PARK	3,135	398	1,028	1,211	336
83	MACGREGOR	3,881	448	790	1,003	622
84	SPRING SHADOWS	4,517	175	562	1,574	887
85	SPRING BRANCHCENTER	7,132	601	1,870	2,385	1,106
86	SPRING BRANCH EAST	5,931	547	1,538	1,875	969
87	GREENWAY/UPPER KIRBY AREA	2,903	97	188	473	529
88	LAWNDALE/WAYSIDE	4,851	656	1,515	1,517	667
CITY OF HOUSTON		461,937	42,839	95,284	136,648	78,601

Census 2000: Demographic Data by Super Neighborhood back	EAST HOUSTON #49	CITY OF HOUSTON TOTAL
Total Population	19,744	1,953,631
Hispanic Population	4,553	730,865
Non-Hispanic Population	15,191	1,222,766
Non-Hispanic White Population	1,134	601,851
Non-Hispanic Black Population	13,884	487,851
Non-Hispanic American Indian Population	24	3,234
Non-Hispanic Asian Population	21	102,706
Non-Hispanic Native Hawaiian Population	4	680
Non-Hispanic Others Population	14	2,614
Two or More Races Population	110	23,830
Total Population over 18 years	12,752	1,416,973
Hispanic Population over 18 years	2,693	476,451
Non-Hispanic Population over 18 years	10,059	940,522
Non-Hispanic White Population over 18 years	996	499,473
Non-Hispanic Black Population over 18 years	8,947	340,032
Non-Hispanic American Indian Population over 18 years	19	2,485
Non-Hispanic Asian Population over 18 years	16	80,191
Non-Hispanic Native Hawaiian Population over 18 years	3	497
Non-Hispanic Other Population over 18 years	10	1,707
Two or More Races Population over 18 years	68	16,137
Total Population	19,744	1,953,631
Total Male	9,415	975,551
Male Under 5 years	887	82,266
Male 5 to 17 years	2,704	192,775
Male 18 to 64 years	5,299	633,763
Male 65 and Over	525	66,747
Total Female	10,329	978,080
Female Under 5 years	811	78,531
Female 5 to 17 years	2,590	183,086
Female 18 to 64 years	6,268	619,145
Female 65 and Over	660	97,318
Total Population in Group Quarters	196	33,256
Institutionalized Population	50	18,819
Correctional Institutions	-	11,057
Nursing Homes	50	5,774
Other Institutions	-	1,988
Non-Institutionalized Population	146	14,437
College Dorms	-	4,305
Military Quarters	-	-
Other Non-Institutions	146	10,132
Total Households	5,744	717,945
Population in Households	19,548	1,920,375
Average Household Size	3.40	2.67
Household Size, Household Type, and Presence of Own Children		
One Person Household	882	212,718
Male Householder	432	103,336


EAST HOUSTON

Female Householder	450	109,382
2 or More Person Householder	4,862	505,224
Family Households	4,681	457,549
Married Couple Family	2,544	310,066
with own children <18	1,309	159,315
No own children <18	1,235	150,751
Other Family	2,137	147,483
Male Householder no wife	332	37,760
With own children <18	150	15,143
No own children <18	182	22,620
Female Householder no husband	1,805	109,723
With own children <18	1,029	63,247
No own children < 18	776	46,476
NonFamily Household	181	47,676
Male Householder	101	29,675
Female Householder	80	18,005
Total Family Households	4,681	457,549
Householders age 15 to 24 years	173	27,094
Householders age 25 to 34 years	941	106,239
Householders age 35 to 44 years	1,165	118,621
Householder age 45 to 54 years	1,192	93,100
Householder age 55 to 64 years	699	54,926
Householders age 65 to 74 years	397	36,173
Householders age 75 to 84 years	100	17,914
Householder age 85 years and over	14	3,482
NonFamily Householders	1,063	260,396
Householders age 15 to 24 years	41	24,420
Householders age 25 to 34 years	108	64,042
Householders age 35 to 44 years	164	50,609
Householder age 45 to 54 years	286	45,241
Householder age 55 to 64 years	222	28,835
Householders age 65 to 74 years	166	22,759
Householders age 75 to 84 years	70	17,750
Householder age 85 years and over	6	6,740
Total Households	5,744	717,945
Households with one or more people over age 65	933	122,037
One Person Households	231	44,856
Two Person Households	702	77,181
Family Households	689	74,103
NonFamily Households	13	3,078
Households with no person over age 65	4,811	595,908
One Person Households	651	167,862
Two or More Person Households	4,160	428,046
Family Households	3,992	383,446
NonFamily Households	168	44,600
Total Families	4,681	457,549
Population in Families	17,700	1,549,362
Average Family Size	3.78	3.39
Total Housing Units	6,122	782,009

★
EAST HOUSTON

Total Occupied	5,744	717,945
Total Vacant	378	64,064
Owner Occupied	3,641	328,741
Renter Occupied	2,103	389,204
Non Hispanic Householder	4,784	523,213
Hispanic Householder	960	194,732
Non-Hispanic White Householder	494	293,729
Non-Hispanic Black Householder	4,236	182,255
Non-Hispanic American Indian Householder	10	1,344
Non-Hispanic Asian Householder	8	35,894
Non-Hispanic Native Hawaiian Householder	1	215
Non-Hispanic Other Householder	4	897
Two or More Races Householder	31	8,879



Census 2000: Demographic Data by Super Neighborhood back	SETTEGAST #50	CITY OF HOUSTON TOTAL
Total Population	4,352	1,953,631
Hispanic Population	262	730,865
Non-Hispanic Population	4,090	1,222,766
Non-Hispanic White Population	72	601,851
Non-Hispanic Black Population	3,965	487,851
Non-Hispanic American Indian Population	4	3,234
Non-Hispanic Asian Population	4	102,706
Non-Hispanic Native Hawaiian Population	1	680
Non-Hispanic Others Population	12	2,614
Two or More Races Population	32	23,830
Total Population over 18 years	3,010	1,416,973
Hispanic Population over 18 years	153	476,451
Non-Hispanic Population over 18 years	2,857	940,522
Non-Hispanic White Population over 18 years	63	499,473
Non-Hispanic Black Population over 18 years	2,764	340,032
Non-Hispanic American Indian Population over 18 years	4	2,485
Non-Hispanic Asian Population over 18 years	3	80,191
Non-Hispanic Native Hawaiian Population over 18 years	1	497
Non-Hispanic Other Population over 18 years	11	1,707
Two or More Races Population over 18 years	11	16,137
Total Population	4,352	1,953,631
Total Male	1,985	975,551
Male Under 5 years	186	82,266
Male 5 to 17 years	514	192,775
Male 18 to 64 years	1,012	633,763
Male 65 and Over	273	66,747
Total Female	2,367	978,080
Female Under 5 years	159	78,531
Female 5 to 17 years	483	183,086
Female 18 to 64 years	1,257	619,145
Female 65 and Over	468	97,318
Total Population in Group Quarters	30	33,256
Institutionalized Population	-	18,819
Correctional Institutions	-	11,057
Nursing Homes	-	5,774
Other Institutions	-	1,988
Non-Institutionalized Population	30	14,437
College Dorms	-	4,305
Military Quarters	-	-
Other Non-Institutions	30	10,132
Total Households	1,541	717,945
Population in Households	4,322	1,920,375
Average Household Size	2.80	2.67
Household Size, Household Type, and Presence of Own Children		
One Person Household	438	212,718
Male Householder	191	103,336

SETTEGAST

Female Householder	247	109,382

* SETTECAST

2 or More Person Householder	1,103	505,224
Family Households	1,049	457,549
Married Couple Family	398	310,066
with own children <18	150	159,315
No own children <18	248	150,751
Other Family	651	147,483
Male Householder no wife	101	37,760
With own children <18	25	15,143
No own children <18	76	22,620
Female Householder no husband	550	109,723
With own children <18	253	63,252
No own children < 18	297	46,476
NonFamily Household	54	47,676
Male Householder	30	29,675
Female Householder	24	18,005
Total Family Households	1,049	457,549
Householders age 15 to 24 years	50	27,095
Householders age 25 to 34 years	165	106,236
Householders age 35 to 44 years	208	118,623
Householder age 45 to 54 years	167	93,101
Householder age 55 to 64 years	134	54,921
Householders age 65 to 74 years	189	36,174
Householders age 75 to 84 years	110	17,914
Householder age 85 years and over	26	3,485
NonFamily Householders	492	260,396
Householders age 15 to 24 years	9	24,423
Householders age 25 to 34 years	32	64,044
Householders age 35 to 44 years	70	50,610
Householder age 45 to 54 years	61	45,241
Householder age 55 to 64 years	77	28,831
Householders age 65 to 74 years	113	22,756
Householders age 75 to 84 years	98	17,750
Householder age 85 years and over	32	6,741
Total Households	1,541	717,945
Households with one or more people over age 65	607	122,037
One Person Households	231	44,856
Two Person Households	376	77,181
Family Households	361	74,103
NonFamily Households	15	3,078
Households with no person over age 65	934	595,908
One Person Households	207	167,862
Two or More Person Households	727	428,046
Family Households	688	383,446
NonFamily Households	39	44,600
Total Families	1,049	457,549
Population in Families	3,666	1,549,365
Average Family Size	3.49	3.39
Total Housing Units	1,703	782,009
Total Occupied	1,541	717,945

SETTEGAST

Total Vacant	162	64,064
Owner Occupied	969	328,741
Renter Occupied	572	389,204
Non Hispanic Householder	1,480	523,213
Hispanic Householder	61	194,732
Non-Hispanic White Householder	33	293,729
Non-Hispanic Black Householder	1,428	182,255
Non-Hispanic American Indian Householder	3	1,344
Non-Hispanic Asian Householder	2	35,894
Non-Hispanic Native Hawaiian Householder	1	215
Non-Hispanic Other Householder	5	897
Two or More Races Householder	8	8,879

**Exerpt from the By-Laws
Of
East Houston/Settegast (49/50) Super Neighborhood Council**

“The purpose of this organization shall be to create a broad-based neighborhood forum where residents and stakeholders come together to discuss issues affecting their community and develop a Super Neighbor Action Plan (SNAP) to address community issues. This Organization shall also seek to promote social development, job training, economic development, affordable housing, educational and recreational facilities, and senior citizen housing.”⁽¹⁾

⁽¹⁾ A full copy of the By-Laws are included in the Application



RECEIVED

JUN 29 2004

EXECUTIVE

LESLIE HOLLEMAN
4640 FM 3021
Brownwood, TX 76801
325.784.9797 ph
325.784.9777 fax

BEVERLY FUNDERBURGH
20183 FM 914
Stephenville, TX 76401
254.965.6317 ph
254.764.4177 fax

June 29, 2004

Honorable Members of the Board of Directors
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 600
Austin, Texas 78701

Re: HTC #04052, Chisholm Trail Senior Village of Belton
Appeal of denial of points for Quantifiable Community Participation

Dear Members of the Board:

The purpose of this letter is to respectfully appeal the denial of our request for a re-evaluation of the points for Quantifiable Community Participation for HTC #04052 Chisholm Trail Senior Village in Belton, Texas. We received denial of our appeal from the Executive Director on June 28, 2004. As with the majority of the applications which requested points for Quantifiable Community Participation, the above referenced application did not receive points for failure to meet *all* of the technical requirements which the Department required for scoring.

I would like to provide some background information to preface the basis for our appeal. The City of Belton, a small community of just over 10,000 residents, does not have *any* developments supported by Housing Tax Credits. When multiple developers expressed a desire to develop in the City of Belton, the City Council held a special meeting and requested that each developer make a presentation for purposes of educating the City and the interested public, as well as determining the City's support for one or more applications. That meeting was attended by members of the neighborhood which surrounds the proposed Chisholm Trail Senior Village. As the neighborhood members explained to us after the City Council presentation, our tract of land was one of the only remaining significant tracts of undeveloped land in downtown Belton. The neighbors were interested and concerned about the future plans for the development of that tract of land. Subsequently, we had the opportunity to meet extensively with neighborhood members. We answered numerous questions, they viewed photographs of our previous completed developments and spoke with one of our current tenants who resides at Bunker Hill Senior Village in Stephenville, an LIHTC seniors community similar to the one we are proposing in Belton. Over this approximate two month period, the neighborhood, including those residents bordering the proposed Chisholm Trail site, embraced the proposal as one that would be beneficial to their neighborhood specifically, and the community as a whole.

In the course of educating the City and the community about the Housing Tax Credit application process, we explained the Department's desire to ascertain the support of the local neighborhood. The City of Belton, as with most small rural communities, did not have formalized neighborhood groups recognized by the City. However, due to their desire to help bring this housing to their community, the neighborhood ultimately formed an Association under an Assumed Name Certificate and filed with the County Clerk just days before the Application deadline. Ultimately, the newly formed group, under the name the Nolan Creek Neighborhood Association, wrote into TDHCA expressing their support for the Chisholm Trail Senior Village.

The letter was reviewed by TDHCA and was not awarded points for failure to meet the following requirements:

1. Insufficient documentation provided to show that the organization's boundaries include the proposed development site;
2. The letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both;
3. Insufficient documentation provided to show that the organization is a "neighborhood organization" within the meaning of the requirement.

In conjunction with our appeal, I would like to express my disappointment that the stringent legal interpretation of the measurement of "Quantifiable Community Support" seems to overshadow the spirit and intent of the legislation. Because the section of the QAP dealing with Quantifiable Community Support required clarification, on numerous occasions the developer community as a whole requested guidance in meeting this criteria. This was discussed at the application workshops, in the open forums and at the QAP working groups. The denial of our appeal states "However, the Department is required to follow the plain language of legislation and its rules when evaluating the scoring criteria." I respectfully disagree that the language was in fact plain. We believe it left room for considerable interpretation on behalf the developer and the neighborhood organization.

The specific scenario I described above involving the Nolan Creek Neighborhood Association and the proposed Chisholm Trail Senior Village seems to embody what the Department was in effect trying to encourage, and is consistent with what was described in the Application Workshops presented by the Department in late 2003 as "working with the local community". Although the Department provided guidance on its website to the neighborhoods wishing to comment on applications, I don't believe the technical requirements were described in a manner that definitively laid out each specific requirement beyond a reasonable doubt. I was surprised to see that TDHCA required every one of several technical requirements to be met, then evaluating and awarding points on an "all or nothing" scenario.

We believe the Nolan Creek Neighborhood Association letter of support has met the criteria set forth in the QAP as follows:

1. The Nolan Creek Neighborhood letter narratively described their boundaries and stated that the subject site was in the heart of their community. Although the Nolan Creek Neighborhood Association did not include a map with their letter, the Guidelines posted by TDHCA states that the Department also "*requests*" that a map be submitted

- not that one was *required* and if not included would result in a technical “default”. Confirmation could have easily been achieved by reviewing any one of the numerous maps including in the application.
2. We believe the neighborhood provided information on their membership in the following statement that “*as we are a newly formed association in a small community, our membership is voluntary and we make decisions by mutual agreement or simple majority vote of the members*”. This seems to imply a good faith effort to comply with the second reason (stated above) described in the TDHCA reply letter.
 3. Finally, as the neighborhood organized under an Assumed Name Certificate filed with the County Clerk, it is unrealistic to assume that they would have expended funds for formal organizational documents proving their status as a “neighborhood association”. Again, we believe this was not a *requirement* as stated in the QAP. Certainly the name “Nolan Creek Neighborhood Association” implies the purpose of the organization; furthermore the letter clearly describes their goal of working to affect matters within the boundaries of their local community.

If the Department was trying to obtain independent third-party commentary direct from the community, then I believe the standards for this commentary were unrealistic. The neighbors I met and visited with are not housing professional or consultants, skilled in the complex requirements of a Housing Tax Credit Application, but rather individuals and families concerned about the impact of growth in their community. Furthermore, if the Application process is complex to the point where the Department allows Applicants the opportunity to correct administrative deficiencies within a reasonable period of time, it seems unreasonable to expect the general public to meet every specific item on the first attempt.

It is apparent from the dialog posted from Open Forum Meetings and other public information, that the new requirements resulting from the Legislative Session should be followed to the letter of the law. However, without any definitive interpretation at the beginning of the application process, it is difficult for the HTC Applicants to meet these standards. We, too, must proceed on a “good faith effort” based on guidance from TDHCA. In closing, we respectfully request that the Board reconsider awarding points for Quantifiable Community Participation in response to letter of support from the Nolan Creek Neighborhood Association. However, as I stated in my original appeal letter, if the Department is bound by their initial interpretation, then it is my hope that my comments will be considered in the shaping of the Qualified Allocation Plan in future years.

As always, my thanks to the Board and staff for your consideration and the work you do to bring housing to those Texans in need.

Sincerely,



Leslie Donaldson Holleman



WWW.TDHCA.STATE.TX.US

June 28, 2004

RICK PERRY
Governor

EMMA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conline
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Leslie Donaldson Holleman
DF Chisholm Trail Senior Village, L.P.
4640 FM 3021
Brownwood, TX 76801
Telephone: (325) 784-9797
Fax: (325) 784-9777

Re: Response to appeal received June 14, 2004
Chisholm Trail Senior Village TDHCA Project No. 04052

Dear Ms. Holleman:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced Development, regarding the eligibility of your application to receive points for Quantifiable Community Participation (QCP) under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the Development noted above.

Consistent with that section of the QAP, the letter from Nolan Creek Neighborhood Association was reviewed to determine if all submission requirements were met. Unfortunately, the letter did not meet the requirements to be scored for the reasons that you refer to in your appeal. Your appeal expresses your general disappointment that the stringent legal interpretation of the measurement of QCP seems to overshadow legislation. However, the Department is required to follow the plain language of legislation and its rules when evaluating the scoring criteria. In this case, the QAP, as the rule for the Housing Tax Credit Program, has outlined required content for QCP letters. Unfortunately, this content was not included in the QCP letter submitted for this application.

Appeal Determination

Because of the above mentioned reasons, your appeal is denied.

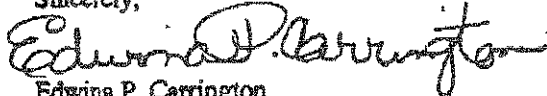
Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with

Ms. Leslie Donaldson Holleman
June 28, 2004

the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

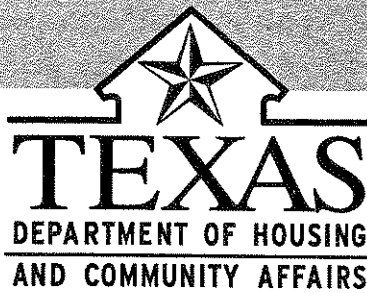
Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Response



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June 28, 2004

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Sally Gaskin
Mesa Senior's Apartments, L.P.
1800 Bering Drive, Ste. 501
Houston, TX 77057
Telephone: (713) 334-5514
Fax: (713) 334-5614

Re: Response to appeal received June 14, 2004
Mesa Senior's Apartments TDHCA Project No. 04041

Dear Ms. Gaskin:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced Development, regarding the eligibility of your application to receive points for Quantifiable Community Participation (QCP) under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the Development noted above. Consistent with that section of the QAP, your letter was reviewed to determine if all submission requirements were met.

Unfortunately, your letter from East Houston/Settegast Neighborhood Council ("the Council") did not meet the requirements to be scored. As indicated in your appeal, the Department is obligated to affirmatively further fair housing. The Council expressed opposition to families with children, a protected class under the Fair Housing Act, Departmental support of the Council's opposition to families with children would be inconsistent with the Department's obligation to further fair housing. Were the Department to award points for this letter, it would, in effect, be supporting the Council's opposition to families with children.

Appeal Determination

Because of the reasons above, the appeal is denied.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of

Ms. Sally Gaskin
June 28, 2004

the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,

A handwritten signature in cursive script that reads "Edwina P. Carrington". The signature is written in black ink and is positioned above the printed name and title.

Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Mesa Senior's Apartments, L.P.

1800 Bering Drive, Suite 501
Houston, Texas 77057
Tel: (713) 334-4911
Fax: (713) 334-5614

June 17, 2004

Texas Department of Housing and Community Affairs
Housing Tax Credit Department
507 Sabine, Suite 400
Austin, Texas 78701

*Received
June 22*

**Re: APPEAL: Final Scoring Notice Issued on 6/17/04
2004 HTC Application for Mesa Senior's Apartments
TDHCA Number: 04041**

Dear Ms. Boston:

I hereby appeal the decision to award of -0- points under the Subsidy Requirement, based on the determination by the Department that the City of Houston Loan must be repaid. I also appeal the decision to deduct the 7 Pre-Application points because the final application score varied by more than 5%.

The specific basis for the appeal is that the Loan Commitment is in fact forgivable. Your attention is directed to paragraph 10 of the Loan Commitment reprinted below (bolding and underlining added):

10. PAYMENT OF PRINCIPAL AND INTEREST. Payments of principal and interest on the Note shall be due and payable as follows:

Beginning the thirteenth month, monthly with interest based on a thirty (30) year amortization schedule, thirty year term (unless required otherwise to be conterminous with the first lien holder). **All installments due under the Loan shall be paid out of Net Cash Flow. If sufficient Net Cash Flow is not available to make all or some portion of a required monthly payment under the Note, such payment or payments, or unpaid portion thereof, will be deemed paid so long as the Loan is not otherwise in default and provided that each monthly installment which is not paid in full when otherwise due because of a claimed lack of sufficient Net Cash Flow, shall be substantiated by evidence acceptable to the Director documenting the lack of sufficient Net Cash Flow.** All payments made on the Loan shall be applied first, to accrued and unpaid interest, if any, and next, to installments of principal which are due and payable, in the order in which it matured. Amounts which are not paid on the Loan pursuant to the foregoing sentence will not be added to the principal and will not accrue interest subsequently, but will be deferred until the Maturity Date. The

total amount of all such deferred amounts, together with unpaid all principal and all accrued interest hereon, if any, **which is not paid or is not deemed paid as of the Maturity Date**, shall be due and payable on the Maturity Date.

As you can see, any monthly payment that is not made due to insufficient cash flow is "deemed paid" and is NOT due and payable on the Maturity Date. While the commitment does not state that the loan is 100% forgivable, it does provide for forgiveness on a month to month basis based on available cash flow.

I refer you to a copy of Ms. Stiner's letter attached also clarifying this issue based on the City's intent.

Respectfully,

By: Mesa Senior's Apartments, L.P.

By: Mesa Senior's Development, L.L.C., its General Partner

By: 
Sally Gaskin, Manager

Enclosures:

- Letter from Ms. Daisy Stiner, Director,
Housing & Community Development Department

Project # 04050

San Diego Creek

Board Appeal

2-

Brownstone Affordable Housing, Ltd.

PLEASE DELIVER THE FOLLOWING PAGE(S) TO:

NAME: Ms. Delores Groneck, Board Secretary

FROM: Doak Brown

DATE: June 30, 2004

RE: Appeal to Board for San Diego Creek Apartments, Application #04050

NO. OF PAGES: 8

If you do not receive all pages, please call (713) 963-7568.

Telecopier No. (713) 432-0120

MESSAGE:

Attached hereto is our appeal to the board for the above referenced application.

The appeal is in regard to QCP request for increase in points.

June 30, 2004

The Board of the Texas Department of Housing and Community Affairs
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78711-3941
Attn: Ms. Dolores Groneck, Board Secretary

Delivery via fax: (512) 472-8526

Re: San Diego Creek Apartments, TDHCA #04050

Dear Honorable Board Members:

We received a response to our appeal letter on the above referenced Application on June 28, 2004. The letter indicates the Housing Tax Credit Division rejected our appeal to award this application one point for the state average of points awarded for Quantifiable Community Participation. We respectfully disagree with this decision and are appealing it under Section 50.18(b) of the 2004 Qualified Allocation Plan. We are also appealing the new point structure under the Leveraging section of the QAP.

Our reasons for appealing the response are as follows:

- We are confused by the response to our appeal because it appears to state that our fax confirmation was not included in appeal. This is incorrect. **Attached hereto as Exhibit A is the fax confirmation that was sent in with our appeal which proves that our Quantifiable Community Participation Certification Form was faxed to TDHCA in a timely manner and received by TDHCA. We deserve to be allocated the one point state average for Quantifiable Community Participation.** Please note that on June 4, 2004, at 10:04am a two page fax was sent which shows a status of being completed (see the item with the star next to it on Exhibit A). The two pages which were faxed to TDHCA on June 4, 2004 are attached hereto as Exhibit B. Please note that one of the pages is a cover sheet dated June 4, 2004, and the other page is the Quantifiable Community Participation Certification Form which is executed certifying that no neighborhood organizations exist.
- Attached hereto as Exhibit C is the June Board Summary – Development Information and Public Input Summary. Please note that under the Neighborhood Input section of this summary that there are not any letters referenced like there are for other projects; yet we know that there were multiple support letters sent in on our behalf by community organizations such as the Community Action Corporation of South Texas, Crime Stoppers, Alice/Jim Wells County Economic Development Corporation, Housing Authority of the City of Alice, Boys & Gils Club of Alice, Salvation Army, and Rural Economic Assistance League, Inc. We know that these letters were received by TDHCA because our official support letters from the state representative and the state senator were sent in at the same time, and we received our point allocations for these letters. Additionally, on June 7,

2004, the Department released a Final Scoring Log along with copies of letters sent to the neighborhood organizations that submitted letters of support on various applications. None of the organizations that submitted letters supporting our application including those listed above received responses. It does not make sense that we would take zero points if there were no letters of support for our application. Therefore, we can only assume that TDHCA did not respond to any of our community support letters because we sent in the Quantifiable Community Participation Certification Form stating that there are not any neighborhood organizations so the Department did not respond to the support letters sent in on our behalf.

- The San Diego Creek Apartments received a tremendous amount of community support in the form of both letters to the Department as well as speakers at the public hearings in San Antonio and Corpus Christi. We feel that we received an overwhelming amount of support compared to the other projects in this rural region. Our support came from a wide range of organizations that serve the Alice community and elected officials. Please note that we do not agree with the June Board Summary in terms of it accurately reflecting our community support when it describes our community support as minimal from non-officials. While we believe the input from these community organizations and elected officials met the very spirit of the Community Participation section of the QAP, the Department opted not to award this type of support any points. It is our understanding of the QAP that an application that does not receive Quantifiable Community Participation is entitled to the state average of these points. Our application was not awarded the state average.
- Had we been awarded the one point state average for Quantifiable Community Participation, our application would have been tied with application number 04302, the Robstown application, which was the application that was recommended by the TDHCA staff for funding in the rural region 10 prior to the issuance of the Attorney General Opinion (please note that this is also the application that was recommended for funding after the Attorney General Opinion). We feel that we would have beaten the Robstown project on tie-breaker factors had the Attorney General Opinion not been issued, and been recommended by the TDHCA staff for funding.
- We consider it extremely unfair that the rules by which we were participating in this program were changed due to the Attorney General Opinion without allowing us an opportunity to revise our application. We elected to take 6 points under the Leveraging section of the QAP because at the time the next level was only 9 points, and we felt that we could be competitive with 6 points. However, when the nine points for Leveraging somehow jumped to 14 points and the 6 points only increased to 8 points we could no longer be competitive, and had we know at the time that this large discrepancy from one level to the next was going to occur, we would have at least had the opportunity to choose the higher points. We also consider it extremely unfair that there is no correlation in the increase in the points from 6 to 8 and from 9 to 14 for the Leveraging section of the QAP. It is unfair that the rules were changed by the Attorney General but it is really unfair when the staff takes this change and makes the change even more unjust by not increasing the points allocated under the Leveraging section in proportion to each other. If the staff wanted the Leveraging section to count for 14 points then the lower point allocations for this section should have been adjusted accordingly too. If a high score of 9

increased to 14, then a score of 6 should have increased to 9.3, and a score of 3 should have increased to 4.67. Additionally, there is nothing in the Attorney General Opinion that requires the staff to make Leveraging 14 points. The Leveraging section could have very easily been assigned a value of 12 and the other factors below it could have been decreased accordingly.

- **With the one point state average for Quantifiable Community Participation and a correlation in the increase in the leveraging points, our application would have at least been tied for the lead in this rural region with a score of 136.**
- **We would like to point out to the Board that Robstown was awarded a more recent tax credit project in 2001. Alice was awarded a tax credit project in 2000. Alice is almost approximately twice the size of Robstown, and we feel that there is definitely more of a need for low income housing in Alice than there is in Robstown.**

We strongly believe the Department has erred in its decision not to award San Diego Creek Apartments, #04050 the state average of Quantifiable Community Participation points and respectfully ask that you correct this error. Additionally, we feel that the community of Alice has been unfairly and unequitably removed from the possibility of achieving an tax credit allocation award due to the Attorney General's Opinion and due to the staff not increasing the points in the Leveraging section of the QAP in proportion to each other, and ask that the Board take this factor into consideration in making the ultimate decision of which projects in this rural region are more deserving of being funded or at the very least issue our application a forward commitment. If you have questions regarding this appeal, please contact me at 713-963-7568. Thank you for your consideration of this appeal.

Sincerely,



Doak Brown
San Diego Creek Apartments



Page
Friday, June 04, 2004 4:33:55 E

Sent

Date	Duration	Name	Fax Number	Pages	Status
6/4/2004 4:27 PM	0:57		15124750764	2	Completed
6/4/2004 10:04 AM	0:56	←*	15124750764	2	Completed
5/28/2004 3:27 PM	1:47		15124750764	5	Completed
5/28/2004 3:20 PM	0:56		15124751895	2	Completed
5/28/2004 3:13 PM	5:57		15124750764	2	Error: Communicatio
5/28/2004 1:48 PM	3:48		15124750764	9	Completed
5/26/2004 4:27 PM	1:29		14326873972	4	Completed
5/26/2004 4:25 PM	0:46		14326873972	0	Error: Communicatio
5/24/2004 3:28 PM	1:55		3584196	4	Completed
5/24/2004 3:20 PM	1:00		3584196	1	Error: Communicatio

Exhibit A



Quantifiable Community Participation Certification Form

Multifamily Finance Production Division
Mailing Address: P.O. Box 13941, Austin, Texas 78711-3941
Physical Address: 807 Sabine, Austin, TX 78701

Development Name: San Diego Creek Apartments TDHCA#: 04050

Statement

Consistent with §50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP), one of the scoring items that applications may receive points for is Quantifiable Community Participation. In §50.9(g)(2)(C)(i), the QAP states: "Applicants that accurately certify that they do not know of any neighborhood organizations that are on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development, and for which no letters were received, will be awarded the higher of zero points or the average number of points received by all Applications for this exhibit." To achieve the average score referred to in this language, no letters can have been received AND the certification is required. This document, when executed, satisfies the requirement for the certification only.

Certification

Therefore, by signing this certification, I, as a duly authorized signatory of the Application, accurately certify that the Applicant does not know of any neighborhood organizations that are on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development. I understand that this certification does not assure me of points under this section.

Doak Brown
Signature of Authorized Applicant Signatory

6/2/04
Date

DOAK BROWN
Printed Name

Exhibit B

Exhibit B

June 4, 2004

Brooke Boston
Texas Department of Housing and Community Affairs
507 Sabine
Austin, TX 78711

Re: Qualified Community Participation

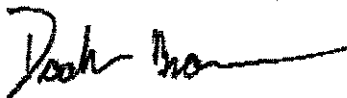
Dear Ms. Boston:

Attached you will find the executed Quantifiable Community Participation form regarding San Diego Creek Apartments, TDHCA #04050.

Please be advised that we have executed this document because we have not been provided with an explanation of which letters will qualify for scoring purposes as neighborhood support and which letters will not qualify for scoring purposes. We believe that we have broad community support for our project as evidenced by the numerous support letters that TDHCA received and as evidenced at the public hearings in San Antonio and Corpus Christi. It is our opinion, absent a clear-cut definition of what does qualify as a neighborhood organization, some of the support letters our project received will qualify for points under this section of the QAP. We should not be penalized if we do not have enough information to analyze whether or not we received the kind of neighborhood support that actually receives points for scoring purposes. If we were to not execute the attached document and it turned out that none of our support letters were scoring letters, we would get no points when a competing project with no support letters of any kind gets the average of all support letters. Surely this is not TDHCA's intent. We are obviously concerned that by executing the attached form that our application could be in danger of losing the potential neighborhood support points which could be earned through our support letters. Due to the unfortunate ambiguity of this section of the QAP, we respectfully request that our application receive the full amount of allowable points for the neighborhood organization letters of support or the state average, which ever is higher.

Thank you for your attention to this matter.

Sincerely,



Doak Brown



MULTI-FAMILY FINANCE PRODUCTION DIVISION
Housing Tax Credit Program - 2004 Application Cycle
June Board Summary - Development Information and Public Input Summary
San Diego Creek Apartments

BASIC DEVELOPMENT INFORMATION

Site Address: 1499 Easterling Drive Development #: 04050
 City: Alice Region: 10 Credits Requested: \$490,000
 County: Jim Wells Zip Code: 78333 Population Served: F
 Set Asides: At-Risk Nonprofit Allocation: R USDA Purpose / Activity: NC
 Allocation: R=Rural, U=Urban/Exurban, Population: E=Elderly, F=Family, T=Transitional, Activity: NC=New Construction, ACQ=Acquisition, R=Rehab

OWNER AND DEVELOPMENT TEAM

Owner: San Diego Creek Apartments, Ltd.
 Doak Brown - Phone: (713) 432-7727
 Developer: Brownstone Affordable Housing, Ltd.
 Housing GC: N/A
 Architect: Brownstone Architects & Planners, Inc.
 Market Analyst: Mark Temple
 Syndicator: MMA Financial
 Supp Services: N/A
 App Consultant: KLT Associates, L.P.

UNIT INFORMATION

Eff	1 BR	2 BR	3 BR	4BR+	
0	16	32	24	0	
30%	40%	50%	60%		
0	2	22	40		
Total LI Units:					64
Market Rate Units:					8
Owner/Employee Units:					0
Total Project Units:					72

PUBLIC COMMENT SUMMARY

Guide: "O" = Oppose, "S" = Support, "N" = Neutral, "NC" or Blank = No comment

State/Federal Officials with Jurisdiction:

TX Senator: Juan "Chuy" Hinojosa, District 20 Points: 3 US Rep.: NC
 TX Representative: Gabi Canales, District 35 Points: 3 US Senator: NC

Local Officials and Other Public Officials:

Mayor/Judge: Grace Saenz-Lopez, Mayor, S Resolution of Support from Local Government
 L. Arnold Saenz, County Judge, S Abraham Aguilar, City Council Member, S
 Michael Esparza, Mayor Pro Tem, S

Individuals/Businesses In Support: 20 In Opposition: 0

Neighborhood Input:

All Comments from neighborhoods that submitted letters for Quantifiable Community Participation, whether scored or not, are summarized below. If this section is blank, no letters were received for Quantifiable Community Participation.

General Summary of Comment:

There was broad support from officials and minimal support from non-officials. There was no opposition.

RECOMMENDATION BY THE EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Score: 142 Meeting a Required Set Aside Meeting the Regional Allocation
 Explanation: Not Recommended: Does not have a competitive enough score within its allocation type within the region.

Exhibit C

Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 28, 2004

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Doak Brown
San Diego Creek Apartments, Ltd.
6517 Mapleridge
Houston, TX 77081
Telephone: (713) 432-7727
Fax: (713) 432-0120

Re: Response to appeal received June 14, 2004
San Diego Creek Apartments TDHCA Project No. 04050

Dear Mr. Brown:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced Development.

Regarding the eligibility of your application to receive points for Quantifiable Community Participation (QCP) under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP), as you know, on June 1, 2004, the Department released the following notice by electronic mail to all applicants:

“Consistent with §50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP), one of the scoring items that applications may receive points for is Quantifiable Community Participation. In §50.9(g)(2)(C)(i), the QAP states: ‘Applicants that accurately certify that they do not know of any neighborhood organizations that are on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development, and for which no letters were received, will be awarded the higher of zero points or the average number of points received by all Applications for this exhibit.’ To achieve the average score referred to in this language, no Quantifiable Community Participation letters can have been received AND the certification is required. At this time, the QCP scores have not yet been released, however, to ensure that all entities for which letters were not received have an equal opportunity to obtain the ‘average’ points referred to in this section, the Department is issuing all Applicants the attached certification. If this certification is accurately signed and returned to the Department

Mr. Doak Brown
June 28, 2004

by 5:00 p.m. on Friday, June 4, it will satisfy the certification requirement referred to above.”

In your appeal, you request the 1 point average received by applicants in the region. Unfortunately, in order to be eligible for the point, your Development must have submitted the Quantifiable Community Participation Certification Form to the Department by June 4, 2004. In your appeal you assert that you did submit this form on June 4, 2004 and that you submitted proof of, “fax confirmation proving that such fax was received by the Department” on June 4. However, no proof of a June 4 submission is attached. Rather, a copy of the certification dated June 2 is included. At the top of the letter, proof that the Department faxed the letter to you and proof that you sent the affidavit somewhere on June 2, 2004 is on the letter. A letter is also included in the appeal that is dated June 4, but no proof of submission of this letter to the Department is included in the appeal. The Department has no record that it received the affidavit by June 4 as required, and your appeal does not confirm that it received the required affidavit.


Appeal Determination

For the reasons outlined above, your appeal is rejected.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,


Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal

RECEIVED
JUN 14 2004
LIHTC

June 14, 2004

Ms. Edwina Carrington
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78711-3941

Delivery via fax: (512) 475-0764

Re: San Diego Creek Apartments, TDHCA #04050

Dear Ms. Carrington:

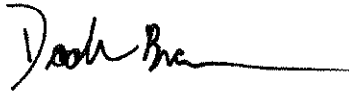
We received a Final Scoring Notice on the above referenced Application on June 7, 2004. The Final Scoring Notice indicates the Housing Tax Credit Division failed to award this application one point for the state average of points awarded for Quantifiable Community Participation. We respectfully disagree with this decision and are appealing it under Section 50.18(b) of the 2004 Qualified Allocation Plan.

Our reasons for appealing the Final Scoring Notice are as follows:

- The San Diego Creek Apartments received a tremendous amount of community support in the form of both letters to the Department as well as speakers at the public hearings in San Antonio and Corpus Christi. This support came from a wide range of organizations that serve the Alice community and elected officials. While we believe the input from these organizations and elected officials met the very spirit of the Community Participation section of the QAP, the Department opted not to award this type of support any points. It is our understanding of the QAP that an application that does not receive Quantifiable Community Participation is entitled to the state average of these points. Our application was not awarded the state average.
- We provided the Department with the Quantifiable Community Participation Certification Form by faxing it to the Department on June 4, 2004. Attached hereto is the Certification Form, the cover letter sent with the certification form and a fax confirmation proving that such fax was received by the Department. By sending in the Quantifiable Community Participation Certification Form we should have been awarded the state average of these points.
- On June 7, 2004, the Department released a Final Scoring Log along with copies of letters sent to the neighborhood organizations that submitted letters of support on various applications. None of the organizations that submitted letters supporting our application received responses. Therefore, we can only assume that this was because we sent in the Quantifiable Community Participation Certification Form stating that there are not any neighborhood organizations so the Department did not respond to the support letters sent in on our behalf.

We strongly believe the Department has erred in its decision not to award San Diego Creek Apartments, #04050 the stage average of Quantifiable Community Participation points and respectfully ask that you correct this error. If you have questions regarding this appeal, please contact our Housing Tax Credit consultant, Kelly Hunt, at (806) 383-8784.

Thank you,

A handwritten signature in black ink, appearing to read "Doak Brown", followed by a horizontal line extending to the right.

Doak Brown
San Diego Creek Apartments

Project # 04052

**Chisholm Trail Senior
Village of Belton**

Board Appeal



LESLIE HOLLEMAN
4640 FM 3021
Brownwood, TX 76801
325.784.9797 ph
325.784.9777 fax

BEVERLY FUNDERBURGH
20183 FM 914
Stephenville, TX 76401
254.965.6317 ph
254.764.4177 fax

June 29, 2004

Honorable Members of the Board of Directors
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 600
Austin, Texas 78701

Re: HTC #04052, Chisholm Trail Senior Village of Belton
Appeal of denial of points for Quantifiable Community Participation

Dear Members of the Board:

The purpose of this letter is to respectfully appeal the denial of our request for a re-evaluation of the points for Quantifiable Community Participation for HTC #04052 Chisholm Trail Senior Village in Belton, Texas. We received denial of our appeal from the Executive Director on June 28, 2004. As with the majority of the applications which requested points for Quantifiable Community Participation, the above referenced application did not receive points for failure to meet *all* of the technical requirements which the Department required for scoring.

I would like to provide some background information to preface the basis for our appeal. The City of Belton, a small community of just over 10,000 residents, does not have *any* developments supported by Housing Tax Credits. When multiple developers expressed a desire to develop in the City of Belton, the City Council held a special meeting and requested that each developer make a presentation for purposes of educating the City and the interested public, as well as determining the City's support for one or more applications. That meeting was attended by members of the neighborhood which surrounds the proposed Chisholm Trail Senior Village. As the neighborhood members explained to us after the City Council presentation, our tract of land was one of the only remaining significant tracts of undeveloped land in downtown Belton. The neighbors were interested and concerned about the future plans for the development of that tract of land. Subsequently, we had the opportunity to meet extensively with neighborhood members. We answered numerous questions, they viewed photographs of our previous completed developments and spoke with one of our current tenants who resides at Bunker Hill Senior Village in Stephenville, an LIHTC seniors community similar to the one we are proposing in Belton. Over this approximate two month period, the neighborhood, including those residents bordering the proposed Chisholm Trail site, embraced the proposal as one that would be beneficial to their neighborhood specifically, and the community as a whole.

In the course of educating the City and the community about the Housing Tax Credit application process, we explained the Department's desire to ascertain the support of the local neighborhood. The City of Belton, as with most small rural communities, did not have formalized neighborhood groups recognized by the City. However, due to their desire to help bring this housing to their community, the neighborhood ultimately formed an Association under an Assumed Name Certificate and filed with the County Clerk just days before the Application deadline. Ultimately, the newly formed group, under the name the Nolan Creek Neighborhood Association, wrote into TDHCA expressing their support for the Chisholm Trail Senior Village.

The letter was reviewed by TDHCA and was not awarded points for failure to meet the following requirements:

1. Insufficient documentation provided to show that the organization's boundaries include the proposed development site;
2. The letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both;
3. Insufficient documentation provided to show that the organization is a "neighborhood organization" within the meaning of the requirement.

In conjunction with our appeal, I would like to express my disappointment that the stringent legal interpretation of the measurement of "Quantifiable Community Support" seems to overshadow the spirit and intent of the legislation. Because the section of the QAP dealing with Quantifiable Community Support required clarification, on numerous occasions the developer community as a whole requested guidance in meeting this criteria. This was discussed at the application workshops, in the open forums and at the QAP working groups. The denial of our appeal states "However, the Department is required to follow the plain language of legislation and its rules when evaluating the scoring criteria." I respectfully disagree that the language was in fact plain. We believe it left room for considerable interpretation on behalf the developer and the neighborhood organization.

The specific scenario I described above involving the Nolan Creek Neighborhood Association and the proposed Chisholm Trail Senior Village seems to embody what the Department was in effect trying to encourage, and is consistent with what was described in the Application Workshops presented by the Department in late 2003 as "working with the local community". Although the Department provided guidance on its website to the neighborhoods wishing to comment on applications, I don't believe the technical requirements were described in a manner that definitively laid out each specific requirement beyond a reasonable doubt. I was surprised to see that TDHCA required every one of several technical requirements to be met, then evaluating and awarding points on an "all or nothing" scenario.

We believe the Nolan Creek Neighborhood Association letter of support has met the criteria set forth in the QAP as follows:

1. The Nolan Creek Neighborhood letter narratively described their boundaries and stated that the subject site was in the heart of their community. Although the Nolan Creek Neighborhood Association did not include a map with their letter, the Guidelines posted by TDHCA states that the Department also "*requests*" that a map be submitted

– not that one was *required* and if not included would result in a technical “default”. Confirmation could have easily been achieved by reviewing any one of the numerous maps including in the application.

2. We believe the neighborhood provided information on their membership in the following statement that “*as we are a newly formed association in a small community, our membership is voluntary and we make decisions by mutual agreement or simple majority vote of the members*”. This seems to imply a good faith effort to comply with the second reason (stated above) described in the TDHCA reply letter.
3. Finally, as the neighborhood organized under an Assumed Name Certificate filed with the County Clerk, it is unrealistic to assume that they would have expended funds for formal organizational documents proving their status as a “neighborhood association”. Again, we believe this was not a *requirement* as stated in the QAP. Certainly the name “Nolan Creek Neighborhood Association” implies the purpose of the organization; furthermore the letter clearly describes their goal of working to affect matters within the boundaries of their local community.

If the Department was trying to obtain independent third-party commentary direct from the community, then I believe the standards for this commentary were unrealistic. The neighbors I met and visited with are not housing professional or consultants, skilled in the complex requirements of a Housing Tax Credit Application, but rather individuals and families concerned about the impact of growth in their community. Furthermore, if the Application process is complex to the point where the Department allows Applicants the opportunity to correct administrative deficiencies within a reasonable period of time, it seems unreasonable to expect the general public to meet every specific item on the first attempt.

It is apparent from the dialog posted from Open Forum Meetings and other public information, that the new requirements resulting from the Legislative Session should be followed to the letter of the law. However, without any definitive interpretation at the beginning of the application process, it is difficult for the HTC Applicants to meet these standards. We, too, must proceed on a “good faith effort” based on guidance from TDHCA. In closing, we respectfully request that the Board reconsider awarding points for Quantifiable Community Participation in response to letter of support from the Nolan Creek Neighborhood Association. However, as I stated in my original appeal letter, if the Department is bound by their initial interpretation, then it is my hope that my comments will be considered in the shaping of the Qualified Allocation Plan in future years.

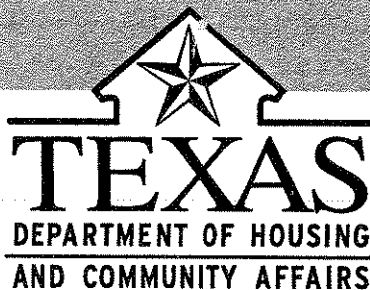
As always, my thanks to the Board and staff for your consideration and the work you do to bring housing to those Texans in need.

Sincerely,



Leslie Donaldson Holleman

Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 28, 2004.

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Leslie Donaldson Holleman
DF Chisholm Trail Senior Village, L.P.
4640 FM 3021
Brownwood, TX 76801
Telephone: (325) 784-9797
Fax: (325) 784-9777

**Re: Response to appeal received June 14, 2004
Chisholm Trail Senior Village TDHCA Project No. 04052**

Dear Ms. Holleman:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced Development, regarding the eligibility of your application to receive points for Quantifiable Community Participation (QCP) under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the Development noted above.

Consistent with that section of the QAP, the letter from Nolan Creek Neighborhood Association was reviewed to determine if all submission requirements were met. Unfortunately, the letter did not meet the requirements to be scored for the reasons that you refer to in your appeal. Your appeal expresses your general disappointment that the stringent legal interpretation of the measurement of QCP seems to overshadow legislation. However, the Department is required to follow the plain language of legislation and its rules when evaluating the scoring criteria. In this case, the QAP, as the rule for the Housing Tax Credit Program, has outlined required content for QCP letters. Unfortunately, this content was not included in the QCP letter submitted for this application.

Appeal Determination

Because of the above mentioned reasons, your appeal is denied.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with

Ms. Leslie Donaldson Holleman
June 28, 2004

the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,

A handwritten signature in cursive script that reads "Edwina P. Carrington". The signature is written in black ink and is positioned above the printed name and title.

Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal



RECEIVED
JUN 14 2004
LIHTC

LESLIE HOLLEMAN
4640 FM 3021
Brownwood, TX 76801
325.784.9797 ph
325.784.9777 fax

BEVERLY FUNDERBURGH
20183 FM 914
Stephenville, TX 76401
254.965.6317 ph
254.764.4177 fax

June 14, 2004

Ms. Jennifer Joyce
Multifamily Finance Production
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 600
Austin, Texas 78701

Re: HTC #04052, Chisholm Trail Senior Village of Belton
Appeal of denial of points for Quantifiable Community Participation

Dear Jennifer:

The purpose of this letter is to request a re-evaluation of the points for Quantifiable Community Participation for HTC #04052 Chisholm Trail Senior Village in Belton, Texas. As with the majority of the applications which requested points for Quantifiable Community Participation, the above referenced application did not receive points for failure to meet all of the technical requirements which the Department required for scoring.

I would like to provide some background information to preface the basis for our appeal. The City of Belton, a small community of just over 10,000 residents, does not have any developments supported by Housing Tax Credits. When multiple developers expressed a desire to develop in the City of Belton, the City Council held a special meeting and requested that each developer make a presentation for purposes of educating the City and the interested public, as well as determining the City's support for one or more applications. That meeting was attended by members of the neighborhood which surrounds the proposed Chisholm Trail Senior Village. As the neighborhood members explained to us after the City Council presentation, our tract of land was one of the only remaining significant tracts of undeveloped land in downtown Belton. The neighbors were interested and concerned about the future plans for the development of that tract of land. Subsequently, we had the opportunity to meet extensively with neighborhood members. We answered numerous questions, they viewed photographs of our previous completed developments and spoke with one of our current tenants who resides at Bunker Hill Senior Village in Stephenville, an LIHTC seniors community similar to the one we are proposing in Belton. Over this approximate two month period, the neighborhood, including those residents bordering the proposed Chisholm Trail site, embraced the proposal as one that would be beneficial to their neighborhood specifically, and the community as a whole.

In the course of educating the City and the community about the Housing Tax Credit application process, we explained the Department's desire to ascertain the support of the local neighborhood. The City of Belton, as with most small rural communities, did not have formalized neighborhood groups recognized by the City. However, due to their desire to help bring this housing to their community, the neighborhood ultimately formed an Association under an Assumed Name Certificate and filed with the County Clerk just days before the Application deadline. Ultimately, the newly formed group, under the name the Nolan Creek Neighborhood Association, wrote into TDHCA expressing their support for the Chisholm Trail Senior Village.

The letter was reviewed by TDHCA and was not awarded points for failure to meet the following requirements:

1. Insufficient documentation provided to show that the organization's boundaries include the proposed development site;
2. The letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both;
3. Insufficient documentation provided to show that the organization is a "neighborhood organization" within the meaning of the requirement.

My purpose in writing this letter is to express my disappointment that the stringent legal interpretation of the measurement of "Quantifiable Community Support" seems to overshadow the spirit and intent of the legislation. The specific scenario I described above involving the Nolan Creek Neighborhood Association and the proposed Chisholm Trail Senior Village seems to embody what the Department was in effect trying to encourage, and is consistent with what was described in the Application Workshops presented by the Department in late 2003 as "working with the local community". Although the Department provided guidance on its website to the neighborhoods wishing to comment on applications, I don't believe the technical requirements were described in a manner that definitively laid out each specific requirement beyond a reasonable doubt. I was surprised to see that TDHCA required every one of several technical requirements to be met, then evaluating and awarding points on an "all or nothing" scenario.

For example, the Nolan Creek Neighborhood letter narratively described their boundaries and stated that the subject site was in the heart of their community. Although the Nolan Creek Neighborhood Association did not include a map with their letter, the Guidelines posted by TDHCA states that the Department also "requests" that a map be submitted – not that one was *required* and if not included would result in a technical "default". Similarly, the Neighborhood's statement that "*as we are a newly formed association in a small community, our membership is voluntary and we make decisions by mutual agreement or simple majority vote of the members*" seems to imply a good faith effort to comply with the second reason (stated above) described in the TDHCA reply letter. Finally, as the neighborhood organized under an Assumed Name Certificate filed with the County Clerk, it is unrealistic to assume that they would have expended funds for formal organizational documents proving their status as a "neighborhood association" within the meaning of TDHCA's requirement. Certainly the name "Nolan Creek Neighborhood Association" implies the purpose of the organization.

If the Department was trying to obtain independent third-party commentary direct from the community, then I believe the standards for this commentary were unrealistic. The neighbors I met and visited with are not housing professional or consultants, skilled in the complex requirements of a Housing Tax Credit Application, but rather individuals and families concerned about the impact of growth in their community. Furthermore, if the Application process is complex to the point where the Department allows Applicants the opportunity to correct administrative deficiencies within a reasonable period of time, it seems unreasonable to expect the general public to meet every specific item on the first attempt.

It is apparent from the dialog posted from Open Forum Meetings and other public information, that the new requirements resulting from the Legislative Session should be followed to the letter of the law. However, without any definitive interpretation at the beginning of the application process, it is difficult for the HTC Applicants to meet these standards. We, too, must proceed on a "good faith effort" based on guidance from TDHCA. In closing, it is my hope that if TDHCA has any latitude to evaluate the Quantifiable Community Participation, the Nolan Creek Neighborhood Association letter in support of Chisholm Trail Senior Village in Belton will be re-evaluated and awarded points under this section. However, if the Department is bound by their initial interpretation, then it is my hope that my comments will be considered in the shaping of the Qualified Allocation Plan in future years.

As always, thank you for your consideration and the work you do to bring housing to those Texans in need.

Sincerely,



Leslie Donaldson Holleman

Project # 04057

Stone Hollow Village

Board Appeal

STONE HOLLOW VILLAGE

June 29, 2004

Ms. Delores Groneck
Board of Directors - Secretary
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78701

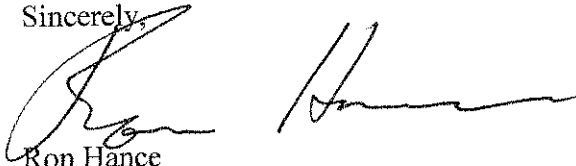
Re: Stone Hollow Village, # 04057 – QCP Appeal

Dear Ms. Groneck:

Attached please find a letter of appeal for Quantifiable Community Support for Stone Hollow Village, #04057. This appeal has been denied by Ms. Carrington and the applicant is now appealing to the Board of the Texas Department of Housing and Community Affairs.

Should you have any further suggestions or questions, please do not hesitate to call me.

Sincerely,



Ron Hance
Authorized Representative

STONE HOLLOW VILLAGE

8140 N. MOPAC
Suite 4-270
Austin, Texas 78759

(512) 527-9335
Fax: (512) 527-9337

June 14, 2004

Ms. Brooke Boston
Texas Department of Housing and Community Affairs
507 Sabine
Suite 400
Austin, Texas 78701

Re: Stone Hollow Village in Lubbock
TDHCA No. 04057

Dear Brooke:

The Applicant has received a notice of scoring for its low-income housing tax credit application and desires to appeal that scoring in accordance with the 2004 Qualified Allocation Plan (the "QAP"). The Applicant received eleven letters of support from neighborhood organizations, and none of those letters received a score. We will address the letters in general by first listing the letters:

Family Guidance & Outreach Center of Lubbock; The Children's Home of Lubbock; and the Lubbock Meals on Wheels.

The Department did not score these support letters based on some of all of the following grounds:

Reason #1: *Your letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both.*

Reason #2: *Insufficient documentation was provided to show that the organization is a "neighborhood organization" within the meaning of this requirement.*

To generally respond to the rejections of applicants letters, applicant believes that the spirit of the agencies QAP this year was to make sure that the applicant obtained the communities support. We believe that these eleven letters are a sign that applicant has obtained the communities support.

Response #1: Each of the letters is from an organization that does not have "members". Each letter noted the number of recipients and/or how applications are made to be associated with the organization and/or that they have board members.

Brooke Boston
June 10, 2004
Page 2

Response #2: The TDHCA did not and has not provided a specific definition or meaning of "neighborhood organization". We appeal this criteria based on the fact there was no criteria presented. As far as we know there is still no definition for "neighborhood organization".

In reference to all of the support letters for Stone Hollow Village in Lubbock, specifically listed below, we would like to adopt all arguments made by all applicants in reference to their letters of support for the following reasoning: should the agency change its mind on how it evaluated the support letters for any reason we want to be included in that change. Therefore we adopt all arguments made by all applicants. Thank you for your consideration on this point.

Family Guidance & Outreach Center of Lubbock; Housing Authority of Lubbock; The Children's Home of Lubbock; Community health center of Lubbock; Work Source of the South Plains; Marian Moss; Women's Protective Services of Lubbock; Small Business Development Center at Texas Tech; Planned Parenthood Association of Lubbock; The Parenting Cottage; and the Lubbock Meals on Wheels.

We appreciate your consideration of the matters presented in this appeal letter. The Applicant believes that its score should be adjusted for these letters of support from neighborhood organizations. If you have any questions about the discussion in this appeal letter, please feel free to contact me.

Sincerely,



Ron Hance

Authorized Representative

Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 28, 2004

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Ron Hance
LHA Stone Hollow, LP
8140 N. Mopac, Ste. 4-270
Austin, TX 78759
Telephone: (512) 527-9335
Fax: (512) 527-9337

**Re: Response to appeal received June 14, 2004
Stone Hollow Village TDHCA Project No. 04057**

Dear Mr. Hance:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced Development, regarding the eligibility of your application to receive points for Quantifiable Community Participation (QCP) under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the Development noted above. Consistent with that section of the QAP, the letter was reviewed to determine if all submission requirements were met.

Unfortunately, as you indicate in your appeal, none of the QCP letters for this application meet the requirements to be scored. Specifically you have appealed the letter from Family Guidance and Outreach Center of Lubbock ("the Center"). This letter did not provide a brief description of the process used to determine the members' position of support. Additionally, documentation indicates the organization serves an entire county, not the specific neighborhood. Therefore, the organization is not a "neighborhood organization" within the meaning of the requirement.

You also reference all support letters in your appeal and state, "we would like to adopt all arguments made by all applicants in reference to their letters of support for the following reason: should the agency change its mind on how it evaluated the support letters for any reason we want to be included in that change. Therefore we adopt all arguments made by all applicants." Please note that you cannot appeal by adopting "all arguments made by all applicants". §50.18(b)(3) of the 2004 QAP requires that an Applicant's appeal "must specifically identify the applicant's grounds for appeal". To the extent your appeal fails to do so, your appeal is denied.

Mr. Ron Hance
June 28, 2004

Appeal Determination

Because of the above-mentioned reasons, your appeal is denied.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal

STONE HOLLOW VILLAGE

8140 N. MOPAC
Suite 4-270
Austin, Texas 78759

(512) 507-9335
Fax: (512) 507-9337
JUN 14 2004 10:03 AM

June 14, 2004

Ms. Brooke Boston
Texas Department of Housing and Community Affairs
507 Sabine
Suite 400
Austin, Texas 78701

Re: Stone Hollow Village in Lubbock
TDHCA No. 04057

Dear Brooke:

The Applicant has received a notice of scoring for its low-income housing tax credit application and desires to appeal that scoring in accordance with the 2004 Qualified Allocation Plan (the "QAP"). The Applicant received eleven letters of support from neighborhood organizations, and none of those letters received a score. We will address the letters in general by first listing the letters:

Family Guidance & Outreach Center of Lubbock; The Children's Home of Lubbock; and the Lubbock Meals on Wheels.

The Department did not score these support letters based on some of all of the following grounds:

Reason #1: *Your letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both.*

Reason #2: *Insufficient documentation was provided to show that the organization is a "neighborhood organization" within the meaning of this requirement.*

To generally respond to the rejections of applicants letters, applicant believes that the spirit of the agencies QAP this year was to make sure that the applicant obtained the communities support. We believe that these eleven letters are a sign that applicant has obtained the communities support.

Response #1: Each of the letters is from an organization that does not have "members". Each letter noted the number of recipients and/or how applications are made to be associated with the organization and/or that they have board members.

Brooke Boston
June 10, 2004
Page 2

Response #2: The TDHCA did not and has not provided a specific definition or meaning of "neighborhood organization". We appeal this criteria based on the fact there was no criteria presented. As far as we know there is still no definition for "neighborhood organization".

In reference to all of the support letters for Stone Hollow Village in Lubbock, specifically listed below, we would like to adopt all arguments made by all applicants in reference to their letters of support for the following reasoning: should the agency change its mind on how it evaluated the support letters for any reason we want to be included in that change. Therefore we adopt all arguments made by all applicants. Thank you for your consideration on this point.

Family Guidance & Outreach Center of Lubbock; Housing Authority of Lubbock; The Children's Home of Lubbock; Community health center of Lubbock; Work Source of the South Plains; Martan Moss; Women's Protective Services of Lubbock; Small Business Development Center at Texas Tech; Planned Parenthood Association of Lubbock; The Parenting Cottage; and the Lubbock Meals on Wheels.

We appreciate your consideration of the matters presented in this appeal letter. The Applicant believes that its score should be adjusted for these letters of support from neighborhood organizations. If you have any questions about the discussion in this appeal letter, please feel free to contact me.

Sincerely,



Ron Hauce

Authorized Representative

Project # 04060

Providence Place

Board Appeal

PROVIDENCE PLACE, LTD.
6363 WOODWAY, SUITE 320
HOUSTON, TEXAS 77057
713-914-9200
713-914-9292 FAX
email: blazer1@bigplanet.com

TDHCA

JUN 30 2004

HUMAN RESOURCE OFFICE

June 30, 2004

Board of Directors
Texas Department of Housing and Community Affairs ("TDHCA")
507 Sabine
Austin, Texas 78701

RECEIVED

JUN 30 2004

EXECUTIVE

Re: Providence Place Townhomes (the "Project"), a Senior Residence
2004 Low Income Housing Tax Credit ("LIHTC") Application Round
TDHCA Number: 04060

**Direct Appeal to TDHCA Board of Directors of Scoring for Quantifiable
Community Participation ("QCP")**

Attention: Ms. Edwina Carrington, Executive Director

Ladies and Gentlemen:

Pursuant to the provisions of Section 50.18(b)(4) of the LIHTC 2004 Qualified Allocation Plan (the "QAP"), this appeal is being filed directly with the Governing Board of TDHCA. **Our specific request is that the points denied to the Project relating to QCP be recognized at the full 12 points eligible.**

On June 28, 2004, we received notice that our appeal filed June 14, 2004 with Executive Director Edwina Carrington had been denied. Enclosed please find copies of that appeal for your easy reference, with all related attachments. Also please find a copy of the March 29, 2004 letter of support from the local neighborhood organization, Mayde Creek Community Acting Together.

We take issue with the following language in the enclosed TDHCA appeal denial letter:

"Unfortunately, the letter from Mayde Creek Community Acting Together ("MCCAT") did not meet the requirements to be scored. The letter was not scored because the Department is obligated to affirmatively further fair housing. MCCAT expressed opposition to families with children, a protected class under the Fair Housing Act. Departmental support of MCCAT's opposition to families with children would be inconsistent with the department's obligation to further

fair housing. Were the Department to award points for this letter, it would, in effect, be supporting MCCAT's opposition to families with children."

The Department is absolutely wrong in its interpretation of the Fair Housing Act as applied to these facts and circumstances. First, seniors housing is exempt from the provisions of the Fair Housing Act. Second, we fail to find any direct statement of MCCAT's in opposition to families with children relating to this application. The only statement we can find was made in the context of a hearing relative to a 2003 4% Bond application for family housing that was subsequently withdrawn by the developer—it was not an issue in the current application.

You will note that in our June 14 appeal letter we made it abundantly clear that our Project is not an application for apartments for families with children; rather, it is a Senior Residence of 174 units of 1 and 2 bedrooms. The MCCAT letter was unqualified in its support of this Senior Residence.

To penalize our application for the reasons stated is tantamount to the Department taking the position that we should have made application for a development for families with children, regardless of our own business decisions and regardless of the concerns of the community. TDHCA does not yet have the authority to dictate where and what type development we should develop, and certainly not under the ruse of furthering fair housing. The statement that "if the Department were to award points for this letter, it would, in effect, be supporting MCCAT's opposition to families with children" is categorically incorrect. Nowhere does the MCCAT letter state that it opposes families with children. It opposes constructing a development that, in MCCAT's opinion, would worsen an already problematic situation in the local elementary school burdened with inadequate resources and infrastructure. Whether or not we agree with MCCAT on this point, to penalize the statements made is to penalize free speech, a penalty that is not contemplated in the Fair Housing Act.

Moreover, the MCCAT letter, in our opinion, exemplifies the kind of local community participation envisioned by the Legislature in the enactment of S. B. 264 in the last legislative session. I refer you to Section 2306.0661, Government Code, addressing this issue:

"(f) The board shall adopt rules governing the topics that may be considered at a public hearing. The rules must require the department to consider the following topics in relation to a proposed housing development:

- (1) the developer market study;
- (2) the location;
- (3) the compliance history of the developer;
- (4) the financial feasibility;

- (5) *the appropriateness of the development's size and configuration in relation to the housing needs of the community in which the development is located;*
- (6) the development's proximity to other low income housing developments;
- (7) *the availability of adequate public facilities and services;*
- (8) *the anticipated impact on local school districts;*
- (9) *zoning and other land use considerations;* and
- (10) any other topics that the board by rule determines to be appropriate."

(Emphasis supplied)

Please allow me to quote from the MCCAT support letter:

"The plan to build Providence Place Townhomes reflects the successful dialogue between Blazer residential and the local community. In December 2003, Blazer met with MCCAT and representatives from adjacent homeowners' associations on a multifamily development targeted for families. At this meeting, we made it clear that such a development would have an adverse effect on the local elementary school, not only due to the school's overcrowded conditions and the lack of land to expand, but also due to the high (67%) percentage of economically-disadvantaged children that already attended the school. We were concerned that the school and its infrastructure may not be able to support the additional numbers of low-income students. We did suggest that the life-cycle of their neighborhoods did suggest that a project targeted to elderly households would be appropriate, and would not overly burden local schools."

No reasonable interpretation can convert this statement into a violation of the Fair Housing Act. To do so under the rubric of "affirmatively furthering fair housing" constitutes a direct and serious disregard by the Department of the Legislative mandate contained in Section 2306.0661 of the Government Code. As a matter of fact, the neighbors' concern for the "protected class under the Fair Housing Act" (as referenced in TDHCA's appeal denial letter) is evidenced in the very next paragraph of the MCCAT letter, as follows:

"...Blazer offered to create a volunteer/mentoring program, where the senior residents of the townhome community would act as volunteers in the local elementary school. This is important to us because the school, with its current demographic profile, has relatively less parental support and volunteers than do other schools in the Katy Independent School District. We also believe that a reciprocal relationship can develop (in fact, we arranged a meeting with Mr. Richardson and the school principal) that could benefit the residents of the development as well. Moreover, we felt that the project would dedicate undeveloped land to higher use, protecting it from being developed in a way that did not

Board of Directors
June 30, 2004
Page 4

comply with our values (particularly, strip shopping or other unattractive commercial development).”

The Legislature has encouraged developers to work with community groups to attempt to reach a common ground for affordable housing properties. We have done that, and the support is in the form of Quantifiable Community Participation.

Please accept this direct appeal from Department denial of our earlier appeal and restore the full 12 points for Quantifiable Community Participation in connection with Providence Place Townhomes.

Thank you for your consideration.

Sincerely,

PROVIDENCE PLACE, LTD.

A handwritten signature in cursive script that reads "H. Chris Richardson". The signature is written in black ink and is positioned above the printed name and title.

H. Chris Richardson
Beinhorn Partners Limited Partnership
Developer



WWW.TDHCA.STATE.TX.US

June 28, 2004

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Bradrick Bogany
Kent Conine
Lidal Gonzalez
Patrick R. Gordon
Lorberto Salinas

Chris Richardson
Providence Place, Ltd.
6363 Woodway, Suite 320
Houston, TX 77057
Telephone: (713) 914-9200
Fax: (713) 914-9292

Re: Response to appeal received June 14, 2004
Providence Place TDHCA Project No. 04060

Dear Mr. Richardson:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced Development, regarding the eligibility of your application to receive points for Quantifiable Community Participation (QCP) under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the Development noted above. Consistent with that section of the QAP, your letter was reviewed to determine if all submission requirements were met.

Unfortunately, the letter from Mayde Creek Community Acting Together ("MCCAT") did not meet the requirements to be scored. The letter was not scored because the Department is obligated to affirmatively further fair housing. MCCAT expressed opposition to families with children, a protected class under the Fair Housing Act. Departmental support of MCCAT's opposition to families with children would be inconsistent with the Department's obligation to further fair housing. Were the Department to award points for this letter, it would, in effect, be supporting MCCAT's opposition to families with children.

While the Department has noted the June 11 letter submitted in the appeal, it cannot be counted as QCP because all QCP letters were required to have been received by the Department no later than April 30, 2004 pursuant to this section of the QAP.

Appeal Determination

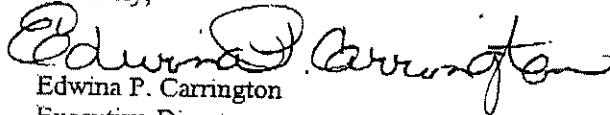
Because of the reasons above, the appeal is denied.

Mr. Ron Hance
June 28, 2004

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Dolores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,


Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Providence Place, Ltd.
6363 Woodway, Suite 320
Houston, TX 77057
713.914.9200 713.914.9292 fax

Via Fax & Regular Mail

June 14, 2004

Ms. Edwina P. Carrington
Executive Director
TDHCA
507 Sabine, Suite 300
Austin, TX 78701

Mr. Chris Wittmayer
General Counsel
TDHCA
507 Sabine, Suite 300
Austin, TX 78701

Ms. Brooke Boston
Director of Multi-Family Finance Production Division
TDHCA
507 Sabine, Suite 300
Austin, TX 78701

Subject: Providence Place
TDHCA Number: 04060
Appeal of Scoring for Quantifiable Community Participation

Dear Ms. Carrington, Ms. Boston & Mr. Wittmayer:

We are in receipt of a Scoring Notice concerning the LIHTC application of the subject development. The Notice reflects the Department has awarded zero points for Quantifiable Community Participation. We have obtained copies of the Department's Response to the Neighborhood Organization that indicated points were not awarded because of "opposition to housing for families with children, a protected class of persons under the Fair Housing Act".

The opposition to a previous application for a family property is in fact true, and was withdrawn by us as applicant. In the spirit of good faith and fair dealing with the local community, and as encouraged by the most recent Texas Legislative session, we entered into discussions to compromise with the opposition to meet on a middle ground that would be viewed as a win-win situation for all concerned.

Now that the Developer and the Community have agreed on a product category that works for all concerned, previous statements made by area residents that may be viewed as Anti Fair Housing statements should not be used to penalize the current application simply because the previous opposition has been referenced.

Providence Place
Appeal of Scoring for Quantifiable Community Participation
Page 2

June 14, 2004

The Mayde Creek Community Acting together (MCCAT) has expressed a willingness to rewrite the letter and delete any reference to their prior opposition. This, of course, does not change anything in the past, but it does underscore the Developer and the Community participation in working together to advance affordable housing that is needed.

MCCAT, our Community Organization, made positive statements at our public hearing with regard to working together with them and local elected officials. The extensive amount of information included in the letter submitted by MCCAT to TDHCA signed by both Judith McGlaughlin and Tess Zimmerman and the extensive input can be used to define what Quantifiable Community Participation is - not disregarded with a zero score.

Ms. McGlaughlin has even volunteered considerable amount of her personal time to be involved with the QAP working group and has also spent time with local legislators and officials to learn as much as she can and give input on the various issues of affordable housing in the State of Texas and how it interacts with community organizations across the state but especially in areas like Katy, Texas where she resides. Again I want to emphasize all the input from Mayde Creek Community Acting Together as I feel their input embodies local QUANTIFIABLE COMMUNITY PARTICIPATION.

Please accept our appeal of the Department's scoring on this matter. We feel we should receive the maximum score based on the facts and as outlined above.

We respectfully request the Department to re-evaluate its scoring of Quantifiable Community Participation for the applicant based upon the contents of the Community's submission. We also wish to communicate to the Department the mutual time and efforts spent by the Applicant and the Community to fully understand each others issues and concerns with the mutual goal to provide affordable housing for senior residents in the Katy area of Harris County.

Sincerely,



H. Chris Richardson
Managing Partner, Beinhorn Partners Limited
Partnership, Developer

MAYDE CREEK COMMUNITY ACTING TOGETHER

June 11, 2004

Texas Department of Housing & Community Affairs
Attention: Director of Multifamily Finance Production Division
(Neighborhood Input)
P. O. Box 13941
Austin, TX 78711-3941

Dear Director:

On behalf of our members and other engaged individuals in the community, Mayde Creek Community Acting Together, Inc. (MC-CAT) is submitting this letter of support for Providence Place Townhomes, a planned townhome community comprised of 174 units for senior citizens, to be located at 20300 Saums Road, Katy, Harris County, Texas. Providence Place, Ltd., a limited partnership owned by Blazer Residential (Chris Richardson, President) has applied for low-income housing tax credits under the 2004 Qualifying Allocation Program.

MC-CAT was incorporated as a legal nonprofit corporation in the state of Texas on January 25, 2003. The stated mission of this corporation "is to articulate and advance the quality of life goals of the participant neighborhoods, by identifying and evaluating externally-directed changes, by providing a forum to gain community consensus, and by communicating the voice of the community to other organizations and individuals." Copies of the organization's By-Laws and Articles of Incorporation are attached to this correspondence. The organization additionally gained recognition as a neighborhood organization from Harris County, Texas, by successfully completing the City of Houston's application to be registered as a civic organization by the City in February 2004 (a copy of the application is also attached, which includes geographical boundaries). In March 2004, MC-CAT received notification that it had been approved as a tax-exempt 501(c)(4) organization by the U.S. Internal Revenue Service.

Presently, there are 105 individuals in the MC-CAT organization. All members reside within the organization's boundaries.

The plan to build Providence Place Townhomes reflects the successful dialogue between Blazer Residential and the local community. Reflecting the proximity of the planned unit to a local elementary school, Blazer offered to create a volunteer/mentoring program, where the senior residents of the townhome community would act as volunteers. This is important to us because the school, with its current demographic profile, has relatively less parental support and volunteers than do other schools in the Katy Independent School District. We also believe that a reciprocal relationship can develop (in fact, we arranged a meeting with Mr. Richardson and the school principal) that could benefit the residents of the development as well. Blazer also agreed to increase the height of the fence surrounding the townhome project, reflecting our concerns over the security of the elderly residents. Overall, we felt that the project would dedicate undeveloped land to higher use, protecting it from being developed in a way that did not comply with our values (particularly, strip shopping or other unattractive commercial development).

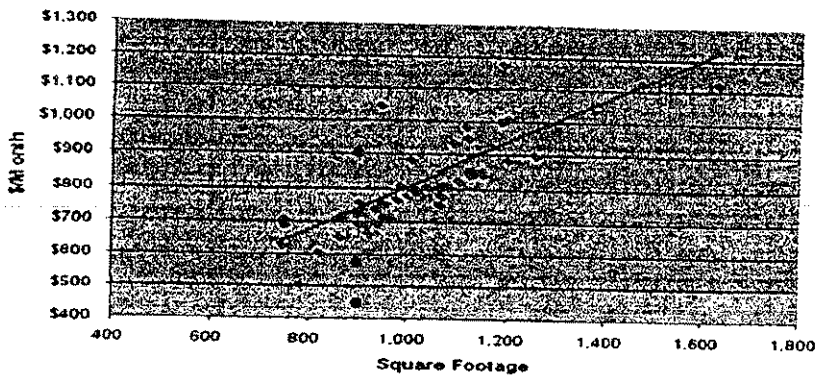
In addition to the mentoring relationship with the local elementary school, we strongly support the benefits that we anticipate to the elderly population in our community. These benefits are summarized below:

- Rates are considerably lower than other apartments in the community.
- The townhomes offer the elderly more security than they have in mixed-age apartments.
- The townhomes offer residents a higher quality of life than other apartments in the community.
- The townhomes will include services designed for elderly population.

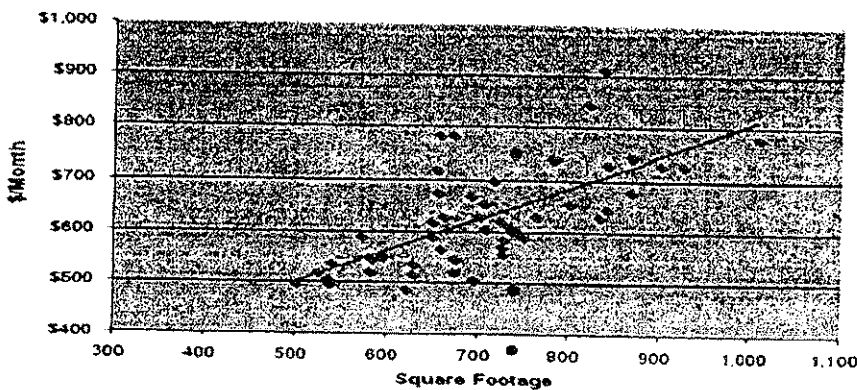
June 11, 2004

In order to determine whether rents would, in fact, be lower than the rents of other apartments in the area, we conducted a survey of the rents and unit sizes of some 18 apartment projects in the area. This comparison is shown on the charts below. The scattered points show the size/rent combination for the sample of 18 apartment projects, while the proposed rates for Providence Place Townhomes are highlighted.

Two-Bedroom Apartments



One-Bedroom Apartments



These charts show that the rates for tenants with less than 40% and less than 50% of the area median income are considerably lower than the "market rate" (denoted by the green line in each chart), while tenants with incomes less than 60% of the area median income would be paying at or just under the market rates - while receiving the additional services and security not found among the existing apartment projects.

The market study prepared for Providence Place Townhomes did not specifically address the numbers of elderly residents in the area. It is our experience, information that was confirmed by Executive Director Sandy Faucett of the Katy Christian Ministries (www.kcmm.org) that there is a large need for good-quality housing for low-income, elderly persons in our community. It is Ms. Faucett's experience that many elderly individuals in Katy live in the houses that they either grew up in, or raised their families in, and that these homes are subject to deterioration and disrepair as their incomes fall as they age. Our own experience tells us that there are many pockets of elderly individuals living in apartments that they can afford, but their quality of life is diminished by a lack of security and an inability to network with persons of their own age and interests.

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p. 1

- 3 -

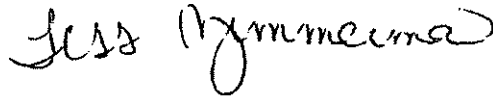
June 11, 2004

Unfortunately, we do not have the ability to conduct our own census of these individuals. As an alternative, we asked O'Connor and Associates, the analysts who developed the market study for Providence Place Townhomes, to look at the incidence and rate of elderly households with incomes that met the ranges specified for Providence Place. We further asked O'Connor to limit this inquiry to only zip codes 77084, 77493, and 77449, as these represented the market that we considered to be part of our community - and excluded those zip codes that O'Connor had included in the original study that we did not feel were part of our community. The statistics are also attached, and suggest that there are over 1,600 elderly households that will qualify for Providence Place Townhomes on the basis of age and income, and we believe that many will want to make the move to a new apartment complex.

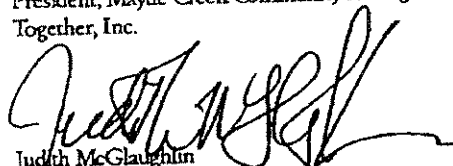
The decision to write this letter of approval was made in two ways: (1) we queried our members through the Yahoo!Group that we use to promote communications (as per the mission statement), and (2) we used the neighborhood meeting conducted on February 23, 2004 to promote a discussion amongst the HOAs in our geographic area that are most directly affected by the development. This meeting, which included a vote by show of hands at the end of the meeting, produced the support and rationale that we provide in this letter of support.

If these townhomes are approved, our next steps are to go back to the Kary Christian Ministries, and get the message to local churches about the project and its benefits to our community.

Sincerely,



Tess Zimmerman
President, Mayde Creek Community Acting
Together, Inc.

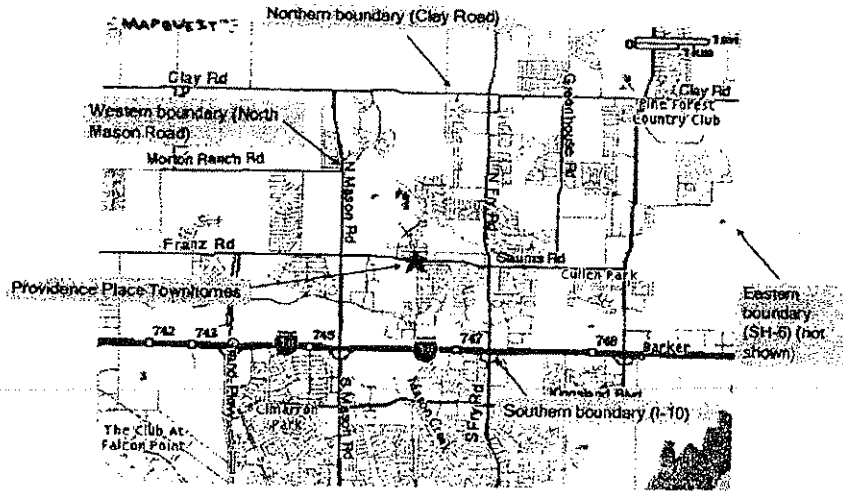


Judith McGlaughlin
Director, Mayde Creek Community Acting
Together, Inc.

Cc: State Representative Bill Callegari
Director Sandy Faucett, Kary Christian Ministries
Mr. Chris Richardson, Blazer Residential

- 4 -

June 11, 2004

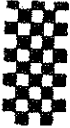


Mayde Creek Community Acting Together, Inc.
 Geographical Boundaries

Distribution of Elderly Population by Income: Zip Codes 77084, 77493, 77449

Begin Income	End Income	Data	Age Category			Grand Total
			55-64	64-74	75+	
\$0	\$14,999	Number	314	288	180	782
		% of Age Category	7%	17%	19%	11%
\$15,000	\$24,999	Number	352	227	208	787
		% of Age Category	7%	13%	22%	11%
\$25,000	\$34,999	Number	529	177	132	838
		% of Age Category	11%	10%	14%	11%
\$35,000	\$49,999	Number	683	337	161	1,191
		% of Age Category	15%	20%	17%	16%
\$50,000	\$74,999	Number	1,138	282	121	1,541
		% of Age Category	24%	17%	13%	21%
\$75,000	\$99,999	Number	639	149	70	858
		% of Age Category	13%	9%	7%	12%
\$100,000	\$124,999	Number	473	78	20	571
		% of Age Category	10%	5%	2%	8%
\$125,000	\$149,999	Number	308	66	3	377
		% of Age Category	6%	4%	0%	5%
\$150,000	\$199,999	Number	204	61	25	290
		% of Age Category	4%	4%	3%	4%
\$200,000	\$999,999	Number	123	39	42	204
		% of Age Category	3%	2%	4%	3%
Total Number			4,773	1,704	962	7,439
Total % of Age Category			100%	100%	100%	100%

Source: U.S. Bureau of Census, 2003 Estimate



CIVIC ASSOCIATION NOTIFICATION REGISTRATION FORM

City of Houston

Planning and Development Department

Write Us @ PO Box 1562, Houston, Texas 77251-1562
Fax Us @ (713) 837-7923

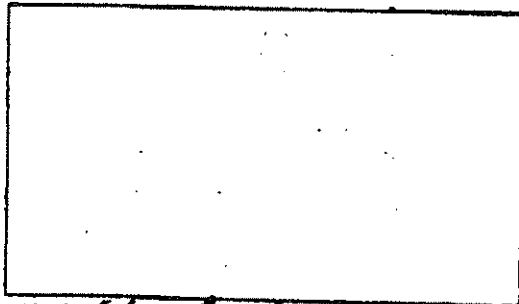
Telephone Us @ (713) 837-7932
Email Us @ CivicUpdate@pd.ci.houston.tx.us

PURPOSE:

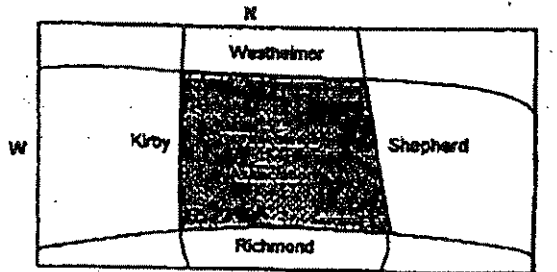
New development within the city of Houston must comply with certain rules spelled out in Chapter 42 of the City's Code of Ordinances unless a variance (special exception to the rules) is obtained from the Planning Commission. Whenever a variance or special exception is requested, property owners within 250 feet and properly registered civic associations must be notified so that they are aware of the opportunity to speak to the Planning Commission before a decision to grant or deny the variance is made. To properly register your civic association for notification of variance requests, completely fill out this form and send it to the City of Houston Planning & Development Department at the above mailing address or fax number. Remember to submit a new form whenever the contact name, address or other information changes.

- CIVIC ASSOCIATION NAME:** MAYDE CREEK COMMUNITY ACTING TOGETHER, INC.
- CIVIC ASSOCIATION REGISTRATION ADDRESS:** Contact Person: CORMAC CREAVEN
Street Address (or P.O. Box): 10571 Cherrytree Grove Apt/Suite #: _____
City: HOUSTON TEXAS Zip Code: 77084 Telephone: 281-398-6681
- GENERAL INFORMATION:**
Civic Association Email Address: http://groves.yahoo.com/group/maydecreekact Fax #: 832-295-2660
Website: NONE Next Officer Election Date: _____
Regular Meeting Date: 1/21 None Monthly Quarterly Other: Annual
Names and Positions of Officers: Tess Zimmerman, President
(Other than Registrant) Judith McLaughlin, Director
Timothy Calahan, Treasurer
- DOCUMENTATION ATTACHED:** 501(c)3 By-laws Other: Ratification & consent Articles of Incorporation
(Example: meeting minutes)
- LOCATION:** Subdivision Name: multiple subdivisions w/ boundaries
Key Map: (Example: 493L) 445, 446, 447, 448 Council District #: District A
Super Neighborhood #: 6 Super Neighborhood Name: Addicks/Lack-Ten
Boundary: Use street names to identify area within boundary.

LOCATION



LOCATION EXAMPLE



North: Clay Road
East: SH 26

South: I-10
West: Macon Road

North: Westheimer
East: Shepherd

South: Richmond
West: Kirby

6. AUTHORIZED SIGNATURE

Judith McLaughlin Director
SIGNATURE POSITION

1/23/2004
DATE

ARTICLES OF INCORPORATION OF MAYDE CREEK
COMMUNITY ACTING TOGETHER, INC., A NONPROFIT CORPORATION

ARTICLE I

The name of the corporation is Mayde Creek Community Acting Together, Inc. The corporation shall be located at 1911 Hollyoak Dr. Houston Texas 77084.

ARTICLE II

The corporation is a nonprofit corporation.

ARTICLE III

The period of its duration is perpetual.

ARTICLE IV.

1. The purpose of the corporation is to articulate and advance the quality of life goals of the participant neighborhoods by identifying and evaluating external changes, by providing a forum to gain community consensus, and by communicating the voice of the community to other individuals and organizations.
2. No part of the net earnings of the corporation shall inure to the benefit of any director of the corporation, officer of the corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation affecting one or more of its purposes), and no director or officer of the corporation, or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the corporation. No substantial part of the activities of the corporation shall be carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publication or distribution of statements) any political campaign on behalf of any Candidate for public office.
3. The corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to tax on undistributed income imposed by applicable provisions of the Internal Revenue Code as of the date of incorporation, or corresponding provisions of any subsequent federal tax laws.
4. The corporation shall not engage in any act of self-dealing as defined in the Internal Revenue Code or corresponding provisions of any subsequent provisions of any subsequent federal tax laws.
5. The corporation shall not retain any excess business holdings as defined in the Internal Revenue Code or corresponding provisions of any subsequent federal tax laws.

6. The corporation shall not make any investments in such manner as to subject to the corporation to tax per the requirements of the Internal Revenue Code or corresponding provisions of any subsequent federal tax laws.
7. The corporation shall not make any taxable expenditure as defined in the Internal Revenue Code or corresponding provisions of any subsequent federal tax laws.
8. Notwithstanding any other provision of these Articles of Incorporation, the corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt from taxation of the Internal Revenue Code and its Regulations as they now exist or as they may be amended.
9. Upon dissolution of the corporation or the winding up of its affairs, the assets of the corporation shall be distributed exclusively to charitable, religious, scientific, testing for public safety, literary, or educational organizations which would then qualify under the provisions of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended.
10. To provide an opportunity for members to associate together in special interest groups which focus on a narrow or specialized computer application, to assist members in acquiring computer hardware, software and technology.

ARTICLE V.

No part of the net earnings of the nonprofit corporation shall enure to the benefit of or be distributed to its members, trustees, directors, officers or other private persons with the exception that the corporation is empowered to pay necessary and reasonable compensation and expenses for services rendered and to make payments and distributions in furtherance of the corporation's purposes as set forth in Article IV. The corporation's primary purpose shall not be used for the promotion of propaganda including, but not limited to, lobbying or influencing legislation and the corporation, however, may engage in legislative activities to the extent permitted by law. Furthermore, the corporation shall not engage in activities, which are disallowed under Section 501 (c)(4) of the Internal Revenue Code and its regulations as they now exist or may be hereinafter amended. The corporation is organized pursuant to Texas Non-Profit Corporation Act and does not contemplate pecuniary gain or profit and is organized solely for nonprofit purposes.

Upon dissolution of the corporation or the winding up of its affairs, the assets of the corporation shall be distributed to another nonprofit organization engaged in similar activities and with similar purposes after all liabilities and obligations have been paid in full and are discharged and all assets subject to a condition upon transfer are conveyed according to said condition.

ARTICLE VI.

The street address of the initial registered office of the corporation is 18511 Cherrytree Grove Dr., Houston Texas 77084, and the name of its initial registered agent at such address is Cormac P. Creaven.

ARTICLE VII

Management of the affairs of the corporation is to be vested in its board of directors. The number of directors constituting the initial board of directors of the corporation is seven, and the name and addresses of the persons who are to serve as the initial directors are:

Judith McGlaughlin Director
3122 Misty Brook Lane
Houston, Texas 77084

Tess Zimmerman Director
1911 Hollyoak Drive
Houston, Texas 77084

Cormac P. Creaven Director
18511 Cherrytree Grove Drive
Houston, Texas 77084

I LaDawn Weeks Director
18542 Meadows Way
Houston, Texas 77084


Michelle Perry Director
3535 Shadow Trail
Houston, Texas 77084

Phil Johnson Director
3207 Dobbins Stream
Houston, Texas 77084

Timothy J. Callahan Director/Treasurer
3119 Hickory Bend Court
Houston Texas 77084

ARTICLE VIII

The name and address of each incorporator is:



Cormac Creaven
18511 Cherrytree Grove Drive
Houston, Texas 77084

In witness whereof we have hereunto set our hands on this the 17th day of January 2003.

STATE OF TEXAS §

COUNTY OF HARRIS §

SWORN and SIGNED before me on this 17th day of January, 2003, which witness my hand and seal of office.





Notary Public in and for
the State of Texas

Printed name: CYNTHIA RUSSELL
Commission Expires: 6-28-05

BYLAWS OF MAYDE CREEK COMMUNITY
ACTING TOGETHER, INC., A NON PROFIT CORPORATION

- 1.01 The registered office of the corporation is located at 18511 Cherrytree Grove Drive, Houston, Texas 77084, and the name of the registered agent of the corporation at such address is Cormac P. Creaven.
- 2.01 The annual meetings of the directors shall be held at the registered office of the corporation, or any other place within the State as may be designated for that purpose from time to time by the Board of Directors.
- 2.02 The annual meetings of the Directors shall be held each year on the first Monday of February. If this day falls on a legal holiday, the annual meeting shall be held at the same time on the next following business day thereafter.
- 2.03 Notice of the meeting, stating the place, day, and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given in writing to each director entitled to vote at the meeting at least ten (10) but not more than fifty (50) days before the date of the meeting either personally, by mail or by facsimile transmission. Notice of adjourned meetings is not necessary unless the meeting is adjourned for thirty (30) days or more, in which case notice of the adjourned meeting shall be given as in the case of any special meeting.
- 2.04 Special meetings for any purpose or purposes whatsoever may be called at any time by the President, or by any three (3) or more Directors.
- 2.05 A majority of the voting Directors constitutes a quorum for the transaction of business. Business may be continued after a withdrawal of enough Directors to leave less than a quorum.
- 2.06 Every Director may vote or execute consents in person or by written proxy executed in writing.
- 2.07 No defect in the calling or noticing of a meeting will affect the validity of any action at the meeting if a quorum was present.
- 2.08 Action may be taken by the Directors without a meeting if each Director entitled to vote signs a written consent to the action and such consents are filed with the Secretary of the corporation.
- 3.01 The Directors shall act only as a board and an individual Director shall have no power as such. The Board of Directors may, by contract or otherwise, give general or limited or special power and authority to the officers of the corporation to transact the general business, or any special business, of the corporation, and may give powers of attorney to agents of the corporation to transact any special business requiring such authorization.

- 3.02 The authorized number of Directors of this Corporation shall be seven. The number of Directors may be increased or decreased from time to time by amendment to these Bylaws but no decrease shall have the effect of shortening the term of any incumbent Director.
- 3.03 Vacancies in the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director.
- 3.04 Any individual Director may be removed from office with or without cause by vote of the Board of Directors at any regular or special meeting of such Directors.
- 3.05 All meetings of the Board of Directors shall be held at the principal offices of the corporation or at such place within the State as may be designated from time to time by a resolution of the Board or by written consent of all the members of the Board.
- 3.06 Regular meetings of the Board of Directors shall be held, without call or notice, immediately following each annual meeting of this corporation, and at other such times as the Directors may determine.
- 3.07 Special meetings of the Board of Directors for any purpose shall be called at any time by the President or, if she is absent or unable or refuses to act, by any Vice President or any three Directors. Written notices of the special meetings, stating the time, and in general terms the purpose or purposes thereof, shall be mailed, faxed or personally delivered to each Director not later than the day before the day appointed for the meeting.
- 3.08 A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Directors present shall be regarded as the act of the Board of Directors, unless a greater number be required by law or by the Articles of Incorporation.
- 3.09 Any action required or permitted to be taken by the Board of Directors, may be taken without a meeting, and with the same force and effect as a unanimous vote of Directors, if all the members of the Board shall individually or collectively consent in writing to such action.
- 3.10 A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour. Notice of the time and place of holding such an adjourned meeting need not be given to absent Directors if the time and place is fixed at the meeting adjourned. In the absence of a quorum, a majority of the Directors present at any Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.
- 3.11 The President or, in her absence, any Director selected by the Directors present,

Shall preside at meetings of the Board of Directors. The Secretary of the corporation, or in his absence, any person appointed by the presiding officer, shall act as Secretary of the Board of Directors.

3.12 Directors and members of committees may receive such reimbursement for expenses, as may be fixed or determined by resolution by the Board.

3.13 The Board of Directors may authorize the corporation to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against present or former Directors, officers, or employees of this corporation.

4.01 The officers of the corporation shall be a President, a Secretary, a Vice President, a Treasurer, and such other officers as the Board of Directors shall from time to time determine. Any two offices, except President and Secretary, may be held by one person. All officers shall be elected by and hold office at the pleasure of the Board of Directors.

4.02 The officers of the corporation shall have the powers and duties generally ascribed to the respective offices, and such additional authority or duty as may from time to time be established by the Board of Directors.

5.01 The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except where otherwise provided by law, and such execution or signature shall be binding upon the corporation.

6.01 All books and records provided for by statute shall be open to inspection from time to time and to the extent expressly provided by statute, and not otherwise. The Directors may examine such books and records at all reasonable times.

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Adopted by the Board of Directors on _____, 2003.

Tess Zimmerman
Tess Zimmerman, Director/President

I. LaDawn Weeks, Director

Timothy J. Callahan, Director/Treasurer

Michelle Perry, Director

Judith McGlaughlin, Director

Phil Johnson, Director

Cormac Creaven, Director/ Vice President

SENIOR LIFE	
Prepared For: Blazer Residential	
Project Code:	Order #: 962908005
Type: Standard Geography (Aggregated) See Appendix: Geography List	Site: 01

Aggregated Geographies

Population by Age	2000 Census	Pct.	2003 Estimate	Pct.	2008 Projection	Pct.
Total Population	116,319		128,501		148,324	
Age 45 - 49	9,095	7.82%	11,405	8.88%	13,638	9.19%
Age 50 - 54	6,312	5.43%	8,146	6.34%	11,958	8.06%
Age 55 - 59	3,748	3.22%	5,296	4.12%	8,392	5.66%
Age 60 - 64	2,257	1.94%	3,059	2.38%	5,283	3.56%
Age 65 - 69	1,577	1.36%	1,875	1.46%	2,973	2.00%
Age 70 - 74	1,262	1.08%	1,368	1.06%	1,761	1.19%
Age 75 - 79	820	0.70%	1,001	0.78%	1,144	0.77%
Age 80 - 84	482	0.41%	563	0.44%	787	0.53%
Age 85 and over	370	0.32%	486	0.38%	615	0.41%
Age 55 and over	10,516	9.04%	13,648	10.62%	20,955	14.13%
Age 65 and over	4,511	3.88%	5,293	4.12%	7,280	4.91%
Total Population, Male	57,497		63,513		73,203	
Age 45 - 49	4,652	8.09%	5,724	9.01%	6,493	8.87%
Age 50 - 54	3,210	5.58%	4,157	6.55%	5,998	8.19%
Age 55 - 59	1,885	3.28%	2,637	4.15%	4,257	5.82%
Age 60 - 64	1,098	1.91%	1,541	2.43%	2,572	3.51%
Age 65 - 69	679	1.18%	839	1.32%	1,443	1.97%
Age 70 - 74	527	0.92%	583	0.92%	751	1.03%
Age 75 - 79	326	0.57%	395	0.62%	454	0.62%
Age 80 - 84	175	0.30%	206	0.32%	273	0.37%
Age 85 and over	96	0.17%	122	0.19%	163	0.22%
Age 55 and over	4,786	8.32%	6,323	9.96%	9,913	13.54%
Age 65 and over	1,803	3.14%	2,145	3.38%	3,084	4.21%
Total Population, Female	58,822		64,988		75,121	
Age 45 - 49	4,443	7.55%	5,681	8.74%	7,145	9.51%
Age 50 - 54	3,102	5.27%	3,989	6.14%	5,960	7.93%
Age 55 - 59	1,863	3.17%	2,659	4.09%	4,135	5.50%
Age 60 - 64	1,159	1.97%	1,518	2.34%	2,711	3.61%
Age 65 - 69	898	1.53%	1,036	1.59%	1,530	2.04%
Age 70 - 74	735	1.25%	785	1.21%	1,010	1.34%
Age 75 - 79	494	0.84%	606	0.93%	690	0.92%
Age 80 - 84	307	0.52%	357	0.55%	514	0.68%
Age 85 and over	274	0.47%	364	0.56%	452	0.60%



SENIOR LIFE	
Prepared For: Blazer Residential	
Project Code:	Order #: 962908005
Type: Standard Geography (Aggregated) See Appendix: Geography List	Site: 01

Aggregated Geographies

Population by Age	2000 Census	Pct.	2003 Estimate	Pct.	2008 Projection	Pct.
Age 55 and over	5,730	9.74%	7,325	11.27%	11,042	14.70%
Age 65 and over	2,708	4.60%	3,148	4.84%	4,196	5.59%

Population by Single Race Classification	2000 Census	Pct.	2003 Estimate	Pct.	2008 Projection	Pct.
White Alone	84,901		92,216		104,027	
Age 65 and over	3,842	4.53%	4,423	4.80%	5,954	5.72%
Black or African American Alone	9,578		11,062		13,417	
Age 65 and over	170	1.77%	215	1.94%	338	2.52%
American Indian and Alaska Native Alone	547		634		782	
Age 65 and over	6	1.10%	8	1.26%	11	1.41%
Asian Alone	5,266		5,999		7,208	
Age 65 and over	232	4.41%	312	5.20%	482	6.69%
Native Hawaiian and Other Pacific Islander Alone	71		73		81	
Age 65 and over	5	7.04%	3	4.11%	5	6.17%
Some Other Race Alone	12,218		14,262		17,630	
Age 65 and over	183	1.50%	235	1.65%	370	2.10%
Two or More Races	3,738		4,255		5,179	
Age 65 and over	73	1.95%	97	2.28%	120	2.32%

Population by Hispanic or Latino	2000 Census	Pct.	2003 Estimate	Pct.	2008 Projection	Pct.
Hispanic or Latino	28,810		33,396		40,976	
Age 65 and over	604	2.10%	781	2.34%	1,157	2.82%
Not Hispanic or Latino	87,509		95,105		107,348	
Age 65 and over	3,907	4.46%	4,512	4.74%	6,123	5.70%

Household Income by Age of Householder	2000 Census	Pct.	2003 Estimate	Pct.	2008 Projection	Pct.
Householder Age 55 - 64	3,543		4,773		7,397	
Income less than \$15,000	244	6.89%	314	6.58%	434	5.87%
Income \$15,000 - \$24,999	338	9.54%	352	7.37%	407	5.50%
Income \$25,000 - \$34,999	436	12.31%	529	11.08%	728	9.84%
Income \$35,000 - \$49,999	535	15.10%	693	14.52%	1,067	14.42%
Income \$50,000 - \$74,999	765	21.59%	1,138	23.84%	1,744	23.58%
Income \$75,000 - \$99,999	481	13.58%	639	13.39%	1,090	14.74%
Income \$100,000 - \$124,999	352	9.94%	473	9.91%	757	10.23%
Income \$125,000 - \$149,999	196	5.53%	308	6.45%	521	7.04%



SENIOR LIFE	
Prepared For: Blazer Residential	
Project Code:	Order #: 962908005
Type: Standard Geography (Aggregated) See Appendix: Geography List	Site: 01

Aggregated Geographies

Household Income by Age of Householder	2000 Census	Pct.	2003 Estimate	Pct.	2008 Projection	Pct.
Income \$150,000 - \$199,999	133	3.75%	204	4.27%	397	5.37%
Income \$200,000 or more	63	1.78%	123	2.58%	252	3.41%
Median Household Income	57,148		60,953		65,229	
Householder Age 65 - 74	1,535		1,704		2,369	
Income less than \$15,000	315	20.52%	288	16.90%	332	14.01%
Income \$15,000 - \$24,999	194	12.64%	227	13.32%	316	13.34%
Income \$25,000 - \$34,999	221	14.40%	177	10.39%	222	9.37%
Income \$35,000 - \$49,999	272	17.72%	337	19.78%	450	19.00%
Income \$50,000 - \$74,999	214	13.94%	282	16.55%	460	19.42%
Income \$75,000 - \$99,999	105	6.84%	149	8.74%	215	9.08%
Income \$100,000 - \$124,999	70	4.56%	78	4.58%	133	5.61%
Income \$125,000 - \$149,999	76	4.95%	66	3.87%	84	3.55%
Income \$150,000 - \$199,999	41	2.67%	61	3.58%	91	3.84%
Income \$200,000 or more	27	1.76%	39	2.29%	66	2.79%
Median Household Income	37,088		42,123		45,477	
Householder Age 75 and over	808		962		1,143	
Income less than \$15,000	219	27.10%	180	18.71%	172	15.05%
Income \$15,000 - \$24,999	125	15.47%	208	21.62%	218	19.07%
Income \$25,000 - \$34,999	142	17.57%	132	13.72%	153	13.39%
Income \$35,000 - \$49,999	120	14.85%	161	16.74%	225	19.69%
Income \$50,000 - \$74,999	100	12.38%	121	12.58%	141	12.34%
Income \$75,000 - \$99,999	45	5.57%	70	7.28%	106	9.27%
Income \$100,000 - \$124,999	5	0.62%	20	2.08%	46	4.02%
Income \$125,000 - \$149,999	0	0.00%	3	0.31%	14	1.22%
Income \$150,000 - \$199,999	28	3.47%	25	2.60%	16	1.40%
Income \$200,000 or more	24	2.97%	42	4.37%	52	4.55%
Median Household Income	29,231		32,030		36,925	



SENIOR LIFE	
Prepared For: Blazer Residential	
Project Code:	Order #: 962908005
Type: Standard Geography (Aggregated) See Appendix: Geography List	Site: 01

Aggregated Geographies

Households by Household Income	2000		2003		2008	
	Census	Pct.	Estimate	Pct.	Projection	Pct.
Total Households	38,394		41,852		47,238	
Income less than \$15,000	2,556	6.66%	2,357	5.63%	2,215	4.69%
Income \$15,000 - \$24,999	3,083	8.03%	2,748	6.57%	2,454	5.19%
Income \$25,000 - \$34,999	4,214	10.98%	3,732	8.92%	3,390	7.18%
Income \$35,000 - \$49,999	6,766	17.62%	7,083	16.92%	6,950	14.71%
Income \$50,000 - \$74,999	9,751	25.40%	10,295	24.60%	11,081	23.46%
Income \$75,000 - \$99,999	5,947	15.49%	6,857	16.38%	8,238	17.44%
Income \$100,000 - \$149,999	4,635	12.07%	6,467	15.45%	9,076	19.21%
Income \$150,000 - \$249,999	1,278	3.33%	2,038	4.87%	3,300	6.99%
Income \$250,000 - \$499,999	132	0.34%	227	0.54%	449	0.95%
Income \$500,000 or more	32	0.08%	48	0.11%	85	0.18%
Average Household Income	\$64,071		\$71,759		\$80,817	
Median Household Income	\$56,610		\$62,156		\$69,425	
Per Capita Income	\$21,339		\$23,443		\$25,801	

All Owner-Occupied Housing Unit Values	2000		2003		2008	
	Census	Pct.	Estimate	Pct.	Projection	Pct.
Total All Owner-Occupied Housing Unit Values	28,007		30,663		34,765	
Value Less than \$20,000	212	0.76%	211	0.69%	211	0.61%
Value \$20,000 - \$39,999	575	2.05%	560	1.83%	541	1.56%
Value \$40,000 - \$59,999	2,892	10.33%	2,074	6.76%	1,349	3.88%
Value \$60,000 - \$79,999	7,846	28.01%	6,197	20.21%	4,136	11.90%
Value \$80,000 - \$99,999	7,307	26.09%	8,294	27.05%	7,786	22.40%
Value \$100,000 - \$149,999	7,299	26.06%	9,763	31.84%	13,621	39.18%
Value \$150,000 - \$199,999	1,301	4.65%	2,627	8.57%	5,295	15.23%
Value \$200,000 - \$299,999	430	1.54%	700	2.28%	1,413	4.06%
Value \$300,000 - \$399,999	65	0.23%	120	0.39%	220	0.63%
Value \$400,000 - \$499,999	41	0.15%	55	0.18%	90	0.26%
Value \$500,000 - \$749,999	7	0.02%	24	0.08%	53	0.15%
Value \$750,000 - \$999,999	9	0.03%	9	0.03%	15	0.04%
Value \$1,000,000 or more	23	0.08%	29	0.09%	35	0.10%
Median All Owner-Occupied Housing Unit Value	86,784		95,166		112,333	



SENIOR LIFE	
Prepared For: Blazer Residential	
Project Code:	Order #: 962908005
Type: Standard Geography (Aggregated) See Appendix: Geography List	Site: 01

Aggregated Geographies

Group Quarters by Population Type*	2000 Census	Pct.	2003 Estimate	Pct.	2008 Projection	Pct.
Institutionalized:	229		229		230	
Correctional Institutions	13	5.68%	13	5.68%	13	5.65%
Nursing Homes	215	93.89%	215	93.89%	216	93.91%
Other Institutions	1	0.44%	1	0.44%	1	0.43%
Noninstitutionalized	94		95		95	

Tenure of Occupied Housing Units*	2000 Census	2003 Estimate	2008 Projection
Owner Occupied	28,007	30,663	34,765
Renter Occupied	10,387	11,189	12,473

Mobility and Disability Civilian Noninstitutionalized Persons Age 16 and over*	Total	Pct.	Pop 65 and Over	Pct.
Total Disability	14,460		3,151	
Sensory Disability	1,908	13.20%	585	18.57%
Physical Disability	3,590	24.83%	1,050	33.32%
Mental Disability	2,263	15.65%	417	13.23%
Self-Care Disability	1,118	7.73%	326	10.35%
Go-Outside-Home Disability	5,581	38.60%	773	24.53%

Mobility and Disability Civilian Noninstitutionalized Persons Age 16 and over*	Total	Pct.	65-74 Yrs	Pct.	75 Yrs and Over	Pct.
Disability by Sex by Age	81,441		2,507		1,485	
Male	39,597	48.62%	1,058	42.20%	591	39.80%
With a Disability	7,219	8.86%	276	11.01%	322	21.68%
No Disability	32,377	39.76%	782	31.19%	269	18.11%
Female	41,844	51.38%	1,449	57.80%	894	60.20%
With a Disability	6,391	7.85%	393	15.68%	568	38.25%
No Disability	35,451	43.53%	1,056	42.12%	326	21.95%

Occupied Housing Units*	Total	Pct.	65-74 Yrs	Pct.	75 Yrs and Over	Pct.
Total Units	38,399		1,443		857	
With Telephone	38,137	99.32%	1,443	100.00%	857	100.00%
No Telephone	262	0.68%	0	0.00%	0	0.00%



SENIOR LIFE	
Prepared For: Blazer Residential	
Project Code:	Order #: 962908005
Type: Standard Geography (Aggregated) See Appendix: Geography List	Site: 01

Aggregated Geographies

2000 Census Poverty Status in 1999 Families By Household Type by Age of Householder*	Total	Pct.	65-74 Yrs	Pct.	75 Yrs and Over	Pct.
Population with Known Poverty Status	115,703		2,508		1,485	
Married-Couple Families	88,445	76.44%	1,767	70.45%	976	65.72%
In other Families	17,770	15.36%	227	9.05%	164	11.04%
Male householder, no wife present	4,890	4.23%	53	2.11%	39	2.63%
Female householder, no husband present	12,882	11.13%	175	6.98%	125	8.42%
Unrelated individuals	9,485	8.20%	514	20.49%	345	23.23%
Income At or Above Poverty Level	106,898	94.12%	2,401	95.73%	1,377	92.73%
Married-Couple Families	84,825	73.31%	1,706	68.02%	918	61.82%
In other Families	15,514	13.41%	206	8.21%	159	10.71%
Male householder, no wife present	4,429	3.83%	53	2.11%	39	2.63%
Female householder, no husband present	11,087	9.58%	154	6.14%	120	8.08%
Unrelated individuals	8,558	7.40%	489	19.50%	299	20.13%
Income Below Poverty Level	6,804	5.88%	107	4.27%	108	7.27%
Married-Couple Families	3,620	3.13%	61	2.43%	58	3.91%
In other Families	2,256	1.95%	21	0.84%	5	0.34%
Male householder, no wife present	461	0.40%	0	0.00%	0	0.00%
Female householder, no husband present	1,795	1.55%	21	0.84%	5	0.34%
Unrelated individuals	927	0.80%	25	1.00%	46	3.10%

*In contrast to Claritas Demographic Estimates, "smoothed" data items are Census 2000 tables made consistent with current year

SENIOR LIFE	
Prepared For: Blazer Residential	
Project Code:	Order #: 962908005
Type: Standard Geography (Aggregated) See Appendix: Geography List	Site: 01

Appendix: Geography List

Zip Code

Geography Code	Geography Name	Geography Code	Geography Name
77084	Houston	77449	Katy
77493	Katy		



Jun 22 04 02:55p Joyce Bennett
SENT BY: BLAZER & CREEKSIDE; 7139149292 ;
Sent By: Creekside Nursery; 9798289323;

8304860370
JUN-14-04 7:17AM;

P. 26
PAGE 7

Jun-13-04 4:23PM;
(940) 627-1507

Page 7/7

Jun 11 04 12:14p Joseph W. Bishop



Housing Tax Credit Program - 2004 Application Cycle
Response to Neighborhood Organizations

June 7, 2004

Tess Zimmerman
Mayde Creek Community Acting Together
1911 Hollyoak Drive
Houston, TX 77084

RE: Neighborhood Input on 2004 Housing Tax Credit Application Providence Place Apartments
TDCHA Number: 04060

Attention: Tess Zimmerman

The Texas Department of Housing and Community Affairs (the Department) is in receipt of the letter you submitted on the above-referenced development for consideration as Quantifiable Community Participation under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the development noted above. Consistent with that section of the QAP, your letter was reviewed and it was determined that all submission requirements were met. The final score and a statement regarding the score determination are noted below.

Score Assigned to Letter: 0

Scoring Statement: The Department's Executive Award and Review Advisory Committee determined that in order for the Department to not act inconsistently with its legal obligation to affirmatively further fair housing your organization's letter and enclosures would be scored as zero points. This scoring determination was made based on the Committee's thorough review of all the contents of your letter and enclosures, including the following content: opposition to housing for families with children, a protected class of persons under the Fair Housing Act.

Your comments will also be summarized and provided to the Governing Board of the Department as they make decisions regarding which applications will receive an allocation of credits. You are also welcome to provide public comment at the Board's meetings on these developments which take place on June 28, 2004 and July 28, 2004 in Austin. If you have any questions, please do not hesitate to contact the Department at 512.475.3800. Also, on Friday June 18, 2004 at 10:00 a.m. the Department will conduct an Open Forum at its office in Austin. If you have any questions or comments about the evaluation of your letter you are invited to attend this forum.

Sincerely,

Brooke Boston

Brooke Boston
Director, Multi-Family Finance Production Division

hp officejet 7130
printer/fax/scanner/copier

Fax-History Report for
Joyce Bennett
8304860370
Jun 14 2004 9:48am

Last Transaction

<u>Date</u>	<u>Time</u>	<u>Type</u>	<u>Identification</u>	<u>Duration</u>	<u>Pages</u>	<u>Result</u>
Jun 14	9:46am	Fax Sent	15124749088	1:24	5	OK

MAYDE CREEK COMMUNITY ACTING TOGETHER

March 29, 2004

Texas Department of Housing & Community Affairs
Attention: Director of Multifamily Finance Production Division
(Neighborhood Input)
P. O. Box 13941
Austin, TX 78711-3941

Dear Director:

On behalf of our members and other engaged individuals in the community, Mayde Creek Community Acting Together, Inc. (MC-CAT) is submitting this letter of support for Providence Place Townhomes, a planned townhome community comprised of 174 units for senior citizens, to be located at 20300 Saums Road, Katy, Harris County, Texas. Providence Place, Ltd., a limited partnership owned by Blazer Residential (Chris Richardson, President) has applied for low-income housing tax credits under the 2004 Qualifying Allocation Program.

MC-CAT was incorporated as a legal nonprofit corporation in the state of Texas on January 25, 2003. The stated mission of this corporation "is to articulate and advance the quality of life goals of the participant neighborhoods, by identifying and evaluating externally-directed changes, by providing a forum to gain community consensus, and by communicating the voice of the community to other organizations and individuals." A copy of the organization's by-laws is attached to this correspondence. The organization additionally gained recognition as a neighborhood organization from Harris County, Texas, by successfully completing the City of Houston's application to be registered as a civic organization by the City in February 2004 (a copy of the application is also attached, which includes geographical boundaries). In March 2004, MC-CAT received notification that it had been approved as a tax-exempt 501(c)(4) organization by the U.S. Internal Revenue Service.

Presently, there are 105 individuals in the MC-CAT organization. All members reside within the organization's boundaries.

The plan to build Providence Place Townhomes reflects the successful dialogue between Blazer Residential and the local community. In December 2003, Blazer met with MC-CAT and representatives from adjacent homeowners' associations on a multifamily development targeted for families. At this meeting, we made it clear that such a development would have an adverse effect on the local elementary school, not only due to the school's overly crowded conditions and the lack of land to expand, but also due to the high (67%) percentage of economically-disadvantaged children that already attended the school. We were concerned that the school and its infrastructure may not be able to support the additional numbers of low-income students. We did suggest that the life-cycle of their neighborhoods did suggest that a project targeted to elderly households would be appropriate, and would not overly burden local schools.

Based on this input, Blazer withdrew its HTC tax credit application, and applied for an elderly unit under the 2004 QAP. In addition, Blazer offered to create a volunteer/mentoring program, where the senior residents of the townhome community would act as volunteers in the local elementary school. This is important to us because the school, with its current demographic profile, has relatively less parental support and volunteers than do other schools in the Katy Independent School District. We also believe that a reciprocal relationship can develop (in fact, we arranged a meeting with Mr. Richardson and the school principal) that could benefit the residents of the development as well. Moreover, we felt that the project would dedicate undeveloped land to

March 29, 2004

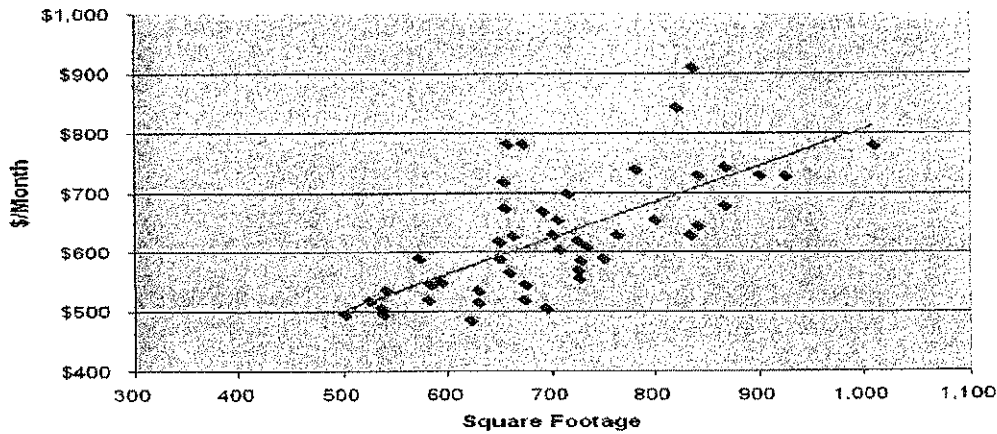
higher use, protecting it from being developed in a way that did not comply with our values (particularly, strip shopping or other unattractive commercial development).

In addition to the mentoring relationship with the local elementary school, we strongly support the benefits that we anticipate to the elderly population in our community. These benefits are summarized below:

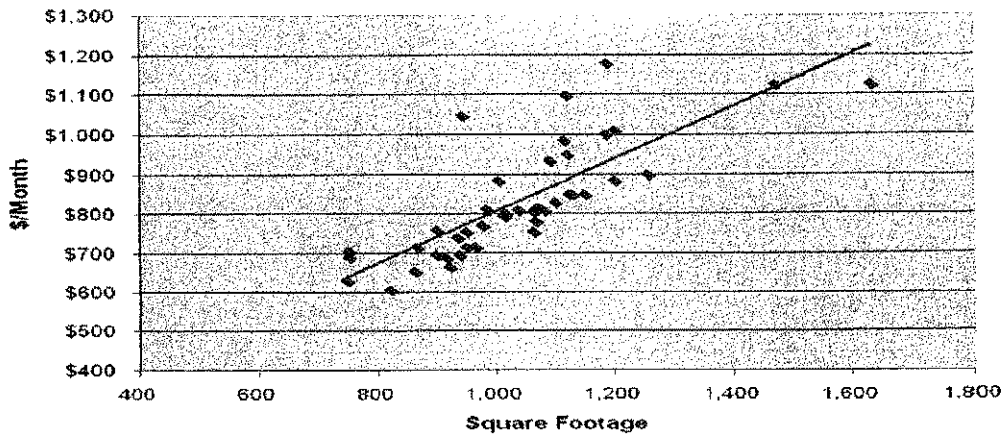
- Rates are considerably lower than other apartments in the community.
- The townhomes offer the elderly more security than they have in mixed-age apartments.
- The townhomes offer residents a higher quality of life than other apartments in the community.
- The townhomes will include services designed for elderly population.

In order to determine whether rents would, in fact, be lower than the rents of other apartments in the area, we conducted a survey of the rents and unit sizes of some 18 apartment projects in the area. This comparison is shown on the charts below. The scattered points show the size/rent combination for the sample of 18 apartment projects, while the proposed rates for Providence Place Townhomes are highlighted. These charts show that the rates for tenants with less 40% and less than 50% of the area median income are considerably lower than the "market rate" (denoted by the green line in each chart), while tenants with incomes less than 60% of the area median income would be paying at or just under the market rates - while receiving the additional services and security not found among the existing apartment projects.

One-Bedroom Apartments



Two-Bedroom Apartments



- 3 -

March 29, 2004

The market study prepared for Providence Place Townhomes did not specifically address the numbers of elderly residents in the area. It is our experience, information that was confirmed by Executive Director Sandy Faucett of the Katy Christian Ministries, that there is a large need for good-quality housing for low-income, elderly persons in our community. It is Ms. Faucett's experience that many elderly individuals in Katy live in the houses that they either grew up in, or raised their families in, and that these homes are subject to deterioration and disrepair as their incomes fall as they age. Our own experience tells us that there are many pockets of elderly individuals living in apartments that they can afford, but their quality of life is diminished by a lack of security and an inability to network with persons of their own age and interests.

Unfortunately, we do not ^{have} the ability to conduct our own census of these individuals. As an alternative, we asked O'Connor and Associates, the analysts who developed the market study for Providence Place Townhomes, to look at the incidence and rate of elderly households with incomes that met the ranges specified for Providence Place. We further asked O'Connor to limit this inquiry to only zip codes 77084, 77493, and 77449, as these represented the market that we considered to be part of our community – and excluded those zip codes that O'Connor had included in the original study that we did not feel were part of our community. The statistics are also attached, and suggest that there are a large number of elderly households that will qualify, and will want to make the move to a new apartment complex.

The decision to write this letter of approval was made in two ways: (1) we queried our members through the Yahoo!Group that we use to promote communications (as per the mission statement), and (2) we used the neighborhood meeting conducted on February 23, 2004 to promote a discussion amongst the HOA's in our geographic area that are most directly affected by the development. This meeting, which included a vote by show of hands at the end of the meeting, produced the support and rationale that we provide in this letter of support.

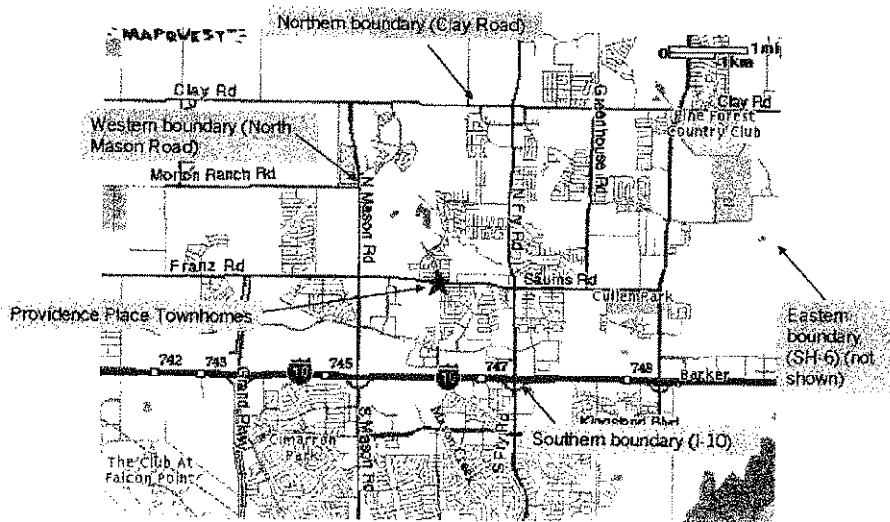
If these townhomes are approved, our next steps are to go back to the Katy Christian Ministries, and get the message to local churches about the project and its benefits to our community.

Sincerely,

Tess Zimmerman
President, Mayde Creek Community Acting
Together, Inc.

Judith McLaughlin
Director, Mayde Creek Community Acting
Together, Inc.

March 29, 2004



**Mayde Creek Community Acting Together, Inc.
Geographical Boundaries**

Chris Richardson

From: Judith Mcglaughlin [jmcglaughlin@sbcglobal.net]
Sent: Sunday, March 28, 2004 2:57 PM
To: blazer1@bigplanet.com
Cc: jmcglaughlin@midf.com; jmcglaughlin@miswaco.com; mamcglaughlin_2000@yahoo.com
Subject: Letter of Support

Chris,

I figured this might be my last weekend to work on this for some time, so I better get it started. I do all the end-of-quarter revenue & earnings analyses for our earnings release, on a very compressed schedule.

I have to update graphs & provide the attachments, but here is the general message I think is salient to the project.

Also, after making a fairly strong statement that Cypress & the part of West Houston by 290 should not be included, the stat's that Buddy Trotter prepared still included them. Unless they are charging you for each inquiry, I would ask them to go back and include only 77084 and the 2 zips for Katy. I consider their first numbers to be an error on their part and not charge you again.

I also asked whether the first set of data, which showed 13 units lacking plumbing, and 136 households owning houses below the poverty level, whether that data could be extrapolated to the broader range of households, or whether it was an absolute number. I can't believe that there are only 27 senior owners below the poverty level that own homes in 77493 (and the poverty level isn't really the only seniors you are targeting). I just can't believe the data, so I can't use it, even though it would be great data!

(As an analyst, this type of data presentation without guidelines for use is very dangerous, and not a good service by your vendor)

Let me know your thoughts

Judy



CIVIC ASSOCIATION NOTIFICATION REGISTRATION FORM

City of Houston

Planning and Development Department

Write Us @ PO Box 1662, Houston, Texas 77251-1662
Fax Us @ (713) 837-7923

Telephone Us @ (713) 837-7932
Email Us @ CivicUpdate@pd.ci.houston.tx.us

PURPOSE:

New development within the city of Houston must comply with certain rules spelled out in Chapter 42 of the City's Code of Ordinances unless a variance (special exception to the rules) is obtained from the Planning Commission. Whenever a variance or special exception is requested, property owners within 250 feet and properly registered civic associations must be notified so that they are aware of the opportunity to speak to the Planning Commission before a decision to grant or deny the variance is made. To properly register your civic association for notification of variance requests, completely fill out this form and send it to the City of Houston Planning & Development Department at the above mailing address or fax number. Remember to submit a new form whenever the contact name, address or other information changes.

1. CIVIC ASSOCIATION NAME: MAYDE CREEK COMMUNITY ACTING TOGETHER, INC.
2. CIVIC ASSOCIATION REGISTRATION ADDRESS: Contact Person: LORENAC CREAVEN
Street Address (or P.O. Box): 10571 Cherrytree Grove Apt/Suite #: _____
City: HOUSTON TEXAS Zip Code: 77084 Telephone: 281-398-6681

3. GENERAL INFORMATION:
Civic Association Email Address: http://groups.yahoo.com/group/maydecreekcat Fax #: 832-295-2660
Website: NONE Next Officer Election Date: _____

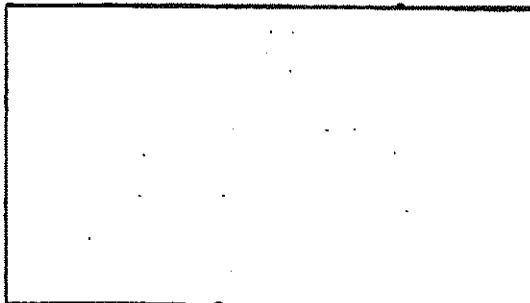
Regular Meeting Date: 7/21 None Monthly Quarterly Other: Annual

Names and Positions of Officers: Tess Zimmerman, President
(Other than Registrant) Judith McLaughlin, Director

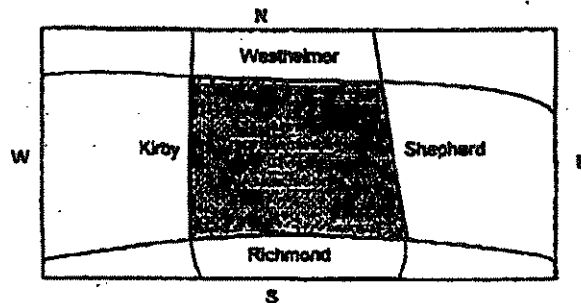
4. DOCUMENTATION ATTACHED: Timothy Callahan, Treasurer
 501(c)3 By-laws Other: Ratification consent Articles of Incorporation
(Example: meeting minutes)

6. LOCATION: Subdivision Name: multiple subdivisions w/ boundaries
Key Map: (Example: 493L) 445, 446, 447, 448 Council District #: District A
Super Neighborhood #: 6 Super Neighborhood Name: Addicks/Lack-Ten
Boundary: Use street names to identify area within boundary:

LOCATION



LOCATION EXAMPLE



North: Clay Road
East: SH 26

South: I-10
West: Mason Road

North: Westheimer
East: Shepherd

South: Richmond
West: Kirby

6. AUTHORIZED SIGNATURE: Judith McLaughlin Director 7/23/2004
SIGNATURE POSITION DATE

**ARTICLES OF INCORPORATION OF MAYDE CREEK
COMMUNITY ACTING TOGETHER, INC., A NONPROFIT CORPORATION**

ARTICLE I.

The name of the corporation is Mayde Creek Community Acting Together, Inc. The corporation shall be located at 1911 Hollyoak Dr. Houston Texas 77084.

ARTICLE II.

The corporation is a nonprofit corporation.

ARTICLE III.

The period of its duration is perpetual.

ARTICLE IV.

1. The purpose of the corporation is to articulate and advance the quality of life goals of the participant neighborhoods by identifying and evaluating external changes, by providing a forum to gain community consensus, and by communicating the voice of the community to other individuals and organizations.
2. No part of the net earnings of the corporation shall inure to the benefit of any director of the corporation, officer of the corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the corporation affecting one or more of its purposes), and no director or officer of the corporation, or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the corporation. No substantial part of the activities of the corporation shall be carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publication or distribution of statements) any political campaign on behalf of any Candidate for public office.
3. The corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to tax on undistributed income imposed by applicable provisions of the Internal Revenue Code as of the date of incorporation, or corresponding provisions of any subsequent federal tax laws.
4. The corporation shall not engage in any act of self-dealing as defined in the Internal Revenue Code or corresponding provisions of any subsequent provisions of any subsequent federal tax laws.
5. The corporation shall not retain any excess business holdings as defined in the Internal Revenue Code or corresponding provisions of any subsequent federal tax laws.

6. The corporation shall not make any investments in such manner as to subject to the corporation to tax per the requirements of the Internal Revenue Code or corresponding provisions of any subsequent federal tax laws.

7. The corporation shall not make any taxable expenditure as defined in the Internal Revenue Code or corresponding provisions of any subsequent federal tax laws.

8. Notwithstanding any other provision of these Articles of Incorporation, the corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt from taxation of the Internal Revenue Code and its Regulations as they now exist or as they may be amended.

9. Upon dissolution of the corporation or the winding up of its affairs, the assets of the corporation shall be distributed exclusively to charitable, religious, scientific, testing for public safety, literary, or educational organizations which would then qualify under the provisions of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended.

10. To provide an opportunity for members to associate together in special interest groups which focus on a narrow or specialized computer application, to assist members in acquiring computer hardware, software and technology.

ARTICLE V.

No part of the net earnings of the nonprofit corporation shall inure to the benefit of or be distributed to its members, trustees, directors, officers or other private persons with the exception that the corporation is empowered to pay necessary and reasonable compensation and expenses for services rendered and to make payments and distributions in furtherance of the corporation's purposes as set forth in Article IV. The corporation's primary purpose shall not be used for the promotion of propaganda including, but not limited to, lobbying or influencing legislation and the corporation, however, may engage in legislative activities to the extent permitted by law. Furthermore, the corporation shall not engage in activities, which are disallowed under Section 501 (c)(4) of the Internal Revenue Code and its regulations as they now exist or may be hereinafter amended. The corporation is organized pursuant to Texas Non-Profit Corporation Act and does not contemplate pecuniary gain or profit and is organized solely for nonprofit purposes.

Upon dissolution of the corporation or the winding up of its affairs, the assets of the corporation shall be distributed to another nonprofit organization engaged in similar activities and with similar purposes after all liabilities and obligations have been paid in full and are discharged and all assets subject to a condition upon transfer are conveyed according to said condition.

ARTICLE VI.

The street address of the initial registered office of the corporation is 18511 Cherrytree Grove Dr., Houston Texas 77084, and the name of its initial registered agent at such address is Cormac P. Creaven.

ARTICLE VII

Management of the affairs of the corporation is to be vested in its board of directors. The number of directors constituting the initial board of directors of the corporation is seven, and the name and addresses of the persons who are to serve as the initial directors are:

Judith McGlaughlin Director
3122 Misty Brook Lane
Houston, Texas 77084

Tess Zimmerman Director
1911 Hollyoak Drive
Houston, Texas 77084

Cormac P. Creaven Director
18511 Cherrytree Grove Drive
Houston, Texas 77084

L LaDawn Weeks Director
18542 Meadows Way
Houston, Texas 77084


Michelle Perry Director
3535 Shadow Trail
Houston, Texas 77084

Phil Johnson Director
3207 Dobbins Stream
Houston, Texas 77084

Timothy J. Callahan Director/Treasurer
3119 Hickory Bend Court
Houston Texas 77084

ARTICLE VIII

The name and address of each incorporator is:



 Cormac Creaven
 18511 Cherrytree Grove Drive
 Houston, Texas 77084

In witness whereof we have herunto set our hands on this the 17th day of January 2003.

STATE OF TEXAS §

COUNTY OF HARRIS §

SWORN and SIGNED before me on this 17th day of January, 2003, which witness my hand and seal of office.




 Notary Public in and for
 the State of Texas

Printed name: Cynthia RUSSELL
 Commission Expires: 6-28-05

BYLAWS OF MAYDE CREEK COMMUNITY
ACTING TOGETHER, INC., A NON PROFIT CORPORATION

1.01 The registered office of the corporation is located at 18511 Cherrytree Grove Drive, Houston, Texas 77084, and the name of the registered agent of the corporation at such address is Cormac P. Creaven.

2.01 The annual meetings of the directors shall be held at the registered office of the corporation, or any other place within the State as may be designated for that purpose from time to time by the Board of Directors.

2.02 The annual meetings of the Directors shall be held each year on the first Monday of February. If this day falls on a legal holiday, the annual meeting shall be held at the same time on the next following business day thereafter.

2.03 Notice of the meeting, stating the place, day, and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given in writing to each director entitled to vote at the meeting at least ten (10) but not more than fifty (50) days before the date of the meeting either personally, by mail or by facsimile transmission. Notice of adjourned meetings is not necessary unless the meeting is adjourned for thirty (30) days or more, in which case notice of the adjourned meeting shall be given as in the case of any special meeting.

2.04 Special meetings for any purpose or purposes whatsoever may be called at any time by the President, or by any three (3) or more Directors.

2.05 A majority of the voting Directors constitutes a quorum for the transaction of business. Business may be continued after a withdrawal of enough Directors to leave less than a quorum.

2.06 Every Director may vote or execute consents in person or by written proxy executed in writing.

2.07 No defect in the calling or noticing of a meeting will affect the validity of any action at the meeting if a quorum was present.

2.08 Action may be taken by the Directors without a meeting if each Director entitled to vote signs a written consent to the action and such consents are filed with the Secretary of the corporation.

3.01 The Directors shall act only as a board and an individual Director shall have no power as such. The Board of Directors may, by contract or otherwise, give general or limited or special power and authority to the officers of the corporation to transact the general business, or any special business, of the corporation, and may give powers of attorney to agents of the corporation to transact any special business requiring such authorization.

3.02 The authorized number of Directors of this Corporation shall be seven. The number of Directors may be increased or decreased from time to time by amendment to these Bylaws but no decrease shall have the effect of shortening the term of any incumbent Director.

3.03 Vacancies in the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director.

3.04 Any individual Director may be removed from office with or without cause by vote of the Board of Directors at any regular or special meeting of such Directors.

3.05 All meetings of the Board of Directors shall be held at the principal offices of the corporation or at such place within the State as may be designated from time to time by a resolution of the Board or by written consent of all the members of the Board.

3.06 Regular meetings of the Board of Directors shall be held, without call or notice, immediately following each annual meeting of this corporation, and at other such times as the Directors may determine.

3.07 Special meetings of the Board of Directors for any purpose shall be called at any time by the President or, if she is absent or unable or refuses to act, by any Vice President or any three Directors. Written notices of the special meetings, stating the time, and in general terms the purpose or purposes thereof, shall be mailed, faxed or personally delivered to each Director not later than the day before the day appointed for the meeting.

3.08 A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Directors present shall be regarded as the act of the Board of Directors, unless a greater number be required by law or by the Articles of Incorporation.

3.09 Any action required or permitted to be taken by the Board of Directors, may be taken without a meeting, and with the same force and effect as a unanimous vote of Directors, if all the members of the Board shall individually or collectively consent in writing to such action.

3.10 A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour. Notice of the time and place of holding such an adjourned meeting need not be given to absent Directors if the time and place is fixed at the meeting adjourned. In the absence of a quorum, a majority of the Directors present at any Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

3.11 The President or, in her absence, any Director selected by the Directors present,

Shall preside at meetings of the Board of Directors. The Secretary of the corporation, or in his absence, any person appointed by the presiding officer, shall act as Secretary of the Board of Directors.

3.12 Directors and members of committees may receive such reimbursement for expenses, as may be fixed or determined by resolution by the Board.

3.13 The Board of Directors may authorize the corporation to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against present or former Directors, officers, or employees of this corporation.

4.01 The officers of the corporation shall be a President, a Secretary, a Vice President, a Treasurer, and such other officers as the Board of Directors shall from time to time determine. Any two offices, except President and Secretary, may be held by one person. All officers shall be elected by and hold office at the pleasure of the Board of Directors.

4.02 The officers of the corporation shall have the powers and duties generally ascribed to the respective offices, and such additional authority or duty as may from time to time be established by the Board of Directors.

5.01 The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except where otherwise provided by law, and such execution or signature shall be binding upon the corporation.

6.01 All books and records provided for by statute shall be open to inspection from time to time and to the extent expressly provided by statute, and not otherwise. The Directors may examine such books and records at all reasonable times.

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Adopted by the Board of Directors on _____, 2003.

Tess Zimmerman
Tess Zimmerman, Director/President

I LaDawn Weeks, Director

Timothy J. Callahan, Director/Treasurer

Michelle Perry, Director

Judith McGlaughlin, Director

Phil Johnson, Director

Cornac Creaven, Director/ Vice President

SENIOR LIFE

Prepared For: Blazer Residential

Project Code:

Order #: 962908005

Type: Standard Geography (Aggregated)
See Appendix: Geography List

Site: 01

Aggregated Geographies

Population by Age	2000 Census	Pct.	2003 Estimate	Pct.	2008 Projection	Pct.
Total Population	116,319		128,501		148,324	
Age 45 - 49	9,095	7.82%	11,405	8.88%	13,638	9.19%
Age 50 - 54	6,312	5.43%	8,146	6.34%	11,958	8.06%
Age 55 - 59	3,748	3.22%	5,296	4.12%	8,392	5.66%
Age 60 - 64	2,257	1.94%	3,059	2.38%	5,283	3.56%
Age 65 - 69	1,577	1.36%	1,875	1.46%	2,973	2.00%
Age 70 - 74	1,262	1.08%	1,368	1.06%	1,761	1.19%
Age 75 - 79	820	0.70%	1,001	0.78%	1,144	0.77%
Age 80 - 84	482	0.41%	563	0.44%	787	0.53%
Age 85 and over	370	0.32%	486	0.38%	615	0.41%
Age 55 and over	10,516	9.04%	13,648	10.62%	20,955	14.13%
Age 65 and over	4,511	3.88%	5,293	4.12%	7,280	4.91%
Total Population, Male	57,497		63,513		73,203	
Age 45 - 49	4,652	8.09%	5,724	9.01%	6,493	8.87%
Age 50 - 54	3,210	5.58%	4,157	6.55%	5,998	8.19%
Age 55 - 59	1,885	3.28%	2,637	4.15%	4,257	5.82%
Age 60 - 64	1,098	1.91%	1,541	2.43%	2,572	3.51%
Age 65 - 69	679	1.18%	839	1.32%	1,443	1.97%
Age 70 - 74	527	0.92%	583	0.92%	751	1.03%
Age 75 - 79	326	0.57%	395	0.62%	454	0.62%
Age 80 - 84	175	0.30%	206	0.32%	273	0.37%
Age 85 and over	96	0.17%	122	0.19%	163	0.22%
Age 55 and over	4,786	8.32%	6,323	9.96%	9,913	13.54%
Age 65 and over	1,803	3.14%	2,145	3.38%	3,084	4.21%
Total Population, Female	58,822		64,988		75,121	
Age 45 - 49	4,443	7.55%	5,681	8.74%	7,145	9.51%
Age 50 - 54	3,102	5.27%	3,989	6.14%	5,960	7.93%
Age 55 - 59	1,863	3.17%	2,659	4.09%	4,135	5.50%
Age 60 - 64	1,159	1.97%	1,518	2.34%	2,711	3.61%
Age 65 - 69	898	1.53%	1,036	1.59%	1,530	2.04%
Age 70 - 74	735	1.25%	785	1.21%	1,010	1.34%
Age 75 - 79	494	0.84%	606	0.93%	690	0.92%
Age 80 - 84	307	0.52%	357	0.55%	514	0.68%
Age 85 and over	274	0.47%	364	0.56%	452	0.60%



SENIOR LIFE

Prepared For: Blazer Residential

Project Code:

Order #: 962908005

Type: Standard Geography (Aggregated)
See Appendix: Geography List

Site: 01

Aggregated Geographies

Population by Age	2000 Census	Pct.	2003 Estimate	Pct.	2008 Projection	Pct.
Age 55 and over	5,730	9.74%	7,325	11.27%	11,042	14.70%
Age 65 and over	2,708	4.60%	3,148	4.84%	4,196	5.59%

Population by Single Race Classification	2000 Census	Pct.	2003 Estimate	Pct.	2008 Projection	Pct.
White Alone	84,901		92,216		104,027	
Age 65 and over	3,842	4.53%	4,423	4.80%	5,954	5.72%
Black or African American Alone	9,578		11,062		13,417	
Age 65 and over	170	1.77%	215	1.94%	338	2.52%
American Indian and Alaska Native Alone	547		634		782	
Age 65 and over	6	1.10%	8	1.26%	11	1.41%
Asian Alone	5,266		5,999		7,208	
Age 65 and over	232	4.41%	312	5.20%	482	6.69%
Native Hawaiian and Other Pacific Islander Alone	71		73		81	
Age 65 and over	5	7.04%	3	4.11%	5	6.17%
Some Other Race Alone	12,218		14,262		17,630	
Age 65 and over	183	1.50%	235	1.65%	370	2.10%
Two or More Races	3,738		4,255		5,179	
Age 65 and over	73	1.95%	97	2.28%	120	2.32%

Population by Hispanic or Latino	2000 Census	Pct.	2003 Estimate	Pct.	2008 Projection	Pct.
Hispanic or Latino	28,810		33,396		40,976	
Age 65 and over	604	2.10%	781	2.34%	1,157	2.82%
Not Hispanic or Latino	87,509		95,105		107,348	
Age 65 and over	3,907	4.46%	4,512	4.74%	6,123	5.70%

Household Income by Age of Householder	2000 Census	Pct.	2003 Estimate	Pct.	2008 Projection	Pct.
Householder Age 55 - 64	3,543		4,773		7,397	
Income less than \$15,000	244	6.89%	314	6.58%	434	5.87%
Income \$15,000 - \$24,999	338	9.54%	352	7.37%	407	5.50%
Income \$25,000 - \$34,999	436	12.31%	529	11.08%	728	9.84%
Income \$35,000 - \$49,999	535	15.10%	693	14.52%	1,067	14.42%
Income \$50,000 - \$74,999	765	21.59%	1,138	23.84%	1,744	23.58%
Income \$75,000 - \$99,999	481	13.58%	639	13.39%	1,090	14.74%
Income \$100,000 - \$124,999	352	9.94%	473	9.91%	757	10.23%
Income \$125,000 - \$149,999	196	5.53%	308	6.45%	521	7.04%



Prepared on: April 21, 2004

Page 2 of 7

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SENIOR LIFE	
Prepared For: Blazer Residential	
Project Code:	Order #: 962908005
Type: Standard Geography (Aggregated) See Appendix: Geography List	Site: 01

Aggregated Geographies

Household Income by Age of Householder	2000		2003		2008	
	Census	Pct.	Estimate	Pct.	Projection	Pct.
Income \$150,000 - \$199,999	133	3.75%	204	4.27%	397	5.37%
Income \$200,000 or more	63	1.78%	123	2.58%	252	3.41%
Median Household Income	57,148		60,953		65,229	
Householder Age 65 - 74						
	1,535		1,704		2,369	
Income less than \$15,000	315	20.52%	288	16.90%	332	14.01%
Income \$15,000 - \$24,999	194	12.64%	227	13.32%	316	13.34%
Income \$25,000 - \$34,999	221	14.40%	177	10.39%	222	9.37%
Income \$35,000 - \$49,999	272	17.72%	337	19.78%	450	19.00%
Income \$50,000 - \$74,999	214	13.94%	282	16.55%	460	19.42%
Income \$75,000 - \$99,999	105	6.84%	149	8.74%	215	9.08%
Income \$100,000 - \$124,999	70	4.56%	78	4.58%	133	5.61%
Income \$125,000 - \$149,999	76	4.95%	66	3.87%	84	3.55%
Income \$150,000 - \$199,999	41	2.67%	61	3.56%	91	3.84%
Income \$200,000 or more	27	1.76%	39	2.29%	66	2.79%
Median Household Income	37,088		42,123		45,477	
Householder Age 75 and over						
	808		962		1,143	
Income less than \$15,000	219	27.10%	180	18.71%	172	15.05%
Income \$15,000 - \$24,999	125	15.47%	208	21.62%	218	19.07%
Income \$25,000 - \$34,999	142	17.57%	132	13.72%	153	13.39%
Income \$35,000 - \$49,999	120	14.85%	161	16.74%	225	19.69%
Income \$50,000 - \$74,999	100	12.38%	121	12.58%	141	12.34%
Income \$75,000 - \$99,999	45	5.57%	70	7.28%	106	9.27%
Income \$100,000 - \$124,999	5	0.62%	20	2.08%	46	4.02%
Income \$125,000 - \$149,999	0	0.00%	3	0.31%	14	1.22%
Income \$150,000 - \$199,999	28	3.47%	25	2.60%	16	1.40%
Income \$200,000 or more	24	2.97%	42	4.37%	52	4.55%
Median Household Income	29,231		32,030		36,925	



Value \$60,000 - \$79,999	7,846	28.01%	6,197	20.21%	4,136	11.90%
Value \$80,000 - \$99,999						

SENIOR LIFE

Prepared For: Blazer Residential

Project Code:

Order #: 962908005

Type: Standard Geography (Aggregated)
See Appendix: Geography List

Site: 01

Aggregated Geographies

Households by Household Income	2000		2003		2008	
	Census	Pct.	Estimate	Pct.	Projection	Pct.
Total Households	38,394		41,852		47,238	
Income less than \$15,000	2,556	6.66%	2,357	5.63%	2,215	4.69%
Income \$15,000 - \$24,999	3,083	8.03%	2,748	6.57%	2,454	5.19%
Income \$25,000 - \$34,999	4,214	10.98%	3,732	8.92%	3,390	7.18%
Income \$35,000 - \$49,999	6,766	17.62%	7,083	16.92%	6,950	14.71%
Income \$50,000 - \$74,999	9,751	25.40%	10,295	24.60%	11,081	23.46%
Income \$75,000 - \$99,999	5,947	15.49%	6,857	16.38%	8,238	17.44%
Income \$100,000 - \$149,999	4,635	12.07%	6,467	15.45%	9,076	19.21%
Income \$150,000 - \$249,999	1,278	3.33%	2,038	4.87%	3,300	6.99%
Income \$250,000 - \$499,999	132	0.34%	227	0.54%	449	0.95%
Income \$500,000 or more	32	0.08%	48	0.11%	85	0.18%
Average Household Income	\$64,071		\$71,759		\$80,817	
Median Household Income	\$56,610		\$62,156		\$69,425	
Per Capita Income	\$21,339		\$23,443		\$25,801	

All Owner-Occupied Housing Unit Values	2000		2003		2008	
	Census	Pct.	Estimate	Pct.	Projection	Pct.
Total All Owner-Occupied Housing Unit Values	28,007		30,663		34,765	
Value Less than \$20,000	212	0.76%	211	0.69%	211	0.61%
Value \$20,000 - \$39,999	575	2.05%	560	1.83%	541	1.56%
Value \$40,000 - \$59,999	2,892	10.33%	2,074	6.76%	1,349	3.88%
Value \$60,000 - \$79,999	7,846	28.01%	6,197	20.21%	4,136	11.90%
Value \$80,000 - \$99,999	7,307	26.09%	8,294	27.05%	7,786	22.40%
Value \$100,000 - \$149,999	7,299	26.06%	9,763	31.84%	13,621	39.18%
Value \$150,000 - \$199,999	1,301	4.65%	2,627	8.57%	5,295	15.23%
Value \$200,000 - \$299,999	430	1.54%	700	2.28%	1,413	4.06%
Value \$300,000 - \$399,999	65	0.23%	120	0.39%	220	0.63%
Value \$400,000 - \$499,999	41	0.15%	55	0.18%	90	0.26%
Value \$500,000 - \$749,999	7	0.02%	24	0.08%	53	0.15%
Value \$750,000 - \$999,999	9	0.03%	9	0.03%	15	0.04%
Value \$1,000,000 or more	23	0.08%	29	0.09%	35	0.10%
Median All Owner-Occupied Housing Unit Value	86,784		95,166		112,333	



Prepared on: April 21, 2004

Page 4 of 7

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SENIOR LIFE	
Prepared For: Blazer Residential	
Project Code:	Order #: 962908005
Type: Standard Geography (Aggregated) See Appendix: Geography List	Site: 01

Aggregated Geographies

Group Quarters by Population Type*	2000		2003		2008	
	Census	Pct.	Estimate	Pct.	Projection	Pct.
Institutionalized:	229		229		230	
Correctional Institutions	13	5.68%	13	5.68%	13	5.65%
Nursing Homes	215	93.89%	215	93.89%	216	93.91%
Other Institutions	1	0.44%	1	0.44%	1	0.43%
Noninstitutionalized	94		95		95	

Tenure of Occupied Housing Units*	2000	2003	2008
	Census	Estimate	Projection
Owner Occupied	28,007	30,663	34,765
Renter Occupied	10,587	11,189	12,473

Mobility and Disability Civilian Noninstitutionalized Persons Age 16 and over*	Total		Pop 65 and Over	
	Total	Pct.	Total	Pct.
Total Disability	14,460		3,151	
Sensory Disability	1,908	13.20%	585	18.57%
Physical Disability	3,590	24.83%	1,050	33.32%
Mental Disability	2,263	15.65%	417	13.23%
Self-Care Disability	1,118	7.73%	326	10.35%
Gn-Outside-Home Disability	5,581	38.60%	773	24.53%

Mobility and Disability Civilian Noninstitutionalized Persons Age 16 and over*	Total		65-74 Yrs		75 Yrs and Over	
	Total	Pct.	Total	Pct.	Total	Pct.
Disability by Sex by Age	81,441		2,507		1,485	
Male	39,597	48.62%	1,058	42.20%	591	39.80%
With a Disability	7,219	8.86%	276	11.01%	322	21.68%
No Disability	32,377	39.76%	782	31.19%	269	18.11%
Female	41,844	51.38%	1,449	57.80%	894	60.20%
With a Disability	6,391	7.85%	393	15.68%	568	38.25%
No Disability	35,451	43.53%	1,056	42.12%	326	21.95%

Occupied Housing Units*	Total		65-74 Yrs		75 Yrs and Over	
	Total	Pct.	Total	Pct.	Total	Pct.
Total Units	38,399		1,443		857	
With Telephone	38,137	99.32%	1,443	100.00%	857	100.00%
No Telephone	262	0.68%	0	0.00%	0	0.00%



SENIOR LIFE

Prepared For: Blazer Residential

Project Code:

Order #: 962908005

Type: Standard Geography (Aggregated)
See Appendix: Geography List

Site: 01

Aggregated Geographies

2000 Census Poverty Status in 1999 Families By Household Type by Age of Householder*	Total		65-74		75 Yrs and Over	
	Total	Pct.	Yrs	Pct.	and Over	Pct.
Population with Known Poverty Status	115,703		2,508		1,485	
Married-Couple Families	88,445	76.44%	1,767	70.45%	976	65.72%
In other Families	17,770	15.36%	227	9.05%	164	11.04%
Male householder, no wife present	4,890	4.23%	53	2.11%	39	2.63%
Female householder, no husband present	12,882	11.13%	175	6.98%	125	8.42%
Unrelated individuals	9,485	8.20%	514	20.49%	345	23.23%
Income At or Above Poverty Level	108,898	94.12%	2,401	95.73%	1,377	92.73%
Married-Couple Families	84,825	73.31%	1,706	68.02%	918	61.82%
In other Families	15,514	13.41%	206	8.21%	159	10.71%
Male householder, no wife present	4,429	3.83%	53	2.11%	39	2.63%
Female householder, no husband present	11,087	9.58%	154	6.14%	120	8.08%
Unrelated individuals	8,558	7.40%	489	19.50%	299	20.13%
Income Below Poverty Level	6,804	5.88%	107	4.27%	108	7.27%
Married-Couple Families	3,620	3.13%	61	2.43%	58	3.91%
In other Families	2,256	1.95%	21	0.84%	5	0.34%
Male householder, no wife present	461	0.40%	0	0.00%	0	0.00%
Female householder, no husband present	1,795	1.55%	21	0.84%	5	0.34%
Unrelated individuals	927	0.80%	25	1.00%	46	3.10%

*In contrast to Claritas Demographic Estimates, "smoothed" data items are Census 2000 tables made consistent with current year

SENIOR LIFE	
Prepared For: Blazer Residential	
Project Code:	Order #: 962908005
Type: Standard Geography (Aggregated) See Appendix: Geography List	Site: 01

Appendix: Geography List

Zip Code

<u>Geography Code</u>	<u>Geography Name</u>	<u>Geography Code</u>	<u>Geography Name</u>
77084	Houston	77449	Katy
77493	Katy		



Jun 11 04 12:14p

Joseph W. Bishop



Housing Tax Credit Program - 2004 Application Cycle
Response to Neighborhood Organizations

June 7, 2004

Tess Zimmerman
Mayde Creek Community Acting Together
1911 Hollyoak Drive
Houston, TX 77084

RE: Neighborhood Input on 2004 Housing Tax Credit Application Providence Place Apartments
TDCHA Number: 04060

Attention: Tess Zimmerman

The Texas Department of Housing and Community Affairs (the Department) is in receipt of the letter you submitted on the above-referenced development for consideration as Quantifiable Community Participation under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the development noted above. Consistent with that section of the QAP, your letter was reviewed and it was determined that all submission requirements were met. The final score and a statement regarding the score determination are noted below.

Score Assigned to Letter: 0

Scoring Statement: The Department's Executive Award and Review Advisory Committee determined that in order for the Department to not act inconsistently with its legal obligation to affirmatively further fair housing your organization's letter and enclosures would be scored as zero points. This scoring determination was made based on the Committee's thorough review of all the contents of your letter and enclosures, including the following content: opposition to housing for families with children, a protected class of persons under the Fair Housing Act.

Your comments will also be summarized and provided to the Governing Board of the Department as they make decisions regarding which applications will receive an allocation of credits. You are also welcome to provide public comment at the Board's meetings on these developments which take place on June 28, 2004 and July 28, 2004 in Austin. If you have any questions, please do not hesitate to contact the Department at 512.475.3800. Also, on Friday June 18, 2004 at 10:00 a.m. the Department will conduct an Open Forum at it's office in Austin. If you have any questions or comments about the evaluation of your letter you are invited to attend this forum.

Sincerely,

Brooke Boston
Brooke Boston
Director, Multi-Family Finance Production Division

Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 28, 2004

Chris Richardson
Providence Place, Ltd.
6363 Woodway, Suite 320
Houston, TX 77057
Telephone: (713) 914-9200
Fax: (713) 914-9292

**Re: Response to appeal received June 14, 2004
Providence Place TDHCA Project No. 04060**

Dear Mr. Richardson:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced Development, regarding the eligibility of your application to receive points for Quantifiable Community Participation (QCP) under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the Development noted above. Consistent with that section of the QAP, your letter was reviewed to determine if all submission requirements were met.

Unfortunately, the letter from Mayde Creek Community Acting Together ("MCCAT") did not meet the requirements to be scored. The letter was not scored because the Department is obligated to affirmatively further fair housing. MCCAT expressed opposition to families with children, a protected class under the Fair Housing Act. Departmental support of MCCAT's opposition to families with children would be inconsistent with the Department's obligation to further fair housing. Were the Department to award points for this letter, it would, in effect, be supporting MCCAT's opposition to families with children.

While the Department has noted the June 11 letter submitted in the appeal, it cannot be counted as QCP because all QCP letters were required to have been received by the Department no later than April 30, 2004 pursuant to this section of the QAP.

Appeal Determination

Because of the reasons above, the appeal is denied.

.....
RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

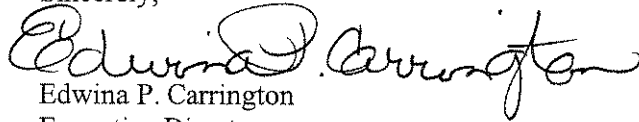
BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Mr. Ron Hance
June 28, 2004

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,

A handwritten signature in cursive script that reads "Edwina P. Carrington". The signature is written in black ink and is positioned to the right of the typed name.

Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal

Providence Place, Ltd.
6363 Woodway, Suite 320
Houston, TX 77057
713.914.9200 713.914.9292 fax

Via Fax & Regular Mail

June 14, 2004

Ms. Edwina P. Carrington
Executive Director
TDHCA
507 Sabine, Suite 300
Austin, TX 78701

Mr. Chris Wittmayer
General Counsel
TDHCA
507 Sabine, Suite 300
Austin, TX 78701

Ms. Brooke Boston
Director of Multi-Family Finance Production Division
TDHCA
507 Sabine, Suite 300
Austin, TX 78701

Subject: Providence Place
TDHCA Number: 04060
Appeal of Scoring for Quantifiable Community Participation

Dear Ms. Carrington, Ms. Boston & Mr. Wittmayer:

We are in receipt of a Scoring Notice concerning the LIHTC application of the subject development. The Notice reflects the Department has awarded zero points for Quantifiable Community Participation. We have obtained copies of the Department's Response to the Neighborhood Organization that indicated points were not awarded because of "opposition to housing for families with children, a protected class of persons under the Fair Housing Act".

The opposition to a previous application for a family property is in fact true, and was withdrawn by us as applicant. In the spirit of good faith and fair dealing with the local community, and as encouraged by the most recent Texas Legislative session, we entered into discussions to compromise with the opposition to meet on a middle ground that would be viewed as a win-win situation for all concerned.

Now that the Developer and the Community have agreed on a product category that works for all concerned, previous statements made by area residents that may be viewed as Anti Fair Housing statements should not be used to penalize the current application simply because the previous opposition has been referenced.

RECEIVED
JUN 14 2004
LIHTC

Project # 04063/04064

Depriest Gardens

Ramah Village

Board Appeal

=== COVER PAGE ===

TO: _____

RECEIVED

JUN 29 2004

EXECUTIVE

FROM: LCJ MANAGEMENT INC

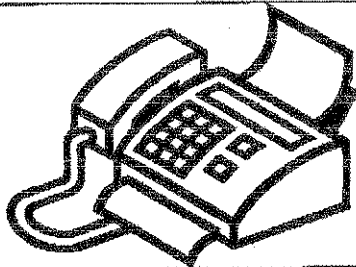
FAX: 2816890103

04063

TEL: 2816892030

04064

COMMENT:



A facsimile from

Houston Love Inc
Eddie Winslow
512-449-1023

To: Delores Groneck
Fax number: 512-472-8526

Date: 6/29/2004

Regarding: Appeal

Comments:

The Texas Department of Housing and Community Affairs
507 Sabine St
Austin Texas 78711

Re: Response to appeal June Dated June 28, 2004

Depriest Gardens and Ramah Village TDHCA Project No. 04063 and 04064

Dear Board

Appeal Review Response

I have reviewed the response to the appeal from Ms. Carrington. And the Department has failed to response the issue the I have addressed. First of all the appeal stated "Mr. Simms appeal expresses your general disappointment that the stringent legal interpretation of the measurement of QCP seems to overshadow and other legislation and other rules"

In our appeal we stated that the department judgment regarding utilizing the QAP to implement the Senate Laws and Agencies goals is being questioned so therefore just because the say so does not make it so. We seriously question the entire application format and the procedure the department is utilizing.

For one thing the department application and QAP did not nor does today reflect the new law QAP is in our opinion is evidence of discrimination against homeless population. These issues addresses in our appeal that the department has failed to address. The applicant concludes the rules that the department were utilizing were immaterial, there were issue of law that needed to be addressed.

In the AG Opinion No. GA 0208 that was addressed to The Honorable Robert E. Talton, Chair, Urban Affairs Committee, Texas House of Representative. He stated the following "The legislature has expressly granted the Department authority to adopt an annual qualified allocation plan, the Department has construed chapter 2306. Construction of a statute in a agency rule by the administrative agency charged with the statute's enforcement "is entitled to serious consideration so long as the construction is reasonable and does not contradict the plain language of the statute" Then he also stated "However, the plan may be invalid despite the Department's attempt to perform its statutory duties if the plan exceeds the Departments statutory authority".

The AG opinion is the argument I placed before the department the most important thing that had not been determined was the awarding of points and the weight the priority items had over non priority items.

The department in its response failed to address the issue instead focusing on taking points that at this moment are irrelevant because I have questioned the veracity of QAP and the intent of the department in implementing the QAP.

For example I requested preference or priority as given which at the time of the application 22 points, as of today you have awarded 7 points for transitional housing , yet you still have not addressed my point, yet on the application and the QAP you given priory points for targeting 40% and 50% AMGI you also give 9 point for targeting 30% , if the development restricts 10% of the units with financing commitments, yet why has not the department award points for targeting in the same category for targeting homeless.

The AG opinion never inferred that that 22 points awarded was not legal he only stated that it was inconsistent with the SB 264. Yet that does not prevent the department from awarding the applicant point under (C) Income level of tenants. The AG only stated that the point could not have greater weight than the preceding criteria.

In conclusion the issue still has not been addressed by the department. The issue of points and the legal construction of the QAP is the question. In the applicants view the applicant is the only application within the region that applied for tax credit according the wording of the law and has complained from the pre application period until now regarding the QAP and the controlling laws.

I understand the Department has rules and the QAP is the guide but the QAP that the department was utilizing was under the old law and not the new law so therefore it is still under construction and the discrimination that is self evident in the QAP and the application is the issue. So in conclusion the AG opinion basically was a victory for our application as well as the new law according to SB 264 no longer can the department rely on the fact during the allocation period they gave 22 to the homeless when in fact you gave nothing. The department still had failed to address the giving priory points for targeting 0% income or the homeless class. The applicant states the evidence was proven by the AG opinion and that the department needed to provision for the applicant

If you can make such a big mistake like publishing the QAP without the letters of the new law, implement the QAP without understanding the new law, then it take my appeal to the Executive Director to make the blunder visible, and to make matter worse the resolution of the problems are very questionable. The applicant request the department to do what is right and that is terminate all application who made application based upon the old law, which awarded credits based upon quantitative and award credit to application filed complaints to the department regarding the he opinion with the AG that the "The 2004 qualified allocation plan contradicts section 2306.6710 and exceeds the department authority to the extent it is inconsistent with section 2306.671"

The Department failed to address the appeal as the original appeal stated how you can take which you do not have the authority. The applicant request full restoration of points. The QAP reflects discrimination wording and omission of wording and the application does not provide equal opportunity and protection for providing decent affordable housing for area with income under the poverty level or allow equal opportunity provide decent housing for the homeless population. The 2004 QAP and the appeal response is evidence of discrimination under the Fair Housing Act due to the department failure to make accommodations for families with children protected under the Mc Kinney Vento Homeless Assistance Act. By failing to when the window opened to design the income targeting priorities to give the equal housing opportunities the homeless population.

The substance of law at the moment is the issue of the appeal not points The board must decide to make provision for the homeless population that are equal to the provision made for housing targeted at 30, 40 and 50% of the AMGI

Respectfully Submitted,

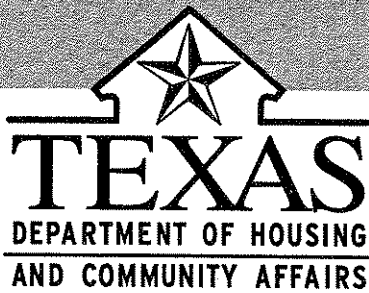
Eddie Winslow, Director

cc: The Honorable Robert E. Talton
Chairman Urban Affairs Committee
Texas House of Representatives

Greg Abbott
Attorney General of Texas

Executive Director's Response

04066P



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June 28, 2004

RICK PERRY
Governor

Earnest Williams
Depriest Gardens, Ltd.
5609 East Mount Houston Road
Houston, TX 77093
Telephone: (281) 449-0994
Fax: (281) 449-7572

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

**Re: Response to appeal received June 14, 2004
Depriest Gardens and Ramah Village TDHCA Project No. 04063 and 04064**

Dear Mr. Williams:

Appeal Review

I have carefully reviewed the application you submitted, as well as the appeal from Mr. Simms on behalf of your application that we received on June 14, 2004 on the above-referenced Development.

Regarding Mr. Simms' appeal addressing the loss of points for scoring items, note the attached copy of the scoring notice that the Department issued on June 6, 2004. Unfortunately, your appeal does not provide any evidence that would refute any of the point scoring deductions or reasons from your requested score; nor do you specifically appeal that certain points should be reinstated.

For example, Mr. Simms does not specifically request points for Development Location Characteristics, although Mr. Simms implies that a Superneighborhood has qualified for these points in the 2003 cycle. Superneighborhoods did not qualify for these points in the 2003 or 2004 cycles. Additionally, Mr. Simms implies that the Department incorrectly deducted 5 points from your score. The Department has confirmed with a fax confirmation that the deficiency was late. Mr. Simms provided no evidence to contradict this fact. Given that Mr. Simms provided no evidence to refute the Department's evaluation of the score, and that he makes no specific appeal for points, the Department cannot award points to the Applicant.

Mr. Simms' appeal expresses your general disappointment that the stringent legal interpretation of the measurement of QCP seems to overshadow legislation and other rules. However, the Department is required to follow its rules when evaluating the threshold and scoring criteria. In this case, the QAP, as the rule for the Housing Tax Credit Program, has outlined required content for all threshold and scoring items. The

Mr. Earnest Williams
June 28, 2004

Department recommends that Mr. Simms participate in the 2005 QAP public comment process.

Appeal Determination

Because of the reasons above, your appeal is denied.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal

RECEIVED

JUN 14 2004

EXECUTIVE

Edwina Carrington, Executive Director
Texas Department of Housing & Community Affairs
507 Sabine, Suite 400
Austin, Texas 78711-3941

Re: Applications number 4063 and 4064

This letter is to inform you of our appeal to the letter dated June 6, 2004. This appeal is regarding the final scoring of the above stated applications. The Applicant submit the following testimony of our homeless individual, consultant and leader of this development Mr. Rick R. Sims as our reply and argument.

Facts

On or about July 4, 2002, I Rick R. Sims, arrived in Texas to assist a local Church with the development of a accredited Bible College, during this period of time the church was incurring internal problems as a result the Leader of the organization resigned and I was left penny-less and homeless in the state of Texas. As a result of this not being able to employment because of factor resulting from instability of residence and no ability to receive communication I ended up at Depriest Baptist Church and Mission. As a result of this unfortunate situation, I first hand experienced that affordable housing was definitely a problem and in addition to that the process or bridge to permanent housing was lacking in the communities as well as services.

On or About January 2, 2003 I applied for Tax Credit during the pre application stage and terminated the process due to the fact that more education of the residences of the community was needed.

On July 8, 2003 Mr. Rick Sims attended the QAP Roundtable as representative of the homeless population and the local faith based community. At this meeting he addressed the subject of transitional housing, at the meeting he discussed the continuum of care approach that we were utilizing to help the Department to satisfy its housing problems. This is reflected in the minutes of the meeting.

At the conclusion I further discussed the continuum of care application with you Ms. Carrington, and you told him as well as everyone in the room about there are other factors to consider and as an example you mentioned the forward commitment awarded a development in Austin that needed the housing based upon the transitional housing that they were presently operating.

On January 5, 2004, I delivered our pre application to TDHCA. On or about a week later Mr. Ben Shepard contacted Pastor Eddie Winslow and Pastor Ernest Williams regarding deficiencies on our pre application.

On or about March 1, 2004 Mr. Sims delivered **your final application** TDHCA.

On June 7, 2004, we received our final score in which we oppose.

As of this day I am still homeless and residing at Depriest Outreach Mission.

Issue

The Request and Demand for preference application and implementation IRC Code Section 42 where it states the definition of a Qualified Allocation Plan

- I. Determines priority*
- II. Gives preference to housing dollars*
 - I. Project serving the lowest income tenants*

In addition the applicant request that the Director restore the Pre Application Points Points deducted from in put from State Representative Points deducted for Development Location Administrative Deficiency for data being one day late.

The applicant argue that these application deficiencies are no more than just human error and have turned into regulatory barriers and that the Department has taken a positions to remove Regulatory Barrier to Affordable Housing in accordance to Title 42 Chapter 130 Subchapter I Sec. 12705

Argument

Issue1: Input from State Representative

Argument: The Super neighborhood conducted a formal meeting as established by a city resolution minutes reflect that a vote was taken and few opposed, but it was an overwhelming vote. They few individual then went to the State Representative Office and protested. The State Representative and the few who were out voted were wrong and operated outside of established protocol. For the Department to recognize this would be an indictment on the entire QAP and the weight the department gives community opposition and the efforts we have taken to garner their support. Especially when the department has penalized the development by not recognizing the Supernieghorhood as a qualified area and has placed great weight on notifying this organization during the application process. Also we have work so hard at community participation for this project without receiving any points for community participation.

Issue 2: Tab 4 A Super neighborhoods does not qualify as an area or zone

Argument 1: Development Location: according to my information this location was scored last year as a qualifying location and nothing has changed on the QAP

Recognize the Department from all public input including State Representative, Public, Affirmative Action, etc.
Counted last year either 1

Issue3: According to the department 5 points were deducted from the application, for a response to a deficiency being one day late. This is supported by the QAP § 50.9 (d) (3).

Argument for the Applicant

A good illustration to prove our point is the final score for Application number 4063 reflects that we requested 6 points for amenities and the department awarded 4 points. No matter how we have tried to illustrate the amenities to the department, the Department and I disagree and whether it is agreed to or not this issue has become a barrier and it can effect an entire population of individual living in an emergency shelter. I just do not understand how we the **applicants are being reduced by 2 points yet there was no deduction for 5 points because at the conclusion of the time allowed for the clarification there was no clear cut clarification in the examiners sight.**

Yet on the other hand utilizing the same measure regarding data submitted to Mr. Shepard he penalizes the applicant 5 point because he believes that the data was not submitted to him I disagree. I submitted the documentation initially as a matter of fact I have faxed so much data to Mr. Shepard it has gotten a bit redundant, yet I thank Mr. Shepard for his assistance. The QAP does not allow the department to penalize the applicant due to misunderstanding and Mr. Shepard has learned from me and vice versa. As a matter of fact the applicant states that Mr. Shepard was **always supplied with more information that he requested to ensure absolute certainty that the information was received.** The applicant states that department is penalizing them not from lack of information but due to going over and beyond the call of duty.

The applicant states that the communication between Craig Washburn and Ben Shepard is one that is outside of the realm of the QAP and was an issue just for the department then the only conclusion we can draw is that the data must have been misplaced or lost by Mr. Shepard because I always sent him extra copies for **absolute certainty.** The applicant and the parties affirm never was the application late on any deficiencies. Mr. Shepard had foreknowledge that Rick Sims was responsible for the application. Mr. Sims states that he has complied with the request of Mr. Shepard as exactly as stated within all reasonable time frames.

The applicant would like to point out several material errors that have occurred regarding the applicant's development and adherence to the QAP. First of all, the applicant cannot understand how the department can publish a list with our application tenant population as **family** when the applicant checked the **transitional housing component of the application.** This may seem irrelevant, but to the applicant it is evidence that the department is also subject to err. But more importantly it is **imperative** to record this data accurately to illustrate and prove our demand for preference in the awarding of tax credits. I am a homeless person would like for the entire United State of America to know and the gather the evidence available for motion with the United States Courts for class certification and also to show that a Texas State Representative has publicly

*QAP reference
No proof received
of loss of*

??
??

acknowledged and opposed the individuals that reside in an emergency shelter to in her district development safer and decent housing.

Another misprint made by the department is that on our initial pre- application we did not apply or request points according to **14 A Leveraging and select the 9 points, these points were included under the instructions of. Department.** Mr. Shepard and I thoroughly discussed this issue. I have argued with Mr. Shepard over and over again until I finally relented and changed the scored sheet and included the 9 points as a request. Finally after the final application was submitted the mistake was noted. Well it is easy to change for the department but as for us it has thrown us off track. **Just look at it the application published by the department does not reflect our intentions or our accomplished work.** The applicant once again stated that by pursuing the continuum of care approach, I have known that project based assistance for homeless was not addressed in the QAP, although the QAP mentions HUD funded, **it is absolutely impossible within the QAP for a new construction for transitional housing to be financial feasibility without assistance from Supportive Housing Funds or Shelter Plus Care Assistance.**

So therefore the applicant would have never selected **14A** was per the department. Knowing that the legislature knew that that type of assistance RFP is published as the department is making its recommendations for Housing Tax Credits. Yet the mere conversation has brought about great concern of equality and equal opportunity. **The way the application is set and the application format and wording it appears that the 22 points for transitional housing is only there for token reason just to satisfy the prima facie element of IRC Section 42,** but in all actually wording the QAP with commitment date dead line obtainable for PHA's and Rehabilitations but **out of reach for new developments for transitional housing. Due to this discovery I exercise my right to be protected by the law and request the Director to exercise the power given to her by the QAP**

But more importantly, when the 78th Regular Session of the State Senate introduced SB 264, it was intended to continue TDHCA until the year 2015, with the passage of the law the Texas Department of Housing and Community Affairs was charged with the responsibility to uphold and enforce certain laws passed by the U.S. Congress. The one in particular is the Public Health and Welfare Act, which covers the Affordable Housing Act, which is the foundation of IRC § 42.

With this responsibility came the obligation to apply the language as in accordance with the legislative intent of the U.S. Congress in the fulfillment of these programs.

Which brings me to my second point? The U.S. Courts have repeatedly issued decree in every case brought to them on the subject of legislative *intent* of the United States Congress their intentions are expressed in their wording without needs of interpretation especially concerning the subject of *preference and priority*. When it come comes congressional intent this definition always is; ***expressed in the state of mind or resolve to do a certain thing or the state of mind with which something is done.***

Preference and priority the definition is going before; opposed to posteriority, He who has the precedence in time has the advantage in right, is the maxim of the law; not that time, considered barely in itself, can make such difference, but because the whole power over a thing being secured to one person, this bars all others from obtaining a title to it afterwards. Amongst income levels he who has the least or abased has the preference; it being a maxim both of law and equity, qui prior est tempore, potior est jure.

When the 100th Congress introduced the Tax reform Act of 1986 the findings of Congress was that Elderly and Minorities were experiencing wide spread homelessness. **Also when this reform was approved the House established 4 classes of people instead of three which is very important these classes were the Poor Income 0-9,999, The Working Class; Income 10,000-19,999 The Middle Class; Income 20,000-49,000 and the Upper Class; Income: 50,000 and above.** This was the *intent* of Congress when the bill was introduced and legislation was passed. Its purpose was to reduce the incident of homelessness and provide low income housing for families that were living in poverty. This legislation is rooted in the U. S. Housing Act of 1937.

Further history shows that in the sixties and seventies the government created subsidy programs to increase the production of low income housing to help low income families to pay their rent. This movement was created because of burgeoning urban unrest and civil rights, protest and severe riots. This led to the sweeping set of urban programs.

Yet the major intent of the U.S. Housing Act was not to just to provide housing for the poor it was also intended to create jobs and stimulate the construction industry. Of course housing was an important outcome but the beneficiaries were the submerged **middle classes** "those temporarily facing economic hardship during the depression, and not the **poorest** citizens in most need of housing.

So the intent of the United States Legislature was basically based upon the theory that you have got to start at the bottom and work your way up. IRC Code section 42 implies the same. Senator Allen Cranston, when he authorized National Affordable Housing Act, called the Home Investment Partnership Act introduced the legislation because Congress founds that the nation has not made adequate progress toward the goal of the national housing policy, as set out in the National Housing Act of 1949 and reaffirmed in the Housing and Urban Development Act of 1968, which would provide decent, safe, sanitary, and affordable environment for all Americans. Also within the finding were that the Tax Reform Act of 1986 removed major tax incentives for the production of affordable rental housing, and finally many Americans face the possibility of homelessness unless Federal, State, and local government work together to develop and **rehabilitate the housing stock** of the Nation to provide decent, safe, sanitary, and affordable housing for very low income and low income families.

So taking these laws into consideration it is the intent of the **law to one prevent homelessness by rehabilitating existing HUD assisted properties to provide decent, safe and sanitary housing and also protect those properties that are at risk.** The QAP

The Dept has
label your return
to encourage you
to take part in
the QAP writing
process.

of TDHCA addresses this problems and it is evident in the point structure that a rehabilitation can and will score the most points especially if the property of a PHA development. This type of application would be free of all the administration, political, or community opposition and would receive points for every category that applied to it this is the way the QAP is set up. It is **predetermined to give priority to government sponsored rehab first to prevent homelessness of the at risk developments**. So this is not a competition, it is a **matrix designed to alleviate the homeless problem**.

Which brings me to my argument? A new exclusively transitional development should be afforded the same **predetermined preference as rehabilitation with the one exception**, I can request and demand preferential treatment and be awarded points because I selected the category that requires the most consideration and this was **not by choice but by condition** **It is my belief that the selection of the transitional population is what I call the SAMARTIAN clause, it allow the Department to be the Good Samaritan, the one that picks up the man that is battered lying on the road to Jericho, dress his wounded and pay the tab until individual is ready and well.**

We must follow our rule.

The subject of granting relief from regulatory barriers due to government policies, federal statutes, and duties under the United States Constitution for homeless individuals and homeless advocates have been rules on in the courts. Whether as an homeless individual or a class the courts have ruled on homeless class size **A. Miller, An Overview of Federal Class Actions: Past, Present, and Future, 4 JUSTICE SYSTEM J 197,203(1978). Concerning the difficulties inherent to litigation involving the homeless See Chad v. City of Ft. Lauderdale, 66 F. Supp. 2d 1242 (N.D. Fla. 1998). Or certifying homeless families with children in Nassau County, Koster v. Perales, 108 F.R.D. 46 (E.D.N.Y. 1983) and they have rule that a single issue of law be common to the class. Pottinger v City of Miami, supra at 958; Stewart v. Winter, 669 F. 2d 328,335(5th Cir. 1982)**

The point that I am making is that can be best summarized by **Esplin v. Hirschi, 402 F.2d 94,99(10th Cir. 1968)** if there is an error made, let it be in favor and not against the maintenance of a class action, for it is always subject to modification should later development occur.

This issue of assigning point for the following class of individual is not the intent of the law especially if you consider the following facts.

Depriest Out reach Mission has on record 44 emergency 28 permanent beds for the disabled as defined by HUD. Depriest Outreach Mission is an emergency shelter and Depreist Outreach Mission had to turn away 10 families.

According to our research if you review page 11 of the community profile see will see that there is one emergency shelter, one transitional housing, and three special housing in the Northeast section of Houston and if you review your housing inventory where are the supportive housing components.

Also it was stated in your housing plan that for the homeless you desire for the applicant to utilize this approach which we have (see exhibit 2004 CoC Strategy)

And finally Ms. Carrington, HUD recently published it's RFP for Supportive Housing and Shelter Plus Care rental assistance if you would examine they will be awarding to application up to a 20% bonus for project for permanent housing for the chronic homeless with disabilities. I know there are application requesting points for targeting **homelessness yet the application do not meet the definition of at least 70% of the housing be for the chronic homeless.** In addition to that **homeless prevention** does not count that, is **multi-family development concern. Not a supportive housing issue.**

Depriest Gardens meet the requirements of providing permanent housing for the persons with disabilities that are chronically homeless and Ramah Village meets the guidelines for serving the chronically homeless because it is 100% for this population. Not only does this project provide housing but they also provide much needed employment opportunities within the NE Houston area.

In addition if you read our 10 year plan from this initial development with the departments cooperation transition the families into permanent housing and by implementing this plan it mandates that the housing developers slide down their **totem pole** and address the problem of chronic homelessness.

In conclusion, they way the QAP is being implemented it makes it appears as if the points for transitional housing are just token points, but in reality they represent an inducement to not just provide prevention but also focus on ending homelessness.

Finally Ms. Carrington the data submitted in our appeal reflects the following:

- **2004 Continuum of Care Exhibit 1; Outlining our accomplishments, the planning process, Description of the planning structure, and Organizations in the planning process, Chronic Homeless Goals and other homeless goals, Our discharge planning policy, the fundamental Components in the CoC System, the Housing Gap Analysis, Population and Subpopulation Chart, the Housing Inventory in the Houston/Harris County Area, and finally Project Budget and SHP funding request**
- **Our Marketing and Outreach Plan and I wish you would pay close attention to the geographical locations of the housing and services are mostly downtown and please pay close attention to NE**
- **Copies from the Coalition for the Homeless list of agencies listing our mission as part of the coalition.**

Ms. Carrington to summarize it all up I as a homeless individual, a stranger in Houston has accomplished all of this without the resources of all the other applicants, living in a shelter, and at this moment I am being denied the fruit of my labor no one individual as labor more than I, most of the time I hungry many time sleeping in my truck. I see the problem from the bottom looking up. With this entire economic and

social barrier before me the only resistance I had was the few who were out voted in a democratic process. And these administrative barriers that the QAP states the board may waive at any time, yet if the commitment of tax credit is awarded based upon points and not the weight of the category of the point requested then homelessness is not being eliminated by the agency nor is the agency making efforts to end the problems.

I am willing to bet that the application of the terminology on the subject of **preference** for the homeless class carried the same rule for those that have benefited from Affirmative Action and the American disabilities Act.

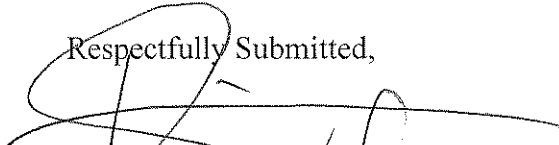
Ms. Carrington my war is not with the department but just that everyone looks down on the people in this mission but if you put a little oil on the pole the bigot are on they will all start sliding down.

Ms Carrington the QAP states the Board “**shall be authorized to not solely rely on the number points scored by the applicant. It shall be entitled to take into account as it deems appropriate, the discretionary factors listed in this paragraph**” I am asking you before hand to take Items G, H, K, M, O, P, Q and R into consideration with these appeal.

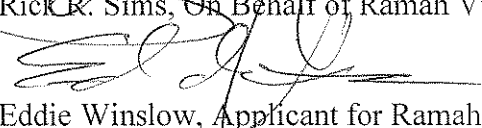
So it is the applicants request that the points are restored based upon the overwhelming factors I have presented.

I confirm that these statement are true and to the best of my knowledge

Respectfully Submitted,



Rick R. Sims, On Behalf of Ramah Village and Depriest Gardens



Eddie Winslow, Applicant for Ramah Village and Depriest Gardens

Project # 04120

Sedona Springs Village

Board Appeal

06/29/2004 10:00 0110210001

LANDMARK HOUSING DEVELOPMENT

FACSIMILE TRANSMITTAL SHEET

TO:	Ms. Edwina Carrington	FROM:	Aubrea Hance
COMPANY:		DATE:	6/29/2004
FAX NUMBER:	475-0764	TOTAL NO. OF PAGES INCLUDING COVER:	4
PHONE NUMBER:		SENDER'S REFERENCE NUMBER:	
REF:	Sedona Springs Appeal #04120	YOUR REFERENCE NUMBER:	

URGENT FOR REVIEW PLEASE COMMENT PLEASE REPLY PLEASE RECYCLE

NOTES/COMMENTS:

04120

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8140 N. Mopac, Suite 4-270
Austin, Texas 78759
(512) 527-9335 Telephone (512) 527-9337 Facsimile

007 237 2004 10:00 0120210001

SEDONA SPRINGS VILLAGE

June 29, 2004

Ms. Delores Groneck
Board of Directors - Secretary
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78701

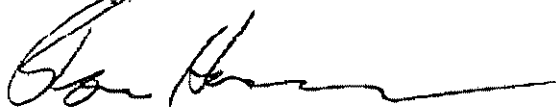
Re: Sedona Springs Village, # 04120 – QCP Appeal

Dear Ms. Groneck:

Attached please find a letter of appeal for Quantifiable Community Support for Sedona Springs Village, #04120. This appeal has been denied by Ms. Carrington and the applicant is now appealing to the Board of the Texas Department of Housing and Community Affairs.

Should you have any further suggestions or questions, please do not hesitate to call me.

Sincerely,



Ron Hance
Managing Member of the General Partner

SEDONA SPRINGS VILLAGE

8140 N. MOFAC
Suite 4-270
Austin, Texas 78759

(512) 527-9335
Fax: (512) 527-9337

June 14, 2004

Ms. Brooke Boston
Texas Department of Housing and Community Affairs
507 Sabine
Suite 400
Austin, Texas 78701

Re: Sedona Springs Village in Odessa
TDHCA No. 04120

Dear Brooke:

The Applicant has received a notice of scoring for its low-income housing tax credit application and desires to appeal that scoring in accordance with the 2004 Qualified Allocation Plan (the "QAP"). The Applicant received twelve letters of support from neighborhood organizations, and none of those letters received a score. We will address the letters in general by first listing the letters:

Catholic Charities Community Services; Harmony Home Children's Advocacy Center; West Texas Opportunities; Planned Parenthood of West Texas, Inc.; Housing Authority of the City of Odessa; Habitat for Humanity of Odessa.

The Department did not score these support letters based on some of all of the following grounds:

Reason #1: *Your letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both.*

Reason #2: *Insufficient documentation was provided to show that the organization is a "neighborhood organization" within the meaning of this requirement.*

To generally respond to the rejections of applicants letters, applicant believes that the spirit of the agencies QAP this year was to make sure that the applicant obtained the communities support. We believe that these twelve letters are a sign that applicant has obtained the communities support.

Response #1: Each of the letters is from an organization that does not have "members". Each letter noted the number of recipients and/or how applications are made to be associated with the organization and/or that they have board members.

007 207 2004 10700 011021 0001
Brooke Boston
June 10, 2004
Page 2

Response #2: The TDHCA did not and has not provided a specific definition or meaning of "neighborhood organization". We appeal this criteria based on the fact there was no criteria presented. As far as we know there is still no definition for "neighborhood organization".

In reference to all of the support letters for Sedona Springs Village in Odessa, specifically listed below, we would like to adopt all arguments made by all applicants in reference to their letters of support for the following reasoning: should the agency change its mind on how it evaluated the support letters for any reason we want to be included in that change. Therefore we adopt all arguments made by all applicants. Thank you for your consideration on this point.

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The Department's website does not contain a letter of response to the Odessa Day Nursery, indicating that its letter of support was not scored. Therefore, the Applicant must assume that the letter was actually scored and that the score was simply omitted from the Department's notice of scoring to the Applicant.

We appreciate your consideration of the matters presented in this appeal letter. The Applicant believes that its score should be adjusted for these letters of support from neighborhood organizations. If you have any questions about the discussion in this appeal letter, please feel free to contact me.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "COPY" with a flourish underneath.

Ron Hance

Managing Member of the GP

SEDONA SPRINGS VILLAGE

June 29, 2004

Ms. Delores Groneck
Board of Directors - Secretary
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78701

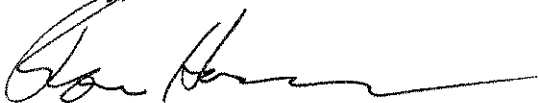
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Should you have any further suggestions or questions, please do not hesitate to call me.

Sincerely,



Ron Hance
Managing Member of the General Partner

SEDONA SPRINGS VILLAGE

8140 N. MOPAC
Suite 4-270
Austin, Texas 78759

(512) 527-9335
Fax: (512) 527-9337

June 14, 2004

Ms. Brooke Boston
Texas Department of Housing and Community Affairs
507 Sabine
Suite 400
Austin, Texas 78701

Re: Sedona Springs Village in Odessa
TDHCA No. 04120

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Brooke Boston
June 10, 2004
Page 2

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Sincerely,


COPY
Ron Hance

Managing Member of the GP

Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 28, 2004

.....
RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Ron Hance
LHD Sedona Springs, LP
8140 N. Mopac, Ste. 4-270
Austin, TX 78759
Telephone: (512) 527-9335
Fax: (512) 527-9337

Re: Response to appeal received June 14, 2004
Sedona Springs Village TDHCA Project No. 04120

Dear Mr. Hance:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced Development, regarding the eligibility of your application to receive points for Quantifiable Community Participation (QCP) under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the Development noted above. Consistent with that section of the QAP, the letter was reviewed to determine if all submission requirements were met.

Unfortunately, as you indicate in your appeal, none of the QCP letters for this application meet the requirements to be scored. Specifically you have appealed the letter from Catholic Charities Community Services. This letter did not provide a brief description of the process used to determine the members' position of support. Additionally, documentation indicates the organization serves all of West Texas, not the specific neighborhood. Therefore, the organization is not a "neighborhood organization" within the meaning of the requirement.

You also reference all support letters in your appeal and state, "we would like to adopt all arguments made by all applicants in reference to their letters of support for the following reason: should the agency change its mind on how it evaluated the support letters for any reason we want to be included in that change. Therefore we adopt all arguments made by all applicants." Please note that you can not appeal by adopting, "all arguments made by all applicants." §50.18(b)(3) of the 2004 QAP requires that an Applicant's appeal "must specifically identify the applicant's grounds for appeal". To the extent your appeal fails to do so, your appeal is denied.

Mr. Ron Hance
June 28, 2004

Lastly, you reference a letter regarding Odessa Day Nursery as not being reviewed. Please note that this was reviewed, and a "Response to Neighborhood Organizations" regarding the denial of that letter was sent to the Odessa Day Nursery on June 4, 2004 (please see attached response).

Appeal Determination

Because of the above mentioned reasons, your appeal is denied.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal

SEDONA SPRINGS VILLAGE

8140 N. MOPAC
Suite 4-270
Austin, Texas 78759

2024
10/10/2004

(512) 527-9335
Fax: (512) 527-9337

June 14, 2004

Ms. Brooke Boston
Texas Department of Housing and Community Affairs
507 Sabine
Suite 400
Austin, Texas 78701

See next

Re: Sedona Springs Village in Odessa
TDHCA No. 04120

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Brooke Boston
June 10, 2004
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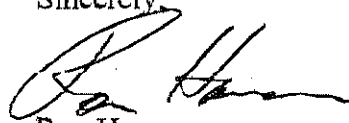
Catholic Charities Community Services; Harmony Home Children's Advocacy Center; West Texas Opportunities; Planned Parenthood of West Texas, Inc.; Housing Authority of the City of Odessa; Habitat for Humanity of Odessa; Odessa Industrial Development Corporation; Agape Ministries Dream Center; Main Street Odessa; Hext Family Foundation; and the Odessa Chamber of Commerce.

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yes, it was

We appreciate your consideration of the matters presented in this appeal letter. The Applicant believes that its score should be adjusted for these letters of support from neighborhood organizations. If you have any questions about the discussion in this appeal letter, please feel free to contact me.

Sincerely,



Ron Hance

Managing Member of the GP

Project # 04141

Spring Creek Station

Board Appeal

FULBRIGHT & JAWORSKI L.L.P.

A REGISTERED LIMITED LIABILITY PARTNERSHIP
300 CONVENT STREET, SUITE 2200
SAN ANTONIO, TEXAS 78205-3792
WWW.FULBRIGHT.COM

Fax-June 799

04 JUN 28 PM 3:38

FACSIMILE TRANSMISSION

DATE: June 28 2004

MATTER NUMBER:

08004181

RECIPIENT(S):	FAX NO.:	PHONE NO.:
Board of Directors TX Dept. of Housing and Community Affairs ATTN: Ms. Edwin Carrington	(512) 472-8526	

#091141

RECEIVED
JUN 28 2004
EXECUTIVE

FROM: James P. Plummer

USER ID: JP04181

FLOOR: 20

PHONE: (210) 270-7192

FAX: (210) 270-7205

RE: Spring Creek

NUMBER OF PAGES WITH COVER PAGE: 4

Message:

*Term for
Phase I ESA*

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IF 1

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PLEASE CALL
US AS POSSIBLE.

FULBRIGHT & JAWORSKI L.L.P.

A REGISTERED LIMITED LIABILITY PARTNERSHIP
300 CONVENT STREET, SUITE 2200
SAN ANTONIO, TEXAS 78205-3792
WWW.FULBRIGHT.COM

TELEPHONE: (210) 224-5575

FACSIMILE: (210) 270-7205

June 28, 2004

VIA FACSIMILE: (512) 472-8526
AND EMAIL: JCARRINGTON@TDHCA.STATE.TX.US

Board of Directors
Texas Department of Housing and Community Affairs
507 Sabine Street
Austin, Texas 78701
c/o Ms. Edwina Carrington

Re: Spring Creek Station, L.P.
Saginaw, Texas
TDHCA No. 04141

Dear Board Members:

Please be advised that I represent Spring Creek Station, L.P. and its sponsoring non-profit, 189' Community Development Corporation, (the "Applicant") in its appeal to reinstate its Application No. 04141.

Section 50.9(f)(13)(A) of the 2004 QAP requires the submission of a Phase I Environmental Site Assessment (ESA) on the subject property. The Applicant properly submitted an ESA for the subject property prior to the required deadline in the QAP. The environmental engineer examined the correct property, but, unfortunately made an administrative mistake and attached an incorrect legal description from the Tarrant Appraisal District. Applicant requests that you allow it to correct this administrative deficiency and reinstate its application No. 04141.

Facts:

The Applicant submitted its Pre-Application on January 9, 2004 followed by the complete Application and Market Study on March 1, 2004. On March 10, 2004 the Applicant submitted an Environmental Phase I Report completing its submission requirements set forth in the 2004 QAP.

On May 10, 2004 the Applicant responded to the staff's request for clarifications on the Application No. 04141 and again from Staff Underwriting on May 19, 2004. In the Staff Underwriting clarification, several questions were asked regarding the Environmental Site Assessment (ESA), but none related to the basis for rejection. After discussing these items the

40140826.3

Applicant was comfortable that all issues had been appropriately addressed and that no concerns were outstanding.

The department sent a Termination Notice to the Applicant on June 7, 2004 stating that the Application failed to meet the minimum QAP requirement because the ESA was not performed for the correct development site. In its appeal, Applicant provided the Department with a certification by the environmental engineer that the report did in fact represent their findings on the correct development site and that the "TDHCA could rely on the accuracy of their findings". Accordingly, the ESA was properly submitted and did address the subject property.

The Department denied Applicant's appeal finding new deficiencies in the ESA. All of these deficiencies are minor and should not serve as a basis for concluding that an ESA was not submitted for the subject property. Each of the Departments concerns is addressed below:

1. Appendix I depicts the wrong site. The seller currently has 183 acres of vacant land of which the subject 13 acre tract is only a small part. At the time of the ESA, no survey for the actual site was available to the environmental engineer and it was necessary to include all of the area within the natural boundaries of the parcel. An over inclusive ESA should not serve as a basis for rejection. We believe the Department has consistently accepted ESA's of larger tracts, so long as the subject property was included. Although the Tarrant Appraisal District map was inaccurate, all other descriptions were accurate and the correct site was reviewed.

2. Site Photograph was of the wrong site. A review of the site photographs and their description along with aerial photos indicate that the pictures do in fact represent the actual site and the basic direction that the photographer was standing and therefore should be acceptable.

3. Engineer states that tract is outside of flood plain, but Applicant indicates that a small portion of the site is located in a 100 year Flood Plain. We concur that the FEMA Map does not reflect any portion of the site being in the 500 year flood plain. The engineer's statement is an accurate reflection of the FEMA Map. The Department would have reached the same conclusion in the absence of disclosure by Applicant.

The Applicant is only aware of the potential flood plain as a result of a seller disclosure. The seller's civil engineers have indicated that a portion (about an acre) of the northeast portion of the tract is within the 100 year flood plain. The sales contract provides that the seller shall be responsible for re-engineering the site above this flood plain. Applicant disclosed this issue to ensure that it was not misleading the Department.

4. Report indicates that the property is located 15 miles from a major airport as opposed to the 1.5 miles from Fort Worth Meacham Airport. The environmental engineer did not view Meacham Airport as a major airport. Meacham Field does not have commercial passenger service that would be indicative of a major Airport. Furthermore, this fact is not material to the application. No points are deducted under the QAP for this fact. However, to

June 28, 2004

Page 3

ensure that this was not an issue, an optional noise study was performed for the site and found no issues related to the site.

5. The Analyst indicated that the site was not located within 3000 feet of an operating railroad while TDHCA staff believes that this distance is actually closer to 2,100 feet. Our review of the Maps included in the report indicate that a rough estimate of 3,000 feet is not far off the mark. The 900 foot difference, if there is one, is not material to the ESA and should not be grounds for termination of the Application. Even if the Department was correct, it would not have resulted in points being deducted from the application.

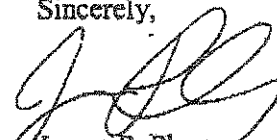
Conclusion:

The environmental engineer has certified that the Environmental Site Assessment was performed on the correct site in conformance with required guidelines for ASTM and the Texas Department of Housing and Community Affairs may rely on the accuracy of its findings. The discrepancies associated in the report are not material and have been properly addressed.

This Board and the TDHCA Staff have worked hard to ensure that the TDHCA reviews applications fairly. We believe it is unfair to reject the ESA in light of the letter from the engineer saying they did review the right tract and that you may rely on the findings in the original report. We believe that this ESA, as originally submitted, meets the requirements of the QAP, but was subject to an administrative deficiency that we should be allowed to correct.

The non-profit 1897 Community Development Corporation is attempting to provide desperately needed affordable housing to the city of Saginaw. There are limited sites available to meet this ever growing demand in the Saginaw community. To reject the Application based on the above criteria would result in a missed opportunity that may never be replaced. As such, we hope that you will reconsider the applicants request and reinstate the application for the Spring Creek Station Apartments.

Sincerely,



James P. Plummer

JPP/ed

Cc: Jack Dill

Via Email: jackdill@sbcglobal.net

Action Summary

Assigned by: Edwina Carrington, Executive Director

Date: 6-28-04

Assigned to: [Signature]

CC TO:

- | | | | |
|-----------------|-----------------|------------------|------------------|
| Anne Paddock | David Gaines | JoAnn DePennig | Suzanne Phillips |
| Aurora Carvajal | Delores Groneck | John Gonzales | Tim Irvine |
| Bill Dally | Donna Schielack | Leonard Spearman | Tom Gouris |
| Brooke Boston | Eddie Fariss | Michael Lyttle | Trisha Randow |
| Byron Johnson | Elena Peinado | Nidia Gaston | Willie Faye Hurd |
| Chris Wittmayer | Eric Pike | Peggy Colvin | |
| Curtis Howe | Gina Esteves | Robert Onion | |
| David Aldrich | Homer Cabello | Ruth Cedillo | |
| David Cervantes | Jesse Mitchell | Sarah Anderson | |

RE: _____

ACTION TO BE TAKEN:

DUE DATE: _____

- | | | | |
|---------------------------|--------------------------|-------------------------|-------------------------------------|
| For you Information only | <input type="checkbox"/> | For your Approval | <input type="checkbox"/> |
| For your Signature | <input type="checkbox"/> | Please handle | <input checked="" type="checkbox"/> |
| Please see me | <input type="checkbox"/> | Provide suggestions | <input type="checkbox"/> |
| Prepare response & return | <input type="checkbox"/> | Respond with copy to me | <input type="checkbox"/> |

OTHER:

If follow-up is required, please fill out and return Action Taken to the Executive Office

ACTION TAKEN: **TASKS** **FILE**

Please copy any follow-up correspondence to the Executive Office, attention Delores Groneck. TASKS will be kept OPEN until a copy is received.

Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 23, 2004

Albert E. Magill, III
1897 Spring Creek Station, L.P.
6524 San Felipe, #274
Houston, TX 77057
Telephone: (713) 785-6006
Fax: (713) 785-6363

**Re: Response to appeal received June 9, 2004
Spring Creek Station Apartments TDHCA Project No. 04141**

Dear Mr. Magill:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 9, 2004 on the above-referenced development, regarding your appeal of the termination notice issued on June 7, 2004 for failure to submit an acceptable Phase I Environmental Site Assessment (ESA) report for the proper site.

Mr. Magill's letter concedes that the tax assessment report and legal description included in the ESA report were incorrect, but also states: "However, all other information regarding the site in the report is accurate including address, maps, charts, and photographs". The following significant additional errors were noted in the ESA report:

1. The site sketch (Appendix I, p. iii) clearly depicts the wrong site, judging from both the bend in East McLeroy Boulevard and the shape of the site.
2. It would follow, therefore, that the site photographs (Appendix I, p. iv), as depicted on the site sketch, would be of the wrong site.
3. The analyst states on page 1 that, "The subject site lies outside of the 500-year floodplain". The applicant has indicated in Exhibit 2.C. of the application, as well as on the site plan and in the purchase contract, that the northwest portion of the site in fact lies within the 100-year floodplain.
4. The analyst states on page 14 that, "The subject site is not located within 15 miles of a major or military airport." In fact, the site is located within 2.5 miles of Fort Worth Meacham International Airport, with over 200 aircraft based on-site and approximately 160,000 aircraft operations annually.
5. The analyst also states on page 14 that, "The subject site is not located within 3000 feet of an operating railroad". In fact, the site appears to be located within

Mr. Albert Magill, III
June 23, 2004

approximately 2,100 feet of the multiple tracks paralleling North Saginaw Boulevard to the west of the site.

These multiple inaccuracies place all of the report's findings in question and therefore the report must be rejected.

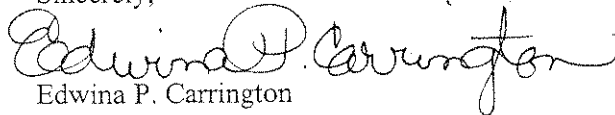
Appeal Determination

Because of the above mentioned reasons, your appeal is rejected and the Application will not be reinstated.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than July 2, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,


Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal



San Jacinto
Realty
Service, LLC

RECEIVED

JUN 09 2004

LIHTC

June 8, 2004

Ms. Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine Street – Suite 300
Austin, Texas 78701

Re: Appeal Environmental Site Assessment Termination
TDHCA # 04141 - Spring Creek Station Apartment
Saginaw, Texas

Dear Ms Carrington:

In response to your June 7, 2004 Termination Notice, please be advised that the Environmental Site Assessment (ESA) was in fact performed on the correct 13 acres site for the proposed Spring Creek Station Development. This report was hand delivered to the Department on March 10, 2004 and was in the form and content as required by the Department Guidelines.

Attached is a letter from Phase Engineering, Inc. confirming their report as being prepared for the correct site. In the attached letter they also mention that Appendix II of the tax report was in error and the corresponding legal description should be corrected. However, all other information regarding the site in the report is accurate including address, maps, charts, and photographs.

On May 17, 2004 a Deficiency Notice was directed to my attention from the Underwriting Division requesting additional information on Application #04141. One of the question in the Notice was concerning information from the ESA. At that time, it was clear to the reviewer that the ESA was applicable to the subject site. To have the ESA terminated without an opportunity to answer any questions or to allow the preparer to correct any errors seems to be inconsistent with other Threshold Criteria procedures.

As a result of the above, along with the corrected attachments, we hereby request that you reinstate Application #04141 and allow it to compete with other applications in the Region 3.

After you have had a chance to review the following, please feel free to contact me with any additional questions you might have.

Sincerely,

Albert E. Magill, III

Project # 04143

Courtland Square

Board Appeal



San Jacinto
Realty
Service, LLC

60210300

June 30, 2004

Board of Directors
Texas Department of Housing and Community Affairs
507 Sabine Street - Suite 300
Austin, Texas 78701

Re: Appeal - Support of State Elected Official Points
TDHCA # 04143 - Courtland Square Apartment
Odessa, Texas

Dear Board Members:

Please find attached the June 9, 2004 support letter from Senator Kel Seliger who represents District 31 including the city of Odessa. This letter was sent to the Executive Director in an effort to obtain an appeal for the 3 points for state elected officials. This staff appeal was rejected by staff on June 28, 2004.

The attached letter from Senator Seliger asked that the application be considered as qualifying for support even though it was after the deadline. The Senator has taken responsibility for this tardiness and has asked that the Applicant not be penalized.

As a result of this letter and the Senators comments, I would like to appeal the department's decision to deny the 3 points for support from state officials. I understand that deadlines are important in the selection process. However, since the deadline for additional leveraging financing was not until June 14, 2004, the original appeal request on June 11, 2004 could have been approved and points awarded for this support letter in the normal course of the selection process.

This appeal is only being requested as a result of the Senator's request, that we not be unduly penalized due to his offices inaction and tardiness. This confirms that our request for support was timely and the need for affordable housing in this Odessa neighborhood is important to his district.

As a result of the above, along with the attached letter, we hereby request that the Board reinstate the 3 points for state senate elected official support to Application #04143.

After you have had a chance to review the following, please feel free to contact me with any additional questions you might have.

Sincerely,

Albert E. Magill, III



SENATOR KEL SELIGER

CAPITOL
P.O. Box 12088
AUSTIN, TEXAS 78711
(512) 463-0131
FAX: (512) 475-3733
DIAL 711 FOR RELAY CALLS

The Senate of
The State of Texas

June 9, 2004

DISTRICT 31

DISTRICT OFFICES
P.O. Box 9155
AMARILLO, TEXAS 79105
(806) 374-8994
FAX: (806) 374-4607
1400 N FM 1788
MIDLAND, TEXAS 79707
(432) 563-0031
FAX: (432) 563-0653
401 AUSTIN
SUITE 101
BIG SPRING, TEXAS 79720
(409) 268-9908
FAX: (409) 268-9899

Ms. Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, TX 78701

RE: Application by Courtland Square Apartments to the Texas Department of Housing and Community Affairs for a tax credit allocation to build affordable rental housing for families and individuals in Odessa, Texas.

Dear Ms. Carrington:

It is my understanding that Albert Magill, III, has plans to develop and build Courtland Square Apartments in Odessa, Texas. The plan includes an application the Texas Department of Housing and Community Affairs for the allocation of 2004 housing tax credits to help support construction and implementation of this development.

In Odessa, as in most cities in Texas, there is a very real need to help supply quality, cost effective housing. The proposed project by Mr. Rush is consistent with the City of Odessa's plan to meet the housing needs of its citizens. An award of 2004 tax credits to Courtland Square Apartments will provide assistance in an area where current resources are limited, and will ensure that Texas citizens' housing needs are addressed.

I am aware that the deadline for submitting letters of recommendation has passed, and my office takes responsibility for the tardiness of this letter. I respectfully request your favorable consideration of this project, and that the developer is not unduly penalized due to our inaction. Please feel free to contact me if I can be of further assistance.

Sincerely,

Kel Seliger

KS/am

SENATE COMMITTEES
CRIMINAL JUSTICE, INTERNATIONAL RELATIONS & TRADE,
NOMINATIONS, AND VETERAN AFFAIRS & MILITARY INSTALLATIONS



MULTIFAMILY RENTAL HOUSING DOCUMENT AND PAYMENT RECEIPT

Texas Department of Housing and Community Affairs (TDHCA)
Mailing Address: P.O. Box 13941, Austin, Texas 78711-3941
Physical Address: 507 Sabine, Austin, TX 78701

This form must be submitted with any documents or payments listed below to obtain proof of delivery and/or ensure that the payment is credited properly. The contact and document description information should be completed prior to submission. Receipt of this form with valid 'date received' stamp and HTC Staff execution indicates that the document and/or fee has been received. However, this receipt does not attest to the sufficiency of the provided documentation to fulfill the Program's requirements. **Both pages of this receipt must be completed!**

Select Funding Source for which Documents / Payment are being submitted:

<input checked="" type="checkbox"/> Housing Tax Credits—Competitive 9% (HTC)
<input type="checkbox"/> Housing Trust Fund (HTF)
<input type="checkbox"/> HOME Program (HOME)
<input type="checkbox"/> Housing Tax Credits for Tax Exempt Bond Submissions for both TDHCA and local issuers (4%/BONDS)
<input type="checkbox"/> Preservation Funds (PRES)

TDHCA Date Stamp	TDHCA Number: 04143
	TDHCA number will be assigned upon application submission and should be used in all future correspondence with the Department.

Contact Information

Development Name: Courtland Square Partners, L.P.

Owner Name: Courtland Square Apartments Contact Name: Bert Magill

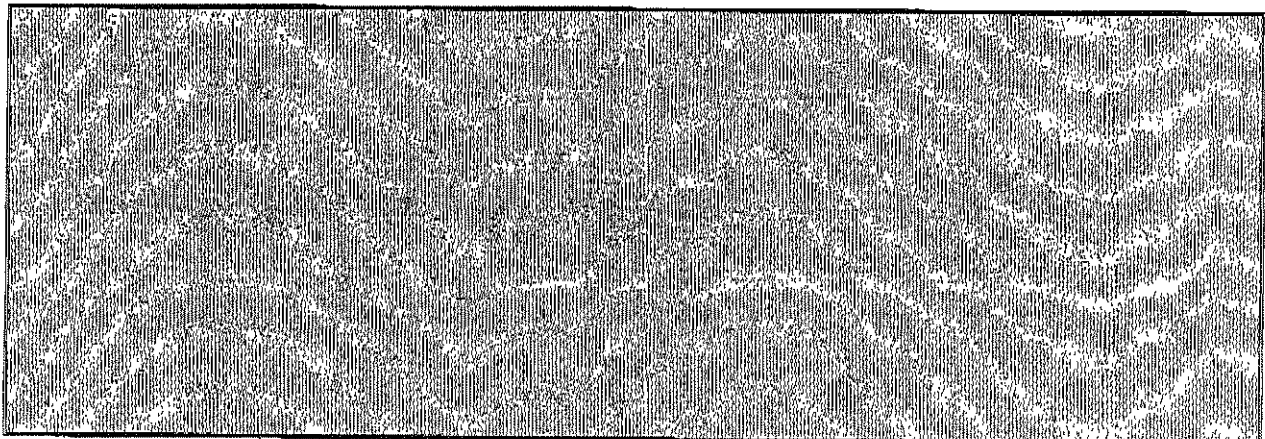
Address: 6524 San Felipe #274 City: Houston

State: TX Zip: 77057 Phone: 713-785-6006 Fax: 713-785-6004

Is GP a CHDO or Nonprofit? Yes: No: Total Number of Units: 98

TxRD Funding? Yes: No:

**Complete Page 2 of this Receipt!
Attach check here if required.**



MULTIFAMILY RENTAL HOUSING DOCUMENT AND PAYMENT RECEIPT – PAGE 2

Check all boxes that apply in Documentation Description, Payment Description and Applicant's Checklist:

Documentation Description
<input type="checkbox"/> Pre-Application <input type="checkbox"/> Application <input type="checkbox"/> Post-Application Reports <input type="checkbox"/> Commitment/Determination Notice <input type="checkbox"/> Carryover <input type="checkbox"/> 10% Test Documentation <input type="checkbox"/> Construction Loan Closing <input type="checkbox"/> Commencement of Construction <input type="checkbox"/> Cost Certification <input type="checkbox"/> Inspection Reports <input type="checkbox"/> LURA or LURA Amendment <input type="checkbox"/> Extension Request <input type="checkbox"/> Amendment Request <input checked="" type="checkbox"/> Other Appeal/Senate Support Letter
Payment Description
Check Amount: \$ _____ Check #: _____ <input type="checkbox"/> Pre-Application Fee <input type="checkbox"/> Application Fee <input type="checkbox"/> Commitment/Determination Fee <input type="checkbox"/> Compliance Fee <input type="checkbox"/> Extension Fee <input type="checkbox"/> Copying Charges <input type="checkbox"/> Inspection Fees <input type="checkbox"/> Other

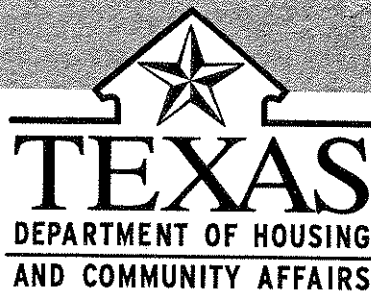
Applicant's Checklist for Application Submission			TDHCA Use
Bound Exhibits for Pre-Application (HTC Only)			
<input type="checkbox"/> Pre-Application – Set 1			<input type="checkbox"/>
<input type="checkbox"/> Pre-Application – Set 2 (redacted)			<input type="checkbox"/>
Bound Application Exhibits		Set 1	Set 2
Vol. 1 – Uniform Application (HTC, HTF, HOME, 4%/BONDS, PRES)		<input type="checkbox"/>	<input type="checkbox"/>
Vol. 2 – Site Inspection Package (HTC, HTF, HOME, 4%/BONDS, PRES)		<input type="checkbox"/>	<input type="checkbox"/>
Vol. 3 – Threshold Exhibits (HTC, HTF, HOME, 4%/BONDS, PRES)		<input type="checkbox"/>	<input type="checkbox"/>
Vol. 4 – Selection Exhibits (HTC Only)		<input type="checkbox"/>	<input type="checkbox"/>
Vol. 5 – Selection Exhibits (HTF Only)		<input type="checkbox"/>	<input type="checkbox"/>
Vol. 6 – Bond Submission Volume (4%/BONDS – TDHCA as Issuer Only)		<input type="checkbox"/>	<input type="checkbox"/>
Vol. 7 – HOME Supplemental Exhibits Volume (HOME Only)		<input type="checkbox"/>	<input type="checkbox"/>
Vol. 8 – Preservation Supplemental Exhibits Volume (PRES Only)		<input type="checkbox"/>	<input type="checkbox"/>
Unbound Application Exhibits			
<input type="checkbox"/> Appraisal			<input type="checkbox"/>
<input type="checkbox"/> Market Study			<input type="checkbox"/>
<input type="checkbox"/> Environmental Site Assessment			<input type="checkbox"/>
<input type="checkbox"/> Property Condition Assessment			<input type="checkbox"/>
<input type="checkbox"/> Extra Copy of Exhibit I of Uniform A.			<input type="checkbox"/>
<input type="checkbox"/> Extra Copy of Volume II – Site Package			<input type="checkbox"/>
<input type="checkbox"/> Extra Copy of Tab 3F (Volume 3)			<input type="checkbox"/>
<input checked="" type="checkbox"/> Letters of Support or Opposition			<input type="checkbox"/>
Other Documentation Submissions Related to Application			
<input type="checkbox"/> Evidence of Zoning (as necessary)			<input type="checkbox"/>
<input type="checkbox"/> Evidence of Commitment of Third Party Funding (as necessary)			<input type="checkbox"/>

NOTE: HTC Applicant's that are CHDO's or Qualified Nonprofit Organizations, and are requesting a fee reduction based on that status, **must** attach a copy of their CHDO certificate or evidence of 501(c)(3) or (4) status to this receipt.

TDHCA Staff Initials

Executive Director's Response

Executive Director's Appeal



WWW.TDHCA.STATE.TX.US

June 28, 2004

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Albert E. Magill, III
Courtland Square Partners, L.P.
6524 San Felipe, #274
Houston, TX 77057
Telephone: (713) 785-6006
Fax: (713) 785-6363

Re: Response to appeal received June 14, 2004
Courtland Square Apartments TDHCA Project No. 04143

Dear Mr. Magill:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced Development, regarding the eligibility of your application to receive points under §50.9(g)(6)(C) of the 2004 Qualified Allocation Plan and Rules (QAP). The appeal requested points for a support letter from State Senator Kel Seliger.

The Department did not award 3 points for this letter because it was submitted to the Department on June 9, 2004. The May 31, 2004 deadline for receipt of letters from elected officials is explicit in the above referenced section of the QAP. While the Department understands the Senator's very busy schedule and has noted that the tardiness of the letter was outside of the control of the Applicant, the Department cannot accept any letters after the required May 31 date for the purpose of awarding points. The Senator's support will still be noted to the Board of the Texas Department of Housing and Community Affairs.

Appeal Determination

For the reasons outlined above, your appeal is rejected.

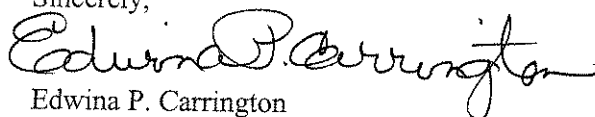
Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal

Mr. Albert Magill, III
June 28, 2004

must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,

A handwritten signature in cursive script that reads "Edwina P. Carrington". The signature is fluid and elegant, with a large initial 'E' and a long, sweeping tail on the 'n'.

Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal



San Jacinto
Realty
Service, LLC

RECEIVED
JUN 14 2004
LIHTC

June 11, 2004

Ms. Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine Street – Suite 300
Austin, Texas 78701

Re: Appeal – Support of State Elected Official Points
TDHCA # 04143 – Courtland Square Apartment
Odessa, Texas

Dear Ms Carrington:

Please find attached the June 9, 2004 support letter from Senator Kel Seliger who represents District 31 including the city of Odessa.

The attached letter asked that the letter be considered as qualifying for support even though it is after the deadline. The Senator has taken responsibility for this tardiness and has asked that we not be penalized.

As a result of this letter and the Senators comments, I would like to appeal the department's decision to deny the 3 points for support from state officials. I understand that deadlines are important in the selection process. However, since the deadline for additional leveraging financing is not until June 14, 2004 a point correction in support letters would not delay the selection process.

This appeal is only being requested as a result of the Senator's request, that we not be unduly penalized due to his offices inaction and tardiness. This confirms that our request for support was timely and the need for affordable housing in this Odessa neighborhood is important to his district.

As a result of the above, along with the attached letter, we hereby request that you reinstate the 3 points for state senate elected official support to Application #04143.

After you have had a chance to review the following, please feel free to contact me with any additional questions you might have.

Sincerely,

Albert E. Magill, III

Project # 04211

Arbors at Rose Park

Board Appeal

RECEIVED

JUN 29 2004

EXECUTIVE

DMA

DMA DEVELOPMENT COMPANY, LLC

5121 BEE CAVES ROAD, STE 201 AUSTIN, TEXAS 78746 TEL 512.328.3232 FAX 512.328.4584

June 29, 2004

Beth Anderson, Chair
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 600
Austin, Texas 78711-3941

Hand Delivered

TDHCA

JUN 29 2004

Re: *Application for Housing Tax Credits/Housing Trust Fund
The Arbors at Rose Park, Abilene, Texas/TDHCA #04211*

HUMAN RESOURCE OFFICE

Dear Ms. Anderson:

I received Edwina Carrington's letter dated June 28, 2004, in which the appeal for the above-mentioned application submitted June 14, 2004 was denied. Pursuant to Section 50.18(b)(1)(B), I respectfully appeal this matter to the Board of Directors.

In her response, she indicated that the letter from Abilene Neighborhoods in Progress did not meet the requirements to be scored, as follows. Our responses are provided in bold text.

1. It does not provide the total number of members of the organization, only a total number of board members.

As a nonprofit organization on record with the State, Abilene Neighborhoods in Progress has members of its board of directors, and not members in general. The letter from Abilene Neighborhoods in Progress states the only membership that is applicable to its organization.

2. The organization serves an entire city, not the specific Neighborhood.

Nowhere in the QAP does it define a Neighborhood Organization as serving ONLY that neighborhood. Rather, the QAP defines neighborhood organization as an organization, on record with the state or county (which it is) whose boundaries contain the proposed Development Site (which it does), with a primary purpose of working to affect the matters of the neighborhood (which it does). The letter from Abilene Neighborhoods in Progress clearly states that it serves the neighborhood of the site, "with a particular emphasis on inner city locations, including the area of Oscar Rose Park" (the site location).

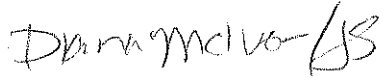
As you know, the issue of defining Quantifiable Community Support has been a major hurdle for this year's applicants. However, without question, the letter from Abilene Neighborhoods in Progress meets all of the criteria that has been used to measure such letters and is worthy of 12 points.

Ms. Beth Anderson
Page 2
June 29, 2004

Thank you for your time and consideration of this appeal.

Sincerely,

DMA DEVELOPMENT COMPANY, LLC

A handwritten signature in black ink that reads "Diana McIver" followed by a stylized monogram "DM".

Diana McIver
President

Enclosures

Cc: Edwina Carrington, Executive Director
Odis Dolton, Abilene Neighborhoods in Progress



WWW.TDHCA.STATE.TX.US

June 28, 2004

RICK PERRY

Governor

EDWINA P. CARRINGTON

Executive Director

BOARD MEMBERS

Elizabeth Anderson, Chair

Shadrick Bogany

C. Kent Conine

Vidal Gonzalez

Patrick R. Gordon

Norberto Salinas

Diana McIver
Abilene DMA Housing, L.P.
5121 Bee Caves Road, Suite 201
Austin, TX 78746
Telephone: (512) 328-3232
Fax: (512) 328-4584

Re: Response to appeal received June 14, 2004
Arbors at Rose Park Apartments TDHCA Project No. 04211

Dear Ms. McIver:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced development, regarding the eligibility of your application to receive points for Quantifiable Community Participation under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to a development. Consistent with that section of the QAP, your letters were reviewed to determine if all submission requirements were met.

Unfortunately, the letter from Abilene Neighborhoods in Progress did not meet the requirements to be scored. The letter does not provide the total number of members of the organization, only a total number of board members. Additionally, documentation indicates the organization serves an entire city, not the specific neighborhood. Therefore, the organization is not a "neighborhood organization" within the meaning of the requirement.

Appeal Determination

Because of the above-mentioned reasons, your appeal is denied.

Regarding your request for the 1 points if this appeal is denied, your application is not eligible for the point that was the final average number of QCP points received by all Applications who met the requirements of §50.9(g)(2)(C)(i). Unfortunately, in order to be eligible for the point, your Development must have received no letters. The letters received for the Development makes this application ineligible for the one point requested.

Ms. McIver
June 28, 2004

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Abilene - Top of Vol 1

DMA DEVELOPMENT COMPANY, LLC

5121 BEE CAVES ROAD, STE 201 AUSTIN, TEXAS 78746 TEL 512.328.3232 FAX 512.328.4584

DMA

June 14, 2004

Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 600
Austin, Texas 78711-3941

SEARCHED
SERIALIZED
INDEXED
FILED

Re: Application for Housing Tax Credits/Housing Trust Fund
The Arbors at Rose Park, Abilene, Texas
TDHCA #04211

Dear Ms. Carrington:

Pursuant to Section 50.18(b)(1)(B) of the 2004 Qualified Allocation Plan ("QAP"), we appeal the scoring of the above-mentioned application because such scoring does not comply with the Application Selection Criteria as outlined in the QAP. Specifically, we appeal the summary of the score issued by TDHCA on June 7, 2004, which indicates that our application received 0 points for Quantifiable Community Participation, despite having received a letter of support from a neighborhood organization, Abilene Neighborhoods in Progress.

It is our position the application should have received 12 points for Quantifiable Community Participation, thereby increasing our final score to 153, because we received a neighborhood organization support letter that met all of the requirements under the 2004 QAP. TDHCA sent Abilene Neighborhoods in Progress a letter, also dated June 7, 2004, that offered the reasons why the letter received a 0 score. Such reasons were 1) the letter did not provide either the total number of members of the organizations or a brief description of the process used to determine the member's position, and 2) the letter provided insufficient documentation that the organization is a "neighborhood organization" within the meaning of the requirement.

The basis of this appeal is that, despite these findings of TDHCA staff, the Abilene Neighborhoods in Progress letter indeed meets both those requirements. First, the letter provides both the total number of members of the organization and a brief description of the process used to determine the member's position. To quote from the letter, a copy of which is attached hereto: "Our organization is a non-profit organization with a 15 member Board of Directors. Our process for supporting this application was by unanimous vote of all members present during our April 21, 2004, monthly meeting."

Second, the letter provides sufficient information that it is a neighborhood organization within the meaning of the requirement. Section 50.9(g)(2)(B) sets forth the definition of a neighborhood organization:

"For the purposes of scoring of this exhibit, neighborhood organizations are organizations that are on record with the county or state in which the development is proposed to be located as of March 1 of the application year and that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site . . ."

The letter from Abilene Neighborhoods in Progress provides sufficient documentation that it is a neighborhood organization within this definition. To quote the letter further "Our organization qualifies as a neighborhood organization for the following reasons: As indicated by the attached Certificate of Incorporation, we are on record with the State of Texas Our primary purpose is to provide affordable housing, which includes matters affecting the welfare of seniors in the neighborhood encompassing the site." The letter continues to state that its service area includes inner city Abilene and specifically the Oscar Rose Park area, which is where the proposed site is located.

In summary, this letter from a neighborhood organization clearly follows the requirements of the QAP without deviation. Section 50.9(g)(2)(C) provides that the letter must state and provide documentation which shows that:

"[I]t is from a neighborhood organization; that it is on record with the state or county; and that the organization's boundaries contain the proposed Development Site. The letter must also provide the number of members of the organization and a brief description of the process used to determine the member's position. To be accurate, score, the letter must clearly and concisely state each reason for the organization's support or opposition to the proposed Development and provide specific evidence supporting that input."

The letter from Abilene Neighborhoods in Progress offers statements and provides documentation that satisfies each and every one of these requirements. Indeed, it is difficult to imagine a letter that more clearly honors the scoring criteria offered in the QAP.

Based on the foregoing, we respectfully request that this letter be reconsidered and that we receive 12 points for Quantifiable Community Participation based on the fact the letter from Abilene Neighborhoods in Progress meets all of the requirements set forth in Section 50.9(g)(2)(C) of the 2004 QAP.

Should our request be denied, we ask that TDHCA grant this application the average 1 point received by applicants in our Region who certified that they did not know of any neighborhood organizations on record with the county or state. At the time TDHCA asked us to sign the certification, we could not certify honestly that we did not know of any neighborhood organizations and that we had not received any letters of support from such neighborhood organizations, because, at that time, we believed that TDHCA would consider Abilene Neighborhoods in Progress a neighborhood organization on record with the State. Had TDHCA advised us that Abilene Neighborhoods in Progress would not count as a neighborhood organization on record with the State, we would have signed the certification and received the average 1 point. Instead, we made a reasonable interpretation from the language of the QAP and decided not to sign the certification. As a result, we received 0 points, while other applicants who made no effort to garner neighborhood support received 1 point. This result seems at odds with the language and the intent of the Quantifiable Community Participation section of the scoring criteria.

Thank you for your time and consideration of this appeal.

Sincerely,

DMA DEVELOPMENT COMPANY, LLC

A handwritten signature in black ink, appearing to read 'Janine Sisak', written in a cursive style.

Janine Sisak

Associate General Counsel



Board of Directors

Chair

Odis Dolton
City of Abilene

Vice Chair

Nancy E. Jones, PhD
President, Community
Foundation of Abilene

Treasurer

Teresa Clinton-Sullivan
Condley and Company, L.L.P.

Secretary

Lane Frizzell
Vice President, Enrich Oil
Corporation

V.E. Brailsford

President, Abilene Housing
Authority Board of Directors

Julian Bridges, PhD

Professor of Sociology,
Hardin-Simmons University

Olivia Campos

Principal, The Independent School
District

Stan Lambert

Senior Vice President,
First National Bank of Abilene

Pastor Charles Maciel

Pastor, Ambler Baptist Church

Erasmio Martinez

President, League of Latin
American Citizens

Pastor Andrew Penns

Pastor, Valley View Baptist
Church

Mary Carolyn Strahan

Resident Representative

Mark Waters, PhD

Executive Director,
Just People, Inc.

Zella Woodruff

Resident Representative

Staff

Executive Director

Petty Hunter

April 26, 2004

Texas Department of Housing and Community Affairs
Attn: Brooke Boston
Director of Multifamily Finance Production Division
(Neighborhood Input)
P.O. Box 13941
507 Sabine
Austin, TX 78711-3941

RE: The Arbors at Rose Park
2702 South 7th Street, Abilene, TX 79605
TDHCA # 04211

Dear Ms. Boston:

We would like to express our support for the above-referenced project which we understand is pending before your agency for an award of tax credits.

Our organization qualifies as a neighborhood organization for the following reasons:

- As indicated by the attached Certificate of Incorporation, we are on record with the State of Texas as a Non-Profit Corporation.
- Our primary purpose is to provide affordable housing, which includes matters affecting the welfare of seniors in the neighborhood encompassing this proposed housing site.
- Our area of service is the entire City of Abilene, with a primary emphasis on inner city locations, including the area of Oscar Rose Park. We have included a map highlighting our service area.

Abilene Neighborhoods in Progress, Inc.

241 Pine Street #17C • Abilene, Texas 79601 • 325-672-7420 • Fax 325-672-7428 • nipit@abilene.com

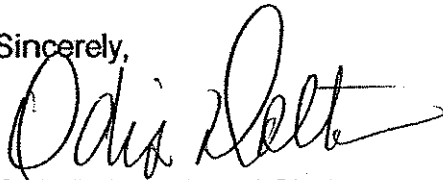
- Our organization is a non-profit organization with a 15 member Board of Directors. Our process for supporting this application was by unanimous vote of all members present during our April 21, 2004, monthly meeting.

Our reasons for supporting this project are as follows:

- **Need.** There is a tremendous need for affordable housing for seniors in Abilene, particularly well-located housing in urban neighborhoods. According to the Market Study, 381 units serving low and moderate income seniors are needed in our community.
- **Ideal Location.** The location the developer has chosen is the best in Abilene for seniors. There is public transportation at the site, commercial amenities only a block away, and most importantly, the Rose Park Senior Activity Center is across the street in Rose Park.
- **Architectural Design.** The proposed senior community will have both garden-style units for the more active seniors as well as a secured two story elevator building for seniors who may be more frail or want the security or convenience of an enclosed building. The proposed amenities of a community room with a kitchen, the fitness center, computer/business center, activity room and the outdoor gazebo are all attractive to our seniors. Additionally, the location of a service coordinator on site will help access already-available services here in the community.
- **Quality Developer.** DMA Developer Company has developed similar affordable senior projects and is known for the quality of their developments. This will be important to the success of the project.

Again, we are very pleased to lend our support this affordable senior housing community and ask that you give it favorable consideration for an allocation of housing tax credits. If you need additional information, you may contact me at 325-676-6496.

Sincerely,



Odie Dolton, Board Chairman
Abilene Neighborhood in Progress

c: Diana McIver, DMA Development Company, LLC



The State of Texas
Secretary of State

CERTIFICATE OF INCORPORATION
OF

ABILENE NEIGHBORHOODS IN PROGRESS, INC.
CHARTER NUMBER 01508056

THE UNDERSIGNED, AS SECRETARY OF STATE OF THE STATE OF TEXAS, HEREBY CERTIFIES THAT THE ATTACHED ARTICLES OF INCORPORATION FOR THE ABOVE NAMED CORPORATION HAVE BEEN RECEIVED IN THIS OFFICE AND ARE FOUND TO CONFORM TO LAW.

ACCORDINGLY, THE UNDERSIGNED, AS SECRETARY OF STATE, AND BY VIRTUE OF THE AUTHORITY VESTED IN THE SECRETARY BY LAW, HEREBY ISSUES THIS CERTIFICATE OF INCORPORATION.

ISSUANCE OF THIS CERTIFICATE OF INCORPORATION DOES NOT AUTHORIZE THE USE OF A CORPORATE NAME IN THIS STATE IN VIOLATION OF THE RIGHTS OF ANOTHER UNDER THE FEDERAL TRADEMARK ACT OF 1946, THE TEXAS TRADEMARK LAW, THE ASSUMED BUSINESS OR PROFESSIONAL NAME ACT OR THE COMMON LAW.

DATED OCT. 5, 1998

EFFECTIVE OCT. 5, 1998



Alberto R. Gonzales

Alberto R. Gonzales, Secretary of State



The State of Texas
Secretary of State

OCT. 9, 1998

BRENDA COLEMAN
534 CYPRESS ST #105
ABILENE TX 79601

RE:
ABILENE NEIGHBORHOODS IN PROGRESS, INC.
CHARTER NUMBER 01508056-01

IT HAS BEEN OUR PLEASURE TO APPROVE AND PLACE ON RECORD THE ARTICLES OF INCORPORATION THAT CREATED YOUR CORPORATION. WE EXTEND OUR BEST WISHES FOR SUCCESS IN YOUR NEW VENTURE.

AS A CORPORATION, YOU ARE SUBJECT TO STATE TAX LAWS. SOME NON-PROFIT CORPORATIONS ARE EXEMPT FROM THE PAYMENT OF FRANCHISE TAXES AND MAY ALSO BE EXEMPT FROM THE PAYMENT OF SALES AND USE TAX ON THE PURCHASE OF TAXABLE ITEMS. IF YOU FEEL THAT UNDER THE LAW YOUR CORPORATION IS ENTITLED TO BE EXEMPT YOU MUST APPLY TO THE COMPTROLLER OF PUBLIC ACCOUNTS FOR THE EXEMPTION. THE SECRETARY OF STATE CANNOT MAKE SUCH DETERMINATION FOR YOUR CORPORATION.

IF WE CAN BE OF FURTHER SERVICE AT ANY TIME, PLEASE LET US KNOW.



VERY TRULY YOURS,

A handwritten signature in cursive script, appearing to read "Alberto R. Gonzales".

Alberto R. Gonzales, Secretary of State

**Odis Dolton, Chair
Assistant Director
City of Abilene
P.O. Box 60
Abilene, TX 79604**

**Carolyn Strahan
5226 North 9th
Abilene, TX 79603**

**Pastor Charles Maciel
Ambler Baptist Church
2150 Park
Abilene, TX 79603**

**Dr. Nancy E. Jones, PhD
Executive Director
Community Foundation of Abilene
400 Chestnut Street # 1634
Abilene, TX 79602**

**Dr. Julian Bridges, PhD
Sociology Professor
Hardin Simmons University
HSU, P.O. Box 16216
Abilene, TX 79698**

**Erasmo Martinez, President
LULAC
1419 Glenhaven Drive
Abilene, TX 79603**

**V. E. Brailsford
3949 North 10th Street
Abilene, TX 79603**

**Reverend Andrew Penns
Chair, I-CAN
702 Mesquite Street
Abilene, TX 79601**

**Teresa Clinton-Sullivan
Conley and Associates
993 North 3rd Street
Abilene, TX 79601**

**Ovelia Campos
Abilene Independent School District
PO Box 981
Abilene, TX 79604**

**Mark Waters, PhD, Executive Director
Just People, Inc.
304 Grape Street
Abilene, TX 79601**

**Zella Woodruff
Retired
1065 Minda Street
Abilene, TX 79602**

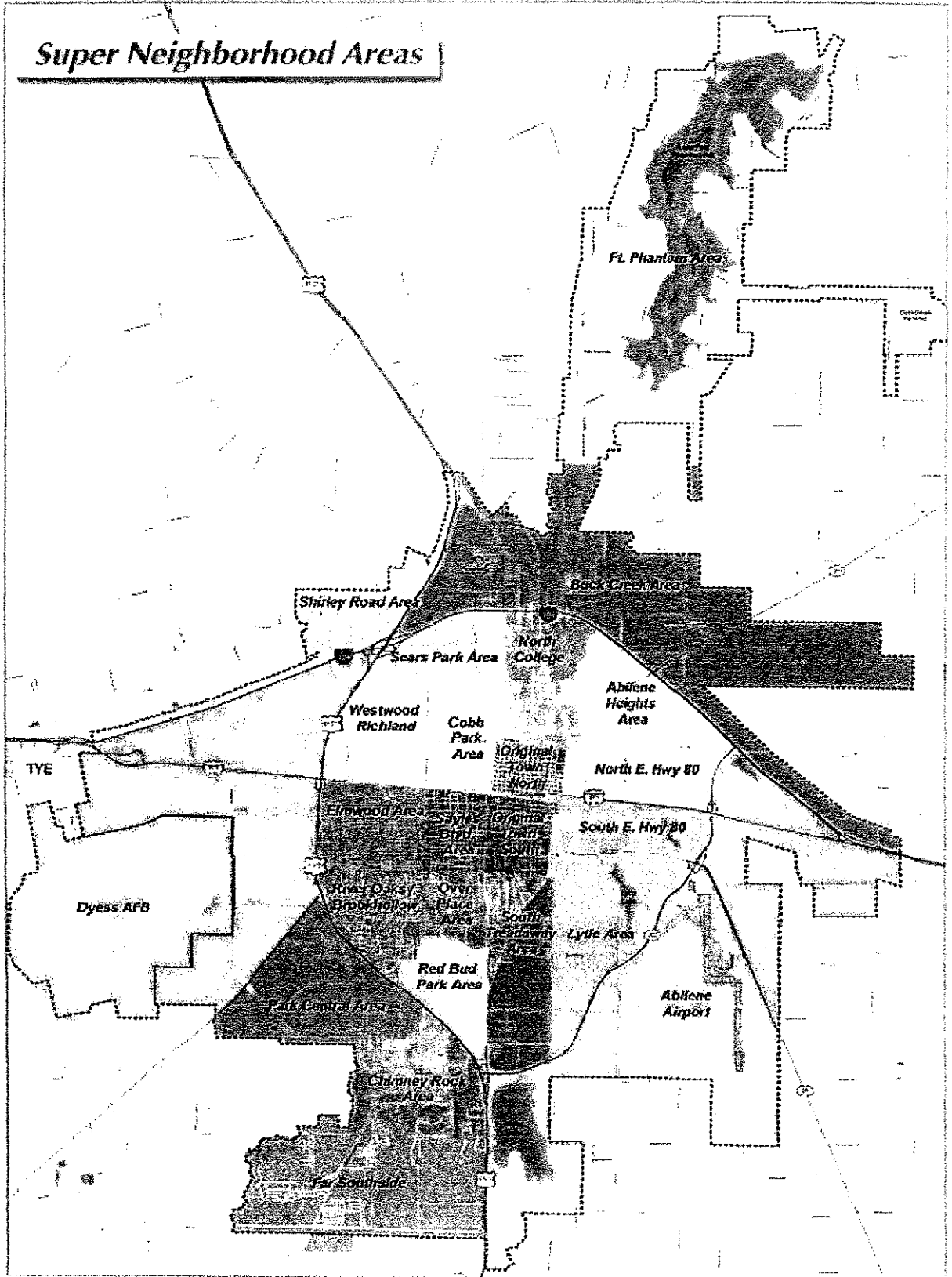
**Lane Frizzell, Vice President
Enrich Oil Corporation
241 Pine Street
Suite 6-A
Abilene, TX 79601**

**Rich Brown, Associate Pastor
Moming Star Community Church
1418 Clarks Dr
Abilene, TX 79602-3120**

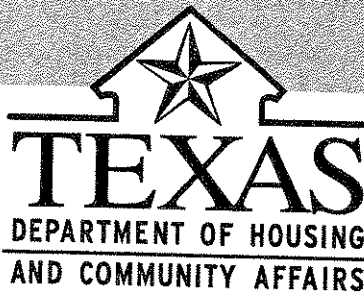
**Stan Lambert, Branch Manager First
National Bank
Judge Ely and North 10th
Abilene, TX 79601**

**Charles Richardson, Media Director
Hardin Simmons University
1465 Clinton St
Abilene, TX 79603**

Super Neighborhood Areas



Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 28, 2004

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Diana McIver
Abilene DMA Housing, L.P.
5121 Bee Caves Road, Suite 201
Austin, TX 78746
Telephone: (512) 328-3232
Fax: (512) 328-4584

Re: Response to appeal received June 14, 2004
Arbors at Rose Park Apartments TDHCA Project No. 04211

Dear Ms. McIver:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced development, regarding the eligibility of your application to receive points for Quantifiable Community Participation under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to a development. Consistent with that section of the QAP, your letters were reviewed to determine if all submission requirements were met.

Unfortunately, the letter from Abilene Neighborhoods in Progress did not meet the requirements to be scored. The letter does not provide the total number of members of the organization, only a total number of board members. Additionally, documentation indicates the organization serves an entire city, not the specific neighborhood. Therefore, the organization is not a "neighborhood organization" within the meaning of the requirement.

Appeal Determination

Because of the above-mentioned reasons, your appeal is denied.

Regarding your request for the 1 points if this appeal is denied, your application is not eligible for the point that was the final average number of QCP points received by all Applications who met the requirements of §50.9(g)(2)(C)(i). Unfortunately, in order to be eligible for the point, your Development must have received no letters. The letters received for the Development makes this application ineligible for the one point requested.

Ms. McIver
June 28, 2004

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,



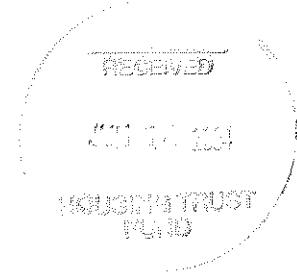
Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal

June 14, 2004

Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 600
Austin, Texas 78711-3941



Re: Application for Housing Tax Credits/Housing Trust Fund
The Arbors at Rose Park, Abilene, Texas
TDHCA #04211

Dear Ms. Carrington:

Pursuant to Section 50.18(b)(1)(B) of the 2004 Qualified Allocation Plan ("QAP"), we appeal the scoring of the above-mentioned application because such scoring does not comply with the Application Selection Criteria as outlined in the QAP. Specifically, we appeal the summary of the score issued by TDHCA on June 7, 2004, which indicates that our application received 0 points for Quantifiable Community Participation, despite having received a letter of support from a neighborhood organization, Abilene Neighborhoods in Progress.

It is our position the application should have received 12 points for Quantifiable Community Participation, thereby increasing our final score to 153, because we received a neighborhood organization support letter that met all of the requirements under the 2004 QAP. TDHCA sent Abilene Neighborhoods in Progress a letter, also dated June 7, 2004, that offered the reasons why the letter received a 0 score. Such reasons were 1) the letter did not provide either the total number of members of the organizations or a brief description of the process used to determine the member's position, and 2) the letter provided insufficient documentation that the organization is a "neighborhood organization" within the meaning of the requirement.

The basis of this appeal is that, despite these findings of TDHCA staff, the Abilene Neighborhoods in Progress letter indeed meets both those requirements. First, the letter provides both the total number of members of the organization and a brief description of the process used to determine the member's position. To quote from the letter, a copy of which is attached hereto: "Our organization is a non-profit organization with a 15 member Board of Directors. Our process for supporting this application was by unanimous vote of all members present during our April 21, 2004, monthly meeting."

Second, the letter provides sufficient information that it is a neighborhood organization within the meaning of the requirement. Section 50.9(g)(2)(B) sets forth the definition of a neighborhood organization:

"For the purposes of scoring of this exhibit, neighborhood organizations are organizations that are on record with the county or state in which the development is proposed to be located as of March 1 of the application year and that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site . . ."

The letter from Abilene Neighborhoods in Progress provides sufficient documentation that it is a neighborhood organization within this definition. To quote the letter further "Our organization qualifies as a neighborhood organization for the following reasons: As indicated by the attached Certificate of Incorporation, we are on record with the State of Texas Our primary purpose is to provide affordable housing, which includes matters affecting the welfare of seniors in the neighborhood encompassing the site." The letter continues to state that its service area includes inner city Abilene and specifically the Oscar Rose Park area, which is where the proposed site is located.

In summary, this letter from a neighborhood organization clearly follows the requirements of the QAP without deviation. Section 50.9(g)(2)(C) provides that the letter must state and provide documentation which shows that:

"[I]t is from a neighborhood organization; that it is on record with the state or county; and that the organization's boundaries contain the proposed Development Site. The letter must also provide the number of members of the organization and a brief description of the process used to determine the member's position. To be accurately scored, the letter must clearly and concisely state each reason for the organization's support or opposition to the proposed Development and provide specific evidence supporting that input."

The letter from Abilene Neighborhoods in Progress offers statements and provides documentation that satisfies each and every one of these requirements. Indeed, it is difficult to imagine a letter that more clearly honors the scoring criteria offered in the QAP.

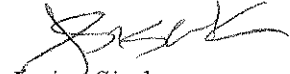
Based on the foregoing, we respectfully request that this letter be reconsidered and that we receive 12 points for Quantifiable Community Participation based on the fact the letter from Abilene Neighborhoods in Progress meets all of the requirements set forth in Section 50.9(g)(2)(C) of the 2004 QAP.

Should our request be denied, we ask that TDHCA grant this application the average 1 point received by applicants in our Region who certified that they did not know of any neighborhood organizations on record with the county or state. At the time TDHCA asked us to sign the certification, we could not certify honestly that we did not know of any neighborhood organizations and that we had not received any letters of support from such neighborhood organizations, because, at that time, we believed that TDHCA would consider Abilene Neighborhoods in Progress a neighborhood organization on record with the State. Had TDHCA advised us that Abilene Neighborhoods in Progress would not count as a neighborhood organization on record with the State, we would have signed the certification and received the average 1 point. Instead, we made a reasonable interpretation from the language of the QAP and decided not to sign the certification. As a result, we received 0 points, while other applicants who made no effort to garner neighborhood support received 1 point. This result seems at odds with the language and the intent of the Quantifiable Community Participation section of the scoring criteria.

Thank you for your time and consideration of this appeal.

Sincerely,

DMA DEVELOPMENT COMPANY, LLC

A handwritten signature in black ink, appearing to read 'Janine Sisak', written in a cursive style.

Janine Sisak

Associate General Counsel

Project # 04213

The Village @ Morning Star

Board Appeal

RECEIVED

JUN 29 2004

EXECUTIVE **DMA**

DMA DEVELOPMENT COMPANY, LLC

5121 BEE CAVES ROAD, STE 201 AUSTIN, TEXAS 78746 TEL 512.328.3232 FAX 512.328.4584

June 29, 2004

Hand Delivered

Beth Anderson, Chair
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 600
Austin, Texas 78711-3941

TDHCA

Re: *Application for Housing Tax Credits/Housing Trust Fund*
The Village @ Morningstar, Texas City, Texas/TDHCA #04213

JUN 29 2004

HUMAN RESOURCE OFFICE

Dear Ms. Anderson:

I received Edwina Carrington's letter dated June 28, 2004, in which the appeal for the above-mentioned application submitted June 14, 2004, was denied. Pursuant to Section 50.18(b)(1)(B), I respectfully appeal this matter to the Board of Directors.

In her response she indicated that the Letter from Texas City Habitat for Humanity did not meet the requirements to be scored, as follows. Our responses are provided in bold text.

1. It did not provide the process that was used to determine the member's position of support, only that a resolution was approved.

The letter from Habitat states "At our April 12th Chapter Board meeting, we approved a resolution supporting the Morningstar project for the following reasons . . ." I would argue that the passing of a resolution is in itself a process.

2. The organization serves an entire city, not the specific Neighborhood.

Nowhere in the QAP does it define a Neighborhood Organization as serving ONLY that neighborhood. It says that its boundaries have to contain the proposed Development Site (which it does) – and that the organization have a primary purpose of working to affect the matters of the neighborhood (which it does). The letter from Texas City Habitat clearly states that they serve the neighborhood of the site and to quote the letter, "We will be building two homes within a city block of Morningstar. To date, we have completed six homes in Texas City, and are over 60% complete on our 7th."

The letter also provided a map of Habitat's service area, showing the completed houses and the location on Palm Avenue of the two houses to begin shortly. These are literally one block from the Development Site. Clearly, Texas City Habitat for Humanity is working to improve and better the lives of residents in the neighborhood that includes the Village @ Morningstar.

As you know, the issue of defining Quantifiable Community Support has been a major hurdle for this year's applicants. However, without question, Texas City Habitat for Humanity meets all of the criteria

Ms. Beth Anderson
Page 2
June 29, 2004

that has been used to measure such letters and is worthy of 12 points. Thank you for your time and consideration of this appeal.

Sincerely,

DMA DEVELOPMENT COMPANY, LLC

A handwritten signature in black ink, appearing to read 'Diana McIver', with a long horizontal line extending to the right.

Diana McIver
President

Enclosures

Cc: Edwina Carrington, Executive Director
Bob Greeley, Texas City Habitat for Humanity
Honorable Matt Doyle, Mayor, City of Texas City



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June 28, 2004

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Diana McIver
Texas City DMA Housing, L.P.
5121 Bee Caves Road, Suite 201
Austin, TX 78746
Telephone: (512) 328-3232
Fax: (512) 328-4584

Re: Response to appeal received June 14, 2004
The Village at Morningstar TDHCA Project No. 04213

Dear Ms. McIver:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced development, regarding the eligibility of your application to receive points for Quantifiable Community Participation under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the development noted above. Consistent with that section of the QAP, your letters were reviewed to determine if all submission requirements were met.

Unfortunately, the letter from Retired American Persons of Texas City did not meet the requirements to be scored. Documentation indicates the organization serves two cities, not the specific neighborhood. Therefore, the organization is not a "neighborhood organization" within the meaning of the requirement.

The letter from Texas City Habitat for Humanity also did not meet the requirements to be scored. The letter does not provide the process that was used to determine the member's position of support, only that a resolution was approved. Additionally, documentation indicates the organization serves an entire city, not the specific neighborhood. Therefore, the organization is not a 'neighborhood organization' within the meaning of the requirement.

Appeal Determination

Because of the above-mentioned reasons, your appeal is denied.

Ms. Diana McIver
May 28, 2004

Regarding your request for the 1 points if this appeal is denied, your application is not eligible for the point that was the final average number of QCP points received by all Applications that met the requirements of §50.9(g)(2)(C)(i). Unfortunately, in order to be eligible for the point, your Development must have received no QCP letters. The letters received for the Development make this application ineligible for the one point requested.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groncck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Texas City
top of vol 2

DMA DEVELOPMENT COMPANY, LLC

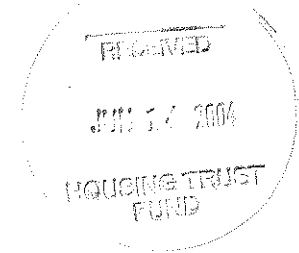
5121 BEE CAVES ROAD, STE 201 AUSTIN, TEXAS 78746 TEL 512.328.3232 FAX 512.328.4584

DMA

June 14, 2004

Hand Delivered

Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 600
Austin, Texas 78711-3941



Re: ***Application for Housing Tax Credits/Housing Trust Fund
The Village @ Morningstar, Texas City, Texas
TDHCA #04213***

Dear Ms. Carrington:

Pursuant to Section 50.18(b)(1)(B), we appeal the scoring of the above-mentioned application because such scoring does not comply with the Application Selection Criteria as outlined in the 2004 Qualified Allocation Plan ("QAP"). Specifically, we appeal the summary of the score issued by TDHCA on June 7, 2004, which indicates that our application received 0 points for Quantifiable Community Participation, despite having received two letters of support from neighborhood organizations – specifically, Retired American Persons of Texas City and Texas City Habitat for Humanity.

It is our position the application should have received 12 points for Quantifiable Community Participation, thereby increasing our final score to 167, because we received two neighborhood organization support letters that met all of the requirements under the 2004 QAP.

Retired American Persons of Texas City

On June 7, 2004, TDHCA sent a letter to Retired American Persons of Texas City that offered the reason why the letter received a 0 score. Such reason was that the letter provided insufficient documentation that the organization is a "neighborhood organization" within the meaning of the requirement.

The basis of this appeal is that, despite these findings of TDHCA staff, the Retired American Persons of Texas City indeed meets this requirement. The letter from Retired American Persons of Texas City, dated April 19, 2004, provides sufficient information that it is a neighborhood organization within the meaning of the requirement. Section 50.9(g)(2)(B) sets forth the definition of a neighborhood organization:

"For the purposes of scoring of this exhibit, neighborhood organizations are organizations that are on record with the county or state in which the development is proposed to be located as of March 1 of the application year and that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site . . ."

The letter from Retired American Persons of Texas City provides sufficient documentation that it is a neighborhood organization within this definition. To quote the letter "Our organization qualifies as a neighborhood organization for the following reasons: As indicated by the attached Certificate of Incorporation, we are on record with the State of Texas Our primary purpose is to provide services

for the aged, which includes matters affecting the welfare of seniors in the neighborhood encompassing the site.”

In summary, this letter from a neighborhood organization clearly follows the requirements of the QAP without deviation. Section 50.9(g)(2)(C) provides that the letter must state and provide documentation which shows that:

“[I]t is from a neighborhood organization; that it is on record with the state or county; and that the organization’s boundaries contain the proposed Development Site. The letter must also provide the number of members of the organization and a brief description of the process used to determine the member’s position. To be accurately scored, the letter must clearly and concisely state each reason for the organization’s support or opposition to the proposed Development and provide specific evidence supporting that input.”

The letter from Retired American Persons of Texas City offers statements and provides documentation that satisfies each and every one of these requirements.

Texas City Habitat for Humanity

The letter of support from Texas City Habitat for Humanity, dated April 19, 2004, apparently was overlooked as part of the EARAC review process. We have provided information verifying that the letter was submitted on time, and TDHCA staff has confirmed that it was submitted timely. Because, however, it was not reviewed by EARAC, we are somewhat limited in our ability to appeal its failure to receive a score. To assist, Brooke Boston located the letter and on June 12 provided us with her preliminary indication of the scoring of this letter, as follows:

Texas City Habitat:

- a. *Insufficient documentation was provided to show that the organization was on record as of March 1, 2004 with the state or county in which the development is proposed to be located.*
- b. *Your letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both.*
- c. *Insufficient documentation was provided to show that the organization is a 'neighborhood organization' within the meaning of this requirement*

Ms. Boston made it clear in her communication that this was not a formal EARAC response, but her interpretation, based on how other letters were scored. Should this be the consensus of EARAC, we appeal the denial of points for this letter as follows.

Texas City Habitat for Humanity letter indeed meets all three of those requirements. First, the letter provides evidence that Texas City Habitat for Humanity is on record with the State of Texas. The documentation provided was evidence of incorporation by the State of Texas dated February 19, 1991. In narrative form, the letter states “The Texas City Organization became a Chapter of Bay Area Habitat for Humanity Affiliate- Houston at the Board Meeting on November 21, 1996. We have a DbA for doing

business as a chapter in Texas City.” As an affiliate of the parent organization on record with the State, Texas City Habitat is also on record with the State.

Second, the letter from Habitat does address both the total number of members of the organization and a brief description of the process used to determine the member’s position. To quote from the letter, “Our Texas City Board includes 16 volunteer members plus over 100 volunteers that help build the homes At our April 12th Chapter Board meeting, we approved a resolution supporting the Morningstar project for the following reasons”

Third, the letter provides sufficient information that it is a neighborhood organization within the meaning of the requirement. Section 50.9(g)(2)(B) sets forth the definition of a neighborhood organization:

“For the purposes of scoring of this exhibit, neighborhood organizations are organizations that are on record with the county or state in which the development is proposed to be located as of March 1 of the application year and that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site”

The letter from Texas City Habitat provides sufficient documentation that it is a neighborhood organization within this definition. To quote the letter further “Our mission is to provide housing for qualified low-income families in need in Texas City We will be building two homes within a city block of Morningstar. To date, we have completed six homes in Texas City, and are over 60% complete on our 7th.” The letter also provided a map of its service area, showing the completed houses and the location on Palm Avenue of the two houses to begin shortly.

In summary, this letter from a neighborhood organization clearly follows the requirements of the QAP without deviation. Section 50.9(g)(2)(C) provides that the letter must state and provide documentation which shows that:

“[I]t is from a neighborhood organization; that it is on record with the state or county; and that the organization’s boundaries contain the proposed Development Site. The letter much also provide the number of members of the organization and a brief description of the process used to determine the member’s position. To be accurately score, the letter must clearly and concisely state each reason for the organization’s support or opposition to the proposed Development and provide specific evidence supporting that input.”

The letter from Texas City Habitat offers statements and provides documentation that satisfies each and every one of these requirements

Based on the foregoing, we respectfully request that these two letters be reconsidered and that we receive 12 points for Quantifiable Community Participation based on the fact that the letters from Retired American Persons of Texas City and Texas City Habitat meet all of the requirements set forth in Section 50.9(g)(2)(C) of the 2004 QAP.

Ms. Edwina Carrington

Page 4

June 14, 2004

Should our request be denied, we ask that TDHCA grant this application the average 1 point received by applicants in our Region who certified that they did not know of any neighborhood organizations on record with the county or state. At the time TDHCA asked us to sign the certification, we could not certify honestly that we did not know of any neighborhood organizations and that we had not received any letters of support from such neighborhood organizations, because, at that time, we believed that TDHCA would consider both Texas City Habitat for Humanity and Retired American Persons of Texas City neighborhood organizations on record with the State. Had TDHCA advised us that these organizations would not count as neighborhood organizations on record with the State, we would have signed the certification and received the average 1 point. Instead, we made a reasonable interpretation from the language of the QAP and decided not to sign the certification. As a result, we received 0 points, while other applicants who made no effort to garner neighborhood support received 1 point. This result seems at odds with the language and the intent of the Quantifiable Community Participation section of the scoring criteria.

Thank you for your time and consideration of this appeal.

Sincerely,

DMA DEVELOPMENT COMPANY, LLC

A handwritten signature in black ink, appearing to read "Diana McIver", with a long horizontal flourish extending to the right.

Diana McIver
President

Enclosures

Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 28, 2004

.....
RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Diana McIver
Texas City DMA Housing, L.P.
5121 Bee Caves Road, Suite 201
Austin, TX 78746
Telephone: (512) 328-3232
Fax: (512) 328-4584

Re: Response to appeal received June 14, 2004
The Village at Morningstar TDHCA Project No. 04213

Dear Ms. McIver:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced development, regarding the eligibility of your application to receive points for Quantifiable Community Participation under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the development noted above. Consistent with that section of the QAP, your letters were reviewed to determine if all submission requirements were met.

Unfortunately, the letter from Retired American Persons of Texas City did not meet the requirements to be scored. Documentation indicates the organization serves two cities, not the specific neighborhood. Therefore, the organization is not a "neighborhood organization" within the meaning of the requirement.

The letter from Texas City Habitat for Humanity also did not meet the requirements to be scored. The letter does not provide the process that was used to determine the member's position of support, only that a resolution was approved. Additionally, documentation indicates the organization serves an entire city, not the specific neighborhood. Therefore, the organization is not a 'neighborhood organization' within the meaning of the requirement.

Appeal Determination

Because of the above-mentioned reasons, your appeal is denied.

Ms. Diana McIver
May 28, 2004

Regarding your request for the 1 points if this appeal is denied, your application is not eligible for the point that was the final average number of QCP points received by all Applications that met the requirements of §50.9(g)(2)(C)(i). Unfortunately, in order to be eligible for the point, your Development must have received no QCP letters. The letters received for the Development make this application ineligible for the one point requested.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

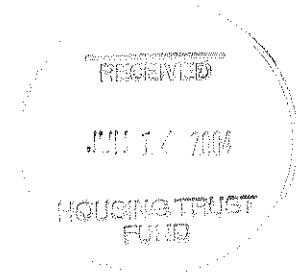
Executive Director's Appeal

June 14, 2004

Hand Delivered

Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 600
Austin, Texas 78711-3941

Re: *Application for Housing Tax Credits/Housing Trust Fund
The Village @ Morningstar, Texas City, Texas
TDHCA #04213*



Dear Ms. Carrington:

Pursuant to Section 50.18(b)(1)(B), we appeal the scoring of the above-mentioned application because such scoring does not comply with the Application Selection Criteria as outlined in the 2004 Qualified Allocation Plan ("QAP"). Specifically, we appeal the summary of the score issued by TDHCA on June 7, 2004, which indicates that our application received 0 points for Quantifiable Community Participation, despite having received two letters of support from neighborhood organizations – specifically, Retired American Persons of Texas City and Texas City Habitat for Humanity.

It is our position the application should have received 12 points for Quantifiable Community Participation, thereby increasing our final score to 167, because we received two neighborhood organization support letters that met all of the requirements under the 2004 QAP.

Retired American Persons of Texas City

On June 7, 2004, TDHCA sent a letter to Retired American Persons of Texas City that offered the reason why the letter received a 0 score. Such reason was that the letter provided insufficient documentation that the organization is a "neighborhood organization" within the meaning of the requirement.

The basis of this appeal is that, despite these findings of TDHCA staff, the Retired American Persons of Texas City indeed meets this requirement. The letter from Retired American Persons of Texas City, dated April 19, 2004, provides sufficient information that it is a neighborhood organization within the meaning of the requirement. Section 50.9(g)(2)(B) sets forth the definition of a neighborhood organization:

"For the purposes of scoring of this exhibit, neighborhood organizations are organizations that are on record with the county or state in which the development is proposed to be located as of March 1 of the application year and that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site . . ."

The letter from Retired American Persons of Texas City provides sufficient documentation that it is a neighborhood organization within this definition. To quote the letter "Our organization qualifies as a neighborhood organization for the following reasons: As indicated by the attached Certificate of Incorporation, we are on record with the State of Texas Our primary purpose is to provide services

for the aged, which includes matters affecting the welfare of seniors in the neighborhood encompassing the site.”

In summary, this letter from a neighborhood organization clearly follows the requirements of the QAP without deviation. Section 50.9(g)(2)(C) provides that the letter must state and provide documentation which shows that:

“[I]t is from a neighborhood organization; that it is on record with the state or county; and that the organization’s boundaries contain the proposed Development Site. The letter must also provide the number of members of the organization and a brief description of the process used to determine the member’s position. To be accurately scored, the letter must clearly and concisely state each reason for the organization’s support or opposition to the proposed Development and provide specific evidence supporting that input.”

The letter from Retired American Persons of Texas City offers statements and provides documentation that satisfies each and every one of these requirements.

Texas City Habitat for Humanity

The letter of support from Texas City Habitat for Humanity, dated April 19, 2004, apparently was overlooked as part of the EARAC review process. We have provided information verifying that the letter was submitted on time, and TDHCA staff has confirmed that it was submitted timely. Because, however, it was not reviewed by EARAC, we are somewhat limited in our ability to appeal its failure to receive a score. To assist, Brooke Boston located the letter and on June 12 provided us with her preliminary indication of the scoring of this letter, as follows:

Texas City Habitat:

- a. Insufficient documentation was provided to show that the organization was on record as of March 1, 2004 with the state or county in which the development is proposed to be located.*
- b. Your letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both.*
- c. Insufficient documentation was provided to show that the organization is a 'neighborhood organization' within the meaning of this requirement*

Ms. Boston made it clear in her communication that this was not a formal EARAC response, but her interpretation, based on how other letters were scored. Should this be the consensus of EARAC, we appeal the denial of points for this letter as follows.

Texas City Habitat for Humanity letter indeed meets all three of those requirements. First, the letter provides evidence that Texas City Habitat for Humanity is on record with the State of Texas. The documentation provided was evidence of incorporation by the State of Texas dated February 19, 1991. In narrative form, the letter states “The Texas City Organization became a Chapter of Bay Area Habitat for Humanity Affiliate- Houston at the Board Meeting on November 21, 1996. We have a DbA for doing

business as a chapter in Texas City.” As an affiliate of the parent organization on record with the State, Texas City Habitat is also on record with the State.

Second, the letter from Habitat does address both the total number of members of the organization and a brief description of the process used to determine the member’s position. To quote from the letter, “Our Texas City Board includes 16 volunteer members plus over 100 volunteers that help build the homes . . . At our April 12th Chapter Board meeting, we approved a resolution supporting the Morningstar project for the following reasons . . . “

Third, the letter provides sufficient information that it is a neighborhood organization within the meaning of the requirement. Section 50.9(g)(2)(B) sets forth the definition of a neighborhood organization:

“For the purposes of scoring of this exhibit, neighborhood organizations are organizations that are on record with the county or state in which the development is proposed to be located as of March 1 of the application year and that have a primary purpose of working to affect matters related to the welfare of the neighborhood that contains the proposed development site . . .”

The letter from Texas City Habitat provides sufficient documentation that it is a neighborhood organization within this definition. To quote the letter further “Our mission is to provide housing for qualified low-income families in need in Texas City . . . We will be building two homes within a city block of Morningstar. To date, we have completed six homes in Texas City, and are over 60% complete on our 7th.” The letter also provided a map of its service area, showing the completed houses and the location on Palm Avenue of the two houses to begin shortly.

In summary, this letter from a neighborhood organization clearly follows the requirements of the QAP without deviation. Section 50.9(g)(2)(C) provides that the letter must state and provide documentation which shows that:

“[I]t is from a neighborhood organization; that it is on record with the state or county; and that the organization’s boundaries contain the proposed Development Site. The letter much also provide the number of members of the organization and a brief description of the process used to determine the member’s position. To be accurately score, the letter must clearly and concisely state each reason for the organization’s support or opposition to the proposed Development and provide specific evidence supporting that input.”

The letter from Texas City Habitat offers statements and provides documentation that satisfies each and every one of these requirements

Based on the foregoing, we respectfully request that these two letters be reconsidered and that we receive 12 points for Quantifiable Community Participation based on the fact that the letters from Retired American Persons of Texas City and Texas City Habitat meet all of the requirements set forth in Section 50.9(g)(2)(C) of the 2004 QAP.

Ms. Edwina Carrington

Page 4

June 14, 2004

Should our request be denied, we ask that TDHCA grant this application the average 1 point received by applicants in our Region who certified that they did not know of any neighborhood organizations on record with the county or state. At the time TDHCA asked us to sign the certification, we could not certify honestly that we did not know of any neighborhood organizations and that we had not received any letters of support from such neighborhood organizations, because, at that time, we believed that TDHCA would consider both Texas City Habitat for Humanity and Retired American Persons of Texas City neighborhood organizations on record with the State. Had TDHCA advised us that these organizations would not count as neighborhood organizations on record with the State, we would have signed the certification and received the average 1 point. Instead, we made a reasonable interpretation from the language of the QAP and decided not to sign the certification. As a result, we received 0 points, while other applicants who made no effort to garner neighborhood support received 1 point. This result seems at odds with the language and the intent of the Quantifiable Community Participation section of the scoring criteria.

Thank you for your time and consideration of this appeal.

Sincerely,

DMA DEVELOPMENT COMPANY, LLC

A handwritten signature in black ink, appearing to read 'Diana McIver', with a long horizontal line extending to the right.

Diana McIver
President

Enclosures

Project # 04214

Las Villas De Magnolia

Board Appeal

DIANA MCIVER & ASSOCIATES, INC.

5121 BEE CAVES ROAD, STE 201 AUSTIN, TEXAS 78746 TEL 512.328.3232 FAX 512.328.4584

DMA

RECEIVED

JUN 30 2004

EXECUTIVE

Hand Delivered

June 30, 2004

Beth Anderson, Chair
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 600
Austin, Texas 78711-3941

Re: *Application for Housing Tax Credits/Housing Trust Fund
Las Villas De Magnolia, Houston, Texas/TDHCA #04214*

Dear Ms. Anderson:

On behalf of AAMA Community Development Corporation (AAMA-CDC), this letter responds to Edwina Carrington's letter dated June 28, 2004, in which the appeal for the above-mentioned application submitted June 14, 2004 is denied. In her response, Ms. Carrington denies the request for the reinstatement of 5 points deducted for failure to respond to the deficiency notice in a timely manner, despite that we have offered proof that the deficiency notice was not received by AAMA-CDC on the day that TDHCA faxed the deficiency notice. Pursuant to Section 50.18(b)(1)(B), we respectfully appeal this matter to the Board of Directors.

Ms. Carrington notes three documented communications to AAMA-CDC from the TDHCA regarding the deficiency notice in question. The first documented communication is the fax transmittal sheet that shows that TDHCA faxed the deficiency on April 30th to the correct AAMA-CDC fax number. As we argued in our appeal of June 14th, however, AAMA-CDC never received the fax on that day, as evidenced by its fax log that shows many other faxes received that day, but none from the Department.

The second documented correspondence from the TDHCA was a call to the AAMA-CDC offices on April 30th which the TDHCA documented as "Confirmed Peter 4:43pm." It is our understanding from Peter Clementi that someone called on April 30th to say that a fax was on its way. The caller did not identify his or herself, nor did the caller explain the nature of the fax. Mr. Clementi—the Vice-Chair of the AAMA-CDC board and not involved in the day-to-day operations of the organization—simply received the call, considered that the call was from a telemarketer, and continued on his way out without ever seeing a fax from TDHCA. Mr. Clementi testified to his involvement in the events at the Board meeting on June 28, 2004.

The third documented correspondence from TDHCA was a voice-mail message left at the AAMA-CDC offices at 2:00 pm the day the deficiency response was due, May 12th. As the AAMA-CDC offices are staffed with only one full-time staff person, AAMA-CDC did not receive that message immediately that day. Indeed, neither DMA nor AAMA-CDC became aware of the deficiency response until 4:45, 15 minutes before the response was due, when Emily Price faxed the deficiency notice to me. Of course, by that time, it was simply too late to submit the deficiency by 5:00 pm that day. Nevertheless, we did submit the deficiency response the very next day, May 13th.

As we posed in our June 14th letter, which is attached for your review, it is difficult to explain why TDHCA can prove that the fax went through to AAMA-CDC on April 30th, while AAMA-CDC can prove that it did not receive a fax from TDHCA that same day. However, in usual situations like this,

where TDHCA and the applicant are offering contradictory evidence, we ask that the Board carefully consider the situation from the perspective of the applicant. It seems unfair that the applicant is penalized 5 points for responding to administrative deficiencies one day late, when the applicant claims that it only received the notice of deficiency the day that the response was due. In light of these peculiar facts, we respectfully request that the 5 points be reinstated.

Thank you for your time and consideration of this appeal.

Sincerely,

DMA DEVELOPMENT COMPANY, LLC



Janine Sisak
Associate General Counsel

Enclosures

Cc: Edwina Carrington, Executive Director
Rogelio Santos, AAMA Community Development Corporation



WWW.TDHCA.STATE.TX.US

June 28, 2004

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Vorberto Salinas

Rogelio Santos
Las Villas de Magnolia, LP
4600 Gulf Freeway, M-170
Houston, TX 77023
Telephone: (713) 923-5433
Fax: (713) 923-5394

Re: Response to appeal received June 14, 2004
Las Villas de Magnolia TDHCA Project No. 04214

Dear Mr. Santos:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced Development.

Regarding your appeal to have the 5 points reinstated that were deducted from your final score, the Department has provided you with proof that the deficiency notice was faxed to your office on April 30, 2004. Department records also indicate that Department staff verbally confirmed the deficiency was received via a telephone call made to the contact number for the Applicant. Lastly, the Department called the Applicant at 2:00 p.m. the day the deficiency documentation was due to remind the Applicant of the deadline. While it is unfortunate that you have no record of the notice of April 30, the 5 points cannot be reinstated because the deficiency documentation was clearly late, in spite of the three documented communications from the Department to the Applicant.

Regarding the eligibility of your application to receive points for Quantifiable Community Participation (QCP) under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP), as you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the Development noted above. Consistent with that section of the QAP, ten letters regarding your Development were reviewed to determine if all submission requirements were met. None of the ten letters met the requirements to be scored.

In your appeal, you request the 1 point average received by Applicants in the region. Unfortunately, in order to be eligible for the point, your Development must have

Mr. Rogelio Santos
June 28, 2004

received no letters. The ten letters received for the Development make this application ineligible for the one point requested.

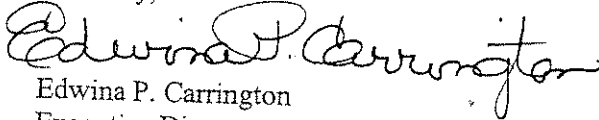
Appeal Determination

For the reasons outlined above, your appeal is rejected.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

① AAMA-CDD - TC

DMA

pg of
vol 1

DIANA MCIVER & ASSOCIATES, INC.

5121 BEE CAVES ROAD, STE 201 AUSTIN, TEXAS 78746 TEL 512.328.3232 FAX 512.328.4584

June 14, 2004

Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 600
Austin, Texas 78711-3941

RECEIVED
JUN 14 2004
HOUSING TRUST FUND

Re: Application for Housing Tax Credits/Housing Trust Fund
Las Villas De Magnolia
TDHCA #04214

Dear Ms. Carrington:

On behalf of our client, AAMA Community Development Corporation ("AAMA-CDC"), and pursuant to Section 50.18(b)(1)(B) of the 2004 Qualified Allocation Plan ("QAP"), we appeal the scoring of the above-mentioned application because such scoring does not comply with the Application Selection Criteria as outlined in the 2004 QAP. Specifically, we appeal the summary of score issued by TDHCA on June 7, 2004, which indicates that the application received 133 total points due to a five point deduction for the untimely response to the deficiency notice issued on April 30, 2004. We also appeal the summary of score with respect to the 0 score for Quantifiable Community Participation, instead of the 1 point average received by other applicants in this Region. We respectfully request that score for this application be increased by 6 points for a total score of 139.

It is our position TDHCA should not have deducted five points for the untimely response to the deficiency notice because neither AAMA-CDC nor DMA received the deficiency response until May 12, 2004, the day the response to the deficiency was due. On that day, DMA received a call from Emily Price, at around 4:00 pm, who inquired as to whether AAMA-CDC intended to respond to the deficiency notice by 5:00 pm. Ms. Price provided a transmittal sheet that confirmed that TDHCA faxed the deficiency notice to AAMA-CDC at the correct fax number (713-923-5394) on April 30th at 4:34 pm. The transmittal sheet contained notes that someone called AAMA-CDC and spoke with "Peter" at 4:43 pm.

Despite this evidence of transmittal, AAMA-CDC asserts that it never received the deficiency notice from TDHCA. Indeed, AAMA-CDC has produced a "Fax Activity Log" from the fax machine for that line (713-923-5394) that does not list a fax from TDHCA on April 30th. The Fax Activity Log, which is attached hereto, lists at least six other faxes that were received that day, but not one from TDHCA. Further, Peter Clemente, who shares offices with AAMA-CDC, remembers receiving a call from TDHCA, but he does not recall ever seeing the deficiency notice on the fax machine. The administrative staff at AAMA-CDC also denies ever seeing this deficiency notice.

It is difficult to explain why TDHCA can prove that the fax went through that day, while AAMA-CDC can prove that it did not receive any fax from TDHCA that same day. Surely, this is a most unusual situation, and as such, we believe that TDHCA should reconsider the deduction of 5 points in light of the contradicting evidence.

We also ask that TDHCA grant this application the average 1 point received by applicants in this Region who certified that they did not know of any neighborhood organizations on record with the county or state. At the time TDHCA asked AAMA-CDC to sign the certification, AAMA-CDC could not certify honestly that it did not know of any neighborhood organizations and that it had not received any letters of support from such neighborhood organizations, because, at that time, AAMA-CDC had received twelve letters of support from organizations that it considered neighborhood organizations. Had TDHCA advised AAMA-CDC that not a single one of its twelve letters would count as letters from neighborhood organizations on record with the County or State, AAMA-CDC would have signed the certification and received the average 1 point. Instead, AAMA-CDC made a reasonable interpretation from the language of the QAP and decided not to sign the certification. As a result, this application received 0 points, while other applicants who made no effort to garner neighborhood support received 1 point. This result seems at odds with the language and the intent of the Quantifiable Community Participation section of the scoring criteria.

Based on the foregoing, we respectfully request that the score be revised to reflect a 139 instead of a 133. Thank you for your time and consideration of this appeal.

Sincerely,

DIANA MCIVER & ASSOCIATES, INC.



Janine Sisak

Associate General Counsel

HP LaserJet 3200se

AMHA-CDC
713-923-5394
MAY-12-2004 4:09PM



Fax Activity Log

Job	Date	Time	Type	Identification	Duration	Pages	Result
161	4/30/2004	1:49:53PM	Receive				
162	4/30/2004	1:51:25PM	Receive		0:44	3	
163	4/30/2004	2:20:33PM	Receive		0:38	0	OK
164	4/30/2004	2:29:21PM	Receive		0:39	8	No Fax Detected
165	4/30/2004	2:50:06PM	Send	713 923 2915	1:08	2	No Fax Detected
166	4/30/2004	3:33:25PM	Receive	15123284584	0:57	2	OK
167	5/ 3/2004	9:42:42AM	Send	713 789 5098	0:39	2	OK
168	5/ 3/2004	10:50:00AM	Receive	2613591798	0:44	2	OK
169	5/ 3/2004	3:48:53PM	Send	281 359 1798	0:22	3	OK
170	5/ 4/2004	9:31:16AM	Receive	2613591798	0:38	2	OK
171	5/ 4/2004	11:44:38AM	Receive		0:28	8	OK
172	5/ 4/2004	12:24:40PM	Receive	+0207761796	0:31	1	No Fax Detected
173	5/ 4/2004	2:15:52PM	Send	713 789 5098	1:22	6	OK
174	5/ 4/2004	2:18:58PM	Send	2613591798	0:34	1	OK
175	5/ 4/2004	3:43:22PM	Send	2613591798	0:25	1	OK
176	5/ 5/2004	9:34:39AM	Receive	2613591798	1:14	5	OK
177	5/ 5/2004	9:17:52AM	Send		0:34	1	OK
178	5/ 5/2004	9:19:16AM	Send	713223388	0:44	0	OK
179	5/ 5/2004	5:09:17PM	Receive	713223388	2:29	8	Stop
180	5/ 5/2004	7:05:57PM	Receive		0:41	0	OK
181	5/ 5/2004	8:11:02PM	Receive	SCA MrR	1:14	1	No Fax Detected
182	5/ 7/2004	3:41:39PM	Receive	281 359 1798	0:21	2	OK
183	5/ 7/2004	3:12:37PM	Receive	281 359 1798	1:38	14	OK
184	5/ 7/2004	3:32:53PM	Send	281 359 1798	1:42	13	OK
185	5/ 8/2004	1:31:46PM	Receive	7136959392	2:08	15	OK
186	5/10/2004	8:48:10AM	Send		0:37	0	OK
187	5/10/2004	10:00:22AM	Send	15123284584	0:53	2	No Fax Detected
188	5/11/2004	5:41:12AM	Receive	2613591798	0:37	2	OK
189	5/11/2004	9:19:14AM	Send		0:37	0	OK
190	5/11/2004	11:12:13AM	Receive	2613591798	0:40	1	No Fax Detected
191	5/11/2004	12:04:30PM	Receive		0:38	0	OK
192	5/11/2004	12:08:36PM	Send	281 369 1798	0:23	2	No Fax Detected
193	5/12/2004	11:47:08AM	Receive	7139268035	0:26	1	OK
194	5/12/2004	12:40:43PM	Receive	281 369 1798	0:25	1	OK
195	5/12/2004	12:50:55PM	Receive		0:38	0	OK
196	5/12/2004	12:55:56PM	Receive	817 424 2474	1:33	7	No Fax Detected
197	5/12/2004	1:01:14PM	Receive	817 424 2474	1:33	4	Comm Error 283
198	5/12/2004	2:58:18PM	Send	817 424 2474	2:16	6	Comm Error 283
199	5/12/2004	3:02:30PM	Send	2613591798	1:24	8	OK
200	5/12/2004	4:09:04PM	Send	2613591798	1:29	7	Comm Error 441
					0:56	2	OK

*** TX REPORT ***

TRANSMISSION OK

TX/RX NO. 1647
CONNECTION TEL 97139235394
CONNECTION ID
ST. TIME 04/30 16:34
USAGE T 00'54
PGS. SENT 2
RESULT OK



Texas Department of Housing and Community Affairs
Housing Tax Credit Program
2004 Application Deficiency Notice

Deficiency Notice Date: 4/30/2004

THIS NOTICE WILL ONLY BE TRANSMITTED VIA FACSIMILE

*Confirmed:
Peter 4:43pm*

Rogelio Santos
4600 Gulf Freeway, M-170
Houston, Texas 77023
Phone: (713) 923-5433 Fax: (713) 923-5394

Regarding: TDCHA Number 04214, Las Villas de Magnolia

In the course of the Department's review of the above referenced application, an Administrative Deficiency, as defined in §50.3(1) of the 2004 Qualified Allocation Plan and Rules, has been identified. Per §50.3(1), an Administrative Deficiency is defined as: "The absence of information or a document from the Application which is important to a review and scoring of the Application and is required under §§50.8(d) and 50.9(e),(f) and (g) of this title." By this notice, the Department is requesting documentation to correct the following deficiency or deficiencies:

I. The following Administrative Deficiencies were found in your Threshold Criteria documentation. Threshold Administrative Deficiencies will be handled as described in Section III below.

- Issue 1 Threshold: 1. Submit Exhibit I, Part A.2.
- 2. On page 3 of the uniform application, the applicant answered that the site has previously received TDHCA funds and that the site will receive non-TDCHA federal funding for costs described in the application. Therefore, provide a detailed funding description on these sources of funds.
- 3. Submit Exhibit I Part D for principals.
- 4. Tab 1F: Complete Parts I and II for Rogelio Santos and Melchor Martinez, Jr.
- 5. Describe the source of non-rental income on the rent schedule.

II. The following Administrative Deficiencies were found in your Selection Criteria documentation. Selection Administrative Deficiencies will be handled as described in Section III below.

- Issue 1 Selection: 1. Submit evidence that the funding applied for from the City of Houston for the 30% units is in the form of a grant or a forgivable loan. (8 points requested, 0 points awarded)

III. Per §50.9(d)(3), "If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request administrative Deficiencies. The Department staff may



Texas Department of Housing and Community Affairs
Housing Tax Credit Program
2004 Application Deficiency Notice

Deficiency Notice Date: 4/30/2004

Rogelio Santos

4600 Gulf Freeway, M-170

Houston, Texas 77023

Phone: (713) 923-5433 Fax: (713) 923-5394

Regarding: TDCHA Number 04214, Las Villas de Magnolia

Handwritten note in a box:
Faxed to
Janine:
328-4584
on 5/12/04

THIS NOTICE WILL ONLY BE
TRANSMITTED VIA FACSIMILE

Confirmed:
Peter 4:43pm

5/12-2pm called to
remind that
defic. are due today
(left message)

In the course of the Department's review of the above referenced application, an Administrative Deficiency, as defined in §50.3(1) of the 2004 Qualified Allocation Plan and Rules, has been identified. Per §50.3(1), an Administrative Deficiency is defined as: "The absence of information or a document from the Application which is important to a review and scoring of the Application and is required under §§50.8(d) and 50.9(e),(f) and (g) of this title." By this notice, the Department is requesting documentation to correct the following deficiency or deficiencies:

I. The following Administrative Deficiencies were found in your Threshold Criteria documentation. Threshold Administrative Deficiencies will be handled as described in Section III below.

- Issue I Threshold:
1. Submit Exhibit 1, Part A.2.
 2. On page 3 of the uniform application, the applicant answered that the site has previously received TDHCA funds and that the site will receive non-TDHCA federal funding for costs described in the application. Therefore, provide a detailed funding description on these sources of funds.
 3. Submit Exhibit 1 Part D for principals.
 4. Tab 1F: Complete Parts I and II for Rogelio Santos and Melchor Martinez, Jr.
 5. Describe the source of non-rental income on the rent schedule.

II. The following Administrative Deficiencies were found in your Selection Criteria documentation. Selection Administrative Deficiencies will be handled as described in Section III below.

- Issue I Selection:
1. Submit evidence that the funding applied for from the City of Houston for the 30% units is in the form of a grant or a forgivable loan. (8 points requested, 0 points awarded)

III. Per §50.9(d)(3), "If an Application contains deficiencies which, in the determination of the Department staff, require clarification or correction of information submitted at the time of the Application, the Department staff may request clarification or correction of such Administrative Deficiencies. The Department staff may request clarification or correction in a deficiency notice in the form of a facsimile and a telephone call to the Applicant advising that such a request has been transmitted. If Administrative Deficiencies are not clarified or corrected to the satisfaction of the Department within eight business days of the deficiency notice date, then five points shall be deducted from the Selection Criteria score for each additional day the deficiency remains unresolved. If deficiencies are not clarified or corrected within ten business days from the deficiency notice date, then the Application shall be terminated. The time period for responding to a deficiency notice begins at the start of the business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period." Unless otherwise noted within this deficiency, the Department must receive the requested documentation by 5:00 p.m. CST or the documentation will be deemed to have been received the following day.



Texas Department of Housing and Community Affairs
Housing Tax Credit Program
2004 Application Deficiency Notice

All documentation should be sent to the attention of the staff member issuing this notice at:

TDHCA HTC Program

Via U.S. Mail: P.O. Box 13941, Austin, Texas 78711-3941.

Via express delivery/private courier: 507 Sabine, Suite 300, Austin, TX 78701.

Only documents less than 10 pages in length may be faxed to: 512.475.0764.

Sincerely,

Emily Price
Emily Price

Phone Number: (512) 475-3061

Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 28, 2004

.....
RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Rogelio Santos
Las Villas de Magnolia, LP
4600 Gulf Freeway, M-170
Houston, TX 77023
Telephone: (713) 923-5433
Fax: (713) 923-5394

Re: Response to appeal received June 14, 2004
Las Villas de Magnolia TDHCA Project No. 04214

Dear Mr. Santos:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced Development.

Regarding your appeal to have the 5 points reinstated that were deducted from your final score, the Department has provided you with proof that the deficiency notice was faxed to your office on April 30, 2004. Department records also indicate that Department staff verbally confirmed the deficiency was received via a telephone call made to the contact number for the Applicant. Lastly, the Department called the Applicant at 2:00 p.m. the day the deficiency documentation was due to remind the Applicant of the deadline. While it is unfortunate that you have no record of the notice of April 30, the 5 points cannot be reinstated because the deficiency documentation was clearly late, in spite of the three documented communications from the Department to the Applicant.

Regarding the eligibility of your application to receive points for Quantifiable Community Participation (QCP) under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP), as you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the Development noted above. Consistent with that section of the QAP, ten letters regarding your Development were reviewed to determine if all submission requirements were met. None of the ten letters met the requirements to be scored.

In your appeal, you request the 1 point average received by Applicants in the region. Unfortunately, in order to be eligible for the point, your Development must have

Mr. Rogelio Santos
June 28, 2004

received no letters. The ten letters received for the Development make this application ineligible for the one point requested.

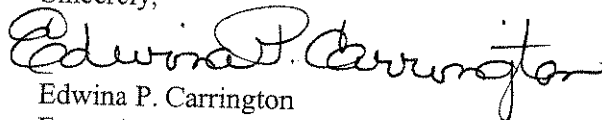
Appeal Determination

For the reasons outlined above, your appeal is rejected.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal

June 14, 2004

Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine Street, Suite 600
Austin, Texas 78711-3941



Re: Application for Housing Tax Credits/Housing Trust Fund
Las Villas De Magnolia
TDHCA #04214

Dear Ms. Carrington:

On behalf of our client, AAMA Community Development Corporation ("AAMA-CDC"), and pursuant to Section 50.18(b)(1)(B) of the 2004 Qualified Allocation Plan ("QAP"), we appeal the scoring of the above-mentioned application because such scoring does not comply with the Application Selection Criteria as outlined in the 2004 QAP. Specifically, we appeal the summary of score issued by TDHCA on June 7, 2004, which indicates that the application received 133 total points due to a five point deduction for the untimely response to the deficiency notice issued on April 30, 2004. We also appeal the summary of score with respect to the 0 score for Quantifiable Community Participation, instead of the 1 point average received by other applicants in this Region. We respectfully request that score for this application be increased by 6 points for a total score of 139.

It is our position TDHCA should not have deducted five points for the untimely response to the deficiency notice because neither AAMA-CDC nor DMA received the deficiency response until May 12, 2004, the day the response to the deficiency was due. On that day, DMA received a call from Emily Price, at around 4:00 pm, who inquired as to whether AAMA-CDC intended to respond to the deficiency notice by 5:00 pm. Ms. Price provided a transmittal sheet that confirmed that TDHCA faxed the deficiency notice to AAMA-CDC at the correct fax number (713-923-5394) on April 30th at 4:34 pm. The transmittal sheet contained notes that someone called AAMA-CDC and spoke with "Peter" at 4:43 pm.

Despite this evidence of transmittal, AAMA-CDC asserts that it never received the deficiency notice from TDHCA. Indeed, AAMA-CDC has produced a "Fax Activity Log" from the fax machine for that line (713-923-5394) that does not list a fax from TDHCA on April 30th. The Fax Activity Log, which is attached hereto, lists at least six other faxes that were received that day, but not one from TDHCA. Further, Peter Clemente, who shares offices with AAMA-CDC, remembers receiving a call from TDHCA, but he does not recall ever seeing the deficiency notice on the fax machine. The administrative staff at AAMA-CDC also denies ever seeing this deficiency notice.

It is difficult to explain why TDHCA can prove that the fax went through that day, while AAMA-CDC can prove that it did not receive any fax from TDHCA that same day. Surely, this is a most unusual situation, and as such, we believe that TDHCA should reconsider the deduction of 5 points in light of the contradicting evidence.

We also ask that TDHCA grant this application the average 1 point received by applicants in this Region who certified that they did not know of any neighborhood organizations on record with the county or state. At the time TDHCA asked AAMA-CDC to sign the certification, AAMA-CDC could not certify honestly that it did not know of any neighborhood organizations and that it had not received any letters of support from such neighborhood organizations, because, at that time, AAMA-CDC had received twelve letters of support from organizations that it considered neighborhood organizations. Had TDHCA advised AAMA-CDC that not a single one of its twelve letters would count as letters from neighborhood organizations on record with the County or State, AAMA-CDC would have signed the certification and received the average 1 point. Instead, AAMA-CDC made a reasonable interpretation from the language of the QAP and decided not to sign the certification. As a result, this application received 0 points, while other applicants who made no effort to garner neighborhood support received 1 point. This result seems at odds with the language and the intent of the Quantifiable Community Participation section of the scoring criteria.

Based on the foregoing, we respectfully request that the score be revised to reflect a 139 instead of a 133. Thank you for your time and consideration of this appeal.

Sincerely,

DIANA MCIVER & ASSOCIATES, INC.



Janine Sisak

Associate General Counsel

Project # 04218

Converse Village Apt.

Board Appeal

04218

Delores Groneck

From: Tina Brooks - OH [TBrooks@paramountpfg.com]
Sent: Tuesday, June 29, 2004 3:55 PM
To: delores.groneck@tdhca.state.tx.us
Cc: James Hunley - OH; Tina Brooks - OH
Subject: Board Appeal for Converse Village Apartments
Ms. Groneck,

RECEIVED
JUN 29 2004
EXECUTIVE

Please distribute this appeal to the Board of Directors of TDHCA for consideration at the July 8 meeting.

Sincerely,

Tina Brooks

June 9, 2004

Ms. Brooke Boston
Director, Multifamily Finance Production
Texas Dept. of Housing and Community Affairs
Tax Credit Program
P.O. Box 13941
Austin, Texas 78711-3941

**Re: Appeal to Final Score for Converse Village Apartments,
TDHCA #04218**

Dear Ms. Boston:

Please accept this package in appeal to your office for reconsideration of the Final Score on Converse Village Apartments.

The Final Score Notice dated June 7 declines six points for our February 26 public meeting due to lack of a transcript. A transcript was submitted for this meeting, in the form of minutes written by the City Secretary for Converse. These minutes are written from the tape of the entire proceeding and supported by the Secretary's handwritten notes. Though transcript is not defined in the QAP, the Oxford American dictionary defines transcript as "a written or recorded copy". I am attaching here a letter signed by the Mayor of Converse and the Councilwoman, who served as Mayor Pro Tem at the time of the meeting, confirming the utility of these minutes as the transcript. The original of their letter and a copy of the original tape recording of the meeting are being sent to you under separate cover. The tape should prove the accuracy of the minutes.

As these minutes were included in our Deficiency Response of May 11, 2004, I am hopeful that perhaps they were overlooked and might now be seen as meeting the requirements for this item.

Thank you for your attention to this request.

Sincerely,

Tina Brooks
Converse Village LP

CONVERSE

June 8, 2004
TEXAS

Expanding Horizons

CITY OF CONVERSE
CITY ADMINISTRATION

403 S. Seguin
P. O. Box 36
Converse, Texas 78109
(210) 658-5356
Fax: 659-0964
Web Site: www.conversetx.net
E-mail: cityhall@conversetx.net

Ms. Brooke Boston
Director, Multifamily Finance Production Division
Texas Dept. of Housing and Community Affairs
Tax Credit Program
P.O. Box 13941
Austin, Texas 78711-3941

Ms. Boston,

I am writing to appeal the scoring of Converse Village Apartments, TDHCA # 04218, referenced in your letter of June 7, 2004. According to your letter, points for the public hearing were declined due to the lack of a transcript of the proceeding. I am offering for your further consideration documentation of the public meeting held February 26, 2004 and included in Tina Brooks' response to TDHCA's Deficiency Notice of April 30, 2004.

Page Two of Tina Brooks' cover letter, II. Administrative Deficiencies -- Selection Criteria, Item 2, Public Meeting.

A Public Meeting was held on February 26, 2004 consisting of a project briefing by the developer, followed by an open City Council meeting called specifically to discuss the project. A copy of the notes covering the project briefing is attached here along with the City Council meeting Agenda, Transcript and sign-in sheet. The audience for the developer briefing consisted of one person, Gracie Bean, who also attended the City Council meeting. No transcript was provided in the initial application submission for the project briefing since the "presentation" consisted of a (one on one) conversation with Mrs. Bean. The developers request the transcript for the open City Council meeting, which covers all remarks heard concerning the project, be accepted to satisfy the requirements for a public meeting (transcript).

Attachments included with this Deficiency Response are also attached here. These are:

- Public Notice of Developer Meeting
- Summary of Developer Meeting
- Public Notice of City Council Meeting
- Sign-In Sheet for City Council Meeting
- Agenda and Minutes of City Council Meeting, attested by City Secretary

Your letter notes that a transcript was not provided, however the minutes for the Council meeting are written by the City Secretary from the taped recording of the entire session supported by the Secretary's written notes taken during the meeting. We assume this

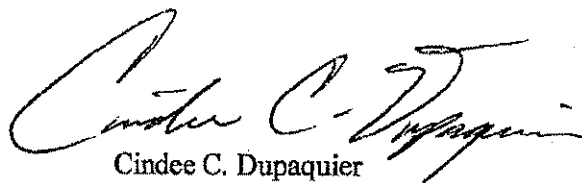
satisfies the definition of transcript. A copy of the tape is also available and has been requested by Tina Brooks to forward to your attention.

Thank you for your consideration in reviewing this matter. The proposed project is important to the City, and we have worked diligently with the development team to realize this opportunity.

Sincerely,



Honorable Craig Martin
Mayor, City of Converse



Cindee C. Dupaquier
Councilwoman
Chair, Economic Development Corp.



June 29, 2004

Board of Directors
Texas Department of Housing and Community Affairs
c/o Ms. Delores Groneck
Board Secretary

Delivered by email delores.groneck@tdhca.state.tx.us

Re: Converse Village Apartments, TDHCA #04218

Dear TDHCA Directors:

This appeal follows my receipt of the attached letter from Edwina P. Carrington rejecting my appeal to the staff of TDHCA. I am requesting reconsideration of the public meeting score for the above-mentioned project. These points have been rejected for lack of a transcript.

A public meeting was held for the project, and a record of the meeting was submitted as required by the Qualified Allocation Plan. The meeting was planned and advertised as an Open meeting of the Converse City Council as a result of our close working relationship with the City. The entire proceeding was taped. All comment and questions are reflected in the written minutes prepared by the City Secretary from that tape and her handwritten notes of the proceeding. These minutes were submitted as the record of the meeting. I believe this is the source of the difficulty.

Unfortunately, the Qualified Allocation Plan does not define transcript. The Oxford American Dictionary defines transcript as "a written or recorded copy". The minutes submitted are consistent with the need for a written or recorded copy. They have been reviewed and approved by the Converse City Council as accurate evidence of the meeting, and the Mayor and Mayor Pro Tem of City Council at the time of the meeting have confirmed this fact in writing (see June 8 letter, attached). The City Council review adds an element of objectivity and rigor not required by the QAP. A copy of the tape was included in my June 9th Appeal as evidence of the faithfulness of the minutes. You will find every comment recorded there, as they are written in the minutes. I believe we have met every standard for accuracy and disclosure anticipated by the QAP.

Mark Luft, the Economic Development Director for the City of Converse, attended the June 28 Board meeting in order to address the Board as a representative of the City and confirm the validity of the minutes. We felt it important to have a representative of the City confirm their process.

Sincerely,

Tina Brooks



RECEIVED
JUN 29 2004
EXECUTIVE

June 23, 2004

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Tina Brooks
Converse Village, LP
4009 Columbus Rd., SW
Granville, OH 43023
Telephone: (740) 321-1574
Fax: (740) 587-4697

Re: **Response to appeal received June 14, 2004**
Converse Village Apartments TDHCA Project No. 04218

Dear Ms. Brooks:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 9, 2004 on the above-referenced development, regarding the eligibility of your application to receive points for hosting a public meeting.

As you know, in Exhibit 1G of your application, you requested "Public Meeting" points for the item described in §50.9(g)(6)(B) of the Qualified Allocation Plan and Rules (QAP), which grants points if "the Applicant has hosted a public meeting to which the neighborhood and other interested persons have been invited", and the Applicant provided evidence in the Application that, "...must include copies of the method of notification used and a transcript of the meeting, as well as a list of meeting attendees".

As noted in your appeal, you submitted minutes of the meeting in your Application, written by the City Secretary of Converse. However, the QAP is explicit in its requirement that a transcript, not minutes, be provided in the Application in order to qualify for the points. It should also be noted that your appeal included an audio tape of the hosted meeting that was not included in the Application submitted to the Department on March 1, 2004. Unfortunately, pursuant to §50.18(b)(3) of the QAP, the Department may only consider documentation filed with the original Application for an appeal. However, it should be noted that if the Department were to consider the audio tape as evidence of the meeting, the tape would not be considered a "transcript," and the points would not be awarded.

Ms. Tina Brooks
June 23, 2004

Appeal Determination

Because of the reasons above, your appeal is rejected. The 6 points will not be awarded.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than July 2, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

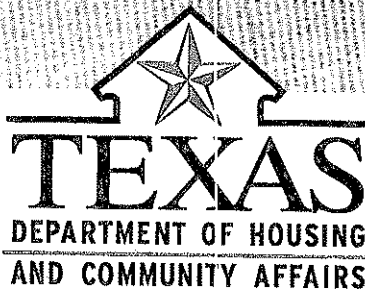
Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Response



WWW.TDHCA.STATE.TX.US

.....
RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

June 23, 2004

Tina Brooks
Converse Village, LP
4009 Columbus Rd., SW
Granville, OH 43023
Telephone: (740) 321-1574
Fax: (740) 587-4697

**Re: Response to appeal received June 14, 2004
Converse Village Apartments TDHCA Project No. 04218**

Dear Ms. Brooks:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 9, 2004 on the above-referenced development, regarding the eligibility of your application to receive points for hosting a public meeting.

As you know, in Exhibit 1G of your application, you requested "Public Meeting" points for the item described in §50.9(g)(6)(B) of the Qualified Allocation Plan and Rules (QAP), which grants points if "the Applicant has hosted a public meeting to which the neighborhood and other interested persons have been invited", and the Applicant provided evidence in the Application that, "...must include copies of the method of notification used and a transcript of the meeting, as well as a list of meeting attendees".

As noted in your appeal, you submitted minutes of the meeting in your Application, written by the City Secretary of Converse. However, the QAP is explicit in its requirement that a transcript, not minutes, be provided in the Application in order to qualify for the points. It should also be noted that your appeal included an audio tape of the hosted meeting that was not included in the Application submitted to the Department on March 1, 2004. Unfortunately, pursuant to §50.18(b)(3) of the QAP, the Department may only consider documentation filed with the original Application for an appeal. However, it should be noted that if the Department were to consider the audio tape as evidence of the meeting, the tape would not be considered a "transcript," and the points would not be awarded.

Ms. Tina Brooks
June 23, 2004

Appeal Determination

Because of the reasons above, your appeal is rejected. The 6 points will not be awarded.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than July 2, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal



June 9, 2004

Ms. Brooke Boston
Director, Multifamily Finance Production
Texas Dept. of Housing and Community Affairs
Tax Credit Program
P.O. Box 13941
Austin, Texas 78711-3941

RECEIVED
JUN 09 2004
LIHTC

**Re: Appeal to Final Score for Converse Village Apartments,
TDHCA #04218**

Dear Ms. Boston:

Please accept this package in appeal to your office for reconsideration of the Final Score on Converse Village Apartments.

The Final Score Notice dated June 7 declines six points for our February 26 public meeting due to lack of a transcript. A transcript was submitted for this meeting, in the form of minutes written by the City Secretary for Converse. These minutes are written from the tape of the entire proceeding and supported by the Secretary's handwritten notes. Though transcript is not defined in the QAP, the Oxford American dictionary defines transcript as "a written or recorded copy". I am attaching here a letter signed by the Mayor of Converse and the Councilwoman, who served as Mayor Pro Tem at the time of the meeting, confirming the utility of these minutes as the transcript. The original of their letter and a copy of the original tape recording of the meeting are being sent to you under separate cover. The tape should prove the accuracy of the minutes.

As these minutes were included in our Deficiency Response of May 11, 2004, I am hopeful that perhaps they were overlooked and might now be seen as meeting the requirements for this item.

Thank you for your attention to this request.

Sincerely,

Tina Brooks
Converse Village LP

Project # 04252

Waxahachie Senior Apt.

Board Appeal

THE
COVENANT
GROUP

Senior Living Specialists

5601 BRIDGE STREET • SUITE 504 • FORT WORTH, TEXAS 76112 • 817/446-4792

FAX: 817/446-0923 - 817/446-0922

DATE:	June 29, 2004
FAX TO:	Delores Groneck
COMPANY NAME:	TDHCA
FAX NUMBER:	512-472-8526
FROM:	David E. Evans
NUMBER OF PAGES INCLUDING COVER SHEET:	8
MESSAGE:	
	Attached are the following: Appeal of Termination of Waxahachie Senior Apartments, TDHCA #04252 Termination Letter dated June 7, 2004 from Ms. Brooke Boston Staff Appeal Denial Letter dated June 28, 2004 from Ms. Edwina P. Carrington
	Thank you.

T · H · E
COVENANT
G R O U P
Senior Living Specialists

June 29, 2004

Board of the Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78711-3941

Delivery via fax: (512) 472-8526

Re: Appeal of Termination of Waxahachie Senior Apartments, TDHCA #04252

Dear Board Members:

We received a Termination Notice on the above referenced Application on June 7, 2004 from Ms. Brooke Boston. We appealed the termination to Ms. Edwina Carrington on June 14, 2004. We received a denial of the appeal from Ms. Edwina Carrington on June 28, 2004 (see attachments). Please accept this letter as our formal appeal to the Board of the Texas Department of Housing and Community Affairs.

As noted by Ms. Boston in the attached Notice, the Application was terminated pursuant to §50.5(a)(7) of the 2004 Qualified Allocation Plan (QAP). In accordance with this § of the QAP, the Application is ineligible because the Development is located in a municipality with more than twice the state average of units per capita as provided in a list contained in the 2004 Housing Tax Credit Program Reference Manual (Reference Manual).

The Reference Manual available during the pre application process was Version 1, released December 5, 2003. Under item nine (9) on the index to the Reference Manual, it lists §50.05(a)(7) – Places with Twice the State Average of Credit Units per Capita – Provided. The Places listed in this version of the Reference Manual included ineligible counties only. Waxahachie is located in Ellis County and Ellis County was not on the list of ineligible counties. The index indicated items that were not complete in this version, such as item five (5) Difficult Development Areas (DDA's) – Not Yet Provided by HUD and item sixteen (16) Current Texas HTC Property Inventory – See HTC Website Announcements. Given that the Reference Manual indicated the list of Places with Twice the State Average of Credit Units per Capita was provided it appeared that the list was complete. However, the list of ineligible cites was added subsequent to the close of the pre application process and Waxahachie was on that list.

The purposes of the pre application process are to assist the developers in choosing worthy markets, to assist TDHCA in evaluating the developments in a timely manner, and to assist developers in analyzing whether they want to pursue full-blown applications based upon their competitive position in the pre application stage. These purposes were voided by the revision of what appeared to be a complete section of the Reference Manual after the pre application process closed. The application process began December 1 and the guidelines developers have to follow should be complete as of that date, otherwise it becomes impossible for developers to make quality selections in their sites. Proper site selection not only benefits the developers but it serves the purpose of the program, to provide quality affordable housing to those in need.

The QAP also clearly distinguishes between family and elderly developments. The QAP even provides a definition of a Qualified Elderly Development and has various different rules pertaining specifically to elderly developments like amenity requirements. As such, the calculation of the average units per capita should distinguish between family and elderly developments. The 385 units used in TDHCA's calculation of Waxahachie's units per capita are all family units. Waxahachie Senior Apartments meets the definition of a Qualified Elderly Development and should be judged as such rather than as a family development. If this distinction were made, the Development would not be part of the ineligibility for twice the state average of credit units per capita. The Development supplied TDHCA with a market study performed by a reputable market analyst that proves the need for affordable elderly housing in Waxahachie which further demonstrates that the calculation of the average units per capita is flawed.

As allowed under the referenced § of the QAP, the Development could have remained eligible if it had obtained approval from the governing body of the appropriate municipality or county in the form of a resolution and provided TDHCA with a written statement of support from the governing body by May 31, 2004. The Developer attempted to obtain a City Council Resolution that would meet this requirement. The initial response from the City Council members was receptive. However, at the City Council meeting the Developer fell victim to the local NIMBYs. The local residents appearing at the City Council meeting provided no legitimate reason for their opposition to the Development. The reasons provided were limited to the Development increasing crime and decreasing property values while allowing "those kinds of people" to live in their neighborhood. As most in this industry are aware, such statements associated with affordable housing are false and should not be the reason for a quality development such as this one to be terminated.

The Development scores well and is competitive in its respective region. The Development would most likely be recommended for funding if not for this one issue. The applicant firmly believes that the Department should not make material changes in the housing tax credit program that impact the competitors once the pre application round has commenced. This does tremendous disservice to the pre application concept. The legislature's intent behind the twice the state average of credit units per capita

requirement was not to prevent quality developments from being built but to prevent concentration. Again, since this Development is an elderly development as opposed to a family development it is not contributing to any concentration in Waxahachie. We have demonstrated a true need for quality affordable senior housing in Waxahachie and have provided evidence that our Development satisfies that need. We strongly urge that you reconsider your staff's recommendation that this Application be terminated based on the evidence outlined in this letter. If you need any additional information or clarification on this issue please contact Ms. Cynthia Bast at (512) 305-4707.

Sincerely,



Dave Evans
VP of Development, The Covenant Group

Attachments:

- Termination Letter dated June 7, 2004 from Ms. Brooke Boston
- Staff Appeal Denial Letter dated June 28, 2004 from Ms. Edwina P. Carrington



June 7, 2004

Blair Perry
Governor

Edwina P. Cunningham
Executive Director

Diana Moxam
Elizabeth Anderson, Chair
Shedrick Rogony
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

David Evans
Senior Apartments of Waxahachie, L.P.
5601 Bridge Street, Suite 504
Fort Worth, Texas 76112
Telephone: (817) 446-4792
Telecopier: (817) 446-0923

Re: Waxahachie Senior Apartments, TDHCA# 04252

Dear Mr. Evans:

On March 1, 2004, you submitted an application for the above-referenced development. Our staff has completed a review of the Threshold Criteria. In our review it was determined that the above-referenced application is located in the City of Waxahachie.

Pursuant to §50.5(a)(7) of the 2004 Qualified Allocation Plan, an application is ineligible if the Development is located in a municipality that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds. Waxahachie is a municipality that has 2.79 Housing Tax Credits per capita and therefore, this application is ineligible unless it, "(A) has obtained prior approval of the Development from the governing body of the appropriate municipality or county containing the Development in the form of a resolution; and (B) has included in the Application a written statement of support from that governing body referencing this rule and authorizing an allocation of housing tax credits for the Development". The Department required that all Developments ineligible under this section had until May 31, 2004 to submit items (A) and (B). This information was not submitted by the deadline. Additionally, staff confirmed on June 4, 2004 with Tammie Goldston of the development team that a resolution was never submitted.

Therefore, please be informed that pursuant to this section of the QAP, the Department has terminated this Application and no further action will be taken on it.

Mr. Evans
June 7, 2004
Page 2 of 2

Please be aware that an Appeals Policy exists for the Housing Tax Credit Program. If you wish to appeal this application termination decision, you must file your appeal with the Department no later than June 14, 2004. The restrictions and requirements relating to the filing of an appeal can be found in §50.18(b) of the 2004 QAP.

If you have any questions, please do not hesitate to contact David Dansenfelzer at 312.475.3865.

Sincerely,



Brooke Boston
Multifamily Finance Production Division Director



WWW.TXDCA.STATE.TX.US

June 28, 2004

Real Estate
Commissioner

Steven H. Combs
Executive Director

Debra Munnis
Elizabeth Anderson, Chair
Sherick Baggett
C. Mark Collins
Vidal Gonzalez
Patrick S. Gordon
Barbara Salinas

David Evans
Senior Apartments of Waxahachie, L.P.
5001 Bridge Street, Suite 504
Ft. Worth, TX 76112
Telephone: (817) 445-4792
Fax: (817) 445-0923

Re: Response to appeal received June 14, 2004
Waxahachie Senior Apartments TDHCA Project No. 04252

Dear Mr. Evans:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 regarding the termination of the above-referenced application.

Pursuant to §50.5(a)(7) of the 2004 Qualified Allocation Plan, an application is ineligible if the Development is located in a municipality that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds. Waxahachie is a municipality that has 2.79 Housing Tax Credits per capita, which is more than twice the state average.

I understand that you relied on the exhibit provided in the Department's Reference Manual as you researched sites, made application decisions, and ultimately submitted an application for this particular site. I regret that the list we released on December 5 erroneously only listed the eligible counties, not cities. The Department did correct the omission when the applicant community noted the matter, and on January 5 it updated the Department website with the new list and sent out a mass electronic mail to the HTC community. The Department is required to follow its rules as it evaluates threshold criteria. An error by staff cannot alter the legal rules of the program. Again, we regret the omission.

As you note in your appeal, you were made aware during the application process that Waxahachie was on the updated list. Pursuant to this section, this application is ineligible unless it, "(A) has obtained prior approval of the Development from the governing body of the appropriate municipality or county containing the Development in the form of a resolution; and (B) has included in the Application a written statement

1900-1909

REVENUE DEPARTMENT
THE TEXAS STATE ARCHIVES
RECORDS SECTION
1900-1909

Annual Report

REVENUE DEPARTMENT
THE TEXAS STATE ARCHIVES
RECORDS SECTION
1900-1909

It is respectfully requested that you advise the Board of the Texas State Archives of the progress of the work of the Department during the year ending June 30, 1909. Please note that an annual report will be required by the Board before the seventh day preceding the date of the annual meeting at which the relevant committee account is reported. To have an account considered by the Board at the July 9 annual meeting, the report must be received by DeLores Gibson, State Archivist, not later than June 15. It is strongly suggested that you submit a copy of your report to the

At your service as usual.

[Handwritten Signature]
Director of Administration
Executive Director

REVENUE DEPARTMENT

Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 28, 2004

David Evans
Senior Apartments of Waxahachie, L.P.
5601 Bridge Street, Suite 504
Ft. Worth, TX 76112
Telephone: (817) 446-4792
Fax: (817) 446-0923

**Re: Response to appeal received June 14, 2004
Waxahachie Senior Apartments TDHCA Project No. 04252**

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I understand that you relied on the exhibit provided in the Department's Reference Manual as you researched sites, made application decisions, and ultimately submitted an application for this particular site. I regret that the list we released on December 5 erroneously only listed the ineligible counties, not cities. The Department did correct the omission when the applicant community noted the matter, and on January 5 it updated the Department website with the new list and sent out a mass electronic mail to the HTC community. The Department is required to follow its rules as it evaluates threshold criteria. An error by staff cannot alter the legal rules of the program. Again, we regret the omission.

As you note in your appeal, you were made aware during the application process that Waxahachie was on the updated list. Pursuant to this section, this application is ineligible unless it, "(A) has obtained prior approval of the Development from the governing body of the appropriate municipality or county containing the Development in the form of a resolution; and (B) has included in the Application a written statement

Mr. David Evans
June 28, 2004

governing body of the appropriate municipality or county containing the Development in the form of a resolution; and (B) has included in the Application a written statement of support from that governing body referencing this rule and authorizing an allocation of housing tax credits for the Development." The Department required that all Developments ineligible under this section had until May 31, 2004 to submit items (A) and (B). While it is unfortunate that the local City Council has chosen to not support the Development with a resolution, again, the Department is required to follow its rules. Furthermore, this requirement is legislated and cannot be waived by the Department.

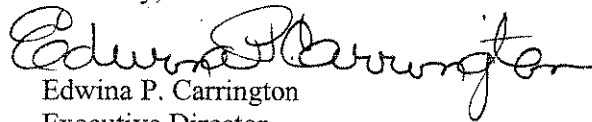
Appeal Determination

Because of the reasons above, your appeal is denied. The application will not be reinstated.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,



Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal

T · H · E
COVENANT
G R O U P
Senior Living Specialists

025811
419220

June 11, 2004

Delivery via fax: (512) 475-3865

Ms. Edwina Carrington
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78711-3941

Re: Appeal of Termination of Waxahachie Senior Apartments, TDHCA #04252

Dear Ms. Carrington:

We received a Termination Notice on the above referenced Application on June 7, 2004. As noted by Ms. Brooke Boston in the attached Notice, the Application was terminated pursuant to §50.5(a)(7) of the 2004 Qualified Allocation Plan (QAP). In accordance with this § of the QAP, the Application is ineligible because the Development is located in a municipality with more than twice the state average of units per capita as provided in a list contained in 2004 Housing Tax Credit Program Reference Manual (Reference Manual). Please accept this letter as our formal appeal of this termination.

The Reference Manual available during the pre application process was Version 1, released December 5, 2003. Under item nine (9) on the index to the Reference Manual, it lists §50.05(a)(7) – Places with Twice the State Average of Credit Units per Capita – Provided. The Places listed in this version of the Reference Manual included ineligible counties only. Waxahachie is located in Ellis County and Ellis County was **not** on the list of ineligible counties. The index indicated items that were not complete in this version, such as item five (5) Difficult Development Areas (DDA's) – Not Yet Provided by HUD and item sixteen (16) Current Texas HTC Property Inventory – See HTC Website Announcements. Given that the Reference Manual indicated the list of Places with Twice the State Average of Credit Units per Capita was provided it appeared that the list was complete. However, the list of ineligible cites was added subsequent to the close of the pre application process and Waxahachie was on that list.

The purposes of the pre application process are to assist the developers in choosing worthy markets, to assist TDHCA in evaluating the developments in a timely manner, and to assist developers in analyzing whether they want to pursue full-blown applications based upon their competitive position in the pre application stage. These purposes were voided by the revision of what appeared to be a complete section of the Reference

Manual after the pre application process closed. The application process began December 1 and the guidelines developers have to follow should be complete as of that date, otherwise it becomes impossible for developers to make quality selections in their sites. Proper site selection not only benefits the developers but it serves the purpose of the program, to provide quality affordable housing to those in need.

The QAP also clearly distinguishes between family and elderly developments. The QAP even provides a definition of a Qualified Elderly Development and has various different rules pertaining specifically to elderly developments like amenity requirements. As such, the calculation of the average units per capita should distinguish between family and elderly developments. The 385 units used in TDHCA's calculation of Waxahachie's units per capita are all family units. Waxahachie Senior Apartments meets the definition of a Qualified Elderly Development and should be judged as such rather than as a family development. If this distinction were made, the Development would not be part of the ineligibility for twice the state average of credit units per capita. The Development supplied TDHCA with a market study performed by a reputable market analyst that proves the need for affordable elderly housing in Waxahachie which further demonstrates that the calculation of the average units per capita is flawed.

As allowed under the referenced § of the QAP, the Development could have remained eligible if it had obtained approval from the governing body of the appropriate municipality or county in the form of a resolution and provided TDHCA with a written statement of support from the governing body by May 31, 2004. The Developer attempted to obtain a City Council Resolution that would meet this requirement. The initial response from the City Council members was receptive. However, at the City Council meeting the Developer fell victim to the local NIMBYs. The local residents appearing at the City Council meeting provided no legitimate reason for their opposition to the Development. The reasons provided were limited to the Development increasing crime and decreasing property values while allowing "those kinds of people" to live in their neighborhood. As most in this industry are aware, such statements associated with affordable housing are false and should not be the reason for a quality development such as this one to be terminated.

The Development scores well and is competitive in its respective region. The Development would most likely be recommended for funding if not for this one issue. The applicant firmly believes that the Department should not make material changes in the housing tax credit program that impact the competitors once the pre application round has commenced. This does tremendous disservice to the pre application concept. The legislature's intent behind the twice the state average of credit units per capita requirement was not to prevent quality developments from being built but to prevent concentration. Again, since this Development is an elderly development as opposed to a family development it is not contributing to any concentration in Waxahachie. We have demonstrated a true need for quality affordable senior housing in Waxahachie and have

Ms. Edwina Carrington

TDHCA

June 11, 2004

Page 3

provided evidence that our Development satisfies that need. We strongly urge that you reconsider your staff's recommendation that this Application be terminated based on the evidence outlined in this letter. If you need any additional information or clarification on this issue please contact Ms. Cynthia Bast at (512) 305-4707.

Sincerely,



David E. Evans

VP of Development, The Covenant Group

CC: Ms. Cynthia Bast
Ms. Tammie Goldston

Project # 04258

**Vista Del Sol-The Rudy C.
Perez, Sr. Apt.**

Board Appeal

Brownstone Affordable Housing, Ltd.

RECEIVED
JUN 29 2004
EXECUTIVE

PLEASE DELIVER THE FOLLOWING PAGE(S) TO:

NAME: Ms. Delores Gronbeck, Board Secretary

FROM: Doak Brown

DATE: June 29, 2004

RE: Appeal to Board for Vista Del Sol – The Rudy C. Perez, Sr. Apartments
Application #04258

NO. OF PAGES: 16

If you do not receive all pages, please call (713) 432-7727.

Telecopier No. (713) 432-0120

MESSAGE:

Attached hereto is our appeal to the board for the above referenced application.

June 29, 2004

The Board of the Texas Department of Housing and Community Affairs
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78711-3941
Attn: Ms. Delores Groneck, Board Secretary

Delivery via fax: (512) 472-8526

Re: Vista Del Sol-The Rudy C. Perez, Sr. Apartments, #04258

Dear Honorable Board Members:

We have not yet received a response to our appeal letter dated June 14, 2004 to Ms. Edwina Carrington on the above referenced application but in order to be considered for the July 8, 2004 board meeting we are submitting this appeal so that our application will have the necessary time to be considered by the board. We believe that the response to our appeal will indicate the Housing Tax Credit Division failed to award this application any points for Quantifiable Community Participation. Additionally, on June 28, 2004 the revised 2004 Housing Tax Credit Recommendations – As Adjusted for Attorney General Opinion was provided at the Board Meeting. We respectfully disagree with the decision in regard to not awarding any points for Quantifiable Community Participation, and we respectfully disagree with the process the Staff used to recommend awards for the Nonprofit Set-Aside. We are appealing both matters under Section 50.18(b) of the 2004 Qualified Allocation Plan. Our reasons for appealing are as follow.

In regard to the Staff recommendations for the Nonprofit Set-Aside, it is our understanding that this set-aside was to be evaluated first and that all applications competing in this set-aside were to be reviewed based on their scores. The highest scoring applications would be recommended until the necessary credit amount for the set-aside was reached, regardless of whether or not enough funds were available for the region. Our application received a revised score of 138 which is tied for seventh highest scoring application in the nonprofit set-aside. We note that two other Non-Profit applications, being application numbers 04057 and 04066, which received scores of 136 and 133 respectively and were recommended an allocation for High Score Nonprofit. It is our understanding that since our application scored higher than these other two applications we should have been recommended for an allocation.

In regard to our application being denied any points for Quantifiable Community Participation, we will begin by responding to reasons that were given for these letters being denied points. Attached hereto for quick reference are both the responses to the two neighborhood organization letters in question and the letters of support which were sent to TDHCA by these two neighborhood organizations.

First, the Department's letters to the Edgewood Neighborhood Association and the Community Workers Council state their support was not awarded a score because "Insufficient documentation was provided to show that the organization was on record as of March 1, 2004 with the state or county in which the development is proposed to be located." We will begin by addressing the issue of Edgewood Neighborhood Association and the Community Workers Council being of record with the state or county. Attached you will find a letter from the Bexar County Clerk dated December 22, 2003, indicating their office received our request for a list of neighborhood organizations. We are told this letter was also sent directly to the Department. The letter states that while Bexar County *does not* maintain such a list of neighborhood organizations, the City of San Antonio *does*. Thus, Bexar County defers to local municipalities such as the City of San Antonio to maintain this type of information. Bexar County and the City of San Antonio obviously have a recognized agreement that the city government is the appropriate organization to maintain information regarding neighborhood organizations. The fact that the Bexar County government acknowledges the list maintained by the City of San Antonio is proof the neighborhood organizations are "on record" with the appropriate governmental organization. Although the QAP requires the neighborhood organizations to be on record with the county (or state), in this particular instance, Bexar County specifically states that it does not maintain a list of neighborhood organizations but the City of San Antonio does. Therefore, the appropriate place to be "on record" is with the City of San Antonio which both Edgewood Neighborhood Association and the Community Workers Council are.

Additionally, no where in the QAP does it require neighborhood organizations to be entities that are recognized by the state such as nonprofit corporations or unincorporated associations. We are of the opinion that the only reason a neighborhood organization would be of record with the state is if they are a recognized business organization of the State of Texas. The QAP does not require neighborhood organizations to be these types of business organizations in order to qualify for scoring purposes. As for being of record with the county, the only reason that a neighborhood organization would be on record with the county would be if it qualified as a property owner's association under Chapter 202 or Chapter 209 of the Texas Property Code. Essentially, Chapters 202 and 209 of the Texas Property Code require residential property owner's associations to place their organizational documents and restrictive covenants of record with the county so that these documents then become public information. One the reasons for the creation of these particular statutes was to make certain property owners who live within the boundaries of these associations are aware of the restrictive covenants and the ability of the association to lien the properties within its boundaries. We are of the opinion that residential property owners' associations which are required to be of record with the county are not necessarily the type of organizations that the Department was trying to obtain quantifiable community participation from. The requirement for a neighborhood organization to be "on record" with the county may be somewhat misleading because we are not aware of any counties that maintain lists of neighborhood organizations. Here, we specifically have the county saying that they don't maintain such a list and that the city does.

The Edgewood Neighborhood Association is on the Department's mailing list and has been for many years. One could argue that this should qualify as "of record" with the state; no guidance from the Department stated this was not sufficient to be considered "of record" with the state. Additionally, we have

been told by the Edgewood Neighborhood Association that they have participated in community support activities with the county prior to this year's allocations. Again, one could argue that this qualifies as "of record" with the county; no guidance from the Department stated this was not sufficient for being "of record" with the county.

As for being of record by March 1, we feel both the Edgewood Neighborhood Association and Community Worker's Council meet this requirement. Enclosed is a letter from the San Antonio Planning Department which specifically states that the Edgewood Neighborhood Association was of record with the City by February 27, 2004. Although the Edgewood Neighborhood Association has been around since 1985, we told them that in order for their community support letter to be recognized for scoring purposes they needed to be of record with the City of San Antonio (since the county does not maintain such a list and the City did). The e-mail that was sent with the Edgewood Neighborhood Association support letter states that the association was of record with the City by March 4, 2004; this was an incorrect statement from the City, and the letter enclosed herein corrects this mistake. Community Workers Council has been of record with the State of Texas since December 3, 1956, and its letter specifically states this. It is extremely easy to confirm the date an entity was incorporated with the State of Texas; especially if a department within the State is checking.

As for not providing sufficient documentation for both of these letters, Edgewood Neighborhood Association did provide proof that it was of record with the City of San Antonio by attaching an e-mail from the City, and Community Worker's Council stated that it has been incorporated with the State of Texas for a long time and provided an e-mail showing it to be of record with the City. No further proof should be required for Community Worker's Council than to just state they are chartered with the State of Texas. Community Workers Council has been on record with the State of Texas since December 3, 1956, and its letter specifically states this. This is sufficient documentation. It is extremely easy to confirm if an entity is of record with the State of Texas.

Additionally, the QAP specifically states in §50.9(g)(2)(C) that it is possible for points to be awarded or deducted based on written statements from organizations that were not identified by the city and county clerks under subsection (f)(8)(B)(ii)(1) of the QAP. We are of the opinion that this statement can be interpreted to imply that if a city does specifically maintain a list of neighborhood associations, neighborhood organizations on this list can score. In our situation, the City of San Antonio does maintain a list of neighborhood organizations; therefore, organizations on these lists that provide support letters should be able to be awarded points.

The second reason stated for withholding points from the Edgewood Neighborhood Association and Community Workers Council support letters was as follows: *"Your letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both"*. Again, we respectfully disagree with this statement for the reasons that follow.

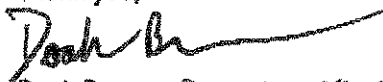
First, addressing the Edgewood Neighborhood Association, the second paragraph under the section heading **EDGEWOOD NEIGHBORHOOD ASSOCIATION BYLAWS** states *"The Edgewood Neighborhood Association has three hundred (300) members and membership is determined as follows:"* Thus, the letter definitely states the number of members in the association. The paragraphs that follow this statement adequately explain how membership is determined and explain a members' position within the association. Member voting rights are detailed in this section. Membership voting is obviously the way member positions are determined. We feel this more than meets the Department's vague requirement for a *"brief description of the process used to determine members' position"*.

Secondly, addressing the Community Workers' Council support letter, the third paragraph of the letter states *"We have a total of 40 members on our roll"* which adequately addresses the number of members in the association. Their letter also states that *"Any person who is a member of our zone can become a member of our organization."* This statement explains how a member's position is determined. Again, we feel that this statement more than meets the Department's requirement for a *"brief description of the process used to determine members' position"*.

What is extremely frustrating to us is that both the Edgewood Neighborhood Association and Community Worker's Council are the exact types of neighborhood organizations that we feel the state was trying to obtain quantifiable community participation from. The main purpose behind these groups is to deal with matters related to the welfare of the neighborhood that contains our development. Maybe had we drafted their support letters like we imagine some of the other developers may have done, the letters would have been more detailed so that there would be no question that the letters should receive the full 12 points but we chose not to do this because we felt that the letters which were drafted by these two neighborhood associations met the requirements of the QAP. Both these neighborhood organizations have been around for a long time. These neighborhood organizations should have their support count and deserve to have the letters they submitted awarded points.

We strongly believe the Department has erred in its decision not to award Vista Del Sol-The Rudy C. Perez Apartments, #04258 an allocation for being one of the highest scoring nonprofit applications in the Non-Profit Set-Aside and for not awarding any Quantifiable Community Participation points to this application. We respectfully ask that you correct this error. If you have questions regarding this appeal, please contact me at 210-341-8097 or Doak Brown who is with a Co-Developer for this project at 713-963-7568.

Thank you,



Doak Brown – Brownstone Affordable Housing, Ltd.
Co-Developer
Vista Del Sol - The Rudy C. Perez, Sr. Apartments



Housing Tax Credit Program - 2004 Application Cycle
Response to Neighborhood Organizations

June 7, 2004

Manuel Diaz Garza
Edgewood Neighborhood Association
414 Remolina
San Antonio, TX 78237

RE: Neighborhood Input on 2004 Housing Tax Credit Application Vista Del Sol-The Rudy C Perez, Sr.
TDHCA Number: 04258

Attention: Manuel Diaz Garza

The Texas Department of Housing and Community Affairs (the Department) is in receipt of the letter you submitted on the above-referenced development for consideration as Quantifiable Community Participation under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the development noted above. Consistent with that section of the QAP, your letter was reviewed to determine if all submission requirements were met. Unfortunately, your letter did not meet the requirements to be scored. The requirement(s) which your letter did not meet is (are):

Insufficient documentation was provided to show that the organization was on record as of March 1, 2004 with the state or county in which the development is proposed to be located.

Your letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both.

While your letter will not be scored, your comments will still be summarized and provided to the Governing Board of the Department as they make decisions regarding which applications will receive an allocation of credits. You are also welcome to provide public comment at the Board's meetings on these developments which take place on June 28, 2004 and July 28, 2004 in Austin. If you have any questions, please do not hesitate to contact the Department at 512.475.3800. Also, on Friday June 18, 2004 at 10:00 a.m. the Department will conduct an Open Forum at its office in Austin. If you have any questions or comments about the evaluation of your letter you are invited to attend this forum.

Sincerely,

Brooke Boston
Brooke Boston
Director, Multi-Family Finance Production Division

EDGEWOOD

NEIGHBORHOOD ASSOCIATION

414 REMOLINO ~ SAN ANTONIO TEXAS 78237

(210) 432-0167 ~ (210) 354-2964 FAX

March 31, 2004

TDHCA HTC Program
Attention: Brooke Boston, Director
Multifamily Finance Production Division
307 Sabine, Suite 300
Austin, Texas 78701

Re: Application to the Texas Department of Housing and Community Affairs
for an Allocation of Low-Income Housing Tax Credits to Construct the
Vista Del Sol - Rudy C. Perez, Sr. Apartments in San Antonio, Texas

Dear Ms. Boston

We have received and reviewed information on the proposed Vista Del Sol - Rudy C. Perez, Sr. Apartments located on approximately 7.5 acres between S.W. 36th Street, S.W. 37th Street and Old Highway 90, San Antonio, Bexar County, Texas. It is our understanding that RCP Vista Del Sol Apartments, Ltd. is applying for Housing Tax Credits from the Texas Department of Housing and Community Affairs.

The Edgewood Neighborhood Association (ENA), a registered community organization with the City of San Antonio is on record with the Planning Department; please see confirming e-mail message from Nina L. Nixon- Méndez, A.I.C.P., Planning Manager, City of San Antonio Planning Department, Neighborhood and Urban Design Division. As per the Edgewood Neighborhood Association Bylaws, the development site of the proposed Vista Del Sol - Rudy C. Perez, Sr. Apartments is located within our boundaries:

EDGEWOOD NEIGHBORHOOD ASSOCIATION BYLAWS

ARTICLE III- BOUNDARIES

Section 1. The Edgewood Neighborhood Association was founded in 1985, and established the geographic boundaries of the jurisdiction known as the Edgewood Independent School District in San Antonio, Texas as its' boundaries.

The Edgewood Neighborhood Association has three hundred (300) members and membership is determined as follows:

EDGEWOOD NEIGHBORHOOD ASSOCIATION BYLAWS

ARTICLE VI- MEMBERSHIP AND DUES

Section 1. MEMBERSHIP CATEGORIES

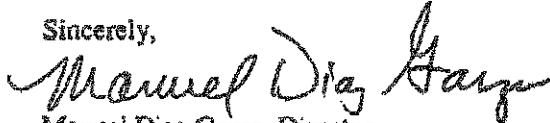
- a. Resident Membership - Any resident (18 years old or older), living in the Edgewood Neighborhood Association as defined in Article III. Boundaries, shall be eligible for Resident Membership. Resident Members shall have the privileges of voting, holding office, serving on the board of directors, committees, and speaking on the floor at membership meetings.

- b. **Non-Resident Membership** - Any person (18 years old or older), owning property but not residing in the Edgewood Neighborhood Association as defined in Article III, Boundaries, shall be eligible for Non-Resident Membership. Non-Resident Members shall have all the privileges of "Resident Membership" with the exception of holding office on the board of directors.
- c. **Associate Membership** - Associate Membership shall be open to persons who are interested in the objectives of the Edgewood Neighborhood Association. Associate Members shall have all of the privileges of "Resident Membership" with the exception of holding office on the board of directors or voting.
- d. **Classes of Membership** - Within the three above described categories of membership; there shall be the following classes of membership:
1. Individual
 2. Family
 3. Business, Club or Organization
 4. Benefactor
 5. Sustaining
- e. **Business, Club or Organizational Membership** - Where membership involves a business, club or organization, such group shall on being accepted into membership file with the Secretary of the Association the name and address of its representative, and shall have all the privileges of "Resident Membership", and entitled to cast its one vote at the general membership meetings with the exception of holding office on the board of directors.

As Director and on behalf of the Edgewood Neighborhood Association we would like to voice our support for this application. San Antonio, like many other Texas cities, is currently experiencing a shortage of quality affordable housing. In Edgewood, a development like the Vista Del Sol - Rudy C. Perez, Sr. Apartments will help address housing needs in a very positive manner and we wholeheartedly support Allocation of Low-Income Housing Tax Credits of this application to the Texas Department of Housing and Community Affairs.

If you have any questions regarding our support of the proposed development, please feel at liberty to call 210-432-0167.


Sincerely,



Manuel Diaz Garza, Director
Edgewood Neighborhood Association

Subject: FW: Edgewood Neighborhood Association Registration

Date: Mon, 15 Mar 2004 11:11:13 -0600

From: "Nina Nixon-Mendez" <nnmendez@sanantonio.gov>  [add to address book](#)

To: "Manuel Diaz Garza" <mgarza50@prodigy.net>

>Mr. Garza

>This is in response to your phone inquiry this morning.

>The Edgewood Neighborhood Association was registered as a Community
>Organization on March 4, 2004. Please let me know if you have any
>additional inquiries.

>Nina

>

>Nina L. Nixon-Méndez, A.I.C.P.

>Planning Manager

>City of San Antonio Planning Department

>Neighborhood and Urban Design Division

>(210)207-2893 or (210)207-7873

>fax (210) 207-7897

>nnmendez@sanantonio.gov

>



Housing Tax Credit Program - 2004 Application Cycle
Response to Neighborhood Organizations

June 7, 2004

Lucy Hall
Community Workers Council
PO Box 17431
San Antonio, TX 78237

RE: Neighborhood Input on 2004 Housing Tax Credit Application Vista Del Sol-The Rudy C Perez, Sr.
TDHCA Number: 04258

Attention: Lucy Hall

The Texas Department of Housing and Community Affairs (the Department) is in receipt of the letter you submitted on the above-referenced development for consideration as Quantifiable Community Participation under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the development noted above. Consistent with that section of the QAP, your letter was reviewed to determine if all submission requirements were met. Unfortunately, your letter did not meet the requirements to be scored. The requirement(s) which your letter did not meet is (are):

Insufficient documentation was provided to show that the organization was on record as of March 1, 2004 with the state or county in which the development is proposed to be located.

Your letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both.

While your letter will not be scored, your comments will still be summarized and provided to the Governing Board of the Department as they make decisions regarding which applications will receive an allocation of credits. You are also welcome to provide public comment at the Board's meetings on these developments which take place on June 28, 2004 and July 28, 2004 in Austin. If you have any questions, please do not hesitate to contact the Department at 512.475.3800. Also, on Friday June 18, 2004 at 10:00 a.m. the Department will conduct an Open Forum at it's office in Austin. If you have any questions or comments about the evaluation of your letter you are invited to attend this forum.

Sincerely,

Brooke Boston
Brooke Boston
Director, Multi-Family Finance Production Division

COMMUNITY WORKERS COUNCIL
P.O. BOX 17431
SAN ANTONIO, TEXAS 78237

April 11, 2004

TO: Director of Multifamily Finance Production Division

FROM: President, Community Workers Council

REFERENCE: Application to the Texas Department of Housing and Community Affairs for Allocation of Low Income Housing Tax Credit to Construct the Vista Del Sol-Rudy Perez, Sr. Apartments in San Antonio, Texas

This letter of support for the Vista Del-Rudy C. Perez, Sr. Apartments to be constructed in San Antonio, Texas. The Community Workers Council feel this is a great project for this area. We were given the information that the location of the apartments will be between SW 36th Street, SW 37th Street and Old Highway 90.

The Community Workers Council has been chartered by Texas since December 3, 1956. We are recognized by the City of San Antonio (see attachment). The apartment complex is a part of our zone area.

Any person who is a member of our zone area can become a member of our organization. The zone area encompasses West Commerce on the north, Castroville on the south, Callahan Road on the west and 36th Street on the east. We have a total of 40 members on our roll and we meet monthly.

The council feel this apartment complex will give people an opportunity to live in a top rate apartment complex. This complex may increase the student enrollment in the Edgewood Independent School District.

Lucy Hall
President, Community Workers Council
(210) 435-9907

Attachment: Copy of Zone Area

Subj: Neighborhood Registration
Date: 4/9/04 3:31:40 PM Central Daylight Time
From: nnmendez@sanantonio.gov (Nina Nixon-Mendez)
To: lucmhall@aol.com

To: Ms. Lucy Hall, Community Workers Council

Memorandum

This email verifies that the Community Workers Council is registered as a Neighborhood Association with the City of San Antonio.

The boundaries of the Neighborhood association are:
North - W. Commerce
East - 36th St. SW
South - Castroville Road then to Hwy 151 then to Old Hwy 90 W
West - Callaghan Rd.
Please let me know if I may be of further assistance.

Nina Nixon-Mendez
Planning Manager
City of San Antonio
207-2893
nnmendez@sanantonio.gov

----- Headers -----

Return-Path: <nnmendez@sanantonio.gov>
Received: from nly-xi06.mx.aol.com (nly-xi06.mail.aol.com [172.20.116.12]) by alrxi01.mail.aol.com (108.19) with ESMTP id MAILINX11-71e407709257; Fri, 09 Apr 2004 16:31:40 -0400
Received: from SMTP1.cosa.root.cl.sat.tx.us (smtp1.sanantonio.gov [161.226.4.8]) by nly-xi06.mx.aol.com (108.19) with ESMTP id MAILRELAYINX168-71e407709257; Fri, 09 Apr 2004 16:31:34 -0500
Received: from exfe1.cosa.root.cl.sat.tx.us ([161.226.84.200]) by SMTP1.cosa.root.cl.sat.tx.us with Microsoft SMTPSVC(6.0.3790.0);
Fri, 9 Apr 2004 15:31:32 -0500
Received: from EXVS1.cosa.root.cl.sat.tx.us ([161.226.84.180] RDNS failed) by exfe1.cosa.root.cl.sat.tx.us with Microsoft SMTPSVC(5.0.2196.5329);
Fri, 9 Apr 2004 15:31:40 -0500
X-MimeOLE: Produced By Microsoft Exchange V6.0.6249.0
content-class: urn:content-classes:message
MIME-Version: 1.0
Content-Type: text/plain;
charset="iso-8859-1"
Content-Transfer-Encoding: quoted-printable
Disposition-Notification-To: "Nina Nixon-Mendez" <nnmendez@sanantonio.gov>
Subject: Neighborhood Registration
Date: Fri, 9 Apr 2004 15:31:34 -0500
Message-ID: <5F3848E231F884449E0D3E933C41F9912A5A59@EXVS1.cosa.root.cl.sat.tx.us>
X-MS-Has-Attach:
X-MS-TNEF-Correlator:
Thread-Topic: Neighborhood Registration
Thread-Index: AcQacaPad2eE693brSGO7P1Qn2M88Yg--
From: "Nina Nixon-Mendez" <nnmendez@sanantonio.gov>
To: <lucmhall@aol.com>
X-OriginalArrivalTime: 09 Apr 2004 20:31:40.0179 (UTC) FILETIME=[A9C7AE30:01C41E71]

Gerry Rickhoff

COUNTY CLERK



BEXAR COUNTY

BEXAR COUNTY COURT HOUSE
100 DOLOROSA
SAN ANTONIO, TEXAS 78205-3053

June 9, 2004

David Starr, General Partner
American Opportunity Housing
Vista Del Sol Apartments, LLC
Rudy C. Perez, Sr. Apartments
2161 N. W. Military Hwy, Ste 111
San Antonio, Texas 78213

RE: CLERKS NOTIFICATION OF CORRESPONDENCE RECEIVED December 18,
2003.

Dear Mr. Starr, or to whom it may concern,

On December 18, 2003 this office received notice from you concerning the pending application for the Texas Department of Housing & Community Affairs.

On December 22, 2003, this office responded with the attached correspondence.

In addition this office on December 18, 2003, upon payment of the \$2.00 filing fee, filed as a public notice, and posted to the courthouse door your "Notice to the Public." Please see attached copy of filed notice marked with the date and time of filing.

This development is within the City of San Antonio, and the city officials should have been notified, as well as the Bexar County Judge and members of the Commissioners Court.

Respectfully,

A handwritten signature in black ink, appearing to read "Gerry Rickhoff", written over a horizontal line.

Gerry Rickhoff
County Clerk
Bexar County, Texas

Gerry Rickhoff

COUNTY CLERK



BEXAR COUNTY

BEXAR COUNTY COURT HOUSE
100 DOLOROSA
SAN ANTONIO, TEXAS 78205-3083

December 22, 2003

RE: REQUEST FOR COUNTY LIST OF NEIGHBORHOOD ORGANIZATIONS

To whom it may concern,

By correspondence to this office you have requested a copy of the "County List of Neighborhood Organizations." This office regrets to inform you that this office does not maintain such a list. One of the official duties of this office is to be the registrar of deeds and the keeper of the Official Public Records of Real Property. In order for this office to determine whether a record has been filed, this office would need the name of the grantor/grantee, date the instrument was filed, title of the instrument and the legal description of the property. This office does not maintain records by address. To assist you the following information may be helpful.

Pursuant to Section 2306.6704, Texas Government Code, an applicant must notify:

1. any neighborhood organization of record in the state or county;
2. the presiding officer of a municipality containing the development, and all elected members of that body, which contains the development;
3. the presiding officer of the governing body of the county containing the development and all elected members of that body.

For a list of neighborhood organizations affecting a particular development consult and address future correspondence concerning this matter to:

City of San Antonio Planning Department
Neighborhood & Urban Design Division
P O Box 83966
San Antonio, Texas 78283-3966

and

Bexar County Housing & Human Services Department
233 N. Pecos-La Trinidad, Suite 590
San Antonio, Texas 78207

The address for the Mayor and City Council of the City of San Antonio may be obtained from the City Public Information Office at (210) 207-7235 or City Clerk's office at (210) 207-7253. Please keep in mind that there are 24 incorporated municipalities in Bexar County, of which the City of San Antonio is one.

The address for the County Judge and Bexar County Commissioners is as follows:

Honorable Nelson W. Wolff, Bexar County Judge
Bexar County Courthouse
100 Dolorosa, Suite 101
San Antonio, Texas 78205

Honorable Robert Tejeda
County Commissioner Precinct No. 1
Bexar County Courthouse
100 Dolorosa, Suite 101
San Antonio, Texas 78205

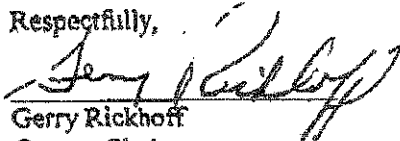
Honorable Paul Elizondo
County Commissioner Precinct No. 2
Bexar County Courthouse
100 Dolorosa, Suite 101
San Antonio, Texas 78205

Honorable Lyle Larson
County Commissioner Precinct No.3
Bexar County Courthouse
100 Dolorosa, Suite 101
San Antonio, Texas 78205

Honorable Tommy Adkisson
County Commissioner Precinct No.4
Bexar County Courthouse
100 Dolorosa, Suite 101
San Antonio, Texas 78205

Again, thank you for your recent correspondence.

Respectfully,


Gerry Rickhoff
County Clerk
Bexar County, Texas



CITY OF SAN ANTONIO

June 9, 2004

Mr. Manuel Diaz Garza
Director
Edgewood Neighborhood Association
414 Remolino
San Antonio, TX 78237

Dear Mr. Diaz Garza:

This letter acknowledges that the Edgewood Neighborhood Association is officially registered with the City of San Antonio as a Community Organization. Registration was made and accepted on February 27, 2004.

Please do not hesitate to contact me should you have any questions.

Sincerely,

A handwritten signature in cursive script, reading "Nina Nixon-Mendez".

Nina Nixon-Mendez
Planning Manager
Neighborhood and Urban Design Division

PLANNING DEPARTMENT
TEL: (210) 207-7873

P.O. BOX 899966
TTY: (210) 207-7911

SAN ANTONIO, TEXAS 78283-3966
FAX: (210) 207-7897

Brownstone Affordable Housing, Ltd.

PLEASE DELIVER THE FOLLOWING PAGE(S) TO:

NAME: Ms. Delores Groniak, Board Secretary

FROM: Doak Brown

DATE: June 30, 2004

RE: Appeal to Board for Vista Del Sol – The Rudy C. Perez, Sr. Apartments
Application Number 04258

NO. OF PAGES: 3

If you do not receive all pages, please call (713) 963-7568.

Telecopier No. (713) 432-0120

MESSAGE:

Attached hereto is our appeal to the board for the above referenced application.

RECEIVED
JUN 30 2004
EXECUTIVE



BEXAR COUNTY
DEPARTMENT OF HOUSING AND HUMAN SERVICES
233 N. Pecos Street, Suite 590
San Antonio, Texas 78207

Jose E. Castillo
Executive Director

Community Development Block Grant (210) 335-3666
Direct Client Services (210) 335-6770
Housing and Economic Development (210) 335-3666
Ryan White Title I (210) 336-5595
FAX (210) 335-6700

June 25, 2004

Mr. Manuel Diaz Cerza
Edgewood Neighborhood Association
414 Remolino
San Antonio, Texas 78237

Dear Mr. Cerza:

This letter is to acknowledge that the Edgewood Neighborhood Association is a community organization that made an application for funding for the El Capitan Town homes through the Bexar County Department of Housing and Human Services (HOME Program) in June 24, 2003. The Association's application was not funded, as you know, we receive many applications and unfortunately we do not have the resources to fund all that apply.

Please let me know if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Jose E. Castillo".

Jose E. Castillo
Executive Director
Housing and Human Services

cc: Paul Elizondo, Commissioner, Pct 2

June 30, 2004

The Board of the Texas Department of Housing and Community Affairs
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78711-3941
Attn: Ms. Delores Gronbeck, Board Secretary

Delivery via fax: (512) 472-8526

Re: Amended Appeal Letter for Vista Del Sol-The Rudy C. Perez, Sr. Apartments, #04258

Dear Honorable Board Members:

At the time we sent in our appeal letter yesterday to the Board, we had not received a response to our appeal from TDHCA, and as stated in yesterday's letter, we wanted to insure that the Board received our appeal in time to be heard at the July 8, 2004 board meeting. However, very shortly after sending in our appeal letter to the Board we did receive a formal response to our appeal letter from TDHCA. The formal response letter from TDHCA denied our appeal. The purpose of this letter is to amend and add to the appeal letter which we sent in yesterday to the Board on behalf of our application.

The response to our appeal states that we did not provide evidence in our appeal that the Edgewood Neighborhood Association was of record with the county. Attached hereto is a letter from Bexar County which specifically states that in June of 2003 the Edgewood Neighborhood Association is a community organization that made application for HOME funds to aid in funding a proposed affordable housing project. The fact that Edgewood Neighborhood Association made an application with Bexar County should provide enough evidence that they are of record with the county.

The response to our appeal also states that the letter from Community Workers Council did not specifically address the process of how the Council determined its support of the Development. While we do not see this specific requirement listed anywhere in the QAP, we feel that the letter from Community Workers Council does address this issue. The letter from the Community Workers Council specifically states that it is a support letter and it is signed by the President of this neighborhood organization. This alone should be enough evidence to prove that this neighborhood organization supports our application. The letter goes on to say that the project would be great for the area, that the project would give people a top rate apartment complex and that it may help increase student enrollment at the Edgewood Independent School District.

Both of these neighborhood organizations have been around for a long time. These neighborhood organizations should have their support count and deserve to have the letters they submitted awarded the

full 12 points. By awarding these letters the full 12 points, this application would be the highest scoring nonprofit in the state.

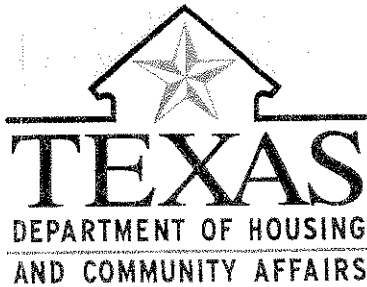
We would like to restate that we strongly believe the Department has erred in its decision not to award Vista Del Sol-The Rudy C. Perez Apartments, #04258 an allocation for being one of the highest scoring nonprofit applications in the Non-Profit Set-Aside and for not awarding any Quantifiable Community Participation points to this application. Additionally, we feel that our application and these neighborhood organizations will be unfairly and unequitably removed from the possibility of achieving a tax credit project for this neighborhood if the full community participation points are not awarded to the two support letters at issue, and ask that the Board take this factor into consideration in making the ultimate decision of which projects in this region are more deserving of being funded or at the very least issue our application a forward commitment. If you have questions regarding this appeal, please contact me at 713-963-7568. Thank you for your consideration of this appeal.

Thank you,



Doak Brown – Brownstone Affordable Housing, Ltd.
Co-Developer
Vista Del Sol - The Rudy C. Perez, Sr. Apartments

Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 29, 2004

David Starr
RCP Vista Del Sol Apartments, Ltd.
2161 N.W. Military Hwy, Ste. 111
San Antonio, TX 78213
Telephone: (210) 341-8097
Fax: (210) 341-8573

Re: Response to appeal received June 15, 2004
Vista del Sol – Rudy C. Perez Senior Apts. TDHCA Project No. 04258

Dear Mr. Starr:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 15, 2004 on the above-referenced Development, one day after the June 14, 2004 deadline that was issued in the June 7, 2004 scoring notice from the Department. Although late, the Department will address the appeal on its merits.

The appeal is regarding the eligibility of your application to receive points for Quantifiable Community Participation (QCP) under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the Development noted above.

Consistent with that section of the QAP, the letters from Edgewood Neighborhood Association and Community Worker's Council were reviewed to determine if all submission requirements were met. Unfortunately, the letters did not meet the requirements to be scored for the reasons that you refer to in your appeal. Your appeal expresses your general disappointment with the stringent legal interpretation of the measurement of QCP regarding neighborhoods on record with the City of San Antonio and their not counting as being on record with Bexar County or the State of Texas. However, the Department is required to follow the plain language of legislation and its rules when evaluating the scoring criteria. In this case, the QAP, as the rule for the Housing Tax Credit Program, has outlined required content for QCP letters. Unfortunately, this content was not included in the QCP letter submitted for this application in the form of proving the organization was on record with the county. Additionally, the letter from Community Worker's Council did not specifically address the process of how the Council determined its support of the Development.

Mr. David Starr
June 29, 2004


Appeal Determination

Because of the above mentioned reasons, your appeal is denied.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30.

If you have questions or comments, please call (512) 475-3340.

Sincerely,


for Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal

Not timely filed
Notice out on 6/7
due 6/14

STANDARD
MAIL

in response address
letter

June 14, 2004

Ms. Edwina Carrington
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78711-3941

Delivery via fax: (512) 475-0764

Re: Vista Del Sol-The Rudy C. Perez, Sr. Apartments, #04258

Dear Ms. Carrington:

We received a Final Scoring Notice on the above referenced Application on June 7, 2004. The Final Scoring Notice indicates the Housing Tax Credit Division failed to award this application any points for Quantifiable Community Participation. We respectfully disagree with this decision and are appealing it under Section 50.18(b) of the 2004 Qualified Allocation Plan. Our reasons for appealing the Final Scoring Notice are as follow.

First, the Department's letters to the Edgewood Neighborhood Association and the Community Workers Council state their support was not awarded a score because "Insufficient documentation was provided to show that the organization was on record as of March 1, 2004 with the state or county in which the development is proposed to be located." We will begin by addressing the issue of Edgewood Neighborhood Association and the Community Workers Council being of record with the state or county. Attached you will find a letter from the Bexar County Clerk dated December 22, 2003, indicating their office received our request for a list of neighborhood organizations. We are told this letter was also sent directly to the Department. The letter states that while Bexar County **does not** maintain such a list of neighborhood organizations, the City of San Antonio **does**. Thus, Bexar County defers to local municipalities such as the City of San Antonio to maintain this type of information. Bexar County and the City of San Antonio obviously have a recognized agreement that the city government is the appropriate organization to maintain information regarding neighborhood organizations. The fact that the Bexar County government acknowledges the list maintained by the City of San Antonio is proof the neighborhood organizations are "on record" with the appropriate governmental organization. Although the QAP requires the neighborhood organizations to be on record with the county (or state), in this particular instance, Bexar County specifically states that it does not maintain a list of neighborhood organizations but the City of San Antonio does. Therefore, the appropriate place to be "on record" is with the City of San Antonio which both Edgewood Neighborhood Association and the Community Workers Council are.

Additionally, no where in the QAP does it require neighborhood organizations to be entities that are recognized by the state such as nonprofit corporations or unincorporated associations. We are of the

opinion that the only reason a neighborhood organization would be of record with the state is if they are a recognized business organization of the State of Texas. The QAP does not require neighborhood organizations to be these types of business organizations in order to qualify for scoring purposes. As for being of record with the county, the only reason that a neighborhood organization would be on record with the county would be if it qualified as a property owner's association under Chapter 202 or Chapter 209 of the Texas Property Code. Essentially, Chapters 202 and 209 of the Texas Property Code require residential property owner's associations to place their organizational documents and restrictive covenants of record with the county so that these documents then become public information. One the reasons for the creation of these particular statutes was to make certain property owners who live within the boundaries of these associations are aware of the restrictive covenants and the ability of the association to lien the properties within its boundaries. We are of the opinion that residential property owners' associations which are required to be of record with the county are not necessarily the type of organizations that the Department was trying to obtain quantifiable community participation from. The requirement for a neighborhood organization to be "on record" with the county may be somewhat misleading because we are not aware of any counties that maintain lists of neighborhood organizations. Here, we specifically have the county saying that they don't maintain such a list and that the city does.

The Edgewood Neighborhood Association is on the Department's mailing list and has been for many years. Maybe this qualifies as of record with the state; however, no guidance from the Department stated this is sufficient.

As for being of record by March 1, we feel both the Edgewood Neighborhood Association and Community Worker's Council meet this requirement. Enclosed is a letter from the San Antonio Planning Department which specifically states that the Edgewood Neighborhood Association was of record with the City by February 27, 2004. Although the Edgewood Neighborhood Association has been around since 1985, we told them that in order for their community support letter to be recognized for scoring purposes they needed to be of record with the City of San Antonio (since the county does not maintain such a list and the City did). The e-mail that was sent with the Edgewood Neighborhood Association support letter states that the association was of record with the City by March 4, 2004; this was an incorrect statement from the City, and the letter enclosed herein corrects this mistake. Community Workers Council has been of record with the State of Texas since December 3, 1956, and its letter specifically states this. It is extremely easy to confirm the date and entity was incorporated with the State of Texas; especially if a department within the State is checking.

As for not providing sufficient documentation for both of these letters, Edgewood Neighborhood Association did provide proof that it was of record with the City of San Antonio by attaching an e-mail from the City, and Community Worker's Council stated that it has been incorporated with the State of Texas for a long time and provided an e-mail showing it to be of record with the City. No further proof should be required for Community Worker's Council than to just state they are chartered with the State of Texas. Community Workers Council has been on record with the State of Texas since December 3, 1956, and its

letter specifically states this. This is sufficient documentation. It is extremely easy to confirm if an entity is of record with the State of Texas.

Additionally, the QAP specifically states in §50.9(g)(2)(C) that it is possible for points to be awarded or deducted based on written statements from organizations that were not identified by the city and county clerks under subsection (f)(8)(B)(ii)(I) of the QAP. We are of the opinion that this statement can be interpreted to imply that if a city does specifically maintain a list of neighborhood associations, neighborhood organizations on this list can score. In our situation, the City of San Antonio does maintain a list of neighborhood organizations; therefore, organizations on these lists that provide support letters should be able to be awarded points.

The second reason stated for withholding points from the Edgewood Neighborhood Association and Community Workers Council support letters was as follows: *"Your letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both"*. Again, we respectfully disagree with this statement for the reasons that follow.

First, addressing the Edgewood Neighborhood Association, the second paragraph under the section heading **EDGEWOOD NEIGHBORHOOD ASSOCIATION BYLAWS** states *"The Edgewood Neighborhood Association has three hundred (300) members and membership is determined as follows:"* Thus, the letter definitely states the number of members in the association. The paragraphs that follow this statement adequately explain how membership is determined and explain a members' position within the association. Member voting rights are detailed in this section. Membership voting is obviously the way member positions are determined. We feel this more than meets the Department's vague requirement for a *"brief description of the process used to determine members' position"*.

Secondly, addressing the Community Workers' Council support letter, the third paragraph of the letter states *"We have a total of 40 members on our roll"* which adequately addresses the number of members in the association. Their letter also states that *"Any person who is a member of our zone can become a member of our organization."* This statement explains how a member's position is determined. Again, we feel that this statement more than meets the Department's requirement for a *"brief description of the process used to determine members' position"*.

What is extremely frustrating to us is that both the Edgewood Neighborhood Association and Community Worker's Council are the exact types of neighborhood organizations that we feel the state was trying to obtain quantifiable community participation from. The main purpose behind these groups is to deal with matters related to the welfare of the neighborhood that contains our development. Maybe had we drafted their support letters like we imagine some of the other developers may have done, the letters would have been more detailed so that there would be no question that the letters should receive the full 12 points but we chose not to do this because we felt that the letters which were drafted by these two neighborhood associations met the requirements of the QAP. Both these neighborhood organizations have been around

for a long time. These neighborhood organizations should have their support count and deserve to have the letters they submitted awarded points.

We strongly believe the Department has erred in its decision not to award Vista Del Sol-The Rudy C. Perez Apartments, #04258 Quantifiable Community Participation points and respectfully ask that you correct this error. If you have questions regarding this appeal, please contact our Housing Tax Credit consultant, Kelly Hunt, at (806) 383-8784.

Thank you,

A handwritten signature in black ink, appearing to read "Doak Brown", with a long horizontal flourish extending to the right.

Doak Brown
Co-Developer
Vista Del Sol-The Rudy C. Perez, Sr. Apartments

Project # 04268

Lansbrough Apt.

Board Appeal

M. L. BINGHAM, INC.
723 Main Street, Suite 924
Houston, Texas 77002
Phone: 713-224-5526
Fax: 713-224-6320

June 23, 2004

Mrs. Elizabeth Anderson, Board Chairman
Texas Department of Housing
and Community Affairs
P.O. Box 13941
Austin, Texas 78711- 3941

RECEIVED
JUN 24 2004
EXECUTIVE

Subject: Appeal of Community Participation Points
Lansborough Apartments - 04268

Dear Mrs. Anderson:

I am writing to appeal the denial of Quantifiable Community Participation points for the referenced development. Consistent with the treatment of other areas under the Selection Criteria outlined under Section 50.31(1) as Administrative Deficiencies, the applicant should have been given the opportunity to provide additional information in order to clarify the issues involved.

The Super Neighborhood organization that issued the letter of support is comprised of at least eight (8) civic clubs that are registered with the State of Texas as shown in the attached documents. The letter (attached) submitted by the Super Neighborhood also stated the reasons for the organization's support and the evaluation process. The Chairman of the Super Neighborhood stated in his letter that I had hosted a meeting in the area. He also listed three (3) other reasons in the letter for the organization's support.

I am requesting that the TDHCA board instruct staff to score the letter from the Super Neighborhood and award the points to the Lansborough apartment development.

Sincerely,



Margie Bingham

Cc: Edwina Carrington, TDHCA Executive Director
TDHCA Board of Directors

Attachments



Housing Tax Credit Program - 2004 Application Cycle
Response to Neighborhood Organizations

June 7, 2004

L.E. Chamberlain
Sunnyside Gardens
12702 Murr Way
Houston, TX 77048

RE: Neighborhood Input on 2004 Housing Tax Credit Application Lansborough Apartments
TDHCA Number: 04268

Attention: L.E. Chamberlain

The Texas Department of Housing and Community Affairs (the Department) is in receipt of the letter you submitted on the above-referenced development for consideration as Quantifiable Community Participation under Section 50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP). As you know, that section of the QAP allows neighborhood organizations to give input that is scored and the points (positive or negative) are attributed to the development noted above. Consistent with that section of the QAP, your letter was reviewed to determine if all submission requirements were met. Unfortunately, your letter did not meet the requirements to be scored. The requirement(s) which your letter did not meet is (are):

Insufficient documentation was provided to show that the organization was on record as of March 1, 2004 with the state or county in which the development is proposed to be located.

Your letter did not provide either the total number of members of the organization or a brief description of the process used to determine the members' position, or did not provide both.

While your letter will not be scored, your comments will still be summarized and provided to the Governing Board of the Department as they make decisions regarding which applications will receive an allocation of credits. You are also welcome to provide public comment at the Board's meetings on these developments which take place on June 28, 2004 and July 28, 2004 in Austin. If you have any questions, please do not hesitate to contact the Department at 512.475.3800. Also, on Friday June 18, 2004 at 10:00 a.m. the Department will conduct an Open Forum at it's office in Austin. If you have any questions or comments about the evaluation of your letter you are invited to attend this forum.

Sincerely,

Brooke Boston

Brooke Boston
Director, Multi-Family Finance Production Division

Sunnyside / South Acres / Crestmont Park **SUPER NEIGHBORHOOD**

12702 Murr Way
Houston, Tx. 77048
713-782-7114 (P)
713-732-5130 (W)
713-732-5134 (F)

Elected Officers

L.E. Chamberlain
President

Margaret Jenkins
1st Vice-President

Jeanie Ashiru
2nd Vice-President

Lydia Stewart
Secretary

Shannon Hudson
Correspondence Sec.

LeRoy West, Jr.
Treasurer

Vergal Gay
Chaplain

Orvise Young
Parliamentarian

#71 & #76 SUPER NEIGHBORHOODS

- Abraham Grand Lodge
- American Red Cross
- Bayou Terrace Civic
- Blueridge Civic
- Brookhaven Civic
- Carolina Gardens Civic
- Circle Civic
- Cloverland Civic
- Crestmont Park Civic
- Crestmont Plaza Civic
- Gr. Houston Pop Warner
- Gr. Sugar Valley Civic
- H.I.S.D.
- Hillwood Civic
- Holloway Heights Civic
- K.C.C.D.C.
- Kennedy Heights Civic
- King Estates Civic
- Neighborhood Pride Civic
- Paradise Valley Civic
- Professional Mgt. Svcs.
- Shamrock Manor Civic
- South Acres Estates Civic
- South Acres West Civic
- Southeast Coalition
- St. Agnes Baptist
- St. Francis Catholic
- Sunnyside Gardens/B.E.
- Sunnyside MBC
- Teeter Totter Village
- TEX-STAR Printing
- X-investments Society

April 15, 2004

Ms. Edwina Carrington
Texas Department of Housing and Community Affairs
507 Sabine Street
Austin, Texas 78701

RE: Lansbourough Apartments
10050 Cullen Blvd.
Houston, Texas 77051

Dear Ms. Carrington;

We are pleased to support the referenced apartment as proposed based on the following:

- * The development will be located on a major thoroughfare. Therefore it will not encroach upon the single family dwellings located on the Residential streets;
- * The development will have a large clubhouse for the tenant's use as well as for community meetings; and
- * The development will provide supportive services for both youth and families.

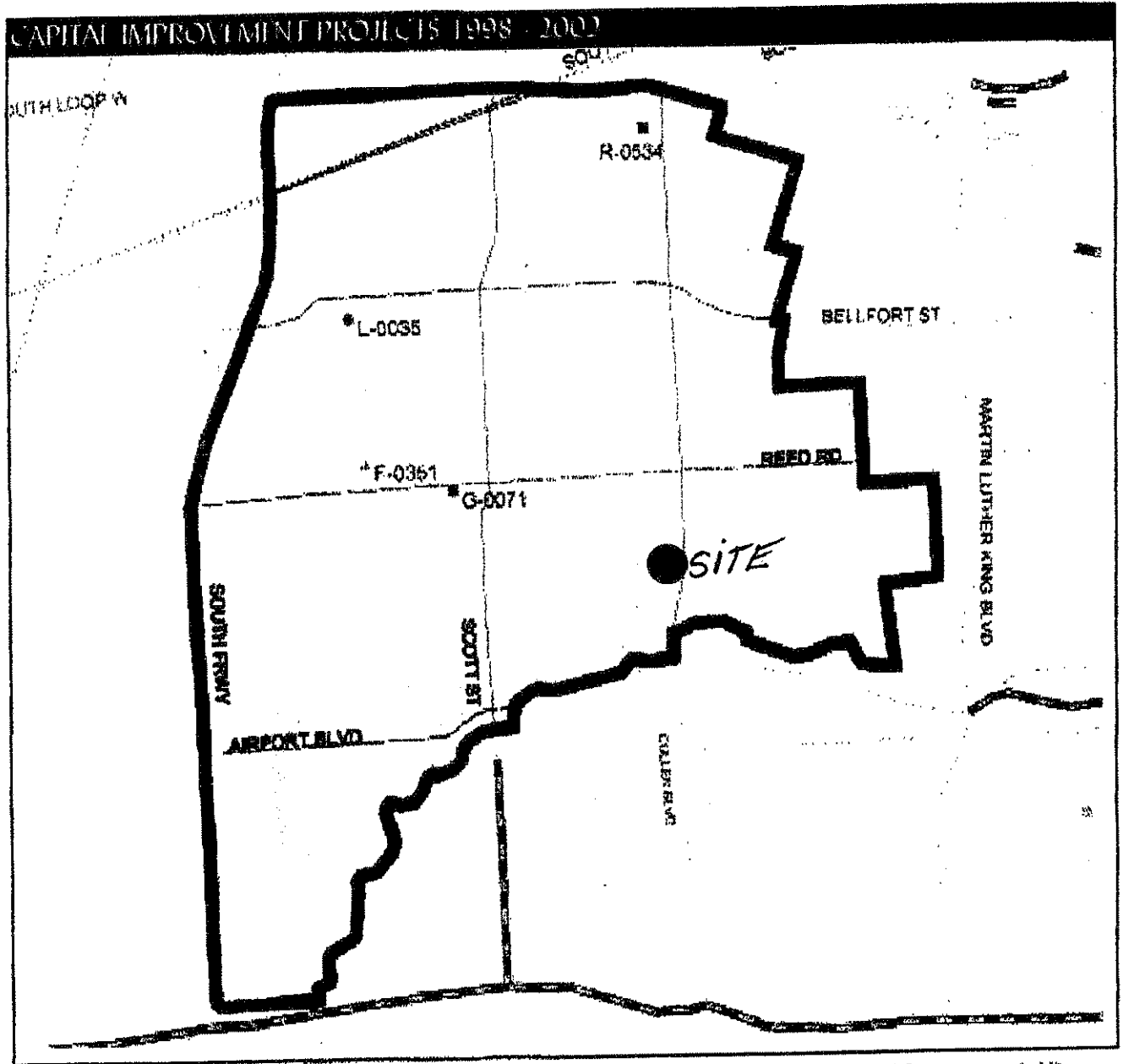
Margie Bingham made a presentation on this apartment development to the Southeast Coalition of Civic Clubs as well as the Super Neighborhood on Thursday, March 4, 2004. Margie Bingham also hosted a meeting in the area on February 23, 2004.

The Sunnyside / South Acres / Crestmont Park Super Neighborhood was formed in August 2002 in order to provide a forum for neighborhood residents to provide input into both the private public developments proposed in their area. The proposed development is within the boundary of our area. I have attached a map that clearly shows the boundaries of the proposed development site as well as the boundaries of our super neighborhood.

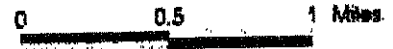
Respectfully,



L.E. Chamberlain, President



*For more information, contact the appropriate department



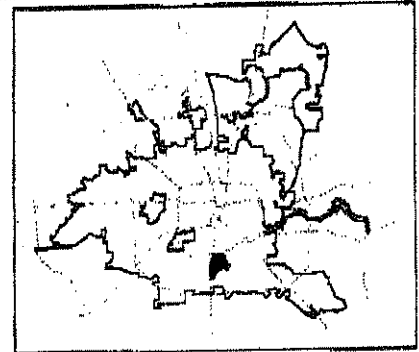
Program	Code	Site	Segment	Program	Code	Site	Segment	Area
Aviation	A			Public Health	H			
Convention & Entertainment	B			Solid Waste	L			
Fire	C			Storm Drainage	M			
General Government (Finance & Administration)	D			Street & Traffic Control	N			
Library	E			Wastewater	R			
Parks & Recreation	F			Water	S			
Police	G							

NO. 71

SUNNYSIDE

SUPER neighborhood

RESOURCE ASSESSMENT



General Neighborhood Characteristics

Sunnyside is the oldest African American community in south central Houston. It was originally developed to provide homes outside the city, but close enough for residents to commute. It now includes a number of tract home subdivisions on typical suburban streets, as well as the original frame homes interspersed with small churches of the original neighborhood. It has endured a number of detrimental land uses, including a major land fill which dominates the center of the community, a now-closed garbage incinerator next to the land fill, and a number of salvage yards. Recently, new developments have revived parts of the community, especially along Cullen.

AREA HIGHLIGHTS

- ✓ Houston City Council District D
- ✓ Houston Independent School District (7 public schools)
- ✓ 3 Police beats
- ✓ 9,344 properties in the neighborhood
- ✓ 11% of properties have long-term tax liens (homesteads not included)
- ✓ 4,063 acres (6.3 sq. miles)

NEIGHBORHOOD FACTS

	N'hood		City			N'hood		City	
	1990	1997	1990	1997		% of Households			
Pop. characteristics					Household income	1990	1997	1990	1997
Total population	19,092	16,538	NA	NA	Under \$15,000	NA	41%	NA	23%
Persons per sq. mile	3,008	2,605	2,807	2,977	\$15,000 to \$25,000	NA	20%	NA	18%
					\$25,000 to \$35,000	NA	10%	NA	16%
Age of population					\$35,000 to \$50,000	NA	13%	NA	15%
Under 5 years	10%	8%	10%	9%	\$50,000 to \$75,000	NA	9%	NA	14%
5 - 17 years	20%	22%	18%	19%	Over \$75,000	NA	7%	NA	15%
18 - 64 years	53%	55%	63%	65%					
65 and over	16%	15%	8%	8%	Housing and households				
					Total housing units	7,857	7,149	NA	NA
Ethnicity					Total households	6,658	5,787	NA	NA
Non Hispanic Whites	1%	3%	41%	35%	Family households	71%	70%	63%	64%
Non Hispanic Blacks	96%	90%	27%	27%					
Hispanics	1%	5%	28%	31%	Educational status				
Non Hispanic Asians	2%	2%	4%	6%	Total 25 yrs and over	10,395	10,160	NA	NA
Non Hispanic Others	0%	<1%	0%	1%	No diploma	28%	36%	30%	27%
					High school diploma	32%	47%	22%	19%
					Some college	29%	4%	19%	26%
					College degree	8%	9%	21%	18%
					Graduate+	2%	4%	9%	10%

Note:
 1. Citywide data (1990 and 1997) and 1990 neighborhood data derived from U.S. Bureau of Census.
 2. 1997 neighborhood data obtained from Housing and Urban Development.
 3. Family households include 2 or more persons related by birth, marriage, or adoption.
 NA - Not applicable



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This Certification Not Sufficient for Filings with Secretary of State

Do **not** include a certification from this Web site as part of a filing with the Secretary of State for dissolution, merger, withdrawal, or conversion. The Secretary of State will reject a filing that uses the certification from this site.

To obtain a certificate that is sufficient for dissolution, merger, withdrawal, or conversion, see Publication 98-336, Requirements to Change Corporate Status.

Certification of Account Status	Officers And Directors Information
Company Information:	SUNNYSIDE GARDENS/BAYOU ESTATES CIVIC CLUB 4805 HIGGINS ST HOUSTON, TX 77033-4111
Status:	IN GOOD STANDING NOT FOR DISSOLUTION OR WITHDRAWAL through June 29, 2004
Registered Agent:	SHANNON H. HUDSON 4805 HIGGINS ST. HOUSTON, TX 77033
Registered Agent Resignation Date:	
State of Incorporation:	TX
File Number:	0800189406
Charter/COA Date:	April 1, 2003
Charter/COA Type:	Charter
Taxpayer Number:	17706162850

Carole Keeton Strayhorn
Texas Comptroller of Public Accounts

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Certification of Account Status	Officers And Directors Information
Company Information:	CIRCLE CIVIC CLUB 3908 CARLSON LN HOUSTON, TX 77047-1607
Status:	IN GOOD STANDING - EXEMPT CORPORATION
Registered Agent:	VERGEL GAY 3908 CARLSON LANE HOUSTON, TX 77047
Registered Agent Resignation Date:	
State of Incorporation:	TX
File Number:	0103225701
Charter/COA Date:	March 20, 1987
Charter/COA Type:	Charter
Taxpayer Number:	30010274634

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Certification of Account Status	Officers And Directors Information
Company Information:	CLOVERLAND CIVIC CLUB 4407 TAVENOR LN HOUSTON, TX 77047-1845
Status:	IN GOOD STANDING - EXEMPT CORPORATION
Registered Agent:	MRS OSCAR JOHNSON 4407 TAVENOR HOUSTON, TX
Registered Agent Resignation Date:	TX
State of Incorporation:	0103372601
File Number:	April 3, 1987
Charter/COA Date:	Charter
Charter/COA Type:	30010292719
Taxpayer Number:	

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Certification of Account Status	Officers And Directors Information
Company Information:	GREATER SUGAR VALLEY CIVIC CLUB 3130 DACCA DR %JAMES HAYES HOUSTON, TX 77051-4614
Status:	IN GOOD STANDING - EXEMPT CORPORATION
Registered Agent:	JAMES HAYES 3130 DACCA STREET HOUSTON, TX 770514614
Registered Agent Resignation Date:	TX
State of Incorporation:	0046961301
File Number:	April 2, 1979
Charter/COA Date:	Charter
Charter/COA Type:	30004215197
Taxpayer Number:	

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Certification of Account Status	Officers And Directors Information
Company Information:	CRESTMONT PLAZA CIVIC CLUB 4919 DENORON DR HOUSTON, TX 77048-1503
Status:	IN GOOD STANDING NOT FOR DISSOLUTION OR WITHDRAWAL through May 16, 2005
Registered Agent:	BERNICE HILL 4919 DENORON DR. HOUSTON, TX 77048
Registered Agent Resignation Date:	
State of Incorporation:	TX
File Number:	0800210807
Charter/COA Date:	May 27, 2003
Charter/COA Type:	Charter
Taxpayer Number:	32011542225

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To obtain a certificate that is sufficient for dissolution, merger, withdrawal, or conversion, see Publication 98-336, Requirements to Change Corporate Status.

Certification of Account Status	Officers And Directors Information
Company Information:	HILLWOOD CIVIC CLUB PO BOX 450231 HOUSTON, TX 77245-0231
Status:	IN GOOD STANDING - EXEMPT CORPORATION
Registered Agent:	GRACIE L BOSTON 12503 SORSBY WAY HOUSTON, TX 77047
Registered Agent Resignation Date:	
State of Incorporation:	TX
File Number:	0136066301
Charter/COA Date:	June 26, 1995
Charter/COA Type:	Charter
Taxpayer Number:	30117878543

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To obtain a certificate that is sufficient for dissolution, merger, withdrawal, or conversion, see Publication 98-336, [Requirements to Change Corporate Status](#).

Certification of Account Status	Officers And Directors Information
Company Information:	SHAMROCK MANOR CIVIC CLUB 3919 CORK DR HOUSTON, TX 77047-2805
Status:	TEMPORARY GOOD STANDING through July 16, 2004
Registered Agent:	J.C. BOXIE 3919 CORK DRIVE HOUSTON, TX 77047
Registered Agent Resignation Date:	
State of Incorporation:	TX
File Number:	0800087508
Charter/COA Date:	May 20, 2002
Charter/COA Type:	Charter
Taxpayer Number:	32006077492

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To obtain a certificate that is sufficient for dissolution, merger, withdrawal, or conversion, see Publication 98-336, Requirements to Change Corporate Status.

Certification of Account Status	Officers And Directors Information
Company Information:	SOUTHEAST COALITION OF CIVIC CLUBS 4103 MADDEN LN HOUSTON, TX 77047-1823
Status:	NOT IN GOOD STANDING
Registered Agent:	BESSIE SWINDLE 4103 MADDEN LANE HOUSTON, TX 77047
Registered Agent Resignation Date:	
State of Incorporation:	TX
File Number:	0134452201
Charter/COA Date:	February 8, 1995
Charter/COA Type:	Charter
Taxpayer Number:	17604474191

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City of Houston, Texas, Ordinance No. 2003- 1025

AN ORDINANCE AMENDING THE CODE OF ORDINANCES, HOUSTON, TEXAS, BY ADDING A NEW ARTICLE VIII TO CHAPTER 33, RELATING TO THE SUPER NEIGHBORHOOD INITIATIVE; CONTAINING FINDINGS AND OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, under Article XI, Section 5 of the Texas Constitution, the City of Houston is a home-rule municipality having the full power of local self-government and as set forth in Section 51.072 of the Texas Local Government Code, may exercise that authority independent of the powers expressly granted it under the Texas Local Government Code; and

WHEREAS, Section 54.004 of the Texas Local Government Code authorizes a home-rule municipality to enforce ordinances necessary to protect health, life and property and to preserve the good government, order and security of the municipality and its inhabitants; and

WHEREAS, the City annually updates a five year capital improvements program; and

WHEREAS, the super neighborhood initiative was developed as a means to receive and consolidate input offered by residents and community-based organizations throughout the City, and provide a more organized and efficient system of community participation in decisions of local significance made by the City; and

WHEREAS, the super neighborhood initiative was also developed to organize and process the multiple proposals of the stakeholders operating in the same locales; and

WHEREAS, the Council of the City of Houston, Texas, desires to provide for the continuation and institutionalization of the super neighborhood initiative; **NOW, THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the findings contained in the preamble of this Ordinance are determined to be true and correct and are hereby adopted as a part of this Ordinance.

Section 2. That Chapter 33 of the Code of Ordinances, Houston, Texas, is hereby amended by adding a new Article VIII, which reads as follows:

"ARTICLE VIII. SUPER NEIGHBORHOOD INITIATIVE

DIVISION 1. GENERALLY

Sec. 33-301. Definitions.

The following words, terms, and phrases, when used in this article, shall have the meanings ascribed to them in this section, unless the context clearly indicates a different meaning:

Alliance means the super neighborhood alliance.

CIP means the city's annual capital improvement program.

Representative means a super neighborhood council's president, chair or other council appointee assigned to serve on the alliance.

SNAP means super neighborhood action plan, an annual action plan or update of priority community projects proposed by a super neighborhood council.

Stakeholders means the residents, civic clubs, non-profit associations, community development corporations, business associations, school districts or systems, faith-based institutions, and other institutional organizations located or operating in a super neighborhood.

Super neighborhood means a grouping of contiguous neighborhoods based on a geographic framework established by the director and shown on a super neighborhood map maintained in the office of the director.

Super neighborhood council means a representative group of stakeholders from a super neighborhood that have joined together for the purposes set forth in this article and have been formally recognized by the mayor.

Sec. 33-302. Super neighborhood initiative.

The super neighborhood initiative is hereby recognized as a program within the department.

Sec. 33-303. Super neighborhoods established.

The 88 super neighborhoods identified on the map or maps created by the director and placed on file in the director's office on or before November 5, 2003, are hereby established as the initial super neighborhoods of the city for purposes of this article. The director may create additional super neighborhoods and adjust the boundaries of a super neighborhood from time to time to reflect changes in physical characteristics, community demographics or changes in the corporate limits of the city. The official list of super neighborhoods and maps of their boundaries shall continue to be maintained by the director.

Sec. 33-304. Assistance by city departments and employees.

The mayor shall appoint city employees to serve as the city's general liaison to each recognized super neighborhood council as appropriate and necessary, and as the budget allows.

Sec. 33-305-33-310. Reserved.

DIVISION 2. SUPER NEIGHBORHOOD COUNCILS

Sec. 33-311. Formation of super neighborhood councils.

(a) The super neighborhood councils previously established and recognized by the mayor on or before November 5, 2003, are hereby recognized for purposes of this article as super neighborhood councils.

(b) Additional super neighborhood councils may be recognized by the mayor upon determination that the requestors have satisfied the following:

- (1) Identification of stakeholders within the super neighborhood and demonstration of efforts to invite them to participate in the formation of the proposed council;
- (2) Demonstration that no stakeholder was denied representative participation on the proposed super neighborhood council;
- (3) Creation of an organizational structure that will provide representative participation on the council by all stakeholders desiring to participate; and
- (4) Adoption of written by-laws that address the manner in which the business of the proposed council is to be conducted and the procedures for election of officers.

The director shall promulgate written guidelines that further describe how super neighborhood stakeholders can satisfy the criteria listed above. In addition, the director shall recommend to the mayor whether stakeholders of a proposed super neighborhood council have satisfied the criteria needed to achieve recognition. The mayor shall make the determination regarding recognition.

(c) The director shall maintain a list of recognized super neighborhood councils for public inspection.

Sec. 33-312. Objectives and duties of a super neighborhood council.

(a) The objective of a super neighborhood council is to serve as a forum where stakeholders may identify and discuss broad-based issues that affect their super neighborhood, develop a consensus on community priorities for action, and formulate a plan to address the issues and priorities.

(b) A super neighborhood council may undertake various activities, including but not limited to the following:

- (1) Development of a written SNAP for review and consideration by appropriate city departments;
- (2) Assisting the district council member in the scheduling and conducting of CIP public hearings;

- (3) Designation of a representative to serve on the alliance; and
- (4) Submission of the SNAP to the alliance for inclusion in the alliance's annual report to the mayor and city council.

Sec. 33-313. Compensation of members; conflicts of interest.

Members of a super neighborhood council shall serve without compensation. Super neighborhood councils do not constitute covered persons for the purpose of article X of chapter 2 of this Code. Each member of a council shall abstain from voting upon matters in which there is or may be a conflict of interest, shall not participate in any activity of a super neighborhood council or the alliance in which there is or may be a conflict of interest, and shall not participate in any city contract that relates to the duties of the super neighborhood councils or the alliance.

Sec. 33-314-33-320. Reserved.

DIVISION 3. THE ALLIANCE

Sec. 33-321. The alliance is hereby recognized.

The super neighborhood alliance as heretofore created under auspices of the mayor and the director is hereby recognized as the alliance for purposes of this article. Its membership is composed of the representatives of the super neighborhood councils.

Sec. 33-322. Purpose.

The alliance is an advisory board to the mayor and city government on community matters and its purpose is to provide a mechanism for bringing together the voices of the individual super neighborhood councils. The alliance may coordinate on issues of citywide significance or otherwise affecting community participation in city decision-making that may have local significance and facilitate the communication of neighborhood priorities to the mayor and city council.

Sec. 33-323. Objectives and duties of the alliance.

The alliance shall advise and make recommendations to the mayor and city council on the priorities for neighborhood projects from the SNAPs

of the super neighborhood councils. The alliance shall prepare and submit a written report to the mayor and city council by March 31st of each year regarding the status of SNAPs during the current CIP year and recommending to the mayor and city council a list of priority projects for the next year's CIP, as such projects are specified and prioritized by each of the recognized super neighborhood councils that participate in the alliance. The mayor and city council shall consider the recommendations of the alliance when making final decisions regarding projects included in the CIP and the city's annual operating budget.

Sec. 33-324. Meetings.

The alliance shall conduct meetings in accordance with the memorandum of understanding adopted by the alliance in March 2003, a true copy of which has been placed on file in the office of the city secretary. A majority vote of the alliance members present and voting, constituting a quorum, shall establish the recommendations and advice of the alliance.

Sec. 33-325. Compensation of members; conflicts of interest.

Members of the alliance shall serve without compensation. The alliance does not constitute a covered person for the purpose of article X of chapter 2 of this Code. Each member of the alliance shall abstain from voting upon matters in which there is or may be a conflict of interest, shall not participate in any activity of a super neighborhood council or the alliance in which there is or may be a conflict of interest, and shall not participate in any city contract that relates to the duties of the alliance."

Section 3. The City Council officially finds, determines, recites and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 4. That, if any provision, section, subsection, sentence, clause, or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Ordinance or their application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

Section 5. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 5th day of November, 2003.

APPROVED this ___ day of _____, 2003.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is NOV 11 2003.



 City Secretary

Prepared by Legal Dept. J. Nicole Montgomery
 YNM:PRB:asw 10/20/2003 PS Senior Counsel
 Requested by Stephen O. Tinnermon, Chief of Staff, Mayor's Office
 L.D. File No. 0420300083001

AYE	NO	2003-1025
	ABSENT	MAYOR BROWN
....	COUNCIL MEMBERS
	ABSENT	TATRO
✓		GALLOWAY
✓		GOLDBERG
✓		EDWARDS
✓		WISEMAN
✓		ELLIS
✓		KELLER
	ABSENT	VASQUEZ
✓		ALVARADO
✓		PARKER
✓		QUAN
✓		SEKULA-GIBBS
✓		BERRY
✓		ROBINSON
CAPTION	ADOPTED	

RECEIVED

JUN 30 2004

EXECUTIVE

Lansborough Apartments, L.P.
723 Main Street, Suite 924
Houston, Texas 77002

Phone: (713) 224-5526

Fax: (713)-224-6320

June 29, 2004

Mrs. Elizabeth Anderson, Board Chairman
Texas Dept. of Housing
And Community Affairs
507 Sabine Street, 9th Floor
Austin, Texas 78701

Re: Appeal of Final Scoring Notice
Lansborough Apartments
TDHCA # 04268

I am writing to appeal the final score of this development based on Section 50.18(b) of the 2004 QAP.

Selection Criteria:

Subsidy Requirement: The payment terms outlined in the commitment letter (attached) from the City of Houston for CDGB funds, provide that both the interest and the principal are forgivable if there is inadequate net cash net flow and the loan otherwise complies with other provisions of the Loan Agreement. Section 50.9(g)(13) of the QAP states that subsidy funds may be a grant (an outright gift) or a forgivable loan.

1. TDHCA did not include a definition of a forgivable loan in the QAP or its underwriting manual nor has it provided me with its definition of a forgivable loan. The terms under which a loan is forgivable is therefore left to the lender and the Applicant to determine consistent with the financial feasibility of the project and applicable federal law. Enclosed is a letter from the City of Houston stating that the loan is forgivable based on the terms outlined in its letter of commitment (attached). Furthermore, the financing narrative included in the application clearly states that the \$205,000 loan will bear interest at 1% and is forgivable.

The Administrative Deficiencies provision allows TDHCA to request additional information or clarification with respect to scoring elements under Section 50.8(9) and 50.9(e), f, and g of the QAP, which incorporates the 30% units. Accordingly, the Applicant should have been allowed to clarify this matter to TDHCA either during the scoring process or as part of the underwriting of the project.

2. Furthermore, the Attorney General has ruled that TDHCA is **not authorized to modify or add to the nine section 2306.671(b)(1) criteria** (emphasis nine) outlined in Senate Bill 264. One of the nine criteria is to score and rank applications based on: "the commitment of development funding by local political subdivisions" The statute makes no mention of the

Lansborough Appeal – Page 2

forgivability of the funds. Accordingly, the letter of commitment submitted by the Applicant from the City of Houston on June 14, 2004 qualifies as a commitment of funding by a local political subdivision and must be scored according to the statute. TDHCA must score the Application under either Section 50.9(g)(13), by accepting the clarification provided by the City of Houston or under Section 50.9(g)(14) as required under the statute and restore the 19 or 21 points to the Applicants score, respectively.

Please call me at 713-224-5526, if you have questions.

Sincerely,

A handwritten signature in black ink that reads "Margie Bingham". The signature is written in a cursive, flowing style with a large initial "M".

Margie Bingham

Attachments



CITY OF HOUSTON
Housing and Community Development
Department

Bill White

Mayor

Daisy A. Stiner
Director
Housing and Community
Development Department
601 Sawyer Street, 4th Floor
Houston, Texas 77007

Telephone – 713.868.8300
Fax – 713.868.8306
www.cityofhouston.gov

June 9, 2004

Lansborough Apartments, LP
723 Main, Suite 924
Houston, Texas 77002

Attention: Ms. Margie Bingham

Re: **CONDITIONAL LOAN COMMITMENT**
Lansborough Apartments, L.P.; 10050 Cullen Blvd, Houston, TX 77051;
Loan Request \$205,000.00

Dear Ms. Bingham:

The Housing and Community Development Department of the City of Houston ("Lender"), in response to the request of Lansborough, L.P. (referred to herein as the "Applicant"), does hereby issue this conditional agreement to make a loan ("Loan") to the hereinafter described Borrower subject to the terms and conditions, set forth in this Conditional Loan Commitment (the "Commitment").

This Commitment is conditional only and shall not be binding on the Lender unless and until the Loan has been executed by the Lender and Borrower, and has been submitted by the Lender to the Mayor of the City of Houston (the "Mayor") and the Houston City Council (the "City Council") for approval and City Council has passed a city ordinance (an "Ordinance") approving same as a binding legal Loan on the part of the City of Houston. By its execution hereof, Lender agrees to recommend and submit the Loan to the Mayor and City Council for approval. However, nothing contained herein shall obligate the Lender to submit this loan to the Mayor and City Council, and nothing contained herein shall obligate the City Council to approve the Loan, and neither Lender nor any person or entity associated with Lender shall have any liability hereunder if such approval is not obtained within the time limits provided for herein. Upon passage of an Ordinance by the City Council approving the Loan, the Loan becomes binding on Lender in the form approved in the Ordinance.

1. **BORROWER.** The Borrower shall be:
Lansborough Apartments, L.P.

LansboroughAptsCommitment

2. LOAN AMOUNT. The amount of the Loan shall be (\$205,000.00) Two hundred and five thousand and no/100 Dollars in Community Development Block Grant funds.
3. PURPOSE AND USE OF LOAN PROCEEDS. The purpose of the Loan shall be to provide funds solely for the acquisition and development of a development known as the Lansborough Apartments containing 176 affordable apartment units, located at 10050 Cullen Blvd, Houston, Harris County, Texas.

On or before November 30, 2004, Borrower shall deliver to the Lender the final budget for construction of the Project which shall be based upon the Plans and Specifications and a scope of work. The budget will include, without limitation, a draw schedule and schedule of completion, in such detail as the Lender shall require. Such final budget shall show on a line item basis how the proceeds of the Loan are intended to be applied. The final budget for the Project must be acceptable to the Lender in its sole discretion and, when approved by the Lender, shall be known as the "Project Budget". The final project budget must be approved by the first lien holder prior to approval of the Loan by City Council.

The Project Budget must include all costs and expenses which will be necessary for the acquisition, rehabilitation and marketing of the Project. In the event the total costs shown in the Project Budget exceeds the Loan Amount, Lender shall not be required to advance any portion of the Loan until Borrower has provided Lender with evidence, satisfactory to Lender, that the additional funds required are available from another source. If the Project Budget is amended, with Lender's consent, and the consent of any other lien holder, then the amounts which may be advanced to pay Actual Costs of the Project thereafter shall be governed by the Project Budget as amended.

4. PLANS, SPECIFICATIONS AND/OR WORK WRITE UPS. On or before November 30, 2004, Borrower must provide the Lender with two (2) complete sets of the Plans and Specifications, signed and dated by Borrower and certified by Borrower's architects and appropriate engineers (and with the seals of such architects and engineers affixed), and containing all certificates and approvals required by all governmental authorities having jurisdiction over the Project. The plans will show the proposed amenities, construction specifications, site plans, renderings, floor plans, landscaping and any other items necessary for the Lender to confirm the acceptability of the Project's construction and finish. Such Specifications shall additionally provide evidence satisfactory to the Lender, in the Lender's sole discretion, of adequate parking arrangements and satisfactory community amenities to be available to the residents of the Project. Such Plans and Specifications must meet with Lender approval prior to closing.

Borrower must provide the Lender with (2) complete sets of the Scope of Work to be conducted in connection with the rehabilitation of the development. The Scope of Work must incorporate a unit by unit needs assessment and consolidated into the final

budget for the project. All repairs, renovations, or rehabilitation of the development must be performed in accordance with the Minimum Property and Rehabilitation Standards of the Department and must comply with the Texas Accessibility Standards.

5. TERM OF COMMITMENT. Borrower must satisfy all of the terms and conditions of this Commitment on or before 5:00 P.M. Central Standard Time on March 31, 2005, (the "Expiration Date") and if Borrower fails to fully satisfy the terms and conditions of this Commitment on or before the Expiration Date then Borrower shall have no further rights under this Commitment unless Lender, at its sole option, thereafter agrees in writing to extend the time for performance.

6. FEES, RESERVES, AND RESTRICTIVE COVENANTS

- a) Project Fees: Project Fees shall be payable only pursuant to the approved Final Budget and only if such Project Fees are allowable under applicable federal law from federal wage requirements and approval by the Director.
- b) Management Fees: The Borrower may pay a management fee to a qualified property manager up to 5% of the monthly gross revenue of the Project, and such management fee shall be included in allowable operating expenses of the Project.
- c) Consulting Fees: The Lender must approve in advance all consulting fees, and the Borrower must provide evidence that competent expertise will be available to design and lease the Project.
- d) Developer Fee: Not to exceed 15% as per the limits provided by the Low Income Housing Tax Credit program as administered by the Texas Department of Housing Community Affairs.
- e) Reserves: Upon completion of construction and Rent Stabilization, the Borrower shall establish a Replacement Reserve account in an amount of \$200 per unit for repair of capitalized improvements. Such escrow accounts shall be pledged to secure the Senior Loan and the Loan.
- (f) Restrictive Covenants: 141 of the units will be reserved for low-income tenants; of that amount, 16 of the units will be reserved for households earning 30% or less of

Area Median Gross Income ("AMGI"); 5 units will be reserved for households earning 40% or less of AMGI; 36 units will be reserved for households earning 50% or less of AMGI; and 84 of the units at 60% of AMGI. The remaining 35 units in the development will be offered at market rents. These restrictions will be in effect for the full term of the loan.

7. COSTS AND EXPENSES. Regardless of whether the Loan closes and in addition to all Application Fees, Commitment Fees, Loan Fees, Points or other amounts due with respect to the Loan, Applicant and Borrower shall be liable for and shall promptly pay all other reasonable third party costs, expenses, legal fees and other charges incurred by Lender in connection with the expenses, legal fees and other charges incurred by Lender in connection with the application for, and the issuance, amendment or modification of, this Commitment and the discharge of lender's obligations hereunder. Nothing herein shall limit the provisions in the General Conditions regarding the Applicant and borrower's liability for payment of all Loan Costs. The obligation of this provision shall survive the Closing of the Loan.
8. TERM OF LOAN. The term of the Loan shall be coterminous with the first lien holder.
9. RATE OF INTEREST. The Loan shall be evidenced by a note (the "Note") meeting the requirements of the General Conditions. The unpaid principal balance of the Note from time to time outstanding shall bear interest until the Note shall have been paid in full at an annual rate (the "Interest Rate") equal to the lesser of:
- (a) The Maximum Legal Rate or
 - (b) One (1.0) percent
10. PAYMENT OF PRINCIPAL AND INTEREST. Payments of principal and interest on the Note shall be due and payable as follows:

Beginning the thirteenth month, monthly with interest based on a thirty (30) year amortization schedule, thirty year term (unless required otherwise to be coterminous with the first lien holder). All installments due under the Loan shall be paid out of Net Cash Flow. If sufficient Net Cash Flow is not available to make all or some portion of a required monthly payment under this Note, such payment or payments, or unpaid portion thereof, will be deemed paid so long as the Loan is not otherwise in default and provided that each monthly installment which is not paid in full when otherwise due because of a claimed lack of sufficient Net Cash Flow, shall be substantiated by evidence acceptable to the Director documenting the lack of sufficient Net Cash Flow. All payments made on the Loan shall be applied first, to accrued

and unpaid interest, if any, and next, to installments of principal which are due and payable, in the order in which it matured. Amounts which are not paid on the Loan pursuant to the foregoing sentence will not be added to principal and will not accrue interest subsequently, but will be deferred until the Maturity Date. The total amount of all such deferred amounts, together with unpaid all principal and all accrued interest thereon, if any, which is not paid or is not deemed paid as of the Maturity Date, shall be due and payable on the Maturity Date.

11. PREPAYMENT. No penalty for prepayment of principal.

12. SECURITY. The Loan shall be secured by, among other things, the following:

Mortgaged Property. A mortgage or deed of trust and security agreement ("Deed of Trust") meeting the requirements of the General Conditions, covering approximately 19.50 acres in aggregate (the "Land") in the City of Houston, County of Harris, State of Texas, together with all improvements, fixtures and personal property now or hereafter constructed or located on the Land (collectively the "Improvements"); and all leases, rents and profits derived from the Land and the Improvements; and all proceeds from the insurance, condemnation, all or other disposition of any of the foregoing, and including an absolute assignment of the leases and rents covering space in or derived from the Land and the Improvements. The foregoing described property (together with the property described in the General Conditions) which is to be security for the Loan is herein collectively called the "Mortgaged Property". The liens of the Deed of Trust shall be subject to no prior liens or other title exceptions except as may be approved by Lender in writing, in its sole discretion and, or before the Initial Advance, must furnish Lender with a Mortgagee's Policy of Title Insurance in the amount of one hundred percent (100%) of the Probable Loan Amount showing no title exceptions except those so approved by Lender, if any. Both parties acknowledge that Applicant has not furnished Lender with a final legal description of the Land and Lender has not yet approved the Land or a description of the Land or a description thereof as collateral for the Loan. Lender's written approval of the Land and the final legal description thereof as collateral for the Loan shall be a condition precedent to the Initial Advance.

13. APPRAISED VALUE REQUIREMENTS. Lender shall not be obligated to furnish any portion in advance of the Loan unless Borrower, at Borrower's expense, has furnished Lender with an appraisal of the Project prepared by an MAI appraiser designated by Lender (or an appraiser satisfactory to Lender in Lender's sole discretion). The value determined by the appraisal must be acceptable to the Lender at the Lender's sole discretion.

14. **NOTICES.** Whenever this Commitment requires or permits any consent, approval notice, request or demand from one party to another, the consent, approval, notice, request or demand must be in writing to be effective and shall be deemed to have been given on the earlier of the day it is actually received or the day it is enclosed in an envelope, addressed to the party to be notified at the address stated hereinafter (or to such other address as may have been designated by written notice), properly stamped, sealed and deposited in the United States mail, first class, registered or certified mail with return receipt requested.

To Lender: If personally delivered:

Director
Housing and Community Development Department
601 Sawyer, Suite 400
Houston, Texas 77007

If mailed:

Director
Housing and Community Development Department
P.O. Box 1562
Houston, Texas 77251-1562

To Applicant: Lansborough Apartments, L.P.

15. **SPECIAL LOAN COMMITMENT TERMS.** Certain additional terms and conditions governing the Loan and this Commitment are stated below. In the event of any conflict between the Special Loan Commitment Terms and the terms and conditions expressed in either this letter of commitment, the General Conditions or the Loan Closing Checklist, the Special Loan Commitment Terms shall control.

(a) First Lienholder:

Borrower shall provide by December 31, 2004 an executed construction/permanent Loan commitment from an approved lending institution.

(b) Funding of the Loan:

Funds shall be drawn from this account and disbursed on a prorata basis with other funding by the first lien holder .

(c) Costs and Expenses:

Regardless of whether the Loan closes, Borrower shall be liable for the payment of all reasonable attorney's fees and other reasonable third party expenses incurred by

the Lender in connection with this transaction.

(d) Property Management:

Acceptable independent property management company with proven experience in managing and operating affordable housing units.

(e) Development Team:

Approval is subject to Director's approval of the development/construction management team to be used to rehabilitate the project. The team must have proven rehabilitation experience for this type of project and with similar amounts of construction work/dollars.

(f) Texas Department of Housing Community Affairs:

This commitment is subject to the Borrower obtaining Low Income Housing Tax Credits in an amount sufficient to satisfy the funding needs of the development.

16. GENERAL CONDITIONS. Certain standard terms and conditions generally governing all Loan and Loan commitments made by the Lender (the Standard Loan Commitment Terms) are stated in the General Conditions stated herein below. Except to the extent expressly provided to the contrary in this letter of commitment or the Special Loan Commitment Terms, the Loan and this Commitment shall be governed by the terms and conditions contained in the General Conditions.

(a) Environmental Study:

Borrower is to provide, at Borrower's sole cost and expense, a satisfactory unqualified Phase I environmental site assessment performed by an environmental services firm selected by Borrower, which states to the best of the knowledge of the inspecting firm, that the Project is free from any Hazardous Materials and Hazardous Wastes, as those terms are defined by federal and state statutes, laws and regulations. Such environmental study shall be in compliance with HUD's requirements and in compliance with 24 CFR Parts 50 and 58. Borrower is to provide at Borrower's sole expense a Lead-Based Paint inspection of the project by a State Certified Risk Assessor to determine if

a lead-based paint hazard exists (existing property only).

(b) Public Relations:

All public relations and signage used in connection with the Project during the construction and the leasing up period must be approved and authorized by the Lender, provided, however, that the Lender shall not be required to approve advertisements by the Borrower for obtaining tenants for the Project. All such public relations and signage must include proper representation of the Lender and any City agency providing equity or Loan to the Project.

(c) Obligation to Fund:

The Lender's obligation to close or to fund any portion of the Loan is conditioned upon the Borrower complying (at Borrower's expense) with each and every condition and covenant contained herein and in the Loan Agreement pursuant to which the Loan will be made, and the final budget, plans and specifications, amenities, notes, deeds and other documentation related to the Project and the construction financing being approved by the Lender. This conditional commitment is fully conditional upon the availability of applicable federal funds. A binding commitment between the Lender and the Borrower shall only exist if a formal Loan Agreement between the Borrower and the Lender is approved by City Council and executed on behalf of the Lender and the Borrower.

(d) Closing Schedule:

Borrower agrees that this transaction shall be closed no later than March 31, 2005 or this conditional commitment shall be null and void.

(e) Attorney's Opinion:

At the time of the closing, Borrower's counsel shall deliver an opinion addressed to the City of Houston, in form, scope and substance satisfactory to the Lender, concerning all

aspects of the Loan, including, without limitation, usury, doing business, and the due authorization, legality, validity, enforceability, and binding effect of all required Loan documents.

(f) Transaction with Affiliates:

The Loan Documents will provide that Borrower shall be prohibited from entering into any transaction with any director, officer, employee, or partner of Borrower, or any affiliate of Borrower, without the prior approval of the Lender.

17. NON-SURVIVAL OF LOAN COMMITMENT. Except to the extent expressly provided otherwise in this Commitment or in any subsequently executed documents which incorporate one or more terms of this Commitment by reference, the terms of this Commitment shall not survive the closing of the Loan.
18. NO REVOLVING LOAN. The Loan shall not be a revolving Loan and Borrower shall not be entitled to obtain a readvance of any portion of the Loan which has previously been repaid.
19. OTHER. Such other documentation as is customary and prudent to meet the Lender's requirements.
20. ACCEPTANCE. You may accept this Commitment by returning a copy to the undersigned no later than 5:00 p.m., Houston time, June 18, 2004 hereof bearing duly authorized signatures on behalf of the Applicant in the space indicated below. Under no circumstances shall this Commitment be binding on Lender without execution of a Loan by both the Lender and Borrower and passage of an Ordinance by the City Council approving the Loan. The Commitment may be executed in one or more counterparts which shall be construed together as one agreement and this Commitment shall be jointly and severally binding on Applicant who executes and deliver a counterpart hereof whether or not Applicant fails to execute a counterpart of this Commitment. Notwithstanding the foregoing, Lender may terminate the offer to make the Commitment by delivery of written notice thereof to Applicant in the manner provided herein for notices at any time on or before the day of the acceptance of this Commitment by Applicant and before passage of an Ordinance by the City Council approving this Commitment, and Lender shall have no further obligation hereunder. If the Borrower is an individual, or if the Borrower is to be an entity and the Borrower is in existence at the time that the Applicant accepts this Commitment, then the Borrower shall execute this Commitment and the

Borrower shall be jointly and severally liable to pay and perform all of the obligations of the Applicant hereunder. If the Borrower is the Applicant, then all references herein to the Applicant shall be deemed to refer to the Borrower.

21. TERMINATION. Notwithstanding anything contained herein to the contrary:
- (a) if the offer contained herein is accepted by the Applicant, then Lender may choose to either (i) terminate this Commitment by notice to the Applicant at any time prior to receipt of acceptance by Applicant or (ii) regard the Commitment as in full force and effect as to accepting Applicant (without modification of any terms of the Commitment); and
 - (b) if this Commitment is not accepted by the Applicant within thirty (30) days after the Effective Date hereof (hereinafter defined), then, whether or not Lender gave notice of withdrawal of the offer contained herein prior to acceptance by Applicant, Lender may choose to either (i) terminate this Commitment at any time, without notice to Applicant or (ii) regard this Commitment as being in full force and effect.

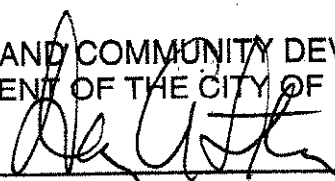
In the event that Lender chooses to terminate this Commitment for any reason, Lender shall have no further obligations under this Commitment. Notwithstanding the termination of this Commitment as a result of the foregoing or otherwise, however, Applicant shall be responsible for Lender's costs and legal fees and other Loan Costs (as defined in the General Conditions) incurred by Lender.

22. TERMINATION IF CITY COUNCIL FAILS TO APPROVE LOAN. If the City Council has not passed an Ordinance approving the Loan on or before March 31, 2005, then either Lender or the Applicant shall be entitled to terminate this Commitment upon written notice delivered to the other on or before the passage of an Ordinance approving this Loan, in which event Lender shall return any Commitment Fees previously paid to Lender and neither party shall have any further obligations hereunder.
23. APPLICABLE LAW. This Commitment has been executed in Harris County, Texas and shall be enforced in accordance with the laws of the State of Texas and any applicable Federal laws and cause of action arising in connection with the issuance of this Commitment shall be brought in courts of applicable jurisdiction located in Harris County, Texas.
24. ENTIRE AGREEMENT AND AMENDMENTS. This Commitment constitutes the entire agreement of the parties hereto regarding Lender's commitment to make the Loan and all previous agreements with respect thereto are hereby superseded and merged into this Commitment. This Commitment may not be modified or amended except by a written instrument executed and delivered by

the party against which any subsequent modification or amendment is sought to be enforced.

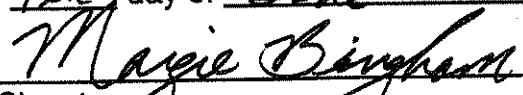
Executed on the dates indicated below to be effective as of this 9th day of June, 2004.

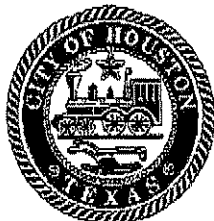
Lender:
HOUSING AND COMMUNITY DEVELOPMENT
DEPARTMENT OF THE CITY OF HOUSTON

By: 
Daisy A. Stiner, Director

ACCEPTED AND AGREED

this 9th day of June, 2004

By: 
Signature
MARRIE BINGHAM
Printed Name
GENERAL PARTNER
Title



CITY OF HOUSTON

Housing & Community Development
Department

Bill White

Mayor

Daisy A. Stiner
Director
Housing & Community
Development Department
601 Sawyer Street, 4th Floor
Houston, Texas 77007

T. 713.868.8305
F. 713.865.4135
www.cityofhouston.gov

June 17, 2004

Ms. Edwina Carrington, Executive Director
Texas Department of Housing and Community Affairs (TDHCA)
P. O. Box 13941
Austin, Texas 78711

Re: 2004 Housing Tax Credit Applications
City of Houston Commitment Letters for Subsidy for TDHCA Number(s): 04024;
04041; 04085; 04214; 04224; 04267; 04268

Dear Ms. Carrington:

The City of Houston Housing and Community Development Department ("the City") has been apprised that TDHCA has denied scoring points to applications for which the City has issued commitment letters for subsidy funding. The denial was based on some confusion as to whether the City's commitment letters to the above referenced seven (7) applicants were in the form of a grant or forgivable loan pursuant to TDHCA's Qualified Allocation Plan (QAP).

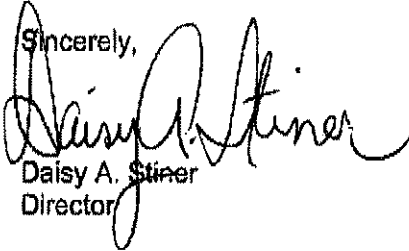
The City's intent was for these loans to be forgivable. The City's loan commitments allow for both principal and interest to be forgivable, and deem the loan paid if there is insufficient net cash flow. We regret that the language in the City's commitment letters confused the reviewers; however the City is committed to providing the subsidy as stated in its commitment letters.

We hope that this clarification is sufficient for your purposes, and that the points will be restored to the referenced applications from the City of Houston. I regret that we did not have an opportunity to address this point beforehand; however, the City stands ready to issue any additional clarifying language that TDHCA might still require beyond this letter.

The City of Houston has an incredible need for affordable housing and therefore welcomed the opportunity to participate in these seven (7) projects. Our subsidy could potentially leverage these 700+ units of affordable housing for Houston's low-income citizens, including units for tenants at 30% of AMGI which would be lost if these points are denied. We look forward to continuing to be a partner with the state in the development of quality affordable housing in Houston.

Thank you for your favorable consideration of this clarification. Please call me at 713-868-8305 to discuss anything that you might require to further validate the City's intent regarding these transactions.

Sincerely,



Daisy A. Stiner
Director

:ds

cc: Mayor Bill White, Mayor, City of Houston
TDHCA Board of Directors
John Barineau, III
Sally Gaskin
Rick Deyoe
Rogelio Santos
Deepak Sulakhe
Angie Stahl
Margie Bingham

Bank One, NA
Community Development
Real Estate
Mail Code TX2-4238
PO Box 2629
Houston, TX 77252-2629

tel 713 751 6100



June 18, 2004

Ms. Edwina Carrington
Executive Director
P. O. Box 13941
Austin, Texas 78711-3941

Dear Ms. Carrington

Re: Lansbourough Apartments
04268

This letter is in response to the underwriting of the above captioned loan. The proposal for financing includes a construction loan from Bank One, NA, a permanent loan from Community Development Trust (Bank One is the approved lender for CDT) and a loan from the City of Houston.

As a part of the review of the proposed development, it was determined that the Debt Coverage Service Ratio and the Loan to Value Ratio would not include the City's loan. This was based on the fact that this is a 30-year cash flow mortgage with any unpaid payments deemed paid provided no default and the lack of sufficient cash flow documentation is acceptable to the City. Additionally, this loan will be subordinate to both the construction loan and the permanent loan.

If you have further questions, please do not hesitate to contact me at 713-751-3805.

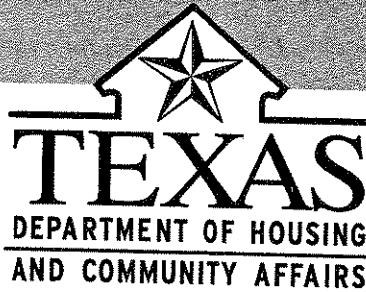
Sincerely,

A handwritten signature in black ink that reads "Pauline T. Allen". The signature is written in a cursive, flowing style.

Pauline T. Allen
Vice president

Cc: Ms. Margie Bingham

Executive Director's Response



WWW.TDHCA.STATE.TX.US

June 28, 2004

.....
RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Margie Bingham
Lansborough Apartments, L.P.
723 Main Street, Suite 231
Houston, TX 77002
Telephone: (713) 224-5526
Fax: (713) 224-6320

Re: Response to appeal received June 14, 2004
Lansborough Apartments TDHCA Project No. 04268

Dear Ms. Bingham:

Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that we received on June 14, 2004 on the above-referenced Development.

Regarding the eligibility for points for Low Income Targeting Points, in your appeal you assert that one point was mistakenly deducted from the final score for this item. However, when rounded correctly, three points are awarded. In your appeal, you round the subtotaled score of the 50% and 40% units for a total of 4 points. However, the QAP is explicit in its requirement that you do not round until the TOTAL score. Please note the attached excel spreadsheet that the Department used to compute your score. It should be noted that the score before rounding is 3.220, which is finally rounded to 3 points.

Regarding the denial of points for Quantifiable Community Participation ("QCP") and your assertion that the missing information in the QCP documentation should have been handled as an Administrative Deficiency, pursuant to §§50.3(1), 50.9(a), and 50.9(d)(3), the Administrative Deficiency process concerns correction of information from the Applicant. It does not apply to the letters from neighborhood organizations.

Appeal Determination

Because of the reasons mentioned above, the appeal is denied.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of

Ms. Margie Bingham
June 28, 2004

the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the July 8 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 30, although it is strongly suggested that you submit it by June 29, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,

A handwritten signature in cursive script that reads "Edwina P. Carrington". The signature is written in black ink and is positioned above the printed name and title.

Edwina P. Carrington
Executive Director

EPC/BLB/MFMU

Executive Director's Appeal

Lansborough Apartments, L.P.
723 Main Street, Suite 924
Houston, TX 77002

RECEIVED

JUN 14 2004

LIHTC

Phone: (713) 224-5526

Fax : (713) 224--6320

June 10, 2004,

Ms. Brooke Boston
Director, Multi-Family Finance
Production Division
P.O.Box 13941
Austin, TX 78711-3941

Re: Appeal of Final Scoring Notice
Lansborough Apartments
TDHCA # 04268

I am writing to appeal the final score of this project based on section 50.18(b) of the 2004 QAP.

Selection Criteria:

1. Tab 4L: Low Income Targeting Points. One point was mistakenly deducted from the final score of this item. The total number of units targeted for 30%, 40% and 50% is 57 units allocated as follows: 16 units at 30%; 5 units at 40% and 36 units at 50%. To meet the requirement for scoring, no more than 40% of the total low income units should be set aside for tenants at or below 40% of AMGI. This number is 56 units ($141 \text{ multiplied by } 40\% = 56.40$). The difference between the number of units set aside by the applicant, and that stipulated in the QAP is one unit ($57 - 56 = 1$). This is due to a rounding of the number of 30% units, namely $176 \text{ multiplied by } 9\% = 15.84$, rounded to 16 units. This extra unit, although included in the 30% tabulated was not used for scoring purposes. The total units used by the applicant for scoring is as follows:

36 units at 50%	$36/141 \text{ multiplied by } 10 = 2.5 \text{ rounded to } 3$
4 units at 40%	$4/141 \text{ multiplied by } 20 = .57 \text{ rounded to } 1$
16 units at 30%	
Total 56 units	Total 4

Total LI units = 141

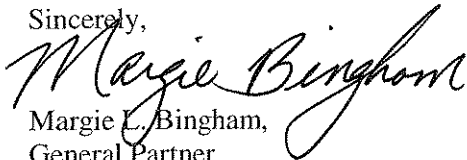
2. The denial of points for Quantifiable Community Participation was based on the absence of all the information required by THDCA in order to properly evaluate the letters of support. Consistent with the treatment of other issues under the Selection Criteria outlined under Section 50.3(1) as Administrative Deficiencies, the applicant should have been allowed to provide the missing information.

The letter of support we submitted was from the Super neighborhood organization comprised of several civic clubs who are registered with the state for several years as shown in the enclosed documents. The letter we submitted stated the reasons for the organizations support and the evaluation process.

The letter of support we submitted was from the Super neighborhood organization comprised of several civic clubs who are registered with the state for several years as shown in the enclosed documents. The letter we submitted stated the reasons for the organizations support and the evaluation process. The Chairman stated that I had hosted a meeting in the area. He also listed three (3) other reasons in his letter.

Please call me at 713-516-2062, if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Margie Bingham". The signature is written in black ink and is positioned above the typed name and title.

Margie L. Bingham,
General Partner

Attachments

June 14, 2004

The Mayde Creek Community Acting together (MCCAT) has expressed a willingness to rewrite the letter and delete any reference to their prior opposition. This, of course, does not change anything in the past, but it does underscore the Developer and the Community participation in working together to advance affordable housing that is needed.


MCCAT, our Community Organization, made positive statements at our public hearing with regard to working together with them and local elected officials. The extensive amount of information included in the letter submitted by MCCAT to TDHCA signed by both Judith McGlaughlin and Tess Zimmerman and the extensive input can be used to define what Quantifiable Community Participation is - not disregarded with a zero score.

Ms. McGlaughlin has even volunteered considerable amount of her personal time to be involved with the QAP working group and has also spent time with local legislators and officials to learn as much as she can and give input on the various issues of affordable housing in the State of Texas and how it interacts with community organizations across the state but especially in areas like Katy, Texas where she resides. Again I want to emphasize all the input from Mayde Creek Community Acting Together as I feel their input embodies local QUANTIFIABLE COMMUNITY PARTICIPATION.

Please accept our appeal of the Department's scoring on this matter. We feel we should receive the maximum score based on the facts and as outlined above.

We respectfully request the Department to re-evaluate its scoring of Quantifiable Community Participation for the applicant based upon the contents of the Community's submission. We also wish to communicate to the Department the mutual time and efforts spent by the Applicant and the Community to fully understand each others issues and concerns with the mutual goal to provide affordable housing for senior residents in the Katy area of Harris County.

Sincerely,



H. Chris Richardson
Managing Partner, Beinhorn Partners Limited
Partnership, Developer

**Housing Tax Credit Program
Board Action Request
July 8, 2004**

Action Item

Request review and board determination of two (2) four percent (4%) tax credit application with another issuer for tax exempt bond transaction.

Recommendation

Staff is recommending board approval of staff recommendations for the issuance of two (2) four percent (4%) Tax Credit Determination Notice with **another issuer** for tax exempt bond transaction known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
04427	Rosemont at Old Manor	Austin	Travis Co. HFC	250	250	\$22,729,845	\$13,572,000	\$917,585	\$906,289
04430	Heatherbrook Apartments	Port Arthur	Port Arthur HFC	256	256	\$12,398,095	\$8,920,000	\$421,398	\$421,398

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

July 8, 2004

Action Item

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Rosemont at Old Manor.

Summary of the Transaction

The application was received on March 5, 2004. The Issuer for this transaction is Travis County HFC. The development is to be located at 9371 US Hwy 290 East in Austin. The development will consist of 250 total units targeting families, with all affordable. The site is currently properly zoned for such a development. The Department has received letters of support from Sen. Gonzalo Barrientos, Rep. Dawnna Dukes, Travis County Judge Samuel T. Biscoe, Travis County Commissioner Ron Davis and AISD Director of Planning Services, Dan Robertson; and no letters in opposition. The bond priority for this transaction is:

- Priority 1A:** Set aside **50%** of units that cap rents at 30% of **50%** AMFI **and** Set aside **50%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1B:** Set aside **15%** of units that cap rents at 30% of **30%** AMFI **and** Set aside **85%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1C:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (Only for projects located in a **census tract with median income that is greater** than the median income of the county MSA, or PMSA that the QCT is located in. (MUST receive 4% Housing Tax Credits)
- Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 3:** Any qualified residential rental development.

Recommendation

Staff recommends the Board approve the issuance of Housing Tax Credits for Rosemont at Old Manor.



**HOUSING TAX CREDIT PROGRAM
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Rosemont at Old Manor**

TDHCA#: 04427

DEVELOPMENT AND OWNER INFORMATION

Development Location: Austin QCT: Y DDA: N TTC: N
 Development Owner: TX Old Manor Housing, LP
 General Partner(s): TX Old Manor Development, LLC, 100%, Contact: Brian Potashnik
 Construction Category: New
 Set-Aside Category: Tax Exempt Bond Bond Issuer: Travis Co. HFC
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$917,585 Eligible Basis Amt: \$906,289 Equity/Gap Amt.: \$1,116,922
Annual Tax Credit Allocation Recommendation: \$906,289
 Total Tax Credit Allocation Over Ten Years: \$ 9,062,890

PROPERTY INFORMATION

Unit and Building Information

Total Units: 250 HTC Units: 250 % of HTC Units: 100
 Gross Square Footage: 425,432 Net Rentable Square Footage: 420,000
 Average Square Footage/Unit: 960
 Number of Buildings: 13
 Currently Occupied: N

Development Cost

Total Cost: \$22,729,845 Total Cost/Net Rentable Sq. Ft.: \$54.12

Income and Expenses

Effective Gross Income:¹ \$2,084,820 Ttl. Expenses: \$979,796 Net Operating Inc.: \$1,105,024
 Estimated 1st Year DCR: 1.12

DEVELOPMENT TEAM

Consultant: Not Utilized Manager: Southwest Housing Management Corp.
 Attorney: Shackelford, Melton & McKinley Architect: Beeler Guest Owens Architects, LP
 Accountant: Reznick, Fedder & Silverman Engineer: To Be Determined
 Market Analyst: Apartment Market Data Lender:
 Contractor: Affordable Housing Construction Syndicator:

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
# in Support: 0 # in Opposition: 0	Sen. Dawnna Dukes, District 46 - S Rep. Gonzalo Barrientos, District 14 - S Judge Samuel Biscoe - S County Commissioner Ron Davis - S Dan Robertson, AISD Director of Planning Services - S Harvey L. Davis, Manager, Travis County HFC; Travis County does not have a consolidated plan.

1. Gross Income less Vacancy

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

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

DATE: June 30, 2004

PROGRAM: 4% HTC

FILE NUMBER: 04427

DEVELOPMENT NAME

Rosemont at Old Manor Apartments

APPLICANT

Name: TX Old Manor Housing, L.P. **Type:** For Profit
Address: 5910 North Central Expressway, Suite 1145 **City:** Dallas **State:** TX
Zip: 75206 **Contact:** Deepak Sulakhe **Phone:** (214) 891-1402 **Fax:** (214) 987-4032

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name: TX Old Manor Development, L.L.C.	(%): 0.01	Title: Managing General Partner
Name: TX Old Manor Housing SLP, L.L.C.	(%): 0.01	Title: Special Limited Partner
Name: Housing Services Incorporated (non-profit)	(%): N/A	Title: 100% owner of MGP
Name: Brian Potashnik	(%): N/A	Title: 100% owner of TX Old Manor Housing SLP, LLC

PROPERTY LOCATION

Location: 9371 U.S. Highway 290 East **QCT** **DDA**
City: Austin **County:** Travis **Zip:** 78724

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$917,585	N/A	N/A	N/A
Other Requested Terms: Annual ten-year allocation of low-income housing tax credits			
Proposed Use of Funds: New construction		Property Type: Multifamily	

RECOMMENDATION

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$906,289 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a revised rent schedule indicating the Applicant's commitment to restricting 100% of the units to rents at or below the 50% level and to households earning 50% of the area median income, for the entire affordability period (the term of the LURA) prior to issuance of the determination notice;
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

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

REVIEW of PREVIOUS UNDERWRITING REPORTS

A previous report was completed for “Fountain Circle”, a 2003 4% HTC 208-unit (100% at 50%) development (#03404), on the same piece of land. This proposed development was approved for \$746,637 in tax credits and \$11,500,000 in tax-exempt bonds to be issued through TDHCA. This transaction did not close, however, due to concerns from the financial partners. The current applicant and financial participants were not party to the previous application. It should also be noted that the market study for this previous transaction was completed by a different market analyst and utilized a significantly different market area than the market study performed in support of the current application.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	250	# Rental Buildings:	13	# Common Area Bldgs:	1	# of Floors:	3	Age:	N/A yrs	Vacant:	N/A	at	/	/
Net Rentable SF:	420,000	Av Un SF:	960	Common Area SF:	5,432	Gross Bldg SF:	425,432							

STRUCTURAL MATERIALS

The structure will be wood frame on a post-tensioned concrete slab on grade. According to the plans provided in the application the exterior will be comprised as follows: 21% cultured stone veneer, 5% cement fiber siding, and 74% stucco. The interior wall surfaces will be painted or papered drywall. The pitched roof will be finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, central hot water heater, & 9-foot ceilings.

ON-SITE AMENITIES

A 5,432-square foot community building will include: activity room, management offices, fitness facilities, kitchen, restrooms, and computer/business center. The premises will host a swimming pool, a laundry facility, and picnic area which all are located at the entrance to the property. In addition, perimeter fencing with a limited access gate is also planned for the site.

Uncovered Parking:	525	spaces	Carports:	0	spaces	Garages:	0	spaces
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PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Rosemont at Old Manor is a moderately dense (10.39 units per acre) new construction development of 250 units of affordable housing located in east Austin. The development is comprised of 13 evenly distributed medium and large, garden style, walk-up, low-rise residential buildings as follows:

- 7 Building Type A with 12 two-bedroom/two-bath units, and 8 three-bedroom/two-bath units;
- 3 Building Type C with 12 one-bedroom/one-bath units, and 8 three-bedroom/two-bath units;
- 1 Building Type I with 12 two-bedroom/two-bath units, and 6 three-bedroom/two-bath units;
- 2 Building Type J with 8 one-bedroom/one-bath units, and 8 two-bedroom/two-bath units.

Architectural Review: The building elevations are functional and attractive, with gabled roofs, covered exterior stairways, and unit entries from interior breezeways. The units are well arranged, each including a patio or balcony and storage area. The site has significant topographical challenges and half of the buildings appear to be aligned in opposition to the natural land contours.

Supportive Services:

The Applicant has contracted with Housing Services Incorporated to provide the following supportive services to tenants: after school program, adult education programs, family counseling, computer education, emergency assistance and relief, community outreach programs, vocational guidance, recreational activities, State Workforce Development and Welfare Program Assistance, Individual Development Account Program, and health screenings and immunizations. These services will be provided at no cost to tenants.

The contract requires the Applicant to provide, furnish, and maintain facilities in the community building for

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

provision of the services, to pay a one-time startup fee of \$25,000, plus \$2,000 per month for these support services.

Schedule: The Applicant anticipates construction to begin in September of 2004 and to be completed in December of 2005. The development should be placed in service in September of 2006 and substantially leased-up in July of 2006.

SITE ISSUES			
SITE DESCRIPTION			
Size:	24.07 acres	1,048,489.2 square feet	Zoning/ Permitted Uses: MF-3: Multi-family Residence-Medium Density
Flood Zone Designation:	Zone X	Status of Off-Sites:	Partially improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located in the eastern area of the Austin MSA, approximately 6.87 miles from the central business district and just outside the city limits. The site is situated on the south side of US Hwy 290 East.

Adjacent Land Uses:

- **North:** US Highway 290 with undeveloped land beyond
- **South:** Old Manor Road abuts the site with undeveloped land beyond
- **East:** undeveloped land, with single family residences beyond even with the southern portion of the site
- **West:** a former railroad track, creek, and high voltage line easement, with undeveloped land beyond

Site Access: Access to the property is from the east or west along Old Manor Road on the south of the site and east or west on the north from US Highway 290. The development is to have one entry/exit, from the east or west from US Hwy 290 only. Access to Interstate Highway 35 is 3.52 miles west, which provides connections to all other major roads serving the Austin area. However, to go westbound on 290 from the site, a commuter would first have to travel east approximately ½ mile while merging across two eastbound lanes to a median turnaround. Alternatively, a resident could choose not to merge left but stay eastbound for another half mile and turn southwesterly on Old Manor and return past the rear of the site and eventually dead end into Hwy 183. Neither of these commuter routes to Austin are particularly appealing and the likelihood of a turnaround in front of the site is slim.

Public Transportation: Public transportation to the area is provided by Capital Metro bus service. The location of the nearest bus stop is 1.49 miles southwest of the site. There is also a Park and Ride station approximately 2.13 miles northeast of the site.

Shopping & Services: The site is within four miles of two major grocery/pharmacies, a branch post office, and a variety of other retail establishments and restaurants. Schools, churches, hospitals, and health care facilities are located within a short driving distance from the site.

Site Inspection Findings: TDHCA staff performed a site inspection on May 22, 2004 and found the location to be questionable for the proposed development due to the proximity to the creek and high voltage lines to the west and due to the sites proximity to Highway 290. The inspector also noted significant topographical challenges with the site.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated April 8, 2004, was prepared by Alpha Testing, Inc. and contained the following findings and recommendations: “This assessment has revealed no evidence of recognized environmental conditions in connection with this site.” (p.1, p.18) The analyst noted that an “Austin/ Travis County landfill facility was observed approximately 2,000 feet to the northeast of the site.” (p.6). The Analyst also identified the adjacent high voltage utility line and flood zone immediately adjacent and west of the site but did not consider them to have an impact on the site.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 1 private activity bond lottery development the Applicant has elected the

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

50% at 50% / 50% at 60% option.

The application indicates that 250 of the units (100% of the total) will be reserved for low-income. In addition the application states that 125 of the units (50%) will be reserved for households earning 50% or less of AMGI, 125 units (50%) will be reserved for households earning 60% or less of AMGI. In an email dated June 30, 2004, the Applicant indicated willingness to “commit to restricting 100% of the units at 50% of the rents and income levels for Travis County, Texas, for the term of the LURA.”

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$29,880	\$34,140	\$38,400	\$42,660	\$46,080	\$49,500

MARKET HIGHLIGHTS

A market feasibility study dated April 9, 2004 was prepared by Capitol Market Research, Inc. (“Market Analyst”). After the initial underwriting review, the Market Analyst met with the Underwriter to discuss weaknesses in the report based upon the Department’s guidelines. Subsequently, on May 18, 2004 the Market Analyst resubmitted the report and provided total demand of 2,479 rather than the 1,815 units originally included. The following are additional highlights from the revised submission:

Definition of Primary Market Area (PMA): “Given the large number of households and the large geographic size of the Austin Metropolitan area, the market area needs to be segmented geographically and will be defined as the North Central Austin Area defined by the following 2000 Census Tracts 18.11, 18.13, 18.33, 18.34, 18.37, 18.42, 21.07, 21.08, 21.12, 21.13, 22.01, 22.02, 22.05.” (p. 11). The primary market area contains approximately 160 square miles which is roughly equivalent to a circle with a 7-mile radius. This is a large area for a bond transaction but it includes primarily low population density and/or underdeveloped areas of northeastern Travis County.

Population: The estimated 2000 population of the PMA was 62,199, and is expected to increase by 31.7% to approximately 81,929 by 2005. Within the primary market area there were estimated to be 31,879 households in 2005.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 1,815 income-qualified renter households in the PMA, based on the current estimate of 31,455 households, the projected annual growth rate of 6.3%, renter households estimated at 42.2% of the population, income-qualified households estimated at 32%, and an annual renter turnover rate of 60.5%. (p. 26). The Market Analyst used an income band of \$0 to \$42,660 due to the Applicant’s stated intention to accept Section 8 vouchers, but the Analyst provided no information on the number of Section 8 vouchers that might be available to households earning below \$20,743, the affordability threshold for this development. Conversely, the Analyst may have understated the maximum income for a five-person household, which could be as high as \$46,080. As a net result, the Underwriter’s estimated demand is slightly higher than the Market Analyst’s.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY						
Type of Demand	Market Analyst		Underwriter @ 60% max income		Underwriter @ 50% max income	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	75	3.0%	228	8%	167	8%
Resident Turnover	2,404	97.0%	2,726	92%	1,996	92%
TOTAL ANNUAL DEMAND	2,479	100%	2,954	100%	2,163	100%

Ref: p. 27

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 23.36% is calculated based upon 2,479 units of demand and 579 unstabilized affordable housing in the PMA (including the subject) (p.27). The unstabilized demand also includes 240 units from Eagles Landing (HTC #02414) and 89 vacant comparable units from two conventional transactions, AMLI at Walnut Creek and Villas at Bristol Heights. It is unclear exactly how these 89 vacant units were calculated. Based upon the information in the

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

original market study AMLI at Walnut Creek has 460 units, 290 of which currently are priced below the maximum 60% tax credit rent for the proposed development and 182 of those were estimated by the Market Analyst as being vacant. The Villas at Bristol Heights has 351 units of which 204 are priced below the maximum 60% tax credit rent and of those 63 are vacant. Thus considering only vacant comparable units the Market Analyst’s capture rate would rise to an unacceptable 29.6%. Moreover, the Department’s inclusive capture policy contemplates including in the numerator all comparable units at a competing unstablized development not just the vacant units and therefore the Market Analyst capture rate should be 39.7%. The Underwriter calculated an inclusive capture rate of 33.3% based upon the total supply of unstablized comparable affordable units of 984 divided by a revised demand of 2,954. In either case, the inclusive capture rate exceeds the Department’s guideline and therefore the development would not be recommended. The conventional units are not considered comparable to the 50% of AMI restricted units since none of the rents at the conventional developments are affordable to households at this level. Thus only the units at Eagles Landing which is restricted to 50% rents will remain as comparable unstablized units. The resulting inclusive capture rate is an acceptable 22.7% based on a revised demand of 2,136 utilizing a maximum income level of \$38,400 rather than \$46,080.

Local Housing Authority Waiting List Information: No information was given.

Market Rent Comparables: The Market Analyst surveyed four comparable apartment projects totaling 1,284 units in the market area. “A total of four properties in the Northeast market area were selected as comparables on the basis of location, quality of construction and maintenance, unit size, amenities and overall market acceptance.” (p. 47).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (50%)	\$605	\$605	-\$0	\$682	-\$77
1-Bedroom (60%)	\$605	\$739	-\$134	\$682	-\$77
2-Bedroom (50%)	\$723	\$724	-\$1	\$761	-\$38
2-Bedroom (60%)	\$723	\$884	-\$161	\$761	-\$38
3-Bedroom (50%)	\$833	\$833	-\$0	\$861	-\$28
3-Bedroom (60%)	\$833	\$1,018	-\$185	\$861	-\$28

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

Primary Market Occupancy Rates: “Currently, apartments in the northeast market area are below “full occupancy” as the current occupancy (84.8%) is slightly below the theoretically full occupancy rate of 95.0%. In addition, the vacant units in existing properties, the subject apartment complex will be competing with undeveloped tracts in the market area that are zoned for multi-family use and that may be developed with apartments within the forecast time period.” (p. 39).

Absorption Projections: “Recently completed projects in the market area have leased-up well at rates ranging from 15 units per month to 27 units per month. AMLI at Walnut Creek, which is still under construction at 12001 Dessau Road, has leased up at 19.4 units per month. The Villas at Bristol Heights, located adjacent to AMLI at Walnut Creek to the north at 12041 Dessau Rd, has achieved an absorption rate of 18.6 units per month. The subject, located on south side of Highway 290 East, is very well located with frontage on US Hwy 290 East. Based on market conditions anticipated in the area and proposed development program, the subject should be able to achieve an absorption rate of at least 17 units per month.” (p. 40).

Known Planned Development: “Nine sites are potentially competitive with the subject tract. Only one of the potentially competitive sites is under contract with the preliminary plans for development. In addition, two sites, AMLI at Walnut Creek and Eagles Landing, are under construction, partially completed and/or leasing.” (p. 40). The Villas at Bristol Heights, completed in 2003, is another unstablized property of 351 units in the market area.

Effect on Existing Housing Stock: In a market with several properties not stabilized based on occupancy, it is likely that the effect of these new units will further delay or deter their efforts to increase occupancy.

Other Relevant Information: “Currently the market conditions for new apartment construction in the

Austin metropolitan area are cautiously optimistic. Job growth appears to be on the rebound, in spite of the recent collapse of many “pre-profit” dot.com companies, and because the unemployment rate is currently 4.5 %, new employees and their families continue to move into the region to fill the current job vacancies. New apartment construction over the last three years has exceeded demand, in most areas, and overall occupancy rates have dropped to 89.3% in December 2003. Occupancy should slowly increase to the mid 90% range over the next three years due to stronger job growth and very few new project completions.” (p. 55).

Initial Market Study Conclusions: The Underwriter found the Market Study provided sufficient information on which to base a funding recommendation. In this case, however, an affirmative recommendation could not be made due to an excessive inclusion capture rate using the 60% rents and incomes. The Underwriter spent a considerable amount of time working with the Market Analyst to allow for appropriate consideration of Department rules on market studies and revisions to comply with such regulation. Additional consideration was also given to the Market Study from the unrelated development submitted last year for the same site. The primary market area established in that study consisted of a much smaller geographical area, but because it took in central Austin areas west of IH 35, it included nearly four times the population, eligible households and anticipated demand. That previous study is also not comparable in that it necessarily included, or now would have to include, several additional recent tax credit properties that the present Market Study avoided by using a PMA further east. There is no way for the Underwriter to accurately update the prior study though it is possible that such a process could lead to a different capture rate conclusion. Moreover, occupancy rates and rental rates in Austin overall have been falling over the last 12 to 24 months as evidenced by numerous articles in the local, state, and national periodicals, though some signs of recover have been appearing in the last few months.

Market Study Review and Follow-up Information: The Applicant also submitted an independent review of the original revised market study which was completed by Darrell Jack of Apartment MarketData. Mr. Jack’s review focused on the demand and inclusive capture rate conclusions of the original report and recalculated these figures using the original Market Analyst’s primary market area. Mr. Jack concluded a slightly lower demand of 2,376 but a higher inclusive capture rate of 20.6% due to excluding all units from the two conventional developments currently in lease-up, AMLI at Walnut Creek and Villas at Bristol Heights. According to Mr. Jack, “Including all 811 units [at AMLI at Walnut Creek and Villas at Bristol Heights] would put the capture rate over 54%.” He indicates that rent at the subject will be more affordable than the conventional developments and “will be required to provide additional services far beyond that of a market rate project.” “Rosemont at Old Manor will offer affordable rents and resident services far into the future; while market rate projects will be driven to maximize returns by increasing rent generated income. Considering these additional factors, they would appear to distance an “affordable project from market rate projects.” Mr. Jack goes on to say that, “...by internally underwriting the proforma to the 50% AMI rents, southwest Housing will have to invest a greater amount of equity than they would if their proforma included both 50% and 60% AMI rents. This would seem to provide assurances that the project would be financially feasible.”

The Applicant also provided a mid-year economic update for Austin prepared by Angelos Angelou of AngelouEconomics which includes highlighted trends he is monitoring including: monthly employment growth since September 2003 and non-technology sector growth for the past two years; population of 2.1 % last year, the fastest growing metro in Texas; and drastically reduced levels of new apartment construction resulting in stabilized occupancy rates and 89%. On this last point Mr. Angelou goes on to report that “Apartment construction has fallen significantly to just 4,200 units in forth quarter 2003. Forty percent of these are designed for seniors or low-income families. The number of multifamily units permitted during 2003 was a low 2,500.”

Conclusions: All of the follow-up information provided points to the future potential of the Austin apartment market to rebound in the near future. As emphasized in the market study review, the risk to the subject development has been minimized as a result of internally underwriting the transaction at 50% rents. The Underwriter independently evaluated the potential effect on the capture rate if the transaction was truly fully underwritten at 50%. This analysis indicates that none of the conventional units would be comparable if the income and rent limits were restricted to the 50% limit. Demand would be reduced to 2,163 resulting in an acceptable inclusive capture rate of 22.7%. As discussed above the Applicant has offered to restrict both the rents and incomes of all the units to the 50% level and this report is condition on receipt, review, and

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

acceptance of a revised rent schedule indicating the Applicant's commitment to restricting 100% of the units to rents at or below the 50% level and to households earning 50% of the area median income, for the entire affordability period (the term of the LURA).

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are significantly lower than the maximum rents allowed under HTC guidelines and less than the Market Analyst's adjusted market rents. Rents were increased from those proposed to match the market analyst's comparable rent projections, still well below maximum allowed rents for the 60% units. This further reflects the weak state of the subject market. Increasing rents on the 50% units to the maximum tax credit rent and on the 60% units up to the Market Study adjusted comparable rent results in an additional \$64,680 in gross potential income. If the maximum tax credit rents could be achieved, another \$181,452 in gross potential rent could be provided. This provides a significant upside potential for this development and provides it with a fairly aggressive leasing advantage to be able to undercut its competition. Based upon the offer to restrict all of the units at 50% this upside potential will be eliminated. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines.

Expenses: The Applicant's total expense estimate of \$3,919 per unit is just over 5% higher than the Underwriter's database-derived estimate of \$4,132 per unit for comparably sized developments. This difference is reduced just under 5% due to a lower management fees when the development is restricted to all 50% rents. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the Underwriter's estimates, particularly general and administrative (\$22K lower); payroll (\$27K lower) and repairs and maintenance (\$8K higher).

Conclusion: The Applicant's estimated operating expenses were not within 5% of the database-derived estimate based on the original 60% structure but are marginally within 5% when the 50% rent limit is considered. Therefore, the Applicant's NOI can be used to evaluate debt service capacity. The Applicant submitted financial information indicating a DCR of 1.09 due to an inexplicably higher debt service estimate by the Applicant. Based on the Underwriter's recalculation of debt service, there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: (insert acreage) acres	\$144,420	Assessment for the Year of:	2003
Building:	\$0	Valuation by:	Travis County Appraisal District
Total Assessed Value:	\$144,420	Tax Rate:	2.2826

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved Commercial Property Contract						
Contract Expiration Date:	8/	10/	2004	Anticipated Closing Date:	8/	10/	2004
Acquisition Cost:	\$1,196,000		Other Terms/Conditions:	Original feasibility period expired on Dec. 10, 2003, subject to two 120-day extensions.			
Seller:	Dwyer Sanders Group Partners, Ltd.			Related to Development Team Member:	No		

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of \$1,196,000, while significantly more than the assessed value of \$144,420, is assumed to be reasonable because this is an arm's length transaction.

Sitework Cost: The Applicant's claimed total sitework costs of \$1,873,750 or \$6,745 in eligible sitework cost per unit are considered reasonable compared to historical sitework costs for multifamily projects. It should be noted, however, that the site has significant topographical challenges that do not appear to have been taken into account for this application. The site plan, for example, includes buildings positioned in opposition to the natural contours on the site. In addition, the unrelated application for the same site last year

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

included \$2.6M for sitework costs or roughly \$1M more than the current estimate. The prior application included 17% fewer units, though it is uncertain at this point if the previous application included more or less impervious cover.

Direct Construction Cost: The Applicant's direct construction cost estimate is \$458.9K or 4.5% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore within the Department's tolerance range.

Ineligible Costs: The Applicant appropriately included marketing costs as an ineligible cost, however the \$75K total allocated is a significant amount that will serve to raise the developer fee required.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by \$177,231K to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

The Underwriter might have reduced the Applicant's interim financing fees by \$116K to reflect the net effect of the Applicant's projection of \$116.0K in income from a guaranteed investment contract, but more than this amount has been reduced from eligible basis and any excess ineligible cost will only go to increase the estimated amount of developer fee to be deferred.

Fees: The Applicant's general requirements, contractor's general and administrative fees, and contractor's profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by \$26,233 with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis and therefore the eligible portion of the Applicant's developer fee must be reduced by \$31,926.

Other: The Applicant's contingency allowance is overstated by \$9,369 beyond the 5% TDHCA guideline.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable with the modifications by the Underwriter addressed above. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted by the Underwriter, is used to calculate eligible basis and determine the HTC allocation. As a result, an eligible basis of \$19,637,898 is used to determine a credit allocation of \$906,289 from this method. The resulting syndication proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: Newman & Associates	Contact: Jerry Wright
Tax-Exempt Amount: \$13,572,000	Interest Rate: Variable rate underwritten at 6.065%
Additional Information: GMAC to provide construction credit enhancement, pursuant to a Fannie Mae Forward Commitment	
Amortization: 30 yrs	Term: 32 1/2 Yrs
Commitment: <input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional	
Annual Payment: \$983,268	Lien Priority: 1 Commitment Date: 4/ 9/ 2004

TAX CREDIT SYNDICATION

Source: Paramount Financial Group, Inc.	Contact: Mike Moses
Address: 4009 Columbus Road, SW	City: Granville
State: OH Zip: 43023	Phone: (740) 587-4150 Fax: (216) 896-9642
Net Proceeds: \$7,524,000	Net Syndication Rate (per \$1.00 of 10-yr LIHTC): 82¢
Commitment: <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional Date: 4/ 12/ 2004	

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

APPLICANT EQUITY

Amount: \$1,517,652 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by Travis County Housing Finance Corporation and privately placed through Newman Capital and GMAC Commercial Holding Capital Market Corporation. The permanent financing commitment is not consistent with the terms reflected in the sources and uses of funds listed in the application in that it includes a subordinate loan by the City of Houston (\$1.5M) which is clearly in error. In addition, a commitment for construction period credit enhancement dated April 29, 2004 suggests a maximum permanent loan amount of \$13,400,000 of which \$1M is structured in the form of an earn-out collateralized by: a hold back of bond proceeds, letter of credit or stand by purchase agreement. The Applicant's financing narrative provided at the same time as this commitment continues to reflect \$13,572,000 in bonds but a firm final commitment to document this expectation is not anticipated until shortly before the bonds close.

HTC Syndication: The tax credit syndication commitment is generally consistent with the terms reflected in the sources and uses of funds listed in the application except for minor discrepancies regarding the 99.99% Limited Partner purchase amount.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of \$1,517,652 amount to 59% of the total fees.

Financing Conclusions: Based on the Applicant's estimate of eligible basis as adjusted by the Underwriter, the HTC allocation should not exceed \$906,289 annually for ten years, resulting in syndication proceeds of approximately \$7,430,827. Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to \$1,727,018, which represents approximately 67% of the eligible fee and which should be repayable from cash flow within ten years. As discussed above, the Applicant also included a nominal amount of GIC income as a source of funds and may reduce the actual deferral by a small amount. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee may be available to fund those development cost overruns.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, General Contractor, and Property Manager are all related entities. These are common relationships for HTC-funded developments. In addition, the supportive services provider, Housing Services Incorporated, is the non-profit general partner.

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

Financial Highlights: The Applicant and General Partners are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.

- The parent non-profit/General Partner, Housing Services Incorporated, submitted an unaudited financial statement as of January 31, 2004. The statements were signed on behalf of Housing Services Incorporated but were titled Housing Services of Texas. The statements reflected total assets of \$3.3M and consisting of \$204K in cash, \$2.6M in receivables, \$25K in machinery, equipment, and fixtures, and \$481K in closely held corporations. Liabilities totaled \$964K, resulting in a net worth of \$2.3M.
- The principal(s) of the special General Partner, Brian Potashnik, submitted a preliminary unaudited financial statement(s) as of December 31, 2003 and is anticipated to be a guarantor of the development.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- The principals of both the Special Limited Partner (developer) and the General Partner have participated in several HTC housing developments and their previous participation has been reviewed by the Portfolio Management and Compliance Division.

SUMMARY OF SALIENT RISKS AND ISSUES

- Significant inconsistencies in the application and previous applications regarding site-work costs could affect the financial feasibility of the development.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

- Significant environmental/locational risk(s) exist regarding high voltage lines, adjacent creek, extreme topography, limited access.
- The development would need to capture more than 25% of the projected market area demand if the 60% income levels are included.
- The development could potentially achieve an excessive profit level (i.e., a DCR above 1.30) if the maximum 60% tax credit rents can be achieved in this market.
- The significant financing structure changes being proposed have not been reviewed or accepted by the lenders and syndicators, and acceptable alternative structures may exist.

Underwriter:

Phillip Drake

Date: June 30, 2004

Director of Real Estate Analysis:

Tom Gouris

Date: June 30, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

Rosemont at Old Manor Apartments, Austin, 4% HTC #04427

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 50%	26	1	1	750	\$666	\$605	\$15,730	\$0.81	\$61.00	\$40.00
TC 60%	26	1	1	750	800	682	17,732	0.91	61.00	40.00
TC 50%	56	2	2	950	800	724	40,544	0.76	76.00	46.00
TC 60%	56	2	2	950	960	761	42,616	0.80	76.00	46.00
TC 50%	43	3	2	1,100	924	833	35,819	0.76	91.00	70.00
TC 60%	43	3	2	1,100	1,109	861	37,023	0.78	91.00	70.00
TOTAL:	250		AVERAGE:	960	\$896	\$758	\$189,464	\$0.79	\$78.04	\$53.01

INCOME				TOTAL Net Rentable Sq Ft: 240,000		TDHCA	APPLICANT	Comptroller's Region /	
POTENTIAL GROSS RENT						\$2,273,568	\$2,208,888	IREM Region Austin	
Secondary Income		Per Unit Per Month:	\$14.99			44,976	44,976	\$14.99	Per Unit Per Month
Other Support Income: (describe)						0	0		
POTENTIAL GROSS INCOME						\$2,318,544	\$2,253,864		
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(173,891)	(169,044)	-7.50%	of Potential Gross Rent
Employee or Other Non-Rental Units or Concessions						0	0		
EFFECTIVE GROSS INCOME						\$2,144,653	\$2,084,820		

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.09%	\$437	0.46	109,201	\$87,150	\$0.36	\$349	4.18%
Management	5.00%	429	0.45	107,233	104,241	0.43	417	5.00%
Payroll & Payroll Tax	11.11%	953	0.99	238,267	211,255	0.88	845	10.13%
Repairs & Maintenance	3.78%	324	0.34	81,078	89,150	0.37	357	4.28%
Utilities	1.95%	167	0.17	41,800	35,000	0.15	140	1.68%
Water, Sewer, & Trash	5.16%	443	0.46	110,650	105,500	0.44	422	5.06%
Property Insurance	2.80%	240	0.25	60,000	62,500	0.26	250	3.00%
Property Tax	2.2826	931	0.83	199,728	200,000	0.83	800	9.59%
Reserve for Replacements	2.33%	200	0.21	50,000	50,000	0.21	200	2.40%
Supportive Service, Compliance & Secur	1.63%	140	0.15	35,000	35,000	0.15	140	1.68%
TOTAL EXPENSES	48.16%	\$4,132	\$4.30	\$1,032,957	\$979,796	\$4.08	\$3,919	47.00%
NET OPERATING INC	51.84%	\$4,447	\$4.63	\$1,111,696	\$1,105,024	\$4.60	\$4,420	53.00%

DEBT SERVICE	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
First Lien Mortgage	45.85%	\$3,933	\$4.10	\$983,268	\$1,013,643	\$4.22	\$4,055	48.62%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
NET CASH FLOW	5.99%	\$514	\$0.54	\$128,428	\$91,381	\$0.38	\$366	4.38%
AGGREGATE DEBT COVERAGE RATIO				1.13	1.09			
RECOMMENDED DEBT COVERAGE RATIO				1.13	1.12			

CONSTRUCTION COST				TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF TOTAL	
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF TOTAL
ACQUISITION COST (site or bldg)		5.39%	\$4,784	\$4.98	\$1,196,000	\$1,196,000	\$4.98	\$4,784	5.26%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		7.60%	6,745	7.03	1,686,374	1,686,374	7.03	6,745	7.42%
Direct Construction		45.84%	40,688	42.38	10,172,097	10,630,997	44.30	42,524	46.77%
Contingency	5.00%	2.67%	2,372	2.47	592,924	625,238	2.61	2,501	2.75%
General Req'ts	6.00%	3.21%	2,846	2.96	711,508	750,285	3.13	3,001	3.30%
Contractor's G & A	2.00%	1.07%	949	0.99	237,169	250,095	1.04	1,000	1.10%
Contractor's Profit	6.00%	3.21%	2,846	2.96	711,508	750,285	3.13	3,001	3.30%
Indirect Construction		6.18%	5,490	5.72	1,372,400	1,372,400	5.72	5,490	6.04%
Ineligible Costs		6.89%	6,117	6.37	1,529,192	1,529,192	6.37	6,117	6.73%
Developer's G & A	2.00%	1.49%	1,322	1.38	330,607	0	0.00	0	0.00%
Developer's Profit	13.00%	9.68%	8,596	8.95	2,148,945	2,593,391	10.81	10,374	11.41%
Interim Financing		4.72%	4,185	4.36	1,046,362	1,046,362	4.36	4,185	4.60%
Reserves		2.05%	1,824	1.90	455,998	299,226	1.25	1,197	1.32%
TOTAL COST		100.00%	\$88,764	\$92.46	\$22,191,085	\$22,729,845	\$94.71	\$90,919	100.00%
Recap-Hard Construction Costs		63.59%	\$56,446	\$58.80	\$14,111,581	\$14,693,274	\$61.22	\$58,773	64.64%

SOURCES OF FUNDS				RECOMMENDED		Developer Fee Available	
First Lien Mortgage	61.16%	\$54,288	\$56.55	\$13,572,000	\$13,572,000	\$13,572,000	Developer Fee Available
GIC Income	0.52%	\$464	\$0.48	116,001	116,001	0	\$2,561,465
HTC Syndication Proceeds	33.91%	\$30,097	\$31.35	7,524,196	7,524,196	7,430,827	% of Dev. Fee Deferred
Deferred Developer Fees	6.84%	\$6,071	\$6.32	1,517,652	1,517,652	1,727,018	67%
Additional (excess) Funds Required	-2.43%	(\$2,155)	(\$2.24)	(538,764)	(4)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$22,191,085	\$22,729,845	\$22,729,845	\$4,480,018

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Rosemont at Old Manor Apartments, Austin, 4% HTC #04427

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$43.83	\$10,519,512
Adjustments				
Exterior Wall Finish	0.40%		\$0.18	\$42,078
9-Ft. Ceilings	3.00%		1.31	315,585
Roofing			0.00	0
Subfloor			(0.71)	(170,350)
Floor Cover			2.00	480,000
Breezeways/Balconies	\$18.00	59,763	4.48	1,075,730
Plumbing	\$605	600	1.51	363,000
Built-In Appliances	\$1,650	250	1.72	412,500
Stairs	\$1,475	96	0.59	141,600
Floor Insulation			0.00	0
Heating/Cooling			1.53	367,200
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	\$58.70	6,269	1.53	367,986
Other:			0.00	0
SUBTOTAL			57.98	13,914,842
Current Cost Multiplier	1.03		1.74	417,445
Local Multiplier	0.87		(7.54)	(1,808,929)
TOTAL DIRECT CONSTRUCTION COSTS			\$52.18	\$12,523,358
Plans, specs, survy, bid prm	3.90%		(52.04)	(5488,411)
Interim Construction Interes	3.38%		(1.76)	(422,663)
Contractor's OH & Profit	11.50%		(6.00)	(1,440,186)
NET DIRECT CONSTRUCTION COSTS			\$42.38	\$10,172,097

PAYMENT COMPUTATION

Primary	\$13,572,000	Amort	360
Int Rate	6.065%	DCR	1.13
Secondary		Amort	
Int Rate	0.00%	Subtotal DCR	1.13
Additional		Amort	
Int Rate		Aggregate DCR	1.13

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$983,268
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$128,428

Primary	\$13,572,000	Amort	360
Int Rate	6.065%	DCR	1.13
Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.13
Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.13

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$2,273,568	\$2,341,775	\$2,412,028	\$2,484,389	\$2,558,921	\$2,966,491	\$3,438,976	\$3,986,715	\$5,357,812
Secondary Income	44,976	46,325	47,715	49,146	50,621	58,683	68,030	78,866	105,989
Other Support Income: (describ)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,318,544	2,388,100	2,459,743	2,533,536	2,609,542	3,025,174	3,507,006	4,065,581	5,463,801
Vacancy & Collection Loss	(173,891)	(179,108)	(184,481)	(190,015)	(195,716)	(226,888)	(263,025)	(304,919)	(409,785)
Employee or Other Non-Rental L	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$2,144,653	\$2,208,993	\$2,275,263	\$2,343,520	\$2,413,826	\$2,798,286	\$3,243,980	\$3,760,662	\$5,054,016
EXPENSES at 4.00%									
General & Administrative	\$109,201	\$113,569	\$118,112	\$122,836	\$127,750	\$155,427	\$189,101	\$230,070	\$340,560
Management	107,233	110,450	113,763	117,176	120,691	139,914	162,199	188,033	252,701
Payroll & Payroll Tax	238,267	247,798	257,710	268,018	278,739	339,129	412,602	501,993	743,073
Repairs & Maintenance	81,078	84,322	87,695	91,202	94,850	115,400	140,402	170,820	252,856
Utilities	41,800	43,472	45,211	47,019	48,900	59,494	72,384	88,066	130,360
Water, Sewer & Trash	110,650	115,076	119,679	124,466	129,445	157,489	191,610	233,123	345,079
Insurance	60,000	62,400	64,896	67,492	70,192	85,399	103,901	126,411	187,119
Property Tax	199,728	207,717	216,025	224,666	233,653	284,275	345,863	420,796	622,880
Reserve for Replacements	50,000	52,000	54,080	56,243	58,493	71,166	86,584	105,342	155,933
Other	35,000	36,400	37,856	39,370	40,945	49,816	60,609	73,740	109,153
TOTAL EXPENSES	\$1,032,957	\$1,073,203	\$1,115,027	\$1,158,490	\$1,203,658	\$1,457,509	\$1,765,254	\$2,138,395	\$3,139,712
NET OPERATING INCOME	\$1,111,696	\$1,135,790	\$1,160,236	\$1,185,030	\$1,210,168	\$1,340,777	\$1,478,726	\$1,622,268	\$1,914,303
DEBT SERVICE									
First Lien Financing	\$983,268	\$983,268	\$983,268	\$983,268	\$983,268	\$983,268	\$983,268	\$983,268	\$983,268
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$128,428	\$152,521	\$176,968	\$201,762	\$226,900	\$357,509	\$495,458	\$638,999	\$931,035
DEBT COVERAGE RATIO	1.13	1.16	1.18	1.21	1.23	1.36	1.50	1.65	1.95

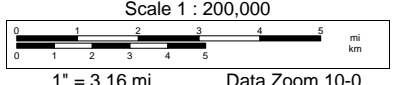
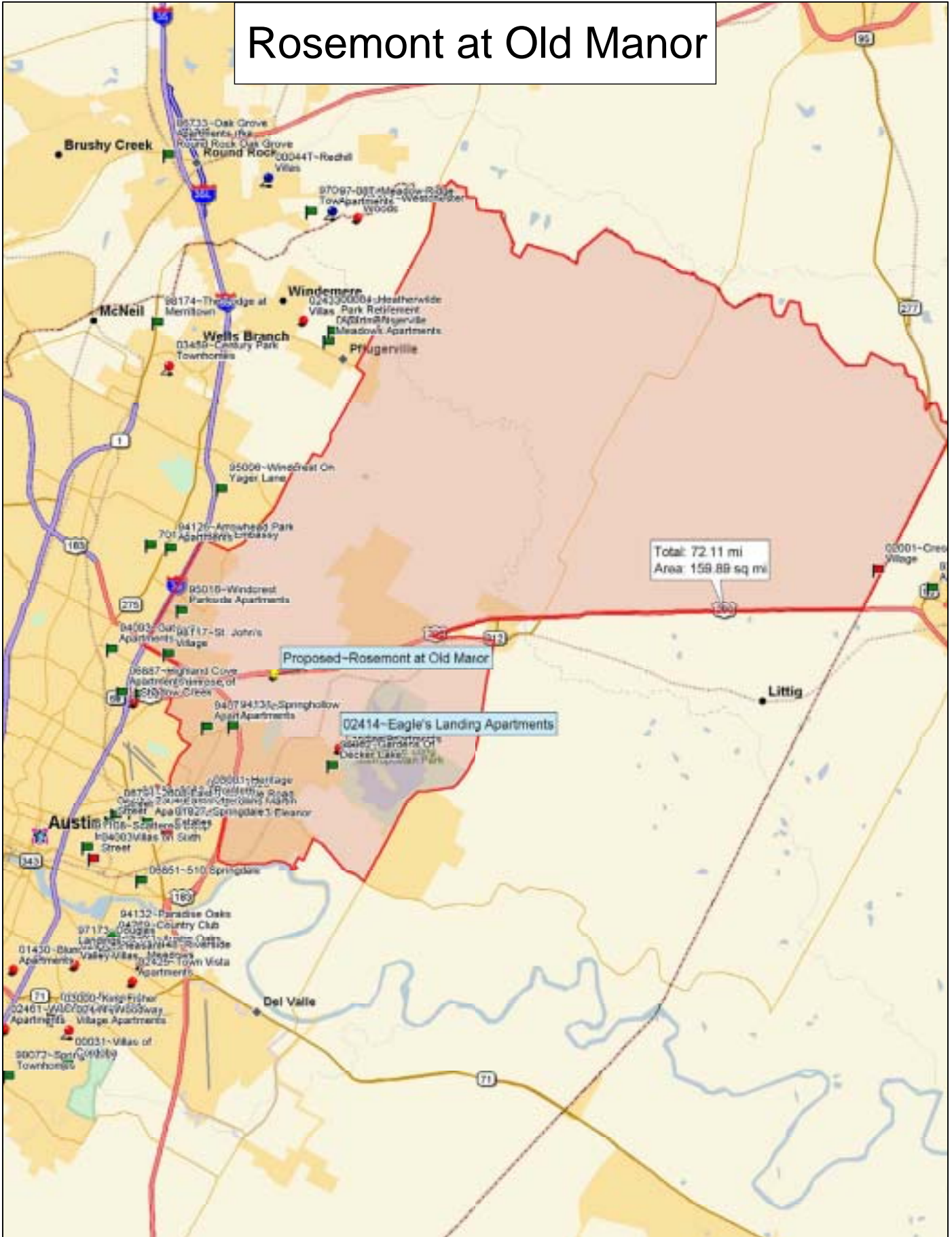
LIHTC Allocation Calculation - Rosemont at Old Manor Apartments, Austin, 4% HTC #04427

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$1,196,000	\$1,196,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,686,374	\$1,686,374	\$1,686,374	\$1,686,374
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$10,630,997	\$10,172,097	\$10,630,997	\$10,172,097
(4) Contractor Fees & General Requirements				
Contractor overhead	\$250,095	\$237,169	\$246,347	\$237,169
Contractor profit	\$750,285	\$711,508	\$739,042	\$711,508
General requirements	\$750,285	\$711,508	\$739,042	\$711,508
(5) Contingencies				
	\$625,238	\$592,924	\$615,869	\$592,924
(6) Eligible Indirect Fees				
	\$1,372,400	\$1,372,400	\$1,372,400	\$1,372,400
(7) Eligible Financing Fees				
	\$1,046,362	\$1,046,362	\$1,046,362	\$1,046,362
(8) All Ineligible Costs				
	\$1,529,192	\$1,529,192		
(9) Developer Fees			\$2,561,465	
Developer overhead		\$330,607		\$330,607
Developer fee	\$2,593,391	\$2,148,945		\$2,148,945
(10) Development Reserves				
	\$299,226	\$455,998		
TOTAL DEVELOPMENT COSTS	\$22,729,845	\$22,191,085	\$19,637,898	\$19,009,894

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			\$19,637,898	\$19,009,894
High Cost Area Adjustment			130%	130%
TOTAL ADJUSTED BASIS			\$25,529,268	\$24,712,863
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			\$25,529,268	\$24,712,863
Applicable Percentage			3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS			\$906,289	\$877,307

Syndication Proceeds	0.8199	\$7,430,827	\$7,193,195
Total Credits (Eligible Basis Method)		\$906,289	\$877,307
Syndication Proceeds		\$7,430,827	\$7,193,195
Requested Credits		\$917,585	
Syndication Proceeds		\$7,523,445	
Gap of Syndication Proceeds Needed		\$9,157,845	
Credit Amount		\$1,116,922	

Rosemont at Old Manor



MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

July 8, 2004

Action Item

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Heatherbrook Apartments.

Summary of the Transaction

The application was received on March 5, 2004. The Issuer for this transaction is Port Arthur HFC. The development is to be located at 7900 Heatherbrook Trail in Port Arthur. The development will consist of 256 total units targeting the elderly, with all affordable. The site is currently properly zoned for such a development. The Department received 1 letter in support and no letters in opposition. The bond priority for this transaction is:

- Priority 1A:** Set aside **50%** of units that cap rents at 30% of **50%** AMFI **and** Set aside **50%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1B:** Set aside **15%** of units that cap rents at 30% of **30%** AMFI **and** Set aside **85%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1C:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (Only for projects located in a **census tract with median income that is greater** than the median income of the county MSA, or PMSA that the QCT is located in. (MUST receive 4% Housing Tax Credits)
- Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 3:** Any qualified residential rental development.

Recommendation

Staff recommends the Board approve the issuance of Housing Tax Credits for Heatherbrook Apartments.



**HOUSING TAX CREDIT PROGRAM
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Heatherbrook Apartments**

TDHCA#: 04430

DEVELOPMENT AND OWNER INFORMATION

Development Location: Port Arthur QCT: Y DDA: N TTC: N
 Development Owner: Heatherbrook Apartments, LP
 General Partner(s): Heatherbrook Apartments GP, LLC, 100%, Contact: Ike Akbari
 Construction Category: Acquis/Rehab
 Set-Aside Category: Tax Exempt Bond Bond Issuer: Port Arthur HFC
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$421,398 Eligible Basis Amt: \$430,678 Equity/Gap Amt.: \$483,962

Annual Tax Credit Allocation Recommendation: \$421,398

Total Tax Credit Allocation Over Ten Years: \$ 4,213,980

PROPERTY INFORMATION

Unit and Building Information

Total Units: 256 HTC Units: 256 % of HTC Units: 100
 Gross Square Footage: 135,141 Net Rentable Square Footage: 131,688
 Average Square Footage/Unit: 514
 Number of Buildings: 17
 Currently Occupied: Y

Development Cost

Total Cost: \$12,398,095 Total Cost/Net Rentable Sq. Ft.: \$94.15

Income and Expenses

Effective Gross Income:¹ \$1,373,495 Ttl. Expenses: \$768,963 Net Operating Inc.: \$604,532
 Estimated 1st Year DCR: 1.10

DEVELOPMENT TEAM

Consultant:	Gannon Outsourcing, Inc.	Manager:	Itex Property Management, LLC
Attorney:	Coats, Rose, Yale, Ryman and Lee	Architect:	To Be Determined
Accountant:	To Be Determined	Engineer:	To Be Determined
Market Analyst:	Gerald Teel	Lender:	GMAC Commercial Mortgage
Contractor:	To Be Determined	Syndicator:	Related Capital Company

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
# in Support: 0	Sen. Kyle Janek, District 17 - NC
# in Opposition: 0	Rep. Allan B. Ritter, District 21 - NC
	Mayor Oscar Ortiz - NC
	Dale L. Watson, Director of Planning, City of Port Arthur; Consistent with the local Consolidated Plan.

1. Gross Income less Vacancy

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

CONDITION(S) TO COMMITMENT

1. Per §50.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

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

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

Other Comments including discretionary factors (if applicable).

Robert Onion, Multifamily Finance Manager _____ Date Brooke Boston, Director of Multifamily Finance Production Date

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

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

Other Comments including discretionary factors (if applicable)._____

Edwina P. Carrington, Executive Director _____ Date
Chairman of Executive Award and Review Advisory Committee

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

Chairperson Signature: _____
Elizabeth Anderson, Chairman of the Board _____ Date

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

DATE: June 29, 2004

PROGRAM: 4% HTC

FILE NUMBER: 04430

DEVELOPMENT NAME

Heatherbrook Apartments

APPLICANT

Name: Heatherbrook Apartments, LP **Type:** For-profit
Address: 2901 Turtle Creek Drive, Suite 201 **City:** Port Arthur **State:** Texas
Zip: 77642 **Contact:** Ike Akbari **Phone:** (409) 724-0020 X115 **Fax:** (409) 721-6603

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name: Heatherbrook Apartments GP, LLC	(%): 0.001	Title: General Partner
Name: Ike Akbari	(%): N/A	Title: 100% Owner of GP
Name: Itex Properties	(%): N/A	Title: Co-Developer
Name: Gulf Coast JV	(%): N/A	Title: Co-Developer

PROPERTY LOCATION

Location: 7900 Heatherbrook Trail **QCT** **DDA**
City: Port Arthur **County:** Jefferson **Zip:** 77642

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$421,398	N/A	N/A	N/A
Other Requested Terms: Annual ten-year allocation of low-income housing tax credits			
Proposed Use of Funds: Acquisition/ Rehab		Property Type: General	

RECOMMENDATION

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$421,398 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

- Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 256	# Rental Buildings: 17	# Common Area Bldgs: 1	# of Floors: 2	Age: 20 yrs	Vacant: 98%	at 03/ / 2004
Net Rentable SF:	131,688	Av Un SF:	514	Common Area SF:	3,453	Gross Bldg SF: 135,141

STRUCTURAL MATERIALS

Wood frame on a post-tensioned concrete slab on grade, 75% brick veneer 25% Hardiplank siding exterior

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

wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing 8 foot ceiling heights and individual central heat and A/C.

APPLIANCES AND INTERIOR FEATURES

Carpeting & vinyl flooring, range & oven, hood & fan, refrigerator, fiberglass tub/shower, ceiling fans, and laminated counter tops.

ON-SITE AMENITIES

2,143 SF community building with activity room, management offices, laundry facilities, kitchen, common dining area, restrooms, computer/business center, and central mailroom. In addition perimeter fencing with picnic area and community garden/walking trail is also planned for the site

Uncovered Parking: 238 spaces **Carports:** N/A spaces **Garages:** N/A spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Heatherbrook Apartments is a relatively dense dispersed multifamily property with 22.7 units per acre acquisition and rehabilitation development of 256 units of affordable housing located in northwest Port Arthur. The development was built in 1984 and was originally designed as an elderly property. It is comprised of 17 evenly distributed, medium, one- and two-story, garden style, walk-up residential buildings as follows:

- (2) Type A Buildings with 4 studio/one-bath units, and 6 one-bedroom/ one-bath units (all one story)
- (2) Type B Buildings with 4 studio/one-bath units, and 8 one-bedroom/one-bath units (all one story)
- (4) Type C Buildings with 4 studio/one-bath units, and 10 one-bedroom/one-bath units. (all one story)
- (5) Type D Buildings with 16 one-bedroom/one-bath units
- (1) Type E Building with 14 one-bedroom/one-bath units, and 2 two-bedroom/one-bath units.
- (3) Type F Buildings with 16 one-bedroom/one-bath units, and 4 two- bedroom/one-bath units

Nine buildings contain a total of 48 second floor units, none of which are elevator served. The Applicant originally submitted the development as a Qualified Elderly Development. However, since the development has two stories or more and does not include elevator service for any units or living space above the first floor, these nine buildings would be ineligible building types under section 50.3(47) of the QAP. There exists no exception for this rule for existing, rehabilitation or bond transactions; however, section 50.23(a) provides Board discretion to waive any rule if it finds that the waiver is appropriate to fulfill the purposes of policies of chapter 2306, Texas Government Code or for other good cause. The Underwriter has estimated the cost of adding elevators to each of the nine buildings to be between \$360K and \$500K, however a plan to add elevators has not been provided.

Subsequent to this determination the Applicant submitted a letter from Mr. Ray Richardson, Director, Multifamily Housing at HUD which indicates the property “must rent to anyone who meets the eligibility requirements. Additionally, due to Fair Housing guidelines, the owner must affirmatively market to non-elderly families who meet the eligibility criteria. Any designation that is given to the property by TDHCA does not effect the HAP designation or the HAP guidelines as long as the owner continues to meet the requirements under the HAP contract”. Therefore, the Applicant has requested that the property no longer be considered a Qualified Elderly Development and therefore, would no longer be an “ineligible building type” under section 50.3(47) of the QAP. This technically provides mitigation for the need for second floor elevators, though it is understood that most tenants will continue to be elderly.

Existing Subsidies: The project has 256 units enrolled in the HUD project-based Section 8 program via a Housing Assistance Payments (HAP) contract. On June 20, 2003 this contract was renewed for an additional 5 years.

Development Plan: Based on the Market Study dated March 19, 2004, prepared by The Gerald A. Teel Company, the subject property was 98.4% as of March 1, 2004. The submitted Property Condition Assessment (PCA) indicates that “This complex, overall, is average to fair condition with no Actual Critical Repair Items.” (p Executive Summary 1) Some of the items included in the refurbishment will include new cabinets and granite countertops, ceramic tile flooring in the kitchen, bathroom and entryways (230 units) with ceramic tile through out in the handicap units (26 units), mini blinds to replace draperies, new air duct

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

servicing, more energy efficient toilets, replace faucets, showerheads in handicap units, update lavatories with better lighting, update all appliances, and provide smoke detectors as required. Additional items will include updating community room, replacing perimeter fencing, repair covered walk areas, remove skylights in corridor buildings and replace roofing, bring handicap ramps up to code or updated specifications for such, replace balconies and stairway railings, as well as steps. "After the refurbishment, the property will be in very good condition with an effective age estimated at 1990 versus an actual age of 1984" (PCA p 27)

The Applicant has indicated that upon award of the tax credits and loan closing, the general contractor and owner will begin to address the rehabilitation needs of the current vacant units. It is the intention of the owner to finish these units first in order to provide completed units to move current tenants into, if necessary, in order to rehabilitate their current residences. The Applicant believes that the majority of the units can be rehabilitated without relocating the tenants. At this point the Applicant does not anticipate relocating tenants to other apartment communities. However, the Applicant has established an estimated \$40,000 budget to cover any relocation costs incurred by or on behalf of the tenants.

Architectural Review: The buildings consist of one and two story buildings and the exterior elevations are simple yet attractive with pitched roofs. The individual units appear to be smaller than the average, but are typical of the units built in the mid 1980's. All reports received have indicated that after the rehabilitation the property will be a B+ property and should be above average for the area.

Supportive Services: The Applicant has indicated that he will provide supportive services for the tenants. However, at this point he has not determined what services will be provided or who will provide these services. The Applicant has indicated that the services provided will be based on the needs of the tenant. It will be an optional service to the tenants and the cost of these services will be included in the rent.

Schedule: The Applicant anticipates construction to begin in October 1, of 2004, to be completed, placed in service and to be substantially leased-up in October of 2005.

SITE ISSUES			
SITE DESCRIPTION			
Size:	11.27	acres	490,921 square feet
Zoning/ Permitted Uses:	Multifamily		
Flood Zone Designation:	Zone AH within 100-year flood plain		Status of Off-Sites: Fully Improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Port Arthur is located approximately 85 miles east of Houston in Jefferson County. The site is an irregularly shaped parcel located in the northwest area of Port Arthur, approximately 2 miles from the central business district. The site is situated on the east side of Heatherbrook Trail.

Adjacent Land Uses:

- **North:** Single-family residential subdivision
- **South and Southeast:** A recreational building, other recreational facilities such as golf courses, water sports, and parks and marinas.
- **East:** Pebble Creek Apts, along with churches, schools, shopping facilities and recreational facilities.
- **West and Southwest:** Church and vacant land. Schools, shopping facilities, and recreational facilities

Site Access: Access to the property is from the west side of the site off Heatherbrook Trail in five locations. Jimmy Johnson Blvd. (75th St.) is less than one mile south of the subject and is a primary northeast/southwest roadway in the area. In addition, access to Interstate Highway 69 is 1.25 miles west, which provides connections to all other major roads serving the area. There are four designated parking lots serving the apartments and community building. The 218 parking spaces include 38 designated handicap accessible parking spaces.

Public Transportation: There is public transportation in the vicinity, typically along the major roadways. Public transportation to the area is provided by the local bus company and a designated stop is at the subject property.

Shopping & Services: The site is within three miles of major grocery stores and pharmacies. Approximately 1/2 mile north of the subject is the Central Mall shopping center. At the SW/C of Memorial Blvd. (Hwy 69)

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

and East FM 365 a new retail sales complex is being constructed, with the first phase containing a major discount store, a home improvement store, an office supply store, along with several pad sites already completed. Schools, churches, hospitals, health care facilities and a variety of other retail establishments and restaurants are located within a short driving distance from the site.

Special Adverse Site Characteristics: According to the Phase I Environmental Site Assessment prepared by Medina Consulting Co., Inc. "The site appears to lie in Zone AH according to the FEMA National Flood Insurance Program *Flood Insurance Rate Map*, Panel 485499 0010 E for the City of Port Arthur, Jefferson county, Texas, Map Revised April 17, 1984. Zone AH are areas of 100-year shallow flooding where depths are between one and three feet." (p. 2-3) The QAP and 10 TAC requires that all developments affected by the 100 year flood plain insure that the finished floor elevations of all buildings are at least twelve inches above the Base Flood Elevations and that all parking and drives are not more than six inches below the base flood elevations unless such developments have federal funding. Based on information provided by the Applicant the finished floor levels on all building are at least 12" above the base flood level of 4'0". This information is confirmed by Elevation Certificates issued on each building by a registered surveyor. In addition such developments are required by 10 TAC 1.32(9)(i) to provide documentation of the cost of flood insurance for the buildings and tenant's contents for units impacted by the 100-year flood area. The Applicant provided documentation of flood insurance coverage on each of the 18 buildings at a cost of \$908.00 per building per year.

Site Inspection Findings: The site has been inspected by a TDHCA staff member on May 12, 2004, and found to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report (ESA) dated February 27, 2004 was prepared by Medina Consulting Co. and contained the following findings and recommendations:

Polychlorinated Biphenyls (PCB's) "Several pad-mounted transformers were observed throughout the complex. Mr. Dunn Pumphrey, a representative of Entergy (the Electric Company for Port Arthur), was interviewed concerning the pad-mounted transformers located throughout the complex. Mr. Pumphrey stated that the transformers are owned by Entergy and to his knowledge no PCB's are located in residential areas in Port Arthur." (p.5)

"Based on the results of this assessment, MCC has determined that No Recognized Environmental Conditions as defined by ASTM, were identified in connection with activities at the subject property. Additionally, the surrounding properties do not appear to pose a potential environmental concern to the subject site, No further assessment is recommended at this time." (p. 10) The ESA inspector also noted that the site appears to lie in Zone AH of the flood plain. The ESA inspector goes on to say, "We recommend completing HUD's abbreviated 4 step procedure to comply with Executive Order 11988". As discussed above the development appears to comply with the Department's requirements regarding flood plains.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. As a Priority 2 private activity bond lottery project 100% of the units must have rents restricted to be affordable to households at or below 60% of AMGI. All 256 units (100% of the total) will be reserved for low-income tenants earning 60% or less of AMGI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$20,100	\$22,980	\$25,860	\$28,740	\$31,020	\$33,360

MARKET HIGHLIGHTS

A market feasibility study dated March 19, 2004, was prepared by the Gerald A. Teel Co. however this study was conducted assuming the development would remain designated for elderly tenants. Two revised studies, the most recent of which is dated June 28, 2004, were provided by the same Market Analyst and the following

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

are highlights from their findings:

Definition of Primary Market Area (PMA): “Most of the primary market area is located in the northerly part of Port Arthur, in a generally growth oriented part of town..... It is considered to be Census Tracts 70.01, 70.02, 110.01, 111.01, which is more/less defined as being north of State Highway 73, northeast of State Highway 69, southerly to southwest of Highway 347 (Twin City Highway) and southerly to southeast of Spurlock Road. The demographics used in the analysis are considered more reflective of the area of Port Arthur that would provide the bulk of renters. The census tracts alluded to account for the newer and growth oriented part of the City, as well as parts of Nederland. Nederland is a small community located on the north end of Port Arthur.” (p. 9) This area encompasses approximately 9.19 square miles and is equivalent to a circle with a radius of 1.7 miles. The June 28 revision appears to have expanded the primary market area to include all of the city of Port Arthur in its demand calculation but this change is not addressed in the body of the revised report.

The Submarket or Secondary Market: “The secondary market (SMA) consists of those potential renters in the remainder of the City of Port Arthur, Nederland, Groves, and Port Neches that would find the subject units attractive. The latter mentioned communities are adjacent to and abutting Port Arthur. They are much smaller and associated with the larger Port Arthur vicinity” (p. 9). The revised Market Study basically includes the entire City of Port Arthur and the surrounding areas.

Population: The estimated 2003 total population of the PMA in the June 28 report was 56,824 and is expected to decrease by 2.41% to approximately 55,454 by 2008. “The subject immediate vicinity is considered the newest part of Port Arthur based on our observations of the area. It is presently in a growth phase, with new single family executive housing and the three newest apartments in the vicinity. The latter is comprised of two LIHTC properties and one market rents property all located in the immediate vicinity. Additionally, incomes are forecast to continue to increase at average rates, and the population is projected to decrease, although the immediate vicinity is in a growth phase, which is contrary to the current decrease in population for the whole PMA (City of Port Arthur)” (p. 22).

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand in the June 28 report of 5,071 qualified households in the PMA, based on the current estimate of 21,627 households, the projected annual growth rate of -.3%, renter households estimated at 38.2% of the population, income-qualified households estimated at 23.4%, and an annual renter turnover rate of 55%. (pgs. 76-80). The Market Analyst used an income band of \$11,400 to \$23,760.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	-5	-.4%	-7	-.01%
Resident Turnover	935	78.8%	1,060	91%
Sect. 8 tenants from subject	256	21.6%	113	10%
TOTAL ANNUAL DEMAND	1,186	100%	1,165	100%

Ref: p. 80

Inclusive Capture Rate: “...The capture rate for the 256 rent restricted units is 21.6%. The concentration capture rate including the unleased LIHTC units (approx 50% of the senior units in lease up, and the family product at approximately 50%) is 29.5%. A capture rate of this magnitude denotes sufficient demand noting that the subject property was 98% occupied per the rent roll and 99% occupied as of the date of inspection and has a history of high occupancies. It is already at stabilized occupancy levels with a qualified existing tenant base that will remain. Therefore, in effect, the whole subject property has already been absorbed.” (p 80)

While the Underwriter generally agrees with the Market Analysts conclusion that the property is existing and stabilized and will suffer minimum impact from the change from elderly to general population tenancy, the Analysts inclusive capture rate conclusion of over 25% exceeds the Department’s guidelines. After reviewing the revised report however, the Underwriter found two key errors in the calculation of the inclusive capture rate. The Analyst included in his demand for rental housing two HTC properties, the Greens at Turtle Creek (84 unit senior’s property) and Port Arthur Townhouses (104 unit family property). The Greens at Turtle

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

Creek is a Seniors property which, with the switch of the subject to general population, is no longer technically comparable and therefore should not be included in the computation of the capture rate. The Port Arthur Townhouses is a 104 unit family property containing 34 two bedroom units and 70 three bedroom units. Since the subject property does not contain three bedroom units the three bedroom units from Port Arthur should also be excluded from the computation of the capture rate. The Underwriter's recalculated inclusive capture rate, excluding the 84 senior units and the 70 three bedroom units from the supply of existing unstabilized units is an acceptable 24.9% based on the Underwriter's slightly lower demand conclusion.

Both the Market Analyst and the Underwriter also agree that the inclusive capture rate is not a significantly relevant underwriting tool in this instance because the subject property is scheduled to be rehabbed with tenants in place. Based on the March 2004 rent roll three units were vacant which equates to a 98.8% occupancy rate. The Applicant has indicated that he intends to renovate the units as they become vacant. For those units that don't need as much work he will renovate with the tenants in place. For those units that need a lot of work he will move the tenant to a vacant unit before renovation. Despite the change in the tenant target from elderly to general populations this plan can still be achieved.

Market Rent Comparables: The Market Analyst surveyed eight comparable rental apartment projects throughout the defined market area. The surveyed market rentals contained a total of 1,354 units. When comparing the market rents to the HAP rents, the market rents are higher in all units except for the efficiency units where the market rents and HAP rents are the same. The HAP contract rents associated with the subject property will dictate the rents charged by the property. The tenants will only be required to pay 30% of their income regardless of the contract rental rate. Therefore, the market rents do not currently have a direct effect on the rental rates of the subject property.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	HAP Rents	Differential	Market	Differential
Efficiency (50%)	\$388	\$434	-\$46	\$434	\$46
Efficiency (60%)	\$434	\$434	\$0	\$434	\$0
1-Bedroom (50%)	\$406	\$460	-\$54	\$475	-\$69
1-Bedroom (60%)	\$460	\$460	\$0	\$480	-\$20
2-Bedroom (50%)	\$485	\$531	-\$46	\$570	-\$85
2-Bedroom (60%)	\$531	\$531	\$0	\$570	-\$39

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

Primary Market Occupancy Rates: The eight surveyed housing properties have a combined average occupancy rate of 96.7% (p. 42)

Absorption Projections: "Based on the subject market rents... absorption would be reasonable at approximately 6 to 10 units per month. As the subject is existing product operating at stabilized occupancy levels, the demand for it already exists, and no down time is projected during rehab. For those units that would require down time, the majority of repairs would be completed as the unit rolls over. Per discussions with the buyer and management these repairs would typically be performed without removing the tenants." (p. 37)

Known Planned Development: "Per Mr. Brown with the City of Port Arthur's Department of Planning and Zoning, no new apartments have been rumored or permitted recently, other than the two LIHTC already on line" (p. 38)

Effect on Existing Housing Stock: "The subject property appears to be viable in a general vicinity of growth for the area and as rehabilitated will have an advantage over the other older properties in the PMA.....This assumes that the current HAP contract remain in place, combined with the LIHTC rents.....The lower income households that will not be able to purchase will continue to rent. This segment of the market comprises the bulk of tenancy for the subject." (p. 38)

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

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

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections for all the units targeting the 50% income level units is lower than the 60% rent Housing Assistance Payments (HAP) contract rents but equal to the maximum 50% rent. However, the rents for units targeting the 60% income level for all units are equal to the current HAP contract rents but less than the 60% rent. The Underwriter used the actual 2003 HAP contract rents in this analysis, because rents in excess of the tax credit maximum are allowed where there is property based rental assistance. This resulted in the Applicant's potential gross rental income being \$81K lower than the Underwriter's estimate.

The HAP contract clearly states, "Subject to the availability of sufficient appropriations to make housing assistance payments for any year in accordance with the Renewal Contract, as determined by HUD, the Renewal Contract shall run for a period of 5 years..." Therefore this or any Section 8 HAP contract is not guaranteed to continue. If the HAP contract was discontinued, the rental income based on the current HTC allowable rents should not be materially affected. However, if HTC rents fall to market levels, as defined in the appraisal and market study, a significant income drop would be expected.

The Underwriter projects a vacancy and collection loss of 5%, which is 1% lower than the Applicant's and Market Study assumptions. The projection, which is less than the Department's guideline of 7.5%, is supported by the historical and current occupancy rate at the property (96.7%) and continued subsidy payments provided through the HAP contract.

Expenses: The Applicant's total expense estimate of \$2,788 per unit is 7% lower than the Underwriter's estimate of \$3,004 per unit. The Applicant's projection shows several line item estimates, that deviate significantly when compared to the Underwriter's estimates, particularly general and administrative (\$40.5K lower), payroll (\$64.4K higher), water, sewer, and trash (\$24.3K lower), reserves for replacement (25.6K lower).

The Underwriter discussed these differences with the Applicant but was unable to reconcile them further given the historical information provided by the Applicant including a 2003 operating statement.

Conclusion: The Applicant's total estimated operating expense and Net Operating Income are not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity.

Due primarily to the difference in several line item expenses, the Underwriter's estimated debt coverage ratio (DCR) of 1.04 is less than the program minimum standard of 1.10. Therefore, the maximum debt service for this project may be limited to \$549,646

ACQUISITION VALUATION INFORMATION

APPRAISED VALUE

Land Only: 11.27 acres	\$810,000	Date of Valuation:	02/	17/	2004
Existing Building(s): "as is"	\$5,010,000	Date of Valuation:	02/	17/	2004
Total Development: "as is"	\$6,830,000	Date of Valuation:	02/	17/	2004
Comments:	The above value is based on the encumbrance of HAP contract rents				
Appraiser:	Gerald A. Teel Co., Inc.	City:	Houston, Texas	Phone:	(713) 467-5858

ASSESSED VALUE

Land: 11.27 acres	\$343,580	Assessment for the Year of:	2003
Building:	\$3,195,660	Valuation by:	Jefferson County Appraisal District
Total Assessed Value:	\$3,539,240	Tax Rate:	\$2.99

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Earnest Money Contract - As Amended 9/28/2003						
Contract Expiration Date:	11/	1/	2004	Anticipated Closing Date:	8/	1/	2004

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

Acquisition Cost:	\$6,830,024	Other Terms/Conditions:	
Seller:	New Town Retirement Center, Ltd	Related to Development Team Member:	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The acquisition price of \$6,630,024 (\$50.37/SF or \$25,898/unit) is substantiated by the appraisal value of \$6,830,000. The appraised value is based on an ‘as is’ value with the current HAP contract in place. In addition, the acquisition price is assumed to be reasonable since the acquisition is an arm’s-length transaction. It should be noted however, that the principal of the Applicant has been the General Manager and responsible for executing documents on the seller’s behalf for several years however, this may not violate the Identity of Interest requirements in the QAP since the principal claims to have had no ownership interest or executive responsibility in the seller or its principals. In addition, however, the seller’s original investment in the development included at least \$8.15M, the original amount of FHA insured construction loan revenue bonds secured by the property. It should further be reported that the Applicant has requested no developer fee for the acquisition portion of the development. The Applicant has claimed \$6,166,983 of the acquisition cost or 90.03% as eligible building acquisition basis. This proration of acquisition cost is inconsistent with the appraised value which, using roughly the same total value, estimates the building value at 88.14% of the total or \$6,020,000. Consequently the Underwriter used the Appraiser’s prorata percentage and included acquisition eligible basis of \$6,020,024.

Sitework Cost: The Applicant’s claimed sitework costs are \$518 per unit are quite normal but typical for a rehabilitation development.

Direct Construction Cost: The Applicant’s direct rehab construction cost estimate is \$2,669,695. These costs are supported by a Scope of Renovation and Schedule of Values located in the Physical Condition Assessment report (PCA). The PCA states “Estimated cost opinions presented in this report are based on data from a combination of sources. The primary sources are from Means Repair and Remodeling Cost Data and Means Facilities Maintenance and Repair Cost Data; information supplied by the property; the experience of JPS & Assoc., Inc. with costs for similar projects; and city cost indexes.” (p I-2) The development meets the program requirement of at least \$6,000 per unit of direct construction and site work costs for rehabilitation work.

Fees: The Applicant’s contingency, general requirements, contractor’s general and administrative fees, and contractor’s profit exceed the 10%, 6%, 2%, and 6% maximums allowed by HTC guidelines by \$52,979 based on their own construction costs. Consequently the Applicant’s eligible fees in these areas have been reduced with the overage effectively moved to ineligible costs.

The Applicant’s developer fees also exceed 15% of the Applicant’s adjusted eligible basis and therefore the eligible portion of the Applicant’s developer fee must be reduced by \$7,781.

Conclusion: The Applicant’s total development cost estimate is within 5% of the Underwriter’s verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant’s projected costs to a reasonable margin, the Applicant’s total cost breakdown is used to determine the development’s need for total permanent funds. Since the Underwriter’s eligible basis estimate is based exclusively on the Applicant’s projections as supported by submitted documentation and the only significant difference between the Applicant’s recalculated basis and the Underwriter’s is the acquisition basis discussed above, the Underwriter’s estimate of \$10,721,372 is used to calculate tax credits of \$430,678. The calculated tax credits will be compared to the Applicant’s request and the Development’s gap in need to determine the recommended allocation.

FINANCING STRUCTURE

INTERIM CONSTRUCTION/PERMANENT FINANCING

Source:	GMAC Commercial Mortgage	Contact:	Carolyn A. McMullen
Principal Amount:	\$8,920,000	Interest Rate:	Underwritten at 5.9% final rate to be determined at rate lock

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

Additional Information: Two year Construction Loan – Interest Only – Permanent Loan @5.9% - 40 yr Amort.
Permanent Loan locked for 5 years from closing date, thereafter, prepayable with 5% premium reducing 1% per year

Amortization: 40 yrs **Term:** 40 yrs **Commitment:** LOI Firm Conditional

LIHTC SYNDICATION

Source: Related Capital Company **Contact:** David C. Murstein, AVP
Address: 625 Madison Avenue **City:** New York
State: NY **Zip:** 10022 **Phone:** (212) 588-2100 **Fax:** (212) 751-3550
Net Proceeds: \$3,455,000 **Net Syndication Rate (per \$1.00 of 10-yr LIHTC)** 0.82¢
Commitment LOI Firm Conditional **Date:** 4/ 9/ 2004
Additional Information: _____

APPLICANT EQUITY

Amount: \$23,095 **Source:** Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Permanent Financing: GMAC has indicated in a preliminary letter that they will provide interim to permanent financing in the amount of \$8,920,000. Although not directly mentioned in the commitment letter, the loan will be financed through the sale of mortgage revenue bonds issued by the Port Arthur Housing Finance Corporation. The debt service is based on a total repayment term of 40 years and fixed interest rate of 5.9%. Based on this loan structure, the Underwriter's estimate of income and expenses results in a Debt Service Coverage (DCR) of 1.04 which is unacceptable. Therefore, the Underwriter anticipates redemption of bonds at conversion to the permanent of \$490,000 to a revised debt of \$8,430,000 in order to provide a DCR of 1.10.

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of \$23,095 amount to 4% of the total Developers Profit of \$621,000. However, a possible reduction in the permanent loan amount would result in a need to defer \$512,977. Deferred developer fees in this amount appear to be repayable from development cash flow within 10 years of stabilized operation.

Although the development will likely produce cash flow during the course of construction, for purposes of the underwriting analysis, potential operating income is not included as a source of financing.

Other Financing Conclusions: As stated above, the Underwriter's eligible basis estimate supports tax credits of \$430,678 annually. However, the Applicant's request is less than the calculated tax credits. Therefore, a tax credit allocation of \$421,398, the Applicant's request, is recommended. The resulting syndication proceeds of \$3,455,118 leaves a gap of \$512,979 that can be filled with adequate deferral of developer fees. The Property Condition Assessment (PCA) also provides a detailed proforma of the estimated future rehabilitation costs and estimates the annual reserve required to meet the needs of such costs to be \$273 per unit. This adequate long term reserves for future rehabilitation needs appear to be adequately addressed.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, Property Manager and Supportive Services firms are all related entities. These are common relationships for LIHTC-funded developments. The property Seller has employed the principal of the Applicant, Ike Akbari, for the past 14 years. This relationship is uncommon, but was discussed in great detail in the acquisition value section of this report and any potential conflict was sufficiently mitigated.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

assistance from TDHCA and therefore have no material financial statements.

Background & Experience: Gulf Coast JV is a co-developer of the subject property. As indicated in the Organization Chart Mr. Josh Allen is a 10% owner of Gulf Coast JV. Mr. Allen has been awarded a Certificate of Experience by the TDHCA, therefore, the developer of the property is considered qualified to construct or develop LIHTC properties.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated income and operating expenses are more than 5% outside of the Underwriter's verifiable range.
- The property's project-based rent subsidy is subject to Federal funding and may not be renewed as anticipated.
- Significant environmental risks exist in that the property is in the 100 year flood plain though the foundations of all building have been certified to meet Departmental Guidelines for mitigation.
- The property will no longer be considered to be an exclusively elderly property, and will now be required to lease to the general population. However, it is likely that the majority of the property will continue to be leased to the elderly many of whom will have to walk up stairs to access their second floor units.

Underwriter:

Bert Murray

Date: June 29, 2004

Director of Real Estate Analysis:

Tom Gouris

Date: June 29, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

Heatherbrook Apartments, Port Arthur, Tx # 04430

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
>TC 50%	16	Eff	1	473	\$418	\$434	\$6,944	\$0.92	\$30.00	\$28.00
<TC 60%	16	Eff	1	473	502	434	6,944	0.92	30.00	28.00
>TC 50%	105	1	1	507	448	460	48,300	0.91	42.00	28.00
<TC 60%	105	1	1	507	538	460	48,300	0.91	42.00	28.00
>TC 50%	7	2	1	716	538	531	3,717	0.74	53.00	30.00
<TC 60%	7	2	1	716	646	531	3,717	0.74	53.00	30.00
TOTAL:	256		AVERAGE:	514	\$494	\$461	\$117,922	\$0.90	\$41.10	\$28.11

INCOME				TOTAL Net Rentable Sq Ft: 131,630		TDHCA	APPLICANT				
POTENTIAL GROSS RENT						\$1,415,064	\$1,333,656	Comptroller's Region 5			
Secondary Income		Per Unit Per Month:	\$10.00			30,720	30,720	\$10.00	IREM Region 6		
Other Support Income: HAP Income							75,384				
POTENTIAL GROSS INCOME						\$1,445,784	\$1,439,760				
Vacancy & Collection Loss		% of Potential Gross Income:	-5.00%			(72,289)	(86,820)	-6.03%	of Potential Gross Rent		
Employee or Other Non-Rental Units or Concessions						0					
EFFECTIVE GROSS INCOME						\$1,373,495	\$1,352,940				
EXPENSES				% OF EGI	PER UNIT	PER SQ FT		PER SQ FT	PER UNIT	% OF EGI	
General & Administrative				5.13%	\$275	0.54	\$70,451	\$29,900	\$0.23	\$117	2.21%
Management				5.00%	268	0.52	68,675	54,200	0.41	212	4.01%
Payroll & Payroll Tax				7.25%	389	0.76	99,543	164,000	1.25	641	12.12%
Repairs & Maintenance				6.88%	369	0.72	94,506	84,131	0.64	329	6.22%
Utilities				2.84%	152	0.30	39,000	35,000	0.27	137	2.59%
Water, Sewer, & Trash				8.12%	436	0.85	111,528	87,250	0.66	341	6.45%
Property Insurance				6.37%	342	0.66	87,460	85,000	0.65	332	6.28%
Property Tax	2.920838			8.17%	438	0.85	112,160	114,207	0.87	446	8.44%
Reserve for Replacements				5.59%	300	0.58	76,800	51,200	0.39	200	3.78%
Comp Fees & Resident Socials				0.64%	35	0.07	8,840	8,840	0.07	35	0.65%
TOTAL EXPENSES				55.99%	\$3,004	\$5.84	\$768,963	\$713,728	\$5.42	\$2,788	52.75%
NET OPERATING INC				44.01%	\$2,361	\$4.59	\$604,532	\$639,212	\$4.86	\$2,497	47.25%
DEBT SERVICE											
First Lien Mortgage				42.34%	\$2,272	\$4.42	\$581,504	\$582,137	\$4.42	\$2,274	43.03%
Additional Financing				0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
Additional Financing				0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%
NET CASH FLOW				1.68%	\$90	\$0.17	\$23,028	\$57,075	\$0.43	\$223	4.22%
AGGREGATE DEBT COVERAGE RATIO							1.04	1.10			
RECOMMENDED DEBT COVERAGE RATIO							1.10				

CONSTRUCTION COST										
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL	
Acquisition Cost (site or bldg)		54.02%	\$26,680	\$51.89	\$6,830,024	\$6,830,024	\$51.89	\$26,680	55.09%	
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%	
Sitework		1.05%	518	1.01	132,483	132,483	1.01	518	1.07%	
Direct Construction		21.11%	10,428	20.28	2,669,695	2,669,695	20.28	10,428	21.53%	
Contingency	10.00%	2.22%	1,095	2.13	280,218	316,180	2.40	1,235	2.55%	
General Req'ts	6.00%	1.33%	657	1.28	168,131	168,133	1.28	657	1.36%	
Contractor's G & A	2.00%	0.44%	219	0.43	56,044	59,406	0.45	232	0.48%	
Contractor's Profit	6.00%	1.33%	657	1.28	168,131	181,783	1.38	710	1.47%	
Indirect Construction		1.64%	811	1.58	207,500	207,500	1.58	811	1.67%	
Ineligible Costs		6.37%	3,148	6.12	805,963	805,963	6.12	3,148	6.50%	
Developer's G & A	1.23%	0.98%	485	0.94	124,200	124,200	0.94	485	1.00%	
Developer's Profit	4.91%	3.93%	1,941	3.77	496,800	496,800	3.77	1,941	4.01%	
Interim Financing		3.21%	1,586	3.08	405,928	405,928	3.08	1,586	3.27%	
Reserves		2.37%	1,168	2.27	299,038		0.00	0	0.00%	
TOTAL COST		100.00%	\$49,391	\$96.06	\$12,644,154	\$12,398,095	\$94.19	\$48,430	100.00%	
Recap-Hard Construction Costs		27.48%	\$13,573	\$26.40	\$3,474,701	\$3,527,680	\$26.80	\$13,780	28.45%	

SOURCES OF FUNDS										
					TDHCA	APPLICANT	RECOMMENDED			
First Lien Mortgage		70.55%	\$34,844	\$67.77	\$8,920,000	\$8,920,000	\$8,430,000	Developer Fee Available		
HTC Syndication Proceeds		27.32%	\$13,496	\$26.25	3,455,000	3,455,000	3,455,118	\$613,219		
Additional Financing		0.00%	\$0	\$0.00	0	0	0	% of Dev. Fee Deferred		
Deferred Developer Fees		0.18%	\$90	\$0.18	23,095	23,095	512,977	84%		
Additional (excess) Funds Required		1.95%	\$961	\$1.87	246,059	0	0	15-Yr Cumulative Cash Flow		
TOTAL SOURCES					\$12,644,154	\$12,398,095	\$12,398,095	\$1,945,732.93		

MULTIFAMILY COMPARATIVE ANALYSIS(continued)
Heatherbrook Apartments, Port Arthur, Tx # 04430

PAYMENT COMPUTATION

Primary	\$8,920,000	Amort	480
Int Rate	5.90%	DCR	1.04

Secondary	\$3,455,000	Amort	
Int Rate	0.00%	Subtotal DCR	1.04

Additional	\$0	Amort	
Int Rate		Aggregate DCR	1.04

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$549,561
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$54,971

Primary	\$8,430,000	Amort	480
Int Rate	5.90%	DCR	1.10

Secondary	\$3,455,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,415,064	\$1,457,516	\$1,501,241	\$1,546,279	\$1,592,667	\$1,846,338	\$2,140,411	\$2,481,323	\$3,334,691
Secondary Income	30,720	31,642	32,591	33,569	34,576	40,083	46,467	53,868	72,394
Other Support Income: HAP Inc	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,445,784	1,489,158	1,533,832	1,579,847	1,627,243	1,886,420	2,186,878	2,535,191	3,407,085
Vacancy & Collection Loss	(72,289)	(74,458)	(76,692)	(78,992)	(81,362)	(94,321)	(109,344)	(126,760)	(170,354)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,373,495	\$1,414,700	\$1,457,141	\$1,500,855	\$1,545,880	\$1,792,099	\$2,077,534	\$2,408,431	\$3,236,730
EXPENSES at 4.00%									
General & Administrative	\$70,451	\$73,269	\$76,200	\$79,248	\$82,418	\$100,274	\$121,998	\$148,430	\$219,712
Management	68,675	70,735	72,857	75,043	77,294	89,605	103,877	120,422	161,837
Payroll & Payroll Tax	99,543	103,525	107,666	111,972	116,451	141,681	172,376	209,722	310,440
Repairs & Maintenance	94,506	98,286	102,218	106,306	110,559	134,512	163,654	199,110	294,731
Utilities	39,000	40,560	42,182	43,870	45,624	55,509	67,535	82,167	121,627
Water, Sewer & Trash	111,528	115,989	120,629	125,454	130,472	158,739	193,130	234,973	347,817
Insurance	87,460	90,958	94,597	98,381	102,316	124,483	151,452	184,265	272,757
Property Tax	112,160	116,647	121,312	126,165	131,212	159,639	194,225	236,305	349,789
Reserve for Replacements	76,800	79,872	83,067	86,390	89,845	109,310	132,993	161,806	239,512
Other	8,840	9,194	9,561	9,944	10,342	12,582	15,308	18,625	27,569
TOTAL EXPENSES	\$768,963	\$799,035	\$830,289	\$862,772	\$896,532	\$1,086,333	\$1,316,549	\$1,595,823	\$2,345,791
NET OPERATING INCOME	\$604,532	\$615,665	\$626,852	\$638,083	\$649,348	\$705,766	\$760,985	\$812,608	\$890,939
DEBT SERVICE									
First Lien Financing	\$549,561	\$549,561	\$549,561	\$549,561	\$549,561	\$549,561	\$549,561	\$549,561	\$549,561
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$54,971	\$66,104	\$77,291	\$88,523	\$99,788	\$156,205	\$211,424	\$263,048	\$341,379
DEBT COVERAGE RATIO	1.10	1.12	1.14	1.16	1.18	1.28	1.38	1.48	1.62

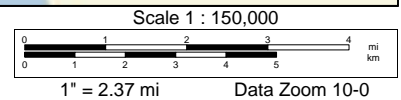
LIHTC Allocation Calculation - Heatherbrook Apartments, Port Arthur, Tx # 04430

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost						
Purchase of land	\$663,041	\$810,000				
Purchase of buildings	\$6,166,983	\$6,020,024	\$6,166,983	\$6,020,024		
(2) Rehabilitation/New Construction Cost						
On-site work	\$132,483	\$132,483			\$132,483	\$132,483
Off-site improvements						
(3) Construction Hard Costs						
New structures/rehabilitation	\$2,669,695	\$2,669,695			\$2,669,695	\$2,669,695
(4) Contractor Fees & General Requirements						
Contractor overhead	\$59,406	\$56,044			\$56,044	\$56,044
Contractor profit	\$181,783	\$168,131			\$168,131	\$168,131
General requirements	\$168,133	\$168,131			\$168,131	\$168,131
(5) Contingencies	\$316,180	\$280,218			\$280,218	\$280,218
(6) Eligible Indirect Fees	\$207,500	\$207,500			\$207,500	\$207,500
(7) Eligible Financing Fees	\$405,928	\$405,928			\$405,928	\$405,928
(8) All Ineligible Costs	\$805,963	\$805,963				
(9) Developer Fees						
Developer overhead	\$124,200	\$124,200			\$124,200	\$124,200
Developer fee	\$496,800	\$496,800			\$489,019	\$489,019
(10) Development Reserves		\$299,038				
TOTAL DEVELOPMENT COSTS	\$12,398,095	\$12,644,154	\$6,166,983	\$6,020,024	\$4,701,348	\$4,701,348

Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
TOTAL ELIGIBLE BASIS			\$6,166,983	\$6,020,024	\$4,701,348	\$4,701,348
High Cost Area Adjustment					130%	130%
TOTAL ADJUSTED BASIS			\$6,166,983	\$6,020,024	\$6,111,752	\$6,111,752
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			\$6,166,983	\$6,020,024	\$6,111,752	\$6,111,752
Applicable Percentage			3.55%	3.55%	3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS			\$218,928	\$213,711	\$216,967	\$216,967

Syndication Proceeds	0.8199	\$1,795,029	\$1,752,254	\$1,778,953	\$1,778,953
Total Credits (Eligible Basis Method)				\$435,895	\$430,678
Syndication Proceeds				\$3,573,982	\$3,531,207
Requested Credits				\$421,398	
Syndication Proceeds				\$3,455,118	
Gap of Syndication Proceeds Needed				\$3,968,095	
Credit Amount				\$483,962	

Heatherbrook Park Primary Market Area



OFFICE OF COLONIA INITIATIVES
BOARD ACTION REQUEST
July 8, 2004

Action Item

FY 2004 Texas Bootstrap Loan Program Awards.

Required Action

Approve the FY 2004 Texas Bootstrap Loan Program Awards.

Background

The Texas Bootstrap Loan Program is required under Subchapter FF, Chapter 2306, Texas Government Code, to make available \$3 million per year for mortgage loans to very low-income families (60% Area Median Family Income) not to exceed \$30,000 per unit. This program is a self-help construction program, which is designed to provide very low-income families an opportunity to help themselves through the form of sweat equity. All participants under this program are required to provide at least 60 percent of labor that is necessary to construct or rehabilitate the home. All applicable building codes will be adhered to under this program. In addition, nonprofit organizations can combine these funds with other sources such as those from private lending institutions, local governments, or any other sources. However, all combined loans can not exceed \$60,000 per unit.

The Department is required to set aside at least two-thirds (2/3) \$2,000,000 of the available funds for owner-builders whose property is located in a county that is eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code. The majority of the counties are located along the Texas-Mexico border region. The remainder of the funding, one-third (1/3) \$1,000,000 will be available to Department certified nonprofit Owner-Builder Programs Statewide.

On March 12, 2004, the Department announced the availability of \$3 million from the Housing Trust Fund to implement the FY 2004 Texas Bootstrap Loan Program. Deadline for submission of applications was at 5:00 p.m. on May 7, 2004. The Department received eleven (11) applications requesting over \$4.4 million.

During the month of June 2004, the Department reviewed and scored applications received.

Recommendation

Request approval to award \$3 million in Housing Trust Funds to the following organizations, in order to implement the FY 2004 Texas Bootstrap Loan Program to construct and/or rehabilitate units for very low-income families. The Department is recommending nine (9) out of the eleven (11) applicants based on the following criteria; Operational Capability and Experience, Financial Design, Quality of Program Design, Leveraging of Public/Private Resources, and Underserved Areas or Population.

RECOMMENDING:

2/3 Economically Distressed County Applicants	Amount Awarded	Admin. Fee (4%)	Amount Recommended	# of Units / Construction Type	Project Location
Community Services Agency of South Texas Inc.	\$300,000	\$12,000	\$312,000	10 / Rehabilitation	Dimmit / La Salle County
Community Colonias Organization	\$360,000	\$14,400	\$374,400	12 / New Construction	Maverick County
Edinburg Housing Opportunity Corporation	\$600,000	\$24,000	\$624,000	20 / New Construction	Hidalgo County
El Paso Association of Adult Educators	\$249,000	\$9,960	\$258,960	23 / Rehabilitation	El Paso County
Familias Unidas De Val Verde County, Inc./Community Council of Southwest Texas, Inc.	\$480,000	\$19,200	\$499,200	16 / New Construction	Val Verde County
La Gloria Development Corporation	\$360,000	\$14,400	\$374,400	12 / New Construction	Webb County
Organizacion Progresiva de San Elizario	\$265,616	\$10,624	\$276,240	9 / New Construction	El Paso County
			\$2,719,200		

1/3 Statewide Applicants	Amount Awarded	Admin. Fee	Amount Recommended	# of Units Committed	Project Location
Midland Habitat for Humanity	\$30,000	\$1,200	\$31,200	1 / New Construction	Midland County
Fort Worth Habitat for Humanity Inc.	\$240,000	\$9,600	\$249,600	8 / New Construction	Tarrant / Johnson County
			\$280,800	9	
TOTAL	\$2,884,616	\$115,384	\$3,000,000	111	

NOT RECOMMENDING

Applicants	Project Location
Cannan Latin American Ministries, Inc.	Cameron County
El Paso Community Action Program, Project Bravo, Inc.	El Paso County

BOND FINANCE DIVISION

BOARD ACTION REQUEST

July 8, 2004

Action Items

Resolution authorizing application to the Texas Bond Review Board for reservation of private activity bond authority for single family mortgage revenue bonds.

Required Action

Approve the attached resolution authorizing application to the Texas Bond Review Board for reservation of single family private activity bond authority.

Background

An application for reservation of the TDHCA's annual single family private activity bond authority ("volume cap") must be made with the Texas Bond Review Board. TDHCA's 2004 annual private activity bond authority equals \$165,151,534. An application to request volume cap will be submitted to the Texas Bond Review Board prior to August 15, 2004, the Texas Bond Review Board's filing deadline. The Bond Finance Division is currently evaluating TDHCA's existing bond proceeds balances, market conditions, bond issuance and volume cap management options and will present recommendations at a later date.

Recommendation

Approve the attached resolution authorizing application to the Texas Bond Review Board for reservation of private activity bond authority.

Resolution No. 04-050

RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION FOR RESERVATION WITH 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 and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire or finance such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, Section 103 and Section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences shall be excludable from gross income of the owners thereof for federal income tax purposes if such issue meets certain requirements set forth in Section 143 of the Code; and

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

WHEREAS, the private activity bond "State Ceiling" (as defined in Section 146(d) of the Code) applicable to the State for calendar year 2004 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 make a reservation of a portion of the State Ceiling for a proposed issue of mortgage revenue 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 an Application for Reservation be accompanied by a copy of the certified resolution of the issuer authorizing the filing of the Application for Reservation; and

WHEREAS, the Board has determined to authorize the filing of the Application for Reservation with respect to a proposed issue of qualified mortgage bonds in calendar year 2004;

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

Section 1 – Application for Reservation. The Board hereby authorizes Vinson & Elkins L.L.P., as Bond Counsel to the Department, to file on its behalf with the Bond Review Board the Application for Reservation with respect to a proposed issue of qualified mortgage bonds to be issued and delivered within 180 days after receipt of a “reservation date,” as defined in the Allocation Rules, in the amount of \$165,151,534, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of the Reservation.

Section 2 – Authorization of Certain Actions. The Board authorizes the Executive Director, the staff of the Department, as designated by the Executive Director, and Bond Counsel to take such actions on its behalf as may be necessary to carry out the purposes of this Resolution.

Section 3 – Purposes of Resolution. The Board has expressly determined and hereby confirms that the issuance of the qualified mortgage bonds will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 4 – Mortgage Credit Certificate Authority. The Department reserves the right, upon receipt of a Reservation, to convert all or any part of its authority to issue qualified mortgage bonds to mortgage credit certificates.

Section 5 – Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 6 – Notice of Meeting. That written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department’s website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 8th day of July, 2004.

Chair, Governing Board

ATTEST:

Secretary

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST

July 8, 2004

Action Items

Restructuring of Program 57A including termination of TDHCA's Fannie Mae Expanded Approval (EA) Mortgage Program (Program 57A Restructuring, Part I), elimination of down payment assistance, and simultaneous interest rate reduction from 5.90% to 4.99% (Program 57A Restructuring, Part II).

Required Action

Approve Program 57A Restructuring, Part I, the termination of TDHCA's Fannie Mae Expanded Approval (EA) Mortgage Program. (The next agenda item discusses Part II of the restructuring, i.e., eliminating Program 57A's down payment assistance and simultaneously reducing Program 57A's mortgage interest rate from 5.90% to 4.99%.)

Background

Due to a consistent trend of poor loan originations (less than 2.25% of the original set-aside) over the past 24 months, significant loan guaranty fees, and a current need to restructure and reallocate otherwise scarce financial resources within Program 57A, the Bond Finance Division recommends terminating TDHCA's Expanded Approval mortgage loan product offering. Bond Finance recommends offering Fannie Mae's My Community mortgage products as a substitute for EA.

Fannie Mae recently modified My Community terms, resulting in a mortgage product that achieves the objectives of EA but at significantly more attractive loan pricing and guaranty levels. In addition, the My Community product may be used across all of TDHCA's existing First Time Homebuyer Programs. Please refer to the attached information for a more detailed description of the My Community product.

TDHCA's Expanded Approval Mortgage Program has failed to perform since its incorporation into TDHCA's product portfolio in June 2002. In June 2002, TDHCA became the first tax-exempt bond issuer to offer Fannie Mae's Expanded Approval (EA) mortgage loan products by means of tax-exempt mortgage revenue bonds. EA Level I and Level II loans were offered through TDHCA's Single Family Mortgage Revenue Bonds, Series 2002A/B/C/D (Program 57A). Shortly after the funds were made available, mortgage interest rates fell to record lows and consequently, EA loan originations have been less than expected. In March 2003 Bond Finance recommended and the Board approved reducing the mortgage rate for Program 57A's EA Level I and Level II loans from 7.20% and 7.45%, to 6.20% and 6.50%, respectively.

Nonetheless, TDHCA's EA originations have failed to meet expected volume levels as illustrated by the following table.

Original Amount of EA Lendable Proceeds	\$10,000,000
EA Assisted Funds Unreserved Balance	\$ 9,580,179
+ EA Loans in Mortgage Pipeline	\$ 196,381
= Total EA Unspent Proceeds Balance	\$ 9,580,179
EA Mortgages Closed and Funded	\$ 223,440

Program 57A's EA mortgage product has been outstanding for over two years and has created a drag on the single family indenture as a result of the negative arbitrage it has produced during that time period. TDHCA's EA balance of approximately \$9.6 million in Program 57A presently generates over \$1,000, \$33,000, and \$400,000 in negative arbitrage daily, monthly and annually, respectively.

Recommendation

Approve Program 57A Restructuring, Part I, the termination of TDHCA's Fannie Mae Expanded Approval (EA) Mortgage Program.

**Texas Department of Housing and Community Affairs
Fannie Mae's Expanded Approval and My Community Mortgage
Eligibility Features**

	<i>Expanded Approval</i>	<i>My Community Mortgage</i>
Loan Purpose	Purchase, limited cash-out and cash-out refinances	Loans are available for purchase and refinance of owner-occupied , one- to four-unit homes
Loan Type	All standard fixed-rate: 15-, 20-, 30-year 5/1, 7/1 and 10/1 ARMs at all Levels. ARMs not permitted for Timely Payment Rewards	30 years or less fixed rate, 7/1 and 10/1 CMT-based ARMs
LTV	LTVs of up to 100% (all EA Levels)	LTVs to 100% (one-unit properties)
Borrower Contribution	Minimum 3% for down payment or closing costs from flexible sources	Minimum \$500 for 1-unit; 3% for 2-unit
Mortgage Insurance Coverage	For Levels I-III: Up to 35%	Up to 35%
Loan Adjustments	May be required	Not Required
Underwriting	Desktop Underwriter	Desktop Underwriter Manual underwriting to accommodate nontraditional credit histories Flexible credit guidelines
Borrower Income Limitation	N/A	Limited to borrowers at or below 100% AMFI, with higher limits in high-cost areas, but 115% in rural areas and for borrowers with a disability
Home Buyer Education Requirements	N/A	Required for first-time buyers
Post-Purchase Early Delinquency Counseling	N/A	Required
Prepayment Penalty	N/A	N/A
Community Solutions Option	N/A	Flexibilities include interest rate buydown, gifted reserves, higher ratios
Community HomeChoice Option	N/A	For borrowers with a disability or who have a family member with a disability; flexibilities include income limit to 115% AMFI, interest rate buydown, gifted reserves, higher ratios, non-occupying co-borrower

Fannie Mae's My Community Mortgage Product:

<http://efanniemae.com/hcd/pdfs/mcmaag.pdf>

http://efanniemae.com/hcd/pdfs/mcm_euc.pdf

BOND FINANCE DIVISION

BOARD ACTION REQUEST

July 8, 2004

Action Items

Restructuring of Single Family Mortgage Revenue Bond Program 57A including elimination of down payment assistance, and a simultaneous interest rate reduction from 5.90% to 4.99% (Program 57A Restructuring, Part II).

Required Action

Approve the attached resolution authorizing Single Family Mortgage Revenue Bond (Program 51A) Restructuring, Part II, i.e., eliminating Program 57A's down payment assistance and simultaneously reducing Program 57A's mortgage interest rate from 5.90% to 4.99%.

Background

The Bond Finance Division recommends a reduction of the mortgage interest rate for TDHCA's Single Family Mortgage Revenue Bonds, Series 2002 A/B/C/D (Program 57A). The current interest rate on the loans is 5.90% with four points of assistance. After executing the recommended buydown, the new interest rate will equal 4.99% with no assistance. A balance of approximately \$78.7 million, including \$9.6 million in Expanded Approval funds, remains in Program 57A's mortgage acquisition account. The original amount of lendable proceeds equaled \$100,550,000. TDHCA released Program 57A funds on June 26, 2002. Within three months of the date of Program 57A's release, market mortgage interest rates unexpectedly declined by over 56 basis points and continued to decline to 45-year historical lows.

In February 2004, staff recommended and the Board approved several revisions to Program 57A, resulting in a new mortgage interest rate of 5.90% with 4 points of assistance. However, due to the constant modification and proliferation of competing downpayment assistance programs within the state and nationally, Program 57A's 5.90% with 4 points in assistance has not originated very well. Based on TDHCA's experience with Program 57A and its other existing assisted mortgage products, Bond Finance estimates Program 57A will require over 23 additional months to fully originate given its existing terms.

Most recently, lenders originated and reserved over \$70 million of 4.99% unassisted mortgage funds provided by Program 61, which was officially released on May 3, 2004. TDHCA has no other unassisted funds available at this time. Based on TDHCA's experience with Program 61's 4.99% unassisted mortgage funds, Bond Finance anticipates that reducing the mortgage interest rate to 4.99% will result in 100% depletion of Program 57A funds within thirteen weeks or less after the release.

Program 57A has been outstanding for over two years and has created a drag on the single family indenture as a result of the negative arbitrage it has produced during that time period. The balance of approximately \$78.7 million in Program 57A presently generates over \$9,000, \$273,000, and \$3.3 million in negative arbitrage daily, monthly and annually, respectively.

Executing this buydown, originating the funds, and closing out Program 57A will generate positive economic returns for the single family mortgage revenue bond indenture by eliminating negative arbitrage associated with this program. This plan enhances TDHCA's ability to issue bonds in the future by demonstrating to bond investors TDHCA's desire and ability to minimize origination risk. Consequently, executing this buydown may increase TDHCA's ability to return to the capital markets, and to obtain more favorable bond insurance and overall transaction rates and terms on future bond issues under the single family bond indenture.

Recommendation

Approve the attached Resolution authorizing Program 57A Restructuring, Part II, i.e., eliminating Program 57A's down payment assistance and simultaneously reducing Program 57A's mortgage interest rate from 5.90% to 4.99%.

Resolution No. 04-051

RESOLUTION APPROVING THE THIRD AMENDMENT TO THIRTY-SECOND SUPPLEMENTAL SINGLE FAMILY MORTGAGE REVENUE BOND TRUST INDENTURE AND THE THIRD AMENDMENT TO PROGRAM ADMINISTRATION AND SERVICING AGREEMENT; AUTHORIZING AND APPROVING THE RESTRUCTURING OF MORTGAGE LOANS MADE AVAILABLE THROUGH BOND PROGRAM NO. 57A; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the “State”); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Department has issued its Single Family Mortgage Revenue Bonds, 2002 Series A in the aggregate principal amount of \$38,750,000 (the “Series A Bonds”) pursuant to the Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 (as amended by supplemental indentures numbered First through Thirty-Fifth thereto, the “Single Family Indenture”), between the Department, as successor to the Texas Housing Agency and J.P. Morgan Trust Company, National Association, as successor trustee (the “Trustee”), as supplemented by the Thirty-Second Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2002 (as amended by the First Amendment to Thirty-Second Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated March 24, 2003, and the Second Amendment to Thirty-Second Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated March 1, 2004, collectively, the “Thirty-Second Supplement”), with respect to the Series A Bonds, its Single Family Mortgage Revenue Refunding Bonds, 2002 Series B in the aggregate principal amount of \$52,695,000 (the “Series B Bonds”), as supplemented by the Thirty-Third Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2002 between the Department and the Trustee with respect to the Series B Bonds, and its Single Family Mortgage Revenue Refunding Bonds, 2002 Series C in the aggregate principal amount of \$12,950,000 (the “Series C Bonds”), as supplemented by the Thirty-Fourth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2002 between the Department and the Trustee with respect to the Series C Bonds, for the purpose, among others, of providing funds to implement the Department’s Single Family Mortgage Revenue Bond Program designated as Bond Program No. 57A (the “Program”); and

WHEREAS, the Department, Countrywide Home Loans, Inc. (the “Servicer”) and the Trustee entered into the Program Administration and the Servicing Agreement dated as of October 1, 2001 (the “Original Servicing Agreement”) to set forth, with respect to the Program, certain terms and conditions relating to the purchase and servicing by the Servicer of Mortgage Loans (as defined in the Single Family

Indenture), the issuance by the Servicer or Fannie Mae, as the case may be, of Mortgage Certificates (as defined in the Single Family Indenture) representing participation interests in such Mortgage Loans, the disbursement by the Trustee on behalf of the Department of Bond proceeds under the Indenture to purchase such Mortgage Certificates and the establishment of reasonable procedures to ensure compliance with applicable provisions of federal income tax law; and

WHEREAS, in connection with the implementation of the Program, the Department, the Servicer and the Trustee entered into the First Amendment to Program Administration and Servicing Agreement for Texas Department of Housing and Community Affairs Bond Program No. 57 and No. 57A dated June 26, 2002 (as further amended by the Second Amendment to Program Administration and Servicing Agreement for Texas Department of Housing and Community Affairs Bond Program No. 57 and No. 57A dated March 1, 2004, and together with the Original Servicing Agreement, collectively, the “Servicing Agreement”); and

WHEREAS, the Department desires to restructure Mortgage Loans made available under the Program by authorizing and approving (i) the amendment of the Thirty-Second Supplement and the Servicing Agreement in order to (A) effect a conversion of funds remaining and currently set aside for Assisted Mortgage Loans (as defined in the Thirty-Second Supplement) to Non-Assisted Mortgage Loans (as defined in the Thirty-Second Supplement) under the Program, and (B) effect an adjustment in the interest rate borne by Non-Assisted Mortgage Loans originated after the effective date of the amendments to as low as 4.99% under the Program; (ii) the use of 0% loan funds available under the Single Family Indenture and the Department’s Residential Mortgage Revenue Bond Trust Indenture in an amount necessary to achieve the reduction of the interest rate on Mortgage Loans; (iii) the reallocation and/or transfer of up to \$3,500,000 of funds held under the Series A Bonds and/or the Single Family Indenture and the use of an amount not to exceed \$2,000,000 of Department funds to achieve the reduction of the interest rate on Non-Assisted Mortgage Loans; (iv) the release of funds set aside under the Program for Fannie Mae Expanded Approval Loans but not yet committed or used to originate Mortgage Loans, such funds to be made available to eligible borrowers on a first-come, first-served basis until the end of the commitment period for the Program; (v) all actions to be taken with respect thereto; and (vi) the execution and delivery of all documents and instruments in connection therewith;

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

ARTICLE I

AUTHORIZATION OF AMENDMENTS; APPROVAL OF DOCUMENTS

Section 1.1--Authorization of Third Amendment to Thirty-Second Supplement and Third Amendment to Program Administration and Servicing Agreement. The Board hereby authorizes the execution and delivery by the authorized representatives of the Department named in this Resolution of (i) the Third Amendment to Thirty-Second Supplemental Residential Mortgage Revenue Bond Trust Indenture in substantially the form attached hereto as Exhibit "A" between the Department and the Trustee, and consented to by MBIA Insurance Corporation, and (ii) the Third Amendment to Program Administration and Servicing Agreement in substantially the form attached hereto as Exhibit "B" to (A) effect a conversion of funds remaining and currently set aside for Assisted Mortgage Loans to Non-Assisted Mortgage Loans under the Program, and (B) effect an adjustment in the interest rate borne by Non-Assisted Mortgage Loans originated after the effective date of the amendments to 4.99% under the Program.

Section 1.2--0% Loan Funds. The reallocation and/or transfer of funds already held under the Series A Bonds and/or the Single Family Indenture in an amount not to exceed \$2,100,000 of 0% loan funds available under the Single Family Indenture and the Department's Residential Mortgage Revenue Bond Trust Indenture to achieve the reduction of the interest rate borne by Non-Assisted Mortgage Loans under the Program is hereby authorized.

Section 1.3--Transfer of Single Family Indenture Funds. The reallocation and/or transfer of funds held under the Series A Bonds and/or the Single Family Indenture in an amount not to exceed \$3,500,000 to achieve the reduction of the interest rate borne by Non-Assisted Mortgage Loans under the Program is hereby authorized.

Section 1.4--Department Contribution. The contribution of Department funds in an amount not to exceed \$2,000,000 to achieve the reduction of the interest rate borne by Non-Assisted Mortgage Loans under the Program is hereby authorized.

Section 1.5--Release of Set Aside for Fannie Mae Expanded Approval Loans. The release of funds previously reserved for borrowers financing their home purchase with Fannie Mae Expanded Approval Level 1 and Expanded Approval Level II loan products, which funds are not the subject of a commitment and have not been used to originate Mortgage Loans, is hereby authorized, and such funds are hereby made available until the end of the commitment period for the Program for commitments to eligible borrowers on a first-come, first-served basis.

Section 1.6--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.7--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the Chair and Vice Chairman of the Board; the Secretary of the Board; the Executive Director of the Department; and the Director of Bond Finance of the Department.

ARTICLE II

GENERAL PROVISIONS

Section 2.1--Purpose of Resolution. The Board has expressly determined and hereby confirms that the reduction of the interest rate borne by Assisted Mortgage Loans under the Program will

accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 2.2--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.3--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

(EXECUTION PAGE FOLLOWS)

PASSED AND APPROVED this 8th day of July, 2004.

Elizabeth Anderson, Chair

ATTEST:

Delores Groneck, Secretary

(SEAL)

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

July 8, 2004

Action Items

Regarding the 2004 Housing Tax Credit Qualified Allocation Plan and Rules (QAP):

1. Adopt emergency amendment to the 2004 Housing Tax Credit Qualified Allocation Plan and Rules (QAP), Title 10, Part 1, Chapter 50, to ensure compliance with Attorney General Opinion Number GA-0208.
2. Approve proposed amendment for public comment to the 2004 Housing Tax Credit Qualified Allocation Plan and Rules (QAP), Title 10, Part 1, Chapter 50, to ensure compliance with Attorney General Opinion Number GA-0208.

Required Action

Adopt emergency amendment to the 2004 QAP. Approve proposed amendment for public comment to the 2004 QAP.

Background and Recommendations

On June 23, 2004, the Attorney General of Texas, Greg Abbott, issued Opinion No. GA-0208 (“the Opinion”), which addressed whether the 2004 QAP was consistent with Senate Bill 264. Of primary concern was whether scoring items not listed in 2306.6710(b) could be interspersed with those nine scoring items that are identified in 2306.6710(b). The Opinion advised that no other items could be interspersed and all additional scoring items must have scores lower than those nine items. Based on this opinion, staff recommends that the Board take two actions:

1. First, staff recommends that the Board adopt an emergency amendment to the QAP that will take effect immediately to reflect compliance with the Opinion.
2. Second, staff recommends that the Board approve an amendment, identical to the emergency amendment, that will be publicized for public comment. After receiving public comment, staff will bring the rule back to its Board.

The recommended changes are consistent with the scoring structure implemented in the revised Recommendation List approved by the Board on June 28, 2004. Only those affected sections are excerpted below, with revisions denoted in blackline.

§50.9(g)(3)(G) – Exurban Points

“(G) the Development is located in an incorporated city that is not a Rural Area but has a population no greater than 100,000 based on the most current available information published by the United States Bureau of the Census as of October 1 of the year preceding the applicable program year. The Development can not exceed 100 Units to qualify for these points. (740 points).”

§50.9(g)(5) – Affordable Housing Needs Score

“(5) Housing Needs Characteristics. Each Application, dependent on the city or county where the Development is located, will yield a score based on the Uniform Housing Needs Scoring Component. If a Development is in an incorporated city, the city score will be used. If a Development is outside the boundaries of an incorporated city, then the county score will be

used. The Uniform Housing Needs Scoring Component scores for each city and county will be published in the Reference Manual. (~~720~~ points maximum).”

§50.9(g)(7)(F) – Mixed Income

“(F) The Development is a mixed-income Development comprised of both market rate Units and qualified tax credit Units. Points will be awarded to Developments with a Unit based Applicable Fraction which is no greater than: [2306.6710(b)(1)(C); 2306.111(g)(3)(E)]

- (i) 80% (~~7~~8 points); or,
- (ii) 85% (6 points); or,
- (iii) 90% (4 points); or
- (iv) 95% (2 points).”

§50.9(g)(11)(F) – Transitional Housing

“(F) Points will be awarded as follows:

- (i) If all Units in the Development are designed solely for transitional housing for homeless persons, ~~722~~ points will be awarded; or
- (ii) If at least 25% of the Units in the Development are designed for transitional housing for homeless persons, ~~545~~ points will be awarded.”

§50.9(g)(14)(A)(i-iii) – Leveraging – Type A

- “(i) A contribution of \$500 to \$1,000 per Low Income Unit receives ~~43~~ points; or
- (ii) A contribution of \$1,001 to \$3,500 per Low Income Unit receives ~~86~~ points; or
- (iii) A contribution of \$3,501 to \$6,000 per Low Income Unit receives ~~149~~ points;”

§50.9(g)(14)(B)(i-iii) – Leveraging – Type B

- “(i) Development-Based Vouchers for 3% to 5% of the total Units receives ~~43~~ points; or
- (ii) Development-Based Vouchers for 6% to 8% of the total Units receives ~~86~~ points; or
- (iii) Development-Based Vouchers for 9% to 10% of the total Units receives ~~149~~ points.”

No other changes to the QAP are recommended.

LEGAL SERVICES DIVISION

BOARD ACTION REQUEST

July 8, 2004

Action Item

Consider final approval of new Title 10, Part 1, Chapter 1, §1.17, Texas Administrative Code, on Department Policy Concerning Alternative Dispute Resolution and Negotiated Rulemaking.

Background

S. B. 264 requires that the Department develop and implement a policy to encourage the use of appropriate alternative dispute resolution (“ADR”) procedures to assist in the resolution of internal and external disputes under the Department’s jurisdiction. The Department previously adopted a policy on ADR in the 2004 QAP, the HOME rules, and the Housing Trust Fund Rules. The new rule will further the adoption of the Department’s policy on ADR and negotiated rulemaking.

The Board approved the draft rule at the May 13, 2004 Board Meeting. The draft rule was published in the *Texas Register* on May 28, 2004 to receive public comments. There were no public comments received on the rule.

Recommendation

Adopt the new rule.

Final Rule
Alternative Dispute Resolution and Negotiated Rulemaking
10 Texas Administrative Code §1.17

§ 1.17 Alternative Dispute Resolution and Negotiated Rulemaking

(a) Policy. In accordance with §2306.082, Texas Government Code, it is the Department's policy to encourage the appropriate use of Alternative Dispute Resolution ("ADR") procedures to assist in the fair and expeditious resolution of internal and external disputes involving the Department and the use of negotiated rulemaking procedures for the adoption of Department rules, consistent with the Governmental Dispute Resolution Act and the Negotiated Rulemaking Act (Chapters 2009 and 2008, respectively, Texas Government Code). The Department's ADR procedures must conform, to the extent possible, to model guidelines issued by the State Office of Administrative Hearings for the use of ADR by state agencies. (§2306.082(b), Texas Government Code).

(b) Definitions. For purposes of this rule, terms used herein shall have the following meaning:

(1) "Alternative Dispute Resolution" or "ADR" – a procedure or combination of procedures that uses an impartial third party to assist individuals in voluntarily resolving disputes, including procedures described in Sections 154.023-154.027, Civil Practice and Remedies Code. (§2009.003(1), Governmental Dispute Resolution Act). The Governmental Dispute Resolution Act does not grant the Department authority to engage in binding arbitration. (§2009.005(c)).

(2) "Mediation" – a dispute resolution procedure in which an impartial person, the mediator, facilitates communication between the parties to promote resolution of the dispute. The mediator may not impose his or her own judgment on the issues for that of the parties. (§ 154.023(a) and (b), Civil Practice and Remedies Code).

(3) "Impartial third party" – A person who meets the qualifications and conditions of Section 2009.053, Governmental Dispute Resolution Act..

(c) Dispute Resolution Coordinator. The Executive Director shall designate a trained person to:

(1) Coordinate the implementation of the Department's policy on ADR and negotiated rulemaking;

(2) Serve as a resource for any training needed to implement procedures for ADR or negotiated rulemaking; and

(3) Collect data concerning the effectiveness of ADR and negotiated rulemaking, as implemented by the Department.

(d) Informal Communications; Ex Parte Policy; Appeals; Education.

(1) The Department encourages informal communications between Department staff and applicants for Department programs, and other interested persons, to exchange information and informally resolve disputes. When applications are pending consideration by the Department, applicants should review the Department's ex parte communications policy to ensure their compliance with the policy.

(2) The Department has promulgated rules in accordance with §§2306.0321 and 2306.6715, Texas Government Code, concerning administrative appeals processes. ADR procedures supplement and do not limit any available procedure for the resolution of disputes. (§2009.052(a), Governmental Dispute Resolution Act). Pursuing an ADR procedure does not suspend or delay application, appeal, or other deadlines. For example, if a tax credit applicant desires to appeal a Department decision using the procedures promulgated under §2306.6715 and also desires to pursue an ADR procedure, the applicant may independently pursue the two procedures. Each procedure will proceed independently of the other.

(3) Consistent with this ADR and Negotiated Rulemaking policy, the Department shall endeavor to educate its staff and persons who are subject to the Department's jurisdiction concerning the availability of ADR and negotiated rulemaking procedures to resolve disputes and to adopt rules.

(e) ADR Procedure.

(1) Assessment of the Dispute. In determining whether an ADR procedure is appropriate, the parties to the dispute, including the Department, should consider the following factors:

- A) direct discussions and negotiations between the parties have been unsuccessful or could be improved with the assistance of an impartial third party;
- B) the use of ADR would use less resources and take less time than other available procedures;
- C) there is a reasonable likelihood that the use of ADR will result in an agreement to resolve the dispute;
- D) there are potential remedies or solutions that are only available through ADR; and
- E) the need for a final decision with precedential value is less important than other considerations.

The parties may also consider additional factors found in the State Office of Administrative Hearings' ADR Model Guidelines for assessing whether a dispute is appropriate for mediation.

(2) Proposing the Use of ADR. Any applicant for Department programs or other interested person may propose the use of an ADR procedure to attempt to resolve a dispute with the Department by submitting a written ADR proposal to the Department's Dispute Resolution Coordinator (fax: (512) 475-3978), with copies sent to any other parties to the dispute.

(3) ADR Proposal. If at any time an applicant for Department programs or other interested person would like to engage in an ADR procedure with the Department, the person may submit by letter a written ADR proposal to the Department's Dispute Resolution Coordinator stating the nature of the dispute, the parties involved, any pertinent deadlines, whether all parties agree to refer the dispute to ADR, proposed times and locations, the preferred type of ADR procedure, and, if known, one or more potential impartial third parties. For example, an ADR proposal may propose that a dispute be mediated using a trained, impartial third party state employee from a state pool of ADR trained employees at no cost to the parties or other qualified mediator agreeable to all parties at the shared cost of the parties; that the mediation take place in person at the Department or other mutually agreeable place or by telephone; and that it be scheduled for three hours on an agreed date within seven days. If an applicant or other interested person is uncertain whether to propose the possible use of ADR or is uncertain about any particular aspect of a possible proposal, they should contact the Department's Dispute Resolution Coordinator to discuss the matter.

(4) Action on ADR Proposal. The Department will review the ADR proposal, discuss it with the interested parties, as appropriate, and assess whether ADR would assist in fairly and expeditiously resolving the dispute. If the parties, including the Department, cannot agree on whether an ADR procedure should be used or on the particulars of the ADR procedure, the Department will notify affected parties of that outcome. The Department will promptly notify all affected parties within 5 days of receiving an ADR proposal, or as soon as reasonably possible. If the Department determines not to refer the dispute to ADR, the Department shall state its reasons in writing. If the Department determines to refer the dispute to ADR, it will include the date for the selected ADR process in its notice. In referring the case to ADR, the Department will carefully consider the selections in the ADR proposal and follow them as much as is appropriate.

(5) Department Proposal. Independent of any proposal from interested parties outside the Department, the Department may propose using ADR procedures to interested parties to try and resolve a dispute.

(f) Selection of Impartial Third Parties. An impartial third party must possess the qualifications required under §154.052, Civil Practice and Remedies Code (a minimum of 40 classroom hours of training in dispute resolution techniques), is subject to the standards and duties prescribed by §154.053, and has the qualified immunity prescribed by §154.055, Civil Practice and Remedies Code, for volunteer third parties not receiving compensation in excess of expenses, if applicable. (§2009.053(d) Governmental Dispute Resolution Act). The selection of an impartial third party is subject to the approval of the parties to the dispute. If the parties do not suggest potential third parties, the Department will provide a list of potential third parties from which to choose. If all parties agree to use an impartial third party who charges for ADR

services, then the costs for the impartial third party shall be apportioned equally among all parties, unless otherwise agreed by the parties.

(g) Good faith; Voluntary Agreement; Public Information. All parties participating in an ADR procedure are expected to do so in a good faith effort to reach agreement. All parties participating must have the authority to enter into an agreement to resolve the dispute. The decision to reach agreement is voluntary. If the parties reach a resolution and execute a written agreement, the agreement is enforceable in the same manner as any other written agreement of the same nature with the State. A written agreement to which the Department is a signatory resulting from an ADR procedure must be approved by the appropriate authority and is subject to the Public Information Act, Chapter 552, Texas Government Code.

(h) Confidentiality of Records and Communications. The confidentiality of the communications, records, conduct, and demeanor of an impartial third party and parties in an ADR procedure are governed by Section 2009.054 of the Governmental Dispute Resolution Act.

(i) Negotiated Rulemaking.

(1) The Negotiated Rulemaking Act, Chap. 2008 of the Texas Government Code, prescribes procedures for negotiated rulemaking including appointment of a convener; publishing notice of proposed negotiated rulemaking and requesting comments on the proposal; appointing a negotiated rulemaking committee; appointing an impartial third party facilitator; and proposing the resulting draft rule for public comment.

(2) Any person or organization that would like for the Department to use negotiated rulemaking for the adoption of a Department rule may submit a proposal to the Department's Dispute Resolution Coordinator. The proposal should identify the rule proposed for negotiated rulemaking; potential participants for the negotiated rulemaking committee, possible third party facilitators, and a timeline for the process. The Department will promptly respond to the proposal. The Department may also on its own propose to use negotiated rulemaking. In determining whether a proposed negotiated rulemaking is appropriate in a particular situation, the Department and interested parties may consider any relevant factors, including:

(A) The number of identifiable interests that would be significantly affected by the proposed rule;

(B) The probability that those interests would be adequately represented in a negotiated rulemaking;

(C) The probable willingness and authority of the representatives of affected interests to negotiate in good faith;

(D) The probability that a negotiated rulemaking committee would reach a unanimous or a suitable general consensus on the proposed rule;

(E) The probability that negotiated rulemaking will not unreasonably delay notice and eventual adoption of the proposed rule;

(F) The adequacy of agency and citizen resources to participate in negotiated rulemaking;

(G) The probability that the negotiated rulemaking committee will provide a balanced representation among all interested and affected parties.

(§2008.052(d) Negotiated Rulemaking Act).

If the Department decides to proceed with a negotiated rulemaking, it shall follow the process outlined in Chapter 2008 of the Texas Government Code.

(3) The Department may also use less formal procedures such as working groups, information exchanges, or policy dialogues (see State Office of Administrative Hearings, ADR Model Guidelines) facilitated by a Department employee or a third party to seek the input or consensus, as appropriate, of interested persons and organizations when drafting proposed rules for public comment.

(j) Shared Third Parties. The Department may participate in intergovernmental efforts to share qualified government employees to act as impartial third parties and may agree to reimburse the furnishing entity in kind or monetarily for the full or partial cost of providing the qualified, impartial third party. . (§2009.053(b), Governmental Dispute Resolution Act).

(k) Board Waiver. The Governing Board of the Department may waive, in its discretion and to the extent of its authority, any one or more of these rules if the Board finds that waiver is appropriate to fulfill the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause, as determined by the Board.

CENTER FOR HOUSING RESEARCH, PLANNING, AND COMMUNICATIONS

BOARD ACTION REQUEST

July 8, 2004

Action Item

Amended Rule for Public Comment Procedures and Topics at Public Hearings and Meetings:
Amendment to Title 10, Part 1, Subchapter A, Section 1.10.

Required Action

Final adoption of the amended administrative rule.

- See Attachment A for the final version of the amended rule.
- See Attachment B for the black-lined version of the amended rule.

Background

Per Section 4 of Senate Bill 264, passed during the 78th Texas Legislative Session, amending §2306.0661, Texas Government Code, the Board shall adopt rules governing the topics that may be considered at a public hearing. The rules must require the Department to consider the following topics in relation to a proposed housing development:

- (1) the developer market study;
- (2) the location;
- (3) the compliance history of the developer;
- (4) the financial feasibility;
- (5) the appropriateness of the development's size and configuration in relation to the housing needs of the community in which the development is located;
- (6) the development's proximity to other low income housing developments;
- (7) the availability of adequate public facilities and services;
- (8) the anticipated impact on local school districts;
- (9) zoning and other land use considerations; and
- (10) any other topics that the board by rule determines to be appropriate.

In February of 2004, the Board gave final approval of the amended administrative rule. The rule was published in the *Texas Register* and made effective on March 21, 2004. Subsequent to the final approval, the Board requested a minor revision to the rule. The amended rule was published in the *Texas Register* and made available to the public on June 4, 2004 for a 30-day comment period which ends on July 4, 2004. As of June 30, 2004, the Department had not received any public comment on the proposed amended rule.

Attachment A – Final Version of the Amended Rule

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 1</u>	ADMINISTRATION
<u>SUBCHAPTER A</u>	GENERAL POLICIES AND PROCEDURES
RULE §1.10	Public Comment Procedures and Topics at Public Hearings and Meetings

a) Purpose. The purpose of this section is to establish procedures for hearing public comments on issues being presented at meetings open to the public held by the Texas Department of Housing and Community Affairs and topics to be considered in accordance with Sections 2306.032 and 2306.0661 (f) of the Texas Government Code.

(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Board - The Governing Board of the Department.

(2) Department - The Texas Department of Housing and Community Affairs.

(3) Meeting - A deliberation between a quorum of the board of the Department, or between a quorum of the board of the Department and another person, as defined under § 551.001(4) of the Texas Government Code.

(4) Open Meetings Act - Chapter 551, Texas Government Code.

(c) Procedures.

(1) Members of the public may give testimony at the beginning of a board meeting.

(2) Members of the public may also give testimony on any agenda item of a board meeting after the presentation made by department staff and motions made by the board. The Board may consider the staff's presentation for purposes of this rule to be staff's written presentation in the Board's meeting book and posted on the Department's website.

(3) The Department shall provide witness affirmation forms at each board meeting for the public to complete in order to give public testimony.

(d) Reasonable limits. The Department may set reasonable limits on the number, frequency and length of presentations before it, but may not unfairly discriminate among speakers for or against a particular point of view.

(1) The board may consider the following when limiting the amount of time and the frequency each member of the public is allowed to provide testimony:

(A) the number of witness affirmations received;

(B) the number of agenda items to be heard; and

(C) the time duration for the meeting.

(2) If the board limits the number of presentations, the board will limit the number of presentations equally among those speakers that are for a particular point of view and those speakers that are against a particular point of view, if practical.

(e) Topics. The Department shall consider the following topics in relation to a proposed housing development:

(1) the developer market study;

(2) the location;

(3) the compliance history of the developer;

(4) the financial feasibility;

(5) the appropriateness of the development's size and configuration in relation to the housing needs of the community in which the development is located;

(6) the development's proximity to other low income housing developments;

(7) the availability of adequate public facilities and services;

(8) the anticipated impact on local school districts;

(9) zoning and other land use considerations;

(10) any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes and the policies of Chapter 2306, Texas Government Code; or

(11) other good cause as determined by the Board.

(f) Inquiry made at meeting (§551.042, Texas Government Code). Members of the public may raise a subject that has not been included in the notice for the meeting; however, any discussion of the subject by the board must be limited to a proposal to place the subject on the agenda for a future meeting.

(1) The notice requirements under the Open Meetings Act do not apply to:

(A) a statement of specific factual information given in response to the inquiry; or

(B) a recitation of existing policy in response to the inquiry.

(2) Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting.

(g) This rule does not entitle a member of the public to choose the items to be discussed.

Attachment B – Black-Lined Version of the Amended Rule

<u>TITLE 10</u>	COMMUNITY DEVELOPMENT
<u>PART 1</u>	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
<u>CHAPTER 1</u>	ADMINISTRATION
<u>SUBCHAPTER A</u>	GENERAL POLICIES AND PROCEDURES
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(4) the financial feasibility;

(5) the appropriateness of the development's size and configuration in relation to the housing needs of the community in which the development is located;

(6) the development's proximity to other low income housing developments;

(7) the availability of adequate public facilities and services;

(8) the anticipated impact on local school districts;

(9) zoning and other land use considerations; [~~and~~]

(10) any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes and the policies of Chapter 2306, Texas Government Code; or [~~other topics that the board by rule determines to be appropriate.~~]

(11) other good cause as determined by the Board.

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(A) a statement of specific factual information given in response to the inquiry; or

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(g) This rule does not entitle a member of the public to choose the items to be discussed.



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MULTIFAMILY FINANCE PRODUCTION DIVISION

2004 Private Activity Multifamily Revenue Bonds

Churchill at Pinnacle Park Apartments
West side of Cockrell Hill Road approximately ¼ mile south of IH30
Dallas, Texas

Churchill at Pinnacle Park, L.P.

200 Units

Priority 1A – 50% of units at 50% AMFI remaining at 60% AMFI

\$10,750,000 Tax Exempt – Series 2004

TABLE OF EXHIBITS

TAB 1	TDHCA Board Presentation
TAB 2	Bond Resolution
TAB 3	HTC Profile and Board Summary
TAB 4	Sources & Uses of Funds Estimated Cost of Issuance
TAB 5	Department's Real Estate Analysis
TAB 6	Rental Restrictions Explanation Results and Analysis
TAB 7	Development Location Maps
TAB 8	TDHCA Compliance Summary Report
TAB 9	Public Input and Hearing Transcript (April 14, 2004)

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

July 8, 2004

Action Item

Presentation, Discussion and Possible Approval for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2004 and Housing Tax Credits for the Churchill at Pinnacle Park Apartments development.

Summary of the Churchill at Pinnacle Park Apartments Transaction

The pre-application was received on September 2, 2003. The application was scored and ranked by staff. The application ranked sixteenth out of a total of forty-four applications. The application was induced at the October Board meeting and submitted to the Texas Bond Review Board for inclusion to the lottery. The application received a Reservation of Allocation on February 25, 2004. This application was submitted under the Priority 1A category. This is a new category the Legislature added June 2004 through SB 1664. 50% of the units will serve families at fifty percent (50%) of AMFI and the remaining 50% of the units will serve families at sixty percent (60%) of AMFI. The Dallas MSA AMFI for 2004 is \$65,100. A public hearing was held on April 14, 2004. There were two (2) people present at the hearing, both associated with the development team. A copy of the transcript is behind Tab 9 of this presentation. The proposed site is located on the west side of Cockrell Hill Road approximately one quarter mile south of IH30 in Dallas, Dallas County.

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of fixed rate tax exempt bonds in the amount of \$10,750,000. The bonds will be unrated and privately placed with MuniMae TEI Holding LLC. The term of the bonds will be for 40 years. The construction and lease up period will be for 18 months with payment terms of interest only, followed by a 40 year amortization with a maturity date of July 1, 2044. The interest rate on the bonds during the Construction Loan Period will be 5.25% per annum followed by a permanent interest rate of 6.55% per annum (See Bond Resolution 04-030 Section 1.2 (b) attached).

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2004 and Housing Tax Credits for the Churchill at Pinnacle Park Apartments development because of the quality of construction of the development as demonstrated by the plans and specifications, the feasibility of the development (as demonstrated by the commitments from the bond purchaser/equity provider and the underwriting report from the department's real estate analysis division) and the need of affordable housing in the Dallas area as demonstrated by the market study and appraisal reports.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEMORANDUM
July 8, 2004

DEVELOPMENT: Churchill at Pinnacle Park, Dallas, Dallas County, Texas 75211

PROGRAM: Texas Department of Housing & Community Affairs
2004 Private Activity Multifamily Revenue Bonds
(Reservation received 2/25/2004)

ACTION
REQUESTED:

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

PURPOSE:

The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Churchill at Pinnacle Park, L.P., a Texas limited partnership (the "Owner" or "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a proposed 200-unit multifamily residential rental development to be constructed on approximately 14.22 acres of land located on the west side of Cockrell Hill Road, approximately one quarter mile south of Interstate 30, Dallas, Dallas County, Texas 75211I (the development). The Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental development.

BOND AMOUNT: \$ 10,750,000 (*) Series 2004 Tax Exempt Bonds

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

ANTICIPATED
CLOSING DATE:

The Department received a volume cap allocation for the Bonds on February 25, 2004 pursuant to the Texas Bond Review Board's 2004 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before July 24, 2004, the anticipated closing date is July 14, 2004.

BORROWER: Churchill at Pinnacle Park, L.P., a Texas limited partnership, the

general partner of which is LifeNet-Pinnacle Park GKP, L.L.C., a Texas limited liability company, the sole member of which is Life Net Community Behavioral Healthcare., a Texas non-profit corporation,. The Class B Limited Partner is Churchill Residential, Inc. the principals of which are Bradley F. Forslund, President and J. Anthony Sisk, Treasurer. MMA Financial Bond Warehousing, LLC, is an Investor Limited Partner of Borrower, and it or an affiliate thereof, will be providing the equity for the transaction by purchasing approximately a 99% limited partnership interest in the Borrower, MMA Special Limited Partner, Inc. is a Special Limited Partner of Borrower.

COMPLIANCE HISTORY:

The Compliance Status Summary completed on June 30, 2004 reveals that the principals of the general partner above have a total of four (4) properties being monitored by the Department. No properties have received a compliance score at this time.

ISSUANCE TEAM/ ADVISORS:

MuniMae TEI Holdings, LLC or an affiliate thereof (“Bond Purchaser”)
 MMA Financial Bond Warehousing, LLC (“Equity Provider”)
 The Bank of New York Trust Company, N.A. (“Trustee”)
 Vinson & Elkins L.L.P. (“Bond Counsel”)
 RBC Dain Rauscher Inc. (“Financial Advisor”)
 McCall, Parkhurst & Horton, L.L.P. (“Disclosure Counsel”)

BOND PURCHASER:

The Bonds will be purchased by MuniMae TEI Holdings, LLC or an affiliate thereof. The purchaser and any subsequent purchaser will be required to sign the Department’s standard traveling investor letter.

DEVELOPMENT DESCRIPTION:

The development is a 200-unit apartment community to be constructed on an 14.22 acre site located on the west side of Cockrell Hill Road, approximately one quarter mile south of Interstate 30, Dallas, Dallas County, Texas 75211 (the development). The development will consist of nine (9) two and three-story, wood-framed apartment building consisting of 50% brick and 50% hardiplank exteriors with a total of approximately 192,192 net rentable square feet and an average unit size of 961 square feet. Unit features will include ceiling fans, full size washer/dryer connections, standard kitchen appliances, microwave computer line/phone jack in each bedroom and nine-foot ceilings. Additionally, the property will also have gated access, fenced perimeter, carports, pool, BBQ grill, clubhouse/office, fitness center, playground, swimming pool, greenbelt and park area and 24-hour emergency maintenance.

<u>Units</u>	<u>Unit Type</u>	<u>Square Feet</u>	<u>Proposed Net Rent</u>
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18	1-Bedrooms/1-Baths	680	\$539.00	50%
18	1-Bedrooms/1-Baths	680	\$664.00	60%
2	1-Bedrooms/1-Baths	763	\$539.00	50%
2	1-Bedrooms/1-Baths	763	\$664.00	60%
45	2-Bedrooms/2-Baths	911	\$642.00	50%
45	2-Bedrooms/2-Baths	911	\$792.00	60%
35	3-Bedrooms/2-Baths	1181	\$737.00	50%
35	3-Bedrooms/2-Baths	1181	\$910.00	60%
200		Total Units		

SET-ASIDE UNITS:

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

RENT CAPS:

For Bond covenant purposes, the rental rates on 50% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for a family whose income equals fifty percent (50%) of the area median income and 50% of the units will be restricted to a maximum rent that will not exceed the thirty percent (30%) of the income, adjusted for family size, for a family whose income equals sixty Percent (60%) of area median income.

TENANT SERVICES:

Borrower has selected Texas Inter-Faith Management Corp to be the future provider of social services, and manager to conduct tenant programs for the residents. The provision of these services will be required pursuant to the Regulatory and Land Use Restriction Agreement (LURA).

DEPARTMENT ORIGINATION

FEES:

\$1,000 Pre-Application Fee (Paid)
 \$10,000 Application Fee (Paid)
 \$53,750 Issuance Fee (.50% of the bond amount paid at closing)

DEPARTMENT ANNUAL FEES:

\$10,750 Bond Administration (0.10% of first year bond amount)
 \$5,000 Compliance (\$25/unit/year adjusted annually for CPI).

ASSET OVERSIGHT

FEE:

\$5,000 to TDHCA or assigns (\$25/unit/year adjusted annually for CPI)

(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash

flow.)

TAX CREDITS:

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to approximately \$602,703 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of its limited partnership interests, typically 99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$4,942,161 of equity for the transaction.

BOND STRUCTURE:

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

The Bonds will be privately placed with the Bond Purchaser. The Bond Purchaser contemplates transferring the Bonds to a custodial or trust arrangement whereby beneficial interests in the Bonds will be sold in the form of trust certificates to Qualified Institutional Buyers or Accredited Investors.

The Bond Purchaser will be required to sign the Department's standard investor letter. Should the Bonds be transferred to a custodial trust, a slightly modified investor letter will be provided by the trust. During the construction and lease-up period, the Bonds will pay as to interest only.

BOND INTEREST RATES:

The interest rate on the bonds through and including January 31, 2006 ("Construction Loan Period") will be 5.25%. From February 1, 2006 until the loan is paid in full, the interest on the Bonds will be 6.55%.

CREDIT ENHANCEMENT:

The bonds will be unrated with no credit enhancement.

FORM OF BONDS:

The Bonds will be issued in physical form and in denominations of \$100,000 or any amount in excess of \$100,000.

MATURITY/SOURCES & METHODS OF REPAYMENT:

The Bonds will bear interest at a fixed rate until maturity and will be payable monthly. During the construction phase, the Bonds will be payable as to interest only, from an initial deposit at closing to the Capitalized Interest Fund, earnings derived from amounts held on deposit in an investment agreement, and other

funds deposited to the Revenue Fund specifically for capitalized interest during a portion of the construction phase. After conversion to the permanent phase, the Bonds will be paid from revenues earned from the Mortgage Loan.

**TERMS OF THE
MORTGAGE LOAN:**

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

**REDEMPTION OF
BONDS PRIOR TO
MATURITY:**

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

Mandatory Redemption:

- (a) The Bonds are subject to mandatory redemption, in whole or in part (i) from any and all Receipts Requiring Mandatory Redemption, at a redemption price equal to 100% of the principal amount of Bonds being redeemed; and (ii) from moneys available for such purpose on deposit in the funds and accounts established by the Trust Indenture to the extent required.
- (b) The Bonds are subject to mandatory redemption, in part, following the Stabilized Date, in the amount, if any, equal to the amount that the outstanding principal amount of the Bonds exceeds the Supportable Bond Amount, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus interest accrued to the redemption date.

Optional Redemption at Direction of Borrower:

- (a) From and after September 1, 2021 only, the Bonds shall be subject to redemption at the option of the Issuer, in whole or in part, and only at the written direction of the Borrower, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date.

Optional Redemption at Direction of Servicing Agent and Holders:

- (a) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Servicing Agent, from and to the extent of amounts on deposit in the Construction Fund if construction of the Development has not lawfully commenced within sixty (60) days of the Closing Date.
- (b) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of a majority of the outstanding principal amount of the Bonds, upon the occurrence of an Event of Taxability, but only if so directed by the Holders in writing within ninety (90) days of the occurrence of the Event of Taxability, at a redemption price equal to 106% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date, plus; provided, however, that the foregoing redemption premium shall not be payable if the Event of Taxability is solely the result of a change in the Code or the Regulations.
- (c) The Bonds are subject to redemption, in whole, at the option of the Issuer acting at the direction of the Holders of 100% of the outstanding principal amount of the Bonds, at any time after the September 1, 2021, without premium, at a redemption price equal to 100% of the principal amount of the Bonds being redeemed, plus interest accrued to the redemption date, but only if the Holders provide the Issuer, the Trustee and the Borrower with written notice of their election to require redemption of the Bonds at least one hundred and eighty (180) days prior to the date set for redemption.

**FUNDS AND
ACCOUNTS/FUNDS
ADMINISTRATION:**

Under the Trust Indenture, The Bank of New York Trust company, N.A. (the "Trustee") will serve as registrar, and

authenticating agent for the Bonds, trustee of certain of the funds created under the Trust Indenture (described below), and will have responsibility for a number of loan administration and monitoring functions.

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

The Trust Indenture will initially create up to ten (10) funds with the following general purposes:

1. Bond Proceeds Fund – On the closing date, the proceeds of the Bonds shall be deposited in the Bond Proceeds Fund and immediately applied by the Trustee to other funds as required.
2. Revenue Fund – Revenues from the Development are deposited to the Revenue Fund and disbursed to sub-accounts for payment to the various funds according to the amount required and order designated by the Trust Indenture – first to the Fee and Expense Account, second to the Tax and Insurance Account, third to the Interest Account, and fourth to the Principal Account.
3. Borrower Equity Fund – Funds from sources other than Bond proceeds to pay for Costs of Issuance, capitalized interest and certain other costs relating to the acquisition and development of the Development.
4. Costs of Issuance Fund – Fund into which amounts for the payment of certain costs incurred in connection with the issuance of the bonds are deposited and disbursed.
5. Construction Fund – Fund into which amounts needed to complete construction of the improvements are deposited and disbursed.
6. Capitalized Interest Fund – Fund into which a portion of the proceeds of the bonds or borrower equity are deposited and used to fund the payment of interest during the construction period.
7. Lease-Up Fund – Funded from syndication proceeds or other funds provided by the Borrower other than proceeds of the Bonds. Such amount, plus other funds transferred therein pursuant to the Indenture, will be applied to pay the Operating Expenses of the Development to the extent that the

Development's net cash flow is insufficient to pay such amounts. On or after the date which is ten (10) days following the Supportable Bond Amount Determination Date, amounts remaining in the Lease-Up Fund will be used (i) first, to redeem Bonds if required pursuant to the terms of the Indenture and the Borrower does not pay or cause to be paid by the Guarantors under the Guaranty all amounts required to redeem Bonds; (ii) second, to pay any deferred and unpaid developer's fee; and (iii) third, the balance, if any, will be paid to the Borrower.

8. Rebate Fund - Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.
9. Replacement Fund – Fund into which amounts are held in reserve to cover replacement cost and ongoing maintenance to the Development.
10. Bond Proceeds Clearance Fund – Fund into which money's are transferred from the Bond Proceeds Account of the Construction Fund and the Bond Proceeds account of the Capitalized Interest Fund, as and when provided in the Indenture, and are applied, after completion of the project, either directly or after being transferred to the Principal Account of the Reserve Fund, to pay any unpaid or deferred developer's fee and/or to redeem Bonds.
11. Permanent Loan Security Fund –Funds which are provided by equity installments which may be used to redeem bonds if at stabilization or at the stabilization date, the property does not achieve the agreed upon debt cover ratio.

Essentially, all of the Bond proceeds will be deposited into the Construction Fund and the Capitalized Interest Fund and disbursed there from during the Construction Phase (over 18 to 24 months) to finance the construction of the Development and to pay interest on the Bonds. Although costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds, it is currently expected that all costs of issuance will be paid by an equity contribution of the Borrower.

DEPARTMENT
ADVISORS:

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

Bonds.

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in August 2003. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.
2. Bond Trustee – The Bank of New York Trust Company, N.A. was selected as bond trustee by the Department pursuant to a request for proposal process in December 2003.
3. Financial Advisor – RBC Dain Rauscher, Inc., formerly Rauscher Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in June 2003.
4. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in August 2003.

**ATTORNEY GENERAL
REVIEW OF BONDS:**

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

RESOLUTION NO. 04-030

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (CHURCHILL AT PINNACLE PARK) SERIES 2004; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Churchill at Pinnacle Park) Series 2004 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and The Bank of New York Trust Company, N.A., a national banking association (the "Trustee"), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Churchill at Pinnacle Park, L.P., a Texas limited partnership (the "Borrower"), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the "Project") located within the State of Texas and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 9, 2003, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Loan and Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition and construction of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original aggregate principal amount corresponding to the original aggregate principal amount of the

Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that the Borrower's obligations under the Note will be secured by the Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement (the "Deed of Trust") from the Borrower for the benefit of the Department; and

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

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

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

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Assignments, the Regulatory Agreement and the Asset Oversight Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Deed of Trust and the Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.12, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Deed of Trust and the Note and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

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

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

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

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That: (i) the interest rate on the Bonds shall be (A) from the date of issuance through, and including, January 31, 2006, 5.25% per annum, and (B) from February 1, 2006 and thereafter until the maturity date thereof 6.55% per annum; provided, however, that the interest rate is subject to adjustment as set forth in the Indenture; provided further, that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be \$10,750,000; and (iii) the final maturity of the Bonds shall occur on July 1, 2044.

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

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

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

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

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

Section 1.8--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.9--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Financing Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Assignments
- Exhibit F - Asset Oversight Agreement

Section 1.10--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.11--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department, and the Secretary to the Board.

Section 1.12--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director of the Department; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

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

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

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

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

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

Section 2.7--Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

ARTICLE III
CERTAIN FINDINGS AND DETERMINATIONS

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

(a) Need for Housing Development.

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

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

(iii) that the Borrower is financially responsible,

(iv) that the financing of the Project is a public purpose and will provide a public benefit, and

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

(b) Findings with Respect to the Borrower.

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

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

(iii) that the Borrower is not, and will not enter into a contract for the Project with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

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

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

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

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

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

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

ARTICLE IV

GENERAL PROVISIONS

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

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

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

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting;

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

(Signature Page Follows)

PASSED AND APPROVED this 8th day of July, 2004.

By: _____
Elizabeth Anderson, Chair

[SEAL]

Attest: _____
Delores Groneck, Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Section 1. Project and Owner.

Owner: Churchill at Pinnacle Park, L.P., a Texas limited partnership

Project: The Project is a 200-unit multifamily facility to be known as Churchill at Pinnacle Park and to be located at the 1411 Cockrell Hill Road, Dallas, Dallas County, Texas 75211. The Project will consist of one 2-story and eight 3-story residential apartment buildings with approximately 192,192 net rentable square feet and an approximate average unit size of 961 square feet. The unit mix will consist of:

40 one-bedroom/one-bath units

90 two-bedroom/two-bath units

70 three-bedroom/two-bath units

200 Total Units

Unit sizes will range from approximately 680 square feet to approximately 1181 square feet.

The Project will include an administration office, a business center, a fitness room, an activity room, a game room/TV lounge, kitchen facilities, and public restrooms. On-site amenities will include a swimming pool, playground and a picnic area. All individual units will have washer/dryer connections. Additionally, the Project will include zero garages, 60 carports and 346 uncovered parking spaces.

Section 2. Project Amenities.

Project Amenities shall include:

- Washer/Dryer Connections
- Microwave Ovens (in each unit)
- Storage Room (outside the unit)
- Ceiling Fans (living room and bedrooms)
- Ceramic Tile Flooring (entry way and bathroom)
- 75% or Greater Masonry (includes rock, stone, brick, stucco and cementious board product; excludes efis)
- Playground and Equipment or Covered Community Porch
- BBQ Grills and Tables (one each per 50 units) or Walking Trail (minimum length of ¼ mile) or Gazebo with Seating for Twelve
- Full Perimeter Fencing and Gated
- Computers with internet access / Business Facilities (8 hour availability)
- Game Room or TV Lounge
- Workout Facilities or Library (with comparable square footage as workout facilities)



**HOUSING TAX CREDIT PROGRAM
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Churchill at Pinnacle Park**

TDHCA#: 04422

DEVELOPMENT AND OWNER INFORMATION

Development Location: Dallas QCT: Y DDA: N TTC: N
 Development Owner: Churchill at Pinnacle Park, LP
 General Partner(s): LCBH GP, LLC, 100%, Contact: Bradley Forslund
 Construction Category: New
 Set-Aside Category: Tax Exempt Bond Bond Issuer: TDHCA
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$615,327 Eligible Basis Amt: \$632,754 Equity/Gap Amt.: \$654,623

Annual Tax Credit Allocation Recommendation: \$615,327

Total Tax Credit Allocation Over Ten Years: \$ 6,153,270

PROPERTY INFORMATION

Unit and Building Information

Total Units: 200 HTC Units: 200 % of HTC Units: 100
 Gross Square Footage: 196,600 Net Rentable Square Footage: 192,192
 Average Square Footage/Unit: 960
 Number of Buildings: 9
 Currently Occupied: N

Development Cost

Total Cost: \$16,183,372 Total Cost/Net Rentable Sq. Ft.: \$84.2

Income and Expenses

Effective Gross Income:¹ \$1,656,509 Ttl. Expenses: \$851,976 Net Operating Inc.: \$804,533
 Estimated 1st Year DCR: 1.06

DEVELOPMENT TEAM

Consultant: Not Utilized Manager: Alpha Barnes Real Estate Services, Inc.
 Attorney: Coats, Rose, Yale, Ryman & Lee Architect: HLR Architects
 Accountant: Novogradac & Company, LLC Engineer: Kimley Horn
 Market Analyst: Butler Burgher Lender: MuniMae Portfolio Services, LLC
 Contractor: ICI Construction Syndicator: MMA Financial, LLC

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
Letters:	Sen. Royce West, District 23 - S
# in Support: 0	Rep. Roberto Alonzo, District - S
# in Opposition: 0	Mayor Laura Miller - NC
Public Hearing:	Patricia Smith Harrington, CD Manager, City of Dallas; Consistent with the local Consolidated Plan.
# in Support: 2	Kenneth Mayfield, Dallas County Commissioner - S
# in Opposition: 0	Ed Oakley, Dallas City Councilman - S
# Neutral: 0	

1. Gross Income less Vacancy

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

CONDITION(S) TO COMMITMENT

1. Per §50.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

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

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

Other Comments including discretionary factors (if applicable).

Robert Onion, Multifamily Finance Manager _____ Date Brooke Boston, Director of Multifamily Finance Production Date

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

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

Other Comments including discretionary factors (if applicable)._____

Edwina P. Carrington, Executive Director _____ Date
Chairman of Executive Award and Review Advisory Committee

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

Chairperson Signature: _____
Elizabeth Anderson, Chairman of the Board _____ Date

Pinnacle Park Apartments

Estimated Sources & Uses of Funds

Sources of Funds

Series 2004 Tax-Exempt Bond Proceeds	\$ 10,750,000
Tax Credit Proceeds	5,107,000
Deferred Developer's Fee	1,180,859
Estimated GIC Earning	45,513
Total Sources	\$ 17,083,372

Uses of Funds

Deposit to Mortgage Loan Fund (Construction funds)	\$ 13,501,470
Construction Period Interest	773,167
Rent Up Reserve	313,061
Developer's Overhead & Fee	1,727,039
Costs of Issuance	
Direct Bond Related	284,038
Bond Purchaser Costs	346,750
Other Transaction Costs	29,000
Real Estate Closing Costs	108,847
Total Uses	\$ 17,083,372

Estimated Costs of Issuance of the Bonds

Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 53,750
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee (\$25 per unit) 2 years	10,000
TDHCA Bond Counsel and Direct Expenses (Note 1)	65,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	2,500
Borrower's Bond Counsel	65,000
Bond Administration Fee (2 years)	21,500
Trustee Fee	5,500
Trustee's Counsel (Note 1)	3,250
Attorney General Transcript Fee (\$1,250 per series, max. of 2 series)	1,250
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	2,688
TEFRA Hearing Publication Expenses	12,600
Total Direct Bond Related	\$ 284,038

Pinnacle Park Apartments

Bond Purchase Costs	
MuniMae Origination Fee	268,750
MuniMae Application Fee	18,000
Lender's Attorney	40,000
Lender's Inspection Fee	20,000
Total	\$ 346,750

Other Transaction Costs	
Tax Credit Determination Fee (4% annual tax cr.)	25,000
Tax Credit Application Fee (\$20/u)	4,000
Total	\$ 29,000

Real Estate Closing Costs	
Title & Recording (Const.& Perm.)	75,000
Property Taxes	33,847
Total Real Estate Costs	\$ 108,847

Estimated Total Costs of Issuance	\$ 768,635
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Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

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

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

DATE: June 29, 2004 PROGRAM: 4% HTC FILE NUMBER: 04422
MRB

DEVELOPMENT NAME

Churchill at Pinnacle Park Apartments

APPLICANT

Name:	Churchill at Pinnacle Park, LP	Type:	For-profit
Address:	5601 N. MacArthur Blvd., Suite 210	City:	Irving State: TX
Zip:	75038	Contact:	Betts Hoover/Bradley Forslund
		Phone:	(972) 550-7800
		Fax:	(972) 550-7900

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	LCBH G.P., LLC	(%):	.01	Title:	Managing General Partner
Name:	Churchill Residential, Inc.	(%):	.01	Title:	Special Limited Partner
Name:	MMA Financial, LLC	(%):	99.98	Title:	Limited Partner
Name:	Bradley Forslund	(%):	N/A	Title:	50% owner of SLP
Name:	Tony Sisk	(%):	N/A	Title:	50% owner of SLP

PROPERTY LOCATION

Location: 1400 Block of N. Cockrell Hill Rd. **QCT** **DDA**
City: Dallas **County:** Dallas **Zip:** 75211

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$10,750,000	6.55%	40 yrs	40 yrs
2) \$ 615,327	N/A	N/A	N/A

Other Requested Terms: 1) Tax-Exempt Mortgage Revenue Bond
2) Annual ten-year allocation of housing tax credits.

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

Special Purpose (s): General Population

RECOMMENDATION

- RECOMMEND APPROVAL OF ISSUANCE OF \$10,750,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE 6.55% AND REPAYMENT TERM OF 40 YEARS WITH A 40-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$615,327 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

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

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 200 **# Rental Buildings:** 9 **# Common Area Bldgs:** 3 **# of Floors:** 3 **Age:** N/A yrs **Vacant:** N/A at / /
Net Rentable SF: 192,192 **Av Un SF:** 960 **Common Area SF:** 4,408 **Gross Bldg SF:** 196,600

STRUCTURAL MATERIALS

The structure will be wood frame on a slab on grade. According to the plans provided in the application the exterior will be comprised as follows: 50% brick veneer and 50% hardiboard. The interior wall surfaces will be drywall and the pitched roof will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, high-speed internet access and 9-foot ceilings.

ON-SITE AMENITIES

A 2,858-square foot community building will include an activity room/business center, management and leasing offices, community room, workroom, restrooms, maintenance area and pool equipment room. The community building is to be located at the entrance of the site, and the swimming pool is to be located further towards the middle and rear of the site. The site will also have two laundry facilities, one with a central mail room, and one with a maintenance room. In addition, picnic and play areas are to be provided along with a limited access gate and perimeter fencing.

Uncovered Parking: 400 spaces **Carports:** 60 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Churchill at Pinnacle Park is a 14 unit per acre new construction development of 200 units of affordable housing located in west Dallas. The development is comprised of 9 evenly distributed large garden style walk-up residential buildings as follows:

- 2 Type I Buildings with 12 one-bedroom/one-bath units, and 12 two-bedroom/two-bath units;
- 4 Type II Buildings with 12 two-bedroom/two-bath units, and 12 three-bedroom/two-bath units;
- 1 Type III Building with 12 one-bedroom/one-bath units, and 12 three-bedroom/two-bath units;
- 1 Type IV Building with 4 one-bedroom/one-bath units, and 4 three-bedroom/two-bath units; and
- 1 Type V Building with 18 two-bedroom/two-bath units, and 6 three-bedroom/two-bath units.

Architectural Review: The building and unit plans are of good design, sufficient size and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with nice fenestration.

SITE ISSUES

SITE DESCRIPTION

Size: 14.22 acres 619,423 square feet **Zoning/ Permitted Uses:** PD-623 Planned Development
Flood Zone Designation: Zone X **Status of Off-Sites:** Partially improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located in the west area of Dallas, approximately 5 miles

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

from the central business district. The site is situated on the west side of Cockrell Hill Rd.

Adjacent Land Uses:

- **North:** office, warehouse, retail, IH30;
- **South:** vacant land, Vista of Pinnacle Park Apartments, Davis Street;
- **East:** Cockrell Hill Road, vacant land beyond; and
- **West:** vacant land, warehouse, retail and Loop 12;

Site Access: Access to the property is from the east along Cockrell Hill Rd. The development is to have just one entry that will be from Cockrell Hill Rd. Access to Interstate Highway 30 is 1/4 miles north, which provides connections to all other major roads serving the Dallas area.

Public Transportation: Public transportation to the area is provided by the Dallas Area Rapid Transit Authority. The nearest stop is adjacent to the site.

Shopping & Services: The site is within one mile of major grocery and pharmacy stores, shopping centers, and a variety of other retail establishments and restaurants. Schools, churches, hospitals and health care facilities are located within a short driving distance from the site.

Site Inspection Findings: TDHCA staff performed a site inspection on April 14, 2004 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 5, 2004 was prepared by QORE Property Sciences which concluded that no evidence of recognized environmental conditions exist in connection with the site. The ESA inspector did note that an underground petroleum pipeline traverses the southern portion of the site and is adjacent to a former railroad which also impacted the site at one time. The ten inch diameter pipeline has been in use since the early 1940's and carries refined oil products and there have been no reports of release events or problems related to this pipeline. The site plan appears to reflect that three areas of the pipeline will be paved over to allow for access to the entire site. ESA inspector also noted a large soils stockpile on the western portion of the property but this soil was for fill and leveling on the property to the adjacent west of the subject and will be removed prior to the acquisition of the site by the Applicant. Finally the inspector noted that RSR/Murmer corporation operated a lead smelter for a number of years in the area and lead dust impacted approximately 13.6 square miles in the area including the subject site. Based on information in a 2003 surface soil report the 90 ppm lead found at the site is a de minimus condition to the subject property according to the ESA inspector.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside although as a priority 1 private activity bond development the Applicant has elected the 50% at 50% AMGI / 50% at 60%AMGI option.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$27,960	\$31,920	\$35,940	\$39,900	\$43,080	\$46,260

MARKET HIGHLIGHTS

A market feasibility study dated March 2, 2004 was prepared by Butler Burgher, Inc. ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "The neighborhood and Primary Market Area are defined as the area bounded by SH183 and IH35E (north border), IH35E (east border), and Loop 12 (south and west borders)." (p. 53). This represents 48.6 Square miles or roughly the equivalent of a circle with a radius of 3.8 miles and is a reasonably sized market area for an urban development.

Population: The estimated 2003 population of the PMA was 188,951 and is expected to increase by 5.5% to approximately 199,337 by 2008. Within the primary market area there were estimated to be 51,071 households in 2003.

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

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 9,362 qualified households in the PMA, based on the current estimate of 51,071 households, the projected annual growth rate of 1.1%, renter households estimated at 47.68% of the population, income-qualified households estimated at 57.87%, and an annual renter turnover rate of 64.70%. (p. 78). The Market Analyst used an income band of \$0 to \$41,490 due to the Applicant's stated intention to accept Section 8 vouchers, but the Analyst provided no information on the number of Section 8 vouchers that might be available to households earning below \$18,480, the affordability threshold for this development. Conversely, the Analyst may have understated the maximum income for a five-person household, which could be as high as \$43,080. As a net result, the Underwriter's estimated demand is slightly lower than the Market Analyst's.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	245	3%	105	1%
Resident Turnover	9,117	97%	8,126	99%
TOTAL ANNUAL DEMAND	9,362	100%	8,231	100%

Ref: p. 78

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 10.83% based upon 9,362 units of demand and 1,014 unstabilized affordable housing units in the PMA (including the subject). (p. 78). The Underwriter calculated an inclusive capture rate of 19% based upon a supply of unstabilized comparable affordable units of 1,563 divided by a revised demand of 8,231.

Local Housing Authority Waiting List Information: "The Dallas Housing Authority administers 5,762 public housing units along with 16,006 active Section 8 vouchers and has 9,606 households on the public housing waitlist along with 14,911 households on the Section 8 waitlist. It takes approximately two years to clear the waitlist, due in part to lack of funding. New applications to the waiting list are being accepted; however."(p. 71).

Market Rent Comparables: The Market Analyst surveyed 109 comparable apartment projects totaling 10,419 units in the Oak Cliff submarket area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (50%)	\$539	\$539	-\$0	\$538	\$1
1-Bedroom (60%)	\$664	\$664	-\$0	\$538	\$126
2-Bedroom (50%)	\$642	\$642	-\$0	\$639	\$7
2-Bedroom (60%)	\$792	\$792	-\$0	\$639	\$153
3-Bedroom (50%)	\$737	\$737	-\$0	\$800	-\$63
3-Bedroom (60%)	\$910	\$910	-\$0	\$800	\$110

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

Primary Market Occupancy Rates: "Gross occupancy has fluctuated over the past two years from a high of 94% in December 2001, to a low of 86.5% in September 2003. The current occupancy rate is lower by 2.6 points than one year ago, due to the continuing decline in the condition of older units. Occupancy is forecast by M/PF Research, Inc. to increase slightly to 90.3% through 4th Quarter 2004." (p. 71).

Absorption Projections: "An absorption rate of 20 units/month is reasonable for the subject, as encumbered by LIHTC, resulting in just over a 10-month absorption period to obtain stabilized physical occupancy." (p. 74).

Known Planned Development: "The following table summaries the proposed construction projects in the PMA as identified by the Market Analyst." (p. 84).

SUMMARY OF PROPOSED UNITS – YE 2005	# units leasing	# units total
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**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

Arbor Woods (Proposed-Family-LIHTC)	Dallas	151	151
Vistas at Pinnacle Park (Leasing)	Dallas	332	332
Jefferson at Founders (Leasing-Aff)	Dallas	67	336
Preakness (Proposed-Family-LIHTC)	Dallas	264	264
Subject (Proposed-Family-LIHTC)	Dallas	<u>200</u>	<u>200</u>
Total Proposed Family Affordable Units –		1,014	1,283

The Market Analyst appears to have left out one additional HTC transaction approved in early 2003 known as the Oaks III. This development appears to be within the subjects PMA and contains 280 general population units bringing the total proposed/ unstabilized units in the submarket to 1,563.

Effect on Existing Housing Stock: “Based on the subject submarket’s historical demand, as evidenced by the MFP absorption data and our own study for new units, the impact of Pinnacle Park on the employment base, and the Claritas based demand figures, the Primary Market Area does have ample pent-up and future demand to support all of the proposed construction projects in the PMA. The excess demand is expected to increase the occupancy levels at the better properties and to prompt renovation of poor communities. The overall market is in need of additional quality units to meet the demand generated by lower income residents.” (p. 84).

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant’s rent projections are the maximum rents allowed under HTC guidelines, and are achievable according to the Market Analyst. Estimates of secondary income are slightly higher than the TDHCA guideline but vacancy and collection losses are consistent with TDHCA underwriting guidelines. As a result the Applicant’s effective gross income is within 5% of the underwriter’s estimate.

Expenses: The Applicant’s total expense estimate of \$4,208 per unit compares favorably with the Underwriter’s database-derived estimate of \$4,260 per unit for comparably-sized developments. The Applicant’s budget shows two line item estimates, however, that deviate significantly when compared to the database averages, particularly General and Administrative (\$39K lower), and Repairs and Maintenance (\$27K higher). It should also be noted that the general partner of the transaction will be a non-profit and may be eligible for a partial property tax exemption, however no such exception was anticipated in the application and therefore the development was underwritten with full taxes.

Conclusion: The Applicant’s estimated income is consistent with the Underwriter’s expectations, total operating expenses are within 5% of the database-derived estimate, and the Applicant’s net operating income (NOI) estimate is within 5% of the Underwriter’s estimate. Therefore, the Applicant’s NOI should be used to evaluate debt service capacity. While the Underwriter’s estimated debt ratio (DCR) of 1.06 is slightly less than the program minimum standard of 1.10, the Applicant’s DCR estimate of 1.10 is acceptable.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 14.22 acres	<u>\$722,973</u>	Assessment for the Year of:	<u>2004</u>
Building:	<u>\$0</u>	Valuation by:	<u>Dallas County Appraisal District</u>
Total Assessed Value:	<u>\$722,973</u>	Tax Rate:	<u>2.88046</u>

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

EVIDENCE of SITE or PROPERTY CONTROL					
Type of Site Control:	Earnest Money Contract				
Contract Expiration Date:	08/	15/	2004	Anticipated Closing Date:	07/ 19/ 2004
Acquisition Cost:	\$1,244,771			Other Terms/Conditions:	
Seller:	Morning Park, Inc.			Related to Development Team Member:	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of \$6,632 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

Direct Construction Cost: The Applicant's direct construction cost estimate is 7% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, which suggests that the Applicant's costs may be somewhat understated.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. The Applicant's eligible basis provides for an allocation of \$632,754 however the Applicant restricted the requested amount of tax credits to \$615,327. This latter amount will be used to compare to the gap of funds needed.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source: MuniMae Portfolio Services, LLC	Contact: N/A
Tax-Exempt Amount: \$10,750,000	Interest Rate: 5.25% during construction, 6.55% at conversion
Amortization: 40 yrs	Term: 40 yrs
Commitment: <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional	
Annual Payment: \$759,839	Lien Priority: 1 st Commitment Date: 06/ 14/ 2004

TAX CREDIT SYNDICATION

Source: MMA Financial	Contact: Korbin Heiss/Marie Keutmann
Net Proceeds: \$5,107,000	Net Syndication Rate (per \$1.00 of 10-yr HTC): 83¢
Commitment: <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional	
Date: 06/ 14/ 2004	
Additional Information:	

APPLICANT EQUITY

Amount: \$326,372	Source: Deferred Developer Fee
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FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by TDHCA and purchased by MuniMae TEI Holdings, Inc. The servicing agent will be MuniMae Portfolio Services, LLC. The bonds will be in the aggregate amount of \$10,750,000 with the proceeds to be loaned to the borrower on the terms that mirror the Bonds. The interest rate will be 5.25% fixed during the construction loan period, and will increase to 6.55% fixed from February 1, 2006 until the loan is paid in full. The loan will have an amortization and term of 40 years. The interim and permanent financing commitment is consistent with the terms reflected in the revised sources and uses of funds listed in the application.

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

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

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of \$326,372 amount to 19% of the total fees.

Financing Conclusions: Based on the Applicant's revised requests, the HTC allocation should not exceed \$615,327 annually for ten years, resulting in syndication proceeds of approximately \$5,107,000. Based on the underwriting analysis using the Applicant's requested amount, the Applicant's deferred developer fee will be \$326,372 which represents approximately 19% of the eligible fee and which should be repayable from cash flow within 10 years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee should be available to fund those development cost overruns.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

There are no identities of interest relationships identified among members of the development team based on information provided to date.

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

Financial Highlights: The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.

- The 100% owner of General Partner, LifeNet Community Behavioral Healthcare, a non-profit organization, submitted an unaudited financial statement as of December 31, 2003 reporting total assets of \$2.5M which consist of \$243K in cash, \$625K in receivables, \$1.4M in real property and equipment, and \$248K in other assets. Liabilities totaled \$401K, resulting in a net worth of \$2.1M.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Bradley Forslund, a principal of the Special Limited Partner submitted a Certificate of Experience from the TDHCA Multifamily Production Finance Staff indicating that he has a record of successfully constructing and developing residential units in the Low Income Housing Tax Credit Program.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's total development costs differ from the Underwriter's verifiable estimate by more than 5%.

Underwriter:	_____	Date:	June 29, 2004
	<i>David Burrell</i>		
Director of Real Estate Analysis:	_____	Date:	June 29, 2004
	<i>Tom Gouris</i>		

MULTIFAMILY COMPARATIVE ANALYSIS

Churchill at Pinnacle Park, Dallas, HTC# 04422

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
HTC 50%	18	1	1	680	\$623	\$539	\$9,702	\$0.79	\$84.00	\$52.00
HTC 60%	18	1	1	680	748	664	11,952	0.98	84.00	52.00
HTC 50%	2	1	1	763	623	539	1,078	0.71	84.00	52.00
HTC 60%	2	1	1	763	748	664	1,328	0.87	84.00	52.00
HTC 50%	45	2	2	911	748	642	28,890	0.70	106.00	58.00
HTC 60%	45	2	2	911	898	792	35,640	0.87	106.00	58.00
HTC 50%	35	3	2	1,181	864	737	25,795	0.62	127.00	67.00
HTC 60%	35	3	2	1,181	1,037	910	31,850	0.77	127.00	67.00
TOTAL:	200		AVERAGE:	961	\$840	\$731	\$146,235	\$0.76	\$108.95	\$59.95

INCOME

Total Net Rentable Sq Ft: 192,192

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$15.00
 Other Support Income: (describe)

POTENTIAL GROSS INCOME

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

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	5.30%	\$439	0.46
Management	4.09%	339	0.35
Payroll & Payroll Tax	11.14%	922	0.96
Repairs & Maintenance	4.74%	393	0.41
Utilities	1.93%	160	0.17
Water, Sewer, & Trash	4.45%	369	0.38
Property Insurance	2.90%	240	0.25
Property Tax 2.88046	12.17%	1,008	1.05
Reserve for Replacements	2.41%	200	0.21
Compliance, Security & Supportive	2.29%	190	0.20
TOTAL EXPENSES	51.43%	\$4,260	\$4.43
NET OPERATING INC	48.57%	\$4,023	\$4.19

DEBT SERVICE

First Lien Mortgage	45.87%	\$3,799	\$3.95
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
NET CASH FLOW	2.70%	\$223	\$0.23

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		7.39%	\$6,198	\$6.45
Off-Sites		0.00%	0	0.00
Sitework		7.91%	6,633	6.90
Direct Construction		49.30%	41,343	43.02
Contingency	3.80%	2.17%	1,824	1.90
General Req'ts	5.70%	3.26%	2,736	2.85
Contractor's G & A	1.90%	1.09%	912	0.95
Contractor's Profit	4.75%	2.72%	2,280	2.37
Indirect Construction		3.79%	3,182	3.31
Ineligible Costs		5.40%	4,532	4.72
Developer's G & A	2.12%	1.58%	1,325	1.38
Developer's Profit	12.11%	9.01%	7,560	7.87
Interim Financing		4.19%	3,513	3.66
Reserves		2.18%	1,833	1.91
TOTAL COST		100.00%	\$83,869	\$87.28
Recap-Hard Construction Costs		66.45%	\$55,727	\$57.99

SOURCES OF FUNDS

First Lien Mortgage	64.09%	\$53,750	\$55.93
Additional Financing	0.00%	\$0	\$0.00
HTC Syndication Proceeds	30.45%	\$25,535	\$26.57
Deferred Developer Fees	1.95%	\$1,632	\$1.70
Additional (excess) Funds Required	3.52%	\$2,952	\$3.07
TOTAL SOURCES			

TDHCA	APPLICANT
\$1,754,820	\$1,754,820
36,000	46,800
0	
\$1,790,820	\$1,801,620
(134,312)	(126,108)
0	
\$1,656,509	\$1,675,512
\$87,770	\$48,400
67,791	58,643
184,479	178,600
78,535	105,400
32,000	40,000
73,721	67,400
48,048	51,800
201,632	206,996
40,000	46,400
38,000	38,000
\$851,976	\$841,639
\$804,532	\$833,873
\$759,839	\$759,839
0	
0	
\$44,693	\$74,034
1.06	1.10
	1.10

Comptroller's Region	3	
IREM Region	Dallas	
Per Unit Per Month	\$19.50	
of Potential Gross Rent	-7.00%	
PER SQ FT	PER UNIT	% OF EGI
\$0.25	\$242	2.89%
0.31	293	3.50%
0.93	893	10.66%
0.55	527	6.29%
0.21	200	2.39%
0.35	337	4.02%
0.27	259	3.09%
1.08	1,035	12.35%
0.24	232	2.77%
0.20	190	2.27%
\$4.38	\$4,208	50.23%
\$4.34	\$4,169	49.77%
\$3.95	\$3,799	45.35%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.39	\$370	4.42%

TDHCA	APPLICANT
\$1,239,543	\$1,239,543
0	
1,326,512	1,326,512
8,268,683	7,687,962
364,777	364,777
547,166	547,166
182,389	182,389
455,971	455,971
636,347	636,347
906,392	906,392
265,000	265,000
1,512,039	1,512,039
702,525	702,525
366,506	356,749
\$16,773,850	\$16,183,372
\$10,750,000	\$10,750,000
0	
5,107,000	5,107,000
326,372	326,372
590,478	0
\$16,773,850	\$16,183,372

PER SQ FT	PER UNIT	% of TOTAL
\$6.45	\$6,198	7.66%
0.00	0	0.00%
6.90	6,633	8.20%
40.00	38,440	47.51%
1.90	1,824	2.25%
2.85	2,736	3.38%
0.95	912	1.13%
2.37	2,280	2.82%
3.31	3,182	3.93%
4.72	4,532	5.60%
1.38	1,325	1.64%
7.87	7,560	9.34%
3.66	3,513	4.34%
1.86	1,784	2.20%
\$84.20	\$80,917	100.00%
\$54.97	\$52,824	65.28%
RECOMMENDED		
\$10,750,000	Developer Fee Available	
0	\$1,777,039	
5,107,000	% of Dev. Fee Deferred	
326,372	18%	
0	15-Yr Cumulative Cash Flow	
\$16,183,372	\$2,753,965.06	

MULTIFAMILY COMPARATIVE ANALYSIS(continued)
Churchill at Pinnacle Park, Dallas, HTC# 04422

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$41.77	\$8,027,860
Adjustments				
Exterior Wall Finish	4.50%		\$1.88	\$361,254
Elderly/9-Ft. Ceilings	3.25%		1.36	260,905
Roofing			0.00	0
Subfloor			(0.68)	(130,050)
Floor Cover			2.00	384,384
Porches/Balconies	\$18.00	41,504	3.89	747,072
Plumbing	\$605	480	1.51	290,400
Built-In Appliances	\$1,650	200	1.72	330,000
Stairs/Fireplaces	\$1,474	56	0.43	82,544
Floor Insulation			0.00	0
Heating/Cooling			1.53	294,054
Garages/Carports	\$8.18	9,720	0.41	79,510
Comm &/or Aux Bldgs	\$62.22	3,508	1.14	218,275
Other:			0.00	0
SUBTOTAL			56.95	10,946,207
Current Cost Multiplier	1.03		1.71	328,386
Local Multiplier	0.90		(5.70)	(1,094,621)
TOTAL DIRECT CONSTRUCTION COSTS			\$52.97	\$10,179,973
Plans, specs, survy, bld prm	3.90%		(\$2.07)	(\$397,019)
Interim Construction Interest	3.38%		(1.79)	(343,574)
Contractor's OH & Profit	11.50%		(6.09)	(1,170,697)
NET DIRECT CONSTRUCTION COSTS			\$43.02	\$8,268,683

PAYMENT COMPUTATION

Primary	\$10,750,000	Amort	480
Int Rate	6.55%	DCR	1.06

Secondary	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.06

Additional	\$5,107,000	Amort	
Int Rate		Aggregate DCR	1.06

COMMENDED FINANCING STRUCTURE APPLICANT'S N

Primary Debt Service	\$759,839
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$74,034

Primary	\$10,750,000	Amort	480
Int Rate	6.55%	DCR	1.10

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	\$5,107,000	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,754,820	\$1,807,465	\$1,861,689	\$1,917,539	\$1,975,065	\$2,289,642	\$2,654,323	\$3,077,087	\$4,135,348
Secondary Income	36,000	37,080	38,192	39,338	40,518	46,972	54,453	63,126	84,836
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,790,820	1,844,545	1,899,881	1,956,877	2,015,584	2,336,614	2,708,776	3,140,214	4,220,185
Vacancy & Collection Loss	(134,312)	(138,341)	(142,491)	(146,766)	(151,169)	(175,246)	(203,158)	(235,516)	(316,514)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,656,509	\$1,706,204	\$1,757,390	\$1,810,112	\$1,864,415	\$2,161,368	\$2,505,618	\$2,904,698	\$3,903,671
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$87,770	\$91,281	\$94,932	\$98,729	\$102,678	\$124,924	\$151,989	\$184,918	\$273,724
Management	67,791	69,825	71,920	74,077	76,300	88,452	102,541	118,873	159,755
Payroll & Payroll Tax	184,479	191,858	199,532	207,514	215,814	262,571	319,458	388,669	575,325
Repairs & Maintenance	78,535	81,676	84,943	88,341	91,875	111,779	135,997	165,461	244,922
Utilities	32,000	33,280	34,611	35,996	37,435	45,546	55,414	67,419	99,797
Water, Sewer & Trash	73,721	76,670	79,737	82,926	86,243	104,928	127,661	155,320	229,911
Insurance	48,048	49,970	51,969	54,047	56,209	68,387	83,204	101,230	149,845
Property Tax	201,632	209,697	218,085	226,809	235,881	286,985	349,162	424,809	628,821
Reserve for Replacements	40,000	41,600	43,264	44,995	46,794	56,932	69,267	84,274	124,746
Other	38,000	39,520	41,101	42,745	44,455	54,086	65,804	80,060	118,509
TOTAL EXPENSES	\$851,976	\$885,378	\$920,094	\$956,179	\$993,685	\$1,204,592	\$1,460,495	\$1,771,032	\$2,605,355
NET OPERATING INCOME	\$804,532	\$820,826	\$837,295	\$853,933	\$870,730	\$956,776	\$1,045,122	\$1,133,665	\$1,298,316
DEBT SERVICE									
First Lien Financing	\$759,839	\$759,839	\$759,839	\$759,839	\$759,839	\$759,839	\$759,839	\$759,839	\$759,839
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$44,693	\$60,987	\$77,456	\$94,094	\$110,891	\$196,937	\$285,283	\$373,827	\$538,477
DEBT COVERAGE RATIO	1.06	1.08	1.10	1.12	1.15	1.26	1.38	1.49	1.71

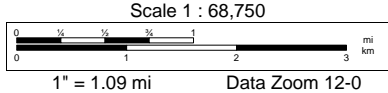
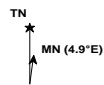
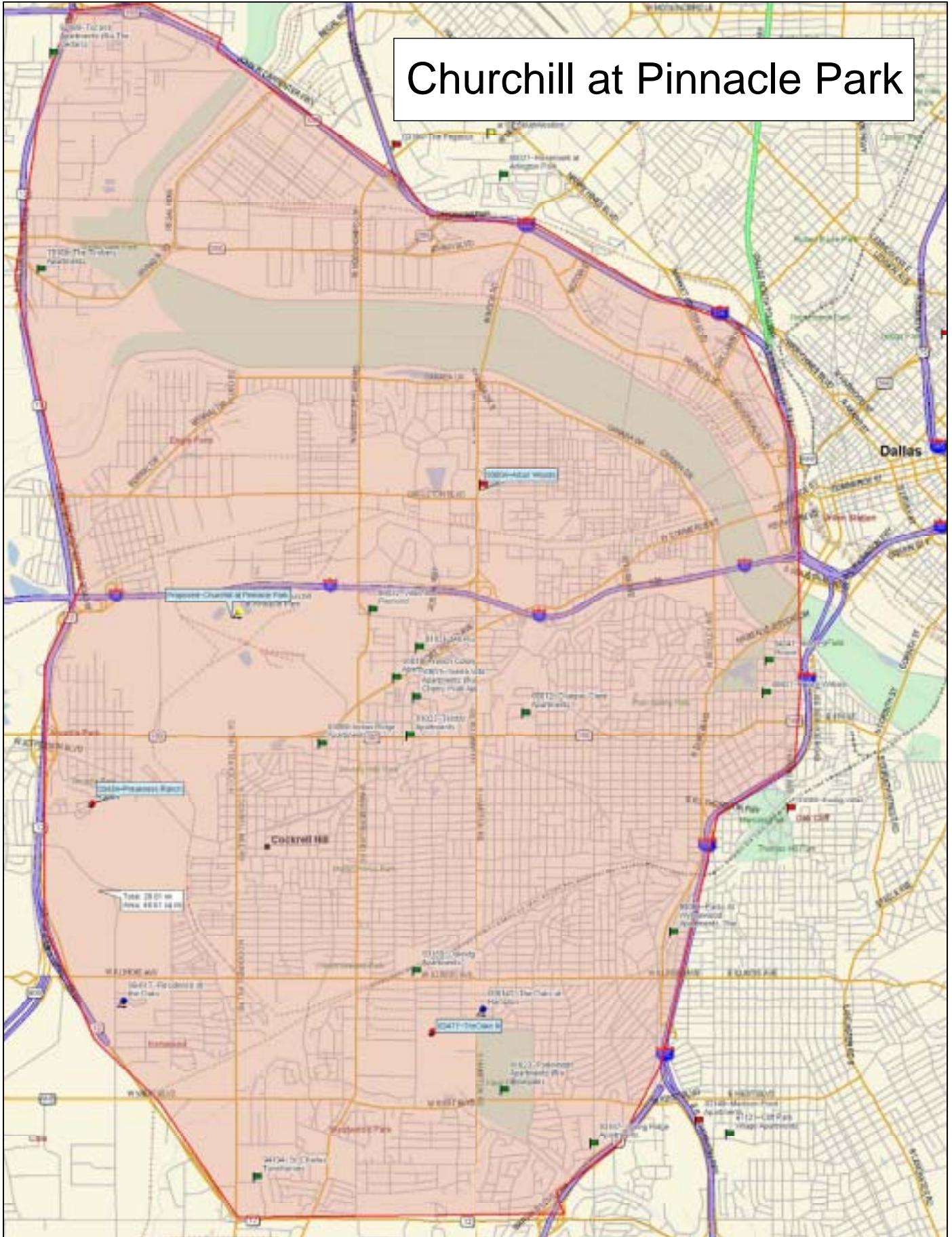
LIHTC Allocation Calculation - Churchill at Pinnacle Park, Dallas, HTC# 04422

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$1,239,543	\$1,239,543		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,326,512	\$1,326,512	\$1,326,512	\$1,326,512
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$7,687,962	\$8,268,683	\$7,687,962	\$8,268,683
(4) Contractor Fees & General Requirements				
Contractor overhead	\$182,389	\$182,389	\$180,289	\$182,389
Contractor profit	\$455,971	\$455,971	\$455,971	\$455,971
General requirements	\$547,166	\$547,166	\$540,868	\$547,166
(5) Contingencies	\$364,777	\$364,777	\$364,777	\$364,777
(6) Eligible Indirect Fees	\$636,347	\$636,347	\$636,347	\$636,347
(7) Eligible Financing Fees	\$702,525	\$702,525	\$702,525	\$702,525
(8) All Ineligible Costs	\$906,392	\$906,392		
(9) Developer Fees				
Developer overhead	\$265,000	\$265,000	\$265,000	\$265,000
Developer fee	\$1,512,039	\$1,512,039	\$1,512,039	\$1,512,039
(10) Development Reserves	\$356,749	\$366,506		
TOTAL DEVELOPMENT COSTS	\$16,183,372	\$16,773,850	\$13,672,291	\$14,261,409

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$13,672,291	\$14,261,409
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$17,773,978	\$18,539,831
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$17,773,978	\$18,539,831
Applicable Percentage		3.56%	3.56%
TOTAL AMOUNT OF TAX CREDITS		\$632,754	\$660,018

Syndication Proceeds	0.8300	\$5,251,855	\$5,478,149
Total Credits (Eligible Basis Method)		\$632,754	\$660,018
Syndication Proceeds		\$5,251,855	\$5,478,149
Requested Credits		\$615,327	
Syndication Proceeds		\$5,107,214	
Gap of Syndication Proceeds Needed		\$5,433,372	
Credit Amount		\$654,623	

Churchill at Pinnacle Park



RENT CAP EXPLANATION Dallas MSA

AFFORDABILITY DEFINITION & COMMENTS

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

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

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

MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2004

MSA/County: Dallas **Area Median Family Income (Annual):** \$65,100

ANNUALLY				MONTHLY								
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)				Utility Allowance by Unit Type (provided by the local PHA)	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)			
# of Persons	At or Below			Unit Type	At or Below				At or Below			
	50%	60%	80%		50%	60%	80%		50%	60%	80%	
1	\$ 23,300	\$ 27,960	\$ 37,250	Efficiency	\$ 582	\$ 699	\$ 931	84.00	\$ 582	\$ 699	\$ 931	
2	26,600	31,920	42,550	1-Bedroom	623	748	997		539	664	913	
3	29,950	35,940	47,900	2-Bedroom	748	898	1,197		106.00	642	792	1,091
4	33,250	39,900	53,200	3-Bedroom	864	1,037	1,383		127.00	737	910	1,256
5	35,900	43,080	57,450	4-Bedroom	963	1,156	1,542			963	1,156	1,542
6	38,550	46,260	61,700	5-Bedroom	1,064	1,277	1,701			1,064	1,277	1,701
7	41,250	49,500	65,950									
8	43,900	52,680	70,200									
FIGURE 1				FIGURE 2				FIGURE 3	FIGURE 4			

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

For example, a family of three earning \$33,000 per year would fall in the 60% set-aside group. A family of three earning \$28,000 would fall in the 50% set-aside group.

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

For example, a family of three in the 50% income bracket earning \$29,950 could not pay more than \$748 for rent and utilities under the affordable definition.

- 1) \$29,950 divided by 12 = **\$2,496** monthly income; then,
- 2) **\$2,496** monthly income times 30% = **\$748** maximum total housing expense.

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

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

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

RESULTS & ANALYSIS: for 50% AMFI Units

Tenants in the 50% AMFI bracket will **save \$115 to \$290** per month (leaving **5.2% to 10.1%** more of their monthly income for food, child care and other living expenses).
 This is a monthly savings off the market rents of **17.5% to 28.3%**.

PROJECT INFORMATION			
	Unit Mix		
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	688	911	1,181
Rents if Offered at Market Rates	\$654	\$838	\$1,027
Rent per Square Foot	\$0.95	\$0.92	\$0.87

SAVINGS ANALYSIS FOR 60% AMFI GROUPING			
Rent Cap for 50% AMFI Set-Aside	\$539	\$642	\$737
Monthly Savings for Tenant	\$115	\$196	\$290
Rent per square foot	\$0.78	\$0.70	\$0.62
Maximum Monthly Income - 50% AMFI	\$2,217	\$2,496	\$2,881
Monthly Savings as % of Monthly Income	5.2%	7.9%	10.1%
% DISCOUNT OFF MONTHLY RENT	17.5%	23.4%	28.3%

Information provided by: Butler Burgher, Inc. 8150 N. Central Expressway, Suite 801, Dallas, Texas 77206. Report dated May 18, 2004.

Churchill at Pinnacle Park Apartments

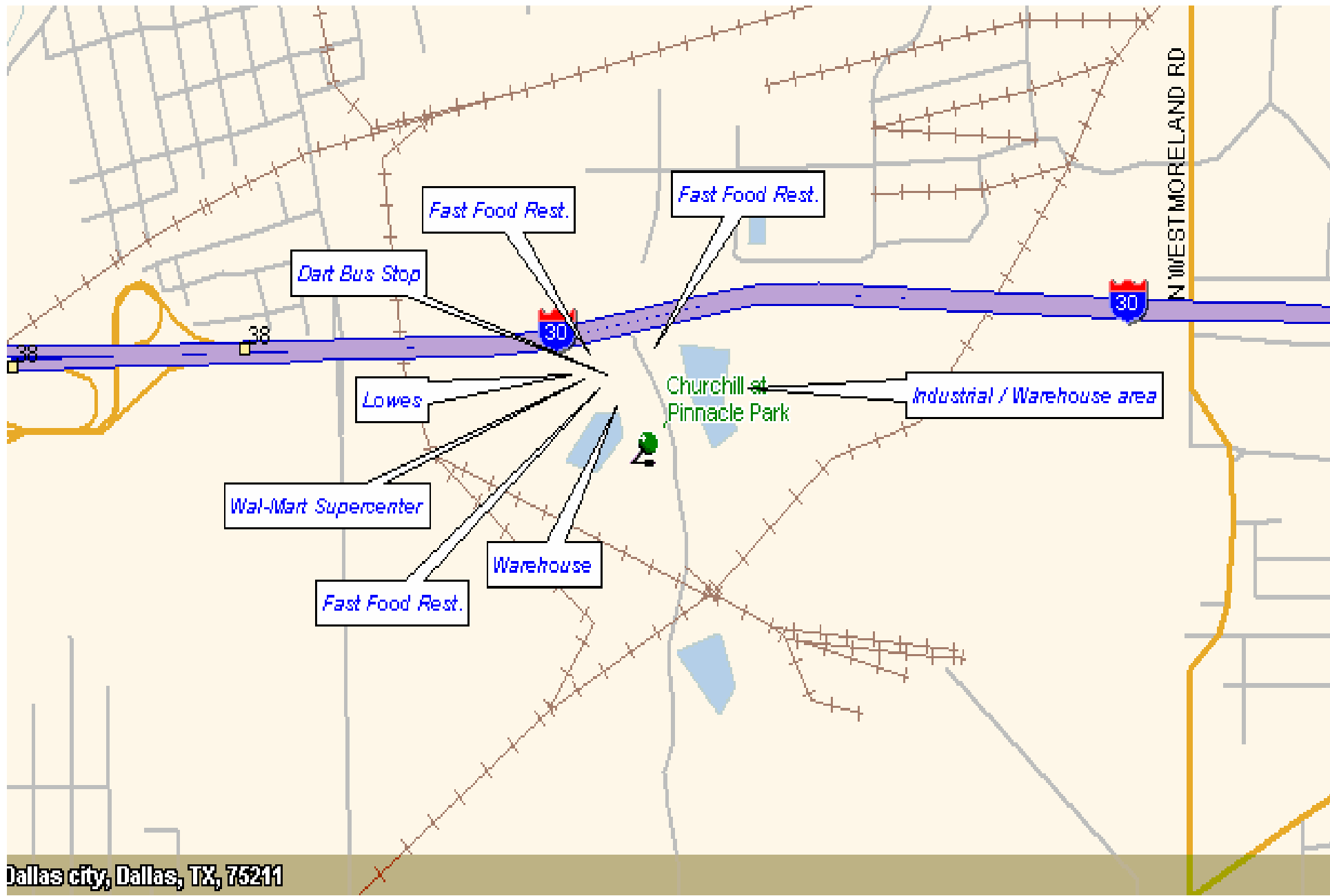
RESULTS & ANALYSIS: for 60% AMFI units

Tenants in the 60% AMFI bracket will **save \$46 to \$117** per month (leaving **1.5% to 3.4%** more of their monthly income for food, child care and other living expenses).
This is a monthly savings off the market rents of **5.5% to 11.4%**.

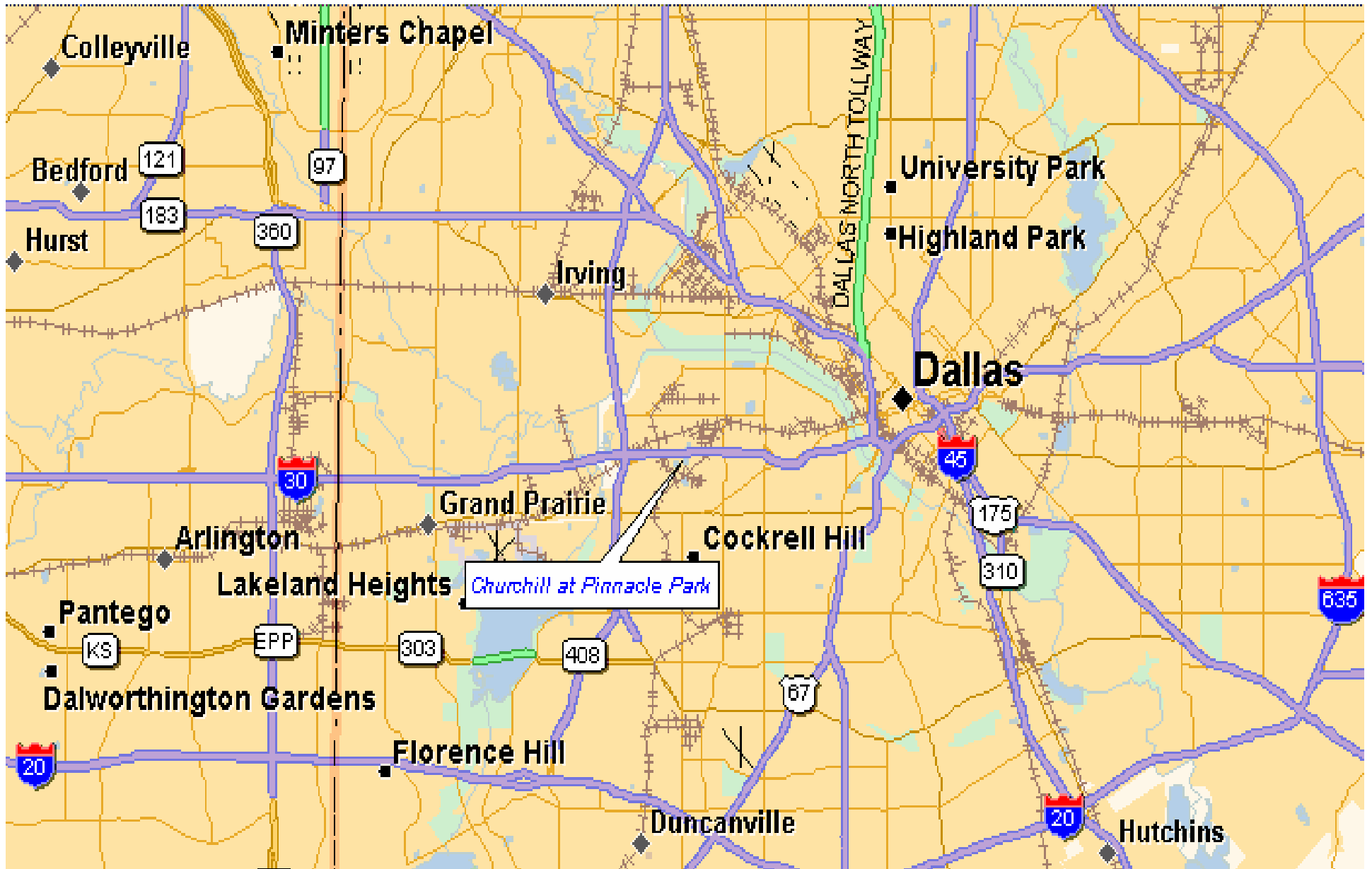
PROJECT INFORMATION			
	Unit Mix		
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	688	911	1,181
Rents if Offered at Market Rates	\$654	\$838	\$1,027
Rent per Square Foot	\$0.95	\$0.92	\$0.87

SAVINGS ANALYSIS FOR 60% AMFI GROUPING			
Rent Cap for 60% AMFI Set-Aside	\$664	\$792	\$910
Monthly Savings for Tenant	(\$10)	\$46	\$117
Rent per square foot	\$0.97	\$0.87	\$0.77
Maximum Monthly Income - 60% AMFI	\$2,660	\$2,995	\$3,458
Monthly Savings as % of Monthly Income	-0.4%	1.5%	3.4%
% DISCOUNT OFF MONTHLY RENT	-1.6%	5.5%	11.4%

Information provided by: Butler Burgher, Inc. 8150 N. Central Expressway, Suite 801, Dallas, Texas 77206. Report dated May 18, 2004.



Dallas city, Dallas, TX, 75211



Applicant Evaluation

Project ID # **04422**

Name: **Churchill @ Pinnacle Park**

City:

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

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

Members of the application did not receive the required Previous Participation Acknowledgement

National Previous Participation Certification Received: N/A Yes No

Noncompliance Reported on National Previous Participation Certification: Yes No

Portfolio Management and Compliance

Total # of Projects monitored: 0

Projects in Material Noncompliance

in noncompliance: 0

Projects zero to nine: 0

Yes No

Projects not reported Yes

grouped ten to nineteen: 0

monitored with a score less than thirty: 0

in application No

by score twenty to twenty-nine: 0

not yet monitored or pending review: 4

of projects not reported 0

Portfolio Monitoring

Single Audit

Portfolio Administration/Analysis

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification (Comments attached)

Not applicable
 Review pending
 No unresolved issues
 Issues found regarding late cert
 Issues found regarding late audit
 Unresolved issues found that warrant disqualification (Comments attached)

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification (Comments attached)

Reviewed by Jo En Taylor

Date Wednesday, June 30, 2004

Multifamily Finance Production

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification (Comments attached)

Reviewer S. Roth
 Date 5 /27/2004

Single Family Finance Production

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification (Comments attached)

Reviewer _____
 Date _____

Real Estate Analysis (Cost Certification and Workout)

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification (Comments attached)

Reviewer _____
 Date _____

Community Affairs

No relationship
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification (Comments attached)

Reviewer EEF
 Date 6 /30/2004

Office of Colonia Initiatives

Not applicable
 Review pending
 No unresolved issues
 Unresolved issues found
 Unresolved issues found that warrant disqualification (Comments attached)

Reviewer _____
 Date _____

Financial Administration

No delinquencies found
 Delinquencies found

Reviewer Stephanie A. D'Couto
 Date 6 /30/2004

Executive Director: _____

Executed: _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Division

Public Comment Summary

Churchill at Pinnacle Park

Public Hearing	
<i>Total Number Attended</i>	2
<i>Total Number Opposed</i>	0
<i>Total Number Supported</i>	2
<i>Total Number Neutral</i>	0
<i>Total Number that Spoke</i>	0

Public Officials Letters Received	
<i>Opposition</i>	0
<i>Support</i>	4
<i>Senator Royce West</i>	
<i>Representative Roberto Alonzo</i>	
<i>Dallas County Commissioner Kenneth Mayfield</i>	
<i>Dallas City Councilman Ed Oakley</i>	

General Public Letters and Emails Received	
<i>Opposition</i>	0
<i>Support</i>	0

Summary of Public Comment	
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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS
CHURCHILL AT PINNACLE PARK APARTMENTS

PUBLIC HEARING

Anson Jones Elementary School
3901 Meredith Avenue
Dallas, Texas

April 14, 2004
6:00 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Bond Administrator

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P R O C E E D I N G S

MS. MEYER: Good evening. My name is Robbye Meyer, and I'm with the Texas Department of Housing and Community Affairs, and I'd like to proceed with the public hearing.

Let the record that it is 6:13 p.m. Wednesday the 14th of April 2004, and we are at the Anson Jones Elementary School located at 3901 Meredith Avenue in Dallas, Texas.

I'm here to conduct a public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issuance of tax-exempt multifamily revenue bonds for a residential rental community.

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

No decisions regarding this development will be made at this hearing. The Department's board is scheduled to meet to consider this transaction on June 10, possibly June the 28.

In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at their meeting. The Department's staff will also accept written comment from the public up until 5:00 on May 28, 2004.

The bond will be issued as tax-exempt multifamily revenue bonds in an aggregate principal amount not to exceed

1 \$11,700,000 and taxable bonds, if necessary, in an amount to be
2 determined and issued in one or more series by the Texas Department
3 of Housing and Community Affairs.

4 The proceeds of the bonds will be loaned to Churchill at
5 Pinnacle Park, L.P. or a related person or affiliate entity thereof
6 to finance a portion of the cost of acquiring, constructing and
7 equipping a multifamily rental housing community described as
8 follows: 200-unit multifamily residential rental development to be
9 constructed on approximately 14.22 acres of land located on the west
10 side of Cockrell Hill Road, approximately one quarter mile south of
11 IH-30 in Dallas, Dallas County, Texas.

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

15 Is there anyone that would like to speak on behalf of
16 this development?

17 Seeing no one, let the record show there are two
18 attendees, a representative from Senator West's office, and also the
19 developer. Let the record show that there are no other attendees,
20 and therefore, the meeting is now adjourned. And the time is 6:15
21 p.m.

22 (Whereupon, at 6:15 p.m., the hearing was concluded.)

C E R T I F I C A T E

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IN RE:Churchill at Pinnacle Park Apartments
LOCATION:Dallas, Texas
DATE:April 14, 2004

I do hereby certify that the foregoing pages, numbers 1 through 4, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Ben Bynum before the Texas Department of Housing and Community Affairs.

04/15/2004

(Transcriber) (Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731



WWW.TDHCA.STATE.TX.US

MULTIFAMILY FINANCE PRODUCTION DIVISION

2004 Private Activity Multifamily Revenue Bonds

**Post Oak East Apartments
Southeast corner of Post Oak Boulevard and Village Way
Fort Worth, Texas**

Post Oak East Apartments, L.P.

246 Units

Priority 1B – 15% of units at 30% AMFI remaining 85% of units at 60% AMFI

\$13,000,000 Tax Exempt – Series 2004A

\$700,000 Taxable – Series 2004B

TABLE OF EXHIBITS

TAB 1	TDHCA Board Presentation
TAB 2	Bond Resolution
TAB 3	HTC Profile and Board Summary
TAB 4	Sources & Uses of Funds Estimated Cost of Issuance
TAB 5	Department's Real Estate Analysis
TAB 6	Rental Restrictions Explanation Results and Analysis
TAB 7	Development Location Maps
TAB 8	TDHCA Compliance Summary Report
TAB 9	Public Input and Hearing Transcript (May 18, 2004)

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

July 8, 2004

Action Item

Presentation, Discussion and Possible Approval for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2004 and Housing Tax Credits for the Post Oak East Apartments development.

Summary of the Post Oak East Apartments Transaction

The pre-application was received on September 2, 2003. The application was scored and ranked by staff. The application ranked eighteenth out of a total of forty-four applications. The application was induced at the October Board meeting and submitted to the Texas Bond Review Board for inclusion to the lottery. The application received a Reservation of Allocation on March 16, 2004. This application was submitted under the Priority 1B category. This is a new category the Legislature added June 2004 through SB 1664 to encourage affordable developments to target families with income at or below 30% of AMFI. The AMFI for the Fort Worth MSA is \$62,700. A public hearing was held on May 18, 2004. There were two people in attendance both of which were with the development team. A copy of the transcript is located in Tab 9 of this presentation. The proposed site is located in the Hurst, Euless, Bedford (HEB) Independent School District.

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of variable rate tax exempt bonds in the amount of \$13,700,000. The bonds will be credit enhanced by FNMA and carry a Aaa/VMIGI rating. GMAC (FNMA DUS Lender) will underwrite the transaction using a debt coverage ratio of 1.20 to 1 (Net Operating Income 1.2 times the debt service) amortized over 30 years. The term of the bonds will be for 33 years. The construction and lease up period will be for thirty months plus one 6 month optional extension with payment terms of interest only, followed by a 30 year term and amortization. At conversion to the permanent phase, GMAC will re-underwrite the development at a 1.20 to 1 debt coverage ratio and the bonds sized accordingly. Should the full amount of the bonds (\$13,700,000) not convert under this debt coverage ratio, subordinate refunding bonds will be issued and privately place. (See Bond Resolution 04-032 Section 1.2 (b) attached).

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2004 and Housing Tax Credits for the Post Oak East Apartments development because of the demonstrated quality of construction of the proposed development, the feasibility of the development (as demonstrated by the financial commitments from Fannie Mae and GMAC and the underwriting report by the Department's Real Estate Analysis division), the tenant and social services provided by the development and the demand for affordable units as demonstrated by the market area.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEMORANDUM
July 8, 2004

DEVELOPMENT: Post Oak East Apartments, Fort Worth, Tarrant County, Texas

PROGRAM: Texas Department of Housing & Community Affairs
2004 Private-Activity Multifamily Revenue Bonds
(Reservation received 3/16/2004)

ACTION
REQUESTED:

Approve the issuance of multifamily housing revenue bonds (the "Bonds") and multifamily housing revenue refunding bonds (the "Subordinate Refunding Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371 of the Texas Government Code and under Chapter 2306 of the Texas Government Code, the Department's enabling legislation which authorizes the Department to issue its revenue bonds for its public purposes as defined therein. The Subordinate Refunding Bonds will be issued, if at all, under Chapter 1207 of the Texas Government Code and Chapter 2306 of the Texas Government Code.

PURPOSE: The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Post Oak East Apartments, L.P., a Texas limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a new, 246-unit multifamily residential rental Development to be located south of Trinity Boulevard West, west of Hwy 360, and approximately 250 yards south of the intersection of Trinity Boulevard West and Post Oak Boulevard at the southeastern corner of Post Oak Boulevard and Village Way at 3860 Post Oak Boulevard, Fort Worth, Tarrant County, Texas 76040 (the "Development"). The first series of Bonds will be tax-exempt by virtue of the Development qualifying as a residential rental Development.

BOND AMOUNT: \$13,000,000 (*) Series 2004 A, Tax Exempt Bonds
\$ 700,000 Series 2004 B, Taxable Bonds
\$1,000,000 Subordinate Refunding Bonds

*\$13,700,000 Maximum amount of Bonds to be issued.

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

**ANTICIPATED
CLOSING DATE:**

The Department received a volume cap allocation for the Bonds on March 16, 2004, pursuant to the Texas Bond Review Board's 2004 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before August 13, 2004, the anticipated closing date is July 27, 2004.

BORROWER:

Post Oak East Apartments, L.P., a Texas Limited Partnership, the general partner of which is Post Oak East Apartments I, L.L.C. the members of which are a (to be formed entity) WOLCO Development, LLC 33.33% Resolution Real Estate Services, LLC 33.33% and G.G. MacDonald, Inc 33.33%. The principles of the general partners are John Mark Wolcott, J. Steve Ford, and G. Granger MacDonald. Boston Capital, Tax Credit Fund V L.P., a Delaware limited partnership or an affiliate thereof will be providing the equity for the transaction by purchasing a 99.99% limited partnership interest in the Borrower.

**COMPLIANCE
HISTORY:**

The Compliance Status Summary completed on June 30, 2004 reveals that the principals of the general partner above have a total of eighteen (18) properties being monitored by the Department. Eight (8) have received a compliance score. All of the scores are below the material non-compliance threshold score of 30.

ISSUANCE TEAM:

GMAC Commercial Mortgage Corporation. (FNMA DUS Lender/Servicer)
JPMorgan Chase Bank (Interim Lender)
Fannie Mae (Credit Facility Provider)
GMAC Commercial Holding Capital Markets Corp. d/b/a Newman and Associates, a Division of GMAC Commercial Holding Capital Markets Corp. (Underwriter)
Wachovia Bank, National Association (Trustee)
Vinson & Elkins L.L.P. (Bond Counsel)
Dain Rauscher, Inc. (Financial Advisor)
McCall, Parkhurst & Horton, L.L.P. (Issuer Disclosure Counsel)

BOND PURCHASER:

The Bonds will be publicly offered for sale on or about July 27, 2004 at which time the final pricing and Bond Purchaser(s) will be determined.

**DEVELOPMENT
DESCRIPTION:**

The Development is a 246 unit apartment community to be constructed on approximately 14.420 net acres located south of Trinity Boulevard West, west of Hwy 360, and approximately 250 yards south of the intersection of Trinity Boulevard West and Post Oak Boulevard at the southeastern corner of Post Oak Boulevard and Village Way at 3860 Post Oak Boulevard, Fort Worth, Tarrant County, Texas 76040 (the "Development").

The Development will consist of eleven (11) three-story buildings with a total of 235,344 net rentable square feet and an average unit size of approximately 957 square feet. The property will also have a community building consisting of a kitchen, a fitness center, business center and leasing office. The development will include a laundry room, a swimming pool, barbeque grills and picnic tables (one for every 25 units), and perimeter fencing with access gates. The complex will have 404 open parking spaces as well as 86 detached garages.

Units	Unit Type AMFI	Square Feet	Proposed	Net
Rent				
12	1-Bedrooms/1-Baths	680	\$290.00	30%
66	1-Bedrooms/1-Baths	680	\$663.00	60%
14	2-Bedrooms/2-Baths	983	\$347.00	30%
76	2-Bedrooms/2-Baths	983	\$770.00	60%
12	3-Bedrooms/2-Baths	1183	\$402.00	30%
66	3-Bedrooms/2-Baths	1183	\$892.00	60%
246	Total Units			

SET-ASIDE UNITS:

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

RENT CAPS:

For Bond covenant purposes, the rental rates on 15% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for a family whose income equals thirty percent (30%) of the area median income and the remaining 85% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for a family whose income equals sixty percent (60%) of the area median income.

TENANT SERVICES:

Tenant Services will be provided by Texas Inter-Faith management Corporation a Texas non-profit corporation, d.b.a. Good Neighbor (Supportive Provider) per the requirements as outlined in the Departments Land Use Restriction Agreement.

**DEPARTMENT
ORIGINATION**

FEES:

\$1,000 Pre-Application Fee (Paid)
 \$10,000 Application Fee (Paid)
 \$68,500 Issuance Fee (.50% of the bond amount paid at closing)

**DEPARTMENT
ANNUAL FEES:**

Bond Administration - 0.10% of bond amount (\$13,700 initially)
Compliance Fee- \$25/unit/year (\$6,150 CPI Inflated)

**ASSET OVERSIGHT
FEE:**

\$25/unit/year (\$6,150) to TDHCA or assigns.

(Department's annual fees or the Asset Oversight fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash flow.)

TAX CREDITS:

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to \$657,100 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of the limited partnership, typically 99.99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$5,322,510 of equity for the transaction.

**BOND STRUCTURE &
SECURITY FOR THE
BONDS:**

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

As stated above, the Bonds are being issued to fund a Mortgage Loan to finance the acquisition, construction, equipping and long-term financing of the Development. The Mortgage Loan will be secured by, among other things, a Deed of Trust and other security instruments on the Development. The Mortgage Loan and security instruments will be assigned to the Trustee and Fannie Mae and will become part of the Trust Estate securing the Bonds.

During both the construction period (the "Construction Phase") and permanent mortgage period (the "Permanent Phase"), Fannie Mae will provide a credit enhancement and liquidity facility for the Bonds. Fannie Mae's obligation to honor any demand by the Trustee for an Issuer's Fee advance is a standby obligation, payable if the Issuer's Fee is not otherwise paid, and Fannie Mae's obligation to honor any demand for all other advances is a direct pay obligation, without regard to whether the Borrower has made any such payment. During the Construction Phase, the Interim Lender will provide a Letter of Credit for the benefit of Fannie Mae to cover the construction and lease-up risk. Upon satisfaction of certain Conversion Requirements, the Mortgage

Loan will convert from the Construction Phase to the Permanent Phase and Fannie Mae will return the Letter of Credit to the Interim Lender.

In addition to the credit enhanced Mortgage Loan, other security for the Bonds during the Construction Phase consists of the net bond proceeds, the revenues and any other moneys received by the Trustee for payment of principal and interest on the Bonds, and amounts otherwise on deposit in the Funds and Accounts (excluding the Rebate Fund, the Fees Account and the Cost of Issuance Fund) and any investment earnings thereon (see Funds and Accounts section, below).

The Department is being asked to approve a Subordinate Refunding Bond Indenture at this time. No Subordinate Refunding Bonds will be issued now and it is not anticipated that they will ever be issued. Upon Conversion to the Permanent Phase, Fannie Mae will determine the final Mortgage Loan amount. If the final Mortgage Loan amount is less than the original Mortgage Loan amount, the Borrower will be required to pay the difference which will be used to correspondingly reduce the amount of the outstanding Bonds. All or a portion of this payment amount may be financed through the issuance of the Subordinate Refunding Bonds. The Department and GMAC Commercial Holding Capital Corp. will enter into a Forward Bond Purchase Contract for the purchase and sale of the Subordinate Refunding Bonds if such Bonds are issued.

**CREDIT
ENHANCEMENT:**

The credit enhancement by Fannie Mae allows for an anticipated rating by the Rating Agency of Aaa and an anticipated variable interest rate of 3.75% per annum. Without the credit enhancement, the Bonds would not be investment grade and therefore command a higher interest rate from investors on similar maturity bonds.

FORM OF BONDS:

The Bonds will be issued in book entry form and will be in authorized denominations of, during any Weekly Variable Rate Period, \$100,000 or any integral multiple of \$5,000 in excess of \$100,000 or during any Reset Period or the Fixed Rate Period, \$5,000 or any integral multiple of \$5,000.

**TERMS OF THE
MORTGAGE LOAN:**

The Mortgage Loan is a non-recourse obligation of the Owner, which means, subject to certain exceptions, that the Owner is not liable for the payment thereof beyond the amount realized from the pledged security. The Mortgage Loan provides for monthly payments of interest during the Construction Phase and level monthly payments of principal and interest following conversion

to the Permanent Phase.

During the Construction Phase, the Borrower will be required to make payments on the Mortgage Loan directly to the Trustee (to the extent that capitalized interest funds deposited at closing into the Mortgage Loan Fund are insufficient to make the semi-annual interest payments on the Bonds) along with all other bond and credit enhancement fees. Upon conversion, the Borrower will be required to pay mortgage payments on the Mortgage Loan to the Servicer, who will remit the principal and interest components of the mortgage payments to the Trustee. The Borrower will continue to pay certain other fees, including the Department's fees, directly to the Trustee.

Effective on the Conversion Date, which is anticipated to occur thirty months from the closing date of the Bonds with one six-month extension option, the Mortgage Loan will convert from the Construction Phase to the Permanent Phase upon satisfaction the conversion requirements set forth in the Fannie Mae credit facility. Among other things, these requirements include completion of the Development according to plans and specifications and achievement of certain occupancy thresholds.

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

The Bonds will bear interest at a variable rate until maturity, which is August 15, 2037.

The Bonds will be payable from: (1) revenues earned from the Mortgage Loan (which during the Construction Phase will be payable as to interest only); (2) earnings derived from amounts held in Funds & Accounts (discussed below) on deposit in an investment agreement; (3) funds deposited to the Mortgage Loan Fund specifically for capitalized interest during a portion of the Construction Phase; (4) or payments made by Fannie Mae under the credit facility.

Fannie Mae is obligated under the credit enhancement agreement to fund the payment of the Bonds, regardless of whether the Borrower makes the scheduled principal and interest payments on the Mortgage Loan. The Borrower is obligated to reimburse Fannie Mae for any moneys advanced by Fannie Mae for such payments

**REDEMPTION OF
BONDS PRIOR TO
MATURITY:**

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

Optional Redemption:

The Bonds are subject to optional redemption in whole or in part upon optional prepayment of the Loan by the Borrower:

- (1) On any Interest Payment Date within a Weekly Variable Rate Period and on any Adjustment Date at a redemption price equal to 100 percent of the principle amount redeemed plus accrued interest to the Redemption Date.
- (2) On any date within a Reset Period at the respective redemption prices set forth in the Indenture as expressed as a percentage of the principal amount of the Bonds.
- (3) On any date within the Fixed Rate Period, at the respective redemption prices set forth in the Indenture as expressed as percentages of the principal amounts of the Bonds.

Mandatory Redemption:

- (1) The Bonds shall be redeemed in whole or in part in the event and to the extent that proceeds of insurance from any casualty to, or proceeds of any award from any condemnation of, or any award as part of a settlement in lieu of condemnation of, the Mortgaged Property are applied in accordance with the Security Instrument to the prepayment of the Mortgage Loan.
- (2) The Bonds shall be redeemed in whole or in part in an amount specified by and at the direction of the Credit Provider requiring that the Bonds be redeemed pursuant to the Indenture following any Event of Default under the Reimbursement Agreement.
- (3) The Bonds shall be redeemed in whole or in part as follows:
 - a) On each Adjustment Date in an amount equal to the amount which has been transferred from the Principal Reserve Fund on such Adjustment Date to the Redemption Account.
 - b) On any Interest Payment Date in an amount equal to the amount which has been transferred from the Principal Reserve Fund on such Interest Payment Date to the Redemption Account.
- (4) The Bond shall be redeemed during the Fixed Rate Period if the Issuer has established a Sinking Fund Schedule, at the times and in the amounts set forth in the Sinking Fund Schedule.

- (5) The Bonds shall be redeemed in part in the event that the Borrower makes a Pre-Conversion Loan Equalization Payment.
- (6) The Bonds shall be redeemed in whole if the Credit Provider notifies the Trustee that (i) the Conditions to Conversion have not been satisfied on or prior to the Termination Date, or (ii) a Borrower Default has occurred, or (iii) the Construction Lender has directed Fannie Mae to draw on the Letter of Credit due to an event of default by the Borrower under the Construction Phase Financing Agreement.
- (7) The Bonds shall be redeemed in whole or in part in the event and to the extent that amounts on deposit in the Loan Fund are transferred to the Redemption Account.

**FUNDS AND
ACCOUNTS/FUNDS
ADMINISTRATION:**

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

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will initially be issued as fully registered securities and when issued will be registered in the name of Cede & Co., as nominee for DTC. One fully registered global bond in the aggregate principal amount of each stated maturity of the Bonds will be deposited with DTC.

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

The Trust Indenture will create up to six (6) funds with the following general purposes:

1. Loan Fund – Consists of a Project Account and Capitalized Moneys Account. Bond proceeds will be deposited and withdrawn to pay the costs of construction of the Development including interest on the Bonds during the Construction Phase.
2. Revenue Fund - General receipts and disbursement account for revenues to pay principal and interest on the Bonds. Sub-accounts created within the Revenue Fund for redemption

provisions, credit facility purposes, the payment of interest and certain ongoing fees.

3. Costs of Issuance Fund – A temporary fund into which amounts for the payment of the costs of issuance are deposited and disbursed by the Trustee.
4. Rebate Fund - Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.
5. Bond Purchase Fund - so moneys held uninvested and exclusively for the payment of the purchase price of Tendered Bonds (subject to provisions in the Indenture allowing reimbursement of the amounts owed to the Credit Provider).
6. Principal Reserve Fund – a fund to collect principal payments from the payments received from the Borrower through revenue from the project.

Essentially, all of the bond proceeds will be deposited into the Loan Fund and disbursed during the Construction Phase (over 18 to 24 months) to finance the construction of the Development. Although costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds, it is currently expected that all costs of issuance will be paid by an equity contribution of the Borrower.

DEPARTMENT
ADVISORS:

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

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in August 2003. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.
2. Bond Trustee – Wachovia Bank, National Association was selected as bond trustee by the Department pursuant to a request for proposal process in December 2003.

3. Financial Advisor - Dain Rauscher, Inc., formerly Rauscher Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in June 2003.
4. Underwriter – Newman and Associates Inc. was selected by the Borrower from the Department's list of approved senior managers for multifamily bond issues. The underwriter list was compiled and approved by the Department May 2004.

**ATTORNEY GENERAL
REVIEW OF BONDS:**

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

RESOLUTION NO. 04-032

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (POST OAK EAST APARTMENTS) SERIES 2004A, TAXABLE VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (POST OAK EAST APARTMENTS) SERIES 2004B, AND SUBORDINATE MULTIFAMILY HOUSING REVENUE REFUNDING BONDS (POST OAK EAST APARTMENTS); APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Department may issue refunding bonds under Chapter 1207, Texas Government Code, to refund all or any part of the Department's outstanding bonds, notes, or other general or special obligations; and

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Variable Rate Demand Multifamily Housing Revenue Bonds (Post Oak East Apartments) Series 2004A (the "Series A Bonds) and Taxable Variable Rate Demand Multifamily Housing Revenue Bonds (Post Oak East Apartments) Series 2004B (the "Series B Bonds," and together with the Series A Bonds, collectively, the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and Wachovia Bank, National Association (the "Trustee"), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

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

individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 9, 2003, declared its intent to issue its revenue bonds to provide financing for the Project; and

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

WHEREAS, it is anticipated that credit enhancement for the Mortgage Loan will be provided for initially by a Credit Enhancement Instrument issued by Fannie Mae ("Fannie Mae"); and

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

WHEREAS, the Department's interest in the Mortgage Loan (except for certain reserved rights), including the Note and the Mortgage, will be assigned to the Trustee, as its interests may appear, and to Fannie Mae, as its interests may appear, pursuant to an Assignment and Intercreditor Agreement (the "Assignment") among the Department, the Trustee and Fannie Mae and acknowledged, accepted and agreed to by the Borrower; and

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

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

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Borrower, GMAC Commercial Holding Capital Markets Corp. d/b/a Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp. (the "Underwriter"), and any other parties to such Bond Purchase Agreement as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter or another party to such Bond Purchase Agreement; and

WHEREAS, pursuant to the terms of the Note, the Borrower is required to make a Pre-Conversion Loan Equalization Payment (as such term is defined the Note) in the event that the principal amount of the Mortgage Loan, as finally determined pursuant to the terms of the Construction Phase

Financing Agreement (as such term is defined in the Indenture), is less than the original principal amount of the Mortgage Loan; and

WHEREAS, pursuant to the terms of the Indenture, the Bonds are subject to mandatory redemption in the event that the Borrower is required to make a Pre-Conversion Loan Equalization Payment pursuant to the terms of the Note; and

WHEREAS, the Board has determined to authorize the issuance, sale and delivery of its Subordinate Multifamily Housing Revenue Refunding Bonds (Post Oak East Apartments) (the "Refunding Bonds") pursuant to and in accordance with the terms of a Subordinate Indenture between the Department and Wachovia Bank, National Association, as trustee, or any successor thereto (the "Refunding Indenture"), for the purpose of obtaining funds to refinance a portion of the Project in the event that the Borrower is required to make a Pre-Conversion Loan Equalization Payment, all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Board desires to use the proceeds of the Refunding Bonds to fund a subordinate mortgage loan (the "Refunding Mortgage Loan") to the Borrower in order to provide funds to make a Pre-Conversion Loan Equalization Payment and thereby refund a portion of the Bonds, all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Subordinate Loan Agreement (the "Refunding Loan Agreement") pursuant to which (i) the Department will agree to make the Refunding Mortgage Loan to the Borrower to enable the Borrower to make a Pre-Conversion Loan Equalization Payment and thereby refinance a portion of the Project, and (ii) the Borrower will execute and deliver to the Department a subordinate multifamily note (the "Refunding Note") in an original principal amount equal to the original aggregate principal amount of the Refunding Bonds, and providing for payment of interest on such principal amount equal to the interest on the Refunding Bonds; and

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

WHEREAS, it is anticipated that the Department's rights (except for certain reserved rights) under the Refunding Mortgage Loan, including the Refunding Note and the Refunding Mortgage, will be assigned to the Trustee pursuant to an Assignment of Deed of Trust and Loan Documents (the "Refunding Assignment") from the Department for the benefit of the Trustee; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will amend the Regulatory Agreement in connection with the issuance of the Refunding Bonds to comply with state law and federal tax law; and

WHEREAS, the Board has determined that the Department shall enter into a Forward Purchase Contract (the "Forward Purchase Contract") with the Borrower and GMAC Commercial Holding Capital Corp. (the "Refunding Bond Purchaser") and any other party to the Forward Purchase Contract as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Refunding Bond Purchaser or another party to the Forward Purchase Contract will purchase all or their respective portion of the Refunding Bonds from the Department and the Department will sell the Refunding Bonds to the Refunding Bond Purchaser or another party to the Forward Purchase Contract; and

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

WHEREAS, the Board has examined proposed forms of the Indenture, the Financing Agreement, the Assignment, the Regulatory Agreement, the Asset Oversight Agreement, the Official Statement, the Bond Purchase Agreement, the Refunding Indenture, the Refunding Loan Agreement, the Refunding Assignment and the Forward Purchase Contract, all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.20, to authorize the issuance of the Bonds and the Refunding Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE,

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

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

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

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. (a) That the Chair or Vice Chairman of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chairman of the Board or the Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided, however, that (i) the Bonds shall bear interest at the rates determined from time to time by the Remarketing Agent (as such term is defined in the Indenture) in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Series A and the Series B Bonds shall not exceed 6%; (ii) the aggregate principal amount of the Series A Bonds shall not exceed \$13,000,000 and the aggregate principal amount of the Series B Bonds shall not exceed \$800,000; (iii) the final maturity of the Series A and the Series B Bonds shall occur not later than September 15, 2037; and (iv) the price at which the Bonds are sold to the initial purchasers thereof under the Bond Purchase Agreement shall not exceed 103% of the principal amount thereof.

(b) That the Chair or Vice Chairman of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1207, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption provisions related to, and the price at which the Department will sell to the Refunding Bond Purchaser or another party to the Forward Purchase Contract, the Refunding Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chairman of the Board or the Executive Director of the Department of the Refunding Indenture and the Forward Purchase Contract; provided, however, that (i) the interest rate on the Refunding Bonds shall be 10%; provided that in no event shall the interest rate on the Refunding Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Refunding Bonds shall not exceed \$1,000,000; (iii) the final maturity of the Refunding Bonds shall occur not later than the date that is 90 days after the maturity date of the Note; and (iv) the price at which the Refunding Bonds are sold to the initial purchasers thereof under the Forward Purchase Contract shall not exceed 103% of the principal amount thereof.

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

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

Section 1.5--Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and any other party to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter and any other party to the Bond Purchase Agreement as appropriate.

Section 1.6--Acceptance of the Mortgage and Note. That the Mortgage and the Note are hereby accepted by the Department and that the authorized representatives of the Department named in this Resolution each are authorized to endorse and deliver the Note to the order of the Trustee and Fannie Mae, as their interests may appear, without recourse.

Section 1.7--Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Assignment and to deliver the Assignment to the Borrower, the Trustee and Fannie Mae.

Section 1.8--Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair of the Governing Board and the Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may

be required to provide a final Official Statement for the Bonds; that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Official Statement, as required; and that the distribution and circulation of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director of the Department and the Department's counsel.

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

Section 1.10--Approval, Execution and Delivery of the Refunding Indenture. That the form and substance of the Refunding Indenture are hereby approved; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Refunding Indenture and to deliver the Refunding Indenture to the Trustee.

Section 1.11--Approval, Execution and Delivery of the Refunding Loan Agreement. That the form and substance of the Refunding Loan Agreement are hereby approved; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Refunding Loan Agreement and to deliver the Refunding Loan Agreement to the Borrower.

Section 1.12--Approval, Execution and Delivery of Amended Regulatory Agreement. That any amendments to the Regulatory Agreement to comply with state law and federal tax law in connection with the issuance of the Refunding Bonds are hereby authorized; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the amended Regulatory Agreement, thereby evidencing the Department's approval of any such amendments, and to deliver such amended Regulatory Agreement to the Borrower and the Trustee.

Section 1.13--Acceptance of the Refunding Mortgage and the Refunding Note. That the Refunding Mortgage and the Refunding Note are hereby accepted by the Department; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to endorse the Refunding Note to the order of the Trustee, without recourse.

Section 1.14--Approval, Execution and Delivery of the Refunding Assignment. That the form and substance of the Refunding Assignment are hereby approved; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute the Refunding Assignment and to deliver the Refunding Assignment to the Trustee.

Section 1.15--Approval, Execution and Delivery of the Forward Purchase Contract. That the form and substance of the Forward Purchase Contract are hereby approved; and that the authorized representatives of the Department named in this Resolution are each hereby authorized to execute and deliver the Forward Purchase Contract to the Borrower and the Refunding Bond Purchaser and any other party to the Forward Purchase Contract as appropriate.

Section 1.16--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate

parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.17--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Financing Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Bond Purchase Agreement
- Exhibit F - Assignment
- Exhibit G - Official Statement
- Exhibit H - Asset Oversight Agreement
- Exhibit I - Refunding Indenture
- Exhibit J - Refunding Loan Agreement
- Exhibit K - Forward Purchase Contract
- Exhibit L - Refunding Assignment

Section 1.18--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.19--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.20--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director or Acting Executive Director of the Department; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the

Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds and the Refunding Bonds in accordance with Chapter 1231, Texas Government Code.

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

Section 2.3--Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

Section 2.4--Certification of the Minutes and Records. That the Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds, the Refunding Bonds and all other Department activities.

Section 2.5--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

Section 2.6--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the Refunding Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and the Refunding Indenture and to enter into or direct the Trustee to enter into any agreements relating thereto only to the extent permitted by the Indenture and the Refunding Indenture.

Section 2.7--Underwriter. That the underwriter with respect to the issuance of the Bonds shall be GMAC Commercial Holding Capital Markets Corp. d/b/a Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp.

Section 2.8--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Project shall not exceed the amounts attached as Exhibit G to the Regulatory Agreement and shall be annually redetermined by the Borrower and reviewed by the Department as set forth in the Financing Agreement.

Section 2.9--Ratifying Other Actions. That all other actions taken by the Executive Director or Acting Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the Refunding Bonds and the financing of the Project are hereby ratified and confirmed.

ARTICLE III

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act and Section 1207.008, Texas Government Code, and after the Department's consideration of the information with respect to the Project and the information with respect to the proposed financing of the Project by the Department, including but not limited to the information submitted by the Borrower, independent studies

commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

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

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

(iii) that the Borrower is financially responsible,

(iv) that the financing of the Project is a public purpose and will provide a public benefit, and

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

(b) Findings with Respect to the Borrower.

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

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

(iii) that the Borrower is not, and will not enter into a contract for the Project with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

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

(ii) that the issuance of the Bonds and the Refunding Bonds to finance the Project is undertaken within the authority conferred by the Act and Chapter 1207, Texas Government Code, and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate

income in the State of Texas to obtain decent, safe, and sanitary housing by financing the costs of the Project, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

(d) Findings with Respect to the Refunding Bonds.

(i) that the issuance of the Refunding Bonds is in the best interests of the Department; and

(ii) that the manner in which such refunding is being executed does not make it practicable to make the determination required by Section 1207.008(a)(2), Texas Government Code (with respect to the maximum amount by which the aggregate amount of payments to be made under the Refunding Bonds could exceed the aggregate amount of payments that would have been made under the terms of the portion of the Bonds being refunded).

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

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

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

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

ARTICLE IV

GENERAL PROVISIONS

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

Section 4.2--Non-Governmental Obligations. That the Bonds and the Refunding Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State of Texas or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State of Texas. Each Bond and Refunding Bond shall contain on its face a statement to the effect that the State of Texas

is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State of Texas is pledged, given or loaned to such payment.

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

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this 28th day of June, 2004

[SEAL]

By: _____
Elizabeth Anderson, Chair

Attest: _____
Delores Groneck, Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Section 1. Project and Owner.

Owner: Post Oak East Apartments, L.P., a Texas limited partnership

Project: The Project is a 246-unit multifamily facility to be known as Post Oak East Apartments and to be located at 3860 Post Oak Boulevard, Fort Worth, Tarrant County, Texas 76040. It will consist of eleven (11) three-story residential apartment buildings with approximately 235,344 net rentable square feet and an average unit size of approximately 950 square feet. The unit mix will consist of:

78 one-bedroom/one-bath units
90 two-bedroom/two-bath units
78 three-bedroom/two-bath units

246 Total Units

Unit sizes will range from approximately 700 square feet to approximately 1183 square feet.

Common areas are expected to include a swimming pool, a picnic area, a play area with playground equipment and a community center with a central kitchen, an exercise room, computer facilities and laundry facilities.

Section 2. Project Amenities.

Project Amenities shall include:

- Washer/Dryer Connections
- Microwave Ovens (in each unit)
- Storage Room (outside the unit)
- Garages (equal to at least 35% of units)
- Ceiling Fans (living room and bedrooms)
- Ceramic Tile Flooring (entry way and bathroom)
- 75% or Greater Masonry (includes rock, stone, brick, stucco and cementious board product; excludes efis)
- Playground and Equipment (one facility for 5-12 year old children and one facility for toddlers) or Covered Community Porch
- BBQ Grills and Tables (one each per 25 units) or Walking Trail (minimum length of ¼ mile) or Gazebo with Seating for Twelve
- Full Perimeter Fencing and Gated
- Computers with internet access / Business Facilities (8 hour availability)
- Game Room or TV Lounge
- Workout Facilities or Library (with comparable square footage as workout facilities)



**HOUSING TAX CREDIT PROGRAM
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Post Oak East Apartments**

TDHCA#: 04433

DEVELOPMENT AND OWNER INFORMATION

Development Location: Fort Worth QCT: N DDA: N TTC: N
 Development Owner: Post Oak East Apartments, LP
 General Partner(s): Post Oak East Apartments, LLC, 100%, Contact: G. Granger Mac Donald
 Construction Category: New
 Set-Aside Category: Tax Exempt Bond Bond Issuer: TDHCA
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$651,286 Eligible Basis Amt: \$632,137 Equity/Gap Amt.: \$1,125,280
Annual Tax Credit Allocation Recommendation: \$632,137
 Total Tax Credit Allocation Over Ten Years: \$ 6,321,370

PROPERTY INFORMATION

Unit and Building Information

Total Units: 246 HTC Units: 246 % of HTC Units: 100
 Gross Square Footage: 238,086 Net Rentable Square Footage: 233,784
 Average Square Footage/Unit: 950
 Number of Buildings: 11
 Currently Occupied: N

Development Cost

Total Cost: \$21,601,338 Total Cost/Net Rentable Sq. Ft.: \$92.4

Income and Expenses

Effective Gross Income:¹ \$2,020,444 Ttl. Expenses: \$1,020,745 Net Operating Inc.: \$999,699
 Estimated 1st Year DCR: 1.38

DEVELOPMENT TEAM

Consultant: Not Utilized Manager: Alpha-Barnes Real Estate Services
 Attorney: J. Michale Pruitt Architect: Archon Corp.
 Accountant: To Be Determined Engineer: Hunter Associates Texas, Ltd.
 Market Analyst: Butler Burgher Lender: GMAC Commercial Mortgage -
 Affordable Housing Division
 Contractor: G.G. MacDonald, Inc. Syndicator: Boston Capital Partners, Inc.

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
Letters: # in Support: 0 # in Opposition: 0 Public Hearing: # in Support: 2 # in Opposition: 0 # Neutral: 0	Sen. Jane Nelson, District 12 - NC Rep. Bob E. Griggs, District 91 - NC Mayor Mike Moncrief - NC Reid Rector, Assistant City Manager, City of Fort Worth; Consistent with the local Consolidated Plan.

1. Gross Income less Vacancy

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

CONDITION(S) TO COMMITMENT

1. Per §50.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Project Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Receipt, review , and acceptance of a noise study report which confirms that noise levels at the site do not exceed HUD guidelines.
3. Acceptance by the Board of an anticipated likely redemption of up to \$1,100,000 in bonds at the conversion of permanent.
4. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs and building and tenant flood insurance costs prior to initial closing on the property.
5. Receipt, review, and acceptance of a commitment from the related party general contractor to defer fees as necessary to fill a potential gap in permanent financing.
6. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

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

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

Other Comments including discretionary factors (if applicable).

Robert Onion, Multifamily Finance Manager

Date

Brooke Boston, Director of Multifamily Finance Production Date

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

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

Other Comments including discretionary factors (if applicable)._____

Edwina P. Carrington, Executive Director
Chairman of Executive Award and Review Advisory Committee

Date

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

Chairperson Signature: _____
Elizabeth Anderson, Chairman of the Board

Date

Post Oak East Apartments

Estimated Sources & Uses of Funds

Sources of Funds

2004A Series Tax Exempt Bond Proceeds	\$ 13,000,000
2004B Bonds Taxable	\$ 800,000
Equity Funds from Borrower (Tax credit proceeds)	5,182,155
GIC Income	137,678
NOI Prior to Stabilization	998,022
Deferred Developer's Fee (Note at Completion)	1,734,345
Total Sources	\$ 21,852,200

Uses of Funds

Deposit to Mortgage Loan Fund (Construction funds)	\$ 16,658,565
Deposit to Revenue Fund (30-Day Payment Lag)	45,365
Capitalized Interest	1,235,000
Lease Up Reserves	150,000
Developer's Fee/Overhead	2,492,169
Costs of Issuance	
Direct Bond Related	265,000
Underwriter's Spread/Council	183,000
Other Transaction Costs	473,601
Credit Enhancement Costs	214,500
Real Estate Closing Costs	135,000
Total Uses	\$ 21,852,200

Estimated Costs of Issuance of the Bonds

Direct Bond Related

Department Issuance Fee (.5% of Issuance)	\$ 69,000
Department Application Fee	11,000
Department Bond Administration Fee (2 years)	27,600
Bond Counsel (Note 1)	75,000
Disclosure Counsel (Note 1)	5,000
Department Financial Advisor	30,000
Rating Agency Fee	13,500
OS Printing & Mailing	2,000
Trustee Fee (Note 1)	5,000
Trustee's Counsel (Note 1)	10,000
Attorney General Transcript Fee	2,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Fee	3,250
TDHCA Compliance Fee (1st Year Escrow)	6,150
Total Direct Bond Related	\$ 265,000

Post Oak East Apartments

Underwriter's Spread	
Underwriter's Fee/Expenses	\$ 138,000
Underwriter's Counsel	30,000
Sub Bond Purchaser's Counsel	15,000
Total Underwriter's Spread	\$ 183,000

Credit Enhancement Costs	
DUS Financing Fee/expenses & legal	\$ 159,000
Lender's Application Fee	20,000
FNMA Counsel & Expenses	35,500
Total Credit Enhancement Costs	\$ 214,500

Other Transaction Costs	
Borrower's Counsel	30,000
Letter of Credit Origination Fee	194,601
Interest Rate Swap/Cap	104,000
Tax Credit Application & Commitment Fee	145,000
Total Transaction Costs	\$ 473,601

Real Estate Closing Costs	
Title, Recording & Survey	\$ 115,000
Property Taxes	20,000
Total Real Estate Costs	\$ 135,000

Estimated Total Costs of Issuance	\$ 1,271,101
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Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

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

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

Special Purposes: Family, General Population

RECOMMENDATION

- RECOMMEND APPROVAL OF ISSUANCE OF \$13,000,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS AND \$700,000 IN TAXABLE BONDS WITH A VARIABLE INTEREST RATE UNDERWRITTEN AT 4% FOR THE FIRST YEAR, INCREASING IN 0.5% INCREMENTS ANNUALLY UNTIL THE FIFTH YEAR, AFTER WHICH IT IS UNDERWRITTEN AT A BLENDED RATE OF 6.012% FOR THE REMAINDER OF THE 30-YEAR TERM.

- RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$632,137 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a noise study report which confirms that noise levels at the site do not exceed HUD guidelines;
2. Acceptance by the Board of the anticipated likely redemption of up to \$1,100,000 in bonds at the conversion to permanent;
3. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs and building and tenant flood insurance costs prior to the initial closing on the property;
4. Receipt, review, and acceptance of a commitment from the related party general contractor to defer fees as necessary to fill a potential gap in permanent financing;
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 246 **# Rental Buildings:** 11 **# Common Area Bldgs:** 1 **# of Floors:** 3 **Age:** 0 yrs **Vacant:** N/A at / /
Net Rentable SF: 233,784 **Av Un SF:** 950 **Common Area SF:** 4,302 **Gross Bldg SF:** 238,086

STRUCTURAL MATERIALS

The structure will be wood frame on a post-tensioned concrete slab on grade. According to the plans provided in the application the exterior will be comprised of 50% brick veneer & 50% cement fiber siding. The interior wall surfaces will be drywall and the pitched roofs will be finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl tile. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, individual heating and air conditioning, high-speed internet access, & 9-foot ceilings.

ON-SITE AMENITIES

A 4,302-square foot community building will include an activity room, management offices, fitness, maintenance, & laundry facilities, a kitchen, restrooms, a computer/business center, & a central mailroom. The community building, swimming pool, & equipped children's play area are to be located at the entrance to the property. In addition, perimeter fencing with limited access gates is planned for the site.

Uncovered Parking: 404 spaces **Carports:** 0 spaces **Garages:** 88 spaces

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

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Post Oak East Apartments is a relatively dense (16.4 units per acre) new construction development of 246 units of affordable housing located in far eastern Fort Worth. The development is comprised of 11 large, evenly distributed, garden style, walk-up residential buildings as follows:

- Two Building Type I with 12 each one-bedroom/one-bath units and three-bedroom/two-bath units; and
- Eleven Building Type II with six one-bedroom/one-bath units, ten two-bedroom/two-bath units, and six three-bedroom/two-bath units.

Architectural Review: The building and unit plans are of good design, sufficient size, and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with simple fenestration.

SITE ISSUES

SITE DESCRIPTION

Size:	15.03 acres	654,707 square feet	Zoning/ Permitted Uses:	C, Medium-Density Multifamily Residential
Flood Zone Designation:	Zones X & A	Status of Off-Sites:	Partially improved	

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly, almost triangularly-shaped parcel located in the far eastern area of the city, approximately 17 miles from the central business district. The site is situated on the southeast side of Post Oak Boulevard.

Adjacent Land Uses:

- **North:** Village Way immediately adjacent and multifamily residential and retail beyond;
- **East:** an unpaved access road immediately adjacent and an electrical substation beyond;
- **South:** a creek immediately adjacent with multifamily residential, railroad tracks, and undeveloped land beyond;
- **West:** Post Oak Boulevard with multifamily residential beyond.

Site Access: Access to the property is from the north or southwest along Post Oak Boulevard or the east or west from Village Way. The development is to have a main entry from Post Oak Boulevard and a secondary entry from Village Way. Access to State Highway 360 is one-half mile east, which provides connections to all other major roads serving the Metroplex area.

Public Transportation: Public transportation to the area is provided by the city bus system. The location of the nearest stop is approximately 1.5 miles east of the site.

Shopping & Services: The site is within two miles (3.3 driving miles) of a grocery/pharmacy, and one-half mile of a neighborhood shopping center. A variety of other retail establishments and restaurants as well as schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

Special Adverse Site Characteristics: The following issues have been identified as potentially bearing on the viability of the site for the proposed development:

- **Powerlines:** The site is bisected from east to west by a 100-foot wide powerline easement, and no buildings are to be placed in this area.
- **Floodplain:** a small portion (approximately 0.68 acres) of the southern portion of the site lies within the 100-year floodplain (Zone A) of the unnamed creek which runs adjacent to the southwestern site boundary. Although no improvements have been sited in this area, four residential buildings are adjacent to this area and flooding above the 100-year base flood elevation would be likely to cause damage. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, consideration and documentation of floodplain reclamation sitework costs and building and tenant flood insurance costs prior to the initial closing on the property is a condition of this report.
- **Railroad:** An active light rail commuter train track is located near the southern edge of the site. Although the Environmental Analyst did not identify a noise hazard from this source, it is a condition of

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

this report that the Applicant provide a noise study report which confirms that noise levels at the site do not exceed HUD guidelines.

Site Inspection Findings: TDHCA staff performed a site inspection on May 18, 2004 and found the location to be acceptable for the proposed development. The inspector noted the site is surrounded by market rate apartment developments, that the area appears to be growing, and that there are significant shopping and retail opportunities within four miles along nearby thoroughfares.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 25, 2004 was prepared by Alpha Testing, Inc. and contained the following findings: "This assessment has not revealed evidence of recognized environmental conditions in connection with the site." (p. 19)

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 1 private activity bond lottery development the Applicant has elected the 15% at 30%/85% at 60% option. All of the units will be reserved for low-income tenants. Thirty-eight of the units (15% of the total) will be reserved for households earning 30% or less of AMGI and the remaining 208 units (85%) will be reserved for households earning 60% or less of AMGI.

MAXIMUM ELIGIBLE INCOMES

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$26,340	\$30,120	\$33,840	\$37,620	\$40,620	\$43,620

MARKET HIGHLIGHTS

A market feasibility study dated March 23, 2004 was prepared by Butler Burgher, Inc. ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "The subject property is situated in a PMA that includes the easternmost section of the city of Fort Worth that extends to the eastern Tarrant County border, the city of Euless (north of the subject), and the city of Arlington (south of the subject). The PMSA boundaries are defined as SH 360 to the east and north, SH 121/Central Drive/Fielder Road to the west, and IH 30 to the south." (p. 61). This area encompasses approximately 31.2 square miles and is equivalent to a circle with a radius of 3.2 miles.

Population: The estimated 2003 population of the PMA was 111,071 and is expected to increase by 11.1% to approximately 123,949 by 2008. Within the primary market area there were estimated to be 50,931 households in 2003.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 7,447 qualified households in the PMA, based on the current estimate of 50,931 households, the projected annual household growth rate of 2.2%, renter households estimated at 64.29% of the population, income-qualified households estimated at 28.24%, and an annual renter turnover rate of 78%. (p. 89). The Analyst used two years of growth demand to account for the period between tax credit allocation and completion of construction. The Market Analyst used an income band of \$0 to \$39,120 due to the Applicant's stated intention to accept Section 8 vouchers, but the Analyst provided no information on the number of Section 8 vouchers that might be available to households earning below \$9,943, the affordability threshold for this development. Conversely, the Analyst may have understated the maximum income for a five-person household, which could be as high as \$40,620. As a net result, the Underwriter's estimated demand is slightly lower than the Market Analyst's.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY

Type of Demand	Market Analyst		Underwriter	
	Units of	% of Total	Units of	% of Total

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS

	Demand	Demand	Demand	Demand
Household Growth	210	3%	229	3%
Resident Turnover	7,027	97%	7,843	97%
Other Sources:	0	0%	0	0%
TOTAL ANNUAL DEMAND	7,237	100%	8,071	100%

Ref: p. 89

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 3.3% based upon 7,447 units of demand (including two years of growth demand) and 246 unstabilized affordable housing units in the PMA (the subject) (p. 89). The Underwriter also calculated an inclusive capture rate of 3.0% based upon slightly higher demand estimate of 8,071 households.

Local Housing Authority Waiting List Information: “The Fort Worth Housing Authority Housing Choice Voucher Program currently has a total allocation of 4,793 vouchers. An average of 60+ relocated every month. Currently there are over 6,000 applicants on the waiting list. The Tarrant County Housing Assistance Office currently has 2,024 active participants in their Section 8 Housing Choice Voucher Program. Similar to the limited supply of vouchers, the supply of project-based subsidized units is limited as the Ripley Arnold community on the Fort Worth CBD has been demolished causing the displacement of 268 households. The Fort Worth Housing Authority is actively seeking units for these residents in mixed-income communities in non-impacted areas, such as the subject area.”(p. 3).

Market Rent Comparables: The Market Analyst surveyed ten comparable apartment projects totaling 2,777 units in the market area. “Leasing concessions are being offered in the subject area by all the competitors as they compete for new residents and attempt to increase occupancy. This is typical in the Dallas/Fort Worth market, which has experienced significant new construction and all properties are now competing more heavily.” (p. 94).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (30%)	\$290	\$290	\$0	\$630*	-\$340
1-Bedroom (60%)	\$643	\$643	\$0	\$630*	+\$13
2-Bedroom (30%)	\$347	\$347	\$0	\$800	-\$453
2-Bedroom (60%)	\$770	\$770	\$0	\$800	-\$30
3-Bedroom (30%)	\$402	\$402	\$0	\$1,000	-\$598
3-Bedroom (60%)	\$892	\$892	\$0	\$1,000	-\$108

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

*The Analyst originally concluded an estimated market rent of \$580 for the one-bedroom units but subsequently revised this up to \$630. The Underwriter regards this adjustment as reasonable in light of the market rent comparable data provided.

Primary Market Occupancy Rates: “Centrepoint submarket boundaries encompass the central portion of the PMA boundaries (subject is located in Centrepoint submarket) as defined in this report...M/PF is reporting an occupancy rate of 87.8% for this submarket but the 1990+ product reported a higher 92.8% occupancy rate.” (p. 6).

Absorption Projections: “An increasing absorption rate from 5 to 20 units/month is reasonable for the subject, as encumbered by LIHTC, resulting in a 15-month absorption period to obtain stabilized physical occupancy...” (p. 92).

Known Planned Development: “...two multifamily communities are under construction, Stoneleigh at Bear Creek at 1401 Highway 360 in Euless and Boulders (in Hurst on NE Loop 820, southwest of the subject and outside the defined PMA), while one market property was recently completed in the PMA, Mandolin II (in Euless).” (p. 65).

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

Effect on Existing Housing Stock: No information provided.

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under HTC program guidelines, and are achievable according to the Market Analyst except for the one-bedroom 60% units whose proposed net rent of \$643 exceeds the Analyst's estimated market rent by \$13. Accordingly, the Underwriter has used a net rent of \$630 for these 66 units, resulting in a \$10,296 reduction in potential gross rent. It should be noted that the two adjacent apartment complexes are offering one-bedroom units for \$495 and \$559 plus rental concessions.

The Applicant's secondary income estimate of \$27.88/unit/month includes rental income from 90% of the 88 garages, which the Underwriter has accepted based on information received from the lender and appraiser. These parties (although not the Applicant) also included \$60,000 in income from utility submetering in their analyses; the Underwriter has included \$36,360 in income from this source based on the current utility allowances. This same amount was reduced from the anticipated rent as a tenant-paid utility. The Appraiser's estimate for this secondary income would amount to a rent limit violation in that the tenant would actually be charged more in submetering than credited in rent. The Applicant's vacancy and collection loss estimate is in line with TDHCA underwriting guidelines. As a result of these differences the Underwriter's effective gross income estimate is \$24,112 (1.2%) greater than the Applicant's estimate.

Expenses: The Applicant's total expense estimate of \$3,800 per unit is 8.4% lower than the Underwriter's database-derived estimate of \$4,149 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, particularly general and administrative (\$27.2K lower), payroll (\$43.3K lower), repairs and maintenance (\$32.7K higher), utilities (\$42.3K lower), water, sewer, and trash (\$28.1K higher), and property tax (\$20K lower). The Underwriter discussed these differences with the Applicant but was unable to reconcile them even with additional information provided by the Applicant. It should also be noted that the Underwriter's expenses are \$62K to \$71K higher than the appraiser's and lender's anticipated expenses, with the primary areas of difference being \$48K in property taxes, \$23K in payroll and \$19K in utilities.

Conclusion: Although the Applicant's estimated income is consistent with the Underwriter's expectations, the Applicant's total operating expense and net operating income (NOI) estimates are not within 5% of the Underwriter's estimates. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. Due primarily to the significant difference in estimated operating expenses, the Underwriter's estimated debt coverage ratio (DCR) of 1.01 is less than the program minimum standard of 1.10. The Underwriter has completed this analysis assuming a likely redemption of a portion of the bond amount resulting in a final anticipated combined bond amount of \$12,600,000.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 14.0199 acres	\$183,213	Assessment for the Year of:	2004
Building:	N/A	Valuation by:	Tarrant County Appraisal District
Total Assessed Value:	\$183,213	Tax Rate:	3.194377

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Contract for sale and purchase of unimproved real property					
Contract Expiration Date:	7/	30/	2004	Anticipated Closing Date:	7/	30/ 2004
Acquisition Cost:	\$1,750,000			Other Terms/Conditions:	\$15,000 earnest money	
Seller:	Sowell Development Company I, L.P.			Related to Development Team Member:	No	

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

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of \$1,750,000 (\$2.67/SF, \$116,434/acre, or \$7,114/unit), although almost nine times the tax assessed value of \$183,213, is assumed to be acceptable since the acquisition is an arm's-length transaction. It should be noted, however, that the per unit development cost for the land is considerably higher than the \$5K per unit rule of thumb in the industry for non-QCT property.

Sitework Cost: The Applicant's claimed sitework costs of \$7,022 per unit are within the Department's guidelines for sitework costs for multifamily projects and therefore need no further documentation

Direct Construction Cost: The Applicant's direct construction cost estimate is \$145K or 1.5% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by \$408,957 to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Fees: The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by \$199,570 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by \$137,279 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted by the Underwriter, is used to calculate eligible basis and determine the HTC allocation. As a result, an eligible basis of \$17,756,645 is used to determine a credit allocation of \$632,137 from this method. The resulting syndication proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source:	GMAC Commercial Mortgage – Affordable Housing Division	Contact:	Lloyd Griffin
Tax-Exempt Amount:	\$13,000,000	Interest Rate:	Variable, estimated & underwritten at 5.965%
Taxable Amount:	\$700,000	Interest Rate:	Variable, estimated & underwritten at 7.065%
Additional Information:	Blended rate: 6.021%		
Amortization:	30 yrs	Term:	33 yrs
Annual Payment:	\$987,470	Lien Priority:	1st
Commitment:	<input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional		
Commitment Date	4/ 22/ 2004		

TAX CREDIT SYNDICATION

Source:	Boston Capital Partners, Inc.	Contact:	Tom Dixon
Net Proceeds:	\$5,079,525	Net Syndication Rate (per \$1.00 of 10-yr HTC)	80¢
Commitment	<input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional		
Date:	4/ 6/ 2004		
Additional Information:	Commitment in amount of \$5,127,655 based on credit allocation of \$641,021		

APPLICANT EQUITY

Amount:	\$1,873,152	Source:	Deferred developer fee
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FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by TDHCA and credit enhanced by FNMA with GMAC Commercial Mortgage serving as the DUS lender. The bonds will be sold as variable rate securities, with the borrower required to maintain a series of interest rate caps until maturity. The Underwriter has used the latest blended interest rate information available from the lender in computing the anticipated annual debt service of \$987,470, which significantly exceeds the Applicant's estimate of \$884,500. The underlying mortgage will be a variable rate structure based upon the BMA index (currently around 1% plus a spread of 1%) plus a stack of 1.51% (credit enhancement, servicing, liquidity, bond issuer, trustee, and remarketing) and the Fannie Mae required underwriting spread of 2%. Per Fannie Mae underwriting guidelines the typical underwriting spread is 2.5%. The inclusion of this additional spread would critically affect the bond amount, reducing it to a level at which the transaction would no longer be financially feasible. The underlying uncertainty surrounding any variable rate transaction is most acute in the lack of an ongoing escrow fee in the stack of fees for future interest rate caps. In the short run this cap could easily and should be funded outside of the stack as a result of the tremendous 350 basis point actual interest rate savings that will be achieved over the underwritten rate for this transaction. The additional actual cash flow that will be achieved as a result of this interest rate savings will also be available to repay the deferred developer fee at a rate much faster than the rate initially projected. Therefore, a step interest rate assumption has been used in this analysis which reflects an all-in rate of 4% for the first year, 4.5% for the second year, 5% for the third year, 5.5% for the fourth year, and 6.012% (the initially reported blended rate) for the remaining term of the bonds. Under these still-historically conservative assumptions there would be enough cash flow to pay the entire deferral within 15 years.

HTC Syndication: The tax credit syndication commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application in that the commitment lists a credit price of \$0.80 and the syndication proceeds appear to reflect a price of \$0.78.

Construction Period Income: The Applicant included \$948,661 in construction period net operating income from rents and \$129,906 from arbitrage interest income on bond proceeds invested in a guaranteed investment contract (GIC). These sources are regarded as developer risk. The Underwriter reduced the ineligible interest costs by an amount equivalent to the GIC income figure and included the operating income in developer fee deferral.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of \$1,873,152 amount to 76% of the total fees.

Financing Conclusions: Based on the Applicant's adjusted estimate of eligible basis, the HTC allocation should not exceed \$632,137 annually for ten years, resulting in syndication proceeds of approximately \$5,056,587. Due to the difference in estimated net operating income, the Underwriter's debt coverage ratio (DCR) of 1.01 is significantly less than the program minimum standard of 1.10. Therefore, the maximum debt service for this development is projected to be limited to \$908,563. This debt service limit can be achieved by redemption of bonds and/or a reduction in the interest rate and/or an extension of the term. Based on the fixed interest rate of 6.021% being used for sizing the loan (prescribed by the lender), the only alternative to provide DCR relief is a \$1.1M reduction in the debt. To compensate for this reduction in loan funds the Applicant's deferred developer fee would need to be increased to \$3,944,751, which equals 93% of the total requested developer and related general contractor fees but exceeds 100% of the total available eligible fees. Based on the fixed rate of 6.021% this amount of deferral would also not be projected to be repayable from cash flow within 15 years. The Syndicator has indicated an alternative proforma scenario that utilizes the actual anticipated all-in rate without the 3.5% spread and has used that to underwrite the transaction and project losses for the limited partner investors. This provides an avenue of mitigation for the condition of infeasibility as required in 10 TAC §1.32(d)(7). The remaining funding gap of \$421,871, based on the fixed interest rate evaluation, has been modified to a step interest rate whose spread is a full 25 basis points above the Syndicator's assumptions to start and which rises annually by 50 basis points until the fifth year where it rejoins the initial blended fixed rate assumption of 6.021%. While this is an uncommon underwriting scenario, based upon it the Underwriter can predict repayment of the full amount of deferred fees.

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

**DEVELOPMENT TEAM
IDENTITIES of INTEREST**

The Applicant, Developer, and General Contractor are all related entities. These are common relationships for HTC-funded developments.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- G.G. MacDonald, Inc., 30% owner of the General Partner, submitted an unaudited financial statement as of September 30, 2004 reporting total assets of \$11.2M and consisting of \$40K in cash, \$2.5M in receivables, \$8.6M in construction in progress, \$166K in machinery, equipment, and fixtures, and (\$79K) in investments. Liabilities totaled \$11M, resulting in a net worth of \$137K.
- Resolution Real Estate Services, 30% owner of the General Partner, submitted an unaudited financial statement as of December 15, 2003 reporting total assets of \$898K and consisting of \$140K in cash, \$700K in receivables, \$30K in stocks and securities, and \$28K in machinery and equipment. Liabilities totaled \$95K, resulting in a net worth of \$803K.
- WOLCO Development, LLC, 40% owner of the General Partner, is a to-be-formed entity and therefore has no material statements.
- The principals of the General Partner, J. Steve Ford, G. Granger and T. Justin MacDonald, and John Mark Wolcott, submitted unaudited financial statements and are anticipated to be guarantors of the development.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Multifamily Production Finance Staff have verified that the contractor has met the Department's experience requirements and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- Significant inconsistencies in the application could affect the financial feasibility of the development.
- Significant environmental/location risks exist regarding the 100-year floodplain and the adjacent active railroad track.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:

Jim Anderson

Date: June 30, 2004

Director of Real Estate Analysis:

Tom Gouris

Date: June 30, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

Post Oak East Apartments, Fort Worth, MFB #2004-004/4% HTC #04433

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Trash Only
TC (30%)	12	1	30	680	\$352	\$290	\$3,480	\$0.43	\$72.00	\$10.00
TC (60%)	66	1	60	680	705	630	41,580	0.93	72.00	10.00
TC (30%)	14	2	30	983	423	347	4,858	0.35	88.00	10.00
TC (60%)	76	2	60	983	846	770	58,520	0.78	88.00	10.00
TC (30%)	12	3	30	1,183	488	402	4,824	0.34	101.00	10.00
TC (60%)	66	3	60	1,183	978	892	58,872	0.75	101.00	10.00
TOTAL:	246		AVERAGE:	950	\$778	\$700	\$172,134	\$0.74	\$87.05	\$10.00

				TDHCA	APPLICANT			
Total Net Rentable Sq Ft: <u>233,784</u>						Comptroller's Region 3		
POTENTIAL GROSS RENT				\$2,065,608	\$2,075,904	IREM Region Fort Worth		
Secondary Income	Per Unit Per Month:	\$27.88		82,296	82,296	\$27.88	Per Unit Per Month	
Other Support Income: utility submetering income				36,360	0			
POTENTIAL GROSS INCOME				\$2,184,264	\$2,158,200			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%		(163,820)	(161,868)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				\$2,020,444	\$1,996,332			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.91%	\$403	0.42	\$99,217	\$72,000	\$0.31	\$293	3.61%
Management	4.20%	345	0.36	84,859	78,969	0.34	321	3.96%
Payroll & Payroll Tax	11.40%	936	0.98	230,256	186,960	0.80	760	9.37%
Repairs & Maintenance	4.63%	381	0.40	93,641	126,306	0.54	513	6.33%
Utilities	2.78%	229	0.24	56,255	14,000	0.06	57	0.70%
Water, Sewer, & Trash	3.26%	268	0.28	65,880	94,000	0.40	382	4.71%
Property Insurance	3.17%	261	0.27	64,140	56,088	0.24	228	2.81%
Property Tax 3.194377	12.25%	1,006	1.06	247,532	227,550	0.97	925	11.40%
Reserve for Replacements	2.44%	200	0.21	49,200	49,200	0.21	200	2.46%
Other: spt svcs, compl fees	1.47%	121	0.13	29,766	29,766	0.13	121	1.49%
TOTAL EXPENSES	50.52%	\$4,149	\$4.37	\$1,020,745	\$934,839	\$4.00	\$3,800	46.83%
NET OPERATING INC	49.48%	\$4,064	\$4.28	\$999,699	\$1,061,493	\$4.54	\$4,315	53.17%
DEBT SERVICE								
First Lien Mortgage (GMAC)	48.87%	\$4,014	\$4.22	\$987,470	\$884,500	\$3.78	\$3,596	44.31%
Construction Period NOI	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
NET CASH FLOW	0.61%	\$50	\$0.05	\$12,229	\$176,993	\$0.76	\$719	8.87%
AGGREGATE DEBT COVERAGE RATIO				1.01	1.20			
RECOMMENDED DEBT COVERAGE RATIO				1.10				

CONSTRUCTION COST						TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT						
Acquisition Cost (site or bldg)		8.15%	\$7,114	\$7.49	\$1,750,000	\$1,750,000	\$7.49	\$7,114	8.10%	
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%	
Sitework		8.16%	7,128	7.50	1,753,500	1,753,500	7.50	7,128	8.12%	
Direct Construction		45.93%	40,104	42.20	9,865,462	9,720,500	41.58	39,514	45.00%	
Contingency	2.58%	1.40%	1,220	1.28	300,000	300,000	1.28	1,220	1.39%	
General Req'ts	6.00%	3.25%	2,834	2.98	697,138	829,970	3.55	3,374	3.84%	
Contractor's G & A	2.00%	1.08%	945	0.99	232,379	243,990	1.04	992	1.13%	
Contractor's Profit	6.00%	3.25%	2,834	2.98	697,138	731,970	3.13	2,975	3.39%	
Indirect Construction		2.81%	2,453	2.58	603,500	603,500	2.58	2,453	2.79%	
Ineligible Costs		6.15%	5,372	5.65	1,321,496	1,557,844	6.66	6,333	7.21%	
Developer's G & A	2.00%	1.45%	1,269	1.34	312,116	321,782	1.38	1,308	1.49%	

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
Post Oak East Apartments, Fort Worth, MFB #2004-004/4% HTC #04433

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$43.80	\$10,240,237
Adjustments				
Exterior Wall Finish	4.00%		\$1.75	\$409,609
9-Ft. Ceilings	3.00%		1.31	307,207
Roofing			0.00	0
Subfloor			(0.68)	(158,194)
Floor Cover			2.00	467,568
Porches/Balconies	\$16.91	23,765	1.72	401,866
Plumbing	\$605	504	1.30	304,920
Built-In Appliances	\$1,650	246	1.74	405,900
Stairs	\$1,475	88	0.56	129,800
Floor Insulation			0.00	0
Heating/Cooling			1.53	357,690
Built-In Garages	\$11.74	14,800	0.74	173,752
Comm &/or Aux Bldgs	\$61.05	4,302	1.12	262,628
Detached Garages	\$14.25	2,800	0.17	39,900
SUBTOTAL			57.07	13,342,884
Current Cost Multiplier	1.03		1.71	400,287
Local Multiplier	0.90		(5.71)	(1,334,288)
TOTAL DIRECT CONSTRUCTION COSTS			\$53.08	\$12,408,882
Plans, specs, survy, bld prm	3.90%		(\$2.07)	(\$483,946)
Interim Construction Interest	3.38%		(1.79)	(418,800)
Contractor's OH & Profit	11.50%		(6.10)	(1,427,021)
NET DIRECT CONSTRUCTION COSTS			\$43.11	\$10,079,114

PAYMENT COMPUTATION

Primary	\$13,700,000	Term	360
Int Rate	6.021%	DCR	1.01

Secondary		Term	
Int Rate	0.00%	Subtotal DCR	1.01

Additional		Term	
Int Rate		Aggregate DCR	1.01

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$908,563
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$91,136

Primary	\$12,600,000	Term	360
Int Rate	6.0210%	DCR	1.10

Secondary	\$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	\$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$2,065,608	\$2,127,576	\$2,191,404	\$2,257,146	\$2,324,860	\$2,695,150	\$3,124,417	\$3,622,056	\$4,867,741
Secondary Income	82,296	84,765	87,308	89,927	92,625	107,378	124,480	144,307	193,936
Other Support Income: utility su	36,360	37,451	38,574	39,732	40,924	47,442	54,998	63,757	85,685
POTENTIAL GROSS INCOME	2,184,264	2,249,792	2,317,286	2,386,804	2,458,408	2,849,969	3,303,895	3,830,120	5,147,361
Vacancy & Collection Loss	(163,820)	(168,734)	(173,796)	(179,010)	(184,381)	(213,748)	(247,792)	(287,259)	(386,052)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$2,020,444	\$2,081,058	\$2,143,489	\$2,207,794	\$2,274,028	\$2,636,221	\$3,056,103	\$3,542,861	\$4,761,309
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$99,217	\$103,185	\$107,313	\$111,605	\$116,069	\$141,216	\$171,811	\$209,034	\$309,422
Management	84,859	87,404	90,027	92,727	95,509	110,721	128,356	148,800	199,975
Payroll & Payroll Tax	230,256	239,466	249,045	259,007	269,367	327,726	398,729	485,115	718,088
Repairs & Maintenance	93,641	97,386	101,282	105,333	109,546	133,280	162,155	197,287	292,033
Utilities	56,255	58,505	60,845	63,279	65,810	80,068	97,416	118,521	175,440
Water, Sewer & Trash	65,880	68,515	71,256	74,106	77,070	93,768	114,083	138,799	205,457
Insurance	64,140	66,706	69,374	72,149	75,035	91,291	111,070	135,134	200,031
Property Tax	247,532	257,434	267,731	278,440	289,578	352,316	428,646	521,513	771,967
Reserve for Replacements	49,200	51,168	53,215	55,343	57,557	70,027	85,198	103,657	153,438
Other	29,766	30,957	32,195	33,483	34,822	42,366	51,545	62,712	92,830
TOTAL EXPENSES	\$1,020,745	\$1,060,727	\$1,102,282	\$1,145,473	\$1,190,364	\$1,442,780	\$1,749,009	\$2,120,572	\$3,118,680
NET OPERATING INCOME	\$999,699	\$1,020,331	\$1,041,208	\$1,062,321	\$1,083,663	\$1,193,441	\$1,307,094	\$1,422,289	\$1,642,630

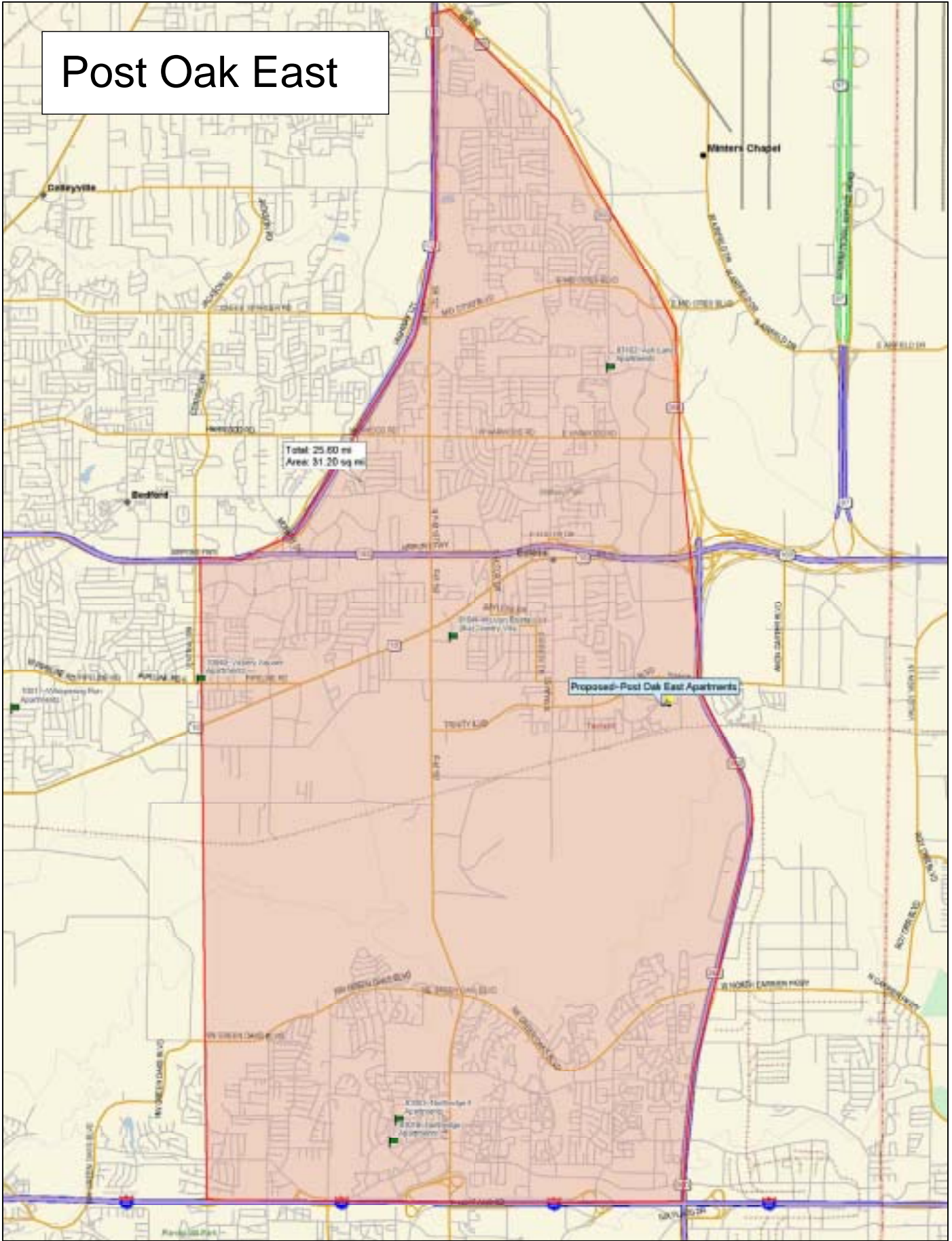
LIHTC Allocation Calculation - Post Oak East Apartments, Fort Worth, MFB #2004-004/4% HTC #

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$1,750,000	\$1,750,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,753,500	\$1,753,500	\$1,753,500	\$1,753,500
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$9,720,500	\$9,865,462	\$9,720,500	\$9,865,462
(4) Contractor Fees & General Requirements				
Contractor overhead	\$243,990	\$232,379	\$229,480	\$232,379
Contractor profit	\$731,970	\$697,138	\$688,440	\$697,138
General requirements	\$829,970	\$697,138	\$688,440	\$697,138
(5) Contingencies				
	\$300,000	\$300,000	\$300,000	\$300,000
(6) Eligible Indirect Fees				
	\$603,500	\$603,500	\$603,500	\$603,500
(7) Eligible Financing Fees				
	\$1,456,701	\$1,456,701	\$1,456,701	\$1,456,701
(8) All Ineligible Costs				
	\$1,557,844	\$1,321,496		
(9) Developer Fees				
			\$2,316,084	
Developer overhead	\$321,782	\$312,116		\$312,116
Developer fee	\$2,131,581	\$2,028,756		\$2,028,756
(10) Development Reserves				
	\$200,000	\$461,098		
TOTAL DEVELOPMENT COSTS	\$21,601,338	\$21,479,284	\$17,756,645	\$17,946,691

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$17,756,645	\$17,946,691
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		\$17,756,645	\$17,946,691
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$17,756,645	\$17,946,691
Applicable Percentage		3.56%	3.56%
TOTAL AMOUNT OF TAX CREDITS		\$632,137	\$638,902

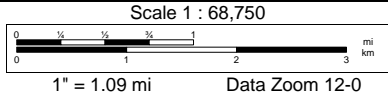
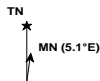
Syndication Proceeds	0.7999	\$5,056,587	\$5,110,706
Total Credits (Eligible Basis Method)		\$632,137	\$638,902
Syndication Proceeds		\$5,056,587	\$5,110,706
Requested Credits		\$651,286	
Syndication Proceeds		\$5,209,767	
Gap of Syndication Proceeds Needed		\$9,001,338	
Credit Amount		\$1,125,280	

Post Oak East



Total: 25.60 mi
Area: 31.20 sq mi

Proposed-Post Oak East Apartments



RENT CAP EXPLANATION Dallas MSA

AFFORDABILITY DEFINITION & COMMENTS

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

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

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

MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2004

MSA/County: Fort Worth **Area Median Family Income (Annual):** \$62,700

ANNUALLY				MONTHLY							
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)			Utility Allowance by Unit Type (provided by the local PHA)	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)			
# of Persons	At or Below			Unit Type	At or Below			At or Below			
	30%	50%	60%		30%	50%	60%	30%	50%	60%	
1	\$ 13,150	\$ 21,950	\$ 26,340	Efficiency	\$ 328	\$ 548	\$ 658	62.00	\$ 328	\$ 548	\$ 658
2	15,050	25,100	30,120	1-Bedroom	352	588	705		290	526	643
3	16,950	28,200	\$ 33,840	2-Bedroom	423	705	846	76.00	347	629	770
4	18,800	31,350	\$ 37,620	3-Bedroom	488	815	978	86.00	402	729	892
5	20,300	33,850	\$ 40,620	4-Bedroom	545	908	1,090		545	908	1,090
6	21,800	36,350	\$ 43,620	5-Bedroom	601	1,003	1,203		601	1,003	1,203
7	23,300	38,850	\$ 46,620								
8	24,850	41,400	\$ 49,680								
FIGURE 1				FIGURE 2			FIGURE 3	FIGURE 4			

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

For example, a family of three earning \$33,000 per year would fall in the 60% set-aside group. A family of three earning \$28,000 would fall in the 50% set-aside group.

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

For example, a family of three in the 30% income bracket earning \$16,950 could not pay more than \$488 for rent and utilities under the affordable definition.

- 1) \$16,950 divided by 12 = **\$1,413** monthly income; then,
- 2) **\$1,413** monthly income times 30% = **\$423** maximum total housing expense.

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

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

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

Post Oak East Apartments

RESULTS & ANALYSIS: for 30% AMFI units

Tenants in the 30% AMFI bracket will **save \$340 to \$686** per month (leaving **27.1% to 42.1%** more of their monthly income for food, child care and other living expenses).

This is a monthly savings off the market rents of **54.0% to 63.1%**.

PROJECT INFORMATION			
Unit Mix			
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	700	983	1,183
Rents if Offered at Market Rates	\$630	\$816	\$1,088
Rent per Square Foot	\$0.90	\$0.83	\$0.92

SAVINGS ANALYSIS FOR 60% AMFI GROUPING			
Rent Cap for 30% AMFI Set-Aside	\$290	\$347	\$402
Monthly Savings for Tenant	\$340	\$469	\$686
Rent per square foot	\$0.41	\$0.35	\$0.34
Maximum Monthly Income - 30% AMFI	\$1,254	\$1,413	\$1,629
Monthly Savings as % of Monthly Income	27.1%	33.2%	42.1%
% DISCOUNT OFF MONTHLY RENT	54.0%	57.5%	63.1%

Information provided by: Butler Burgher, Inc. 8150 N. Central Expressway, Suite 801, Dallas, Texas 75206. Report dated May 20, 2004.

Post Oak East Apartments

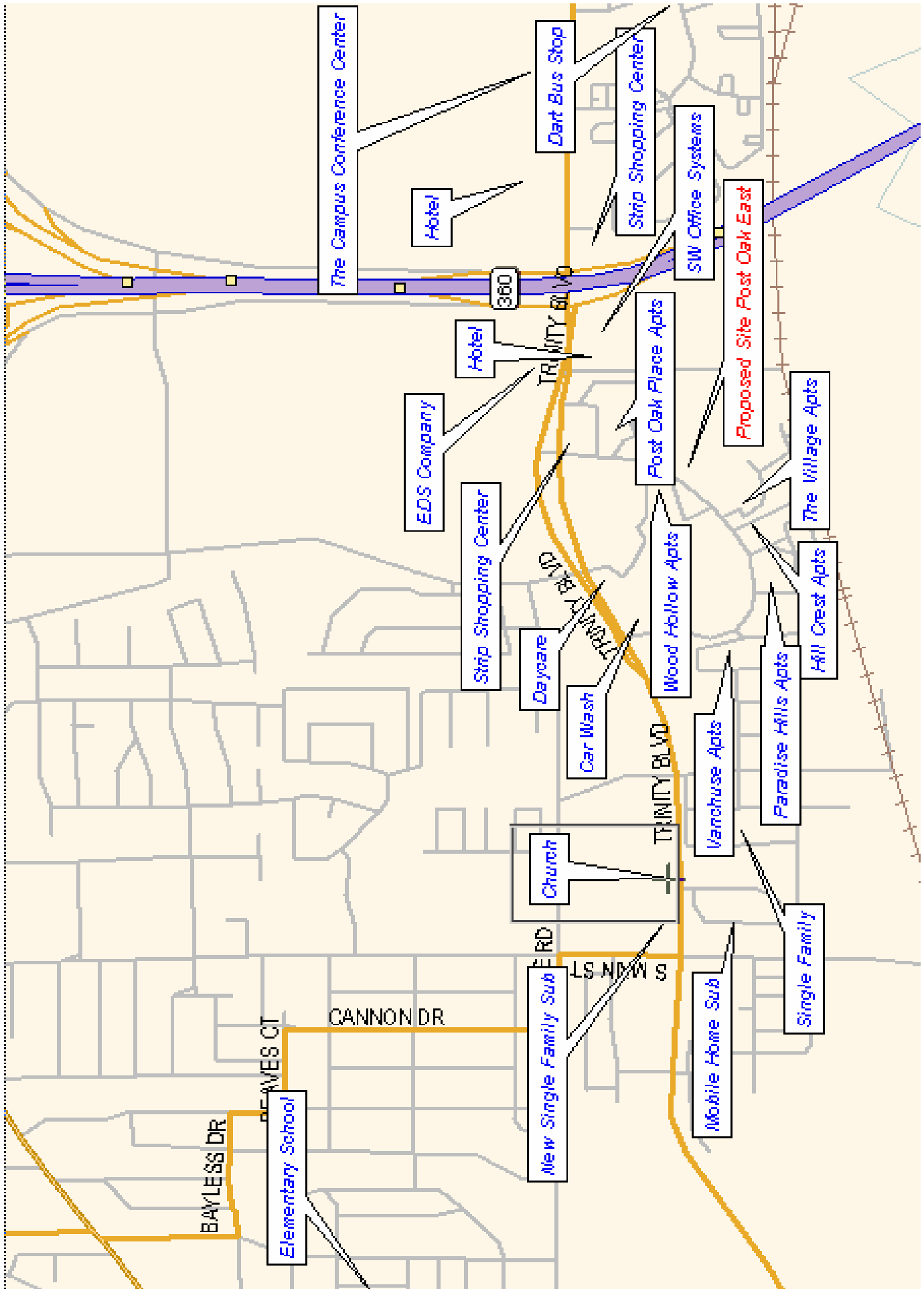
RESULTS & ANALYSIS: for 60% AMFI units

Tenants in the 60% AMFI bracket will **save \$46to \$196** per month (leaving **1.5% to 6.6%** more of their monthly income for food, child care and other living expenses).
This is a monthly savings off the market rents of **5.6% to 18.0%**.

PROJECT INFORMATION			
	Unit Mix		
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	700	983	1,183
Rents if Offered at Market Rates	\$630	\$816	\$1,088
Rent per Square Foot	\$0.90	\$0.83	\$0.92

SAVINGS ANALYSIS FOR 60% AMFI GROUPING			
Rent Cap for 60% AMFI Set-Aside	\$643	\$770	\$892
Monthly Savings for Tenant	(\$13)	\$46	\$196
Rent per square foot	\$0.92	\$0.78	\$0.75
Maximum Monthly Income - 60% AMFI	\$2,660	\$2,995	\$2,995
Monthly Savings as % of Monthly Income	-0.5%	1.5%	6.6%
% DISCOUNT OFF MONTHLY RENT	-2.1%	5.6%	18.0%

Information provided by: Butler Burgher, Inc. 8150 N. Central Expressway, Suite 801, Dallas, Texas 75206. Report dated May 20, 2004.



The Campus Conference Center

Hotel

Dart Bus Stop

Strip Shopping Center

SW Office Systems

Proposed Site Post Oak East

The Village Apts

EDS Company

Hotel

Strip Shopping Center

Daycare

Car Wash

Wood Hollow Apts

Post Oak Place Apts

Paradise Hills Apts

All Great Apts

Church

Varchuse Apts

Single Family

New Single Family Sub

Mobile Home Sub

Bayless Dr

Leaves Ct

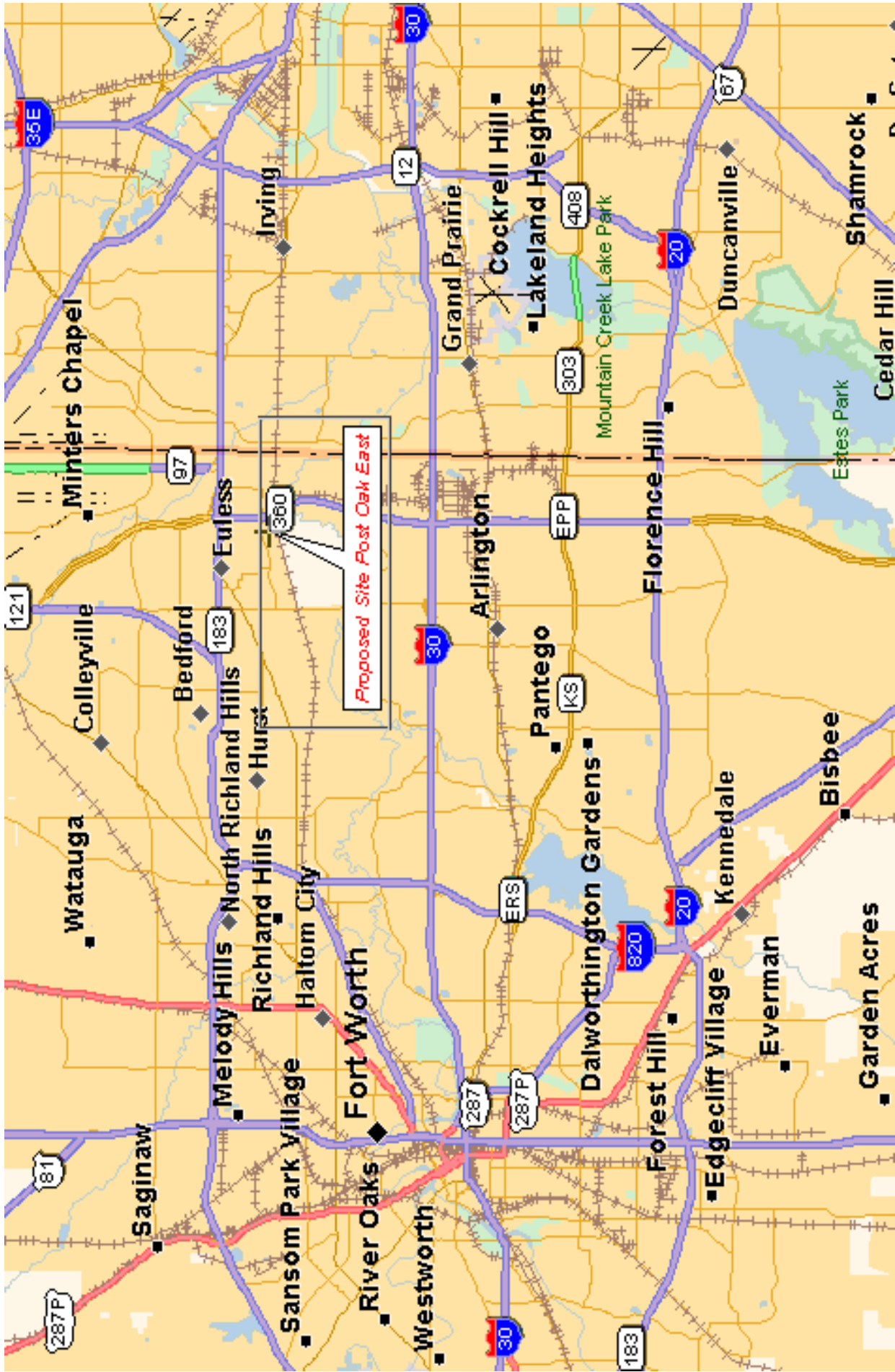
Cannon Dr

Trinity Blvd

Trinity Blvd

Trinity Blvd

360



Applicant Evaluation

Project ID # **04433**

Name: **Post Oak East Apartments**

City:

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

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

Members of the application did not receive the required Previous Participation Acknowledgement

National Previous Participation Certification Received: N/A Yes No

Noncompliance Reported on National Previous Participation Certification: Yes No

Portfolio Management and Compliance

Total # of Projects monitored: 8

Projects in Material Noncompliance

in noncompliance: 0

Projects zero to nine: 8
grouped ten to nineteen: 0
by score twenty to twenty-nine: 0

Yes No

monitored with a score less than thirty: 8

Projects not reported Yes
in application No

not yet monitored or pending review: 10

of projects not reported 0

Portfolio Monitoring

Single Audit

Portfolio Administration/Analysis

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification (Comments attached)

Not applicable
Review pending
No unresolved issues
Issues found regarding late cert
Issues found regarding late audit
Unresolved issues found that warrant disqualification (Comments attached)

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification (Comments attached)

Reviewed by Jo En Taylor

Date Wednesday, June 30, 2004

Multifamily Finance Production

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification (Comments attached)

Reviewer S. Roth
Date 6 /30/2004

Single Family Finance Production

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification (Comments attached)

Reviewer _____
Date _____

Real Estate Analysis (Cost Certification and Workout)

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification (Comments attached)

Reviewer _____
Date _____

Community Affairs

No relationship
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification (Comments attached)

Reviewer EEF
Date 6 /30/2004

Office of Colonia Initiatives

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that warrant disqualification (Comments attached)

Reviewer _____
Date _____

Financial Administration

No delinquencies found
Delinquencies found

Reviewer Stephanie A. D'Couto
Date 6 /30/2004

Executive Director: _____

Executed: _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Division

Public Comment Summary

Post Oak East Apartments

Public Hearing	
<i>Total Number Attended</i>	2
<i>Total Number Opposed</i>	0
<i>Total Number Supported</i>	2
<i>Total Number Neutral</i>	0
<i>Total Number that Spoke</i>	0

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

General Public Letters and Emails Received	
<i>Opposition</i>	0
<i>Support</i>	0

Summary of Public Comment	
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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS
POST OAK EAST APARTMENTS

PUBLIC HEARING

Cafeteria
Oakwood Terrace Elementary School
700 Ranger Road
Euless, Texas

May 18, 2004
6:30 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Bond Administrator

P R O C E E D I N G S

MS. MEYER: Good evening. My name is Robbye Meyer, and I would like to proceed with the public hearing. Let the record show that it is 6:32, Tuesday, May 18, 2004, and we are at the Oakwood Terrace Elementary School located at 700 Ranger Road, in Euless, Texas.

I am here to conduct the public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of tax-exempt multifamily revenue bonds for a residential rental community.

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

No decisions regarding the development will be made at this hearing. The Department's board is scheduled to meet to consider this transaction on June 28, 2004. In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at their meeting. The Department staff will also accept written comments from the public up until 5:00 on June 14, 2004.

The bonds will be issued as tax-exempt

multifamily revenue bonds in the aggregate principal amount not to exceed 13 million, and in taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs.

The proceeds of the bonds will be loaned to Post Oak East Apartments, LP, or related person or affiliate entity thereof to finance a portion of the cost of acquiring and constructing and equipping a multifamily rental housing community describes as follows: a 246-unit multifamily residential rental development to be constructed on approximately 14 acres of land located south of Trinity Boulevard West, west of Highway 360, and approximately 250 yards south of the intersection of Trinity Boulevard West and Post Oak Boulevard at the southeast corner of Post Oak Boulevard and Village Way in Fort Worth, Tarrant County, Texas. The proposed multifamily rental housing community will be initially owned and operated by the borrower or related person or affiliate entity thereof.

Let the record show that there is only the developer present for this hearing.

And, Mr. Ford, would you like to speak?

(Pause.)

MS. MEYER: He is saying, no, he would not like to speak. Since there is no one here to make comment, let the record show that it is now 6:35, and there are no attendees, and therefore the meeting is now adjourned.

(Whereupon, at 6:35 p.m., the hearing was concluded.)

C E R T I F I C A T E

IN RE: Post Oak East Apartments

LOCATION: Euless, Texas

DATE: May 18, 2004

I do hereby certify that the foregoing pages, numbers 1 through 5, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Joan Wong before the Texas Department of Housing and Community Affairs.

(Transcriber) 05/20/2004
(Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731



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MULTIFAMILY FINANCE PRODUCTION DIVISION

2004 Private Activity Multifamily Revenue Bonds

**Sphinx at Delafield Apartments
SW corner of Hoyle Avenue and Delafield Lane
Dallas, Texas**

**St. Augustine Villas Housing, L.P.
204 Units**

Priority 1A – 50% of units at 50% AMFI remaining at 60% AMFI

\$11,500,000 Tax Exempt – Series 2004

TABLE OF EXHIBITS

TAB 1	TDHCA Board Presentation
TAB 2	Bond Resolution
TAB 3	HTC Profile and Board Summary
TAB 4	Sources & Uses of Funds Estimated Cost of Issuance
TAB 5	Department's Real Estate Analysis
TAB 6	Rental Restrictions Explanation Results and Analysis
TAB 7	Development Location Maps
TAB 8	TDHCA Compliance Summary Report
TAB 9	Public Input and Hearing Transcript (April 13, 2004)

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

July 8, 2004

Action Item

Presentation, Discussion and Possible Approval for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2004 and Housing Tax Credits for the Sphinx at Delafield Apartments development.

Summary of the Sphinx at Delafield Apartments Transaction

The pre-application was received on September 2, 2003. The application was scored and ranked by staff. The application ranked fourteenth out of a total of forty-four applications. The application was induced at the October 2003 Board meeting and submitted to the Texas Bond Review Board for inclusion in the lottery. The application received a Reservation of Allocation on February 17, 2004. This application was submitted under the Priority 1A category. 50% of the units will serve families at 50% of the AMFI and 50% of the units will serve families at 60% of the AMFI (rent and income will be capped at 50% and 60% AMFI). A public hearing was held on April 13, 2004. There were twenty-six (26) people in attendance (all in support) with one (1) person speaking for the record. A copy of the transcript is behind Tab 9 of this presentation. This development is supported by State Senator Royce West, State Representative Terri Hodge, County Commissioner John Wiley Price and City Councilmember Maxine Reese. The Pleasant Wood/Grove Community Development Corporation, which has been working diligently with the city of Dallas to revitalize this area, is in support of the development. The proposed site is located to the east of Loop 12 in east Dallas at the corner of Hoyle Avenue and Delafield Lane.

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of variable rate tax exempt bonds in an amount not to exceed \$11,500,000. The bonds will be credit enhanced by GNMA and carry a AAA rating. Newman & Associates will underwrite the transaction at a strike interest rate of 4.55%. The construction and lease up period will be for thirty months plus one 6 month optional extension with payment terms of interest only during construction. There will be a 40 year term and amortization.

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2004 and Housing Tax Credits for the Sphinx at Delafield Apartments development because of the demonstrated quality of construction of the proposed development, the feasibility of the development (as demonstrated by the commitments from the FHA Lender, equity provider, and the underwriting report by the Department's Real Estate Analysis Division) and the demand for additional affordable units as demonstrated by the occupancy rates of other affordable units in the market area.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEMORANDUM
July 8, 2003

DEVELOPMENT:

Sphinx at Delafield, Dallas, Dallas County, Texas

PROGRAM:

Texas Department of Housing & Community Affairs
2004 Multifamily Housing Revenue Bonds
(Reservation received 2/17/2004)

ACTION

REQUESTED:

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

PURPOSE:

The proceeds of the Bonds will be used for the purpose of providing funds to finance a Federal Housing Administration insured mortgage loan (the "Mortgage Loan") to be originated by Malone Mortgage Company America, Ltd. (the "FHA Lender") to St. Augustine Villas Housing, L.P., a Texas limited partnership (the "Borrower"), for the acquisition, construction, equipping and long-term financing of a new, 204-unit multifamily residential rental development to be constructed on approximately 12.41 acres of land located at the southwest corner of Hoyle Avenue and Delafield Lane, Dallas, Dallas County, Texas 75227. (the "Development").

BOND AMOUNT:

\$11,500,000 Series 2004, Tax Exempt Bonds

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

ANTICIPATED

CLOSING DATE:

The Department received a volume cap allocation for the Bonds on February 17, 2004 pursuant to the Texas Bond Review Board's 2004 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before July 16, 2004, the anticipated closing date is July 15, 2004.

BORROWER:

St. Augustine Villas Housing, L.P., a Texas limited partnership, the general partner of which is St. Augustine Villas Housing Development, L.L.C., a Texas limited liability company. The principals/members of the general partner are Jay O. Oji and Joseph N. Agumadu.

COMPLIANCE HISTORY:

The Compliance Status Summary completed on June 15, 2004 reveals that the principals of the general partner above have a total of four (4) properties being monitored by the Department. One property has received a compliance score. All scores are below the material non-compliance score of thirty (30).

ISSUANCE TEAM:

Malone Mortgage Company America, Ltd. ("FHA Lender")
Wachovia Securities. ("Equity Provider")
GMAC Commercial Holding Capital Markets Corp. d/b/a Newman and Associates, a Division of GMAC Commercial Holding Capital Markets Corp. ("Underwriter")
Wells Fargo Bank National Association. ("Trustee")
Vinson & Elkins L.L.P. ("Bond Counsel")
RBC Dain Rauscher Inc. ("Financial Advisor")
McCall, Parkhurst & Horton, L.L.P. ("Disclosure Counsel")

BOND PURCHASER:

The Bonds will be publicly offered on a limited basis on or about July 7, 2004, at which time the final pricing and Bond Purchaser(s) will be determined.

DEVELOPMENT DESCRIPTION:

The Development is a 204-unit multifamily residential rental development to be constructed on approximately 12.41 acres of land located at the southwest corner of Hoyle Avenue and Delafield Lane, Dallas, Dallas County, Texas 75227. (the "Development").

The proposed site density will be 16 units per acre and will consist of fifteen (15) two or three story building types constructed of brick veneer and hardi-plank siding, wood trim, and pitched composition shingle roofs. The development will contain a total of 210,504 net rentable square feet and an average unit size of 1032 square feet. The complex will have perimeter fencing with control access gates. Unit amenities will include frost-free refrigerator, microwave, self cleaning oven, dishwasher, disposal, large storage areas, washer/dryer connections, ceiling fans, energy efficient HVAC systems and pre-wiring for cable television and high-speed internet service. The property will have clubhouse, leasing, office and community room space and a laundry building.

<u>Units</u>	<u>Unit Type</u>	<u>Square Feet</u>	<u>Proposed</u>	<u>Net Rent</u>
22	1-Bedrooms/1-Baths	750	\$539.00	50%
22	1-Bedrooms/1-Baths	750	\$665.00	60%
44	2-Bedrooms/2-Baths	984	\$642.00	50%
44	2-Bedrooms/2-Baths	984	\$793.00	60%

36	3-Bedrooms/2-Baths	1,277	\$737.00	50%
36	3-Bedrooms/2-Baths	1,277	\$910.00	60%
204	Total Units			

SET-ASIDE UNITS:

For Bond covenant purposes, at least forty percent (40%) of the residential units in the development are set aside for persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each Development will be set aside on a priority basis for persons with special needs.

(The Borrower has elected to set aside 100% of the units for tax credit purposes.)

RENT CAPS:

For Bond covenant purposes, the rental rates of the units will be restricted such that for one half of the units, the maximum rent will not exceed thirty percent (30%) of the income, adjusted for family size, for a family whose income equals fifty percent (50%) of the area median income and one half of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size for a family whose income equals sixty percent (60%) of the area median income.

TENANT SERVICES:

Borrower will provide Tenant Services provided by Social Services management Consultants, Inc. (“SSMCI”) based on the tenant profile upon lease-up that conforms to the Department’s program guidelines.

DEPARTMENT ORIGINATION FEES:

\$1,000 Pre-Application Fee (Paid)
 \$10,000 Application Fee (Paid)
 \$57,500 Issuance Fee (.50% of the bond amount paid at closing)

DEPARTMENT ANNUAL FEES:

\$11,500 Bond Administration (0.10% per annum of the aggregate principle amount of the Bonds outstanding)
 \$5,100 Compliance Fee (\$25/unit/year adjusted annually for CPI)

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

ASSET OVERSIGHT FEE:

\$5,100 TDHCA or assigns (\$25/unit/year adjusted annually for CPI)

TAX CREDITS:

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to \$641,021 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of the limited partnership, typically 99.99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$5,845,404 of equity for the transaction.

**BOND STRUCTURE &
SECURITY FOR THE
BONDS:**

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

As stated above, the Mortgage Loan will be originated by the FHA Lender as evidenced by a note from the Borrower (the "Mortgage Note"). The FHA Lender will make advances on the Mortgage Loan to the Borrower for the acquisition, construction, equipping and long-term financing of the Development. The Mortgage Loan will be secured by, among other things, a Deed of Trust for the benefit of the FHA Lender.

The FHA Lender will issue mortgage-backed securities in the form of Construction Loan Certificates and a Development Loan Certificate (the "GNMA Certificates") to be purchased by the trustee from Bond proceeds at a price of par plus accrued interest thereon. The trustee will collect the payments on the GNMA Certificates to pay bondholders.

The Bonds will be secured primarily by the payments on the GNMA Certificates and from other security pledged under the Indenture. Prior to the acquisition of the GNMA Certificates by the Trustee, the Bonds will be secured by certain of the Bond proceeds held under the Indenture and invested by the Trustee pursuant to an investment agreement. Upon the purchase thereof by the Trustee, the Bonds will be secured primarily by the GNMA Certificates to be issued by the FHA Lender, guaranteed as to principal and interest by the Government National Mortgage Association ("Ginnie Mae") and to be backed by the Mortgage Loan.

The Bonds are revenue bonds and, as such, create no liability for the general revenue fund or any other state fund. The Act provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation,

debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas. The only funds pledged by the Department to the payment of the Bonds are the revenues from the financing carried out through the issuance of the Bonds.

**CREDIT
ENHANCEMENT:**

As stated above, the GNMA Certificates are guaranteed as to principal and interest by Ginnie Mae, which allows for an anticipated rating of AAA/Aaa and an anticipated interest rate of 4.55% on the Tax Exempt Bonds. Without the credit enhancement, the Tax-Exempt Bonds would not be investment grade and would therefore command a higher interest rate from investors on similar maturity bonds.

FORM OF BONDS:

The Bonds will be issued in book entry form and in denominations of \$5,000 or any integral multiples thereof.

MORTGAGE LOAN:

The Mortgage Loan is a non-recourse obligation of the Borrower, which means, subject to certain exceptions, that the Borrower is not liable for the payment thereof beyond the amount realized from the pledged security. The Mortgage Loan is funded by the FHA Lender. Two types of GNMA Certificates are intended to be issued by the FHA Lender in connection with the Mortgage Loan to the Borrower: (i) Construction Loan Certificates which are to be issued with respect to each construction loan advance under the Mortgage Loan, and (ii) the Development Loan Certificate which is to be issued with respect to the permanent Mortgage Loan with payment provisions which correspond to the monthly scheduled installments of principal and interest on the Mortgage Note. The Delivery Date or maturity of the construction loan means the date on which the Development Loan Certificate is delivered to the Trustee, which shall be on or before January 31, 2006 (the "Delivery Date") (a preliminary date that is subject to change), unless extended in accordance with the Trust Indenture.

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

The Bonds will bear interest at a fixed rate until maturity, which is anticipated to be July 1, 2044.

The Bonds will be payable from: (1) payments on the GNMA Certificates; (2) earnings derived from amounts held in Funds & Accounts (discussed below) or on deposit in an investment agreement; and (3) funds deposited to the Acquisition Fund specifically for capitalized interest.

The Bonds will be structured to have level debt service from commencement of amortization until maturity.

**REDEMPTION OF
BONDS PRIOR TO
MATURITY:**

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

Optional Redemption:

The Tax-Exempt Bonds are subject to optional redemption by the Borrower on or after August 20, 2014 (a preliminary date that is subject to change) with certain applicable premiums in the event the Borrower exercises any option to prepay the Mortgage Note and amounts are paid under the GNMA Certificates representing such prepayments.

Mandatory Redemption:

- (1) The Bonds will be subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, without any premium, plus accrued interest, on the dates of redemption specified in the Indenture.
- (2) The Bonds are subject to extraordinary mandatory redemption:
 - (a) in part, following the Delivery Date of the Development Loan Certificate in the amount of the difference between Bonds then outstanding and the Construction Loan Certificates delivered to the Trustee;
 - (b) in whole, following the maturity date of the Construction Loan Certificates if the Development Loan Certificate is not delivered to the Trustee on or before the Delivery Date;
 - (c) in part, following the date on which the Development Loan Certificate is delivered to the Trustee, in an amount equal to the remainder, if any, of the difference between the Bonds then outstanding less the amount of the Development Loan Certificate delivered to the Trustee;
 - (d) in whole or in part to the extent the Trustee receives payments on the GNMA Certificates exceeding regularly scheduled payments of principal and interest thereon; or

- (e) in whole, following the delivery date of the Initial Construction Loan Certificate, if the Initial Construction Loan Certificate is not delivered to the Trustee on or before the delivery date of the Initial Construction Loan Certificate in the amount specified in the Indenture.

FUNDS AND
ACCOUNTS/FUNDS
ADMINISTRATION:

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

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will initially be issued as fully registered securities and when issued will be registered in the name of Cede & Co., as nominee for DTC. One fully registered global bond in the aggregate principal amount of each stated maturity of the Bonds will be deposited with DTC.

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

The Trust Indenture will initially create up to five (5) funds with the following general purposes:

- 1) Acquisition Fund (containing a Capitalized Interest Account therein) – Fund into which Bond proceeds shall be deposited and shall be applied to the acquisition of the GNMA Certificates and accrued interest thereon.
- 2) Bond Fund (containing a Special Mandatory Redemption Account therein) – Fund into which amounts, if any, paid by the Underwriter as accrued interest; all income, revenues, proceeds and other amounts received from or in connection with the GNMA Certificates; all earnings and gains from the investment of money held in the Bond and Acquisition Fund; and amounts transferred from the Acquisition Fund to the Bond Fund for mandatory redemption of the Bonds in the Special Mandatory Redemption Account attributable to the receipt by the Trustee of payments under the GNMA Certificates exceeding regularly scheduled payments of principal and interest thereon.

- 3) Costs of Issuance Fund - A temporary fund into which amounts for the payment of the costs of issuance are deposited and disbursed by the Trustee;
- 4) Rebate Fund - Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Tax-Exempt Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds; and
- 5) Expense Fund – Fund into which the Trustee deposits amounts paid by the Borrower pursuant to the Loan Agreement and uses such moneys to pay certain fees and expenses of the Department.

**DEPARTMENT
ADVISORS:**

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

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

**ATTORNEY GENERAL
REVIEW OF BONDS:**

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

RESOLUTION NO. 04-031

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (GNMA COLLATERALIZED MORTGAGE LOAN—SPHINX AT DELAFIELD) SERIES 2004; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (GNMA Collateralized Mortgage Loan—Sphinx at Delafield) Series 2004 (the “Bonds”), pursuant to and in accordance with the terms of a Trust Indenture (the “Indenture”) by and between the Department and Wells Fargo Bank, National Association, as trustee (the “Trustee”), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to St. Augustine Villas Housing, L.P., a Texas limited partnership (the “Borrower”), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the “Project”) located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 9, 2003, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department, the Borrower, Malone Mortgage Company America, Ltd., as lender (the “Lender”), and the Trustee will execute and deliver a Loan Agreement (the

“Loan Agreement”) (i) for the purpose of providing funds to finance the loan to be originated by the Lender (the “Loan”) to provide financing for the cost of acquisition and construction of the Project and related costs, and (ii) pursuant to which repayment of the Loan will be secured by a first lien Deed of Trust from the Borrower for the benefit of the Lender; and

WHEREAS, the Department now desires to authorize the use and distribution of a preliminary official statement (the “Preliminary Official Statement”) in connection with the offering of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the “Purchase Agreement”) with the Borrower, GMAC Commercial Holding Capital Markets Corp. d/b/a Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp. (the “Underwriter”), and any other party to the Purchase Agreement as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter and/or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter and/or another party to such Purchase Agreement; and

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

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

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, the Regulatory Agreement, the Asset Oversight Agreement, the Preliminary Official Statement and the Purchase Agreement, all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.12, to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

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

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

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

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That the Chair of the Governing Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of and the redemption provisions related to, the Bonds, all of which determinations shall be

conclusively evidenced by the execution and delivery by the Chair of the Governing Board or the Executive Director of the Department of the Indenture and the Purchase Agreement; provided, however, that: (a) the interest rate on the Bonds shall not exceed 6.0% per annum; provided, that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum rate of interest permitted by applicable law; (b) the aggregate principal amount of the Bonds shall not exceed \$11,500,000; (c) the final maturity of the Bonds shall occur not later than July 1, 2044; and (d) the price at which the Bonds are sold to the Underwriter and/or any additional party to the Purchase Agreement shall not exceed the principal amount thereof.

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

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

Section 1.5--Approval, Execution and Delivery of the Purchase Agreement. That the form and substance of the Purchase Agreement is hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Purchase Agreement and to deliver the Purchase Agreement to the Borrower and the Underwriter and any additional party to the Purchase Agreement as appropriate.

Section 1.6--Approval, Execution, Use and Distribution of the Preliminary Official Statement and the Official Statement. That the form and substance of the Preliminary Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and the Executive Director are hereby severally authorized to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Preliminary Official Statement as may be required to provide a final Official Statement for the Bonds; that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Preliminary Official Statement and the Official Statement, as required; and that the distribution and circulation of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director of the Department and the Department's counsel.

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

Section 1.8--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents,

instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.9--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

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

Section 1.10--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.11--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.12--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director of the Department; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

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

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

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

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

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

Section 2.7--Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

Section 2.8--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

Section 2.9--Underwriter. That the underwriter with respect to the issuance of the Bonds shall be GMAC Commercial Holding Capital Markets Corp. d/b/a Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp.

ARTICLE III CERTAIN FINDINGS AND DETERMINATIONS

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

(a) Need for Housing Development.

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

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

(iii) that the Borrower is financially responsible,

(iv) that the financing of the Project is a public purpose and will provide a public benefit, and

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

(b) Findings with Respect to the Borrower.

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

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

(iii) that the Borrower is not, and will not enter into a contract for the Project with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

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

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

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

Section 3.3--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.4--Waiver of Rules. That the Board hereby waives the rules contained in Chapter 33, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

ARTICLE IV

GENERAL PROVISIONS

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

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

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

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 28th day of June, 2004.

By: _____
Elizabeth Anderson, Chair

[SEAL]

Attest: _____
Delores Groneck, Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Section 1. Project and Owner.

Owner: St. Augustine Villas Housing, L.P., a Texas limited partnership

Project: The Project is a 204-unit multifamily facility to be known as Sphinx at Delafield and to be located at the southwest corner of Hoyle Avenue and Delafield Lane, Dallas, Dallas County, Texas. The Project will include a total of 15 two- and three-story residential apartment buildings with approximately 210,856 net rentable square feet and an approximate average unit size of 1,034 square feet. The unit mix will consist of:

44	one-bedroom/one-bath units
88	two-bedroom/two-bath units
<u>72</u>	three-bedroom/two-bath units
204	Total Units

Unit sizes will range from approximately 760 square feet to approximately 1,226 square feet.

The Project will include a recreation center with offices, a business center, a fitness room, a community room, a computer room, a laundry room, kitchen facilities, and public restrooms. On-site amenities will include a swimming pool, a children's play area, playground equipment, and a picnic area. All individual units will have washer/dryer connections.

Section 2. Project Amenities.

Project Amenities shall include:

- Washer/Dryer Connections
- Microwave Ovens (in each unit)
- Storage Room (outside the unit)
- Garages (equal to at least 35% of units)
- Ceiling Fans (living room and bedrooms)
- Ceramic Tile Flooring (entry way and bathroom)
- 75% or Greater Masonry (includes rock, stone, brick, stucco and cementious board product; excludes efis)
- Playground and Equipment and Covered Community Porch
- BBQ Grills and Tables (one each per 50 units) or Walking Trail (minimum length of ¼ mile) or Gazebo with Seating for Twelve
- Full Perimeter Fencing and Gated
- Computers with Internet Access / Business Facilities (8 hour availability)
- Game Room or TV Lounge
- Workout Facilities or Library (with comparable square footage as workout facilities)



**HOUSING TAX CREDIT PROGRAM
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Sphinx at Delafield**

TDHCA#: 04419

DEVELOPMENT AND OWNER INFORMATION

Development Location: Dallas QCT: Y DDA: N TTC: N
 Development Owner: St. Augustine Villas Housing, LP
 General Partner(s): St. Augustine Housing Development, LLC, 100%, Contact: Jay O. Oji
 Construction Category: New
 Set-Aside Category: Tax Exempt Bond Bond Issuer: TDHCA
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$729,073 Eligible Basis Amt: \$743,738 Equity/Gap Amt.: \$869,496

Annual Tax Credit Allocation Recommendation: \$729,073

Total Tax Credit Allocation Over Ten Years: \$ 7,290,730

PROPERTY INFORMATION

Unit and Building Information

Total Units: 204 HTC Units: 204 % of HTC Units: 100
 Gross Square Footage: 215,379 Net Rentable Square Footage: 210,856
 Average Square Footage/Unit: 972
 Number of Buildings: 15
 Currently Occupied: N

Development Cost

Total Cost: \$18,538,363 Total Cost/Net Rentable Sq. Ft.: \$87.92

Income and Expenses

Effective Gross Income:¹ \$1,700,120 Ttl. Expenses: \$865,218 Net Operating Inc.: \$834,902
 Estimated 1st Year DCR: 1.08

DEVELOPMENT TEAM

Consultant: Not Utilized	Manager: Innovative Management
Attorney: Shackelford, Melton & McKinley	Architect: JHP + P Architects
Accountant: Thomas Stephens, LLC	Engineer: Victor Lisiak
Market Analyst: Butler Burgher	Lender: Malone Mortgage Company
Contractor: BBL-Texas, LLC	Syndicator: Wachovia Securities

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
Letters: # in Support: 1 # in Opposition: 1 Public Hearing: # in Support: 26 # in Opposition: 0 # Neutral: 0	Sen. Royce West, District 23 - S Rep. Terri Hodge, District 100 - S Mayor Laura Miller - NC Patricia Smith Harrington, CD Manager, City of Dallas; Consistent with the City of Dallas Consolidated Plan. County Commissioner John Wiley Price S

1. Gross Income less Vacancy

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

Sphinx at Delafield Apartments

Estimated Sources & Uses of Funds
--

Sources of Funds

2004 Series Bond Proceeds	\$ 11,500,000
Equity Funds from Borrower (Tax credit proceeds)	5,650,000
Deferred Developer's Fee (Note at Completion)	545,568
Total Sources	<u><u>\$ 17,695,568</u></u>

Uses of Funds

Deposit to Mortgage Loan Fund (Construction funds)	\$ 13,496,414
Deposit to Revenue Fund (30-Day Payment Lag)	45,365
Capitalized Interest	479,917
Negative Arbitrage Deposite	697,315
Developer's Fee/Overhead	2,041,882
Costs of Issuance	
Direct Bond Related	307,855
Underwriter's Spread/Council	115,800
Other Transaction Costs	74,180
Credit Enhancement Costs	301,840
Real Estate Closing Costs	135,000
Total Uses	<u><u>\$ 17,695,568</u></u>

Estimated Costs of Issuance of the Bonds

Direct Bond Related

Department Issuance Fee (.5% of Issuance)	\$ 57,900
Department Application Fee	11,000
Department Bond Administration Fee (2 years)	23,160
Bond Counsel (Note 1)	77,000
Disclosure Counsel (Note 1)	5,000
Developer Legal Expenses	65,000
Department Financial Advisor	25,000
Rating Agency Fee	12,500
OS Printing & Mailing	3,750
Trustee Fee (Note 1)	7,795
Trustee's Counsel (Note 1)	5,000
Attorney General Transcript Fee	1,250
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Fee	3,400
TDHCA Compliance Fee (1st Year Escrow)	5,100
Total Direct Bond Related	<u><u>\$ 307,855</u></u>

Underwriter's Spread

Sphinx at Delafield Apartments

Underwriter's Fee/Expenses	\$ 115,800
Underwriter's Counsel	30,000
Total Underwriter's Spread	<u>\$ 145,800</u>

Credit Enhancement Costs

HUD Lender Fees	\$ 231,600
Lender's Application Fee	34,740
HUD Lender Counsel	35,500
Total Credit Enhancement Costs	<u>\$ 301,840</u>

Other Transaction Costs

Tax Credit Application & Commitment Fee	74,180
Total Transaction Costs	<u>\$ 74,180</u>

Real Estate Closing Costs

Title, Recording & Survey	\$ 115,000
Property Taxes	20,000
Total Real Estate Costs	<u>\$ 135,000</u>

Estimated Total Costs of Issuance	<u>\$ 964,675</u>
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Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

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

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

DATE: June 30, 2004 **PROGRAM:** MRB & 4% HTC **FILE NUMBER:** 2004-010 04419

DEVELOPMENT NAME

Sphinx at Delafield Apartments

APPLICANT

Name: St. Augustine Villas Housing, L.P. **Type:** For Profit
Address: 3030 LBJ Freeway, Suite 880 **City:** Dallas **State:** TX
Zip: 75234 **Contact:** Jay O. Oji **Phone:** (214) 342-1400 **Fax:** (214) 342-1409

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name: St. Augustine Housing Development, LLC **(%):** _____ **Title:** Managing General Partner
Name: Jay O. Oji **(%):** _____ **Title:** 60% owner of MGP
Name: Joseph N. Agumadu **(%):** _____ **Title:** 40% owner of MGP

PROPERTY LOCATION

Location: 8200 Hoyle Avenue **QCT** **DDA**
City: Dallas **County:** Dallas **Zip:** 75227

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$729,073	N/A	N/A	N/A
2) \$12,270,000	To be determined	40	40
Other Requested Terms: <u>1) Annual ten-year allocation of low-income housing tax credits 2) Tax exempt bonds</u>			
Proposed Use of Funds: <u>New Construction</u>		Property Type: <u>Multifamily</u>	

RECOMMENDATION

- RECOMMEND APPROVAL OF ISSUANCE OF UP TO \$11,346,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS UNDERWRITTEN AT 6.20% OVER A 38 YEAR AMORTIZATION SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF HOUSING TAX CREDITS NOT TO EXCEED \$729,073 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance prior to the issuance of bonds or a determination notice of evidence that the property is no longer subject to any purchase options held by other parties.
2. Receipt review and acceptance of a noise study from the ESA inspector by bond closing.
3. Should the terms or rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount me be warranted.

ADDENDUM

Subsequent to the completion of the original report, an inconsistency in the number of garages was identified and the Applicant confirmed that there will be 71 garages in the proposed development. The Applicant has

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

indicated that the rent for the garages will be \$50 per garage and this amount has been substantiated as being achievable by the original market analyst in follow-up information provided identified. The Applicant has continued to indicate that the garages will be removed from eligible basis, thus avoiding any conflict with the potential commercial basis that the rental of the garages may suggest. The Underwriter assumed a 90% use rate to establish the additional secondary income of \$23,340 for this revised underwriting analysis. This was then added to the original anticipated gross potential income which was reduced by a standard vacancy and collection rate of 7.5%. The Applicant also provided a revised commitment from Malone Mortgage which established an underwriting interest rate of 6.2% rather than the 5.85% used in the original report. These two changes net out to reduce the recommended debt amount to not more than \$11,346,000. The increased cost of the additional garages has a negligible \$50K effect on the Underwriter's total development costs which is still within 5% of the Applicant's costs from the original Application. It should be noted that it is unlikely that the cost of the additional garages were included in the applicant's original budget. However since they are being considered ineligible by the Applicant, an increase in this development cost would not affect the eligible basis and therefore would not affect the credit amount. The reduction in debt increases the likely deferral of developer fee to \$1,219,942 which represents 61% of available developer fee and is projected to be repayable within ten years of stabilized operations.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating proforma is more than 5% outside of the Underwriter's verifiable ranges.
- The recommended amount of deferred developer fee cannot be repaid within ten years and any amount unpaid past ten years would be removed from eligible basis.
- The site is not currently zoned appropriately for the proposed development and rezoning is subject to local approval.
- An option for the purchase of the property is held by another entity and should be cleared before issuance of bonds or a determination notice.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Director of Real Estate Analysis:

Tom Gouris

Date: June 30, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419 Addendum

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 50%	22	1	1	778	\$623	\$539	\$11,858	\$0.69	\$84.00	\$52.00
TC 60%	22	1	1	778	748	664	14,608	0.85	84.00	52.00
TC 50%	44	2	1.5	1,023	748	642	28,248	0.63	106.00	58.00
TC 60%	44	2	1.5	1,023	898	792	34,848	0.77	106.00	58.00
TC 50%	36	3	2.5	1,203	864	737	26,532	0.61	127.00	67.00
TC 60%	36	3	2.5	1,203	1,037	910	32,760	0.76	127.00	67.00
TOTAL:	204		AVERAGE:	1,034	\$838	\$730	\$148,854	\$0.71	\$108.67	\$59.88

INCOME

Total Net Rentable Sq Ft: **210,856**

POTENTIAL GROSS RENT

Secondary Income	Per Unit Per Month:	\$30.66
Other Support Income: (describe)		

POTENTIAL GROSS INCOME

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

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.83%	\$408	0.39
Management	5.00%	422	0.41
Payroll & Payroll Tax	10.13%	855	0.83
Repairs & Maintenance	5.50%	464	0.45
Utilities	2.45%	207	0.20
Water, Sewer, & Trash	5.27%	444	0.43
Property Insurance	3.06%	258	0.25
Property Tax 2.88046	10.24%	864	0.84
Reserve for Replacements	2.37%	200	0.19
Compliance, Services, Security	1.47%	124	0.12
TOTAL EXPENSES	50.32%	\$4,247	\$4.11
NET OPERATING INC	49.68%	\$4,193	\$4.06

DEBT SERVICE

	% OF EGI	PER UNIT	PER SQ FT
First Lien Mortgage	48.84%	\$4,122	\$3.99
Trustee Fee	0.20%	\$17	\$0.02
TDHCA Admin. Fees	0.71%	\$60	\$0.06
Asset Oversight Fees	0.30%	\$25	\$0.02
NET CASH FLOW	-0.17%	(\$14)	(\$0.01)

AGGREGATE DEBT COVERAGE RATIO

AGGREGATE DEBT COVERAGE RATIO	0.99
INITIAL BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO	1.01
RECOMMENDED DEBT COVERAGE RATIO (Bonds only)	1.10

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		3.31%	\$2,978	\$2.88	\$607,500	\$755,000	\$3.58	\$3,701	4.05%
Off-Sites		0.34%	309	0.30	63,123	0	0.00	0	0.00%
Sitework		8.32%	7,495	7.25	1,529,000	1,529,000	7.25	7,495	8.21%
Direct Construction		51.57%	46,445	44.93	9,474,770	9,532,800	45.21	46,729	51.19%
Contingency	1.84%	1.10%	995	0.96	203,000	203,000	0.96	995	1.09%
General Req'ts	5.54%	3.32%	2,990	2.89	610,000	610,000	2.89	2,990	3.28%
Contractor's G & A	1.84%	1.10%	995	0.96	203,000	203,000	0.96	995	1.09%
Contractor's Profit	5.54%	3.32%	2,990	2.89	610,000	610,000	2.89	2,990	3.28%
Indirect Construction		2.44%	2,198	2.13	448,366	448,366	2.13	2,198	2.41%
Ineligible Costs		5.85%	5,266	5.09	1,074,218	1,182,074	5.61	5,794	6.35%
Developer's G & A	2.99%	2.29%	2,059	1.99	420,000	420,000	1.99	2,059	2.26%
Developer's Profit	11.24%	8.60%	7,745	7.49	1,580,000	1,580,000	7.49	7,745	8.48%
Interim Financing		5.33%	4,801	4.65	979,500	979,500	4.65	4,801	5.26%
Reserves		3.10%	2,794	2.70	570,000	570,000	2.70	2,794	3.06%
TOTAL COST		100.00%	\$90,061	\$87.13	\$18,372,477	\$18,622,740	\$88.32	\$91,288	100.00%
Recap-Hard Construction Costs		68.74%	\$61,911	\$59.90	\$12,629,770	\$12,687,800	\$60.17	\$62,195	68.13%

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	66.78%	\$60,147	\$58.19	\$12,270,000	\$12,270,000	\$11,346,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$2,000,000
HTC Syndication Proceeds	32.51%	\$29,277	\$28.32	5,972,418	5,972,418	5,972,420	% of Dev. Fee Deferred
Deferred Developer Fees	2.07%	\$1,864	\$1.80	380,322	380,322	1,219,942	61%
Additional (excess) Funds Required	-1.36%	(\$1,227)	(\$1.19)	(250,263)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$18,372,477	\$18,622,740	\$18,538,363	\$2,726,544.47

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419 Addendum

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
Average Quality Mixed Townhouse Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$ 47.23	\$9,958,484
Adjustments				
Exterior Wall Finish	2.96%		\$1.40	\$294,771
9-Ft. Ceilings	3.40%		1.61	338,588
Roofing			0.00	0
Subfloor			(0.87)	(182,953)
Floor Cover			2.32	488,764
Porches/Balconies	\$16.36	15,634	1.21	255,772
Plumbing	\$680	522	1.68	354,960
Built-In Appliances	\$1,965	204	1.90	400,860
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.79	377,011
Garages/Carports	\$13.44	16,685	1.06	224,246
Comm &/or Aux Bldgs	\$60.46	4,523	1.30	273,465
Other:			0.00	0
SUBTOTAL			60.63	12,783,969
Current Cost Multiplier	1.03		1.82	383,519
Local Multiplier	0.90		(6.06)	(1,278,397)
TOTAL DIRECT CONSTRUCTION COSTS			\$56.38	\$11,889,091
Plans, specs, survy, bld prr	3.90%		(\$2.20)	(\$463,675)
Interim Construction Interest	3.38%		(1.90)	(401,257)
Contractor's OH & Profit	11.50%		(6.48)	(1,367,246)
NET DIRECT CONSTRUCTION COSTS			\$45.80	\$9,656,914

PAYMENT COMPUTATION

Primary	\$12,270,000	Amort	456
Int Rate	6.20%	DCR	1.02

Secondary	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.01

Additional	\$0	Amort	
Int Rate		Aggregate DCR	0.99

RECOMMENDED FINANCING STRUCTURE

Primary Debt Service	\$777,618
Trustee Fee	3,500
TDHCA Admin & Asset Oversight Fee	17,370
NET CASH FLOW	\$56,925

Primary	\$11,346,000	Amort	456
Int Rate	6.20%	DCR	1.10

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.07

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,786,248	\$1,839,835	\$1,895,031	\$1,951,881	\$2,010,438	\$2,330,648	\$2,701,860	\$3,132,197	\$4,209,410
Secondary Income	75,060	77,312	79,631	82,020	84,481	97,936	113,535	131,618	176,884
Other Support Income: (descri	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,861,308	1,917,147	1,974,662	2,033,902	2,094,919	2,428,585	2,815,395	3,263,815	4,386,294
Vacancy & Collection Loss	(139,598)	(143,786)	(148,100)	(152,543)	(157,119)	(182,144)	(211,155)	(244,786)	(328,972)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,721,710	\$1,773,361	\$1,826,562	\$1,881,359	\$1,937,800	\$2,246,441	\$2,604,241	\$3,019,029	\$4,057,322
EXPENSES at 4.00%									
General & Administrative	\$83,230	\$86,559	\$90,021	\$93,622	\$97,367	\$118,462	\$144,127	\$175,353	\$259,565
Management	86,085	88,668	91,328	94,068	96,890	112,322	130,212	150,951	202,866
Payroll & Payroll Tax	174,420	181,397	188,653	196,199	204,047	248,254	302,039	367,477	543,955
Repairs & Maintenance	94,625	98,410	102,346	106,440	110,697	134,680	163,859	199,360	295,101
Utilities	42,171	43,858	45,612	47,437	49,334	60,023	73,027	88,848	131,517
Water, Sewer & Trash	90,668	94,295	98,067	101,989	106,069	129,049	157,008	191,024	282,762
Insurance	52,714	54,823	57,015	59,296	61,668	75,028	91,284	111,060	164,397
Property Tax	176,284	183,336	190,669	198,296	206,228	250,907	305,267	371,404	549,769
Reserve for Replacements	40,800	42,432	44,129	45,894	47,730	58,071	70,652	85,959	127,241
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DEBT SERVICE									
First Lien Financing	\$777,618	\$777,618	\$777,618	\$777,618	\$777,618	\$777,618	\$777,618	\$777,618	\$777,618
Second Lien	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Other Financing	17,370	17,370	17,370	17,370	17,370	17,370	17,370	17,370	17,370
NET CASH FLOW	\$56,925	\$74,785	\$92,869	\$111,171	\$129,685	\$225,146	\$324,466	\$425,801	\$622,759
DEBT COVERAGE RATIO	1.07	1.09	1.12	1.14	1.16	1.28	1.41	1.53	1.78

LIHTC Allocation Calculation - Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419 Addend

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(1) Acquisition Cost				
Purchase of land	\$755,000	\$607,500		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,529,000	\$1,529,000	\$1,529,000	\$1,529,000
Off-site improvements		\$63,123		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$9,532,800	\$9,474,770	\$9,532,800	\$9,474,770
(4) Contractor Fees & General Requirements				
Contractor overhead	\$203,000	\$203,000	\$203,000	\$203,000
Contractor profit	\$610,000	\$610,000	\$610,000	\$610,000
General requirements	\$610,000	\$610,000	\$610,000	\$610,000
(5) Contingencies				
	\$203,000	\$203,000	\$203,000	\$203,000
(6) Eligible Indirect Fees				
	\$448,366	\$448,366	\$448,366	\$448,366
(7) Eligible Financing Fees				
	\$979,500	\$979,500	\$979,500	\$979,500
(8) All Ineligible Costs				
	\$1,182,074	\$1,074,218		
(9) Developer Fees				
Developer overhead	\$420,000	\$420,000	\$420,000	\$420,000
Developer fee	\$1,580,000	\$1,580,000	\$1,580,000	\$1,580,000
(10) Development Reserves				
	\$570,000	\$570,000		
TOTAL DEVELOPMENT COSTS	\$18,622,740	\$18,372,477	\$16,115,666	\$16,057,636

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$16,115,666	\$16,057,636
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$20,950,366	\$20,874,927
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$20,950,366	\$20,874,927
Applicable Percentage		3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS		\$743,738	\$741,060

Syndication Proceeds	0.8192	\$6,092,553	\$6,070,615
Total Credits (Eligible Basis Method)		\$743,738	\$741,060
Syndication Proceeds		\$6,092,553	\$6,070,615
Requested Credits		\$729,073	
Syndication Proceeds		\$5,972,420	
Gap of Syndication Proceeds Needed		\$7,276,740	
Credit Amount		\$888,296	

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

DATE: June 30, 2004 **PROGRAM:** MRB & 4% HTC **FILE NUMBER:** 2004-010 04419

DEVELOPMENT NAME

Sphinx at Delafield Apartments

APPLICANT

Name: St. Augustine Villas Housing, L.P. **Type:** For Profit
Address: 3030 LBJ Freeway, Suite 880 **City:** Dallas **State:** TX
Zip: 75234 **Contact:** Jay O. Oji **Phone:** (214) 342-1400 **Fax:** (214) 342-1409

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name: St. Augustine Housing Development, LLC **(%):** _____ **Title:** Managing General Partner
Name: Jay O. Oji **(%):** _____ **Title:** 60% owner of MGP
Name: Joseph N. Agumadu **(%):** _____ **Title:** 40% owner of MGP

PROPERTY LOCATION

Location: 8200 Hoyle Avenue **QCT** **DDA**
City: Dallas **County:** Dallas **Zip:** 75227

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$729,073	N/A	N/A	N/A
2) \$12,270,000	To be determined	40	40
Other Requested Terms: <u>1) Annual ten-year allocation of low-income housing tax credits 2) Tax exempt bonds</u>			
Proposed Use of Funds: <u>New Construction</u>		Property Type: <u>Multifamily</u>	

RECOMMENDATION

- RECOMMEND APPROVAL OF ISSUANCE OF UP TO \$11,346,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS UNDERWRITTEN AT 6.20% OVER A 38 YEAR AMORTIZATION SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF HOUSING TAX CREDITS NOT TO EXCEED \$729,073 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance prior to the issuance of bonds or a determination notice of evidence that the property is no longer subject to any purchase options held by other parties.
2. Receipt review and acceptance of a noise study from the ESA inspector by bond closing.
3. Should the terms or rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount me be warranted.

ADDENDUM

Subsequent to the completion of the original report, an inconsistency in the number of garages was identified and the Applicant confirmed that there will be 71 garages in the proposed development. The Applicant has

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

indicated that the rent for the garages will be \$50 per garage and this amount has been substantiated as being achievable by the original market analyst in follow-up information provided identified. The Applicant has continued to indicate that the garages will be removed from eligible basis, thus avoiding any conflict with the potential commercial basis that the rental of the garages may suggest. The Underwriter assumed a 90% use rate to establish the additional secondary income of \$23,340 for this revised underwriting analysis. This was then added to the original anticipated gross potential income which was reduced by a standard vacancy and collection rate of 7.5%. The Applicant also provided a revised commitment from Malone Mortgage which established an underwriting interest rate of 6.2% rather than the 5.85% used in the original report. These two changes net out to reduce the recommended debt amount to not more than \$11,346,000. The increased cost of the additional garages has a negligible \$50K effect on the Underwriter's total development costs which is still within 5% of the Applicant's costs from the original Application. It should be noted that it is unlikely that the cost of the additional garages were included in the applicant's original budget. However since they are being considered ineligible by the Applicant, an increase in this development cost would not affect the eligible basis and therefore would not affect the credit amount. The reduction in debt increases the likely deferral of developer fee to \$1,219,942 which represents 61% of available developer fee and is projected to be repayable within ten years of stabilized operations.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating proforma is more than 5% outside of the Underwriter's verifiable ranges.
- The recommended amount of deferred developer fee cannot be repaid within ten years and any amount unpaid past ten years would be removed from eligible basis.
- The site is not currently zoned appropriately for the proposed development and rezoning is subject to local approval.
- An option for the purchase of the property is held by another entity and should be cleared before issuance of bonds or a determination notice.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Director of Real Estate Analysis:

Tom Gouris

Date: June 30, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419 Addendum

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 50%	22	1	1	778	\$623	\$539	\$11,858	\$0.69	\$84.00	\$52.00
TC 60%	22	1	1	778	748	664	14,608	0.85	84.00	52.00
TC 50%	44	2	1.5	1,023	748	642	28,248	0.63	106.00	58.00
TC 60%	44	2	1.5	1,023	898	792	34,848	0.77	106.00	58.00
TC 50%	36	3	2.5	1,203	864	737	26,532	0.61	127.00	67.00
TC 60%	36	3	2.5	1,203	1,037	910	32,760	0.76	127.00	67.00
TOTAL:	204		AVERAGE:	1,034	\$838	\$730	\$148,854	\$0.71	\$108.67	\$59.88

INCOME

Total Net Rentable Sq Ft: 210,856

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$30.66
Other Support Income: (describe)

POTENTIAL GROSS INCOME

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

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.83%	\$408	0.39
Management	5.00%	422	0.41
Payroll & Payroll Tax	10.13%	855	0.83
Repairs & Maintenance	5.50%	464	0.45
Utilities	2.45%	207	0.20
Water, Sewer, & Trash	5.27%	444	0.43
Property Insurance	3.06%	258	0.25
Property Tax 2.88046	10.24%	864	0.84
Reserve for Replacements	2.37%	200	0.19
Compliance, Services, Security	1.47%	124	0.12

TOTAL EXPENSES

NET OPERATING INC

DEBT SERVICE

First Lien Mortgage

Trustee Fee
TDHCA Admin. Fees
Asset Oversight Fees

NET CASH FLOW

AGGREGATE DEBT COVERAGE RATIO

INITIAL BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO (Bonds only)

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		3.31%	\$2,978	\$2.88	\$607,500	\$755,000	\$3.58	\$3,701	4.05%
Off-Sites		0.34%	309	0.30	63,123	0	0.00	0	0.00%
Sitework		8.32%	7,495	7.25	1,529,000	1,529,000	7.25	7,495	8.21%
Direct Construction		51.57%	46,445	44.93	9,474,770	9,532,800	45.21	46,729	51.19%
Contingency	1.84%	1.10%	995	0.96	203,000	203,000	0.96	995	1.09%
General Req'ts	5.54%	3.32%	2,990	2.89	610,000	610,000	2.89	2,990	3.28%
Contractor's G & A	1.84%	1.10%	995	0.96	203,000	203,000	0.96	995	1.09%
Contractor's Profit	5.54%	3.32%	2,990	2.89	610,000	610,000	2.89	2,990	3.28%
Indirect Construction		2.44%	2,198	2.13	448,366	448,366	2.13	2,198	2.41%
Ineligible Costs		5.85%	5,266	5.09	1,074,218	1,182,074	5.61	5,794	6.35%
Developer's G & A	2.99%	2.29%	2,059	1.99	420,000	420,000	1.99	2,059	2.26%
Developer's Profit	11.24%	8.60%	7,745	7.49	1,580,000	1,580,000	7.49	7,745	8.48%
Interim Financing		5.33%	4,801	4.65	979,500	979,500	4.65	4,801	5.26%
Reserves		3.10%	2,794	2.70	570,000	570,000	2.70	2,794	3.06%
TOTAL COST		100.00%	\$90,061	\$87.13	\$18,372,477	\$18,622,740	\$88.32	\$91,288	100.00%
Recap-Hard Construction Costs		68.74%	\$61,911	\$59.90	\$12,629,770	\$12,687,800	\$60.17	\$62,195	68.13%

SOURCES OF FUNDS

				TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	66.78%	\$60,147	\$58.19	\$12,270,000	\$12,270,000	\$11,346,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$2,000,000
HTC Syndication Proceeds	32.51%	\$29,277	\$28.32	5,972,418	5,972,418	5,972,420	% of Dev. Fee Deferred
Deferred Developer Fees	2.07%	\$1,864	\$1.80	380,322	380,322	1,219,942	61%
Additional (excess) Funds Required	-1.36%	(\$1,227)	(\$1.19)	(250,263)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$18,372,477	\$18,622,740	\$18,538,363	\$2,726,544.47

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419 Addendum

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
 Average Quality Mixed Townhouse Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$ 47.23	\$9,958,484
Adjustments				
Exterior Wall Finish	2.96%		\$1.40	\$294,771
9-Ft. Ceilings	3.40%		1.61	338,588
Roofing			0.00	0
Subfloor			(0.87)	(182,953)
Floor Cover			2.32	488,764
Porches/Balconies	\$16.36	15,634	1.21	255,772
Plumbing	\$680	522	1.68	354,960
Built-In Appliances	\$1,965	204	1.90	400,860
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.79	377,011
Garages/Carports	\$13.44	16,685	1.06	224,246
Comm &/or Aux Bldgs	\$60.46	4,523	1.30	273,465
Other:			0.00	0
SUBTOTAL			60.63	12,783,969
Current Cost Multiplier	1.03		1.82	383,519
Local Multiplier	0.90		(6.06)	(1,278,397)
TOTAL DIRECT CONSTRUCTION COSTS			\$56.38	\$11,889,091
Plans, specs, survy, bld prr	3.90%		(\$2.20)	(\$463,675)
Interim Construction Interest	3.38%		(1.90)	(401,257)
Contractor's OH & Profit	11.50%		(6.48)	(1,367,246)
NET DIRECT CONSTRUCTION COSTS			\$45.80	\$9,656,914

PAYMENT COMPUTATION

Primary	\$12,270,000	Amort	456
Int Rate	6.20%	DCR	1.02

Secondary	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.01

Additional	\$0	Amort	
Int Rate		Aggregate DCR	0.99

RECOMMENDED FINANCING STRUCTURE

Primary Debt Service	\$777,618
Trustee Fee	3,500
TDHCA Admin & Asset Oversight Fee	17,370
NET CASH FLOW	\$56,925

Primary	\$11,346,000	Amort	456
Int Rate	6.20%	DCR	1.10

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.07

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Non-qualified portion of higher quality units [42(d)(3)]			
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Applicable Percentage		3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS		\$743,738	\$741,060

Syndication Proceeds	0.8192	\$6,092,553	\$6,070,615
Total Credits (Eligible Basis Method)		\$743,738	\$741,060
Syndication Proceeds		\$6,092,553	\$6,070,615
Requested Credits		\$729,073	
Syndication Proceeds		\$5,972,420	
Gap of Syndication Proceeds Needed		\$7,276,740	
Credit Amount		\$888,296	

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

DATE: June 8, 2004 **PROGRAM:** MRB & 4% HTC **FILE NUMBER:** 2004-010 04419

DEVELOPMENT NAME

Sphinx at Delafield Apartments

APPLICANT

Name: St. Augustine Villas Housing, L.P. **Type:** For Profit
Address: 3030 LBJ Freeway, Suite 880 **City:** Dallas **State:** TX
Zip: 75234 **Contact:** Jay O. Oji **Phone:** (214) 342-1400 **Fax:** (214) 342-1409

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name: St. Augustine Housing Development, LLC **(%):** _____ **Title:** Managing General Partner
Name: Jay O. Oji **(%):** _____ **Title:** 60% owner of MGP
Name: Joseph N. Agumadu **(%):** _____ **Title:** 40% owner of MGP

PROPERTY LOCATION

Location: 8200 Hoyle Avenue **QCT** **DDA**
City: Dallas **County:** Dallas **Zip:** 75227

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$729,073	N/A	N/A	N/A
2) \$12,270,000	To be determined	40	40
Other Requested Terms: <u>1) Annual ten-year allocation of low-income housing tax credits 2) Tax exempt bonds</u>			
Proposed Use of Funds: <u>New Construction</u>		Property Type: <u>Multifamily</u>	

RECOMMENDATION

- RECOMMEND APPROVAL OF ISSUANCE OF UP TO \$11,500,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF HOUSING TAX CREDITS NOT TO EXCEED \$729,073 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Annual debt service for the bonds after conversion from the construction period may not exceed \$759,002 including mortgage insurance payments.
2. Receipt, review and acceptance prior to the issuance of bonds or a determination notice of evidence that the property is no longer subject to any purchase options held by other parties.
3. Receipt review and acceptance of a noise study from the ESA inspector by bond closing.
4. Should the terms or rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount me be warranted.

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

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 204 **# Rental Buildings:** 15 **# Common Area Bldgs:** 1 **# of Floors:** 2 **Age:** N/A yrs **Vacant:** N/A at / /
Net Rentable SF: 210,856 **Av Un SF:** 972 **Common Area SF:** 4,523 **Gross Bldg SF:** 215,379

STRUCTURAL MATERIALS

The structures will have wood frames on post-tensioned concrete slabs. According to the plans provided in the application the exterior will be comprised of 40% masonry/brick veneer, 20% cement fiber siding, and 40% stucco. The interior wall surfaces will be painted or papered drywall. The pitched roofs will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting and vinyl. Each unit will include a range and oven, hood and fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub and shower, washer and dryer connections, laminated counter tops, individual water heaters, and 9-foot ceilings.

ON-SITE AMENITIES

A 4,523-square foot community building will include: activity room, management offices, laundry facilities, restrooms, and computer/business center. A swimming pool, a basketball court, and a playground are also to be located on the property. Perimeter fencing with limited access gates will enclose the site

Uncovered Parking: 373 spaces **Carpports:** 0 spaces **Garages:** 50 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Sphinx at Delafield is a dense (19 units per acre) new construction development of 204 affordable housing units located in east Dallas. The development is comprised of 15 evenly distributed, medium-sized, garden style residential buildings as follows:

- 6 Building Type I with 3 one-bedroom/one-bath units, 8 two-bedroom/one-bath units, 2 two-bedroom/one-bath units and 4 three-bedroom/two-bath units;
- 4 Building Type II with 4 one-bedroom/one-bath units, 2 two-bedroom/one-bath units, 7 three-bedroom/two-bath units; and
- 5 Building Type III with 2 one-bedroom/one-bath units, 2 two-bedroom/one-bath units, 2 two-bedroom/two-bath units and 4 three-bedroom/two-bath units.

Architectural Review: Each of the units appears well arranged with an adequate amount of space in each of the rooms and work areas.

Supportive Services: The Applicant has included \$35,000 annually within the operating budget for supportive services, and named Social Services Management Consultants as the service provider.

SITE ISSUES

SITE DESCRIPTION

Size: 12.141 acres 528,862 square feet **Zoning/ Permitted Uses:** Light Industrial
Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is a rectangularly-shaped parcel located in the east area of Dallas, approximately seven miles from the central business district. The site is situated on the south side of Hoyle Avenue.

Adjacent Land Uses:

- **North:** Hoyle Avenue with light industrial businesses and Union Pacific Railroad beyond.

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

- **South:** Forester Stadium and athletic fields
- **East:** Undeveloped land across Delafield, zoned light industrial
- **West:** Single family residential

Site Access: The development is to have two main entrances, one from the east by Delafield, and the other to the north from Hoyle. Access to Interstate Highway 30 is approximately two miles north, which provides connections to all other major roads serving the Dallas area.

Public Transportation: Public transportation to the area is provided by the Dallas Area Rapid Transit System. The location of the nearest bus stop is approximately one half mile away at the corner of Buckner and Military Parkway.

Shopping & Services: The site is within one mile of major grocery stores, pharmacies, and other retail establishments and restaurants. Schools, churches, hospitals and health care facilities are located within a short driving distance from the site.

Site Inspection Findings: TDHCA staff performed a site inspection on April 13, 2004 and found the location to be acceptable for the proposed development.

The site was zoned for light industrial uses. The Applicant applied to have the land rezoned for multifamily and received City Council approval for MF-2(A) on May 26, 2004.

The commitment for title insurance shows an option to purchase the property held by Vehicles, Inc, a Delaware Corporation. Receipt, review and acceptance prior to the issuance of bonds or a determination notice of evidence that the property is no longer subject to the option to purchase is a condition of approval.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 24, 2004 was prepared by Reed Engineering Group. The assessment identified no evidence of recognized environmental conditions. The ESA inspector recognized that the site is located within 3,000 feet of a Union Pacific Railroad and three railroad spurs and attempted to contact Union Pacific Railroad to complete a noise study. At the time the report was completed, however, the information from Union Pacific Railroad had not been provided and therefore the noise study is said to be forth coming upon receipt of this information. This report is conditioned upon receipt review and acceptance of a noise study by the EDA inspector prior to bond closing.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 1 private activity bond lottery development the Applicant has elected the 50% at 50% / 50% at 60% option. All of the units will be reserved for low-income tenants: half reserved for households earning 50% or less of AMGI, and half for households earning 60% or less of AMGI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$27,960	\$31,920	\$35,940	\$39,900	\$43,080	\$46,260

MARKET HIGHLIGHTS

A market feasibility study dated March 17, 2004 was prepared by Butler Burgher, Inc. (“Market Analyst”) and highlighted the following findings:

Definition of Primary Market Area (PMA): “The Primary Market Area (PMA) is defined as the portions of the City of Dallas, Mesquite, and Balch Springs that are located south of IH 30, west of IH 635 and north and east of US 175” (p. 59). This area encompasses approximately 32.85 square miles and is equivalent to a circle with a radius of 3.23 miles.

Population: The estimated 2003 population of the PMA was 128,280 and is expected to increase by 1.4% annually to approximately 137,292 by 2008. Within the primary market area there were estimated to be

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

39,877 households in 2003.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 5,287 qualified households in the PMA, based on the current estimate of 39,877 households, the projected annual growth rate of 1.4%, renter households estimated at 40.52% of the population, income-qualified households estimated at 52.55%, and an annual renter turnover rate of 60%. (p. 77). The Market Analyst used an income band of \$0 to \$41,490 based upon the assumption that Section 8 Vouchers would be accepted at the property but provided no additional details regarding Section 8 Voucher availability to the lowest income residents in this market. Therefore, the Underwriter recalculated the income band with at a minimum income of \$18,480.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	192	4%	52	2%
Resident Turnover	5,095	96%	2,772	98%
TOTAL ANNUAL DEMAND	5,287	100%	2,824	100%

Ref: p. 5

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 9.42% based upon 5,287 units of demand and 498 unstabilized affordable housing in the PMA (including the subject) (p. 77). The Underwriter calculated an inclusive capture rate of 14.23% based upon a revised supply of 402 unstabilized, comparable, affordable units divided by a demand of 2,824.

Market Rent Comparables: The Market Analyst surveyed six comparable apartment projects totaling 1,718 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (50%)	\$539	\$539	\$0	\$669	-\$130
1-Bedroom (60%)	\$665	\$664	+\$1	\$669	-\$4
2-Bedroom (50%)	\$642	\$642	\$0	\$870	-\$228
2-Bedroom (60%)	\$793	\$792	+\$1	\$870	-\$77
3-Bedroom (50%)	\$737	\$737	\$0	\$1,010	-\$273
3-Bedroom (60%)	\$910	\$910	\$0	\$1,010	-\$100

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

Primary Market Occupancy Rates: “Gross occupancy levels had been stable around 90% but have recently decreased to the current 82.5%. M/PF Research, Inc. forecasts occupancy in this submarket to decrease 0.6% to 81.9% over the next year due to absorption of new completions, and supply and demand becoming more balanced” (p. 72).

Absorption Projections: “The D/FW area had a net positive absorption for the past three years and 8,990 units are forecast for absorption in the next 12 months” (p. 79).

“Absorption was negative for the submarket over the year ending 4th Quarter 2003 (-90 units), compared to the previous positive absorption in 2002 (410) and the forecast positive absorption in 2004 (420 units)” (p. 72).

“These calculations result in an average forecast demand of 96 units/year through 2008. These figures are based on 2004 Claritas, Inc.’s 2003 and 2008 projected demographic performance of the area” (p. 78).

Based on the absorption rates of comparable properties, an “absorption rate of 5 to 20 units per month is reasonable for the subject, as encumbered by LIHTC, resulting in a 7-month absorption period from completion to obtain stabilized physical occupancy” (p. 79).

“The subject developer has projected an encumbered vacancy and collection loss allowance of 93%, similar to the level required by TDHCA. The developer’s projection is similar to that indicated [by vacancy rates] in the market; it is a slightly aggressive estimate that may not be sustainable in the marketplace when also

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

considering collection loss. Therefore, we have estimated a stabilized vacancy and collection loss allowance of 8.0%” (p. 91).

Known Planned Development: “According to M/PF Research, Inc. 541 new units were added during the year ending 2003. ... The new additions were affordable product, which will serve the lower income segments of the population” (p. 79).

“Another 584 units are forecast for completion by September 2004 and another 336 units are scheduled to be complete in January 2005” (p. 72).

Effect on Existing Housing Stock: “The addition of the subject units is not expected to impact the overall vacancy rate of the submarket since the subject is expected to quickly lease-up to stabilization with occupancy in the mid 90%” (p. 91).

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

OPERATING PROFORMA ANALYSIS

Income: The Applicant’s rent projections are the maximum rents allowed under HTC program guidelines, and are achievable according to the Market Analyst. The Applicant included secondary income of \$32.19 per unit which included 40 garages at \$50 each and 80 covered parking spaces at \$15 each. While the Market Study contained evidence that these were reasonable asking rates for such amenities, the Study did not provide an analysis of the vacancy rate or need to use these amenities in conjunction with other concessions to maintain overall occupancy. The Applicant included only garages in the final set of plans provided but did not exclude the costs for same from eligible basis. The Underwriter compared secondary income levels of several similar developments in the area and included the garage income with a 50% combined physical and economic vacancy rate for this amenity. The Applicant used a vacancy and collection loss rate of 7% which is less than the 7.5% TDHCA guideline and the 8% estimate by the Market Analyst and this also contributed to the gross income estimate \$35,104 higher than the Underwriter’s estimate.

Expenses: The Applicant’s total expense estimate of \$4,105 per unit is within 3.2% of the TDHCA database-derived estimate of \$4,241 per unit for comparably-sized developments. Significant difference from TDHCA’s data were noted in general and administrative expenses (\$32,430 lower), and payroll (\$31,620 lower). The Applicant also appears to have overstated expenses for providing tenant services by \$24,800 based on the contract the Applicant provided with the supportive services provider.

Conclusion: The Applicant’s net operating income (NOI) estimate is not within 5% of the Underwriter’s estimate. Therefore, the Underwriter’s NOI will be used to evaluate debt service capacity.

Due to the differences in income and expenses, the Underwriter’s estimated debt coverage ratio (DCR) of 1.01 for the bonds only is less than the program minimum standard of 1.10. Therefore, the maximum annual debt service for this project should be limited to \$759,002. Program staff are recommending a maximum issuance of \$11,500,000 in tax exempt bonds, with a projected annual debt service of \$754,941, which would result in a debt coverage ratio of 1.11. See financing discussion below.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 13 acres	\$197,850	Assessment for the Year of:	2003
Building:	N/A	Valuation by:	Dallas Central Appraisal District
Total Assessed Value:	\$197,850	Tax Rate:	\$2.88046

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved Commercial Property Contract					
Contract Expiration Date:	08/	30/	2004	Anticipated Closing Date:	07/	01/ 2004
Acquisition Cost:	\$107,500 plus improvement of a parking			Other Terms/Conditions:	For 1.5 acres	

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

	lot for seller
Seller: D. Cecil Williams Trust	Related to Development Team Member: No
Type of Site Control:	Unimproved Commercial Property Contract
Contract Expiration Date: 08/ 30/ 2004	Anticipated Closing Date: 07/ 01/ 2004
Acquisition Cost: \$500,000	Other Terms/Conditions: For 10.6 acres
Seller: Redden Electrical Contractors, Inc.	Related to Development Team Member: No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site is controlled under two contracts with separate sellers. One section of the site, 10.6 acres in area, will be sold for \$500,000 by Redden Electrical contractors. Consideration for the second 1.5 acre part of the site includes \$107,500 plus the condition that the buyer develops one acre of land retained by the seller as a parking lot. The earnest money contract stipulates that \$150,000 will be held in escrow with the title agent to ensure the completion of the parking lot. No design plan for the development of the off-site parking lot was included with the application. Based on the estimate that the available space could accommodate approximately 98 parking spaces, the Underwriter used Marshall & Swift's *Residential Cost Handbook* to estimate a probable cost of approximately \$63,123 for the development of the off-site parking lot. Although development of the parking lot is part of the consideration for the purchase of the property, the Underwriter included the associated cost in the line for off-site costs in order to distinguish it from cash paid to purchase the site. The acquisition costs indicated under the two earnest money contracts submitted, including the estimated cost of developing an off-site parking lot, total \$670,623. The Applicant's allowance of \$755,000 for acquisition costs in their cost schedule, therefore, is overstated based on the information provided. The Underwriter's estimated acquisition costs of \$670,623 (\$1.27/SF, \$55,423/acre, or \$3,287/unit) is assumed to be reasonable since the acquisitions are at arm's-length.

Off-Site Costs: See discussion in "Acquisition Value" above.

Sitework Cost: The Applicant's claimed site work costs of \$7,495 per unit are within the safe harbor guidelines for site work costs for multifamily projects.

Direct Construction Cost: The Applicant's direct construction cost estimate is \$54,266 or less than 1% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Ineligible Costs: Because the proposed garages will be offered to residents at a cost in addition to the maximum rents, the estimated cost to construct the garages was removed from eligible basis for both the Underwriter's and the Applicant's estimates.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's direct construction costs, and total development cost are within 5% of the Underwriter's estimate. Therefore, the Applicant's cost estimate as adjusted by the Underwriter is used to calculate eligible basis and determine the HTC allocation. As a result, the Applicant's revised eligible basis of \$16,115,666 would render a potential credit allocation of \$743,738 which is more than the Applicant's request of \$729,073 and the latter will be used to compare to the gap of funds to determine the recommended credit amount.

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

FINANCING STRUCTURE	
INTERIM TO PERMANENT BOND FINANCING	
Source: <u>Malone Mortgage Company</u>	Contact: <u>Jeff Rogers</u>
Tax-Exempt Amount: <u>\$11,581,700</u>	Interest Rate: <u>5.60% (plus 0.50% MIP)</u>
Additional Information:	
Amortization: <u>38</u> yrs	Term: <u>40</u> yrs
Commitment: <input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional	
Annual Payment: <u>\$784,593</u>	Lien Priority: <u>1st</u> Commitment Date 04/ 09/ 2004
TAX CREDIT SYNDICATION	
Source: <u>Wachovia Securities</u>	Contact: <u>Tim McCann</u>
Address: <u>301 South College Street, TW-17</u>	City: <u>Charlotte</u>
State: <u>NC</u>	Zip: <u>28288</u> Phone: <u>(704) 374-3468</u> Fax: <u>(704) 383-9525</u>
Net Proceeds: <u>\$5,802,317</u>	Net Syndication Rate (per \$1.00 of 10-yr LIHTC) <u>82¢</u>
Commitment <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional Date: 04/ 09/ 2004	
Additional Information: <u>Syndicator's commitment is based on the receipt of \$708,304 in tax credits annually.</u>	
APPLICANT EQUITY	
Amount: <u>\$380,322</u>	Source: <u>Deferred Developer Fee</u>
FINANCING STRUCTURE ANALYSIS	
<p><u>Interim to Permanent Bond Financing:</u> The tax-exempt bonds are to be issued by TDHCA and publicly offered. The mortgage loan will be FHA-insured under the 221(d)(4) program. The permanent financing commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application, and the Applicant's operating proforma. The Applicant's use of a lower interest rate and longer amortization period than stated by the lender resulted in a slightly lower annual debt service.</p>	
<p><u>HTC Syndication:</u> The tax credit syndication commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application. In particular, the syndicator indicated the provision of \$5,802,317 in equity, rather than \$5,972,418 as indicated by the Applicant, the difference being due to the syndicator's anticipated receipt of \$708,304 in tax credits annually, rather than the requested \$729,073.</p>	
<p><u>Deferred Developer's Fees:</u> The Applicant's proposed deferred developer's fees of \$380,322 would amount to 19% of the total fees.</p>	
<p><u>Financing Conclusions:</u> Due to the difference in estimated net operating income, the Underwriter's estimated debt coverage ratio (DCR) of 1.01 for the Applicant's requested bond issuance of \$12,270,000 is less than the program minimum standard of 1.10. While the estimated debt service for the recommended bond issuance of \$11,500,000 would result in a DCR of 1.11, this estimate has been based on an assumed interest rate of 5.35% plus an annual mortgage insurance premium of 0.50%. If the pricing of the bonds is not so favorable, then it may be possible that the bonds issued may be less. Therefore, the maximum annual debt service for this development should not exceed \$759,002, including the mortgage insurance premiums associated with the FHA insurance.</p>	
<p>Based on the Applicant's requested annual tax credits being lower than the amount derived from the revised estimate of eligible basis, the HTC allocation should not exceed \$729,073 annually for ten years, resulting in syndication proceeds of approximately \$5,972,420. To compensate for the reduction in loan funds and tax credit equity, the Applicant's deferred developer fee will be increased to \$1,065,942, which amounts to approximately 53% of the total fee and which should be repayable by the eighth year of stabilized operations.</p>	

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

**DEVELOPMENT TEAM
IDENTITIES of INTEREST**

The Applicant and Developer are related entities. This is a common relationship for HTC-funded developments.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The Developer, Sphinx Development Corporation, submitted an unaudited financial statement as of December 31, 2003 reporting total assets of \$2,812,351 and consisting of \$79,162 in cash, \$5,500 in earnest money escrows, \$40,543 in machinery, equipment, and fixtures, and \$2,607,984 in developer's notes and partnership interests. Liabilities totaled \$51,455, resulting in a net worth of \$2,760,896.
- The principals of the General Partner, Jay O. Oji and Joseph N. Agumadu, submitted unaudited financial statements as of December 31, 2004 and are anticipated to be guarantors of the development.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Multifamily Production Finance Staff have verified that the contractor has met the Department's experience requirements and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating proforma is more than 5% outside of the Underwriter's verifiable ranges.
- The recommended amount of deferred developer fee cannot be repaid within ten years and any amount unpaid past ten years would be removed from eligible basis.
- The site is not currently zoned appropriately for the proposed development and rezoning is subject to local approval.
- An option for the purchase of the property is held by another entity and should be cleared before issuance of bonds or a determination notice.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:

Stephen Apple

Date: June 18, 2004

Director of Real Estate Analysis:

Tom Gouris

Date: June 18, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 50%	22	1	1	778	\$623	\$539	\$11,858	\$0.69	\$84.00	\$52.00
TC 60%	22	1	1	778	748	664	14,608	0.85	84.00	52.00
TC 50%	44	2	1.5	1,023	748	642	28,248	0.63	106.00	58.00
TC 60%	44	2	1.5	1,023	898	792	34,848	0.77	106.00	58.00
TC 50%	36	3	2.5	1,203	864	737	26,532	0.61	127.00	67.00
TC 60%	36	3	2.5	1,203	1,037	910	32,760	0.76	127.00	67.00
TOTAL:	204		AVERAGE:	1,034	\$838	\$730	\$148,854	\$0.71	\$108.67	\$59.88

INCOME				Total Net Rentable Sq Ft:	210,856	TDHCA	APPLICANT	Comptroller's Region		3
POTENTIAL GROSS RENT						\$1,786,248	\$1,787,040		IREM Region	Dallas
Secondary Income		Per Unit Per Month:	\$21.13			51,720	78,792	\$32.19	Per Unit Per Month	
Other Support Income: (describe)						0	0			
POTENTIAL GROSS INCOME						\$1,837,968	\$1,865,832			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(137,848)	(130,608)	-7.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions						0	0			
EFFECTIVE GROSS INCOME						\$1,700,120	\$1,735,224			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI	
General & Administrative	4.90%	\$408	0.39	\$83,230	\$50,800	\$0.24	\$249	2.93%	
Management	5.00%	417	0.40	85,006	102,017	0.48	500	5.88%	
Payroll & Payroll Tax	10.26%	855	0.83	174,420	142,800	0.68	700	8.23%	
Repairs & Maintenance	5.57%	464	0.45	94,625	91,800	0.44	450	5.29%	
Utilities	2.48%	207	0.20	42,171	51,100	0.24	250	2.94%	
Water, Sewer, & Trash	5.33%	444	0.43	90,668	62,800	0.30	308	3.62%	
Property Insurance	3.10%	258	0.25	52,714	51,000	0.24	250	2.94%	
Property Tax	2.88046	10.37%	864	0.84	176,284	194,616	0.92	954	11.22%
Reserve for Replacements	2.40%	200	0.19	40,800	40,400	0.19	198	2.33%	
Compliance, Services, Security	1.49%	124	0.12	25,300	50,100	0.24	246	2.89%	
TOTAL EXPENSES	50.89%	\$4,241	\$4.10	\$865,218	\$837,433	\$3.97	\$4,105	48.26%	
NET OPERATING INC	49.11%	\$4,093	\$3.96	\$834,902	\$897,791	\$4.26	\$4,401	51.74%	

DEBT SERVICE	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
First Lien Mortgage	47.38%	\$3,948	\$3.82	\$805,489	\$802,510	\$3.81	\$3,934	46.25%
Trustee Fee	0.21%	\$17	\$0.02	\$3,500	\$0	\$0.00	\$0	0.00%
TDHCA Admin. Fees	0.72%	\$60	\$0.06	12,270	0	\$0.00	\$0	0.00%
Asset Oversight Fees	0.30%	\$25	\$0.02	5,100	0	\$0.00	\$0	0.00%
NET CASH FLOW	0.71%	\$59	\$0.06	\$12,044	\$95,281	\$0.45	\$467	5.49%
AGGREGATE DEBT COVERAGE RATIO				1.01	1.12			
INITIAL BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO				1.03				
RECOMMENDED DEBT COVERAGE RATIO (Bonds only)				1.11				

CONSTRUCTION COST					TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)	Factor	% of TOTAL	PER UNIT	PER SQ FT	\$607,500	\$755,000	\$3.58	\$3,701	4.05%
Off-Sites		0.34%	309	0.30	63,123	0	0.00	0	0.00%
Sitework		8.34%	7,495	7.25	1,529,000	1,529,000	7.25	7,495	8.21%
Direct Construction		51.73%	46,463	44.95	9,478,534	9,532,800	45.21	46,729	51.19%
Contingency	1.84%	1.11%	995	0.96	203,000	203,000	0.96	995	1.09%
General Req'ts	5.54%	3.33%	2,990	2.89	610,000	610,000	2.89	2,990	3.28%
Contractor's G & A	1.84%	1.11%	995	0.96	203,000	203,000	0.96	995	1.09%
Contractor's Profit	5.54%	3.33%	2,990	2.89	610,000	610,000	2.89	2,990	3.28%
Indirect Construction		2.45%	2,198	2.13	448,366	448,366	2.13	2,198	2.41%
Ineligible Costs		5.57%	5,002	4.84	1,020,454	1,182,074	5.61	5,794	6.35%
Developer's G & A	2.99%	2.29%	2,059	1.99	420,000	420,000	1.99	2,059	2.26%
Developer's Profit	11.24%	8.62%	7,745	7.49	1,580,000	1,580,000	7.49	7,745	8.48%
Interim Financing		5.35%	4,801	4.65	979,500	979,500	4.65	4,801	5.26%
Reserves		3.11%	2,794	2.70	570,000	570,000	2.70	2,794	3.06%
TOTAL COST		100.00%	\$89,816	\$86.90	\$18,322,476	\$18,622,740	\$88.32	\$91,288	100.00%
Recap-Hard Construction Costs		68.95%	\$61,929	\$59.92	\$12,633,534	\$12,687,800	\$60.17	\$62,195	68.13%

SOURCES OF FUNDS					TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	66.97%	\$60,147	\$58.19		\$12,270,000	\$12,270,000	\$11,500,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00		0	0	0	\$2,000,000
HTC Syndication Proceeds	32.60%	\$29,277	\$28.32		5,972,418	5,972,418	5,972,420	% of Dev. Fee Deferred
Deferred Developer Fees	2.08%	\$1,864	\$1.80		380,322	380,322	1,065,942	53%
Additional (excess) Funds Required	-1.64%	(\$1,472)	(\$1.42)		(300,264)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES					\$18,322,476	\$18,622,740	\$18,538,363	\$2,688,736.70

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
 Average Quality Mixed Townhouse Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$ 47.23	\$9,958,484
Adjustments				
Exterior Wall Finish	2.96%		\$1.40	\$294,771
9-Ft. Ceilings	3.40%		1.61	338,588
Roofing			0.00	0
Subfloor			(0.87)	(182,953)
Floor Cover			2.32	488,764
Porches/Balconies	\$16.36	15,634	1.21	255,772
Plumbing	\$680	522	1.68	354,960
Built-In Appliances	\$1,965	204	1.90	400,860
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.79	377,011
Garages/Carports	\$13.44	11,760	0.75	158,054
Comm &/or Aux Bldgs	\$60.46	4,523	1.30	273,465
Other:			0.00	0
SUBTOTAL			60.31	12,717,777
Current Cost Multiplier	1.03		1.81	381,533
Local Multiplier	0.90		(6.03)	(1,271,778)
TOTAL DIRECT CONSTRUCTION COSTS			\$56.09	\$11,827,533
Plans, specs, survy, bld prr	3.90%		(\$2.19)	(\$461,274)
Interim Construction Interest	3.38%		(1.89)	(399,179)
Contractor's OH & Profit	11.50%		(6.45)	(1,360,166)
NET DIRECT CONSTRUCTION COSTS			\$45.56	\$9,606,913

PAYMENT COMPUTATION

Primary	\$12,270,000	Amort	456
Int Rate	5.85%	DCR	1.04

Secondary	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.03

Additional	\$0	Amort	
Int Rate		Aggregate DCR	1.01

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$754,941
Trustee Fee	3,500
TDHCA Admin & Asset Oversight Fee	17,370
NET CASH FLOW	\$59,092

Primary	\$11,500,000	Amort	456
Int Rate	5.85%	DCR	1.11

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.08

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

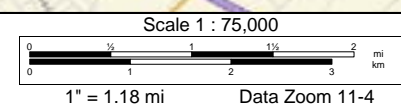
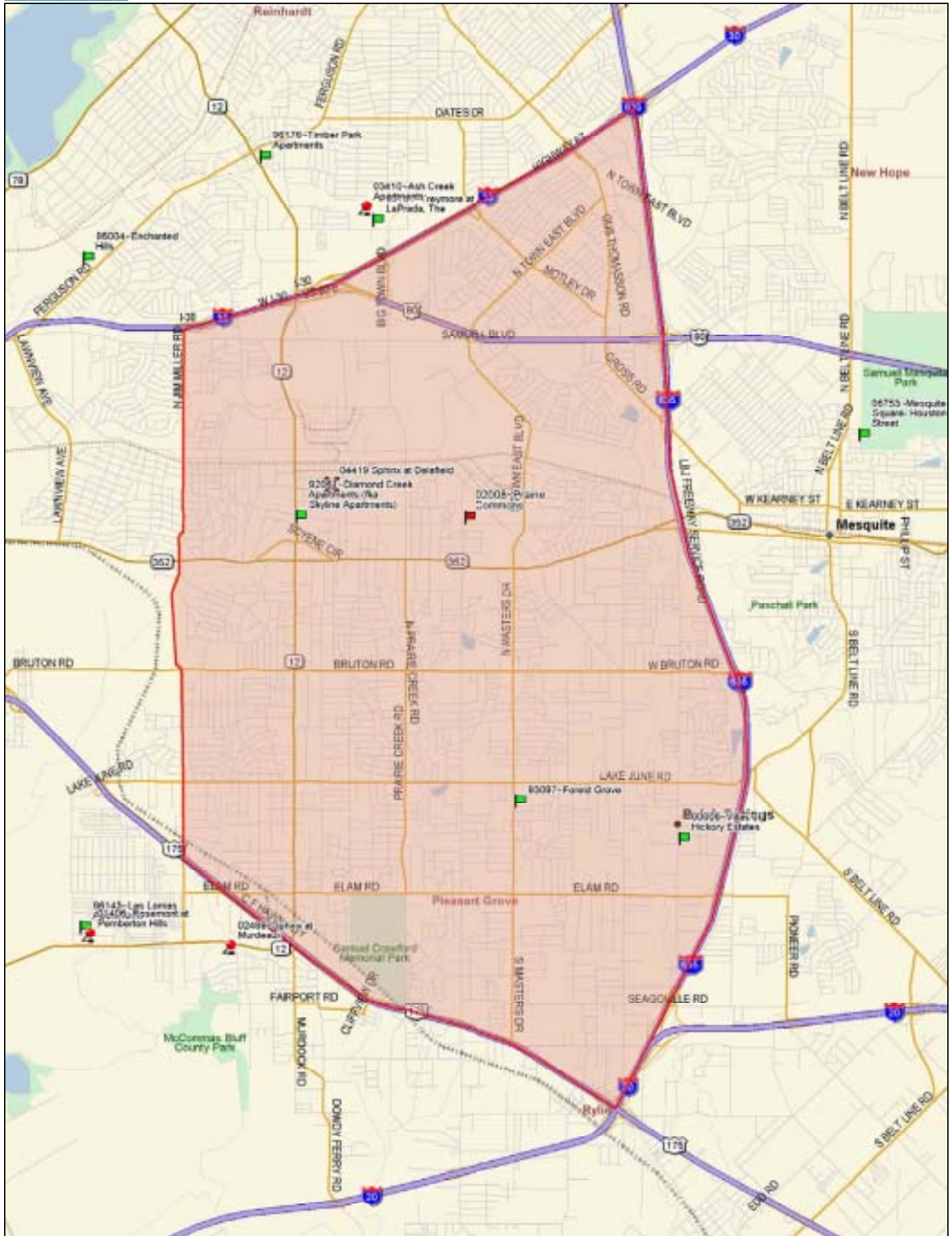
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,786,248	\$1,839,835	\$1,895,031	\$1,951,881	\$2,010,438	\$2,330,648	\$2,701,860	\$3,132,197	\$4,209,410
Secondary Income	51,720	53,272	54,870	56,516	58,211	67,483	78,231	90,691	121,882
Other Support Income: (descri	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,837,968	1,893,107	1,949,900	2,008,397	2,068,649	2,398,131	2,780,092	3,222,888	4,331,292
Vacancy & Collection Loss	(137,848)	(141,983)	(146,243)	(150,630)	(155,149)	(179,860)	(208,507)	(241,717)	(324,847)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,700,120	\$1,751,124	\$1,803,658	\$1,857,767	\$1,913,500	\$2,218,272	\$2,571,585	\$2,981,171	\$4,006,445
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$83,230	\$86,559	\$90,021	\$93,622	\$97,367	\$118,462	\$144,127	\$175,353	\$259,565
Management	85,006	87,556	90,183	92,888	95,675	110,914	128,579	149,059	200,322
Payroll & Payroll Tax	174,420	181,397	188,653	196,199	204,047	248,254	302,039	367,477	543,955
Repairs & Maintenance	94,625	98,410	102,346	106,440	110,697	134,680	163,859	199,360	295,101
Utilities	42,171	43,858	45,612	47,437	49,334	60,023	73,027	88,848	131,517
Water, Sewer & Trash	90,668	94,295	98,067	101,989	106,069	129,049	157,008	191,024	282,762
Insurance	52,714	54,823	57,015	59,296	61,668	75,028	91,284	111,060	164,397
Property Tax	176,284	183,336	190,669	198,296	206,228	250,907	305,267	371,404	549,769
Reserve for Replacements	40,800	42,432	44,129	45,894	47,730	58,071	70,652	85,959	127,241
Other	25,300	26,312	27,364	28,459	29,597	36,010	43,811	53,303	78,902
TOTAL EXPENSES	\$865,218	\$898,977	\$934,060	\$970,521	\$1,008,413	\$1,221,398	\$1,479,654	\$1,792,847	\$2,633,531
NET OPERATING INCOME	\$834,902	\$852,147	\$869,598	\$887,247	\$905,088	\$996,873	\$1,091,931	\$1,188,324	\$1,372,914
DEBT SERVICE									
First Lien Financing	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941
Second Lien	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Other Financing	17,370	17,370	17,370	17,370	17,370	17,370	17,370	17,370	17,370
NET CASH FLOW	\$59,092	\$76,337	\$93,787	\$111,436	\$129,277	\$221,063	\$316,120	\$412,514	\$597,103
DEBT COVERAGE RATIO	1.08	1.10	1.12	1.14	1.17	1.28	1.41	1.53	1.77

LIHTC Allocation Calculation - Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$755,000	\$607,500		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,529,000	\$1,529,000	\$1,529,000	\$1,529,000
Off-site improvements		\$63,123		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$9,532,800	\$9,478,534	\$9,532,800	\$9,478,534
(4) Contractor Fees & General Requirements				
Contractor overhead	\$203,000	\$203,000	\$203,000	\$203,000
Contractor profit	\$610,000	\$610,000	\$610,000	\$610,000
General requirements	\$610,000	\$610,000	\$610,000	\$610,000
(5) Contingencies	\$203,000	\$203,000	\$203,000	\$203,000
(6) Eligible Indirect Fees	\$448,366	\$448,366	\$448,366	\$448,366
(7) Eligible Financing Fees	\$979,500	\$979,500	\$979,500	\$979,500
(8) All Ineligible Costs	\$1,182,074	\$1,020,454		
(9) Developer Fees				
Developer overhead	\$420,000	\$420,000	\$420,000	\$420,000
Developer fee	\$1,580,000	\$1,580,000	\$1,580,000	\$1,580,000
(10) Development Reserves	\$570,000	\$570,000		
TOTAL DEVELOPMENT COSTS	\$18,622,740	\$18,322,476	\$16,115,666	\$16,061,400

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$16,115,666	\$16,061,400
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$20,950,366	\$20,879,820
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$20,950,366	\$20,879,820
Applicable Percentage		3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS		\$743,738	\$741,234

Syndication Proceeds	0.8192	\$6,092,553	\$6,072,037
Total Credits (Eligible Basis Method)		\$743,738	\$741,234
Syndication Proceeds		\$6,092,553	\$6,072,037
Requested Credits		\$729,073	
Syndication Proceeds		\$5,972,420	
Gap of Syndication Proceeds Needed		\$7,122,740	
Credit Amount		\$869,496	



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

DATE: June 8, 2004 **PROGRAM:** MRB & 4% HTC **FILE NUMBER:** 2004-010 04419

DEVELOPMENT NAME

Sphinx at Delafield Apartments

APPLICANT

Name: St. Augustine Villas Housing, L.P. **Type:** For Profit
Address: 3030 LBJ Freeway, Suite 880 **City:** Dallas **State:** TX
Zip: 75234 **Contact:** Jay O. Oji **Phone:** (214) 342-1400 **Fax:** (214) 342-1409

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name: St. Augustine Housing Development, LLC **(%):** _____ **Title:** Managing General Partner
Name: Jay O. Oji **(%):** _____ **Title:** 60% owner of MGP
Name: Joseph N. Agumadu **(%):** _____ **Title:** 40% owner of MGP

PROPERTY LOCATION

Location: 8200 Hoyle Avenue **QCT** **DDA**
City: Dallas **County:** Dallas **Zip:** 75227

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$729,073	N/A	N/A	N/A
2) \$12,270,000	To be determined	40	40
Other Requested Terms: <u>1) Annual ten-year allocation of low-income housing tax credits 2) Tax exempt bonds</u>			
Proposed Use of Funds: <u>New Construction</u>		Property Type: <u>Multifamily</u>	

RECOMMENDATION

- RECOMMEND APPROVAL OF ISSUANCE OF UP TO \$11,500,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF HOUSING TAX CREDITS NOT TO EXCEED \$729,073 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Annual debt service for the bonds after conversion from the construction period may not exceed \$759,002 including mortgage insurance payments.
2. Receipt, review and acceptance prior to the issuance of bonds or a determination notice of evidence that the property is no longer subject to any purchase options held by other parties.
3. Receipt review and acceptance of a noise study from the ESA inspector by bond closing.
4. Should the terms or rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount me be warranted.

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

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 204 **# Rental Buildings:** 15 **# Common Area Bldgs:** 1 **# of Floors:** 2 **Age:** N/A yrs **Vacant:** N/A at / /
Net Rentable SF: 210,856 **Av Un SF:** 972 **Common Area SF:** 4,523 **Gross Bldg SF:** 215,379

STRUCTURAL MATERIALS

The structures will have wood frames on post-tensioned concrete slabs. According to the plans provided in the application the exterior will be comprised of 40% masonry/brick veneer, 20% cement fiber siding, and 40% stucco. The interior wall surfaces will be painted or papered drywall. The pitched roofs will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting and vinyl. Each unit will include a range and oven, hood and fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub and shower, washer and dryer connections, laminated counter tops, individual water heaters, and 9-foot ceilings.

ON-SITE AMENITIES

A 4,523-square foot community building will include: activity room, management offices, laundry facilities, restrooms, and computer/business center. A swimming pool, a basketball court, and a playground are also to be located on the property. Perimeter fencing with limited access gates will enclose the site

Uncovered Parking: 373 spaces **Carpports:** 0 spaces **Garages:** 50 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Sphinx at Delafield is a dense (19 units per acre) new construction development of 204 affordable housing units located in east Dallas. The development is comprised of 15 evenly distributed, medium-sized, garden style residential buildings as follows:

- 6 Building Type I with 3 one-bedroom/one-bath units, 8 two-bedroom/one-bath units, 2 two-bedroom/one-bath units and 4 three-bedroom/two-bath units;
- 4 Building Type II with 4 one-bedroom/one-bath units, 2 two-bedroom/one-bath units, 7 three-bedroom/two-bath units; and
- 5 Building Type III with 2 one-bedroom/one-bath units, 2 two-bedroom/one-bath units, 2 two-bedroom/two-bath units and 4 three-bedroom/two-bath units.

Architectural Review: Each of the units appears well arranged with an adequate amount of space in each of the rooms and work areas.

Supportive Services: The Applicant has included \$35,000 annually within the operating budget for supportive services, and named Social Services Management Consultants as the service provider.

SITE ISSUES

SITE DESCRIPTION

Size: 12.141 acres 528,862 square feet **Zoning/ Permitted Uses:** Light Industrial
Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is a rectangularly-shaped parcel located in the east area of Dallas, approximately seven miles from the central business district. The site is situated on the south side of Hoyle Avenue.

Adjacent Land Uses:

- **North:** Hoyle Avenue with light industrial businesses and Union Pacific Railroad beyond.

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

- **South:** Forester Stadium and athletic fields
- **East:** Undeveloped land across Delafield, zoned light industrial
- **West:** Single family residential

Site Access: The development is to have two main entrances, one from the east by Delafield, and the other to the north from Hoyle. Access to Interstate Highway 30 is approximately two miles north, which provides connections to all other major roads serving the Dallas area.

Public Transportation: Public transportation to the area is provided by the Dallas Area Rapid Transit System. The location of the nearest bus stop is approximately one half mile away at the corner of Buckner and Military Parkway.

Shopping & Services: The site is within one mile of major grocery stores, pharmacies, and other retail establishments and restaurants. Schools, churches, hospitals and health care facilities are located within a short driving distance from the site.

Site Inspection Findings: TDHCA staff performed a site inspection on April 13, 2004 and found the location to be acceptable for the proposed development.

The site was zoned for light industrial uses. The Applicant applied to have the land rezoned for multifamily and received City Council approval for MF-2(A) on May 26, 2004.

The commitment for title insurance shows an option to purchase the property held by Vehicles, Inc, a Delaware Corporation. Receipt, review and acceptance prior to the issuance of bonds or a determination notice of evidence that the property is no longer subject to the option to purchase is a condition of approval.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 24, 2004 was prepared by Reed Engineering Group. The assessment identified no evidence of recognized environmental conditions. The ESA inspector recognized that the site is located within 3,000 feet of a Union Pacific Railroad and three railroad spurs and attempted to contact Union Pacific Railroad to complete a noise study. At the time the report was completed, however, the information from Union Pacific Railroad had not been provided and therefore the noise study is said to be forth coming upon receipt of this information. This report is conditioned upon receipt review and acceptance of a noise study by the EDA inspector prior to bond closing.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 1 private activity bond lottery development the Applicant has elected the 50% at 50% / 50% at 60% option. All of the units will be reserved for low-income tenants: half reserved for households earning 50% or less of AMGI, and half for households earning 60% or less of AMGI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$27,960	\$31,920	\$35,940	\$39,900	\$43,080	\$46,260

MARKET HIGHLIGHTS

A market feasibility study dated March 17, 2004 was prepared by Butler Burgher, Inc. (“Market Analyst”) and highlighted the following findings:

Definition of Primary Market Area (PMA): “The Primary Market Area (PMA) is defined as the portions of the City of Dallas, Mesquite, and Balch Springs that are located south of IH 30, west of IH 635 and north and east of US 175” (p. 59). This area encompasses approximately 32.85 square miles and is equivalent to a circle with a radius of 3.23 miles.

Population: The estimated 2003 population of the PMA was 128,280 and is expected to increase by 1.4% annually to approximately 137,292 by 2008. Within the primary market area there were estimated to be

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

39,877 households in 2003.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 5,287 qualified households in the PMA, based on the current estimate of 39,877 households, the projected annual growth rate of 1.4%, renter households estimated at 40.52% of the population, income-qualified households estimated at 52.55%, and an annual renter turnover rate of 60%. (p. 77). The Market Analyst used an income band of \$0 to \$41,490 based upon the assumption that Section 8 Vouchers would be accepted at the property but provided no additional details regarding Section 8 Voucher availability to the lowest income residents in this market. Therefore, the Underwriter recalculated the income band with at a minimum income of \$18,480.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	192	4%	52	2%
Resident Turnover	5,095	96%	2,772	98%
TOTAL ANNUAL DEMAND	5,287	100%	2,824	100%

Ref: p. 5

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 9.42% based upon 5,287 units of demand and 498 unstabilized affordable housing in the PMA (including the subject) (p. 77). The Underwriter calculated an inclusive capture rate of 14.23% based upon a revised supply of 402 unstabilized, comparable, affordable units divided by a demand of 2,824.

Market Rent Comparables: The Market Analyst surveyed six comparable apartment projects totaling 1,718 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (50%)	\$539	\$539	\$0	\$669	-\$130
1-Bedroom (60%)	\$665	\$664	+\$1	\$669	-\$4
2-Bedroom (50%)	\$642	\$642	\$0	\$870	-\$228
2-Bedroom (60%)	\$793	\$792	+\$1	\$870	-\$77
3-Bedroom (50%)	\$737	\$737	\$0	\$1,010	-\$273
3-Bedroom (60%)	\$910	\$910	\$0	\$1,010	-\$100

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

Primary Market Occupancy Rates: “Gross occupancy levels had been stable around 90% but have recently decreased to the current 82.5%. M/PF Research, Inc. forecasts occupancy in this submarket to decrease 0.6% to 81.9% over the next year due to absorption of new completions, and supply and demand becoming more balanced” (p. 72).

Absorption Projections: “The D/FW area had a net positive absorption for the past three years and 8,990 units are forecast for absorption in the next 12 months” (p. 79).

“Absorption was negative for the submarket over the year ending 4th Quarter 2003 (-90 units), compared to the previous positive absorption in 2002 (410) and the forecast positive absorption in 2004 (420 units)” (p. 72).

“These calculations result in an average forecast demand of 96 units/year through 2008. These figures are based on 2004 Claritas, Inc.’s 2003 and 2008 projected demographic performance of the area” (p. 78).

Based on the absorption rates of comparable properties, an “absorption rate of 5 to 20 units per month is reasonable for the subject, as encumbered by LIHTC, resulting in a 7-month absorption period from completion to obtain stabilized physical occupancy” (p. 79).

“The subject developer has projected an encumbered vacancy and collection loss allowance of 93%, similar to the level required by TDHCA. The developer’s projection is similar to that indicated [by vacancy rates] in the market; it is a slightly aggressive estimate that may not be sustainable in the marketplace when also

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

considering collection loss. Therefore, we have estimated a stabilized vacancy and collection loss allowance of 8.0%” (p. 91).

Known Planned Development: “According to M/PF Research, Inc. 541 new units were added during the year ending 2003. ... The new additions were affordable product, which will serve the lower income segments of the population” (p. 79).

“Another 584 units are forecast for completion by September 2004 and another 336 units are scheduled to be complete in January 2005” (p. 72).

Effect on Existing Housing Stock: “The addition of the subject units is not expected to impact the overall vacancy rate of the submarket since the subject is expected to quickly lease-up to stabilization with occupancy in the mid 90%” (p. 91).

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

OPERATING PROFORMA ANALYSIS

Income: The Applicant’s rent projections are the maximum rents allowed under HTC program guidelines, and are achievable according to the Market Analyst. The Applicant included secondary income of \$32.19 per unit which included 40 garages at \$50 each and 80 covered parking spaces at \$15 each. While the Market Study contained evidence that these were reasonable asking rates for such amenities, the Study did not provide an analysis of the vacancy rate or need to use these amenities in conjunction with other concessions to maintain overall occupancy. The Applicant included only garages in the final set of plans provided but did not exclude the costs for same from eligible basis. The Underwriter compared secondary income levels of several similar developments in the area and included the garage income with a 50% combined physical and economic vacancy rate for this amenity. The Applicant used a vacancy and collection loss rate of 7% which is less than the 7.5% TDHCA guideline and the 8% estimate by the Market Analyst and this also contributed to the gross income estimate \$35,104 higher than the Underwriter’s estimate.

Expenses: The Applicant’s total expense estimate of \$4,105 per unit is within 3.2% of the TDHCA database-derived estimate of \$4,241 per unit for comparably-sized developments. Significant difference from TDHCA’s data were noted in general and administrative expenses (\$32,430 lower), and payroll (\$31,620 lower). The Applicant also appears to have overstated expenses for providing tenant services by \$24,800 based on the contract the Applicant provided with the supportive services provider.

Conclusion: The Applicant’s net operating income (NOI) estimate is not within 5% of the Underwriter’s estimate. Therefore, the Underwriter’s NOI will be used to evaluate debt service capacity.

Due to the differences in income and expenses, the Underwriter’s estimated debt coverage ratio (DCR) of 1.01 for the bonds only is less than the program minimum standard of 1.10. Therefore, the maximum annual debt service for this project should be limited to \$759,002. Program staff are recommending a maximum issuance of \$11,500,000 in tax exempt bonds, with a projected annual debt service of \$754,941, which would result in a debt coverage ratio of 1.11. See financing discussion below.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 13 acres	\$197,850	Assessment for the Year of:	2003
Building:	N/A	Valuation by:	Dallas Central Appraisal District
Total Assessed Value:	\$197,850	Tax Rate:	\$2.88046

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved Commercial Property Contract					
Contract Expiration Date:	08/	30/	2004	Anticipated Closing Date:	07/	01/ 2004
Acquisition Cost:	\$107,500 plus improvement of a parking			Other Terms/Conditions:	For 1.5 acres	

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

	lot for seller
Seller: D. Cecil Williams Trust	Related to Development Team Member: No
Type of Site Control:	Unimproved Commercial Property Contract
Contract Expiration Date: 08/ 30/ 2004	Anticipated Closing Date: 07/ 01/ 2004
Acquisition Cost: \$500,000	Other Terms/Conditions: For 10.6 acres
Seller: Redden Electrical Contractors, Inc.	Related to Development Team Member: No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site is controlled under two contracts with separate sellers. One section of the site, 10.6 acres in area, will be sold for \$500,000 by Redden Electrical contractors. Consideration for the second 1.5 acre part of the site includes \$107,500 plus the condition that the buyer develops one acre of land retained by the seller as a parking lot. The earnest money contract stipulates that \$150,000 will be held in escrow with the title agent to ensure the completion of the parking lot. No design plan for the development of the off-site parking lot was included with the application. Based on the estimate that the available space could accommodate approximately 98 parking spaces, the Underwriter used Marshall & Swift's *Residential Cost Handbook* to estimate a probable cost of approximately \$63,123 for the development of the off-site parking lot. Although development of the parking lot is part of the consideration for the purchase of the property, the Underwriter included the associated cost in the line for off-site costs in order to distinguish it from cash paid to purchase the site. The acquisition costs indicated under the two earnest money contracts submitted, including the estimated cost of developing an off-site parking lot, total \$670,623. The Applicant's allowance of \$755,000 for acquisition costs in their cost schedule, therefore, is overstated based on the information provided. The Underwriter's estimated acquisition costs of \$670,623 (\$1.27/SF, \$55,423/acre, or \$3,287/unit) is assumed to be reasonable since the acquisitions are at arm's-length.

Off-Site Costs: See discussion in "Acquisition Value" above.

Sitework Cost: The Applicant's claimed site work costs of \$7,495 per unit are within the safe harbor guidelines for site work costs for multifamily projects.

Direct Construction Cost: The Applicant's direct construction cost estimate is \$54,266 or less than 1% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Ineligible Costs: Because the proposed garages will be offered to residents at a cost in addition to the maximum rents, the estimated cost to construct the garages was removed from eligible basis for both the Underwriter's and the Applicant's estimates.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's direct construction costs, and total development cost are within 5% of the Underwriter's estimate. Therefore, the Applicant's cost estimate as adjusted by the Underwriter is used to calculate eligible basis and determine the HTC allocation. As a result, the Applicant's revised eligible basis of \$16,115,666 would render a potential credit allocation of \$743,738 which is more than the Applicant's request of \$729,073 and the latter will be used to compare to the gap of funds to determine the recommended credit amount.

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

FINANCING STRUCTURE	
INTERIM TO PERMANENT BOND FINANCING	
Source: Malone Mortgage Company	Contact: Jeff Rogers
Tax-Exempt Amount: \$11,581,700	Interest Rate: 5.60% (plus 0.50% MIP)
Additional Information:	
Amortization: 38 yrs	Term: 40 yrs
Commitment: <input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional	
Annual Payment: \$784,593	Lien Priority: 1st Commitment Date: 04/ 09/ 2004
TAX CREDIT SYNDICATION	
Source: Wachovia Securities	Contact: Tim McCann
Address: 301 South College Street, TW-17	City: Charlotte
State: NC	Zip: 28288 Phone: (704) 374-3468 Fax: (704) 383-9525
Net Proceeds: \$5,802,317	Net Syndication Rate (per \$1.00 of 10-yr LIHTC): 82¢
Commitment: <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional Date: 04/ 09/ 2004	
Additional Information: Syndicator's commitment is based on the receipt of \$708,304 in tax credits annually.	
APPLICANT EQUITY	
Amount: \$380,322	Source: Deferred Developer Fee
FINANCING STRUCTURE ANALYSIS	
<p><u>Interim to Permanent Bond Financing:</u> The tax-exempt bonds are to be issued by TDHCA and publicly offered. The mortgage loan will be FHA-insured under the 221(d)(4) program. The permanent financing commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application, and the Applicant's operating proforma. The Applicant's use of a lower interest rate and longer amortization period than stated by the lender resulted in a slightly lower annual debt service.</p>	
<p><u>HTC Syndication:</u> The tax credit syndication commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application. In particular, the syndicator indicated the provision of \$5,802,317 in equity, rather than \$5,972,418 as indicated by the Applicant, the difference being due to the syndicator's anticipated receipt of \$708,304 in tax credits annually, rather than the requested \$729,073.</p>	
<p><u>Deferred Developer's Fees:</u> The Applicant's proposed deferred developer's fees of \$380,322 would amount to 19% of the total fees.</p>	
<p><u>Financing Conclusions:</u> Due to the difference in estimated net operating income, the Underwriter's estimated debt coverage ratio (DCR) of 1.01 for the Applicant's requested bond issuance of \$12,270,000 is less than the program minimum standard of 1.10. While the estimated debt service for the recommended bond issuance of \$11,500,000 would result in a DCR of 1.11, this estimate has been based on an assumed interest rate of 5.35% plus an annual mortgage insurance premium of 0.50%. If the pricing of the bonds is not so favorable, then it may be possible that the bonds issued may be less. Therefore, the maximum annual debt service for this development should not exceed \$759,002, including the mortgage insurance premiums associated with the FHA insurance.</p>	
<p>Based on the Applicant's requested annual tax credits being lower than the amount derived from the revised estimate of eligible basis, the HTC allocation should not exceed \$729,073 annually for ten years, resulting in syndication proceeds of approximately \$5,972,420. To compensate for the reduction in loan funds and tax credit equity, the Applicant's deferred developer fee will be increased to \$1,065,942, which amounts to approximately 53% of the total fee and which should be repayable by the eighth year of stabilized operations.</p>	

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

**DEVELOPMENT TEAM
IDENTITIES of INTEREST**

The Applicant and Developer are related entities. This is a common relationship for HTC-funded developments.

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The Developer, Sphinx Development Corporation, submitted an unaudited financial statement as of December 31, 2003 reporting total assets of \$2,812,351 and consisting of \$79,162 in cash, \$5,500 in earnest money escrows, \$40,543 in machinery, equipment, and fixtures, and \$2,607,984 in developer's notes and partnership interests. Liabilities totaled \$51,455, resulting in a net worth of \$2,760,896.
- The principals of the General Partner, Jay O. Oji and Joseph N. Agumadu, submitted unaudited financial statements as of December 31, 2004 and are anticipated to be guarantors of the development.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Multifamily Production Finance Staff have verified that the contractor has met the Department's experience requirements and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating proforma is more than 5% outside of the Underwriter's verifiable ranges.
- The recommended amount of deferred developer fee cannot be repaid within ten years and any amount unpaid past ten years would be removed from eligible basis.
- The site is not currently zoned appropriately for the proposed development and rezoning is subject to local approval.
- An option for the purchase of the property is held by another entity and should be cleared before issuance of bonds or a determination notice.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:		Date: June 18, 2004
	<hr style="width: 80%; margin: 0 auto;"/> <i>Stephen Apple</i>	<hr style="width: 80%; margin: 0 auto;"/>
Director of Real Estate Analysis:		Date: June 18, 2004
	<hr style="width: 80%; margin: 0 auto;"/> <i>Tom Gouris</i>	<hr style="width: 80%; margin: 0 auto;"/>

MULTIFAMILY COMPARATIVE ANALYSIS

Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 50%	22	1	1	778	\$623	\$539	\$11,858	\$0.69	\$84.00	\$52.00
TC 60%	22	1	1	778	748	664	14,608	0.85	84.00	52.00
TC 50%	44	2	1.5	1,023	748	642	28,248	0.63	106.00	58.00
TC 60%	44	2	1.5	1,023	898	792	34,848	0.77	106.00	58.00
TC 50%	36	3	2.5	1,203	864	737	26,532	0.61	127.00	67.00
TC 60%	36	3	2.5	1,203	1,037	910	32,760	0.76	127.00	67.00
TOTAL:	204		AVERAGE:	1,034	\$838	\$730	\$148,854	\$0.71	\$108.67	\$59.88

INCOME				Total Net Rentable Sq Ft:	210,856	TDHCA	APPLICANT	Comptroller's Region		3
POTENTIAL GROSS RENT						\$1,786,248	\$1,787,040	IREM Region		Dallas
Secondary Income		Per Unit Per Month:	\$21.13			51,720	78,792	\$32.19	Per Unit Per Month	
Other Support Income: (describe)						0	0			
POTENTIAL GROSS INCOME						\$1,837,968	\$1,865,832			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(137,848)	(130,608)	-7.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions						0	0			
EFFECTIVE GROSS INCOME						\$1,700,120	\$1,735,224			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.90%	\$408	0.39	\$83,230	\$50,800	\$0.24	\$249	2.93%
Management	5.00%	417	0.40	85,006	102,017	0.48	500	5.88%
Payroll & Payroll Tax	10.26%	855	0.83	174,420	142,800	0.68	700	8.23%
Repairs & Maintenance	5.57%	464	0.45	94,625	91,800	0.44	450	5.29%
Utilities	2.48%	207	0.20	42,171	51,100	0.24	250	2.94%
Water, Sewer, & Trash	5.33%	444	0.43	90,668	62,800	0.30	308	3.62%
Property Insurance	3.10%	258	0.25	52,714	51,000	0.24	250	2.94%
Property Tax 2.88046	10.37%	864	0.84	176,284	194,616	0.92	954	11.22%
Reserve for Replacements	2.40%	200	0.19	40,800	40,400	0.19	198	2.33%
Compliance, Services, Security	1.49%	124	0.12	25,300	50,100	0.24	246	2.89%
TOTAL EXPENSES	50.89%	\$4,241	\$4.10	\$865,218	\$837,433	\$3.97	\$4,105	48.26%
NET OPERATING INC	49.11%	\$4,093	\$3.96	\$834,902	\$897,791	\$4.26	\$4,401	51.74%

DEBT SERVICE	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
First Lien Mortgage	47.38%	\$3,948	\$3.82	\$805,489	\$802,510	\$3.81	\$3,934	46.25%
Trustee Fee	0.21%	\$17	\$0.02	\$3,500	\$0	\$0.00	\$0	0.00%
TDHCA Admin. Fees	0.72%	\$60	\$0.06	12,270	0	\$0.00	\$0	0.00%
Asset Oversight Fees	0.30%	\$25	\$0.02	5,100	0	\$0.00	\$0	0.00%
NET CASH FLOW	0.71%	\$59	\$0.06	\$12,044	\$95,281	\$0.45	\$467	5.49%
AGGREGATE DEBT COVERAGE RATIO				1.01	1.12			
INITIAL BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO				1.03				
RECOMMENDED DEBT COVERAGE RATIO (Bonds only)				1.11				

CONSTRUCTION COST					TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)	Factor	% of TOTAL	PER UNIT	PER SQ FT	\$607,500	\$755,000	\$3.58	\$3,701	4.05%
Off-Sites		0.34%	309	0.30	63,123	0	0.00	0	0.00%
Sitework		8.34%	7,495	7.25	1,529,000	1,529,000	7.25	7,495	8.21%
Direct Construction		51.73%	46,463	44.95	9,478,534	9,532,800	45.21	46,729	51.19%
Contingency 1.84%	1.84%	1.11%	995	0.96	203,000	203,000	0.96	995	1.09%
General Req'ts 5.54%	5.54%	3.33%	2,990	2.89	610,000	610,000	2.89	2,990	3.28%
Contractor's G & A 1.84%	1.84%	1.11%	995	0.96	203,000	203,000	0.96	995	1.09%
Contractor's Profit 5.54%	5.54%	3.33%	2,990	2.89	610,000	610,000	2.89	2,990	3.28%
Indirect Construction		2.45%	2,198	2.13	448,366	448,366	2.13	2,198	2.41%
Ineligible Costs		5.57%	5,002	4.84	1,020,454	1,182,074	5.61	5,794	6.35%
Developer's G & A 2.99%	2.99%	2.29%	2,059	1.99	420,000	420,000	1.99	2,059	2.26%
Developer's Profit 11.24%	11.24%	8.62%	7,745	7.49	1,580,000	1,580,000	7.49	7,745	8.48%
Interim Financing		5.35%	4,801	4.65	979,500	979,500	4.65	4,801	5.26%
Reserves		3.11%	2,794	2.70	570,000	570,000	2.70	2,794	3.06%
TOTAL COST		100.00%	\$89,816	\$86.90	\$18,322,476	\$18,622,740	\$88.32	\$91,288	100.00%
Recap-Hard Construction Costs		68.95%	\$61,929	\$59.92	\$12,633,534	\$12,687,800	\$60.17	\$62,195	68.13%

SOURCES OF FUNDS					TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	66.97%	\$60,147	\$58.19		\$12,270,000	\$12,270,000	\$11,500,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00		0	0	0	\$2,000,000
HTC Syndication Proceeds	32.60%	\$29,277	\$28.32		5,972,418	5,972,418	5,972,420	% of Dev. Fee Deferred
Deferred Developer Fees	2.08%	\$1,864	\$1.80		380,322	380,322	1,065,942	53%
Additional (excess) Funds Required	-1.64%	(\$1,472)	(\$1.42)		(300,264)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES					\$18,322,476	\$18,622,740	\$18,538,363	\$2,688,736.70

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
 Average Quality Mixed Townhouse Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$ 47.23	\$9,958,484
Adjustments				
Exterior Wall Finish	2.96%		\$1.40	\$294,771
9-Ft. Ceilings	3.40%		1.61	338,588
Roofing			0.00	0
Subfloor			(0.87)	(182,953)
Floor Cover			2.32	488,764
Porches/Balconies	\$16.36	15,634	1.21	255,772
Plumbing	\$680	522	1.68	354,960
Built-In Appliances	\$1,965	204	1.90	400,860
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.79	377,011
Garages/Carports	\$13.44	11,760	0.75	158,054
Comm &/or Aux Bldgs	\$60.46	4,523	1.30	273,465
Other:			0.00	0
SUBTOTAL			60.31	12,717,777
Current Cost Multiplier	1.03		1.81	381,533
Local Multiplier	0.90		(6.03)	(1,271,778)
TOTAL DIRECT CONSTRUCTION COSTS			\$56.09	\$11,827,533
Plans, specs, survy, bld prr	3.90%		(\$2.19)	(\$461,274)
Interim Construction Interest	3.38%		(1.89)	(399,179)
Contractor's OH & Profit	11.50%		(6.45)	(1,360,166)
NET DIRECT CONSTRUCTION COSTS			\$45.56	\$9,606,913

PAYMENT COMPUTATION

Primary	\$12,270,000	Amort	456
Int Rate	5.85%	DCR	1.04

Secondary	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.03

Additional	\$0	Amort	
Int Rate		Aggregate DCR	1.01

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$754,941
Trustee Fee	3,500
TDHCA Admin & Asset Oversight Fee	17,370
NET CASH FLOW	\$59,092

Primary	\$11,500,000	Amort	456
Int Rate	5.85%	DCR	1.11

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.08

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

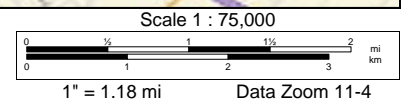
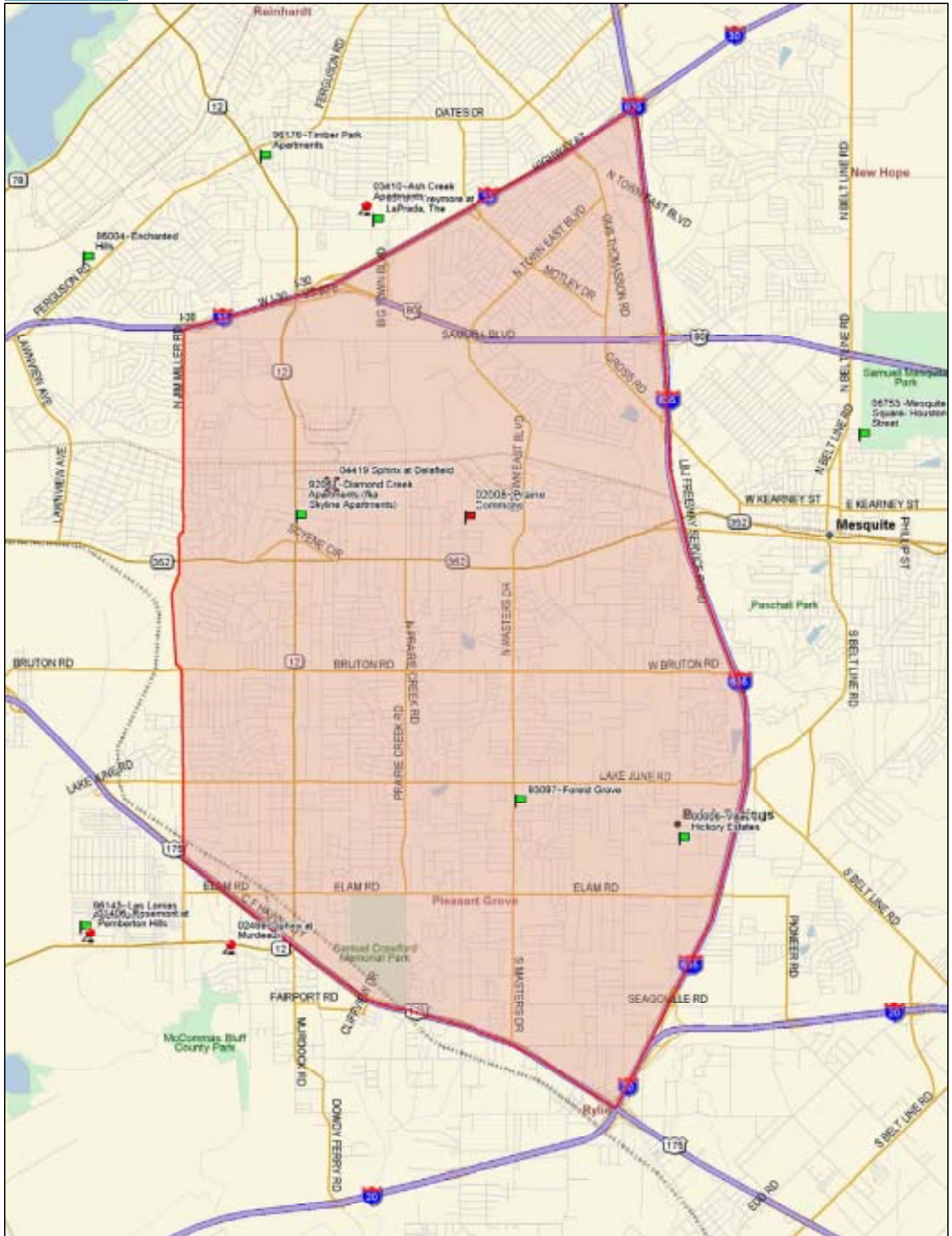
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,786,248	\$1,839,835	\$1,895,031	\$1,951,881	\$2,010,438	\$2,330,648	\$2,701,860	\$3,132,197	\$4,209,410
Secondary Income	51,720	53,272	54,870	56,516	58,211	67,483	78,231	90,691	121,882
Other Support Income: (descr)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,837,968	1,893,107	1,949,900	2,008,397	2,068,649	2,398,131	2,780,092	3,222,888	4,331,292
Vacancy & Collection Loss	(137,848)	(141,983)	(146,243)	(150,630)	(155,149)	(179,860)	(208,507)	(241,717)	(324,847)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,700,120	\$1,751,124	\$1,803,658	\$1,857,767	\$1,913,500	\$2,218,272	\$2,571,585	\$2,981,171	\$4,006,445
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$83,230	\$86,559	\$90,021	\$93,622	\$97,367	\$118,462	\$144,127	\$175,353	\$259,565
Management	85,006	87,556	90,183	92,888	95,675	110,914	128,579	149,059	200,322
Payroll & Payroll Tax	174,420	181,397	188,653	196,199	204,047	248,254	302,039	367,477	543,955
Repairs & Maintenance	94,625	98,410	102,346	106,440	110,697	134,680	163,859	199,360	295,101
Utilities	42,171	43,858	45,612	47,437	49,334	60,023	73,027	88,848	131,517
Water, Sewer & Trash	90,668	94,295	98,067	101,989	106,069	129,049	157,008	191,024	282,762
Insurance	52,714	54,823	57,015	59,296	61,668	75,028	91,284	111,060	164,397
Property Tax	176,284	183,336	190,669	198,296	206,228	250,907	305,267	371,404	549,769
Reserve for Replacements	40,800	42,432	44,129	45,894	47,730	58,071	70,652	85,959	127,241
Other	25,300	26,312	27,364	28,459	29,597	36,010	43,811	53,303	78,902
TOTAL EXPENSES	\$865,218	\$898,977	\$934,060	\$970,521	\$1,008,413	\$1,221,398	\$1,479,654	\$1,792,847	\$2,633,531
NET OPERATING INCOME	\$834,902	\$852,147	\$869,598	\$887,247	\$905,088	\$996,873	\$1,091,931	\$1,188,324	\$1,372,914
DEBT SERVICE									
First Lien Financing	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941
Second Lien	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Other Financing	17,370	17,370	17,370	17,370	17,370	17,370	17,370	17,370	17,370
NET CASH FLOW	\$59,092	\$76,337	\$93,787	\$111,436	\$129,277	\$221,063	\$316,120	\$412,514	\$597,103
DEBT COVERAGE RATIO	1.08	1.10	1.12	1.14	1.17	1.28	1.41	1.53	1.77

LIHTC Allocation Calculation - Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$755,000	\$607,500		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,529,000	\$1,529,000	\$1,529,000	\$1,529,000
Off-site improvements		\$63,123		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$9,532,800	\$9,478,534	\$9,532,800	\$9,478,534
(4) Contractor Fees & General Requirements				
Contractor overhead	\$203,000	\$203,000	\$203,000	\$203,000
Contractor profit	\$610,000	\$610,000	\$610,000	\$610,000
General requirements	\$610,000	\$610,000	\$610,000	\$610,000
(5) Contingencies	\$203,000	\$203,000	\$203,000	\$203,000
(6) Eligible Indirect Fees	\$448,366	\$448,366	\$448,366	\$448,366
(7) Eligible Financing Fees	\$979,500	\$979,500	\$979,500	\$979,500
(8) All Ineligible Costs	\$1,182,074	\$1,020,454		
(9) Developer Fees				
Developer overhead	\$420,000	\$420,000	\$420,000	\$420,000
Developer fee	\$1,580,000	\$1,580,000	\$1,580,000	\$1,580,000
(10) Development Reserves	\$570,000	\$570,000		
TOTAL DEVELOPMENT COSTS	\$18,622,740	\$18,322,476	\$16,115,666	\$16,061,400

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$16,115,666	\$16,061,400
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$20,950,366	\$20,879,820
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$20,950,366	\$20,879,820
Applicable Percentage		3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS		\$743,738	\$741,234

Syndication Proceeds	0.8192	\$6,092,553	\$6,072,037
Total Credits (Eligible Basis Method)		\$743,738	\$741,234
Syndication Proceeds		\$6,092,553	\$6,072,037
Requested Credits		\$729,073	
Syndication Proceeds		\$5,972,420	
Gap of Syndication Proceeds Needed		\$7,122,740	
Credit Amount		\$869,496	



RENT CAP EXPLANATION Dallas MSA

AFFORDABILITY DEFINITION & COMMENTS

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

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

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

MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2004

MSA/County: Dallas **Area Median Family Income (Annual):** \$65,100

ANNUALLY				MONTHLY							
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)			Utility Allowance by Unit Type (provided by the local PHA)	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)			
# of Persons	At or Below			Unit Type	At or Below			At or Below			
	50%	60%	80%		50%	60%	80%	50%	60%	80%	
1	\$ 23,300	\$ 27,960	\$ 37,250	Efficiency	\$ 582	\$ 699	\$ 931	84.00	\$ 582	\$ 699	\$ 931
2	26,600	31,920	42,550	1-Bedroom	623	748	997		539	664	913
3	29,950	35,940	47,900	2-Bedroom	748	898	1,197	106.00	642	792	1,091
4	33,250	39,900	53,200	3-Bedroom	864	1,037	1,383	127.00	737	910	1,256
5	35,900	43,080	57,450	4-Bedroom	963	1,156	1,542		963	1,156	1,542
6	38,550	46,260	61,700	5-Bedroom	1,064	1,277	1,701		1,064	1,277	1,701
7	41,250	49,500	65,950								
8	43,900	52,680	70,200								
FIGURE 1				FIGURE 2			FIGURE 3	FIGURE 4			

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

For example, a family of three earning \$33,000 per year would fall in the 60% set-aside group. A family of three earning \$28,000 would fall in the 50% set-aside group.

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

For example, a family of three in the 50% income bracket earning \$29,950 could not pay more than \$748 for rent and utilities under the affordable definition.

- 1) \$29,950 divided by 12 = **\$2,496** monthly income; then,
- 2) **\$2,496** monthly income times 30% = **\$748** maximum total housing expense.

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

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

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

RESULTS & ANALYSIS: for 50% AMFI Units

Tenants in the 50% AMFI bracket will **save \$153 to \$322** per month (leaving 6.9% to 11.2% more of their monthly income for food, child care and other living expenses).
 This is a monthly savings off the market rents of **22.2% to 30.4%**.

PROJECT INFORMATION			
	Unit Mix		
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	778	1,023	1,203
Rents if Offered at Market Rates	\$692	\$900	\$1,059
Rent per Square Foot	\$0.89	\$0.88	\$0.88

SAVINGS ANALYSIS FOR 60% AMFI GROUPING			
Rent Cap for 50% AMFI Set-Aside	\$539	\$642	\$737
Monthly Savings for Tenant	\$153	\$258	\$322
Rent per square foot	\$0.69	\$0.63	\$0.61
Maximum Monthly Income - 50% AMFI	\$2,217	\$2,496	\$2,881
Monthly Savings as % of Monthly Income	6.9%	10.3%	11.2%
% DISCOUNT OFF MONTHLY RENT	22.2%	28.7%	30.4%

Information provided by: Butler Burgher, Inc. 8150 N. Central Expressway, Suite 801, Dallas, Texas 77206. Report dated April 26, 2004.

Sphinx at Delafield Apartments

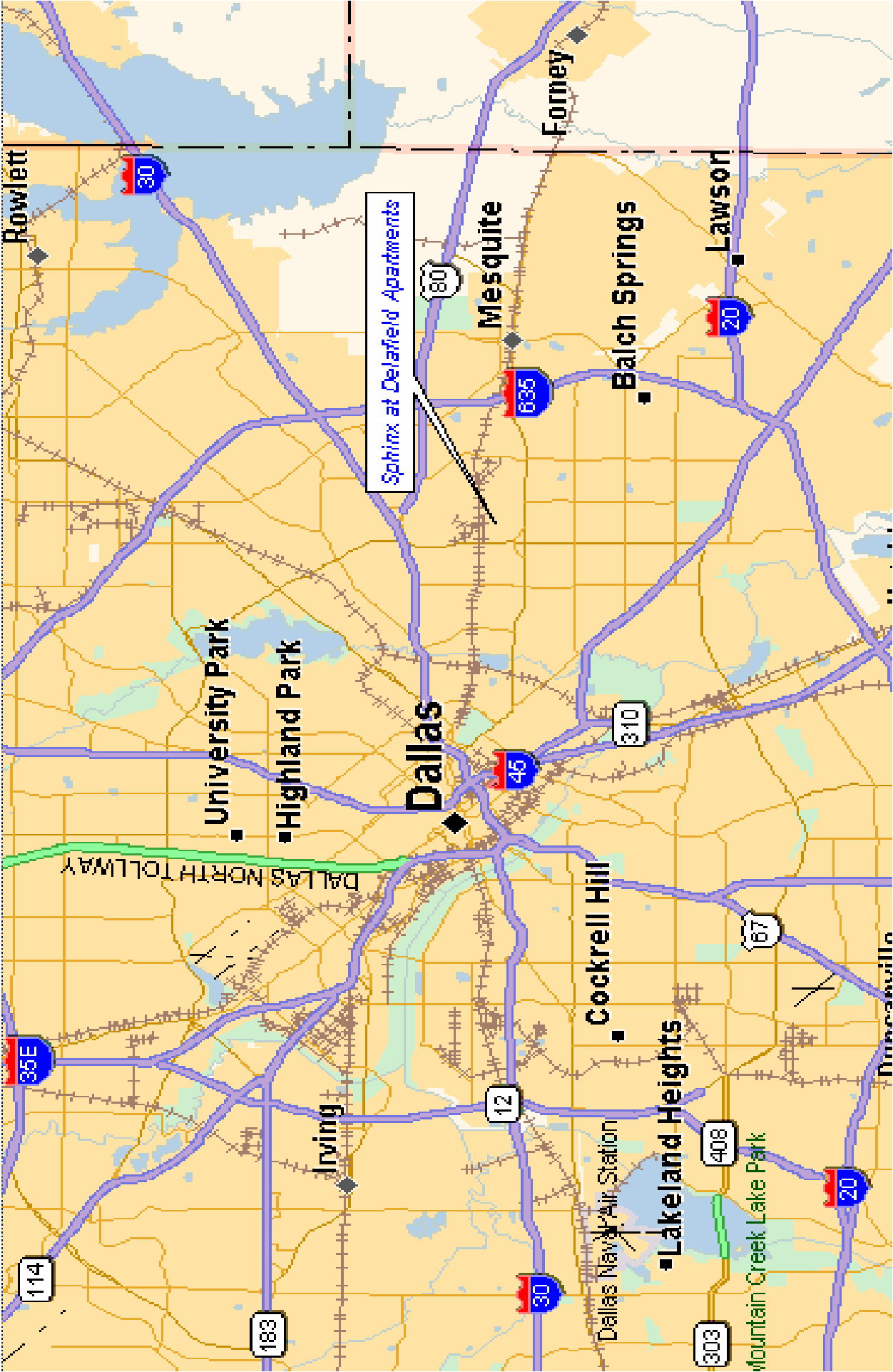
RESULTS & ANALYSIS: for 60% AMFI units

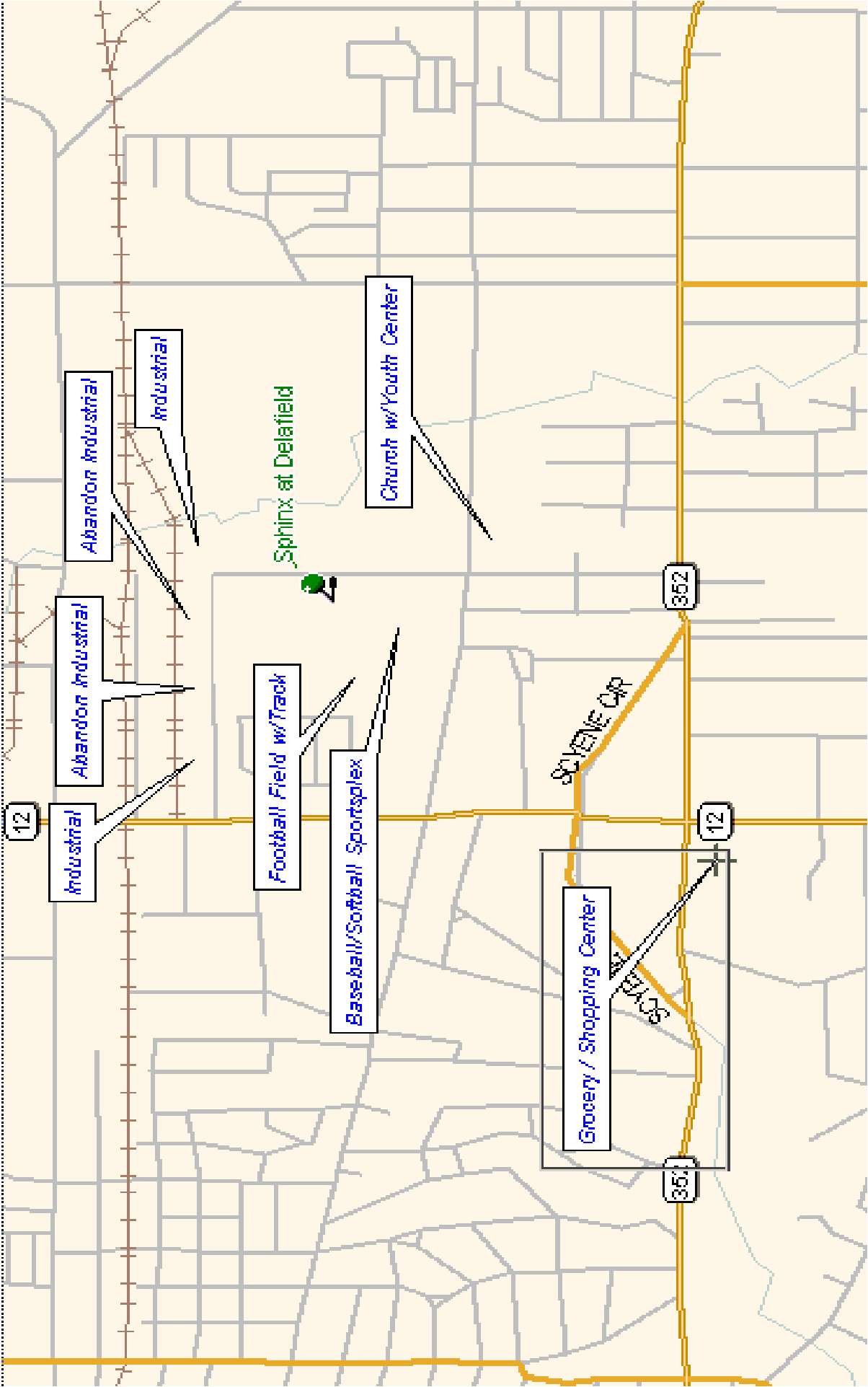
Tenants in the 60% AMFI bracket will **save \$28 to \$149** per month (leaving 1.1% to 4.3% more of their monthly income for food, child care and other living expenses).
This is a monthly savings off the market rents of **4.1% to 14.0%**.

PROJECT INFORMATION			
	Unit Mix		
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	778	1,023	1,203
Rents if Offered at Market Rates	\$692	\$900	\$1,059
Rent per Square Foot	\$0.89	\$0.88	\$0.88

SAVINGS ANALYSIS FOR 60% AMFI GROUPING			
Rent Cap for 60% AMFI Set-Aside	\$664	\$792	\$910
Monthly Savings for Tenant	\$28	\$108	\$149
Rent per square foot	\$0.85	\$0.77	\$0.76
Maximum Monthly Income - 60% AMFI	\$2,660	\$2,995	\$3,458
Monthly Savings as % of Monthly Income	1.1%	3.6%	4.3%
% DISCOUNT OFF MONTHLY RENT	4.1%	12.0%	14.0%

Information provided by: Butler Burgher, Inc. 8150 N. Central Expressway, Suite 801, Dallas, Texas 77206. Report dated April 26, 2004.





Applicant Evaluation

Project ID # **04419**

Name: **Sphinx @ Delafield**

City: **Dallas**

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

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

Members of the application did not receive the required Previous Participation Acknowledgement

National Previous Participation Certification Received: N/A Yes No

Noncompliance Reported on National Previous Participation Certification: Yes No

Portfolio Management and Compliance

Total # of Projects monitored: 1

Projects in Material Noncompliance

in noncompliance: 0

Projects zero to nine: 0
grouped ten to nineteen: 1
by score twenty to twenty-nine: 0

Yes No

monitored with a score less than thirty: 1

Projects not reported Yes
in application No

not yet monitored or pending review: 3

of projects not reported 0

Portfolio Monitoring

Single Audit

Portfolio Administration/Analysis

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Not applicable
Review pending
No unresolved issues
Issues found regarding late cert
Issues found regarding late audit
Unresolved issues found that
warrant disqualification
(Comments attached)

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Reviewed by Sara Newsom

Date Tuesday, June 15, 2004

Multifamily Finance Production

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Reviewer S. Roth
Date 5 /27/2004

Single Family Finance Production

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Reviewer _____
Date _____

Real Estate Analysis (Cost Certification and Workout)

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Reviewer _____
Date _____

Community Affairs

No relationship
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Reviewer EEF
Date 6 /15/2004

Office of Colonia Initiatives

Not applicable
Review pending
No unresolved issues
Unresolved issues found
Unresolved issues found that
warrant disqualification
(Comments attached)

Reviewer _____
Date _____

Financial Administration

No delinquencies found
Delinquencies found

Reviewer Stephanie A. D'Couto
Date 6 /14/2004

Executive Director: _____

Executed: _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Division

Public Comment Summary

Sphinx at Delafield

Public Hearing

<i>Total Number Attended</i>	26
<i>Total Number Opposed</i>	0
<i>Total Number Supported</i>	26
<i>Total Number Neutral</i>	0
<i>Total Number that Spoke</i>	1

Public Officials Letters Received

<i>Opposition</i>	0
<i>Support</i>	4
Senator Royce West	
Representative Terri Hodge	
County Commissioner John Wiley Price	
City Councilmember Maxine Reese	

General Public Letters and Emails Received

<i>Opposition</i>	1
Buckner Terrace HOA	
<i>Support</i>	1
Pleasant Wood/Grove Community Development Corporation	

Summary of Public Comments

- 1 Why would anyone want to build in the middle of of light industrial zoning
- 2 Already overcrowded schools
- 3 Limited shopping facilities
- 4 Want to make sure the building meets with neighborhood standards

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS
SPHINX AT DELAFIELD APARTMENTS

PUBLIC HEARING

San Jacinto Elementary School
7900 Hume Drive
Dallas, Texas

April 13, 2004
6:00 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Bond Administrator

ON THE RECORD REPORTING
(512) 450-0342

I N D E X

SPEAKER

PAGE

Reverend Johnson

4

P R O C E E D I N G S

1
2 MS. MEYER: Good evening. My name is Robbye Meyer. I
3 would like to proceed with the public hearing. Let the record show
4 that it is 6:12 p.m., Tuesday, April 13, 2004 and we are at the San
5 Jacinto Elementary School located at 7900 Hume Drive, Dallas, Texas
6 75227.

7 I am here to conduct the public hearing on behalf of the
8 Texas Department of Housing and Community Affairs with respect to an
9 issue of tax-exempt multifamily revenue bonds for a residential
10 rental community.

11 This hearing is required by the Internal Revenue Code.
12 The sole purpose of this hearing is to provide a reasonable
13 opportunity for interested individuals to express their views
14 regarding the development and the proposed bond issuance.

15 No decisions regarding the development will be made at
16 this hearing. The Department's board is scheduled to meet to
17 consider this transaction on June 10, 2004. In addition to providing
18 your comments at this hearing, the public is also invited to provide
19 comment directly to the board at their meeting, and the Department
20 staff will also accept written comments from the public up until 5:00
21 on May 28, 2004.

22 The bonds will be issued as tax-exempt multifamily
23 revenue bonds in the aggregate principal amount not to exceed
24 \$13,600,000 and taxable bonds, if necessary, in an amount to be

1 determined and issued by the Texas Department of Housing and
2 Community Affairs.

3 The proceeds of the bonds will be loaned to San
4 Augustine Villas Housing, L.P. or a related person or affiliate
5 entity thereof to finance a portion of the cost of acquiring and
6 constructing and equipping a multifamily rental housing community
7 describes as follows: a 204 unit multifamily residential rental
8 development to be constructed on approximately 12.8 acres of land
9 located in the southwest corner of Hoyle Avenue and Delafield Lane in
10 Dallas, Texas. The proposed multifamily rental housing community
11 will be initially owned and operated by the borrower or related
12 person or affiliate entity thereof.

13 I would like to now open the floor up for -- we do have
14 one person that would like to speak, and I will open the floor up to
15 Reverend Johnson.

16 REVEREND JOHNSON: Thank you. Ms. Meyer, I will be very
17 careful and not do what you asked me not to do, and that is to preach
18 a little sermon. But you're always in danger when there's a Baptist
19 preacher before two or three folk, and so I'm very tempted, but I'll
20 yield not to the temptation.

21 Allow me to -- good evening everybody -- say that I am
22 very much here today to support these two young men, Sphinx, in this
23 Delafield housing development. And, of course, our CDC, which has
24 longed for the day when we'd have good quality housing in this area.

1 Of course, we're running something like about 40 years behind and
2 5,000 something housing units behind schedule.

3 So I'm very happy that these young men and their company
4 have decided to continue the beginning progress putting housing in
5 this particular area. Of course, we know that if we can housing in
6 the area, the economic development would take place in the area as
7 well.

8 Then, of course, let me also say that, I'm glad that
9 Councilman Walter Reese [phonetic] supports this development, and has
10 given 100 percent support for this, and, of course, our CDC.

11 And if you don't mind, Ms. Meyer, I'd like to ask the
12 members of our present Pleasantwood/Pleasantville [phonetic]
13 Community and Economic Development Corporation to stand, who are
14 members also of the [unintelligible] of Faith. So we're here
15 tonight, as our CDC, and say to these young men, we definitely
16 appreciate your thinking about the Pleasantwood/Pleasantville area.

17 Thank you very kindly. Let me say also to you, Ms.
18 Meyer, I've known you for a few days now, and let me say thanks to
19 you and good work that you do here in this area, and all across the
20 State of Texas. We appreciate it very much.

21 And that was sermonette. Thank you.

22 MS. MEYER: I would like the record to show that there
23 are 14 persons that have signed in, and they are all showing support
24 of this particular development.

1 Seeing that there are no other public comment that would
2 like to be made, I will conclude the hearing at this time. And I
3 would like to thank everyone for attending and showing your support
4 for this particular development.

5 The time is now, 6:21 -- if there is anybody that would
6 like to send in written statements, if you've got one of the packets
7 of information up here, my e-mail address, also my mailing address is
8 listed in there, if you'd like to send in a letter of support, you're
9 welcome to do that, and I can get that, along with a transcript of
10 this hearing, to my board when they make a decision for this
11 particular development. So if you get one of those packets, you're
12 more than welcome to send that information to me.

13 But I would like to thank everybody for coming out, and,
14 I appreciate it. Thank you.

15 (Whereupon, at 6:21 p.m., the hearing was concluded.)

C E R T I F I C A T E

1
2
3 IN RE:Sphinx at Delafield Apartments

4 LOCATION:Dallas, Texas

5 DATE:April 13, 2004

6 I do hereby certify that the foregoing pages, numbers 1
7 through 7, inclusive, are the true, accurate, and complete transcript
8 prepared from the verbal recording made by electronic recording by
9 Judy Farnsworth before the Texas Department of Housing and Community
10 Affairs.

04/15/2004

(Transcriber) (Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731

**Financial Administration Division
Board Action Request
July 8, 2004**

Action Item

The Department staff will present the FY 2005 Operating Budget for the Board's consideration and approval.

Required Action

The Board approve the attached FY 2005 Operating Budget for fiscal year beginning September 1, 2004 through August 31, 2005.

Background

The Operating Budget for FY 2005 is within the appropriations approved by the 78th Legislature, but does not include the pass-through grant funds. The Board previously reviewed a draft of this budget at the June 28, 2004 Board Meeting. This final budget has minor changes that overall increased the total budget by \$115,841. The specific changes will be discussed as part of the staff's presentation.

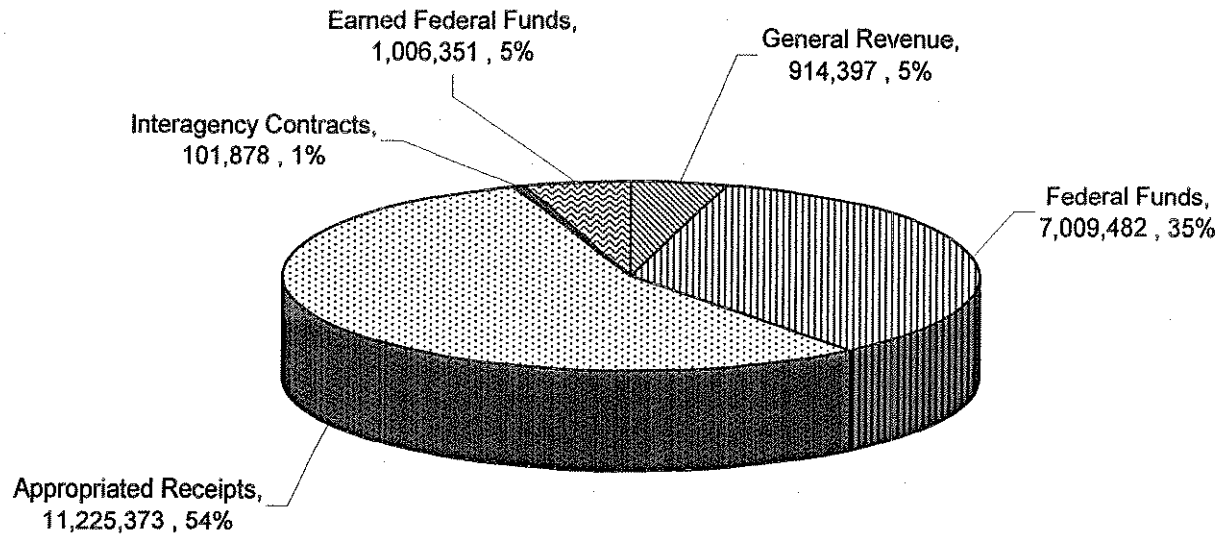
Recommendation

The Board approve the Budget.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

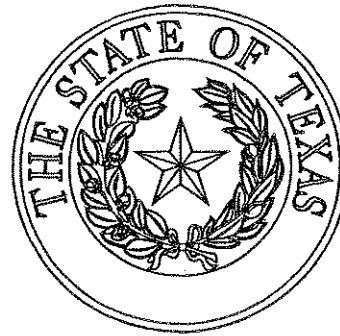
FY 2005 Method of Finance

Total Budget \$20,257,481



Type	2004	2005
General Revenue	947,028	914,397
Federal Funds	6,873,442	7,009,482
Appropriated Receipts	11,248,645	11,225,373
Interagency Contracts	509,996	101,878
Earned Federal Funds	997,875	1,006,351
	<hr/>	<hr/>
	20,576,986	20,257,481
MH Support	500,000	500,000
Total MOF	<hr/>	<hr/>
	21,076,986	20,757,481

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY
AFFAIRS**



FY-2005 DRAFT OPERATING BUDGET

(September 1, 2004 through August 31, 2005)

July 1, 2004

Prepared by the Financial Administration Division

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY-2005 DRAFT OPERATING BUDGET**

T A B L E O F C O N T E N T S

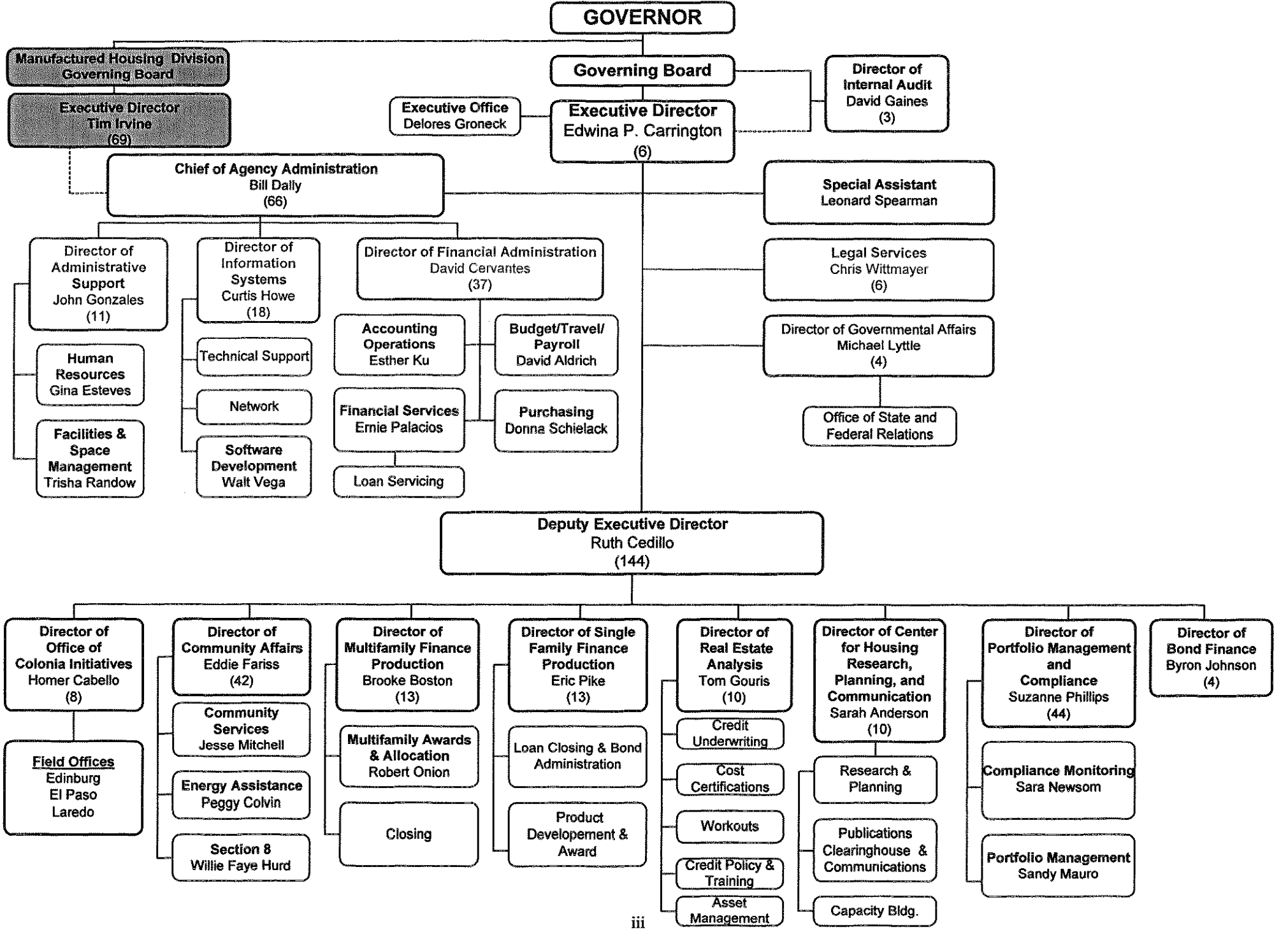
Agency Wide Organizational Chart	iii
TDHCA Agency Wide Budget.....	1
Comparison by Expense Object	2
Comparison by Division.....	3
FTEs by Division.....	4
Capital Budget.....	5
Capital Budget by Project.....	6
Executive Administration.....	7
Executive Office.....	8
Board	9
Legal Services	10
Internal Audit	11
Governmental Affairs.....	12
Housing Programs Division	13
Office of Colonia Initiatives.....	14
Community Affairs.....	15
Community Affairs - Administration	16
Community Services.....	17
Energy Assistance	18
Section 8.....	19
Multifamily Finance Production	20
Single Family Finance Production	21
Housing Operations Division	22
Real Estate Analysis.....	23
Center for Housing Research, Planning and Communication	24
Portfolio Management and Compliance.....	25
Bond Finance.....	26

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY-2005 DRAFT OPERATING BUDGET

T A B L E O F C O N T E N T S (Continued)

Agency Administration	27
Human Resources	28
Facilities and Space Management	29
Information Systems	30
Financial Administration	31
Director's Office – Financial Administration	32
Accounting Operations	33
Financial Services	34
Purchasing	35
 Manufactured Housing (Under Separate Budget)	

**Texas Department of Housing & Community Affairs Organizational Chart
(313)**



Agency Wide Budget

Comparison by Expense Object

Comparison by Division

FTEs by Division

Capital Budget

Capital Budget by Project

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
 AGENCY WIDE
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	GENERAL REVENUE	EARNED FEDERAL FUNDS	FEDERAL FUNDS	SINGLE	MULTI	LIHTC	AHDP	IAC - BOND		SUBTOTAL DEPARTMENT	MH SUPPORT	TOTAL DEPARTMENT
				FAMILY BOND ADMIN FEES	FAMILY BOND ADMIN FEES			IAC ORCA	REVIEW BOARD			
Salaries	530,353	640,920	4,030,913	2,596,785	275,800	3,057,525	189,237	82,828	0	11,404,359	403,226	11,807,586
Payroll Related Costs	121,981	147,412	927,110	597,261	63,434	703,231	43,524	19,050	0	2,623,003	96,774	2,719,777
Travel In-State	47,300	10,730	259,012	66,773	5,750	105,323	25,500	0	0	520,387	0	520,387
Travel Out-of-State	9,660	4,490	26,580	26,750	3,105	27,206	2,525	0	0	100,315	0	100,315
Professional Fees	2,050	3,800	730,589	460,445	1,656	129,965	512,895	0	0	1,841,400	0	1,841,400
Materials/Supplies	22,523	31,287	121,105	103,164	7,277	106,981	15,552	0	0	407,889	0	407,889
Repairs/Maintenance	13,207	9,960	62,870	105,295	1,841	48,187	8,576	0	0	249,936	0	249,936
Printing and Reproduction	2,653	2,718	56,906	30,908	959	29,350	8,042	0	0	131,536	0	131,536
Rental/Lease	97,845	99,566	467,557	452,710	22,551	492,800	99,406	0	0	1,732,435	0	1,732,435
Membership Dues	1,381	2,285	19,685	41,514	460	10,558	2,183	0	0	78,065	0	78,065
Registration Fees	16,753	22,392	73,179	77,681	3,229	82,272	8,811	0	0	284,317	0	284,317
Employee Tuition	1,550	990	915	4,625	460	1,160	0	0	0	9,700	0	9,700
Advertising	1,550	1,180	6,490	63,810	460	2,110	0	0	0	75,600	0	75,600
Freight/Delivery	1,238	1,340	5,458	6,240	805	6,670	600	0	0	22,350	0	22,350
Temporary Help	25,580	7,126	49,974	46,707	13,175	69,186	7,427	0	0	219,175	0	219,175
Furniture/Equipment	1,840	3,255	30,604	12,040	621	8,430	210	0	0	57,000	0	57,000
Communications/Utilities	14,505	14,469	68,933	77,260	3,068	71,900	14,716	0	0	264,852	0	264,852
Capital Outlay	0	0	50,045	24,248	0	53,167	47,540	0	0	175,000	0	175,000
State Office of Risk Management	2,430	2,430	21,557	20,523	976	12,246	0	0	0	60,162	0	60,162
Total Department	914,397	1,006,351	7,009,482	4,814,737	405,627	5,018,265	986,744	101,878	0	20,257,481	500,000	20,757,481

Texas Department of Housing and Community Affairs
 Comparison by Expense Object
 Appropriation Years 2004 and 2005

	FY04 Budget (a)	FY05 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	\$ 11,630,841	\$ 11,807,586	\$ 176,744	1.5%
Payroll Related Costs	2,791,409	2,719,777	(71,632)	-2.6%
Travel In-State	544,784	520,387	(24,397)	-4.5%
Travel Out-of-State	100,315	100,315	-	0.0%
Professional Fees	2,281,550	1,841,400	(440,150)	-19.3%
Material and Supplies	467,754	407,889	(59,865)	-12.8%
Repairs/Maintenance	216,911	249,936	33,025	15.2%
Printing and Reproduction	136,015	131,536	(4,479)	-3.3%
Rentals and Leases	1,712,149	1,732,435	20,286	1.2%
Membership Fees	74,340	78,065	3,725	5.0%
Registration Fees	226,984	284,317	57,333	25.3%
Employee Tuition	14,500	9,700	(4,800)	-33.1%
Advertising	72,800	75,600	2,800	3.8%
Freight/Delivery	23,000	22,350	(650)	-2.8%
Temporary Help	186,004	219,175	33,171	17.8%
Furniture and Equipment	31,750	57,000	25,250	79.5%
Communication and Utilities	325,716	264,852	(60,864)	-18.7%
Capital Outlay	180,000	175,000	(5,000)	-2.8%
State Office of Risk Management	60,162	60,162	-	0.0%
Total Department	\$ 21,076,984	\$ 20,757,481	\$ (319,503)	-1.5%
FTE's	231.00	229.00	-2.00	
Method of Finance:				
General Revenue	\$ 944,510	\$ 914,397	(30,113)	-3.2%
Earned Federal Funds	997,650	1,006,351	8,701	0.9%
Federal Funds	6,812,288	7,009,482	197,193	2.9%
Bond Admin fees	5,326,011	5,220,364	(105,647)	-2.0%
Housing Tax Credit	5,029,820	5,018,265	(11,555)	-0.2%
Affordable Housing Disposition Fees	956,709	986,744	30,035	3.1%
Interagency Contracts	509,996	101,878	(408,118)	-80.0%
Appropriated Receipts - MH	500,000	500,000	(0)	0.0%
Total, Method of Finance	21,076,984	20,757,481	(319,503)	-1.5%

Texas Department of Housing and Community Affairs
 Comparison by Division
 Appropriation Years 2004 and 2005

	FY04 Budget (a)	FY05 Budget (b)	Variance (b-a)	Percentage Change	FY04 FTEs	FY05 FTEs	FTE Variance
Housing Programs Division:							
Office of Colonia Initiatives	\$ 553,224	\$ 573,079	\$ 19,855	3.6%	8.0	8.0	0.0
Community Affairs Administration	241,364	223,048	(18,316)	-7.6%	3.0	3.0	0.0
Community Services Programs	926,883	947,094	20,212	2.2%	15.0	15.0	0.0
Energy Assistance	1,157,673	1,167,887	10,213	0.9%	16.0	16.0	0.0
Section 8	483,071	488,371	5,300	1.1%	8.0	8.0	0.0
Multifamily Finance Production	872,333	958,267	85,934	9.9%	12.0	13.0	1.0
Single Family Finance Production	994,420	1,160,150	165,731	16.7%	13.0	13.0	0.0
Subtotal, Housing Programs Division	5,228,966	5,517,896	288,929	5.5%	75.0	76.0	1.0
Housing Operations Division:							
Real Estate Analysis	1,074,908	708,222	(366,686)	-34.1%	10.0	10.0	0.0
Center for Housing Research, Planning and Communication	838,946	746,307	(92,639)	-11.0%	11.0	10.0	(1.0)
Portfolio Management and Compliance	3,662,145	3,780,822	118,677	3.2%	42.0	44.0	2.0
Bond Finance	387,430	388,512	1,082	0.3%	4.0	4.0	0.0
Subtotal, Housing Operations Division	5,963,429	5,623,862	(339,567)	-5.7%	67.0	68.0	1.0
Executive Administration							
Executive Office	633,480	646,968	13,488	2.1%	6.0	6.0	0.0
Board	80,400	80,300	(100)	-0.1%			
Legal Services	758,524	711,328	(47,196)	-6.2%	7.0	6.0	(1.0)
Internal Audit	238,851	213,228	(25,624)	-10.7%	3.0	3.0	0.0
Governmental Affairs	336,424	343,108	6,684	2.0%	4.0	4.0	0.0
Subtotal, Executive Administration	2,047,679	1,994,931	(52,748)	-2.6%	20.0	19.0	(1.0)
Agency Administration:							
Director's Office of Financial Administration	449,706	447,200	(2,507)	-0.6%	6.0	6.0	0.0
Accounting Operations	719,387	714,625	(4,763)	-0.7%	13.0	12.0	(1.0)
Financial Services	982,044	1,049,187	67,142	6.8%	14.0	15.0	1.0
Purchasing	252,171	244,584	(7,587)	-3.0%	4.0	4.0	0.0
Human Resources	410,020	368,209	(41,811)	-10.2%	7.0	6.0	(1.0)
Facilities and Space Management	291,153	284,648	(6,505)	-2.2%	6.0	5.0	(1.0)
Information Systems	1,363,019	1,302,564	(60,455)	-4.4%	19.0	18.0	(1.0)
Subtotal, Agency Administration	4,467,501	4,411,015	(56,486)	-1.3%	69.0	66.0	(3.0)
Capital Budget (Note: \$16,735 in MH budget)	578,000	490,000	(88,000)	-15.2%			
Payroll Related Costs	2,791,409	2,719,777	(71,632)	-2.6%			
Total, Department	\$ 21,076,984	\$ 20,757,481	\$ (319,503)	-1.5%	231.0	229.0	(2.0)
Method of Finance:							
General Revenue	\$ 944,510	\$ 914,397	(30,113)	-3.2%			
Earned Federal Funds	997,650	1,006,351	8,701	0.9%			
Federal Funds	6,812,288	7,009,482	197,193	2.9%			
Bond Admin fees	5,326,011	5,220,364	(105,647)	-2.0%			
LIHTC Fees	5,029,820	5,018,265	(11,555)	-0.2%			
Affordable Housing Disposition Fees	956,709	986,744	30,035	3.1%			
Interagency Contract (ORCA)	509,996	101,878	(408,118)	-80.0%			
Appropriated Receipts - MH	500,000	500,000	(0)	0.0%			
Total, Method of Finance	\$ 21,076,984	\$ 20,757,481	\$ (319,503)	-1.5%			

Texas Department of Housing and Community Affairs
 FTEs by Division
 Internal Operating Budget
 Fiscal Year 2005

Executive Administration:	
Executive Office	6.00
Legal Services	6.00
Internal Audit	3.00
Government and Public Information	4.00
Total, Executive Administration	<u>19.00</u>
Agency Administration:	
Human Resources	6.00
Facilities	5.00
Information Services	18.00
Director's Office of Financial Administration	6.00
Accounting Operations	12.00
Financial Services	15.00
Purchasing	4.00
Total, Agency Administration	<u>66.00</u>
Housing Programs Division:	
Office of Colonia Initiatives	8.00
Division Administration-Community Affairs	3.00
Community Services	15.00
Energy Assistance	16.00
Section 8	8.00
Multi Family Finance Production	13.00
Single Family Finance Production	13.00
Total, Housing Programs Division	<u>76.00</u>
Housing Operations Division:	
Real Estate Analysis	10.00
Center for Housing Research and Planning	10.00
Portfolio Management and Compliance	44.00
Bond Finance	4.00
Total, Housing Operations Division	<u>68.00</u>
Subtotal, Housing and Community Affairs	229.00
Manufactured Housing	62.00
Total, Agency Wide	<u><u>291.00</u></u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 CAPITAL BUDGET
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	FEDERAL FUNDS	LIHTC	AHDP	BOND ADMIN FEES
Salaries					
Payroll Related Costs					
Travel In-State					
Travel Out-of-State					
Professional Fees	315,000	111,315	57,895	127,895	17,895
Materials/Supplies	0				
Repairs/Maintenance	0				
Printing and Reproduction	0				
Rental/Lease	0				
Membership Dues	0				
Registration Fees	0				
Employee Tuition	0				
Advertising	0				
Freight/Delivery	0				
Temporary Help	0				
Furniture/Equipment	0				
Communications/Utilities	0				
Capital Outlay	175,000	50,045	53,167	47,540	24,248
State Office of Risk Management					
Total	490,000	161,360	111,062	175,435	42,143

Notes:

1. Capital Outlay Category includes the Normal Growth/Integrate Systems and Disaster Recovery projects.
2. Professional Fees include the PeopleSoft Accounting System, Enhancement to the Compliance System, Central Database, and Weatherization Assistance Program Software Development projects.
3. Does not tie to the Capital Budget Rider due to \$10,000 budgeted in Manufactured Housing for Normal Growth.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 CAPITAL BUDGET by PROJECT
 FISCAL YEAR 2005

Project Name	Federal Funds	Appropriated Receipts	Total	BOND				Total
				LIHTC	AHDP	ADMIN FEES	MANUFACT HOUSING	
Normal Growth/Integrate Sysyems	50,045	119,955	170,000	38,167	47,540	24,248	10,000	119,955
PeopleSoft Accounting	0	40,000	40,000	40,000				40,000
Disaster Recovery	0	15,000	15,000	15,000				15,000
Enhancements Compliance	0	110,000	110,000		110,000			110,000
Central Database	71,315	53,685	125,000	17,895	17,895	17,895		53,685
Weatherization Assistance Program Software	40,000		40,000					
Easy Audit			0					
Total, Fiscal Year 2005	161,360	338,640	500,000	111,062	175,435	42,143	10,000	338,640

Executive Administration Division

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
EXECUTIVE ADMINISTRATION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC
Salaries	1,326,447	153,658	323,956	51,374	797,459
Travel In-State	56,075	7,230	19,723	0	29,123
Travel Out-of-State	29,100	4,070	9,860	0	15,170
Professional Fees	201,700	300	200,430	0	970
Materials/Supplies	73,334	22,368	21,657	0	29,309
Repairs/Maintenance	13,497	3,739	3,543	0	6,214
Printing and Reproduction	3,960	913	1,073	0	1,974
Rental/Lease	158,166	40,250	45,189	0	72,728
Membership Dues	7,000	2,075	1,825	0	3,100
Registration Fees	63,292	12,457	19,317	0	31,517
Employee Tuition	600	360	0	0	240
Advertising	1,200	340	370	0	490
Freight/Delivery	6,600	990	2,130	0	3,480
Temporary Help	24,712	3,164	9,892	0	11,657
Furniture/Equipment	7,750	1,855	2,390	0	3,505
Communications/Utilities	21,498	5,849	5,823	0	9,825
Capital Outlay	0	0	0	0	0
State Office of Risk Management	0	0	0	0	0
Total	1,994,931	259,618	667,179	51,374	1,016,760

Note:

Executive Administration Includes:

- Executive Office
- Board
- Legal Services
- Internal Audit
- Governmental Affairs

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
EXECUTIVE OFFICE
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	AHDP	LIHTC
Salaries	515,507	52,090	108,572	0	354,845
Travel In-State	20,000	5,000	3,000		12,000
Travel Out-of-State	11,800	2,950	1,770		7,080
Professional Fees	1,200	300	180		720
Materials/Supplies	12,371	3,093	1,856		7,423
Repairs/Maintenance	4,294	1,074	644		2,576
Printing and Reproduction	1,540	385	231		924
Rental/Lease	42,368	10,592	6,355		25,421
Membership Dues	1,500	375	225		900
Registration Fees	22,401	5,600	3,360		13,441
Employee Tuition	0	0	0		0
Advertising	0	0	0		0
Freight/Delivery	3,000	750	450		1,800
Temporary Help	3,330	833	500		1,998
Furniture/Equipment	1,500	375	225		900
Communications/Utilities	6,157	1,539	924		3,694
Capital Outlay	0	0	0		0
State Office of Risk Management	0				
Total	646,968	84,955	128,291	0	433,721

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 BOARD
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	LIHTC
Salaries				
Payroll Related Costs				
Travel In-State	19,000		9,500	9,500
Travel Out-of-State	11,100		5,550	5,550
Professional Fees	500		250	250
Materials/Supplies	4,000		2,000	2,000
Repairs/Maintenance	1,000		500	500
Printing and Reproduction	1,000		500	500
Rental/Lease	2,000		1,000	1,000
Membership Dues	1,000		500	500
Registration Fees	20,000		10,000	10,000
Employee Tuition	0		0	0
Advertising	500		250	250
Freight/Delivery	3,000		1,500	1,500
Temporary Help	15,000		7,500	7,500
Furniture/Equipment	2,200		1,100	1,100
Communications/Utilities	0		0	0
Capital Outlay	0			
State Office of Risk Management				
Total	80,300	0	40,150	40,150

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 LEGAL SERVICES
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	AHDP	LIHTC
Salaries	392,047	38,460	134,610	0	218,977
Travel In-State	4,075	1,630	1,223		1,223
Travel Out-of-State	2,800	1,120	840		840
Professional Fees	200,000		200,000		
Materials/Supplies	40,371	16,148	12,111		12,111
Repairs/Maintenance	3,894	1,558	1,168		1,168
Printing and Reproduction	540	216	162		162
Rental/Lease	42,368	16,947	12,710		12,710
Membership Dues	2,000	800	600		600
Registration Fees	9,196	3,678	2,759		2,759
Employee Tuition	0	0	0		0
Advertising	400	160	120		120
Freight/Delivery	600	240	180		180
Temporary Help	4,830	1,932	1,449		1,449
Furniture/Equipment	2,050	820	615		615
Communications/Utilities	6,157	2,463	1,847		1,847
Capital Outlay	0				
State Office of Risk Management	0	0	0		0
Total	711,328	86,172	370,395	0	254,761

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INTERNAL AUDIT
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	AHDP	MANUFACT. HOUSING APP REC	LIHTC
Salaries	170,924	28,491	0	16,757	125,676
Travel In-State	1,000	600			400
Travel Out-of-State	0	0			0
Professional Fees	0	0			0
Materials/Supplies	5,211	3,127			2,084
Repairs/Maintenance	1,847	1,108			739
Printing and Reproduction	520	312			208
Rental/Lease	21,184	12,710			8,474
Membership Dues	1,500	900			600
Registration Fees	5,298	3,179			2,119
Employee Tuition	600	360			240
Advertising	300	180			120
Freight/Delivery	0	0			0
Temporary Help	665	399			266
Furniture/Equipment	1,100	660			440
Communications/Utilities	3,079	1,847			1,232
Capital Outlay	0	0			0
State Office of Risk Management	0	0			0
Total	213,228	53,873	0	16,757	142,598

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 GOVERNMENTAL AFFAIRS
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC
Salaries	247,970	34,617	80,774	34,617	97,962
Travel In-State	12,000		6,000		6,000
Travel Out-of-State	3,400		1,700		1,700
Professional Fees	0		0		0
Materials/Supplies	11,381		5,691		5,691
Repairs/Maintenance	2,462		1,231		1,231
Printing and Reproduction	360		180		180
Rental/Lease	50,246		25,123		25,123
Membership Dues	1,000		500		500
Registration Fees	6,397		3,199		3,199
Employee Tuition	0		0		0
Advertising	0		0		0
Freight/Delivery	0		0		0
Temporary Help	887		444		444
Furniture/Equipment	900		450		450
Communications/Utilities	6,105		3,053		3,053
Capital Outlay	0				0
State Office of Risk Management	0	0	0		0
Total	343,108	34,617	128,343	34,617	145,531

Housing Programs Division

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING PROGRAMS DIVISION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE OCI	GENERAL REVENUE HTF	ORCA IAC	FEDERAL FUNDS	LIHTC	MULTI FAMILY BOND ADMIN FEES	SINGLE FAMILY BOND ADMIN FEES
Salaries	3,627,353	45,778	137,702	82,828	2,512,505	211,969	195,490	441,081
Travel In-State	250,562	36,000	6,250	0	177,912	6,250	5,750	18,400
Travel Out-of-State	37,200	5,000	3,375	0	20,105	3,375	3,105	2,240
Professional Fees	316,700	0	1,800	0	269,024	1,800	1,656	42,420
Materials/Supplies	141,185	0	7,910	0	97,047	7,910	7,277	21,042
Repairs/Maintenance	72,790	0	2,001	0	59,359	2,001	1,841	7,588
Printing and Reproduction	44,334	0	1,042	0	29,762	1,042	959	11,529
Rental/Lease	592,435	0	24,512	0	417,369	24,512	22,551	103,491
Membership Dues	20,795	0	500	0	18,110	500	460	1,225
Registration Fees	82,050	0	3,510	0	61,433	3,510	3,229	10,367
Employee Tuition	3,500	0	500	0	765	500	460	1,275
Advertising	59,500	0	500	0	6,340	500	460	51,700
Freight/Delivery	7,800	0	875	0	5,245	875	805	0
Temporary Help	94,751	0	14,321	0	43,199	14,321	13,175	9,735
Furniture/Equipment	33,600	0	675	0	29,529	675	621	2,100
Communications/Utilities	98,393	0	3,335	0	62,989	3,335	3,068	25,665
Capital Outlay	0	0	0	0	0	0	0	0
State Office of Risk Management	34,948	259	1,144	0	21,557	4,825	976	6,187
Total	5,517,896	87,037	209,952	82,828	3,832,250	287,900	261,884	756,045

Note:
Housing Programs Division Includes:
Office of Colonia Initiatives
Community Affairs
Multi Family Finance Production
Single Family Finance Production

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
OFFICE OF COLONIA INITIATIVES
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	HOME	IAC ORCA	GENERAL REVENUE	BOND ADMIN FEES
Salaries	388,905	64,813	82,828	45,778	195,486
Travel In-State	36,000			36,000	
Travel Out-of-State	5,000			5,000	
Professional Fees	6,000	900			5,100
Materials/Supplies	13,161	1,974			11,187
Repairs/Maintenance	4,925	739			4,186
Printing and Reproduction	1,719	258			1,461
Rental/Lease	72,908	10,936			61,972
Membership Dues	500	75			425
Registration Fees	6,295	944			5,351
Employee Tuition	1,500	225			1,275
Advertising	2,000	300			1,700
Freight/Delivery	0	0			0
Temporary Help	7,273	1,091			6,182
Furniture/Equipment	2,000	300			1,700
Communications/Utilities	23,210	3,482			19,729
Capital Outlay	0	0			0
State Office of Risk Management	1,683			259	1,424
Total	573,079	86,036	82,828	87,037	317,178

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 COMMUNITY AFFAIRS
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE ENTERP	FEDERAL FUNDS	SYSTEM BENEFIT FUND	GENERAL REVENUE SUPPORT	BOND ADMIN FEES
Salaries	1,899,836	0	0	1,899,836	0	0
Travel In-State	143,562	0	0	143,562	0	0
Travel Out-of-State	13,100	0	0	13,100	0	0
Professional Fees	130,200	0	0	130,200	0	0
Materials/Supplies	71,748	0	0	71,748	0	0
Repairs/Maintenance	51,357	0	0	51,357	0	0
Printing and Reproduction	13,277	0	0	13,277	0	0
Rental/Lease	317,681	0	0	317,681	0	0
Membership Dues	16,295	0	0	16,295	0	0
Registration Fees	49,173	0	0	49,173	0	0
Employee Tuition	0	0	0	0	0	0
Advertising	5,500	0	0	5,500	0	0
Freight/Delivery	4,300	0	0	4,300	0	0
Temporary Help	21,312	0	0	21,312	0	0
Furniture/Equipment	27,900	0	0	27,900	0	0
Communications/Utilities	47,001	0	0	47,001	0	0
Capital Outlay	0	0	0	0	0	0
State Office of Risk Management	14,157	0	0	14,157	0	0
Total	2,826,399	0	0	2,826,399	0	0

Note:

Community Affairs Includes:
 Administration - Community Affairs
 Community Services Program
 Energy Assistance Program
 Section 8

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 ADMINISTRATION-COMMUNITY AFFAIRS
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	CSBG	DOE GRANTEE	LIHEAP	SUPPORT GENERAL REVENUE	BOND ADMIN FEES
Salaries	169,869	66,324	0	103,544	0	0
Travel In-State	5,000	2,500		2,500		
Travel Out-of-State	5,000	2,500		2,500		
Professional Fees	1,000	500		500		
Materials/Supplies	3,686	1,843		1,843		
Repairs/Maintenance	2,347	1,174		1,174		
Printing and Reproduction	1,270	635		635		
Rental/Lease	22,284	11,142		11,142		
Membership Dues	1,500	750		750		
Registration Fees	4,048	2,024		2,024		
Employee Tuition	0	0		0		
Advertising	0	0		0		
Freight/Delivery	500	250		250		
Temporary Help	2,665	1,333		1,333		
Furniture/Equipment	800	400		400		
Communications/Utilities	3,079	1,540		1,540		
Capital Outlay	0	0		0		
State Office of Risk Management	0	0		0		
Total	223,048	92,914	0	130,134	0	0

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMMUNITY SERVICES PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	COMM SRVC BLK GRNT	EMERGENCY SHELTER	GENERAL REVENUE ENTERP
Salaries	675,136	554,587	120,549	
Travel In-State	50,000	32,500	17,500	
Travel Out-of-State	2,800	1,820	980	
Professional Fees	15,800	15,800		
Materials/Supplies	19,428	19,428		
Repairs/Maintenance	9,235	9,235		
Printing and Reproduction	3,849	3,849		
Rental/Lease	120,922	120,922		
Membership Dues	7,050	7,050		
Registration Fees	11,240	11,240		
Employee Tuition	0	0		
Advertising	0	0		
Freight/Delivery	1,000	1,000		
Temporary Help	6,326	6,326		
Furniture/Equipment	1,900	1,900		
Communications/Utilities	16,893	16,893		
Capital Outlay	0	0		
State Office of Risk Management	5,515	5,515		
Total	947,094	808,065	139,029	0

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ENERGY ASSISTANCE PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	DOE T&TA	DOE GRANTEE	LIHEAP	SYSTEM BENEFIT FUND
Salaries	714,638	69,806	69,806	575,026	
Travel In-State	73,562	14,712	22,069	36,781	
Travel Out-of-State	2,800	560	840	1,400	
Professional Fees	92,400	27,720	27,720	36,960	
Materials/Supplies	31,473	11,016	11,016	9,442	
Repairs/Maintenance	34,850			34,850	
Printing and Reproduction	3,439			3,439	
Rental/Lease	117,983			117,983	
Membership Dues	6,245			6,245	
Registration Fees	28,090			28,090	
Employee Tuition	0			0	
Advertising	4,000			4,000	
Freight/Delivery	2,500			2,500	
Temporary Help	6,548			6,548	
Furniture/Equipment	24,000			24,000	
Communications/Utilities	18,819			18,819	
Capital Outlay	0			0	
State Office of Risk Management	6,540	0	0	6,540	
Total	1,167,887	123,814	131,450	912,623	0

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SECTION 8 - RENTAL ASSISTANCE PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	DALLAS	HOUSTON	SAN ANTONIO
Salaries	340,194	85,048	221,126	34,019
Travel In-State	15,000	3,750	9,750	1,500
Travel Out-of-State	2,500	625	1,625	250
Professional Fees	21,000	5,250	13,650	2,100
Materials/Supplies	17,161	4,290	11,155	1,716
Repairs/Maintenance	4,925	1,231	3,201	493
Printing and Reproduction	4,719	1,180	3,067	472
Rental/Lease	56,492	14,123	36,720	5,649
Membership Dues	1,500	375	975	150
Registration Fees	5,795	1,449	3,767	580
Employee Tuition	0	0	0	0
Advertising	1,500	375	975	150
Freight/Delivery	300	75	195	30
Temporary Help	5,773	1,443	3,752	577
Furniture/Equipment	1,200	300	780	120
Communications/Utilities	8,210	2,053	5,337	821
Capital Outlay	0	0	0	0
State Office of Risk Management	2,102	526	1,366	210
Total	488,371	122,093	317,441	48,837

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 MULTIFAMILY FINANCE PRODUCTION
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	LIHTC FEES	MULTI FAMILY BOND ADMIN FEES	HOME	GENERAL REVENUE HTF
Salaries	666,898	211,969	195,490	121,737	137,702
Travel In-State	25,000	6,250	5,750	6,750	6,250
Travel Out-of-State	13,500	3,375	3,105	3,645	3,375
Professional Fees	7,200	1,800	1,656	1,944	1,800
Materials/Supplies	31,638	7,910	7,277	8,542	7,910
Repairs/Maintenance	8,004	2,001	1,841	2,161	2,001
Printing and Reproduction	4,169	1,042	959	1,126	1,042
Rental/Lease	98,048	24,512	22,551	26,473	24,512
Membership Dues	2,000	500	460	540	500
Registration Fees	14,041	3,510	3,229	3,791	3,510
Employee Tuition	2,000	500	460	540	500
Advertising	2,000	500	460	540	500
Freight/Delivery	3,500	875	805	945	875
Temporary Help	57,283	14,321	13,175	15,466	14,321
Furniture/Equipment	2,700	675	621	729	675
Communications/Utilities	13,341	3,335	3,068	3,602	3,335
Capital Outlay	0	0	0	0	0
State Office of Risk Management	6,945	4,825	976		1,144
Total	958,267	287,900	261,884	198,531	209,952

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 SINGLE FAMILY FINANCE PRODUCTION
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	HOME	SINGLE FAMILY BOND ADMIN FEES
Salaries	671,713	426,119	245,594
Travel In-State	46,000	27,600	18,400
Travel Out-of-State	5,600	3,360	2,240
Professional Fees	173,300	135,980	37,320
Materials/Supplies	24,638	14,783	9,855
Repairs/Maintenance	8,504	5,102	3,402
Printing and Reproduction	25,169	15,101	10,068
Rental/Lease	103,798	62,279	41,519
Membership Dues	2,000	1,200	800
Registration Fees	12,541	7,525	5,016
Employee Tuition	0	0	0
Advertising	50,000		50,000
Freight/Delivery	0	0	0
Temporary Help	8,883	5,330	3,553
Furniture/Equipment	1,000	600	400
Communications/Utilities	14,841	8,905	5,936
Capital Outlay	0	0	0
State Office of Risk Management	12,163	7,400	4,763
Total	1,160,150	721,283	438,867

Housing Operations Division

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING OPERATIONS DIVISION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	SINGLE FAMILY BOND ADMIN FEES	MULTI FAMILY BOND ADMIN FEES	FEDERAL FUNDS	GENERAL REVENUE HTF	AHDP	IAC - BOND REVIEW BOARD	LIHTC FEES
Salaries	3,518,478	527,013	80,309	1,427,330	123,077	189,237	0	1,171,513
Travel In-State	187,500	15,000	0	81,100	1,000	25,500	0	64,900
Travel Out-of-State	30,215	12,050	0	6,475	925	2,525	0	8,241
Professional Fees	877,000	76,000	0	350,250	250	385,000	0	65,500
Materials/Supplies	107,288	19,907	0	24,058	2,831	15,552	0	44,940
Repairs/Maintenance	55,362	17,040	0	3,511	1,664	8,576	0	24,571
Printing and Reproduction	71,365	12,560	0	27,144	225	8,042	0	23,394
Rental/Lease	512,178	63,553	0	50,188	17,654	99,406	0	281,378
Membership Dues	44,575	35,250	0	1,575	125	2,183	0	5,443
Registration Fees	65,719	14,009	0	11,746	2,898	8,811	0	28,255
Employee Tuition	2,600	2,000	0	150	150	0	0	300
Advertising	10,600	10,000	0	150	150	0	0	300
Freight/Delivery	4,000	1,500	0	213	63	600	0	1,625
Temporary Help	50,779	5,796	0	6,775	3,830	7,427	0	26,952
Furniture/Equipment	4,800	2,500	0	1,075	175	210	0	840
Communications/Utilities	73,982	9,236	0	5,944	2,566	14,716	0	41,521
Capital Outlay	0	0	0	0	0	0	0	0
State Office of Risk Management	7,421	0	0	0	0	0	0	7,421
Total	5,623,862	823,413	80,309	1,997,683	157,580	767,785	0	1,797,092

Note:

Housing Operations Division Includes:

Real Estate Analysis

Center for Housing Research, Planning and Communication

Portfolio Management and Compliance

Bond Finance

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 REAL ESTATE ANALYSIS
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	LIHTC	HOME	GENERAL REVENUE HTF	MULTI FAMILY BOND ADMIN FEES	IAC - BOND REVIEW BOARD
Salaries	570,208	280,292	130,353	123,077	36,485	
Travel In-State	4,000	2,000	1,000	1,000		
Travel Out-of-State	3,700	1,850	925	925		
Professional Fees	1,000	500	250	250		
Materials/Supplies	11,322	5,661	2,831	2,831		
Repairs/Maintenance	6,656	3,328	1,664	1,664		
Printing and Reproduction	899	450	225	225		
Rental/Lease	70,614	35,307	17,654	17,654		
Membership Dues	500	250	125	125		
Registration Fees	11,593	5,797	2,898	2,898		
Employee Tuition	600	300	150	150		
Advertising	600	300	150	150		
Freight/Delivery	250	125	63	63		
Temporary Help	15,318	7,659	3,830	3,830		
Furniture/Equipment	700	350	175	175		
Communications/Utilities	10,262	5,131	2,566	2,566		
Capital Outlay	0	0	0	0		
State Office of Risk Management	0	0	0	0		
Total	708,222	349,299	164,857	157,580	36,485	0

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 CENTER for HOUSING RESEARCH, PLANNING and COMMUNICATION
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	SINGLE FAMILY BOND		
		ADMIN FEES	HOME	LIHTC
Salaries	511,613	281,554	149,581	80,478
Travel In-State	17,000	8,500	5,100	3,400
Travel Out-of-State	2,500	1,250	750	500
Professional Fees	72,000	72,000		
Materials/Supplies	14,952	7,476	4,486	2,990
Repairs/Maintenance	6,156	3,078	1,847	1,231
Printing and Reproduction	20,899	10,450	6,270	4,180
Rental/Lease	70,614	35,307	21,184	14,123
Membership Dues	500	250	150	100
Registration Fees	9,493	4,747	2,848	1,899
Employee Tuition	0	0	0	0
Advertising	0	0	0	0
Freight/Delivery	500	250	150	100
Temporary Help	9,818	4,909	2,945	1,964
Furniture/Equipment	0	0	0	0
Communications/Utilities	10,262	5,131	3,079	2,052
Capital Outlay	0	0	0	0
State Office of Risk Management	0	0	0	0
Total	746,307	434,901	198,390	113,016

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 PORTFOLIO MANAGEMENT and COMPLIANCE
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE			MULTI FAMILY BOND		AHDP	TAX CREDIT
		HTF	HOME	CSBG	LIHEAP	ADMIN FEES		
Salaries	2,191,199		931,159	43,824	172,412	43,824	189,237	810,744
Travel In-State	160,000		75,000				25,500	59,500
Travel Out-of-State	13,215		4,800				2,525	5,891
Professional Fees	800,000		350,000				385,000	65,000
Materials/Supplies	68,583		16,742				15,552	36,289
Repairs/Maintenance	28,588						8,576	20,012
Printing and Reproduction	47,457		20,650				8,042	18,765
Rental/Lease	342,704		11,350				99,406	231,948
Membership Dues	8,575		1,300				2,183	5,093
Registration Fees	35,371		6,000				8,811	20,560
Employee Tuition	0						0	0
Advertising	0						0	0
Freight/Delivery	2,000						600	1,400
Temporary Help	24,756						7,427	17,329
Furniture/Equipment	1,600		900				210	490
Communications/Utilities	49,353		300				14,716	34,337
Capital Outlay	0						0	0
State Office of Risk Management	7,421							7,421
Total	3,780,822	0	1,418,201	43,824	172,412	43,824	767,785	1,334,777

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 BOND FINANCE
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	SINGLE FAMILY BOND ADMIN FEES
Salaries	245,459	245,459
Travel In-State	6,500	6,500
Travel Out-of-State	10,800	10,800
Professional Fees	4,000	4,000
Materials/Supplies	12,431	12,431
Repairs/Maintenance	13,962	13,962
Printing and Reproduction	2,110	2,110
Rental/Lease	28,246	28,246
Membership Dues	35,000	35,000
Registration Fees	9,262	9,262
Employee Tuition	2,000	2,000
Advertising	10,000	10,000
Freight/Delivery	1,250	1,250
Temporary Help	887	887
Furniture/Equipment	2,500	2,500
Communications/Utilities	4,105	4,105
Capital Outlay	0	0
State Office of Risk Management	0	0
Total	<u>388,512</u>	<u>388,512</u>

Agency Administration Division

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
 AGENCY ADMINISTRATION
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	EARNED FEDERAL FUNDS	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC	HOME
Salaries	3,335,307	223,796	487,262	1,304,735	351,852	876,584	91,078
Travel In-State	26,250	4,050	3,500	13,650	0	5,050	0
Travel Out-of-State	3,800	360	420	2,600	0	420	0
Professional Fees	131,000	0	3,500	123,700	0	3,800	0
Materials/Supplies	86,082	11,783	8,919	40,557	0	24,823	0
Repairs/Maintenance	108,287	9,542	6,221	77,124	0	15,401	0
Printing and Reproduction	11,877	1,386	1,805	5,746	0	2,940	0
Rental/Lease	469,656	55,679	59,317	240,477	0	114,183	0
Membership Dues	5,695	756	210	3,214	0	1,515	0
Registration Fees	73,256	10,345	9,934	33,988	0	18,990	0
Employee Tuition	3,000	900	630	1,350	0	120	0
Advertising	4,300	900	840	1,740	0	820	0
Freight/Delivery	3,950	300	350	2,610	0	690	0
Temporary Help	48,933	7,430	3,963	21,284	0	16,257	0
Furniture/Equipment	10,850	990	1,400	5,050	0	3,410	0
Communications/Utilities	70,979	8,605	8,620	36,536	0	17,219	0
Capital Outlay	0	0	0	0	0	0	0
State Office of Risk Management	17,793	1,027	2,430	14,336	0	0	0
Total	4,411,015	337,847	599,321	1,928,697	351,852	1,102,220	91,078

Note:

Agency Administration Includes:
 Human Resources
 Facilities and Space Management
 Information Systems
 Financial Administration
 Capital Budget

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HUMAN RESOURCES
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	AHDP	LIHTC	MANUFACT. HOUSING APP REC
Salaries	295,108	0	0	244,943	50,165
Travel In-State	500			500	
Travel Out-of-State	0			0	
Professional Fees	0			0	
Materials/Supplies	9,371			9,371	
Repairs/Maintenance	3,694			3,694	
Printing and Reproduction	540			540	
Rental/Lease	42,368			42,368	
Membership Dues	795			795	
Registration Fees	6,096			6,096	
Employee Tuition	0			0	
Advertising	0			0	
Freight/Delivery	150			150	
Temporary Help	2,830			2,830	
Furniture/Equipment	600			600	
Communications/Utilities	6,157			6,157	
Capital Outlay	0			0	
State Office of Risk Management	0				
Total	368,209	0	0	318,044	50,165

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 FACILITIES AND SPACE MANAGEMENT
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	BOND ADMIN FEES	LIHTC	MANUFACT. HOUSING APP REC
Salaries	207,359	0	80,945	92,221	34,193
Travel In-State	1,500		750	750	
Travel Out-of-State	0		0	0	
Professional Fees	0		0	0	
Materials/Supplies	5,976		2,988	2,988	
Repairs/Maintenance	3,679		1,840	1,840	
Printing and Reproduction	2,000		1,000	1,000	
Rental/Lease	35,908		17,954	17,954	
Membership Dues	340		170	170	
Registration Fees	3,247		1,624	1,624	
Employee Tuition	0		0	0	
Advertising	0		0	0	
Freight/Delivery	100		50	50	
Temporary Help	14,108		7,054	7,054	
Furniture/Equipment	4,300		2,150	2,150	
Communications/Utilities	5,131		2,566	2,566	
Capital Outlay	0		0	0	
State Office of Risk Management	1,000		1,000		
Total	284,648	0	120,089	130,366	34,193

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 INFORMATION SYSTEMS
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC
Salaries	1,026,691	106,080	353,372	100,963	466,275
Travel In-State	10,000	3,000	3,500		3,500
Travel Out-of-State	1,200	360	420		420
Professional Fees	0	0	0		0
Materials/Supplies	31,113	9,334	10,890		10,890
Repairs/Maintenance	26,081	7,824	9,128		9,128
Printing and Reproduction	3,119	936	1,092		1,092
Rental/Lease	129,106	38,732	45,187		45,187
Membership Dues	1,000	300	350		350
Registration Fees	29,288	8,786	10,251		10,251
Employee Tuition	0	0	0		0
Advertising	2,000	600	700		700
Freight/Delivery	1,000	300	350		350
Temporary Help	16,991	5,097	5,947		5,947
Furniture/Equipment	1,600	480	560		560
Communications/Utilities	20,472	6,142	7,165		7,165
Capital Outlay	0		0		0
State Office of Risk Management	2,903	567	2,336		
Total	1,302,564	188,538	451,248	100,963	561,814

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 FINANCIAL ADMINISTRATION
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	LIHTC	HOME	MANUFACT. HOUSING APP REC	GENERAL REVENUE
Salaries	1,806,150	487,262	870,419	73,145	91,078	166,530	117,716
Travel In-State	14,250	3,500	9,400	300	0	0	1,050
Travel Out-of-State	2,600	420	2,180	0	0	0	0
Professional Fees	131,000	3,500	123,700	3,800	0	0	0
Materials/Supplies	39,622	8,919	26,680	1,574	0	0	2,449
Repairs/Maintenance	74,833	6,221	66,156	739	0	0	1,717
Printing and Reproduction	6,218	1,805	3,655	308	0	0	450
Rental/Lease	262,274	59,317	177,336	8,674	0	0	16,948
Membership Dues	3,560	210	2,694	200	0	0	456
Registration Fees	34,625	9,934	22,113	1,019	0	0	1,558
Employee Tuition	3,000	630	1,350	120	0	0	900
Advertising	2,300	840	1,040	120	0	0	300
Freight/Delivery	2,700	350	2,210	140	0	0	0
Temporary Help	15,004	3,963	8,283	426	0	0	2,332
Furniture/Equipment	4,350	1,400	2,340	100	0	0	510
Communications/Utilities	39,219	8,620	26,805	1,331	0	0	2,463
Capital Outlay	0	0	0	0	0	0	0
State Office of Risk Management	13,890	2,430	11,000	0	0	0	460
Total	2,455,595	599,321	1,357,360	91,996	91,078	166,530	149,309

Note:

Financial Administration Includes:
 Director's Office
 Accounting Operations
 Financial Services
 Purchasing

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 DIRECTOR'S OFFICE of FINANCIAL ADMINISTRATION
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	LIHTC	AHDP	MANUFACT. HOUSING APP REC	GENERAL REVENUE
Salaries	341,722	33,216	108,380	73,145	0	56,057	70,923
Travel In-State	1,500		1,200	300			
Travel Out-of-State	0		0	0			
Professional Fees	19,000		15,200	3,800			
Materials/Supplies	7,871		6,297	1,574			
Repairs/Maintenance	3,694		2,955	739			
Printing and Reproduction	1,540		1,232	308			
Rental/Lease	43,368		34,694	8,674			
Membership Dues	1,000		800	200			
Registration Fees	5,096		4,077	1,019			
Employee Tuition	600		480	120			
Advertising	600		480	120			
Freight/Delivery	700		560	140			
Temporary Help	2,130		1,704	426			
Furniture/Equipment	500		400	100			
Communications/Utilities	6,657		5,326	1,331			
Capital Outlay	0		0	0			
State Office of Risk Management	11,222		11,000				222
Total	447,200	33,216	194,785	91,996	0	56,057	71,145

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ACCOUNTING OPERATIONS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	LIHTC	AHDP	MANUFACT. HOUSING APP REC	GENERAL REVENUE
Salaries	555,582	454,046	28,413	0	0	73,123	0
Travel In-State	5,000	3,500	1,500				
Travel Out-of-State	600	420	180				
Professional Fees	5,000	3,500	1,500				
Materials/Supplies	12,742	8,919	3,823				
Repairs/Maintenance	8,887	6,221	2,666				
Printing and Reproduction	2,579	1,805	774				
Rental/Lease	84,738	59,317	25,421				
Membership Dues	300	210	90				
Registration Fees	14,192	9,934	4,258				
Employee Tuition	900	630	270				
Advertising	1,200	840	360				
Freight/Delivery	500	350	150				
Temporary Help	5,661	3,963	1,698				
Furniture/Equipment	2,000	1,400	600				
Communications/Utilities	12,314	8,620	3,694				
Capital Outlay	0	0	0				
State Office of Risk Management	2,430	2,430					
Total	714,625	566,105	75,397	0	0	73,123	0

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 FINANCIAL SERVICES
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	BOND ADMIN FEES	HOME
Salaries	716,389	625,311	91,078
Travel In-State	6,000	6,000	
Travel Out-of-State	2,000	2,000	
Professional Fees	107,000	107,000	
Materials/Supplies	14,928	14,928	
Repairs/Maintenance	59,390	59,390	
Printing and Reproduction	1,349	1,349	
Rental/Lease	105,922	105,922	
Membership Dues	1,500	1,500	
Registration Fees	12,740	12,740	
Employee Tuition	0	0	
Advertising	0	0	
Freight/Delivery	1,500	1,500	
Temporary Help	3,326	3,326	
Furniture/Equipment	1,000	1,000	
Communications/Utilities	16,143	16,143	
Capital Outlay	0	0	
State Office of Risk Management	0	0	
Total	1,049,187	958,109	91,078

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
PURCHASING
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	BOND ADMIN FEES	LIHTC	AHDP	MANUFACT. HOUSING APP REC
Salaries	192,458	46,793	108,315	0	0	37,350
Travel In-State	1,750	1,050	700			
Travel Out-of-State	0	0	0			
Professional Fees	0	0	0			
Materials/Supplies	4,081	2,449	1,632			
Repairs/Maintenance	2,862	1,717	1,145			
Printing and Reproduction	750	450	300			
Rental/Lease	28,246	16,948	11,298			
Membership Dues	760	456	304			
Registration Fees	2,597	1,558	1,039			
Employee Tuition	1,500	900	600			
Advertising	500	300	200			
Freight/Delivery	0	0	0			
Temporary Help	3,887	2,332	1,555			
Furniture/Equipment	850	510	340			
Communications/Utilities	4,105	2,463	1,642			
Capital Outlay	0	0				
State Office of Risk Management	238	238				
Total	244,584	78,163	129,070	0	0	37,350

Financial Administration Division
Board Action Request
July 8, 2004

Action Item

The Department staff will present the FY 2005 Housing Finance Operating Budget for the Board's consideration and approval.

Required Action

The Board approve the attached FY 2005 Housing Finance Operating Budget for fiscal year beginning September 1, 2004 through August 31, 2005. The Board Chair must sign a certificate to certify the attached is a true and correct copy of the annual budget.

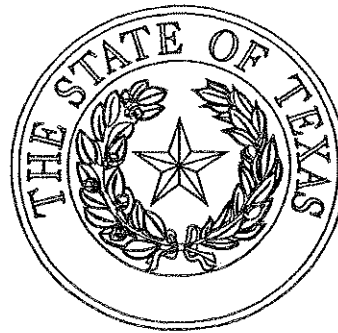
Background

The Housing Finance Operating Budget for FY 2005 is within the appropriations approved by the 78th Legislature. This budget is a subset of the whole operating budget and shows the Housing Finance revenues that support the budget. Minor changes have been made to this budget increasing it by \$10,615 from the draft reviewed by the Board at the June 28, 2004 Board Meeting. The specific changes will be discussed as part of the staff's presentation.

Recommendation

Approve the Housing Finance Operating Budget and Board Chair sign the certificate.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY
AFFAIRS**



**DRAFT
ANNUAL HOUSING FINANCE OPERATING BUDGET
FISCAL YEAR 2005**

Prepared by the Financial Administration Division

Texas Department of Housing and Community Affairs
Housing Finance Budget
Appropriated Receipts
Fiscal Year 2005

Budget Category	Executive Administration	Agency Administration	Housing Programs Division	Housing Operations Division	Capital Budget	Payroll Related Costs	Total Appropriated Receipts
Salaries	1,121,415	2,181,319	848,540	1,968,072			6,119,346
Payroll Related Costs						1,407,450	1,407,450
Travel In-State	48,845	18,700	30,400	105,400			203,345
Travel Out-of-State	25,030	3,020	8,720	22,815			59,585
Professional Fees	201,400	127,500	45,876	526,500	203,685		1,104,961
Materials/Supplies	50,966	65,380	36,228	80,399			232,974
Repairs/Maintenance	9,758	92,525	11,430	50,187			163,899
Printing and Reproduction	3,047	8,686	13,530	43,996			69,259
Rental/Lease	117,916	354,660	150,554	444,337			1,067,467
Membership Dues	4,925	4,729	2,185	42,875			54,714
Registration Fees	50,835	52,977	17,107	51,075			171,993
Employee Tuition	240	1,470	2,235	2,300			6,245
Advertising	860	2,560	52,660	10,300			66,380
Freight/Delivery	5,610	3,300	1,680	3,725			14,315
Temporary Help	21,549	37,541	37,231	40,175			136,495
Furniture/Equipment	5,895	8,460	3,396	3,550			21,301
Communications/Utilities	15,649	53,755	32,069	65,472			166,944
Capital Outlay	0	0	0	0	124,955		124,955
State Office of Risk Management	0	14,336	11,988	7,421	0		33,745
Total, Appropriated Receipts	1,683,939	3,030,917	1,305,829	3,468,599	328,640	1,407,450	11,225,372

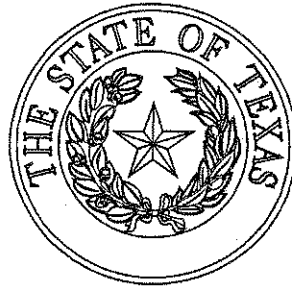
Method of Finance:

Bond Administration Fees	5,220,364
Low Income Housing Tax Credit Fees	5,018,265
Affordable Housing Disposition Program Fees	986,744
Total, Method of Finance	11,225,372

Note: Appropriated Receipts include Bond Administration Fees, Low Income Housing Tax Credit Fees, and Affordable Housing Disposition Program Fees.



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RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

CERTIFICATE

FY-2005 HOUSING FINANCE DIVISION BUDGET

I, Elizabeth (Beth) Anderson, Chair of the Board of the Texas Department of Housing and Community Affairs, certify that the attached is a true and correct copy of the annual budget of the Housing Finance Division of the Department, as considered and approved by such Board at its meeting on July 8, 2004 in accordance with Texas Government Code, Chapter 2306, Sections 112 and 113.

Signed this eighth day of July, 2004.

Elizabeth Anderson, Chair and Member of the Board

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

**PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING MAY 31, 2004**

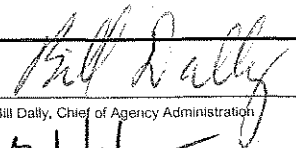
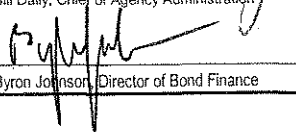
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Quarter Ending May 31, 2004

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

INDENTURE	FAIR VALUE (MARKET) @ 02/29/04	CARRYING VALUE @ 02/29/04	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 05/31/04	FAIR VALUE (MARKET) @ 05/31/04	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT REC'BL @ 05/31/04	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS					
Single Family	360,515,911.96	369,591,356.51	205,740,834.87	(51,202,337.09)	(11,413,154.85)	0.00	512,716,699.44	517,921,687.31	(5,719,567.58)	1,380,347.31	0.00
RMRB	514,226,986.98	499,825,080.84	72,671,352.62	(48,759,049.83)	(17,460,820.83)	0.00	506,276,562.80	509,335,454.89	(11,343,014.05)	2,724,409.23	0.00
CHMRB	34,929,848.43	32,635,117.00	3,537,232.40	(564,817.43)	(3,028,493.32)	0.00	32,579,038.65	34,445,962.91	(427,807.17)	188,267.20	0.00
Multi Family	218,659,535.36	218,659,535.36	68,040,515.42	(63,173,750.26)	(868,909.58)	0.00	222,657,390.94	222,657,390.94	-	209,684.73	0.00
SF CHMRB 1993	15,040,920.22	14,112,255.33	118,884.26	(594,326.83)	(848,205.67)	0.00	12,788,607.09	13,534,897.27	(182,374.71)	72,936.96	0.00
SF CHMRB 1994/1995	27,180,799.86	25,387,469.71	151,413.84	(87,790.96)	(2,414,559.24)	0.00	23,036,533.35	24,540,816.16	(289,047.34)	141,050.85	0.00
Commercial Paper	197,574,865.28	197,574,865.28	5,014,979.06	(183,886,000.00)	0.00	0.00	18,703,844.34	18,703,844.34	-	756,977.20	0.00
General Fund	9,933,586.30	9,933,586.30	1,408,438.11	(589,662.92)	0.00	0.00	10,752,361.49	10,752,361.49	-	889.18	0.00
Housing Trust Fund	7,838,299.13	7,838,299.13	53,841.90	(271,939.14)	0.00	0.00	7,620,201.89	7,620,201.89	-	672.15	0.00
Administration	135,097.00	135,097.00	413.68	0.00	0.00	0.00	135,510.68	135,510.68	-	11.82	0.00
Compliance	492,030.12	492,030.12	781,727.78	0.00	0.00	0.00	1,273,757.90	1,273,757.90	-	43.05	0.00
Housing Initiatives	1,669,433.10	1,669,433.10	578,562.50	(38.29)	0.00	0.00	2,247,957.31	2,247,957.31	-	148.08	0.00
TOTAL	1,408,197,313.74	1,377,854,125.68	358,098,196.44	(349,129,712.75)	(36,034,143.49)	0.00	1,350,788,465.88	1,363,169,843.09	(17,961,810.85)	5,475,415.76	0.00

* No relationship can be drawn between the "ACCRUED INT REC'BL @ 05/31/04" figures and the corresponding investment values, because of various factors (e.g. purchase date of investment; interest payment terms-daily, monthly & semi-annual; etc.). In addition to the aforementioned factors with regards to the Multi Family Indenture, the Department is carrying \$ 222,657,391 of investments pledged as reserves by participating entities. The Department is carrying these investments with their corresponding liability purely for tracking the flow of funds.

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

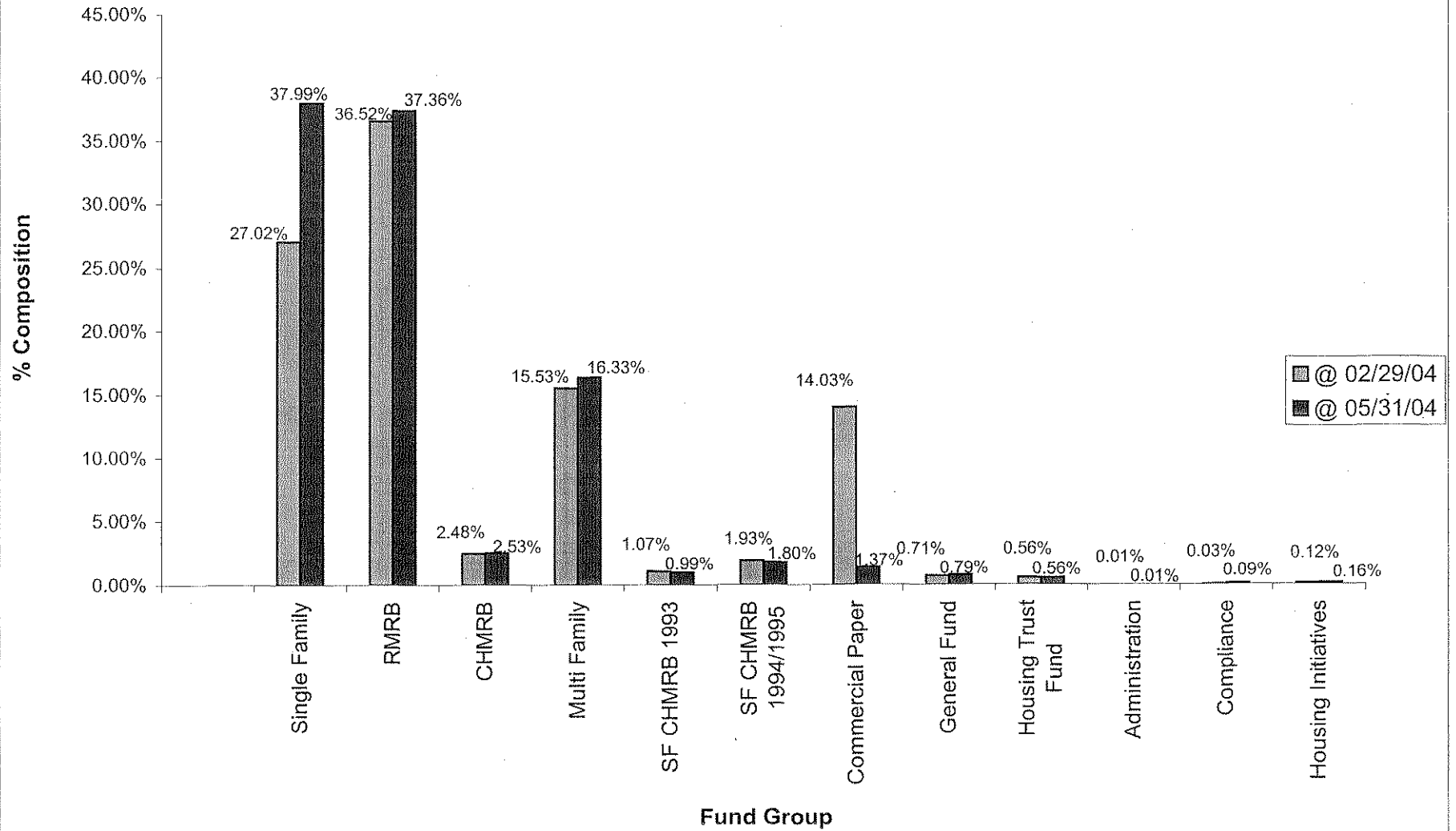
	Date <u>6/30/04</u>
Bill Dally, Chief of Agency Administration	
	Date <u>6/29/04</u>
Byron Johnson, Director of Bond Finance	

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING MAY 31, 2004

Supplemental Information:

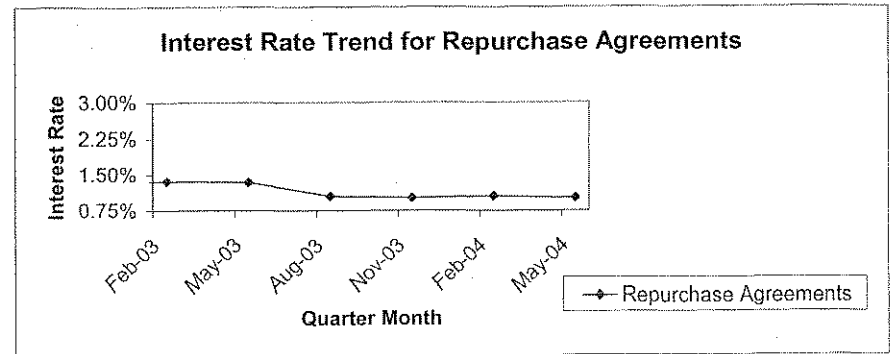
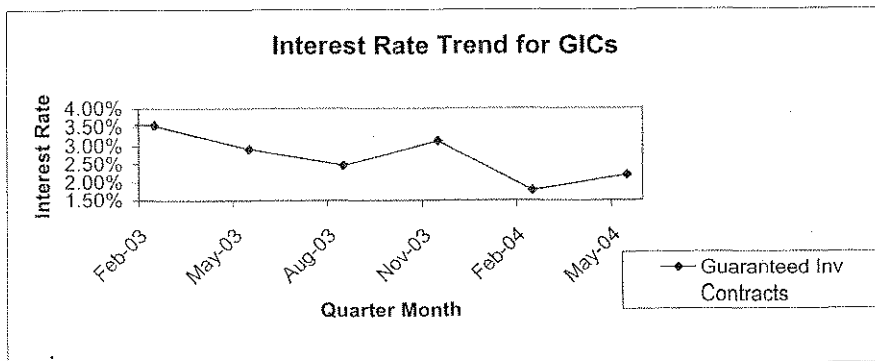
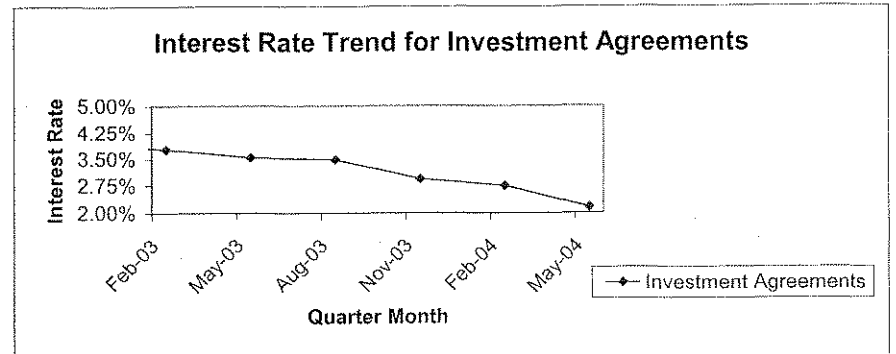
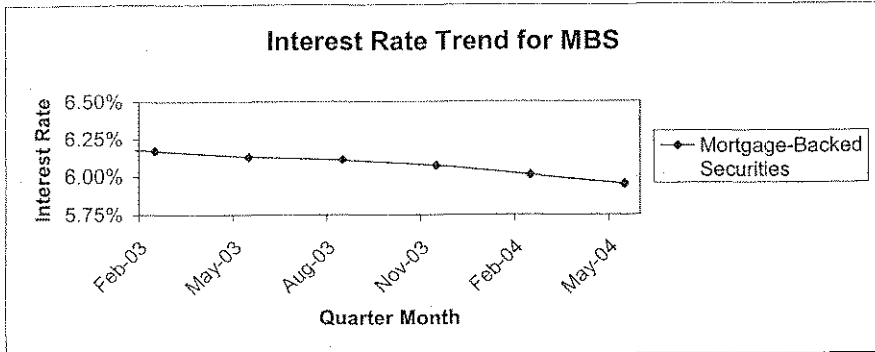
- 1) Bar Graph - Comparison of Market by Fund Group between Quarters
- 2) Analysis of Portfolio Interest Rate Trends and Maturities
- 3) Bar Graph - Comparison of Market Valuation by Investment Type between Quarters
- 4) Supplemental Public Funds Investment Act Report by Investment Type
- 5) Detail of Investments including maturity dates by Fund Group

Market Valuation Comparison By Fund Group

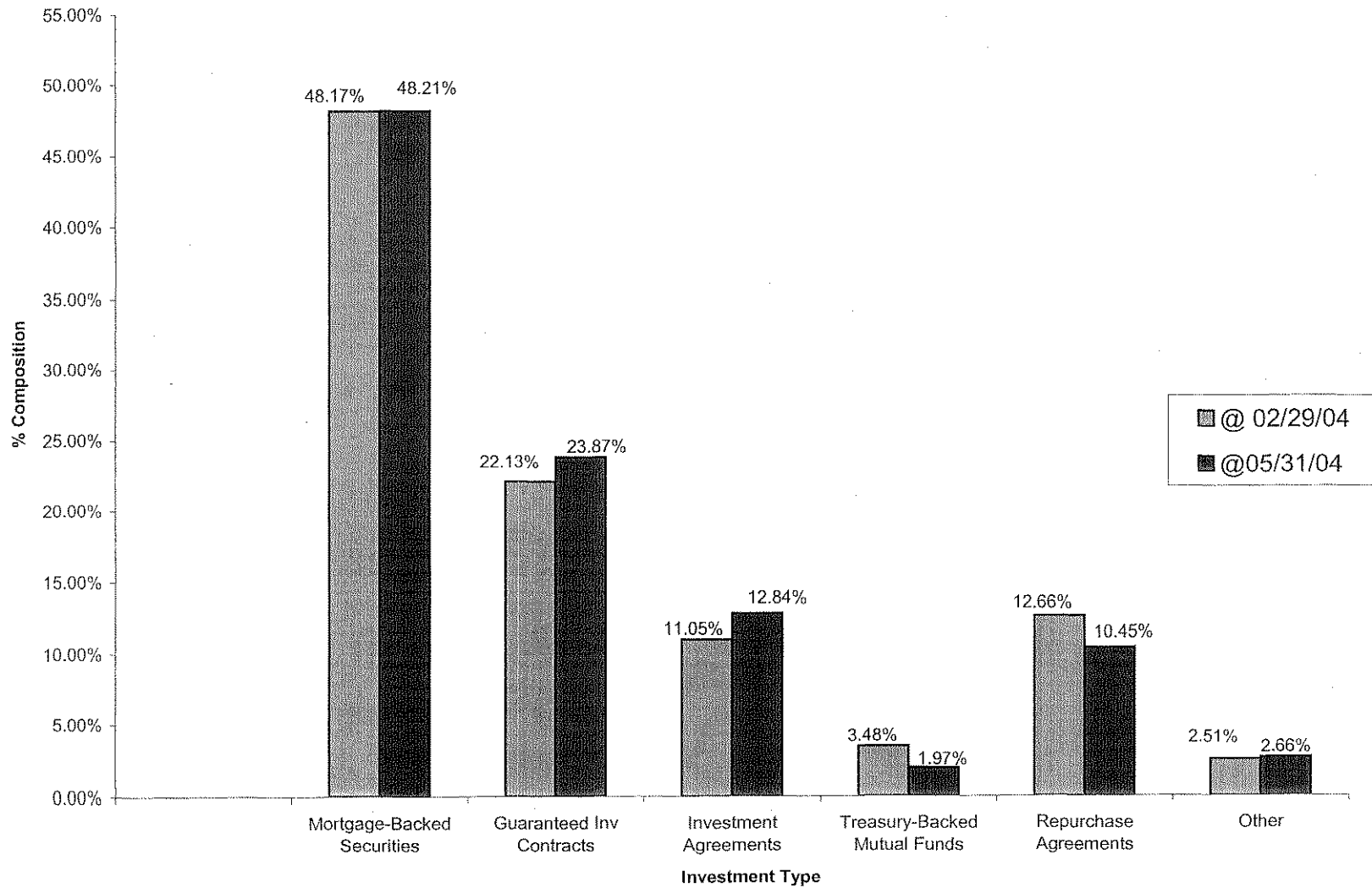


TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Supplemental Schedule of Portfolio Interest Rate Trends and Maturities
Quarter Ending May 31, 2004

INVESTMENT TYPE	Range of Interest for Current Quarter		Portfolio % Composition	Weighted Avg Rate Beg Carrying Value @ 02/29/04	Weighted Avg Rate Beg Market Value @ 02/29/04	Weighted Avg Rate End Carrying Value @ 05/31/04	Weighted Avg Rate End Market Value @ 05/31/04	Weighted Avg Maturity Beg Carrying Value @ 02/29/04		Weighted Avg Maturity Beg Market Value @ 02/29/04		Weighted Avg Maturity End Carrying Value @ 05/31/04		Weighted Avg Maturity End Market Value @ 05/31/04	
	HI	LOW		Months	Days	Months	Days	Months	Days	Months	Days	Months	Days		
Mortgage-Backed Securities	8.75%	4.80%	48.21%	5.99%	6.01%	5.92%	5.95%	303	8	302	19	304	6	302	1
Guaranteed Inv Contracts	6.42%	1.22%	23.87%	1.78%	2.20%	2.20%	2.20%	32	21	32	21	77	20	77	20
Investment Agreements	6.75%	0.90%	12.84%	2.74%	2.74%	2.16%	2.16%	33	15	33	15	46	20	46	20
Money Markets	0.44%	0.58%	0.11%	0.45%	0.45%	0.48%	0.48%	1	0	1	0	1	0	1	0
Treasury-Backed Mutual Funds	0.85%	0.11%	1.97%	0.46%	0.46%	0.47%	0.47%	1	0	1	0	1	0	1	0
Repurchase Agreements	1.02%	1.02%	10.45%	1.05%	1.05%	1.02%	1.02%	0	1	0	1	0	1	0	1
Treasury Bills	5.81%	5.81%	0.01%	4.40%	4.40%	5.81%	5.81%	2	12	2	12	0	10	0	10
Treasury Bonds/Notes	13.88%	1.00%	2.55%	4.16%	4.56%	4.16%	4.50%	40	10	42	24	37	10	39	12



Market Valuation Comparison by Investment Type

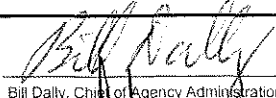
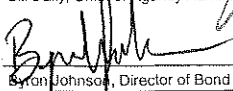


TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Supplemental Schedule
Quarter Ending May 31, 2004

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

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 02/29/04	CARRYING VALUE @ 02/29/04	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 05/31/04	FAIR VALUE (MARKET) @ 05/31/04	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS				
Mortgage-Backed Securities	678,338,534.41	649,447,696.34	32,661,868.18	0.00	(36,034,143.49)	0.00	646,075,421.03	657,241,076.62	(17,725,182.48)	0.00
Guaranteed Inv Contracts	311,634,535.35	311,634,535.35	228,394,728.38	(214,668,527.65)	0.00	0.00	325,360,736.08	325,360,736.08	-	0.00
Investment Agreements	155,585,506.21	155,585,506.21	68,787,515.78	(49,401,911.97)	0.00	0.00	174,971,110.02	174,971,110.02	-	0.00
Treasury-Backed Mutual Funds	48,981,947.43	48,981,947.43	5,463,569.20	(27,812,691.47)	0.00	0.00	26,832,825.16	26,832,825.16	-	0.00
Repurchase Agreements	178,270,029.23	178,270,029.23	21,362,113.19	(57,152,671.29)	0.00	0.00	142,479,471.13	142,479,471.13	-	0.00
Money Markets	280,991.83	280,991.83	1,344,674.22	(148,000.00)	0.00	0.00	1,477,666.05	1,477,666.05	-	0.00
Treasury Bills	206,461.43	206,461.43	0.00	(113,504.57)	0.00	0.00	92,956.86	92,956.86	-	0.00
Treasury Bonds/Notes	34,899,307.85	33,446,967.86	81,235.83	(29,914.14)	0.00	0.00	33,498,279.55	34,714,001.17	(236,628.37)	0.00
TOTAL	1,408,197,313.74	1,377,854,125.68	358,095,704.78	(349,127,221.09)	(36,034,143.49)	0.00	1,350,788,465.88	1,363,169,843.09	(17,961,810.85)	0.00

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

 Bill Dally, Chief of Agency Administration	Date <u>6/30/04</u>
 Byron Johnson, Director of Bond Finance	Date <u>6/29/04</u>

Detail of Investments including maturity dates by Fund Group

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending May 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	1980 Single Family Surplus Rev	1.02	05/28/04	06/01/04	410,964.43	410,964.43	21,356.65			432,321.08	432,321.08	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	1.02	05/28/04	06/01/04	2,115,259.38	2,115,259.38		(1,042,155.85)		1,073,103.53	1,073,103.53	-	0.00
T- Bond	1980 Single Family Surplus Rev	13.88	08/05/82	05/15/11	1,990,370.78	2,509,020.67	134.06			1,990,504.84	2,418,116.73	(91,038.00)	0.00
GIC's	1980 Single Family Surplus Rev	6.08	11/14/96	09/30/29	2,603,213.47	2,603,213.47		(2,477,181.42)		126,032.05	126,032.05	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	1.02	05/28/04	06/01/04	5.97	5.97	0.00			5.97	5.97	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	1.02	05/28/04	06/01/04	3,927.47	3,927.47	396.64			4,324.11	4,324.11	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	1.02	05/28/04	06/01/04	41,618.83	41,618.83	105.30			41,724.13	41,724.13	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	1.02	05/28/04	06/01/04	450,678.19	450,678.19		(267,145.10)		183,533.09	183,533.09	-	0.00
	1980 Single Family Surplus Rev Total				7,616,038.52	8,134,688.41	21,992.65	(3,786,482.37)	0.00	3,851,548.80	4,279,160.69	(91,038.00)	0.00
Repo Agmt	1982 A Single Family	1.02	05/28/04	06/01/04	1,872.36	1,872.36		(1,668.35)		204.01	204.01	-	0.00
GIC's	1982 A Single Family	6.08	11/14/96	09/30/29	28,997.27	28,997.27		(8,492.36)		20,504.91	20,504.91	-	0.00
	1982 A Single Family Total				30,869.63	30,869.63	0.00	(10,160.71)	0.00	20,708.92	20,708.92	0.00	0.00
Repo Agmt	1983 A&B Single Family	1.02	05/28/04	06/01/04	43,456.16	43,456.16		(21,001.35)		22,454.81	22,454.81	-	0.00
GIC's	1983 A&B Single Family	6.08	11/14/96	09/30/29	688,468.75	688,468.75	692,884.12			1,381,352.87	1,381,352.87	-	0.00
T- Note	1983 A&B Single Family	13.25	08/05/85	05/15/14	714.93	1,072.80	0.12			715.05	1,024.42	(48.50)	0.00
	1983 A&B Single Family Total				732,639.84	732,997.71	692,884.24	(21,001.35)	0.00	1,404,522.73	1,404,832.10	(48.50)	0.00
Repo Agmt	1984 A&B Single Family	1.02	05/28/04	06/01/04	38,008.60	38,008.60		(38,004.52)		4.08	4.08	-	0.00
T- Bond	1984 A&B Single Family	13.25	08/05/85	05/15/14	408.99	610.90	0.07			407.06	583.35	(27.62)	0.00
GIC's	1984 A&B Single Family	6.08	11/14/96	09/30/29			259,288.07			259,288.07	259,288.07	-	0.00
	1984 A&B Single Family Total				38,415.59	38,619.50	259,288.14	(38,004.52)	0.00	259,699.21	259,875.50	(27.62)	0.00
Repo Agmt	1985 A Single Family	1.02	05/28/04	06/01/04	24,114.25	24,114.25	9,917.45			34,031.70	34,031.70	-	0.00
GIC's	1985 A Single Family	6.08	11/14/96	09/30/29			609,143.00			609,143.00	609,143.00	-	0.00
	1985 A Single Family Total				24,114.25	24,114.25	619,060.45	0.00	0.00	643,174.70	643,174.70	0.00	0.00
Repo Agmt	1985 B&C Single Family	1.02	05/28/04	06/01/04	5,849.73	5,849.73		(5,846.96)		2.77	2.77	-	0.00
GIC's	1985 B&C Single Family	6.08	11/14/96	09/30/29			75,946.00			75,946.00	75,946.00	-	0.00
	1985 B&C Single Family Total				5,849.73	5,849.73	75,946.00	(5,846.96)	0.00	75,948.77	75,948.77	0.00	0.00
Repo Agmt	1987 B Single Family	1.02	05/28/04	06/01/04	83,105.47	83,105.47		(30,250.77)		52,854.70	52,854.70	-	0.00
GIC's	1987 B Single Family	6.08	11/14/96	09/30/29	359,321.96	359,321.96	585,283.20			944,605.16	944,605.16	-	0.00
T- Bond	1987 B Single Family	13.88	08/05/82	05/15/11	496,959.51	625,284.50	0.00			496,959.51	602,629.92	(22,654.58)	0.00
	1987 B Single Family Total				939,386.94	1,067,711.93	585,283.20	(30,250.77)	0.00	1,494,419.37	1,600,089.78	(22,654.58)	0.00
Repo Agmt	1995 A&B Single Family	1.02	05/28/04	06/01/04	8,668,007.34	8,668,007.34		(7,588,545.99)		1,079,461.35	1,079,461.35	-	0.00
GIC's	1995 A&B Single Family	6.08	11/14/96	09/30/29	1,025,117.61	1,025,117.61	2,332,395.99			3,357,513.60	3,357,513.60	-	0.00
Repo Agmt	1995 A&B Single Family	1.02	05/28/04	06/01/04	0.30	0.30	0.00			0.30	0.30	-	0.00
GIC's	1995 A&B Single Family	6.08	11/14/96	09/30/29	2,441.39	2,441.39	0.00			2,441.39	2,441.39	-	0.00
FNMA	1995 A&B Single Family	6.15	05/30/96	04/01/26	463,524.66	492,253.45		(3,544.25)		459,980.41	479,362.14	(9,347.06)	0.00
FNMA	1995 A&B Single Family	6.15	06/27/96	05/01/26	272,544.77	288,839.02		(3,666.42)		268,878.35	279,629.02	(5,543.58)	0.00
FNMA	1995 A&B Single Family	6.15	07/15/96	06/01/26	382,684.06	407,002.94		(2,438.81)		380,245.25	396,852.71	(7,711.42)	0.00
FNMA	1995 A&B Single Family	6.15	07/30/96	06/01/26	239,537.87	254,972.30		(1,420.65)		238,117.22	248,724.21	(4,827.44)	0.00
FNMA	1995 A&B Single Family	6.15	08/15/96	07/01/26	535,366.01	569,577.79		(54,004.14)		481,381.87	502,555.75	(13,017.90)	0.00
FNMA	1995 A&B Single Family	6.15	08/29/96	08/01/26	388,660.49	408,637.37		(2,427.93)		386,232.56	398,480.30	(7,729.14)	0.00
FNMA	1995 A&B Single Family	6.15	09/17/96	08/01/26	266,285.45	268,981.24		(2,738.57)		263,546.88	261,123.90	(5,118.77)	0.00
FNMA	1995 A&B Single Family	6.15	10/30/96	10/01/26	698,365.86	730,646.20		(55,790.51)		640,575.35	659,523.68	(15,332.01)	0.00
FNMA	1995 A&B Single Family	6.15	12/23/96	11/01/26	587,279.19	616,582.69		(145,673.95)		441,605.24	454,957.94	(15,950.80)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain	
FNMA	1995 A&B Single Family	6.15	03/27/97	01/01/27	321,648.99	337,351.77		(39,927.90)	281,721.09	289,941.51	(7,482.36)	0.00	
FNMA	1995 A&B Single Family	6.15	07/15/97	03/01/27	76,755.44	80,562.83		(1,311.84)	75,443.60	77,703.21	(1,547.78)	0.00	
FNMA	1995 A&B Single Family	6.15	09/29/97	07/01/27	333,358.32	351,086.32		(1,611.36)	331,746.96	342,833.67	(6,641.29)	0.00	
GNMA	1995 A&B Single Family	6.15	07/30/96	07/20/26	2,058,451.03	2,182,498.20		(81,210.02)	1,977,241.01	2,051,582.47	(49,705.71)	0.00	
GNMA	1995 A&B Single Family	6.15	03/28/96	03/20/26	646,146.93	685,293.60		(59,519.82)	586,627.11	608,867.69	(16,906.09)	0.00	
GNMA	1995 A&B Single Family	6.15	08/15/96	07/20/26	1,902,418.38	2,016,888.15		(54,783.64)	1,847,634.74	1,916,937.17	(45,167.34)	0.00	
GNMA	1995 A&B Single Family	6.15	04/29/96	04/20/26	909,541.90	964,332.20		(6,624.93)	902,916.97	936,845.14	(20,862.13)	0.00	
GNMA	1995 A&B Single Family	6.15	05/15/96	05/20/26	1,662,498.55	1,762,612.41		(149,408.42)	1,513,090.13	1,569,916.00	(43,287.99)	0.00	
GNMA	1995 A&B Single Family	6.15	05/30/96	05/20/26	1,223,562.19	1,297,689.27		(11,212.45)	1,212,349.74	1,258,312.73	(28,164.09)	0.00	
GNMA	1995 A&B Single Family	6.15	06/17/96	06/20/26	2,863,344.93	3,036,170.61		(241,531.36)	2,621,813.57	2,720,635.22	(74,004.03)	0.00	
GNMA	1995 A&B Single Family	6.15	06/27/96	06/20/26	747,632.48	792,507.56		(56,913.31)	690,719.17	716,527.35	(19,066.90)	0.00	
GNMA	1995 A&B Single Family	6.15	07/15/96	06/20/26	2,440,241.28	2,586,199.00		(134,549.46)	2,305,691.82	2,391,368.25	(60,281.29)	0.00	
GNMA	1995 A&B Single Family	6.15	08/29/96	08/20/26	1,819,479.44	1,916,689.31		(11,042.35)	1,808,437.09	1,864,335.20	(41,311.76)	0.00	
GNMA	1995 A&B Single Family	6.15	09/17/96	09/20/26	1,100,120.69	1,157,641.75		(138,253.05)	961,867.64	990,524.38	(28,864.32)	0.00	
GNMA	1995 A&B Single Family	6.15	07/15/96	06/20/26	2,440,241.28	2,586,199.00		(66,745.59)	2,305,691.82	2,391,368.25	(60,281.29)	0.00	
GNMA	1995 A&B Single Family	6.15	09/26/96	09/20/26	708,438.03	745,937.41		(11,042.35)	1,808,437.09	1,864,335.20	(41,311.76)	0.00	
GNMA	1995 A&B Single Family	6.15	10/30/96	10/20/26	2,536,365.74	2,669,305.68		(133,171.83)	2,403,193.91	2,475,100.16	(61,033.69)	0.00	
GNMA	1995 A&B Single Family	6.15	11/26/96	11/20/26	1,424,228.54	1,500,702.58		(66,867.46)	1,357,361.08	1,399,672.23	(34,162.89)	0.00	
GNMA	1995 A&B Single Family	6.15	12/23/96	12/20/26	804,135.12	845,879.25		(5,022.25)	799,112.87	822,827.98	(18,229.02)	0.00	
GNMA	1995 A&B Single Family	6.15	01/16/97	12/20/26	1,368,810.60	1,471,468.50		(87,215.53)	1,311,595.07	1,350,230.18	(34,022.79)	0.00	
GNMA	1995 A&B Single Family	6.15	01/30/97	01/20/27	1,086,981.31	1,144,921.91		(6,605.39)	1,080,375.92	1,113,650.07	(24,666.45)	0.00	
GNMA	1995 A&B Single Family	6.15	02/13/97	02/20/27	984,417.47	1,036,823.52		(6,933.01)	977,484.46	1,007,524.07	(22,366.44)	0.00	
GNMA	1995 A&B Single Family	6.15	02/27/97	02/20/27	482,081.84	506,934.13		(123,382.29)	358,699.55	369,131.93	(14,419.91)	0.00	
GNMA	1995 A&B Single Family	6.15	03/27/97	03/20/27	1,013,908.39	1,065,001.24		(80,082.04)	933,826.35	959,925.60	(24,993.60)	0.00	
GNMA	1995 A&B Single Family	6.15	04/29/97	04/20/27	432,296.76	453,608.99		(2,063.78)	430,232.98	441,797.65	(9,747.56)	0.00	
GNMA	1995 A&B Single Family	6.15	05/29/97	05/20/27	492,878.79	517,177.71		(4,309.16)	488,569.63	501,702.37	(11,166.18)	0.00	
GNMA	1995 A&B Single Family	6.15	06/26/97	06/20/27	309,266.32	324,718.09		(1,947.65)	307,318.67	315,778.75	(6,991.69)	0.00	
GNMA	1995 A&B Single Family	6.15	08/18/97	07/20/27	858,725.69	909,858.45		(84,195.49)	774,530.20	803,115.06	(22,547.90)	0.00	
GNMA	1995 A&B Single Family	6.15	09/29/97	08/20/27	1,162,903.38	1,221,211.54		(187,874.72)	975,028.66	1,002,043.13	(31,293.69)	0.00	
GNMA	1995 A&B Single Family	6.15	02/26/98	02/20/28	333,190.48	349,306.90		(132,653.81)	200,536.67	205,806.76	(10,846.33)	0.00	
GNMA	1995 A&B Single Family	6.15	03/26/98	01/20/28	369,175.92	387,032.96		(3,619.43)	365,556.49	375,163.35	(8,250.18)	0.00	
GNMA	1995 A&B Single Family	6.15	04/29/98	04/20/28	430,242.14	451,052.95		(2,370.48)	427,871.66	439,116.10	(9,566.37)	0.00	
GNMA	1995 A&B Single Family	6.15	06/25/98	05/20/28	765,565.97	802,596.40		(69,601.43)	695,964.54	714,254.52	(18,740.45)	0.00	
GNMA	1995 A&B Single Family	6.15	07/16/98	06/20/28	468,995.41	491,680.72		(59,312.33)	409,683.08	420,449.52	(11,918.87)	0.00	
GNMA	1995 A&B Single Family	6.15	09/10/98	07/20/28	610,575.94	640,109.50		(66,907.75)	543,668.19	557,955.83	(15,245.92)	0.00	
GNMA	1995 A&B Single Family	6.15	11/19/98	10/20/28	1,079,924.08	1,132,160.01		(168,121.60)	911,802.48	935,764.67	(28,273.74)	0.00	
1995 A&B Single Family Total					49,376,143.47	51,568,071.06	2,332,395.99	(7,588,545.99)	(2,618,608.16)	41,501,385.31	42,728,982.35	(964,330.55)	0.00
Repo Agmt	1996 A-C Single Family	1.02	05/28/04	06/01/04	3,892,487.56	3,892,487.56		(3,890,796.43)	1,691.13	1,691.13	-	0.00	
Inv Agmt	1996 A-C Single Family	6.13	11/15/96	09/01/28	131,652.30	131,652.30	1,241,033.50		1,372,685.80	1,372,685.80	-	0.00	
GNMA	1996 A-C Single Family	6.45	04/29/97	04/20/27	542,486.99	572,166.45		(2,454.41)	540,032.58	560,148.76	(9,563.28)	0.00	
GNMA	1996 A-C Single Family	6.45	05/29/97	05/20/27	361,473.60	381,249.82		(154,616.38)	206,857.22	214,562.67	(12,070.77)	0.00	
GNMA	1996 A-C Single Family	6.45	07/15/97	05/20/27	594,074.43	626,576.24		(3,266.90)	590,807.53	612,815.17	(10,494.17)	0.00	
GNMA	1996 A-C Single Family	6.45	08/28/97	08/20/27	434,766.06	458,552.11		(1,918.82)	432,847.24	448,970.78	(7,662.51)	0.00	
GNMA	1996 A-C Single Family	6.45	10/15/97	08/20/27	307,881.31	324,725.50		(1,386.68)	306,494.63	317,911.55	(5,427.27)	0.00	
GNMA	1996 A-C Single Family	6.45	11/25/97	10/20/27	384,940.55	406,000.65		(1,659.51)	383,281.04	397,558.24	(6,782.90)	0.00	
GNMA	1996 A-C Single Family	6.45	02/12/98	12/20/27	405,257.34	427,428.97		(1,773.45)	403,483.89	418,513.70	(7,141.82)	0.00	
GNMA	1996 A-C Single Family	6.45	04/16/98	02/20/28	561,257.60	591,571.12		(2,548.49)	558,709.11	579,258.70	(9,763.93)	0.00	
GNMA	1996 A-C Single Family	6.45	08/13/98	06/20/28	435,972.29	459,519.15		(81,112.43)	354,859.86	367,911.61	(10,495.11)	0.00	
GNMA	1996 A-C Single Family	6.45	12/15/98	09/20/28	580,319.01	611,662.04		(5,323.97)	574,995.04	596,143.34	(10,194.73)	0.00	
GNMA	1996 A-C Single Family	6.45	01/28/99	11/20/28	168,532.49	177,634.93		(655.83)	167,876.66	174,051.16	(2,927.94)	0.00	
GNMA	1996 A-C Single Family	5.45	03/18/99	02/20/29	557,232.15	571,318.98		(2,651.43)	554,580.72	550,693.11	(17,974.44)	0.00	
GNMA	1996 A-C Single Family	5.45	06/24/99	05/20/29	618,707.94	634,348.88		(2,778.03)	615,929.91	611,612.23	(19,958.62)	0.00	
GNMA	1996 A-C Single Family	5.45	07/29/99	06/20/29	838,518.68	859,716.43		(100,373.01)	738,145.67	732,971.25	(26,372.17)	0.00	
GNMA	1996 A-C Single Family	5.45	10/14/99	08/20/29	602,020.73	617,239.81		(2,815.70)	599,205.03	595,004.57	(19,419.54)	0.00	

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GNMA	1996 A-C Single Family	5.45	08/26/99	07/20/29	594,563.21	609,593.77			(2,673.35)	591,889.86	587,740.70	(19,179.72)	0.00
GNMA	1996 A-C Single Family	5.45	12/01/99	10/20/29	286,947.16	294,201.18			(69,398.24)	217,548.92	216,023.93	(8,779.01)	0.00
GNMA	1996 A-C Single Family	5.45	01/27/00	12/20/29	1,220,489.36	1,251,343.33			(5,640.88)	1,214,848.48	1,206,332.39	(39,370.06)	0.00
FNMA	1996 A-C Single Family	5.45	01/28/00	07/01/29	200,106.75	206,109.95			(1,171.28)	198,935.47	198,541.59	(6,397.08)	0.00
T- Bond	1996 A-C Single Family	13.88	08/05/82	05/15/11	440,978.49	554,846.13	0.00			440,978.49	534,743.59	(20,102.54)	0.00
Repo Agmt	1996 A-C Single Family	1.02	05/28/04	06/01/04	88,350.89	88,350.89				8,739.96	8,739.96	-	0.00
Inv Agmt	1996 A-C Single Family	6.13	02/26/97	09/01/28	788,408.18	788,408.18	104,687.60	(79,610.93)		893,095.78	893,095.78	-	0.00
GNMA	1996 A-C Single Family	5.45	03/18/99	02/20/29	114,763.42	117,664.64			(546.07)	114,217.35	113,416.67	(3,701.90)	0.00
GNMA	1996 A-C Single Family	5.45	06/24/99	05/20/29	127,424.50	130,645.79			(572.14)	126,852.36	125,963.14	(4,110.51)	0.00
GNMA	1996 A-C Single Family	5.45	07/29/99	06/20/29	172,695.05	177,060.78			(20,672.08)	152,022.97	150,957.32	(5,431.38)	0.00
GNMA	1996 A-C Single Family	5.45	10/14/99	08/20/29	123,987.69	127,122.10			(579.90)	123,407.79	122,542.73	(3,999.47)	0.00
GNMA	1996 A-C Single Family	5.45	08/26/99	07/20/29	122,451.78	125,547.36			(550.58)	121,901.20	121,046.72	(3,950.06)	0.00
GNMA	1996 A-C Single Family	5.45	12/01/99	10/20/29	69,097.55	60,591.54			(14,292.74)	44,804.81	44,490.69	(1,808.11)	0.00
GNMA	1996 A-C Single Family	5.45	01/27/00	12/20/29	251,362.92	257,717.37			(1,161.76)	250,201.16	248,447.27	(8,108.34)	0.00
GNMA	1996 A-C Single Family	6.15	11/12/02	11/20/32	17,660.84	6,363.65			(52.23)	17,608.61	18,243.75	11,932.33	0.00
GNMA	1996 A-C Single Family	5.40	11/12/02	10/20/32	19,324.06	18,679.18			(65.94)	19,258.12	19,240.80	627.56	0.00
GNMA	1996 A-C Single Family	6.15	01/10/03	09/20/32	16,516.21	19,942.86			(48.99)	16,467.22	17,060.86	(2,833.01)	0.00
GNMA	1996 A-C Single Family	5.40	09/26/02	09/20/32	12,253.85	17,468.19			(29.37)	12,224.48	12,213.50	(5,225.32)	0.00
GNMA	1996 A-C Single Family	6.15	10/10/02	09/20/32	19,774.38	12,645.95			(63.35)	19,711.03	20,422.04	7,839.44	0.00
GNMA	1996 A-C Single Family	5.40	10/10/02	09/20/32	8,401.35	20,914.61			(30.92)	8,370.43	8,362.92	(12,520.77)	0.00
GNMA	1996 A-C Single Family	6.15	10/21/02	10/20/32	11,370.59	8,670.39			(35.96)	11,334.63	11,743.86	3,109.43	0.00
GNMA	1996 A-C Single Family				5,534.29	12,026.24			(5,534.29)			(6,491.95)	0.00
GNMA	1996 A-C Single Family	6.15	10/29/02	10/20/32	6,688.56	5,711.50			(22.55)	6,666.01	6,906.47	1,217.52	0.00
GNMA	1996 A-C Single Family	5.40	10/29/02	09/20/32	2,981.88	7,074.24			(10.40)	2,971.48	2,968.84	(4,095.00)	0.00
GNMA	1996 A-C Single Family	6.15	11/05/02	10/20/32	5,736.51	3,077.39			(17.91)	5,718.60	5,924.94	2,865.46	0.00
GNMA	1996 A-C Single Family	5.40	11/05/02	09/20/32	7,493.97	6,067.32			(25.73)	7,468.24	7,461.54	1,419.95	0.00
GNMA	1996 A-C Single Family	6.15	11/19/02	11/20/32	9,323.71	7,733.95			(27.21)	9,296.50	9,631.83	1,925.09	0.00
GNMA	1996 A-C Single Family	5.40	11/19/02	11/20/32	10,357.44	9,861.31			(34.77)	10,322.67	10,313.42	486.88	0.00
GNMA	1996 A-C Single Family	6.15	11/26/02	11/20/32	54,876.32	10,689.12			(5,080.20)	49,796.12	51,592.35	45,983.43	0.00
GNMA	1996 A-C Single Family	5.40	11/26/02	11/20/32	19,756.03	58,040.62			(68.93)	19,687.10	19,669.39	(38,302.30)	0.00
GNMA	1996 A-C Single Family	6.15	11/26/02	11/20/32	15,110.04	20,388.66			(44.47)	15,065.57	15,608.99	(4,735.20)	0.00
GNMA	1996 A-C Single Family	5.40	11/26/02	11/20/32	7,627.07	15,981.33			(25.62)	7,601.45	7,594.61	(8,361.10)	0.00
GNMA	1996 A-C Single Family	6.15	12/12/02	12/20/32	17,988.33	7,871.30			(9,072.87)	8,915.46	9,237.03	10,438.60	0.00
GNMA	1996 A-C Single Family	5.40	12/12/02	12/20/32	5,667.32	19,025.56			(19.29)	5,648.03	5,642.99	(13,363.28)	0.00
GNMA	1996 A-C Single Family	6.15	12/19/02	12/20/32	18,277.60	5,848.81			(7,895.40)	10,582.20	10,963.92	12,810.51	0.00
GNMA	1996 A-C Single Family				5,703.11	19,331.54			(5,703.11)			(13,628.43)	0.00
GNMA	1996 A-C Single Family	6.15	12/30/02	12/20/32	14,802.25	5,885.74			(44.44)	14,757.81	15,290.12	9,448.82	0.00
GNMA	1996 A-C Single Family	5.40	12/30/02	12/20/32	15,486.18	15,655.78			(4,798.61)	10,687.57	10,677.94	(179.23)	0.00
GNMA	1996 A-C Single Family	6.15	12/30/02	12/20/32	16,999.94	15,982.07			(50.19)	16,949.75	17,561.17	1,629.29	0.00
GNMA	1996 A-C Single Family	5.40	12/30/02	12/20/32	10,282.38	17,980.20			(34.23)	10,248.15	10,238.94	(7,707.03)	0.00
GNMA	1996 A-C Single Family	6.15	01/07/03	12/20/32	6,016.73	10,611.63			(18.11)	5,998.62	6,214.97	(4,378.55)	0.00
GNMA	1996 A-C Single Family	6.15	01/23/03	01/20/33	28,215.17	29,842.41			(84.80)	28,130.37	29,140.55	(617.06)	0.00
GNMA	1996 A-C Single Family	5.40	01/23/03	01/20/33	14,710.89	15,180.78			(75.80)	14,635.09	14,615.42	(489.56)	0.00
GNMA	1996 A-C Single Family	6.15	01/23/03	01/20/33	9,812.41	10,378.31			(28.32)	9,784.09	10,135.44	(214.55)	0.00
GNMA	1996 A-C Single Family	5.40	01/23/03	01/20/33	5,355.23	5,526.26			(17.70)	5,337.53	5,330.33	(178.23)	0.00
GNMA	1996 A-C Single Family	6.15	01/30/03	01/20/33	21,334.49	22,564.89			(69.71)	21,264.78	22,028.39	(466.79)	0.00
GNMA	1996 A-C Single Family	5.40	01/30/03	01/20/33	27,767.01	28,653.94			(103.83)	27,663.18	27,626.04	(924.07)	0.00
GNMA	1996 A-C Single Family	6.15	02/12/03	02/20/33	33,935.81	35,892.97			(111.35)	33,824.46	35,039.09	(742.53)	0.00
GNMA	1996 A-C Single Family	6.15	02/20/03	02/20/33	17,035.14	18,017.60			(654.87)	16,380.27	16,968.49	(394.24)	0.00
GNMA	1996 A-C Single Family	5.40	03/03/03	03/20/33	6,129.09	6,324.89			(20.80)	6,108.29	6,100.10	(203.99)	0.00
GNMA	1996 A-C Single Family	6.15	02/27/03	02/20/33	30,779.89	32,555.04			(88.57)	30,691.32	31,793.46	(673.01)	0.00
GNMA	1996 A-C Single Family	5.40	02/27/03	01/20/33	5,564.86	5,742.60			(18.39)	5,546.47	5,539.00	(185.21)	0.00
GNMA	1996 A-C Single Family	6.15	02/27/03	02/27/23	4,736.52	5,009.71			(13.58)	4,722.94	4,892.57	(103.56)	0.00
GNMA	1996 A-C Single Family	6.15	03/12/03	02/20/33	21,749.40	23,003.73			(67.30)	21,682.10	22,460.71	(475.72)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	1996 A-C Single Family	6.15	03/24/03	03/20/33	16,747.54	17,713.42			(48.00)	16,699.56	17,299.25	(366.17)	0.00
GNMA	1996 A-C Single Family	5.40	03/24/03	02/20/33	5,761.44	5,945.47			(19.88)	5,741.56	5,733.85	(191.74)	0.00
GNMA	1996 A-C Single Family	6.15	04/02/03	04/20/33	21,326.30	22,556.24			(64.24)	21,262.06	22,025.59	(466.41)	0.00
GNMA	1996 A-C Single Family	6.15	04/02/03	03/20/33	8,303.49	8,782.36			(23.68)	8,279.81	8,577.13	(181.55)	0.00
GNMA	1996 A-C Single Family	6.15	04/10/03	03/20/33	22,715.25	24,025.30			(78.52)	22,636.73	23,449.61	(497.17)	0.00
GNMA	1996 A-C Single Family	6.15	04/10/03	03/20/33	7,202.67	7,618.05			(20.46)	7,182.21	7,440.08	(157.51)	0.00
GNMA	1996 A-C Single Family	5.40	04/10/03	01/20/33	4,739.10	4,890.47			(15.67)	4,723.43	4,717.10	(157.70)	0.00
GNMA	1996 A-C Single Family	6.15	04/17/03	04/20/33	16,523.89	17,476.87			(5,043.29)	11,480.60	11,892.87	(540.71)	0.00
GNMA	1996 A-C Single Family	5.40	04/24/03	03/20/33	5,677.96	5,859.32			(18.58)	5,659.38	5,651.75	(188.99)	0.00
GNMA	1996 A-C Single Family	6.15	04/24/03	04/20/33	8,807.92	9,315.89			(29.58)	8,778.34	9,093.58	(192.73)	0.00
GNMA	1996 A-C Single Family	6.15	04/29/03	03/20/33	4,567.56	4,831.00			(13.34)	4,554.22	4,717.79	(99.87)	0.00
GNMA	1996 A-C Single Family	6.15	05/08/03	04/20/33	5,322.92	5,629.91			(15.52)	5,307.40	5,497.99	(116.40)	0.00
GNMA	1996 A-C Single Family	6.15	05/08/03	04/20/33	10,289.59	10,883.01			(5,932.97)	4,356.62	4,513.06	(436.98)	0.00
GNMA	1996 A-C Single Family	5.40	05/08/03	03/20/33	5,774.15	5,958.59			(18.87)	5,755.28	5,747.55	(192.17)	0.00
GNMA	1996 A-C Single Family	6.15	05/15/03	04/20/33	9,323.99	9,861.73			(35.51)	9,288.48	9,622.04	(204.18)	0.00
GNMA	1996 A-C Single Family	6.15	05/22/03	05/20/33	3,320.80	3,512.32			(9.61)	3,311.19	3,430.10	(72.61)	0.00
GNMA	1996 A-C Single Family	6.15	06/10/03	06/20/33	3,292.19	3,482.06			(9.41)	3,282.78	3,400.68	(71.97)	0.00
GNMA	1996 A-C Single Family	6.15	06/10/03	06/20/33	8,764.78	9,270.26			(34.07)	8,730.71	9,044.23	(191.96)	0.00
GNMA	1996 A-C Single Family	5.40	06/10/03	04/20/33	6,795.98	7,013.04			(22.07)	6,773.89	6,764.81	(226.16)	0.00
GNMA	1996 A-C Single Family	6.15	06/19/03	05/20/33	4,245.89	4,490.74			(11.91)	4,233.98	4,386.00	(92.83)	0.00
GNMA	1996 A-C Single Family				4,719.96	4,992.15			(4,719.96)			(272.19)	0.00
GNMA	1996 A-C Single Family	6.15	06/19/03	06/20/33	3,817.12	4,037.25			(11.11)	3,806.01	3,942.65	(83.49)	0.00
GNMA	1996 A-C Single Family	6.15	06/26/03	04/20/33	4,814.50	5,092.19			(13.61)	4,800.89	4,973.33	(105.25)	0.00
GNMA	1996 A-C Single Family	6.15	07/17/03	07/20/33	2,697.04	2,852.59			(9.14)	2,687.90	2,784.43	(59.02)	0.00
GNMA	1996 A-C Single Family	6.15	07/17/03	07/20/33	4,963.10	5,249.36			(23.05)	4,940.05	5,117.46	(108.85)	0.00
GNMA	1996 A-C Single Family	6.15	07/24/03	07/20/33	8,265.91	8,742.62			(23.53)	8,242.38	8,538.35	(180.74)	0.00
GNMA	1996 A-C Single Family	6.15	07/30/03	07/30/33	2,511.55	2,656.42			(7.13)	2,504.42	2,594.39	(54.90)	0.00
GNMA	1996 A-C Single Family	6.15	09/04/03	08/20/33	2,867.26	3,032.61			(7.88)	2,859.38	2,962.03	(62.70)	0.00
GNMA	1996 A-C Single Family	6.15	09/18/03	07/20/33	5,075.09	5,367.77			(14.05)	5,061.04	5,242.76	(110.96)	0.00
GNMA	1996 A-C Single Family	6.15	09/29/03	09/20/33	17,749.41	18,773.04			(48.93)	17,700.48	18,335.08	(388.03)	0.00
GNMA	1996 A-C Single Family	6.15	10/09/03	08/20/33	7,932.58	8,390.07			(21.90)	7,910.68	8,194.77	(173.40)	0.00
GNMA	1996 A-C Single Family	6.15	10/09/03	10/20/33	5,390.98	5,701.88			(14.66)	5,376.32	5,569.37	(117.85)	0.00
GNMA	1996 A-C Single Family	6.15	01/15/04	12/20/33	3,398.36	3,594.35			(9.86)	3,388.50	3,510.18	(74.31)	0.00
GNMA	1996 A-C Single Family	6.15	02/26/04	02/20/34	5,499.07	5,499.07			(14.65)	5,484.42	5,680.02	195.60	0.00
GNMA	1996 A-C Single Family	6.15	03/11/04	03/20/34			5,363.76			5,363.76	5,555.06	191.30	0.00
GNMA	1996 A-C Single Family	6.15	04/08/04	04/20/34			2,064.08			2,064.08	2,137.70	73.62	0.00
FNMA	1996 A-C Single Family	5.40	08/14/03	09/01/32	5,967.93	6,121.87			(20.23)	5,947.70	5,900.95	(200.69)	0.00
FNMA	1996 A-C Single Family	6.15	08/14/03	12/01/31	3,450.71	3,628.09			(18.31)	3,432.40	3,536.03	(73.75)	0.00
FNMA	1996 A-C Single Family	6.15	04/15/04	02/01/34			5,324.87			5,324.87	5,490.46	165.59	0.00
	1996 A-C Single Family Total				16,866,966.79	17,434,123.60	1,358,473.81	(3,970,407.36)	(539,047.35)	13,715,985.89	13,960,114.11	(323,028.59)	0.00
Repo Agmt	1996 D&E Single Family	1.02	05/28/04	06/01/04	284,462.18	284,462.18	719.47			285,181.65	285,181.65	-	0.00
Repo Agmt	1996 D&E Single Family	1.02	05/28/04	06/01/04	13,652,276.11	13,652,276.11		(13,538,544.87)		113,731.24	113,731.24	-	0.00
GIC's	1996 D&E Single Family	6.08	11/14/96	09/30/29			4,446,293.61			4,446,293.61	4,446,293.61	-	0.00
T-Bond	1996 D&E Single Family	13.25	08/05/85	05/15/14	935,460.00	1,403,386.30	158.35			935,618.35	1,340,102.05	(63,442.60)	0.00
FNMA	1996 D&E Single Family	6.25	04/15/97	03/01/27	585,712.87	614,910.66			(46,699.92)	539,012.95	556,099.66	(12,111.08)	0.00
FNMA	1996 D&E Single Family	6.25	05/29/97	05/01/27	699,171.19	734,024.87			(66,131.28)	633,039.91	653,107.28	(14,788.31)	0.00
FNMA	1996 D&E Single Family	6.25	06/26/97	05/01/27	335,031.98	351,733.32			(2,018.17)	333,013.81	343,570.34	(6,144.81)	0.00
FNMA	1996 D&E Single Family	6.25	08/18/97	06/01/27	367,291.90	387,430.51			(61,410.89)	305,881.01	317,088.49	(8,931.13)	0.00
FNMA	1996 D&E Single Family	6.25	09/29/97	08/01/27	500,702.66	528,156.18			(87,967.96)	412,734.70	427,857.27	(12,330.95)	0.00
FNMA	1996 D&E Single Family	6.25	01/29/98	11/01/27	659,506.92	695,667.68			(85,869.83)	573,637.09	594,855.15	(15,142.70)	0.00
GNMA	1996 D&E Single Family	6.25	03/18/97	02/20/27	4,190,001.08	4,404,110.14			(380,132.15)	3,809,868.93	3,925,422.26	(98,555.73)	0.00
GNMA	1996 D&E Single Family	6.25	04/15/97	04/20/27	1,751,062.81	1,840,542.12			(71,196.05)	1,679,866.76	1,730,817.12	(38,528.95)	0.00
GNMA	1996 D&E Single Family	6.25	04/29/97	04/20/27	1,802,514.50	1,894,622.99			(294,722.13)	1,507,792.37	1,553,523.65	(46,377.21)	0.00

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GNMA	1996 D&E Single Family	6.25	05/15/97	05/20/27	1,758,994.24	1,848,878.85			(142,194.96)	1,616,799.28	1,665,838.77	(40,847.12)	0.00
GNMA	1996 D&E Single Family	6.25	06/17/97	06/20/27	2,704,560.24	2,842,763.27			(266,724.05)	2,437,836.19	2,511,775.71	(64,263.51)	0.00
GNMA	1996 D&E Single Family	6.25	06/26/97	06/20/27	556,459.43	584,894.51			(4,382.88)	552,078.55	568,821.08	(11,690.55)	0.00
GNMA	1996 D&E Single Family	6.25	07/15/97	06/20/27	1,035,322.06	1,088,227.02			(5,750.43)	1,029,571.63	1,060,798.56	(21,678.03)	0.00
GNMA	1996 D&E Single Family	6.25	07/30/97	07/20/27	1,438,541.97	1,512,051.46			(181,406.14)	1,257,135.83	1,295,264.76	(35,380.56)	0.00
GNMA	1996 D&E Single Family	6.25	08/18/97	07/20/27	2,091,960.34	2,198,859.51			(137,297.63)	1,954,662.71	2,013,947.67	(47,614.21)	0.00
GNMA	1996 D&E Single Family	6.25	08/28/97	08/20/27	2,784,932.39	2,927,242.44			(87,102.26)	2,697,830.13	2,779,655.29	(60,484.89)	0.00
GNMA	1996 D&E Single Family	6.25	09/18/97	09/20/27	872,919.79	917,525.99			(82,626.41)	790,293.38	814,262.97	(20,636.61)	0.00
GNMA	1996 D&E Single Family	6.25	09/29/97	09/20/27	1,016,207.82	1,068,136.04			(6,928.79)	1,009,279.03	1,039,890.45	(21,316.80)	0.00
GNMA	1996 D&E Single Family	6.25	10/15/97	09/20/27	712,896.89	749,325.92			(4,462.15)	708,434.74	729,921.61	(14,942.16)	0.00
GNMA	1996 D&E Single Family	6.25	10/30/97	10/20/27	1,034,470.13	1,087,331.55			(6,479.40)	1,027,990.73	1,059,169.68	(21,682.47)	0.00
GNMA	1996 D&E Single Family	6.25	11/17/97	10/20/27	973,370.79	1,023,110.04			(5,424.10)	967,946.69	997,304.52	(20,381.42)	0.00
GNMA	1996 D&E Single Family	6.25	11/25/97	11/20/27	709,407.12	745,657.82			(3,950.53)	705,456.59	728,853.07	(14,854.22)	0.00
GNMA	1996 D&E Single Family	6.25	12/17/97	11/20/27	1,221,784.45	1,284,217.64			(74,772.85)	1,147,011.60	1,181,800.46	(27,644.33)	0.00
GNMA	1996 D&E Single Family	6.25	01/29/98	01/20/28	2,202,826.15	2,313,518.16			(141,458.99)	2,061,367.16	2,122,734.06	(49,325.11)	0.00
GNMA	1996 D&E Single Family	6.25	04/29/98	04/20/28	1,265,340.35	1,328,923.70			(8,116.74)	1,257,223.61	1,294,651.18	(26,155.78)	0.00
GNMA	1996 D&E Single Family	6.25	07/06/98	05/20/28	486,898.83	511,365.50			(131,816.69)	355,082.14	365,652.75	(13,896.06)	0.00
GNMA	1996 D&E Single Family	6.25	08/27/98	07/20/28	1,002,128.17	1,052,485.11			(91,188.38)	910,939.79	938,058.47	(23,238.26)	0.00
GNMA	1996 D&E Single Family	6.25	09/24/98	08/20/28	342,940.54	360,173.30			(1,516.90)	341,423.64	351,587.79	(7,068.61)	0.00
GNMA	1996 D&E Single Family	6.25	10/01/98	08/20/28	610,541.16	641,220.85			(94,484.98)	518,056.18	531,419.17	(15,316.70)	0.00
GNMA	1996 D&E Single Family	6.25	10/29/98	09/20/28	328,474.21	344,980.04			(1,808.74)	326,665.47	336,390.29	(6,781.01)	0.00
GNMA	1996 D&E Single Family	6.25	12/29/98	10/20/28	1,460,547.66	1,533,940.18			(9,845.65)	1,450,702.01	1,493,889.43	(30,205.10)	0.00
GNMA	1996 D&E Single Family	6.25	10/20/99	07/20/29	259,913.78	272,873.08			(1,084.01)	258,829.77	266,441.96	(5,347.11)	0.00
GNMA	1996 D&E Single Family	6.25	11/23/99	10/20/29	183,775.37	192,938.41			(688.35)	183,087.02	188,471.61	(3,778.45)	0.00
GNMA	1996 D&E Single Family	6.25	01/27/00	12/20/29	478,276.07	502,122.91			(2,897.93)	475,378.14	489,359.04	(9,865.94)	0.00
FNMA	1996 D&E Single Family	6.25	01/28/00	09/01/29	272,605.83	287,421.96			(1,521.91)	271,083.92	280,729.09	(5,170.96)	0.00
T- Bond	1996 D&E Single Family	13.88	08/05/82	05/15/11	562,094.30	707,201.75	0.00			562,094.30	681,579.22	(25,622.53)	0.00
Repo Agmt	1996 D&E Single Family	1.02	05/28/04	06/01/04	497.31	497.31		(434.56)		62.75	62.75	-	0.00
GIC's	1996 D&E Single Family	6.08	04/06/98	09/30/29	2,960,762.21	2,960,762.21	559.00			2,961,321.21	2,961,321.21	-	0.00
FNMA	1996 D&E Single Family	5.45	01/28/00	07/01/29	41,212.52	42,448.90			(241.22)	40,971.30	40,890.16	(1,317.52)	0.00
GNMA	1996 D&E Single Family	5.40	08/29/02	08/20/32	14,440.03	14,903.84			(47.66)	14,392.37	14,376.92	(479.26)	0.00
GNMA	1996 D&E Single Family	6.15	09/12/02	08/20/32	3,256.70	3,444.06			(10.35)	3,246.35	3,367.07	(66.64)	0.00
GNMA	1996 D&E Single Family	6.15	09/19/02	09/20/32	7,753.59	8,200.09			(23.62)	7,729.97	8,016.45	(160.02)	0.00
GNMA	1996 D&E Single Family	5.40	09/19/02	09/20/32	18,045.49	18,623.13			(99.10)	17,946.39	17,965.77	(558.26)	0.00
1996 D&E Single Family Total					57,177,352.13	59,767,589.61	4,447,730.43	(13,538,979.43)	(2,592,502.18)	45,493,600.95	47,119,716.76	(964,121.67)	0.00
Repo Agmt	1997 A-C Single Family	1.02	05/28/04	06/01/04	27.06	27.06	0.00			27.06	27.06	-	0.00
Repo Agmt	1997 A-C Single Family	1.02	05/28/04	06/01/04	7,179,820.12	7,179,820.12		(7,161,316.51)		28,503.61	28,503.61	-	0.00
GIC's	1997 A-C Single Family	6.14	09/17/97	08/31/29	531,473.85	531,473.85	3,205,510.34			3,736,984.19	3,736,984.19	-	0.00
FNMA	1997 A-C Single Family	6.25	02/20/98	01/01/28	325,179.94	341,390.16			(1,871.77)	323,308.17	333,557.08	(5,961.31)	0.00
FNMA	1997 A-C Single Family	6.25	03/27/98	03/01/28	444,816.18	466,776.75			(2,360.14)	442,456.04	456,012.92	(8,403.69)	0.00
FNMA	1997 A-C Single Family	6.25	06/29/98	05/01/28	509,008.06	534,137.79			(47,647.66)	461,360.40	475,496.49	(10,993.64)	0.00
GNMA	1997 A-C Single Family	6.25	02/20/98	01/20/28	4,823,751.93	5,066,145.46			(249,999.74)	4,573,752.19	4,709,912.78	(106,232.94)	0.00
FNMA	1997 A-C Single Family	6.25	11/30/98	09/01/28	486,766.11	510,797.75			(2,441.27)	484,324.84	499,164.58	(9,191.90)	0.00
GNMA	1997 A-C Single Family	6.25	03/27/98	03/20/28	5,705,107.31	5,991,788.95			(203,206.49)	5,501,900.82	5,665,692.42	(122,890.04)	0.00
GNMA	1997 A-C Single Family	6.25	05/19/98	05/20/28	4,454,129.62	4,677,949.63			(317,746.46)	4,136,383.16	4,259,523.27	(100,679.90)	0.00
GNMA	1997 A-C Single Family	5.45	07/28/00	06/20/30	2,182,859.54	2,236,208.63			(71,885.45)	2,110,974.09	2,095,606.19	(68,716.99)	0.00
GNMA	1997 A-C Single Family	6.25	08/14/98	07/20/28	2,445,554.01	2,568,443.10			(80,970.65)	2,364,583.36	2,434,977.01	(52,495.44)	0.00
GNMA	1997 A-C Single Family	6.25	06/29/98	06/20/28	1,333,315.42	1,400,314.52			(51,553.68)	1,281,761.74	1,319,919.81	(28,841.03)	0.00
GNMA	1997 A-C Single Family	6.25	09/18/98	09/20/28	2,011,932.92	2,113,032.55			(48,357.76)	1,963,575.16	2,022,030.78	(42,644.01)	0.00
FNMA	1997 A-C Single Family	6.25	03/31/99	11/01/28	213,362.72	223,896.44			(1,682.48)	211,680.24	218,166.10	(4,047.86)	0.00
GNMA	1997 A-C Single Family	6.25	11/30/98	11/20/28	1,289,745.46	1,354,555.17			(49,074.40)	1,240,671.06	1,277,605.84	(27,874.93)	0.00
GNMA	1997 A-C Single Family	6.25	11/30/98	10/20/28	1,044,031.16	1,096,493.73			(77,591.17)	966,439.99	995,210.89	(23,691.67)	0.00
GNMA	1997 A-C Single Family	6.25	11/30/98	10/20/28	569,730.56	598,359.52			(2,363.41)	567,367.15	584,257.70	(11,738.41)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain	
FNMA	1997 A-C Single Family	6.25	05/27/99	11/01/28	327,358.11	343,676.91			(35,997.97)	291,360.14	300,596.23	(7,082.71)	0.00
GNMA	1997 A-C Single Family	6.25	02/16/99	02/20/29	2,702,021.42	2,836,744.21			(125,394.81)	2,576,626.61	2,652,405.22	(58,944.18)	0.00
GNMA	1997 A-C Single Family	6.25	03/31/99	02/20/29	400,707.10	420,686.36			(1,725.86)	398,981.24	410,715.30	(8,245.20)	0.00
GNMA	1997 A-C Single Family	6.25	05/27/99	05/20/29	735,065.71	771,716.09			(126,323.34)	608,742.37	626,645.48	(18,747.27)	0.00
GNMA	1997 A-C Single Family	5.45	07/30/99	07/20/29	1,417,050.31	1,452,873.34			(140,155.76)	1,276,894.55	1,267,943.53	(44,774.05)	0.00
GNMA	1997 A-C Single Family	5.45	08/26/99	08/20/29	1,205,832.04	1,236,315.47			(67,690.66)	1,138,141.38	1,130,162.99	(38,461.82)	0.00
FNMA	1997 A-C Single Family	5.45	09/20/99	08/01/29	235,184.85	241,064.47			(1,123.31)	234,061.54	232,440.10	(7,501.06)	0.00
GNMA	1997 A-C Single Family	5.45	09/20/99	09/20/29	786,157.50	806,031.56			(80,361.50)	705,796.00	700,848.41	(24,821.65)	0.00
FNMA	1997 A-C Single Family	5.45	12/20/99	12/01/29	537,105.08	550,532.71			(2,957.88)	534,147.20	530,445.57	(17,129.26)	0.00
FNMA	1997 A-C Single Family	5.45	01/19/00	12/01/29	329,277.39	337,509.32			(2,097.34)	327,180.05	324,912.67	(10,499.31)	0.00
GNMA	1997 A-C Single Family	5.45	10/28/99	10/20/29	2,147,570.72	2,201,861.31			(69,761.49)	2,077,809.23	2,063,243.74	(68,856.08)	0.00
GNMA	1997 A-C Single Family	5.45	11/18/99	11/20/29	615,151.30	630,702.32			(72,881.20)	542,270.10	538,468.80	(19,352.32)	0.00
GNMA	1997 A-C Single Family	5.45	12/30/99	12/20/29	4,567,565.77	4,683,033.83			(82,357.35)	4,485,208.42	4,453,767.11	(146,909.37)	0.00
GNMA	1997 A-C Single Family	5.45	01/28/00	01/20/30	1,308,236.51	1,340,209.81			(82,747.13)	1,225,489.38	1,216,567.83	(40,894.85)	0.00
GNMA	1997 A-C Single Family	5.45	02/22/00	01/20/30	487,001.77	498,904.09			(82,395.27)	404,606.50	401,660.94	(14,847.88)	0.00
GNMA	1997 A-C Single Family	5.45	03/27/00	02/20/30	698,844.48	715,924.24			(3,255.31)	695,589.17	690,525.29	(22,143.64)	0.00
FNMA	1997 A-C Single Family	5.45	04/27/00	03/01/30	330,327.93	337,951.90			(2,289.40)	328,039.53	325,345.32	(10,317.18)	0.00
GNMA	1997 A-C Single Family	5.45	04/27/00	04/20/30	1,196,457.49	1,225,698.91			(8,375.64)	1,188,081.85	1,179,432.62	(37,890.65)	0.00
GNMA	1997 A-C Single Family	5.45	05/30/00	04/20/30	195,989.19	200,779.17			(814.24)	195,174.95	193,754.11	(6,210.82)	0.00
GNMA	1997 A-C Single Family	5.45	06/21/00	05/20/30	891,066.01	912,843.66			(61,670.57)	829,395.44	823,357.39	(27,815.70)	0.00
GNMA	1997 A-C Single Family	5.45	09/18/00	09/20/30	1,891,453.14	1,937,680.25			(64,958.31)	1,826,494.83	1,813,197.97	(59,523.97)	0.00
FNMA	1997 A-C Single Family	5.45	07/24/00	06/01/30	398,648.35	407,849.15			(79,683.03)	318,965.32	316,346.61	(11,819.51)	0.00
1997 A-C Single Family Total					58,954,684.14	60,982,200.26	3,205,510.34	(7,151,316.51)	(2,403,769.90)	52,605,108.07	53,305,431.95	(1,327,192.24)	0.00
Repo Agmt	1997 D-F Single Family	1.02	05/28/04	06/01/04	16,107.13	16,107.13	40.73			16,147.86	16,147.86	-	0.00
Repo Agmt	1997 D-F Single Family	1.02	05/28/04	06/01/04	5,949,645.17	5,949,645.17		(5,919,225.47)		30,419.70	30,419.70	-	0.00
Repo Agmt	1997 D-F Single Family	1.02	05/28/04	06/01/04	18.97	18.97	0.00			18.97	18.97	-	0.00
GIC's	1997 D-F Single Family	5.91	12/04/97	03/01/30	107,427.71	107,427.71	0.00			107,427.71	107,427.71	-	0.00
GIC's	1997 D-F Single Family	5.91	12/04/97	03/01/30	989,802.56	989,802.56	2,289,879.45			3,279,682.01	3,279,682.01	-	0.00
FNMA	1997 D-F Single Family	6.25	06/29/98	06/01/28	434,880.43	456,350.48			(3,463.94)	431,416.49	444,635.79	(8,250.75)	0.00
FNMA	1997 D-F Single Family	6.25	11/30/98	10/01/28	242,763.10	254,748.31			(1,102.40)	241,660.70	249,065.16	(4,580.75)	0.00
GNMA	1997 D-F Single Family	6.25	05/19/98	05/20/28	2,125,746.89	2,232,565.67			(80,526.49)	2,045,220.40	2,106,106.64	(45,932.54)	0.00
GNMA	1997 D-F Single Family	5.45	07/24/00	06/20/30	2,648,787.72	2,713,524.09			(233,405.07)	2,415,382.65	2,397,798.67	(82,320.35)	0.00
GNMA	1997 D-F Single Family	6.25	08/14/98	07/20/28	1,058,707.19	1,111,907.23			(118,188.23)	940,518.96	968,518.23	(25,200.77)	0.00
GNMA	1997 D-F Single Family	5.45	08/28/00	08/20/30	383,126.81	392,490.43			(1,932.36)	381,194.45	378,419.36	(12,138.71)	0.00
GNMA	1997 D-F Single Family	6.25	06/30/98	06/20/28	1,492,556.54	1,567,557.51			(161,030.46)	1,331,526.08	1,371,165.62	(35,361.43)	0.00
GNMA	1997 D-F Single Family	6.25	09/18/98	08/20/28	2,546,650.33	2,674,619.51			(11,841.72)	2,534,808.61	2,610,269.93	(52,507.86)	0.00
FNMA	1997 D-F Single Family	6.25	03/31/99	11/01/28	290,548.11	304,892.47			(1,193.61)	289,354.50	298,220.32	(5,478.54)	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	11/20/28	2,072,891.30	2,177,054.09			(264,124.81)	1,808,766.49	1,862,613.42	(50,315.86)	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	10/20/28	1,278,126.28	1,342,352.13			(91,068.41)	1,187,057.87	1,222,396.59	(28,887.13)	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	10/20/28	686,621.32	721,124.04			(4,192.02)	682,429.30	702,745.22	(14,186.80)	0.00
FNMA	1997 D-F Single Family	6.25	05/27/99	04/01/29	227,468.48	238,562.12			(932.51)	226,535.97	233,284.47	(4,345.14)	0.00
GNMA	1997 D-F Single Family	6.25	02/16/99	02/20/29	3,567,368.90	3,745,237.91			(68,127.20)	3,499,241.70	3,602,154.42	(74,956.29)	0.00
GNMA	1997 D-F Single Family	6.25	03/31/99	03/20/29	1,497,090.56	1,571,735.50			(8,606.19)	1,488,484.37	1,532,260.71	(30,868.60)	0.00
GNMA	1997 D-F Single Family	6.25	05/27/99	04/20/29	1,333,645.42	1,400,140.98			(80,142.56)	1,253,502.86	1,290,368.38	(29,630.04)	0.00
GNMA	1997 D-F Single Family	5.45	06/22/99	06/20/29	1,066,448.91	1,093,408.74			(5,574.36)	1,060,874.55	1,053,437.80	(34,396.58)	0.00
GNMA	1997 D-F Single Family	5.45	07/30/99	07/20/29	1,694,614.54	1,737,454.40			(8,222.31)	1,686,392.23	1,674,570.59	(54,661.50)	0.00
GNMA	1997 D-F Single Family	5.45	08/26/99	08/20/29	1,371,008.59	1,405,667.69			(6,216.34)	1,364,792.25	1,355,225.03	(44,226.32)	0.00
GNMA	1997 D-F Single Family	5.45	09/30/99	09/20/29	912,044.72	935,101.21			(60,146.72)	851,898.00	845,926.19	(29,028.30)	0.00
FNMA	1997 D-F Single Family	5.45	12/21/99	11/01/29	509,009.89	521,735.14			(4,829.49)	504,180.40	500,686.42	(16,219.23)	0.00
FNMA	1997 D-F Single Family	5.45	10/29/99	10/20/29	1,986,283.08	2,036,496.32			(46,587.40)	1,939,695.68	1,926,098.43	(63,810.49)	0.00
GNMA	1997 D-F Single Family	5.45	11/18/99	11/20/29	2,269,192.95	2,326,558.15			(43,136.50)	2,226,056.45	2,210,451.81	(72,969.84)	0.00
GNMA	1997 D-F Single Family	5.45	12/30/99	12/20/29	3,015,273.80	3,091,499.92			(91,268.36)	2,924,005.44	2,903,508.21	(96,723.35)	0.00
GNMA	1997 D-F Single Family	5.45	01/28/00	01/20/30	2,310,976.49	2,367,456.76			(70,356.13)	2,240,620.36	2,224,308.65	(72,791.98)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	1997 D-F Single Family	5.45	02/22/00	01/20/30	1,553,807.59	1,591,782.65			(99,995.06)	1,453,812.53	1,443,228.77	(48,558.82)	0.00
GNMA	1997 D-F Single Family	5.45	03/27/00	02/20/30	809,954.16	829,749.44			(3,462.57)	806,491.59	800,620.33	(25,666.54)	0.00
FNMA	1997 D-F Single Family	5.45	02/23/00	01/01/30	293,296.20	300,628.60			(2,006.96)	291,289.24	289,270.59	(9,351.05)	0.00
GNMA	1997 D-F Single Family	5.45	04/27/00	03/20/30	888,829.20	910,552.19			(4,019.37)	884,809.83	878,368.42	(28,164.40)	0.00
GNMA	1997 D-F Single Family	5.45	05/30/00	05/20/30	878,395.74	899,863.73			(6,702.55)	871,693.19	865,347.28	(27,813.90)	0.00
GNMA	1997 D-F Single Family	5.45	06/21/00	06/20/30	1,622,536.65	1,662,191.45			(75,814.39)	1,546,722.26	1,535,462.12	(50,914.94)	0.00
FNMA	1997 D-F Single Family	5.45	05/30/00	05/01/30	295,523.33	302,344.01			(1,266.58)	294,256.75	291,840.89	(9,236.54)	0.00
GNMA	1997 D-F Single Family	5.45	10/23/00	09/20/30	331,066.16	339,157.42			(1,361.24)	329,704.92	327,304.70	(10,491.48)	0.00
GNMA	1997 D-F Single Family	5.45	10/30/00	10/20/30	477,070.42	488,730.02			(2,137.98)	474,932.44	471,474.94	(15,117.10)	0.00
FNMA	1997 D-F Single Family	5.45	07/24/00	06/01/30	756,375.70	773,832.85			(49,604.31)	706,771.39	700,968.79	(23,259.75)	0.00
GNMA	1997 D-F Single Family	5.45	12/21/00	05/20/30	194,288.59	199,037.00			(793.27)	193,495.32	192,086.65	(6,157.08)	0.00
FNMA	1997 D-F Single Family	5.45	10/06/00	09/01/30	337,778.12	345,574.04			(1,604.96)	336,173.16	333,413.17	(10,555.91)	0.00
FNMA	1997 D-F Single Family	5.45	10/30/00	08/01/30	372,201.24	380,791.64			(1,971.96)	370,229.28	367,189.71	(11,629.97)	0.00
FNMA	1997 D-F Single Family	5.45	02/12/01	02/01/30	126,012.85	129,163.17			(553.04)	125,459.81	124,590.37	(4,019.78)	0.00
Repo Agmt	1997 D-F Single Family	1.02	05/28/04	06/01/04	775,506.49	775,506.49	0.00			775,506.49	775,506.49	-	0.00
1997 D-F Single Family Total					53,797,476.33	55,412,147.04	2,289,920.18	(5,919,225.47)	(1,717,509.83)	48,450,661.21	48,794,605.53	(1,270,726.39)	0.00
Repo Agmt	2002A Single Family (JR Lien)	1.02	05/28/04	06/01/04	56,242.16	56,242.16		(30,319.42)		25,922.74	25,922.74	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	1.02	05/28/04	06/01/04	1,722,464.00	1,722,464.00		(573,513.80)		1,148,950.20	1,148,950.20	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	1.02	05/28/04	06/01/04	1,968,800.00	1,968,800.00		(82,666.68)		1,886,133.32	1,886,133.32	-	0.00
T- Bond	2002A Single Family (JR Lien)	13.88	03/27/02	05/15/11	300,000.00	377,909.94	0.00			300,000.00	364,217.94	(13,692.00)	0.00
Repo Agmt	2002A Single Family (JR Lien)	1.02	05/28/04	06/01/04	199,974.91	199,974.91	9,330.75			209,305.66	209,305.66	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	1.02	05/28/04	06/01/04	140,136.24	140,136.24		(10,150.00)		129,986.24	129,986.24	-	0.00
2002A Single Family (JR Lien) Total					4,387,617.31	4,465,527.25	9,330.75	(696,649.90)	0.00	3,700,298.16	3,764,516.10	(13,692.00)	0.00
GIC's	2004 A/B Single Family	1.28	05/01/04	11/01/05			3,371,000.00			3,371,000.00	3,371,000.00	-	0.00
GIC's	2004 A/B Single Family	1.28	04/28/04	03/01/06			174,857,323.54			174,857,323.54	174,857,323.54	-	0.00
Repo Agmt	2004 A/B Single Family	1.02	05/28/04	06/01/04			341,518.24			341,518.24	341,518.24	-	0.00
2004 A/B Single Family Total					0.00	0.00	178,569,841.78	0.00	0.00	178,569,841.78	178,569,841.78	0.00	0.00
Repo Agmt	2002 A-D SF MRB	1.02	05/28/04	06/01/04	208,293.71	208,293.71	2,593.90			210,887.61	210,887.61	-	0.00
Repo Agmt	2002 A-D SF MRB	1.02	05/28/04	06/01/04	1,121,911.08	1,121,911.08	2,267,044.41			3,388,955.49	3,388,955.49	-	0.00
Repo Agmt	2002 A-D SF MRB	1.02	05/28/04	06/01/04	2,538,669.51	2,538,669.51		(2,528,926.74)		9,742.77	9,742.77	-	0.00
Repo Agmt	2002 A-D SF MRB	1.02	05/28/04	06/01/04	578,977.34	578,977.34		(512,870.05)		66,107.29	66,107.29	-	0.00
GIC's	2002 A-D SF MRB	5.01	06/26/02	03/01/34			1,679,395.00			1,679,395.00	1,679,395.00	-	0.00
GIC's	2002 A-D SF MRB	4.51	06/26/02	03/01/34	223,174.67	223,174.67	154,155.88			377,330.55	377,330.55	-	0.00
Repo Agmt	2002 A-D SF MRB	1.02	05/28/04	06/01/04	98,822.56	98,822.56	249.95			99,072.51	99,072.51	-	0.00
Repo Agmt	2002 A-D SF MRB	1.02	05/28/04	06/01/04			682,688.05			682,688.05	682,688.05	-	0.00
Repo Agmt	2002 A-D SF MRB	1.02	05/28/04	06/01/04	684,038.39	684,038.39		(684,037.93)		0.46	0.46	-	0.00
GNMA	2002 A-D SF MRB	5.40	08/29/02	08/20/32	290,841.43	211,389.03			(989.37)	289,852.06	289,591.56	79,191.90	0.00
GNMA	2002 A-D SF MRB	6.15	11/12/02	11/20/32	351,812.18	300,153.09			(1,040.35)	350,771.83	363,424.78	64,312.04	0.00
GNMA	2002 A-D SF MRB	5.40	11/12/02	10/20/32	384,944.90	372,098.44			(1,313.73)	383,631.17	383,286.38	12,501.67	0.00
GNMA	2002 A-D SF MRB	6.15	09/12/02	08/20/32	65,610.12	397,271.67			(202.11)	65,408.01	67,767.38	(329,302.18)	0.00
GNMA	2002 A-D SF MRB	6.15	09/19/02	09/20/32	156,196.14	69,393.77			(470.53)	155,725.61	161,342.89	92,419.65	0.00
GNMA	2002 A-D SF MRB	5.40	09/19/02	09/20/32	363,942.36	165,203.39			(2,029.19)	361,913.17	361,587.89	198,413.69	0.00
GNMA	2002 A-D SF MRB	6.15	09/26/02	09/20/32	332,411.41	375,596.82			(985.40)	331,426.01	343,381.11	(31,230.31)	0.00
GNMA	2002 A-D SF MRB	5.40	09/26/02	09/20/32	246,902.95	351,579.37			(867.08)	246,035.87	245,814.74	(104,897.55)	0.00
GNMA	2002 A-D SF MRB	6.15	10/10/02	09/20/32	393,915.57	254,809.64			(1,261.91)	392,653.66	406,817.34	153,269.61	0.00
GNMA	2002 A-D SF MRB	5.40	10/10/02	09/20/32	167,359.26	416,629.60			(615.96)	166,743.30	166,593.44	(249,420.20)	0.00
GNMA	2002 A-D SF MRB	6.15	10/21/02	10/20/32	226,509.90	172,718.49			(716.62)	225,793.28	233,938.03	61,936.16	0.00
GNMA	2002 A-D SF MRB				110,240.72	239,570.96			(110,240.72)			(129,330.24)	0.00
GNMA	2002 A-D SF MRB	6.15	10/29/02	10/20/32	133,239.59	113,770.87			(449.30)	132,790.29	137,580.25	24,258.68	0.00
GNMA	2002 A-D SF MRB	5.40	10/29/02	09/20/32	59,400.82	140,922.48			(205.90)	59,194.92	59,140.70	(81,575.88)	0.00
GNMA	2002 A-D SF MRB	6.15	11/05/02	10/20/32	114,275.37	61,302.97			(356.87)	113,918.50	118,027.70	57,081.60	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	5.40	11/05/02	09/20/32	149,283.74	120,864.73			(512.47)	148,771.27	148,637.57	28,285.31	0.00
GNMA	2002 A-D SF MRB	6.15	11/19/02	11/20/32	185,732.81	154,064.13			(541.92)	185,190.89	191,871.03	38,348.82	0.00
GNMA	2002 A-D SF MRB	5.40	11/19/02	11/20/32	206,325.80	196,442.58			(692.49)	205,633.31	205,448.48	9,698.39	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	1,093,164.01	212,932.80			(101,200.26)	991,963.75	1,027,745.57	916,013.03	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	393,550.11	1,156,198.27			(1,373.41)	392,176.70	391,824.20	(763,000.66)	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	300,999.56	406,152.45			(886.18)	300,113.38	310,938.98	(94,327.29)	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	151,934.74	318,355.86			(510.21)	151,424.53	151,288.45	(166,557.20)	0.00
GNMA	2002 A-D SF MRB	6.15	12/12/02	12/20/32	358,336.20	156,800.03			(180,736.21)	177,599.99	184,006.33	207,942.51	0.00
GNMA	2002 A-D SF MRB	5.40	12/12/02	12/20/32	112,896.48	378,998.65			(384.22)	112,512.26	112,411.13	(266,203.30)	0.00
GNMA	2002 A-D SF MRB	6.15	12/19/02	12/20/32	364,099.15	116,511.69			(153,296.32)	210,802.83	218,406.84	255,191.47	0.00
GNMA	2002 A-D SF MRB				113,608.52	385,093.91			(113,608.52)			(271,485.39)	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	294,868.01	117,246.51			(885.47)	293,982.54	304,586.99	188,225.95	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	308,492.08	311,870.74			(95,590.87)	212,901.21	212,709.87	(3,570.00)	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	338,647.28	318,370.69			(999.62)	337,647.66	349,827.16	32,456.09	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	204,829.92	358,174.42			(681.69)	204,148.23	203,964.73	(153,528.00)	0.00
GNMA	2002 A-D SF MRB	6.15	01/07/03	12/20/32	119,855.74	126,766.90			(360.82)	119,494.92	123,805.32	(2,600.76)	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	562,060.58	594,475.92			(1,689.16)	560,371.42	580,494.44	(12,292.32)	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	293,048.22	302,408.61			(1,510.01)	291,538.21	291,146.65	(9,751.95)	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	195,467.94	206,741.04			(563.87)	194,904.07	201,903.11	(4,274.06)	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	106,678.28	110,085.74			(352.63)	106,325.65	106,182.85	(3,550.26)	0.00
GNMA	2002 A-D SF MRB	6.15	01/30/03	01/20/33	424,993.74	449,504.10			(1,388.85)	423,604.89	438,816.58	(9,298.67)	0.00
GNMA	2002 A-D SF MRB	5.40	01/30/03	01/20/33	553,133.18	570,801.05			(2,068.41)	551,064.77	550,324.66	(18,407.98)	0.00
GNMA	2002 A-D SF MRB	6.15	02/12/03	02/20/33	676,018.26	715,005.79			(2,218.26)	673,800.00	697,996.23	(14,791.30)	0.00
GNMA	2002 A-D SF MRB	6.15	02/20/03	02/20/33	339,348.41	358,919.42			(13,045.21)	326,303.20	338,020.78	(7,853.43)	0.00
GNMA	2002 A-D SF MRB	5.40	03/03/03	03/20/33	122,094.91	125,994.80			(414.41)	121,680.50	121,517.08	(4,063.31)	0.00
GNMA	2002 A-D SF MRB	6.15	02/27/03	02/20/33	613,150.99	648,512.83			(1,764.32)	611,386.67	633,341.66	(13,406.85)	0.00
GNMA	2002 A-D SF MRB	5.40	02/27/03	01/20/33	110,854.47	114,395.32			(366.42)	110,488.05	110,339.66	(3,689.24)	0.00
GNMA	2002 A-D SF MRB	6.15	02/27/03	02/20/33	94,354.30	99,795.94			(270.38)	94,083.92	97,462.51	(2,063.05)	0.00
GNMA	2002 A-D SF MRB	6.15	03/12/03	02/20/33	433,259.05	458,246.11			(1,340.72)	431,918.33	447,428.58	(9,476.81)	0.00
GNMA	2002 A-D SF MRB	6.15	03/24/03	03/20/33	333,619.83	352,860.45			(956.11)	332,663.72	344,609.70	(7,294.64)	0.00
GNMA	2002 A-D SF MRB	5.40	03/24/03	02/20/33	114,770.88	118,436.83			(396.06)	114,374.82	114,221.22	(3,819.55)	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	04/20/33	424,830.53	449,331.49			(1,279.42)	423,551.11	438,760.88	(9,291.19)	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	03/20/33	165,409.59	174,949.15			(471.93)	164,937.66	170,860.60	(3,616.62)	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	452,499.33	478,596.01			(1,564.47)	450,934.86	467,128.01	(9,903.53)	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	143,480.39	151,755.24			(407.93)	143,072.46	148,210.22	(3,137.09)	0.00
GNMA	2002 A-D SF MRB	5.40	04/10/03	01/20/33	94,405.50	97,420.96			(312.07)	94,093.43	93,967.06	(3,141.83)	0.00
GNMA	2002 A-D SF MRB	6.15	04/17/03	04/20/33	329,164.23	348,147.88			(100,464.92)	228,699.31	236,911.93	(10,771.03)	0.00
GNMA	2002 A-D SF MRB	5.40	04/24/03	03/20/33	113,107.30	116,720.11			(370.26)	112,737.04	112,585.65	(3,764.20)	0.00
GNMA	2002 A-D SF MRB	6.15	04/24/03	04/20/33	175,458.12	185,577.20			(589.01)	174,869.11	181,148.69	(3,839.50)	0.00
GNMA	2002 A-D SF MRB	6.15	04/29/03	03/20/33	90,988.25	96,235.75			(265.48)	90,722.77	93,980.63	(1,989.64)	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	106,035.23	112,150.52			(309.17)	105,726.06	109,522.70	(2,318.65)	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	204,973.76	216,795.07			(118,187.78)	86,785.98	89,902.46	(8,704.83)	0.00
GNMA	2002 A-D SF MRB	5.40	05/08/03	03/20/33	115,023.71	118,697.73			(375.68)	114,648.03	114,494.04	(3,828.01)	0.00
GNMA	2002 A-D SF MRB	6.15	05/15/03	04/20/33	185,738.92	196,450.91			(707.45)	185,031.47	191,675.96	(4,067.50)	0.00
GNMA	2002 A-D SF MRB	6.15	05/22/03	05/20/33	66,152.02	69,967.17			(191.38)	65,960.64	68,329.29	(1,446.50)	0.00
GNMA	2002 A-D SF MRB	6.15	06/10/03	06/20/33	65,582.26	69,364.54			(187.34)	65,394.92	67,743.26	(1,433.94)	0.00
GNMA	2002 A-D SF MRB	6.15	06/10/03	06/20/33	174,598.76	184,668.27			(678.61)	173,920.15	180,165.64	(3,824.02)	0.00
GNMA	2002 A-D SF MRB	5.40	06/10/03	04/20/33	135,379.00	139,703.20			(439.53)	134,939.47	134,758.22	(4,505.45)	0.00
GNMA	2002 A-D SF MRB	6.15	06/19/03	05/20/33	84,579.90	89,457.81			(237.38)	84,342.52	87,371.28	(1,849.15)	0.00
GNMA	2002 A-D SF MRB				94,024.25	99,445.89			(94,024.25)			(5,421.64)	0.00
GNMA	2002 A-D SF MRB	6.15	06/19/03	06/20/33	76,038.68	80,424.01			(221.64)	75,817.04	78,539.66	(1,662.71)	0.00
GNMA	2002 A-D SF MRB	6.15	06/26/03	04/20/33	95,907.81	101,439.04			(270.89)	95,636.92	99,071.27	(2,096.88)	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	53,726.63	56,825.18			(182.09)	53,544.54	55,467.33	(1,175.76)	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	98,867.94	104,569.87			(459.35)	98,408.59	101,942.43	(2,168.09)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	6.15	07/24/03	07/20/33	164,661.10	174,157.49			(468.97)	164,192.13	170,088.30	(3,600.22)	0.00
GNMA	2002 A-D SF MRB	6.15	07/30/03	07/20/33	50,031.84	52,917.28			(141.82)	49,890.02	51,681.56	(1,093.90)	0.00
GNMA	2002 A-D SF MRB	6.15	09/04/03	08/20/33	57,116.82	60,410.89			(157.23)	56,959.59	59,005.03	(1,248.63)	0.00
GNMA	2002 A-D SF MRB	6.15	09/18/03	07/20/33	101,098.25	106,928.83			(280.10)	100,818.15	104,438.56	(2,210.17)	0.00
GNMA	2002 A-D SF MRB	6.15	09/30/03	09/20/33	353,576.69	373,968.28			(974.73)	352,601.96	365,263.95	(7,729.60)	0.00
GNMA	2002 A-D SF MRB	6.15	10/09/03	08/20/33	158,021.00	167,134.43			(436.08)	157,584.92	163,243.80	(3,454.55)	0.00
GNMA	2002 A-D SF MRB	6.15	10/16/03	10/20/33	107,390.82	113,584.30			(292.18)	107,098.64	110,944.56	(2,347.56)	0.00
GNMA	2002 A-D SF MRB	6.15	01/15/04	12/20/33	67,696.99	71,601.24			(196.34)	67,500.65	69,924.62	(1,480.28)	0.00
GNMA	2002 A-D SF MRB	6.15	02/26/04	02/20/34	109,544.22	109,544.22			(292.06)	109,252.16	113,148.94	3,896.78	0.00
GNMA	2002 A-D SF MRB	6.15	03/11/04	03/20/34			106,848.56			106,848.56	110,659.62	3,811.06	0.00
GNMA	2002 A-D SF MRB	6.15	04/01/04	04/20/34			41,117.44			41,117.44	42,584.01	1,466.57	0.00
FNMA	2002 A-D SF MRB	6.40	07/24/03	11/01/32	79,060.22	83,055.92			(198.66)	78,861.56	81,489.23	(1,368.03)	0.00
FNMA	2002 A-D SF MRB	5.40	08/14/03	09/01/32	118,884.35	121,950.88			(403.61)	118,480.74	117,549.80	(3,997.27)	0.00
FNMA	2002 A-D SF MRB	6.15	08/14/03	12/01/31	68,739.80	72,273.32			(364.82)	68,374.98	70,439.47	(1,469.03)	0.00
FNMA	2002 A-D SF MRB	6.40	08/28/03	11/01/32	49,847.49	52,366.78			(125.25)	49,722.24	51,378.99	(862.54)	0.00
FNMA	2002 A-D SF MRB	5.45	03/25/04	02/01/34			92,746.42			92,746.42	91,656.65	(1,089.77)	0.00
FNMA	2002 A-D SF MRB	6.15	04/01/04	02/01/34			106,074.23			106,074.23	109,372.89	3,298.66	0.00
Repo Agmt	2002 A-D SF MRB	1.02	05/28/04	06/01/04	79,074,871.32	79,074,871.32		(349,239.62)		78,725,631.70	78,725,631.70	-	0.00
Repo Agmt	2002 A-D SF MRB	1.02	05/28/04	06/01/04	1,162,536.64	1,162,536.64		(1,162,536.64)		0.00	0.00	-	0.00
Repo Agmt	2002 A-D SF MRB	1.02	05/28/04	06/01/04			1,165,476.88			1,165,476.88	1,165,476.88	-	0.00
	2002 A-D SF MRB Total				103,790,016.83	104,693,320.78	6,298,390.72	(5,237,610.98)	(1,128,880.42)	103,721,916.15	104,160,268.05	(464,952.05)	0.00
Repo Agmt	2004A SINGLE FAMILY	1.02	05/28/04	06/01/04			124,302.41			124,302.41	124,302.41	-	0.00
GIC's	2004A SINGLE FAMILY	1.28	04/28/04	03/01/06			4,004,199.15			4,004,199.15	4,004,199.15	-	0.00
	2004A SINGLE FAMILY Total				0.00	0.00	4,128,501.56	0.00	0.00	4,128,501.56	4,128,501.56	0.00	0.00
Repo Agmt	1991 A S/F (1980 A Rfdng)	1.02	05/28/04	06/01/04	43,243.59	43,243.59		(42,147.30)		1,096.29	1,096.29	-	0.00
GIC's	1991 A S/F (1980 A Rfdng)	6.08	11/14/96	09/30/29	380,813.09	380,813.09		(255,172.00)		125,641.09	125,641.09	-	0.00
Repo Agmt	1991 A S/F (1980 A Rfdng)	1.02	05/28/04	06/01/04	9,222.81	9,222.81		(9,202.80)		20.01	20.01	-	0.00
GIC's	1991 A S/F (1980 A Rfdng)	6.08	11/14/96	09/30/29	466,990.65	466,990.65	236,184.93			703,175.58	703,175.58	-	0.00
Repo Agmt	1991 A S/F (1980 A Rfdng)	1.02	05/28/04	06/01/04	16,173.81	16,173.81		(16,171.65)		2.16	2.16	-	0.00
GIC's	1991 A S/F (1980 A Rfdng)	4.51	06/26/02	03/01/34	725,877.93	725,877.93	16,178.00			742,055.93	742,055.93	-	0.00
Repo Agmt	1991 A S/F (1980 A Rfdng)	1.02	05/28/04	06/01/04	0.08	0.08	0.00			0.08	0.08	-	0.00
Repo Agmt	1991 A S/F (1980 A Rfdng)	1.02	05/28/04	06/01/04	0.54	0.54	0.00			0.54	0.54	-	0.00
GIC's	1991 A S/F (1980 A Rfdng)	6.08	11/14/96	09/30/29	9.23	9.23	0.00			9.23	9.23	-	0.00
	1991 A S/F (1980 A Rfdng) Total				1,642,331.73	1,642,331.73	252,362.93	(322,693.75)	0.00	1,572,000.91	1,572,000.91	0.00	0.00
Repo Agmt	1994 A&B SF (1983 Rfdng)	1.02	05/28/04	06/01/04	869.08	869.08		(28.05)		841.03	841.03	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfdng)	1.02	05/28/04	06/01/04	5.69	5.69	20.00			25.69	25.69	-	0.00
GIC's	1994 A&B SF (1983 Rfdng)	6.08	11/14/96	09/30/29	23,535.26	23,535.26		(21,113.59)		2,421.67	2,421.67	-	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.15	05/30/96	04/01/26	22,860.09	24,276.92			(174.81)	22,685.28	23,641.16	(460.95)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.15	06/27/96	05/01/26	13,441.34	14,244.94			(180.82)	13,260.52	13,790.73	(273.39)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.15	07/15/96	06/01/26	18,873.20	20,072.55			(120.26)	18,752.94	19,571.96	(380.33)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.15	07/30/96	06/01/26	11,813.50	12,574.69			(70.08)	11,743.42	12,268.56	(238.05)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.15	08/15/96	07/01/26	26,404.11	28,090.41			(2,663.37)	23,740.74	24,785.02	(642.02)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.15	08/29/96	08/01/26	19,167.94	20,153.16			(119.73)	19,048.21	19,852.23	(381.20)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.15	09/16/96	08/01/26	12,639.46	13,265.60			(135.06)	12,504.40	12,878.09	(252.45)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.15	10/30/96	10/01/26	34,343.45	36,034.09			(2,751.30)	31,592.15	32,526.28	(756.51)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.15	12/23/96	11/01/26	28,962.98	30,408.17			(7,184.63)	21,778.35	22,437.59	(785.95)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.15	03/27/97	01/01/27	15,863.03	16,637.45			(1,969.12)	13,893.91	14,299.32	(369.01)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.15	07/15/97	03/01/27	3,785.48	3,973.27			(64.62)	3,720.86	3,832.15	(76.50)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.15	09/29/97	07/01/27	16,440.48	17,314.78			(79.48)	16,361.00	16,907.94	(327.36)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	07/30/96	07/20/26	101,518.60	107,636.34			(4,005.11)	97,513.49	101,179.84	(2,451.39)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	03/28/96	03/20/26	31,866.41	33,797.04			(2,935.80)	28,930.61	30,028.29	(832.95)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Rfdng)	6.15	08/15/96	07/20/26	93,823.38	99,468.78			(2,701.81)	91,121.57	94,539.40	(2,227.57)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	04/29/96	04/20/26	44,855.77	47,558.90			(326.71)	44,529.06	46,203.28	(1,028.91)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	05/15/96	05/20/26	81,990.97	86,928.39			(7,368.57)	74,822.40	77,425.06	(2,134.76)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	05/30/96	05/20/26	60,343.59	63,999.40			(552.96)	59,790.63	62,057.40	(1,389.04)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	06/17/96	06/20/26	141,214.23	149,737.65			(11,911.87)	129,302.36	134,176.13	(3,649.65)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	06/29/96	06/20/26	36,871.65	39,084.81			(2,806.88)	34,064.77	35,337.65	(940.28)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	07/15/96	06/20/26	120,347.67	127,546.00			(6,635.71)	113,711.96	117,937.37	(2,972.92)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	08/29/96	08/20/26	89,733.02	94,527.20			(544.57)	89,188.45	91,945.18	(2,037.45)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	09/16/96	09/20/26	54,255.71	57,092.51			(6,818.36)	47,437.35	48,850.63	(1,423.52)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	09/26/96	09/20/26	34,938.69	36,788.09			(3,291.76)	31,646.93	32,609.82	(886.51)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	10/30/96	10/20/26	122,557.08	128,980.76			(6,434.85)	116,122.23	119,589.06	(2,956.85)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	11/26/96	11/20/26	70,239.96	74,011.53			(3,297.81)	66,942.15	69,028.96	(1,684.76)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	12/23/96	12/20/26	39,658.29	41,717.04			(247.68)	39,410.61	40,570.32	(899.04)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	01/16/97	12/20/26	68,986.51	72,569.84			(4,301.25)	64,685.26	66,590.57	(1,678.02)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	01/30/97	01/20/27	53,607.69	56,465.20			(325.75)	53,281.94	54,922.93	(1,216.52)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	02/13/97	02/20/27	48,549.44	51,133.99			(341.92)	48,207.52	49,689.01	(1,103.06)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	02/27/97	02/20/27	23,775.34	25,000.98			(6,084.95)	17,690.39	18,204.83	(711.20)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	03/27/97	03/20/27	50,003.86	52,523.68			(3,949.49)	46,054.37	47,341.56	(1,232.63)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	04/29/97	04/20/27	21,320.01	22,371.09			(101.78)	21,218.23	21,788.55	(406.76)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	05/29/97	05/20/27	24,307.76	25,506.13			(212.51)	24,095.25	24,742.93	(550.69)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	06/26/97	06/20/27	15,252.35	16,014.43			(96.06)	15,156.29	15,573.56	(344.81)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	08/18/97	07/20/27	42,350.59	44,872.36			(4,152.34)	38,198.25	39,607.98	(1,112.04)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	09/29/97	08/20/27	57,355.25	60,231.05			(9,266.12)	48,089.13	49,416.52	(1,548.41)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	02/26/98	02/20/28	16,432.28	17,227.11			(6,542.21)	9,890.07	10,149.97	(534.93)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	03/26/98	01/20/28	18,206.98	19,087.65			(178.50)	18,028.48	18,502.29	(406.86)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	04/29/98	04/20/28	21,218.68	22,245.03			(116.91)	21,101.77	21,656.30	(471.82)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	06/25/98	05/20/28	37,756.12	39,582.38			(3,432.60)	34,323.52	35,225.56	(924.22)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	07/16/98	06/20/28	23,129.85	24,248.64			(2,925.16)	20,204.69	20,735.71	(587.77)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	09/10/98	07/20/28	30,112.36	31,568.89			(3,299.75)	26,812.61	27,517.23	(751.91)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.15	11/19/98	10/20/28	53,259.61	55,835.78			(8,291.41)	44,968.20	46,149.99	(1,394.38)	0.00
Repo Agmt	1994 A&B SF (1983 Rfdng)	1.02	05/28/04	06/01/04	15,701.43	15,701.43	589,901.93			605,603.36	605,603.36	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfdng)	1.02	05/28/04	06/01/04	810,196.48	810,196.48	0.00			810,196.48	810,196.48	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfdng)	1.02	05/28/04	06/01/04	76,884.29	76,884.29	194.48			77,078.77	77,078.77	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfdng)	1.02	05/28/04	06/01/04	9,996.75	9,996.75	25.29			10,022.04	10,022.04	-	0.00
Repo Agmt	1994 A&B SF (1983 Rfdng)	1.02	05/28/04	06/01/04	2,115,975.16	2,115,975.16		(1,082,920.90)		1,033,054.26	1,033,054.26	-	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.75	02/20/98	01/01/28	5,354.68	5,621.61			(30.82)	5,323.86	5,492.60	(98.19)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.25	03/27/98	03/01/28	7,324.64	7,686.26			(38.86)	7,285.78	7,509.05	(138.35)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.25	06/29/98	05/01/28	8,381.75	8,795.56			(784.60)	7,597.15	7,829.89	(181.07)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.75	02/20/98	01/20/28	79,431.57	83,423.01			(4,116.69)	75,314.88	77,557.01	(1,749.31)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.25	11/30/98	09/01/28	8,015.41	8,411.13			(40.20)	7,975.21	8,219.63	(151.30)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.25	03/27/98	03/20/28	93,944.66	98,665.38			(3,346.16)	90,598.60	93,295.61	(2,023.61)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.25	05/19/98	05/20/28	73,345.10	77,030.69			(5,232.25)	68,112.85	70,140.56	(1,657.88)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	07/28/00	06/20/30	35,944.69	36,823.18			(1,183.72)	34,760.97	34,507.90	(1,131.56)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.25	08/14/98	07/20/28	40,270.37	42,293.96			(1,333.33)	38,937.04	40,096.19	(864.44)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.25	06/29/98	06/20/28	21,955.38	23,058.64			(848.93)	21,106.45	21,734.80	(474.91)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.25	09/18/98	09/20/28	33,130.06	34,794.85			(796.29)	32,333.77	33,296.30	(702.26)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.25	03/31/99	11/01/28	3,513.38	3,686.84			(27.70)	3,485.68	3,592.49	(66.65)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.25	11/30/98	11/20/28	21,237.94	22,305.15			(808.09)	20,429.85	21,038.03	(459.03)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.25	11/30/98	11/20/28	17,191.79	18,055.68			(1,277.67)	15,914.12	16,387.90	(390.11)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.25	11/30/98	10/20/28	9,381.62	9,853.05			(38.91)	9,342.71	9,620.84	(193.30)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	6.25	05/27/99	11/01/28	5,390.51	5,659.23			(592.77)	4,797.74	4,949.85	(116.61)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.25	02/16/99	02/20/29	44,493.55	46,712.00			(2,064.85)	42,428.70	43,676.53	(970.62)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.25	03/31/99	02/20/29	6,598.36	6,927.35			(28.42)	6,569.94	6,763.15	(135.78)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	6.25	05/27/99	05/20/29	12,104.15	12,707.66			(2,080.14)	10,024.01	10,318.82	(308.70)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/ Purchases	Amortizations/ Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Rfdng)	5.45	07/30/99	07/20/29	23,334.26	23,924.15			(2,307.92)	21,026.34	20,878.96	(737.27)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	08/26/99	08/20/29	19,856.21	20,358.17			(1,114.65)	18,741.56	18,610.16	(633.36)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	09/20/99	08/01/29	3,872.76	3,969.59			(18.50)	3,854.26	3,827.20	(123.89)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	09/20/99	09/20/29	12,945.48	13,272.74			(1,323.30)	11,622.18	11,540.73	(408.71)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	12/20/99	12/01/29	8,844.44	9,065.55			(48.71)	8,795.73	8,734.74	(282.10)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	01/19/00	12/01/29	5,422.13	5,557.68			(34.54)	5,387.59	5,350.27	(172.87)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	10/28/99	10/20/29	35,363.61	36,257.60			(1,148.75)	34,214.86	33,975.00	(1,133.85)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	11/18/99	11/20/29	10,129.53	10,385.60			(1,200.12)	8,929.41	8,866.85	(318.63)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	12/30/99	12/20/29	75,213.19	77,114.58			(1,356.17)	73,857.02	73,339.25	(2,419.16)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	01/28/00	01/20/30	21,542.42	22,068.92			(1,362.58)	20,179.84	20,032.97	(673.37)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	02/22/00	01/20/30	8,019.36	8,215.35			(1,356.79)	6,662.57	6,614.06	(244.50)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	03/27/00	02/20/30	11,507.76	11,789.01			(53.60)	11,454.16	11,370.74	(364.67)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	04/27/00	03/01/30	5,439.41	5,564.95			(37.70)	5,401.71	5,357.39	(169.86)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	04/27/00	04/20/30	19,701.83	20,183.34			(137.92)	19,563.91	19,421.47	(623.95)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	05/30/00	04/20/30	3,227.35	3,306.23			(13.41)	3,213.94	3,190.51	(102.31)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	06/21/00	05/20/30	14,673.00	15,031.61			(1,015.51)	13,657.49	13,558.05	(458.05)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	09/18/00	09/20/30	31,146.15	31,907.36			(1,069.66)	30,076.49	29,857.55	(980.15)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	07/24/00	06/01/30	6,564.50	6,716.01			(1,312.12)	5,252.38	5,209.21	(194.68)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	07/30/99	07/20/29	193,667.92	198,563.85			(19,155.05)	174,512.87	173,289.51	(6,119.29)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	08/26/99	08/20/29	164,800.71	168,966.87			(9,251.27)	155,549.44	154,459.08	(5,256.52)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	09/20/99	08/01/29	32,142.70	32,946.27			(153.52)	31,989.18	31,767.23	(1,025.52)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	09/20/99	09/20/29	107,443.95	110,160.13			(10,982.98)	96,460.97	95,784.77	(3,392.38)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	12/20/99	12/01/29	73,406.02	75,241.17			(404.24)	73,001.78	72,495.86	(2,341.07)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	01/19/00	12/01/29	45,002.27	46,127.33			(286.64)	44,715.63	44,405.73	(1,434.96)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	10/28/99	10/20/29	293,507.94	300,927.82			(9,534.28)	283,973.66	281,982.99	(9,410.55)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	11/18/99	11/20/29	84,072.58	86,197.93			(9,960.65)	74,111.93	73,592.39	(2,644.89)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	12/30/99	12/30/29	624,248.08	640,029.07			(11,255.76)	612,992.32	608,695.20	(20,078.11)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	01/28/00	01/20/30	178,796.31	183,166.09			(11,309.04)	167,487.27	166,268.01	(5,589.04)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	02/22/00	01/20/30	66,558.41	68,185.10			(11,260.94)	55,297.47	54,894.90	(2,029.26)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	03/27/00	02/20/30	26,013.38	26,649.15			(120.58)	25,892.80	25,575.33	(953.24)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	06/22/99	06/20/29	143,390.10	147,015.00			(749.51)	142,640.59	141,640.70	(4,624.79)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	07/30/99	07/20/29	227,850.52	233,610.58			(1,105.53)	226,744.99	225,155.54	(7,349.51)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	08/26/99	08/20/29	184,339.88	188,999.99			(835.82)	183,504.06	182,217.72	(5,946.45)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	09/20/99	09/20/29	122,629.60	125,729.68			(8,087.06)	114,542.54	113,739.59	(3,903.03)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	12/21/99	11/01/29	68,439.27	70,150.25			(649.35)	67,789.92	67,320.13	(2,180.77)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	10/29/99	10/20/29	267,067.06	273,818.52			(6,263.94)	260,803.12	258,974.89	(8,579.69)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	11/18/99	11/20/29	305,105.87	312,818.95			(5,799.94)	299,305.93	297,207.82	(9,811.19)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	12/30/99	12/20/29	405,420.71	415,669.75			(12,271.55)	393,149.16	390,393.19	(13,005.01)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	01/28/00	01/20/30	310,723.96	318,318.05			(9,459.78)	301,264.18	299,070.95	(9,787.32)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	02/22/00	01/20/30	208,918.30	214,024.26			(13,444.90)	195,473.40	194,050.32	(6,529.04)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	03/27/00	02/20/30	94,651.15	96,964.42			(404.64)	94,246.51	93,560.14	(2,999.64)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	02/23/00	01/01/30	39,435.33	40,421.21			(269.85)	39,165.48	38,894.07	(1,257.29)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	07/28/00	06/20/30	298,330.86	305,622.07			(9,824.56)	288,506.30	286,405.96	(9,391.55)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	03/27/00	02/20/30	69,497.53	71,196.05			(324.33)	69,173.20	68,798.58	(2,073.14)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	04/27/00	03/01/30	45,145.83	46,187.80			(312.89)	44,832.94	44,464.86	(1,410.05)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	04/27/00	04/20/30	163,519.55	167,515.97			(1,144.70)	162,374.85	161,192.75	(5,178.52)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	05/30/00	04/20/30	26,785.80	27,440.44			(111.28)	26,674.52	26,480.32	(848.84)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	06/21/00	05/20/30	121,781.78	124,758.13			(8,428.50)	113,353.28	112,528.04	(3,801.59)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	09/18/00	09/20/30	258,504.42	264,822.27			(8,877.84)	249,626.58	247,809.30	(8,135.13)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	07/24/00	06/01/30	54,483.18	55,740.65			(10,890.26)	43,592.92	43,235.01	(1,615.38)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	07/24/00	06/20/30	356,144.56	364,848.73			(31,382.64)	324,781.92	322,397.67	(11,068.42)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	08/28/00	08/20/30	51,513.57	52,772.56			(259.82)	51,253.75	50,880.63	(1,632.11)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	03/27/00	02/20/30	14,251.83	14,600.14			(60.93)	14,190.90	14,087.82	(451.39)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	04/27/00	03/20/30	119,508.15	122,428.93			(540.43)	118,967.72	118,101.83	(3,786.87)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/ Purchases	Amortizations/ Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Rfdng)	5.45	05/30/00	05/20/30	118,105.31	120,991.80			(901.20)	117,204.11	116,350.87	(3,739.73)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	06/21/00	06/20/30	218,159.27	223,491.08			(10,193.68)	207,965.59	206,451.61	(6,845.79)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	05/31/00	05/01/30	39,734.80	40,651.88			(170.31)	39,564.49	39,239.67	(1,241.90)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	10/23/00	09/20/30	44,513.74	45,601.66			(183.03)	44,330.71	44,007.98	(1,410.65)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	10/30/00	10/20/30	64,144.88	65,712.58			(287.46)	63,857.42	63,392.49	(2,032.63)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	07/24/00	06/01/30	101,699.04	104,046.25			(6,669.58)	95,029.46	94,249.24	(3,127.43)	0.00
GNMA	1994 A&B SF (1983 Rfdng)	5.45	12/21/00	05/20/30	26,123.20	26,761.65			(106.66)	26,016.54	25,827.14	(827.85)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	10/06/00	09/01/30	45,416.17	46,464.38			(215.80)	45,200.37	44,829.29	(1,419.29)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	10/30/00	08/01/30	50,044.56	51,199.59			(265.14)	49,779.42	49,370.75	(1,563.70)	0.00
FNMA	1994 A&B SF (1983 Rfdng)	5.45	02/12/01	02/01/30	16,943.12	17,366.70			(74.36)	16,868.76	16,751.88	(540.46)	0.00
1994 A&B SF (1983 Rfdng) Total					12,423,395.07	12,727,691.26	590,141.70	(1,104,062.54)	(412,837.01)	11,496,637.22	11,523,178.02	(277,755.39)	0.00
Repo Agmt	1995 C SF (1985 A&B Rfdng)	1.02	05/28/04	06/01/04	1,780,891.32	1,780,891.32		(1,780,890.72)		0.60	0.60	-	0.00
GIC's	1995 C SF (1985 A&B Rfdng)	6.08	11/14/96	09/30/29			3,572.00			3,572.00	3,572.00	-	0.00
Repo Agmt	1995 C SF (1985 A&B Rfdng)	1.02	05/28/04	06/01/04	208.94	208.94		(207.76)		1.18	1.18	-	0.00
GIC's	1995 C SF (1985 A&B Rfdng)	6.08	11/14/96	09/30/29	6,957.95	6,957.95	208.00			7,165.95	7,165.95	-	0.00
1995 C SF (1985 A&B Rfdng) Total					1,788,058.21	1,788,058.21	3,780.00	(1,781,098.48)	0.00	10,739.73	10,739.73	0.00	0.00
Total Single Family Investment Summary					369,591,356.51	380,515,911.96	205,740,834.87	(51,202,337.09)	(11,413,154.85)	512,716,699.44	517,921,687.31	(5,719,567.58)	0.00

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds Investment Summary
For Period Ending May 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	1989 A&B RMRB	1.02	05/28/04	06/01/04	40,485.00	40,485.00	3,896.96			44,381.96	44,381.96	-	0.00
Repo Agmt	1989 A&B RMRB	1.02	05/28/04	06/01/04	1,537.38	1,537.38	0.00			1,537.38	1,537.38	-	0.00
Repo Agmt	1989 A&B RMRB	1.02	05/28/04	06/01/04	1,498,840.66	1,498,840.66	0.00			1,498,840.66	1,498,840.66	-	0.00
Repo Agmt	1989 A&B RMRB	1.02	05/28/04	06/01/04	34,219.88	34,219.88	86.44			34,306.32	34,306.32	-	0.00
1989 A&B RMRB Total					1,575,082.92	1,575,082.92	3,983.40	0.00	0.00	1,579,066.32	1,579,066.32	0.00	0.00
Repo Agmt	1998 A/B RMRB	1.02	05/28/04	06/01/04	1,103,035.13	1,103,035.13		(956,177.40)		146,857.73	146,857.73	-	0.00
GIC's	1998 A/B RMRB	5.04	12/03/98	01/01/31	1,911,070.68	1,911,070.68	6,580,453.00			8,491,523.68	8,491,523.68	-	0.00
GNMA	1998 A/B RMRB	5.35	07/28/00	07/20/30	2,264,183.46	2,311,731.31			(132,970.01)	2,131,213.45	2,104,637.20	(74,124.10)	0.00
GNMA	1998 A/B RMRB	5.35	08/28/00	07/20/30	3,685,939.82	3,763,344.56			(16,655.58)	3,669,284.24	3,623,528.26	(123,160.72)	0.00
FNMA	1998 A/B RMRB	5.35	05/25/99	04/01/29	470,446.41	480,958.18			(2,497.17)	467,949.24	462,296.41	(16,162.60)	0.00
GNMA	1998 A/B RMRB	5.35	04/16/99	04/20/29	1,483,271.95	1,515,622.11			(58,389.27)	1,424,882.68	1,407,598.85	(49,633.99)	0.00
FNMA	1998 A/B RMRB	5.35	06/22/99	05/01/29	362,942.46	371,050.59			(1,851.71)	361,090.75	356,728.73	(4,254.15)	0.00
GNMA	1998 A/B RMRB	5.35	05/25/99	05/20/29	5,891,154.23	6,019,640.30			(456,779.92)	5,434,374.31	5,368,455.34	(194,405.04)	0.00
GNMA	1998 A/B RMRB	5.35	06/22/99	06/20/29	7,340,269.68	7,500,360.96			(117,618.09)	7,222,651.59	7,135,040.76	(247,702.11)	0.00
FNMA	1998 A/B RMRB	5.35	07/30/99	07/01/29	195,567.40	199,936.37			(39,404.37)	156,163.03	154,276.56	(1,654.44)	0.00
FNMA	1998 A/B RMRB	5.35	08/24/99	08/01/29	151,106.79	154,482.52			(702.28)	150,404.51	148,587.62	(1,922.89)	0.00
GNMA	1998 A/B RMRB	5.35	07/30/99	07/20/29	6,246,296.69	6,382,528.42			(437,738.05)	5,808,558.64	5,738,100.81	(206,889.56)	0.00
GNMA	1998 A/B RMRB	5.35	08/26/99	08/20/29	4,598,314.58	4,698,603.82			(301,647.40)	4,296,667.18	4,244,548.65	(152,407.77)	0.00
FNMA	1998 A/B RMRB	5.35	09/30/99	08/01/29	329,281.41	336,637.56			(1,487.39)	327,794.02	323,834.27	(11,315.90)	0.00
GNMA	1998 A/B RMRB	5.35	09/20/99	09/20/29	3,684,989.83	3,765,359.46			(197,422.83)	3,487,567.00	3,445,262.83	(122,673.80)	0.00
FNMA	1998 A/B RMRB	5.35	10/29/99	10/01/29	668,107.14	683,032.65			(93,140.97)	574,966.17	568,020.58	(17,871.10)	0.00
FNMA	1998 A/B RMRB	5.35	11/16/99	10/01/29	397,693.96	406,578.44			(3,399.41)	394,294.55	389,531.47	(13,647.56)	0.00
FNMA	1998 A/B RMRB	5.35	12/21/99	11/01/29	800,922.95	818,815.57			(91,670.48)	709,252.47	700,684.69	(26,460.40)	0.00
GNMA	1998 A/B RMRB	5.35	10/29/99	10/20/29	5,268,077.31	5,382,974.08			(95,282.27)	5,172,795.04	5,110,049.04	(177,642.77)	0.00
GNMA	1998 A/B RMRB	5.35	11/18/99	11/20/29	5,338,979.49	5,455,422.63			(215,101.91)	5,123,877.58	5,061,724.95	(178,595.77)	0.00
GNMA	1998 A/B RMRB	5.35	12/30/99	12/20/29	9,152,211.51	9,351,821.24			(208,961.06)	8,943,250.45	8,834,768.81	(308,091.37)	0.00
GNMA	1998 A/B RMRB	5.35	01/28/00	01/20/30	4,723,369.20	4,822,559.95			(23,439.03)	4,699,930.17	4,641,322.04	(157,798.88)	0.00
GNMA	1998 A/B RMRB	5.35	02/22/00	01/20/30	4,984,711.69	5,089,390.64			(111,996.15)	4,872,715.54	4,811,952.76	(165,441.73)	0.00
GNMA	1998 A/B RMRB	5.35	03/27/00	03/20/30	3,067,991.50	3,132,419.32			(83,843.97)	2,984,147.53	2,946,935.21	(101,640.14)	0.00
FNMA	1998 A/B RMRB	5.35	02/23/00	01/01/30	706,636.21	722,422.46			(5,080.48)	701,555.73	693,080.90	(24,261.08)	0.00
FNMA	1998 A/B RMRB	5.35	03/27/00	02/01/30	333,601.02	340,423.16			(2,927.15)	330,673.87	326,265.99	(11,230.02)	0.00
FNMA	1998 A/B RMRB	5.35	04/21/00	04/01/30	387,294.19	395,214.36			(60,839.96)	326,454.23	322,102.60	(12,271.80)	0.00
GNMA	1998 A/B RMRB	5.35	04/24/00	04/20/30	3,450,274.45	3,522,730.21			(19,548.98)	3,430,725.47	3,387,944.32	(115,236.91)	0.00
GNMA	1998 A/B RMRB	5.35	05/30/00	05/20/30	2,864,411.59	2,924,564.23			(225,309.54)	2,639,102.05	2,606,192.43	(93,062.26)	0.00
GNMA	1998 A/B RMRB	5.35	06/21/00	06/20/30	2,218,138.62	2,264,719.53			(117,536.00)	2,100,602.62	2,074,408.14	(72,775.39)	0.00
FNMA	1998 A/B RMRB	5.35	05/30/00	05/01/30	579,266.59	591,112.59			(66,214.42)	513,052.17	506,213.19	(18,684.98)	0.00
FNMA	1998 A/B RMRB	5.35	06/21/00	06/01/30	309,235.23	315,559.09			(3,760.33)	305,474.90	301,402.92	(10,395.84)	0.00
GNMA	1998 A/B RMRB	5.35	10/23/00	09/20/30	3,572,105.46	3,647,119.67			(231,949.80)	3,340,155.66	3,298,503.91	(116,665.96)	0.00
GNMA	1998 A/B RMRB	5.35	10/25/00	10/20/30	638,643.04	652,054.54			(6,725.17)	631,917.87	624,037.87	(21,291.50)	0.00
FNMA	1998 A/B RMRB	5.35	07/24/00	06/01/30	441,804.86	441,804.86			(3,256.99)	429,694.02	423,966.20	(14,581.67)	0.00
FNMA	1998 A/B RMRB	5.35	08/25/00	07/01/30	223,841.68	228,419.24			(1,651.91)	222,189.77	219,227.98	(7,539.35)	0.00
GNMA	1998 A/B RMRB	5.35	01/08/01	12/20/30	501,667.74	512,202.76			(2,848.63)	498,819.11	492,598.83	(16,755.30)	0.00
GNMA	1998 A/B RMRB	5.35	01/16/01	12/20/30	356,818.27	364,311.45			(2,811.79)	354,006.48	349,592.02	(11,907.64)	0.00
GNMA	1998 A/B RMRB	5.35	01/31/01	08/20/30	163,526.57	166,960.60			(44,103.85)	119,422.72	117,933.48	(4,923.27)	0.00
GNMA	1998 A/B RMRB	5.35	11/16/00	11/20/30	529,033.25	540,142.95			(3,090.72)	525,942.53	519,384.02	(17,668.21)	0.00
GNMA	1998 A/B RMRB	5.35	11/29/00	11/20/30	1,002,141.92	1,023,186.90			(4,555.09)	997,586.83	985,146.92	(33,484.89)	0.00
GNMA	1998 A/B RMRB	5.35	12/21/00	11/20/30	316,018.50	322,654.89			(3,116.74)	312,901.76	308,999.88	(10,538.27)	0.00
GNMA	1998 A/B RMRB	5.35	12/27/00	12/20/30	310,378.54	316,896.49			(1,292.90)	309,085.64	305,231.34	(10,372.25)	0.00
FNMA	1998 A/B RMRB	5.35	10/06/00	09/01/30	467,935.18	477,504.45			(3,392.92)	464,542.26	458,349.89	(15,761.64)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
FNMA	1998 A/B RMRB	5.35	01/12/01	12/01/30	611,556.59	624,062.92			(2,940.57)	608,616.02	600,503.16	(20,619.19)	0.00
Repo Agmt	1998 A/B RMRB	1.02	05/28/04	06/01/04	1,158,167.78	1,158,167.78	0.00			1,158,167.78	1,158,167.78	-	0.00
Repo Agmt	1998 A/B RMRB	1.02	05/28/04	06/01/04	186.11	186.11	0.00			186.11	186.11	-	0.00
	1998 A/B RMRB Total				95,253,764.81	97,209,795.73	6,580,453.00	(956,177.40)	(3,504,953.26)	97,373,087.15	96,295,707.13	(3,033,410.94)	0.00
Repo Agmt	2000 BCDE RMRB	1.02	05/28/04	06/01/04	1,154,557.80	1,154,557.80	467,818.66			1,622,376.46	1,622,376.46	-	0.00
Repo Agmt	2000 BCDE RMRB	1.02	05/28/04	06/01/04	367,726.87	367,726.87	45,410.67			413,137.54	413,137.54	-	0.00
Repo Agmt	2000 BCDE RMRB	1.02	05/28/04	06/01/04	1,871,407.95	1,871,407.95		(1,693,364.86)		178,043.09	178,043.09	-	0.00
Inv Agmt	2000 BCDE RMRB	6.22	10/26/00	12/31/32	4,776,910.72	4,776,910.72	6,860,040.78			11,636,951.50	11,636,951.50	-	0.00
Repo Agmt	2000 BCDE RMRB	1.02	05/28/04	06/01/04	884,100.71	884,100.71		(109,633.59)		774,467.12	774,467.12	-	0.00
Repo Agmt	2000 BCDE RMRB	1.02	05/28/04	06/01/04	1,228.19	1,228.19	0.00			1,228.19	1,228.19	-	0.00
GNMA	2000 BCDE RMRB	6.10	02/22/01	02/20/31	1,452,195.69	1,526,844.60			(6,662.28)	1,445,533.41	1,486,622.74	(33,559.58)	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	02/20/31	547,673.79	575,826.50			(194,043.05)	353,630.74	363,682.68	(18,100.77)	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	01/20/31	122,777.93	129,089.23			(439.97)	122,337.96	125,815.43	(2,833.83)	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	480,659.63	505,367.55			(78,004.44)	402,655.19	414,100.68	(13,262.43)	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	1,742,000.81	1,831,546.91			(8,036.13)	1,733,964.68	1,783,252.67	(40,258.11)	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	100,374.22	105,533.86			(366.47)	100,007.75	102,850.46	(2,316.93)	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	372,811.02	391,975.06			(1,315.02)	371,496.00	382,055.77	(8,604.27)	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	1,382,551.89	1,453,620.82			(85,758.73)	1,296,793.16	1,333,654.52	(34,207.57)	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	75,874.26	79,774.50			(550.17)	75,324.09	77,465.16	(1,759.17)	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	455,620.06	479,040.82			(1,755.67)	453,864.39	466,765.50	(10,519.65)	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	03/20/31	347,950.46	365,836.55			(1,192.73)	346,757.73	356,614.32	(8,029.50)	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	04/20/31	1,991,646.29	2,094,025.22			(241,404.96)	1,750,241.33	1,799,992.01	(52,628.25)	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	670,056.81	704,500.52			(4,496.14)	665,560.67	684,479.23	(15,525.15)	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	1,387,239.13	1,458,549.01			(94,930.79)	1,292,308.34	1,329,042.24	(34,575.98)	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	427,628.84	449,610.74			(1,460.54)	426,168.30	438,282.15	(9,868.05)	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	436,432.83	458,867.29			(1,916.18)	434,516.65	446,867.78	(10,083.33)	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	760,584.64	799,681.85			(3,567.77)	757,016.87	778,535.12	(17,578.96)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	455,600.83	479,020.61			(89,132.64)	366,468.19	376,885.05	(13,002.42)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	1,605,567.55	1,688,100.42			(80,277.18)	1,525,290.37	1,588,646.77	(39,176.47)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	05/20/31	324,853.13	341,551.93			(1,108.47)	323,744.66	332,947.11	(7,496.35)	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	330,203.65	347,177.50			(75,497.79)	254,705.86	261,945.89	(9,733.82)	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	848,024.10	891,616.09			(67,645.91)	780,378.19	802,560.45	(21,409.73)	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	126,312.02	132,804.99			(76,360.61)	49,951.41	51,371.28	(5,073.10)	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	666,913.97	701,196.12			(2,849.08)	664,064.89	682,940.90	(15,406.14)	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	2,103,200.42	2,211,313.70			(226,565.57)	1,876,634.85	1,929,978.24	(54,769.89)	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	130,415.83	137,119.76			(443.97)	129,971.86	133,666.32	(3,009.47)	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	655,951.15	689,669.79			(55,912.11)	600,039.04	617,095.17	(16,662.51)	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	1,707,969.83	1,795,766.60			(6,350.24)	1,701,619.59	1,749,988.17	(39,428.19)	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	453,868.74	477,199.50			(61,728.94)	392,139.80	403,286.39	(12,184.17)	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	661,012.32	694,991.11			(3,020.63)	657,991.69	676,695.14	(15,275.34)	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	07/20/31	1,746,591.32	1,836,373.39			(283,994.80)	1,462,596.52	1,504,170.84	(48,207.75)	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	205,719.70	216,294.54			(1,215.48)	204,504.22	210,317.24	(4,761.82)	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	287,910.13	302,709.90			(1,255.69)	286,654.44	294,802.57	(6,651.64)	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	08/20/31	2,425,944.68	2,550,648.36			(90,958.76)	2,334,985.92	2,401,357.96	(58,331.64)	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	293,754.51	308,854.71			(54,258.88)	239,495.53	246,303.19	(8,292.54)	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	606,363.55	637,533.18			(2,521.70)	603,841.85	621,006.09	(14,005.39)	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	1,613,271.68	1,696,200.57			(95,703.74)	1,517,567.94	1,560,704.84	(39,791.99)	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	368,915.06	387,878.83			(5,201.61)	363,713.45	374,052.01	(8,625.21)	0.00
FNMA	2000 BCDE RMRB	6.10	02/14/01	02/01/31	434,912.58	456,906.21			(3,385.41)	431,527.17	443,854.05	(9,686.75)	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	436,544.18	458,984.37			(89,805.49)	346,738.89	356,594.75	(12,584.13)	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	451,974.45	475,207.83			(2,925.32)	449,049.13	461,813.35	(10,469.16)	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	11/20/31	357,166.06	375,525.89			(1,366.37)	355,799.69	365,913.31	(8,246.21)	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	425,686.37	447,568.42			(1,487.09)	424,199.28	436,257.16	(9,824.17)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain	
GNMA	2000 BCDE RMRB	6.10	09/25/01	09/20/31	1,878,838.33	1,975,418.46			(201,015.52)	1,677,822.81	1,725,514.96	(48,887.98)	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	353,175.63	371,330.35			(1,432.36)	351,743.27	361,741.59	(8,156.40)	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	505,819.07	505,819.05			(80,682.95)	400,406.12	411,787.67	(13,348.43)	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	1,160,709.11	1,220,374.41			(86,597.05)	1,074,112.06	1,104,643.72	(29,133.64)	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	294,394.43	309,527.54			(1,003.95)	293,390.48	301,730.11	(6,793.48)	0.00
GNMA	2000 BCDE RMRB	6.10	11/15/01	08/20/31	165,901.67	174,429.70			(67,694.34)	98,207.33	100,998.87	(5,736.49)	0.00
GNMA	2000 BCDE RMRB	6.10	11/15/01	10/20/31	289,435.55	304,313.74			(1,296.50)	288,139.05	296,329.41	(6,687.83)	0.00
FNMA	2000 BCDE RMRB	6.10	03/15/01	02/01/31	413,632.74	434,550.24			(1,471.73)	412,161.01	423,934.68	(9,143.83)	0.00
FNMA	2000 BCDE RMRB	6.10	01/22/02	12/20/31	348,690.07	366,614.19			(1,136.48)	347,553.59	357,432.80	(8,044.91)	0.00
FNMA	2000 BCDE RMRB	6.10	05/10/01	04/01/31	425,821.01	447,354.86			(1,714.15)	424,106.86	436,221.76	(9,418.95)	0.00
GNMA	2000 BCDE RMRB	6.10	02/25/02	02/20/32	464,878.47	488,784.50			(2,321.03)	462,557.44	476,049.55	(10,413.92)	0.00
FNMA	2000 BCDE RMRB	6.10	05/30/01	04/01/31	295,219.26	310,148.57			(1,105.29)	294,113.97	302,515.55	(6,527.73)	0.00
FNMA	2000 BCDE RMRB	6.10	07/12/01	05/01/31	429,858.39	451,596.42			(107,832.40)	322,025.99	331,224.89	(12,539.13)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	06/20/32	878,350.67	923,519.21			(5,870.03)	872,480.64	897,929.62	(19,719.56)	0.00
GNMA	2000 BCDE RMRB	6.10	05/24/02	05/20/32	301,228.14	316,718.58			(954.76)	300,273.38	309,031.92	(6,731.90)	0.00
GNMA	2000 BCDE RMRB	6.10	03/21/02	02/20/32	372,738.28	391,906.06			(1,899.22)	370,839.06	381,655.88	(8,350.96)	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/02	04/20/32	413,853.04	435,135.13			(88,759.36)	325,093.68	334,576.20	(11,799.57)	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/02	04/20/32	662,784.66	696,867.87			(50,169.78)	612,614.86	630,483.95	(16,214.14)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	379,261.28	398,764.51			(1,276.89)	377,984.39	389,009.62	(8,478.00)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	02/20/32	46,367.12	48,751.51			(146.71)	46,220.41	47,568.60	(1,036.20)	0.00
GNMA	2000 BCDE RMRB	6.10	08/29/02	08/20/32	1,508,580.64	1,586,158.27			(61,036.44)	1,447,544.20	1,489,766.96	(35,354.87)	0.00
GNMA	2000 BCDE RMRB	6.10	06/03/02	05/20/32	771,763.83	811,451.21			(83,751.36)	688,012.47	708,080.79	(19,619.06)	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/02	06/20/32	706,299.42	742,620.33			(2,483.69)	703,815.73	724,344.97	(15,791.67)	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/02	06/20/32	813,024.45	854,833.63			(2,812.66)	810,211.79	833,844.49	(18,176.48)	0.00
GNMA	2000 BCDE RMRB	6.10	06/25/02	06/20/32	732,142.73	769,792.64			(2,274.77)	729,867.96	751,157.15	(16,360.72)	0.00
GNMA	2000 BCDE RMRB	6.10	07/05/02	06/20/32	1,582,462.74	1,663,839.73			(48,098.84)	1,534,363.90	1,579,119.08	(36,621.81)	0.00
GNMA	2000 BCDE RMRB	6.10	07/15/02	07/20/32	466,384.22	490,367.69			(1,519.48)	464,864.74	478,424.17	(10,424.04)	0.00
GNMA	2000 BCDE RMRB	6.10	07/22/02	07/20/32	905,011.33	951,550.87			(2,866.57)	902,144.76	928,459.00	(20,225.30)	0.00
GNMA	2000 BCDE RMRB	6.10	07/29/02	07/20/32	445,551.23	468,463.38			(1,634.41)	443,916.82	456,865.24	(9,963.73)	0.00
GNMA	2000 BCDE RMRB	6.10	08/01/02	07/20/32	470,230.74	494,412.01			(56,403.57)	413,827.17	425,897.92	(12,110.52)	0.00
GNMA	2000 BCDE RMRB	6.10	08/12/02	08/20/32	2,002,324.35	2,105,292.42			(65,910.31)	1,936,414.04	1,992,896.43	(46,485.68)	0.00
GNMA	2000 BCDE RMRB	6.10	08/23/02	08/20/32	1,872,449.39	1,968,738.73			(6,796.55)	1,865,652.84	1,920,071.24	(41,870.94)	0.00
GNMA	2000 BCDE RMRB	6.10	11/12/02	10/20/32	775,869.03	815,767.53			(2,626.77)	773,242.26	795,796.63	(17,344.13)	0.00
GNMA	2000 BCDE RMRB	6.10	09/12/02	08/20/32	939,157.65	987,453.13			(3,212.94)	935,944.71	963,244.86	(20,995.33)	0.00
GNMA	2000 BCDE RMRB	6.10	09/19/02	09/20/32	876,122.70	921,176.67			(276,750.37)	599,372.33	616,855.18	(27,571.12)	0.00
GNMA	2000 BCDE RMRB	6.10	09/26/02	09/20/32	1,799,228.43	1,891,752.43			(6,661.23)	1,792,567.20	1,844,853.82	(40,237.38)	0.00
GNMA	2000 BCDE RMRB	6.10	10/10/02	10/20/32	1,845,426.58	1,940,326.28			(107,184.38)	1,738,242.20	1,788,944.20	(44,197.70)	0.00
GNMA	2000 BCDE RMRB	6.10	10/21/02	10/20/32	1,483,660.32	1,559,956.46			(125,960.07)	1,357,700.25	1,397,302.38	(36,694.01)	0.00
GNMA	2000 BCDE RMRB	6.10	10/29/02	11/20/32	858,348.27	902,488.20			(3,161.87)	855,186.40	880,130.94	(19,195.39)	0.00
FNMA	2000 BCDE RMRB	6.10	08/31/01	06/01/31	626,133.56	657,797.21			(3,361.08)	622,772.48	640,562.38	(13,873.75)	0.00
GNMA	2000 BCDE RMRB	6.10	11/05/02	10/20/32	718,058.39	754,984.00			(89,521.38)	628,537.01	646,870.52	(18,592.10)	0.00
GNMA	2000 BCDE RMRB	6.10	11/19/02	11/20/32	129,786.24	136,460.39			(442.02)	129,344.22	133,116.99	(2,901.38)	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	424,432.14	446,268.28			(2,029.43)	422,402.71	434,723.62	(9,505.23)	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	289,389.06	304,270.68			(1,086.23)	288,302.83	296,712.21	(6,472.24)	0.00
GNMA	2000 BCDE RMRB	6.10	12/12/02	11/20/32	175,778.81	184,818.10			(875.58)	174,903.23	180,004.90	(3,937.62)	0.00
GNMA	2000 BCDE RMRB	6.10	12/19/02	06/20/32	66,870.49	70,309.25			(213.96)	66,656.53	68,600.80	(1,494.49)	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	09/20/32	96,591.84	101,558.99			(572.21)	96,019.63	98,820.37	(2,166.41)	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	11/20/32	36,441.63	38,315.61			(107.70)	36,333.93	37,393.74	(814.17)	0.00
GNMA	2000 BCDE RMRB	6.10	01/07/03	12/20/32	135,073.67	142,019.74			(1,823.26)	133,250.41	137,137.13	(3,059.35)	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	128,584.57	135,200.81			(3,713.01)	124,871.56	128,492.55	(2,995.25)	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	503,003.44	528,885.20			(1,729.19)	501,274.25	515,810.08	(11,345.93)	0.00
GNMA	2000 BCDE RMRB	6.10	02/12/03	02/20/33	248,808.38	261,610.66			(826.78)	247,981.60	255,172.49	(5,611.39)	0.00
FNMA	2000 BCDE RMRB	6.10	10/17/01	09/01/31	451,306.10	474,251.17			(91,300.29)	360,005.81	370,513.89	(12,436.99)	0.00
GNMA	2000 BCDE RMRB	6.10	02/20/03	02/20/33	480,929.87	505,675.82			(57,625.16)	423,304.71	435,579.56	(12,471.10)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/ Purchases	Amortizations/ Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	6.10	02/27/03	02/20/33	106,815.13	112,311.25			(348.00)	106,467.13	109,554.44	(2,408.81)	0.00
GNMA	2000 BCDE RMRB	6.10	03/24/03	03/20/33	248,860.18	261,665.14			(50,937.03)	197,923.15	203,662.47	(7,065.64)	0.00
GNMA	2000 BCDE RMRB	6.10	04/02/03	03/20/33	154,780.15	162,744.28			(448.27)	154,331.88	158,807.16	(3,488.85)	0.00
GNMA	2000 BCDE RMRB	6.10	04/10/03	04/20/33	89,974.03	94,603.59			(268.49)	89,705.54	92,306.80	(2,028.30)	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/03	04/20/33	207,582.96	218,264.02			(634.36)	206,948.60	212,949.65	(4,680.01)	0.00
GNMA	2000 BCDE RMRB	6.10	04/24/03	04/20/33	75,898.37	79,803.68			(222.27)	75,676.10	77,870.54	(1,710.87)	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/03	04/20/33	547,931.66	576,125.15			(56,363.84)	491,567.82	505,822.17	(13,939.14)	0.00
GNMA	2000 BCDE RMRB	6.10	05/08/03	04/20/33	134,379.28	141,293.68			(556.78)	133,822.50	137,703.05	(3,033.85)	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/03	04/20/33	74,563.98	78,400.63			(212.58)	74,351.40	76,507.42	(1,680.63)	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/03	05/20/33	201,052.91	211,397.97			(622.94)	200,429.97	206,241.98	(4,533.05)	0.00
GNMA	2000 BCDE RMRB	6.10	05/29/03	04/20/33	151,230.50	159,011.98			(485.80)	150,744.70	155,115.97	(3,410.21)	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/03	05/20/33	139,723.27	146,912.64			(403.62)	139,319.65	143,359.60	(3,149.42)	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	338,294.56	355,701.30			(960.51)	337,334.05	347,115.96	(7,824.83)	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	130,066.17	136,758.64			(589.80)	129,476.37	133,230.89	(2,937.95)	0.00
GNMA	2000 BCDE RMRB	6.10	06/26/03	06/20/33	165,258.68	173,761.96			(528.66)	164,730.02	169,506.81	(3,726.49)	0.00
GNMA	2000 BCDE RMRB	6.10	07/03/03	07/20/33	123,048.40	129,379.78			(345.62)	122,702.78	126,260.88	(2,773.28)	0.00
GNMA	2000 BCDE RMRB	6.10	07/10/03	07/20/33	607,370.54	638,622.43			(53,792.86)	553,577.68	569,630.19	(15,199.38)	0.00
GNMA	2000 BCDE RMRB	6.10	07/17/03	07/20/33	300,883.82	316,365.62			(1,287.60)	299,596.22	308,283.84	(6,794.18)	0.00
GNMA	2000 BCDE RMRB	6.10	07/24/03	07/20/33	50,692.69	53,301.05			(141.76)	50,550.93	52,016.79	(1,142.50)	0.00
GNMA	2000 BCDE RMRB	6.10	07/30/03	07/20/33	448,261.92	471,326.98			(1,381.34)	446,880.58	459,839.11	(10,106.53)	0.00
GNMA	2000 BCDE RMRB	6.10	08/07/03	08/20/33	235,071.39	247,166.85			(658.60)	234,412.79	241,210.24	(5,298.01)	0.00
GNMA	2000 BCDE RMRB	6.10	08/14/03	08/20/33	243,272.58	255,790.03			(677.41)	242,595.17	249,629.88	(5,482.74)	0.00
FNMA	2000 BCDE RMRB	6.10	12/27/01	10/01/31	238,334.80	250,387.45			(1,717.24)	236,617.56	243,376.70	(5,293.51)	0.00
GNMA	2000 BCDE RMRB	6.10	08/21/03	08/20/33	215,789.81	226,893.13			(607.61)	215,182.20	221,421.98	(4,863.54)	0.00
GNMA	2000 BCDE RMRB	6.10	08/28/03	08/20/33	354,504.27	372,745.09			(1,154.71)	353,349.56	363,595.91	(7,994.47)	0.00
GNMA	2000 BCDE RMRB	6.10	09/04/03	08/20/33	209,795.79	220,590.70			(716.71)	209,079.08	215,141.89	(4,732.10)	0.00
GNMA	2000 BCDE RMRB	6.10	09/18/03	09/20/33	517,491.67	544,118.89			(1,801.54)	515,690.13	530,643.97	(11,673.38)	0.00
GNMA	2000 BCDE RMRB	6.10	09/18/03	08/20/33	84,356.19	88,696.68			(235.35)	84,120.84	86,560.15	(1,901.18)	0.00
GNMA	2000 BCDE RMRB	6.10	09/29/03	09/20/33	442,726.87	465,507.12			(1,264.07)	441,462.80	454,264.23	(9,978.82)	0.00
GNMA	2000 BCDE RMRB	6.10	10/09/03	09/20/33	334,996.13	352,233.16			(1,300.38)	333,695.75	343,372.17	(7,560.61)	0.00
GNMA	2000 BCDE RMRB	6.10	10/16/03	09/20/33	91,611.72	96,325.53			(253.95)	91,357.77	94,006.93	(2,064.65)	0.00
GNMA	2000 BCDE RMRB	5.40	10/23/03	10/20/33	346,023.25	355,281.82			(2,354.75)	343,668.50	341,482.69	(11,444.38)	0.00
GNMA	2000 BCDE RMRB	6.10	10/23/03	10/20/33	251,930.92	264,893.87			(693.57)	251,237.35	258,522.66	(5,677.64)	0.00
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33	157,422.53	161,634.69			(493.15)	156,929.38	155,931.28	(5,210.26)	0.00
GNMA	2000 BCDE RMRB	6.10	10/30/03	08/20/33	60,483.31	63,595.44			(182.70)	60,300.61	62,049.19	(1,363.55)	0.00
GNMA	2000 BCDE RMRB	5.40	11/13/03	11/20/33	551,951.38	566,719.99			(1,838.28)	550,113.10	546,614.26	(18,267.45)	0.00
GNMA	2000 BCDE RMRB	6.10	11/13/03	11/20/33	142,794.61	150,142.03			(434.79)	142,359.82	146,487.94	(3,219.30)	0.00
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	519,524.76	533,425.72			(1,838.22)	517,686.54	514,393.95	(17,193.55)	0.00
GNMA	2000 BCDE RMRB	6.10	11/20/03	10/20/33	49,090.69	51,616.63			(134.69)	48,956.00	50,375.62	(1,106.32)	0.00
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	339,537.13	348,622.15			(1,088.35)	338,448.78	336,296.16	(11,237.64)	0.00
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	425,615.77	437,004.02			(2,321.06)	423,294.71	420,602.48	(14,080.48)	0.00
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	370,204.27	380,109.86			(1,150.48)	369,053.79	366,706.53	(12,252.85)	0.00
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	1,105,239.68	1,134,812.68			(94,645.75)	1,010,593.93	1,004,166.33	(36,000.60)	0.00
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	1,075,947.19	1,104,736.41			(4,463.80)	1,071,483.39	1,064,668.53	(35,604.08)	0.00
GNMA	2000 BCDE RMRB	5.40	01/08/04	01/20/34	205,402.53	210,902.63			(734.69)	204,667.84	203,203.66	(6,964.28)	0.00
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	1,406,418.64	1,444,078.58			(69,134.18)	1,337,284.46	1,327,717.55	(47,226.85)	0.00
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	370,427.69	370,427.69			(1,150.91)	369,276.78	364,802.07	(4,474.71)	0.00
GNMA	2000 BCDE RMRB	5.40	01/29/04	01/20/34	51,983.49	53,375.46			(180.79)	51,802.70	51,432.11	(1,762.56)	0.00
GNMA	2000 BCDE RMRB	6.10	02/02/04	12/20/33	118,115.27	124,192.83			(927.13)	117,188.14	120,586.33	(2,679.37)	0.00
GNMA	2000 BCDE RMRB	5.75	03/25/04	03/20/34			40,768.25			40,768.25	41,250.39	482.14	0.00
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34			167,707.32			167,707.32	169,690.66	1,983.34	0.00
GNMA	2000 BCDE RMRB	5.75	04/08/04	04/20/34			220,479.23			220,479.23	223,086.66	2,607.43	0.00
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34			297,373.09			297,373.09	300,889.87	3,516.78	0.00
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34			133,058.83			133,058.83	134,632.42	1,573.59	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34			267,530.58			267,530.58	270,694.45	3,163.87	0.00
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34			220,795.20			220,795.20	223,406.37	2,611.17	0.00
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34			374,811.93			374,811.93	379,244.52	4,432.59	0.00
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34			623,359.49			623,359.49	630,731.45	7,371.96	0.00
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34			256,820.37			256,820.37	259,857.57	3,037.20	0.00
FNMA	2000 BCDE RMRB	6.10	06/10/02	05/01/32	181,873.52	191,070.90			(817.82)	181,055.70	186,227.68	(4,025.40)	0.00
FNMA	2000 BCDE RMRB	6.10	07/29/02	07/01/32	384,239.24	403,693.47			(1,713.11)	382,526.13	393,906.79	(8,073.57)	0.00
FNMA	2000 BCDE RMRB	6.10	09/12/02	07/01/32	358,521.24	378,673.35			(1,330.66)	357,190.58	367,817.48	(7,525.21)	0.00
FNMA	2000 BCDE RMRB	6.10	10/29/02	10/01/32	344,629.59	362,078.35			(1,119.36)	343,510.23	353,730.11	(7,228.88)	0.00
FNMA	2000 BCDE RMRB	6.10	04/10/03	03/01/33	273,317.25	287,169.16			(793.71)	272,523.54	280,620.51	(5,754.94)	0.00
FNMA	2000 BCDE RMRB	6.10	07/03/03	05/01/33	275,280.73	289,232.18			(855.64)	274,425.09	282,578.59	(5,797.95)	0.00
FNMA	2000 BCDE RMRB	6.10	08/14/03	08/01/33	256,972.65	269,996.23			(730.37)	256,242.28	263,855.54	(5,410.32)	0.00
FNMA	2000 BCDE RMRB	6.10	09/04/03	08/01/33	269,433.65	283,088.76			(2,522.87)	266,910.78	274,841.01	(5,724.88)	0.00
FNMA	2000 BCDE RMRB	6.10	12/04/03	10/01/33	153,208.96	160,973.70			(748.33)	152,460.63	156,990.39	(3,234.98)	0.00
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	262,250.93	269,009.76			(971.15)	261,279.78	259,043.05	(8,995.56)	0.00
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	242,935.58	249,196.62			(1,401.48)	241,534.10	239,466.41	(8,328.73)	0.00
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34			270,284.53			270,284.53	273,285.43	3,000.90	0.00
Repo Agmt	2000 BCDE RMRB	1.02	05/28/04	06/01/04	0.79	0.79	11,498,207.54			11,498,208.33	11,498,208.33	-	0.00
Inv Agmt	2000 BCDE RMRB				14,133,917.02	14,133,917.02		(14,133,917.02)				-	0.00
Repo Agmt	2000 BCDE RMRB	1.02	05/28/04	06/01/04	8.58	8.58	0.00			8.58	8.58	-	0.00
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33	28,772.78	29,543.00			(195.80)	28,576.98	28,395.55	(951.65)	0.00
GNMA	2000 BCDE RMRB	5.40	10/20/03	10/20/33	13,090.13	13,440.52			(41.00)	13,049.13	12,966.26	(433.26)	0.00
GNMA	2000 BCDE RMRB	5.40	11/19/03	10/20/33	45,896.58	47,124.86			(152.86)	45,743.72	45,453.01	(1,518.99)	0.00
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	43,200.41	44,356.33			(152.85)	43,047.56	42,773.77	(1,429.71)	0.00
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	28,233.77	28,989.22			(90.51)	28,143.26	27,964.28	(934.43)	0.00
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	35,391.53	36,338.50			(193.01)	35,198.52	34,974.66	(1,170.83)	0.00
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	30,783.86	31,607.55			(95.67)	30,688.19	30,493.01	(1,018.87)	0.00
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	91,904.79	94,363.89			(7,870.14)	84,034.65	83,500.16	(2,993.59)	0.00
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	89,469.00	91,862.92			(371.17)	89,097.83	88,531.14	(2,960.61)	0.00
GNMA	2000 BCDE RMRB	5.40	01/01/04	01/20/34	17,079.98	17,537.34			(61.09)	17,018.89	16,897.14	(579.11)	0.00
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	116,948.92	120,080.49			(5,748.78)	111,200.14	110,404.64	(3,927.07)	0.00
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	30,802.44	30,802.44			(95.70)	30,706.74	30,334.64	(372.10)	0.00
GNMA	2000 BCDE RMRB	5.40	01/29/04	01/20/34	4,322.62	4,438.37			(15.04)	4,307.58	4,276.77	(146.56)	0.00
GNMA	2000 BCDE RMRB	5.75	03/25/04	03/20/34			1,577.83			1,577.83	1,596.47	18.64	0.00
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34			6,490.62			6,490.62	6,567.38	76.76	0.00
GNMA	2000 BCDE RMRB	4.75	04/08/04	04/20/34			8,533.00			8,533.00	8,633.91	100.91	0.00
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34			11,508.95			11,508.95	11,645.06	136.11	0.00
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34			5,149.65			5,149.65	5,210.55	60.90	0.00
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34			10,353.99			10,353.99	10,476.43	122.44	0.00
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34			8,545.23			8,545.23	8,646.28	101.05	0.00
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34			14,505.99			14,505.99	14,677.54	171.55	0.00
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34			24,125.28			24,125.28	24,410.59	285.31	0.00
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34			9,939.47			9,939.47	10,057.02	117.55	0.00
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	21,807.14	22,369.16			(80.75)	21,726.39	21,540.39	(748.02)	0.00
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	20,200.98	20,721.62			(116.53)	20,084.45	19,912.52	(692.57)	0.00
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34			10,460.57			10,460.57	10,578.71	116.14	0.00
2000 BCDE RMRB Total					109,523,339.70	113,748,083.99	21,855,657.05	(15,936,915.47)	(4,320,601.07)	111,121,480.21	113,237,413.88	(2,108,810.62)	0.00
Repo Agmt	2001 A-E RMRB	1.02	05/28/04	06/01/04			4,272.15			4,272.15	4,272.15	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	05/28/04	06/01/04	73,307.45	73,307.45	4,381.64			77,689.09	77,689.09	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	05/28/04	06/01/04	2,970.05	2,970.05	7.47			2,977.52	2,977.52	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	05/28/04	06/01/04	32,322.50	32,322.50		(7,433.28)		24,889.22	24,889.22	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	05/28/04	06/01/04	1,086,725.82	1,086,725.82		(1,063,554.32)		23,171.50	23,171.50	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	05/28/04	06/01/04	1,037.61	1,037.61		(9.78)		1,027.83	1,027.83	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	2001 A-E RMRB	1.02	05/28/04	06/01/04	0.96	0.96	0.00			0.96	0.96	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	1,844,110.86	1,844,110.86	5,753,856.00			7,597,966.86	7,597,966.86	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	93,116.10	93,116.10		(3,175.00)		89,941.10	89,941.10	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	8,184.06	8,184.06	0.00			8,184.06	8,184.06	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	05/28/04	06/01/04	0.50	0.50	0.00			0.50	0.50	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	2,909,096.59	2,909,096.59	0.00			2,909,096.59	2,909,096.59	-	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	465,560.34	515,009.15			(37,807.58)	427,752.76	469,851.73	(7,349.84)	0.00
GNMA	2001 A-E RMRB	8.19	10/28/91	01/20/16	39,793.48	44,057.15			(483.43)	39,310.05	43,305.01	(268.71)	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	75,682.78	81,444.75			(1,323.54)	74,359.24	80,188.93	67.72	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	181,168.03	200,410.51			(3,053.37)	178,114.66	195,644.44	(1,712.70)	0.00
GNMA	2001 A-E RMRB	7.19	01/22/90	11/20/14	387,624.74	416,671.26			(25,882.74)	361,742.00	389,774.32	(1,014.20)	0.00
GNMA	2001 A-E RMRB	8.19	01/22/90	11/20/14	131,057.59	144,868.63			(60,510.67)	70,546.92	77,322.43	(7,053.53)	0.00
GNMA	2001 A-E RMRB	7.19	01/01/90	11/20/14	214,830.40	230,928.63			(3,649.26)	211,181.14	227,546.08	266.71	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	11/20/14	196,701.31	217,456.97			(3,626.43)	193,074.88	211,618.24	(2,212.30)	0.00
GNMA	2001 A-E RMRB	7.19	01/01/90	12/20/14	271,538.39	291,885.97			(4,545.44)	266,992.95	287,682.83	342.30	0.00
GNMA	2001 A-E RMRB	8.19	02/28/90	12/20/14	318,647.67	352,271.02			(9,165.07)	309,482.60	339,206.11	(3,899.84)	0.00
GNMA	2001 A-E RMRB	7.19	01/20/90	01/20/15	381,213.34	410,236.22			(13,712.48)	367,500.86	396,312.49	(211.25)	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	01/20/15	600,294.26	664,053.60			(75,569.69)	524,724.57	576,367.38	(12,116.53)	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	148,619.11	159,933.93			(2,264.06)	146,355.05	157,829.12	159.25	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	12/20/14	200,392.79	221,537.96			(4,541.24)	195,851.55	214,661.59	(2,335.13)	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	169,014.61	181,882.17			(2,888.93)	166,125.68	179,149.72	156.48	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	01/20/15	275,569.32	304,838.54			(26,089.90)	249,479.42	274,032.95	(4,715.69)	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	01/20/15	173,092.20	186,270.23			(4,490.65)	168,601.55	181,819.70	40.12	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	01/20/15	260,694.00	288,383.26			(34,011.24)	226,682.76	248,992.68	(5,379.34)	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	02/20/15	126,304.71	135,920.69			(2,649.46)	123,655.25	133,349.70	78.47	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	02/20/15	455,446.74	503,821.41			(7,918.06)	447,528.68	491,574.00	(4,329.35)	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	574,152.86	617,864.78			(11,820.96)	562,331.90	606,418.05	374.23	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	350,629.55	387,871.16			(37,369.75)	313,259.80	344,090.53	(6,410.88)	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	447,481.61	481,549.73			(7,782.86)	439,698.75	474,170.63	403.76	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	1,377,116.76	1,523,385.12			(221,676.00)	1,155,440.76	1,269,157.94	(32,551.18)	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	245,204.92	263,873.06			(5,493.46)	239,711.46	258,504.50	124.90	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	03/20/15	42,224.31	46,709.11			(594.23)	41,630.08	45,727.27	(387.61)	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	370,259.68	398,448.58			(59,663.06)	310,596.62	334,947.02	(3,838.50)	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	04/20/15	720,216.03	796,712.74			(11,410.48)	708,805.55	778,565.51	(6,736.75)	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	99,221.21	106,775.19			(1,499.55)	97,721.66	105,382.88	107.24	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	185,883.10	205,626.41			(34,123.03)	151,760.07	166,696.15	(4,807.23)	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	192,519.70	207,176.82			(24,903.37)	167,616.33	180,757.30	(1,516.15)	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	575,581.59	636,716.13			(10,486.61)	565,094.98	620,711.03	(5,518.49)	0.00
GNMA	2001 A-E RMRB	6.19	06/28/90	05/20/15	179,062.42	189,068.64			(2,924.91)	176,137.51	182,457.53	(3,686.20)	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	67,063.36	72,169.09			(1,093.90)	65,969.46	71,141.41	66.22	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	06/20/15	53,936.21	58,042.57			(778.29)	53,157.92	57,325.48	61.20	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	07/20/15	223,334.84	247,056.01			(2,979.02)	220,355.82	242,043.01	(2,033.98)	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	07/20/15	126,861.43	136,519.76			(1,801.11)	125,060.32	134,864.90	146.25	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	08/20/15	341,878.47	378,190.57			(46,200.22)	295,678.25	324,778.56	(7,211.79)	0.00
GNMA	2001 A-E RMRB	6.19	09/13/90	07/20/15	151,920.29	160,409.81			(27,831.10)	124,089.19	128,541.68	(4,037.03)	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	235,033.99	259,997.78			(53,920.39)	181,113.60	198,938.61	(7,138.78)	0.00
GNMA	2001 A-E RMRB	6.19	09/28/90	08/20/15	278,658.42	294,230.21			(5,197.95)	273,460.47	283,272.59	(5,759.67)	0.00
GNMA	2001 A-E RMRB	7.19	09/28/90	08/20/15	279,590.47	300,876.55			(4,560.64)	275,029.83	296,591.88	275.97	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	610,946.09	675,836.77			(41,030.03)	569,916.06	628,006.59	(8,800.15)	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	08/20/15	47,903.15	51,550.17			(1,167.39)	46,735.76	50,399.79	17.01	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	264,542.23	292,640.21			(33,666.43)	230,875.80	253,598.38	(5,375.40)	0.00
GNMA	2001 A-E RMRB	6.19	10/31/90	09/20/15	264,044.19	278,799.29			(4,170.84)	259,873.35	269,197.91	(5,430.54)	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	09/20/15	151,528.14	163,064.43			(51,905.69)	99,622.45	107,432.73	(3,726.01)	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	347,904.59	384,856.80			(5,576.53)	342,328.06	376,019.62	(3,260.65)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	2001 A-E RMRB				47,172.84	50,816.50			(47,172.84)			(3,643.66)	0.00
GNMA	2001 A-E RMRB	6.19	11/28/90	10/20/15	213,083.36	224,990.71			(3,569.23)	209,514.13	217,031.74	(4,389.74)	0.00
GNMA	2001 A-E RMRB	8.19	11/28/90	10/20/15	686,804.84	759,752.83			(31,847.31)	654,957.53	719,417.78	(8,487.74)	0.00
GNMA	2001 A-E RMRB	7.19	12/21/90	10/20/15	88,034.80	94,737.16			(1,272.29)	86,762.51	93,564.60	99.73	0.00
GNMA	2001 A-E RMRB	8.19	12/21/90	11/20/15	174,253.05	192,761.10			(2,287.14)	171,965.91	188,890.60	(1,583.36)	0.00
GNMA	2001 A-E RMRB	8.19	02/25/91	10/20/15	47,873.16	52,958.02			(620.92)	47,252.24	51,902.81	(434.29)	0.00
GNMA	2001 A-E RMRB	6.19	01/25/91	11/20/15	222,846.96	235,299.90			(3,299.30)	219,547.66	227,425.29	(4,575.31)	0.00
GNMA	2001 A-E RMRB	8.19	01/28/91	11/20/15	107,638.18	119,070.86			(1,723.01)	105,915.17	116,339.25	(1,008.60)	0.00
GNMA	2001 A-E RMRB	8.19	02/25/90	01/20/16	294,285.17	325,817.84			(41,620.38)	252,664.79	278,343.45	(5,854.01)	0.00
GNMA	2001 A-E RMRB	8.19	03/28/91	02/20/16	201,514.22	223,106.51			(28,747.20)	172,767.02	190,325.55	(4,033.76)	0.00
GNMA	2001 A-E RMRB	8.75	04/29/91	02/20/20	208,208.83	232,336.37			(1,517.34)	206,691.49	231,638.15	819.12	0.00
GNMA	2001 A-E RMRB	8.19	04/29/91	04/20/16	458,760.63	507,916.90			(7,404.14)	451,356.49	497,228.55	(3,284.21)	0.00
GNMA	2001 A-E RMRB	7.19	04/29/91	02/20/16	494,300.47	532,480.59			(48,199.95)	446,100.52	481,478.65	(2,801.99)	0.00
GNMA	2001 A-E RMRB	6.19	04/29/91	04/20/16	460,751.54	487,394.41			(8,267.93)	452,483.61	469,343.52	(9,782.96)	0.00
GNMA	2001 A-E RMRB	8.19	04/26/91	04/20/16	25,353.97	28,070.67			(332.72)	25,021.25	27,564.24	(173.71)	0.00
GNMA	2001 A-E RMRB	7.19	04/26/91	04/20/16	177,420.47	191,124.56			(2,610.79)	174,809.68	188,673.05	159.28	0.00
GNMA	2001 A-E RMRB	6.19	10/23/92	09/20/17	543,508.64	575,982.34			(8,033.04)	535,475.60	556,198.97	(11,750.33)	0.00
GNMA	2001 A-E RMRB	8.19	11/23/92	01/20/32	66,671.80	73,698.85			(773.30)	65,898.50	72,769.72	(155.83)	0.00
GNMA	2001 A-E RMRB	7.19	10/30/92	08/20/17	767,191.72	828,435.75			(132,469.56)	634,722.16	686,522.65	(9,443.54)	0.00
GNMA	2001 A-E RMRB	6.00	10/30/92	09/20/17	559,777.13	587,151.57			(7,483.80)	552,293.33	565,024.51	(14,643.26)	0.00
GNMA	2001 A-E RMRB	5.45	02/25/02	01/20/32	595,357.68	615,438.41			(2,576.41)	592,781.27	593,816.87	(19,045.13)	0.00
GNMA	2001 A-E RMRB	4.95	02/25/02	02/20/32	1,343,849.01	1,357,026.28			(63,504.41)	1,280,344.60	1,243,573.10	(49,948.77)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	460,878.90	476,423.82			(2,016.42)	458,862.48	459,664.13	(14,743.27)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	05/20/32	1,396,520.66	1,410,214.40			(5,353.52)	1,391,167.14	1,351,212.76	(53,648.12)	0.00
GNMA	2001 A-E RMRB	4.95	05/24/02	05/20/32	958,729.20	968,130.12			(3,653.18)	955,076.02	927,646.24	(36,830.70)	0.00
GNMA	2001 A-E RMRB	5.45	05/24/02	05/20/32	475,515.73	491,554.33			(1,851.15)	473,664.58	474,492.09	(15,211.09)	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	1,563,485.01	1,616,219.58			(173,955.58)	1,389,529.43	1,391,957.01	(50,306.99)	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	209,734.71	216,808.81			(63,285.27)	146,449.44	146,705.28	(6,818.26)	0.00
GNMA	2001 A-E RMRB	4.95	03/21/02	02/20/32	1,010,847.94	1,020,759.92			(4,632.91)	1,006,215.03	977,316.50	(38,810.51)	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	04/20/32	2,354,307.26	2,433,715.35			(272,483.85)	2,081,823.41	2,085,460.40	(75,771.10)	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	03/20/32	233,096.95	240,959.03			(920.44)	232,176.51	232,582.11	(7,456.48)	0.00
GNMA	2001 A-E RMRB	4.95	04/17/02	04/20/32	2,067,242.89	2,087,513.46			(202,969.67)	1,864,273.22	1,810,731.26	(73,812.53)	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	150,399.05	155,471.84			(531.69)	149,867.36	150,129.19	(4,810.96)	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	2,557,883.93	2,582,965.55			(102,384.63)	2,455,499.30	2,384,977.36	(95,603.56)	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	914,667.18	945,517.85			(3,478.41)	911,188.77	912,780.63	(29,258.81)	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	85,083.64	85,917.92			(336.72)	84,746.92	82,312.97	(3,268.23)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	418,812.53	432,938.61			(1,494.47)	417,318.06	418,047.14	(13,397.00)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	04/20/32	337,848.39	341,161.19			(1,282.66)	336,565.73	326,899.55	(12,978.98)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	04/20/32	132,824.38	137,304.39			(485.30)	132,339.08	132,570.27	(4,248.82)	0.00
GNMA	2001 A-E RMRB	5.45	08/29/02	08/20/32	600,777.17	621,040.70			(3,096.43)	597,680.74	598,724.88	(19,219.39)	0.00
GNMA	2001 A-E RMRB	4.95	08/29/02	08/20/32	647,933.18	654,286.56			(2,452.08)	645,481.10	626,942.89	(24,891.59)	0.00
GNMA	2001 A-E RMRB	5.45	06/03/02	05/20/32	397,356.64	410,759.02			(1,544.32)	395,812.32	396,503.82	(12,710.88)	0.00
GNMA	2001 A-E RMRB	4.95	06/03/02	05/20/32	1,317,940.51	1,330,863.72			(7,687.85)	1,310,252.66	1,272,622.16	(50,553.71)	0.00
GNMA	2001 A-E RMRB	5.45	06/10/02	05/20/32	52,769.49	54,549.35			(185.18)	52,584.31	52,676.18	(1,687.99)	0.00
GNMA	2001 A-E RMRB	4.95	06/10/02	05/20/32	675,423.81	682,046.75			(107,572.18)	567,851.63	551,542.92	(22,931.65)	0.00
GNMA	2001 A-E RMRB	5.45	06/19/02	06/20/32	205,769.64	212,710.02			(102,081.72)	103,687.92	103,869.07	(6,759.23)	0.00
GNMA	2001 A-E RMRB	4.95	06/19/02	06/20/32	395,292.70	399,168.78			(1,906.81)	393,385.89	382,087.83	(15,174.14)	0.00
GNMA	2001 A-E RMRB	5.45	06/25/02	05/20/32	424,920.24	439,252.33			(59,021.33)	365,898.91	366,538.16	(13,692.84)	0.00
GNMA	2001 A-E RMRB	4.95	06/25/02	06/20/32	373,791.99	377,457.24			(93,623.70)	280,168.29	272,121.85	(11,711.69)	0.00
GNMA	2001 A-E RMRB	5.45	07/05/02	06/20/32	719,499.03	743,766.90			(2,506.03)	716,993.00	718,245.61	(23,015.26)	0.00
GNMA	2001 A-E RMRB	4.95	07/05/02	06/20/32	1,076,209.38	1,086,762.28			(4,288.85)	1,071,920.53	1,041,134.97	(41,338.46)	0.00
GNMA	2001 A-E RMRB	5.45	07/15/02	06/20/32	314,008.90	324,600.05			(1,073.04)	312,935.86	313,482.57	(10,044.44)	0.00
GNMA	2001 A-E RMRB	4.95	07/15/02	06/20/32	392,056.34	395,900.67			(1,540.20)	390,516.14	379,300.50	(15,069.97)	0.00
GNMA	2001 A-E RMRB	5.45	07/22/02	06/20/32	175,054.10	180,958.47			(784.73)	174,269.37	174,573.82	(5,599.92)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.95	07/22/02	07/20/32	955,816.23	965,188.59			(83,225.17)	872,591.06	847,530.22	(34,433.20)	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	168,193.69	173,322.36			(1,295.14)	166,898.55	167,190.14	(4,837.08)	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	120,109.45	124,160.60			(550.58)	119,558.87	119,767.72	(3,842.30)	0.00
GNMA	2001 A-E RMRB	4.95	07/29/02	07/20/32	655,622.63	662,051.41			(203,327.68)	452,294.95	439,305.02	(19,418.71)	0.00
GNMA	2001 A-E RMRB	5.45	08/01/02	07/20/32	66,341.40	68,579.02			(258.27)	66,083.13	66,198.58	(2,122.17)	0.00
GNMA	2001 A-E RMRB	4.95	08/01/02	06/20/32	58,664.47	59,238.97			(220.71)	58,443.76	56,764.55	(2,253.71)	0.00
GNMA	2001 A-E RMRB	5.45	08/12/02	07/20/32	620,453.67	641,380.86			(2,136.04)	618,317.63	619,397.85	(19,846.97)	0.00
GNMA	2001 A-E RMRB	4.95	08/12/02	07/20/32	253,536.00	256,022.07			(982.22)	252,553.78	245,300.43	(9,739.42)	0.00
GNMA	2001 A-E RMRB	5.45	08/23/02	08/20/32	1,491,955.54	1,542,277.49			(91,512.15)	1,400,443.39	1,402,890.00	(47,875.34)	0.00
GNMA	2001 A-E RMRB	4.95	08/23/02	08/20/32	1,761,968.11	1,779,245.28			(6,604.32)	1,755,363.79	1,704,949.70	(67,691.26)	0.00
GNMA	2001 A-E RMRB	5.45	11/12/02	10/20/32	704,774.31	728,545.54			(3,572.18)	701,202.13	702,427.18	(22,546.18)	0.00
GNMA	2001 A-E RMRB	5.45	09/12/02	08/20/32	707,383.14	731,242.36			(121,598.96)	585,784.18	586,807.55	(22,835.85)	0.00
GNMA	2001 A-E RMRB	4.95	09/12/02	08/20/32	721,178.17	728,249.77			(60,444.65)	660,733.52	641,757.25	(26,047.87)	0.00
GNMA	2001 A-E RMRB	5.45	09/19/02	09/20/32	213,850.23	221,063.15			(719.58)	213,130.65	213,503.00	(6,840.57)	0.00
GNMA	2001 A-E RMRB	4.95	09/19/02	09/20/32	696,282.85	703,110.31			(120,420.74)	575,862.11	559,323.32	(23,366.25)	0.00
GNMA	2001 A-E RMRB	5.45	09/26/02	09/20/32	894,254.55	924,416.71			(100,748.27)	793,506.28	794,892.51	(28,775.92)	0.00
GNMA	2001 A-E RMRB	4.95	09/26/02	09/20/32	482,246.02	486,974.73			(1,826.44)	480,419.58	466,621.91	(18,526.38)	0.00
GNMA	2001 A-E RMRB	5.45	10/10/02	09/20/32	1,100,459.80	1,137,577.04			(3,760.22)	1,096,699.58	1,098,615.55	(35,201.27)	0.00
GNMA	2001 A-E RMRB	4.95	10/10/02	09/20/32	467,088.67	471,668.74			(1,776.44)	465,312.23	451,948.44	(17,943.86)	0.00
GNMA	2001 A-E RMRB	5.45	10/21/02	10/20/32	267,326.56	276,343.19			(898.09)	266,428.47	266,893.94	(8,551.16)	0.00
GNMA	2001 A-E RMRB	4.95	10/21/02	10/20/32	446,634.31	451,013.83			(2,002.50)	444,631.81	431,861.97	(17,149.36)	0.00
GNMA	2001 A-E RMRB	5.45	10/29/02	11/20/32	132,562.77	137,033.96			(465.84)	132,096.93	132,327.70	(4,240.42)	0.00
GNMA	2001 A-E RMRB	4.95	10/29/02	11/20/32	328,833.31	332,057.72			(1,228.30)	327,605.01	318,196.19	(12,633.23)	0.00
GNMA	2001 A-E RMRB	5.45	11/05/02	10/20/32	445,139.51	460,153.54			(2,052.17)	443,087.34	443,861.41	(14,239.96)	0.00
GNMA	2001 A-E RMRB	4.95	11/05/02	10/20/32	270,266.24	272,916.37			(1,042.79)	269,223.45	261,491.36	(10,382.22)	0.00
GNMA	2001 A-E RMRB	5.45	11/19/02	11/20/32	228,196.33	235,893.12			(765.93)	227,430.40	227,827.72	(7,299.47)	0.00
GNMA	2001 A-E RMRB	4.95	11/19/02	11/20/32	77,022.50	77,777.75			(281.29)	76,741.21	74,537.19	(2,959.27)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	557,437.54	576,239.27			(1,871.89)	555,565.65	556,536.26	(17,831.12)	0.00
GNMA	2001 A-E RMRB	4.95	11/26/02	11/20/32	83,226.45	84,042.54			(304.07)	82,922.38	80,540.85	(3,197.62)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	353,103.84	365,013.63			(1,181.71)	351,922.13	352,536.94	(11,294.98)	0.00
GNMA	2001 A-E RMRB	4.95	12/12/02	11/20/32	198,941.56	200,892.28			(744.25)	198,197.31	192,505.07	(7,642.96)	0.00
GNMA	2001 A-E RMRB	5.45	12/12/02	11/20/32	540,486.07	558,716.03			(1,927.79)	538,558.28	539,499.15	(17,289.09)	0.00
GNMA	2001 A-E RMRB	5.45	12/19/02	12/20/32	438,063.89	452,839.30			(2,167.11)	435,896.78	436,658.32	(14,013.87)	0.00
GNMA	2001 A-E RMRB	4.95	12/19/02	11/20/32	68,554.72	69,226.94			(248.59)	68,306.13	66,344.37	(2,633.98)	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	457,972.98	473,419.89			(2,774.52)	455,198.46	455,993.70	(14,651.67)	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	107,281.18	110,899.65			(357.25)	106,923.93	107,110.73	(3,431.67)	0.00
GNMA	2001 A-E RMRB	4.95	12/30/02	12/20/32	134,536.73	135,855.95			(530.39)	134,006.34	130,157.68	(5,167.88)	0.00
GNMA	2001 A-E RMRB	5.45	01/09/03	12/20/32	115,999.11	119,911.61			(627.45)	115,371.66	115,573.21	(3,710.95)	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	474,872.71	490,860.85			(1,869.86)	473,002.85	473,647.70	(15,343.29)	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	397,622.34	401,444.99			(1,977.93)	395,644.41	384,125.69	(15,341.37)	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	194,282.59	200,823.77			(658.79)	193,623.80	193,867.79	(6,277.19)	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	60,438.48	61,019.53			(601.19)	59,837.29	58,095.21	(2,323.13)	0.00
GNMA	2001 A-E RMRB	5.45	01/30/03	12/20/32	300,748.44	310,892.34			(1,417.90)	299,330.54	299,853.49	(9,620.95)	0.00
GNMA	2001 A-E RMRB	4.95	01/30/03	01/20/33	80,211.64	80,982.77			(287.54)	79,924.10	77,597.20	(3,098.03)	0.00
GNMA	2001 A-E RMRB	5.45	02/12/03	01/20/33	327,313.44	338,333.52			(1,237.94)	326,075.50	326,520.04	(10,575.54)	0.00
GNMA	2001 A-E RMRB	4.95	02/12/03	02/20/33	250,753.81	253,164.50			(907.99)	249,845.82	242,571.85	(9,684.66)	0.00
GNMA	2001 A-E RMRB	5.45	02/20/03	02/20/33	188,832.00	195,189.65			(628.17)	188,203.83	188,460.41	(6,101.07)	0.00
GNMA	2001 A-E RMRB	5.45	02/27/03	02/20/33	96,372.54	99,617.25			(315.54)	96,057.00	96,187.98	(3,113.73)	0.00
GNMA	2001 A-E RMRB	4.95	02/27/03	02/20/33	147,915.43	149,337.44			(555.90)	147,359.53	143,069.32	(5,712.22)	0.00
GNMA	2001 A-E RMRB	5.45	03/12/03	10/20/32	49,946.89	51,631.53			(166.58)	49,780.31	49,867.27	(1,597.68)	0.00
GNMA	2001 A-E RMRB	4.95	03/12/03	02/20/33	202,566.76	204,514.18			(762.85)	201,803.91	195,928.62	(7,822.71)	0.00
GNMA	2001 A-E RMRB	5.45	03/20/03	02/20/33	335,960.78	347,272.00			(1,674.33)	334,286.45	334,742.19	(10,855.48)	0.00
GNMA	2001 A-E RMRB	4.95	03/20/03	02/20/33	217,704.35	219,797.30			(901.84)	216,802.51	210,490.56	(8,404.90)	0.00
GNMA	2001 A-E RMRB	5.45	04/02/03	03/20/33	239,984.10	248,063.96			(794.20)	239,189.90	239,515.99	(7,753.77)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	5.45	04/10/03	03/20/33	130,926.74	135,334.82			(634.70)	130,292.04	130,469.67	(4,230.45)	0.00
GNMA	2001 A-E RMRB	5.45	04/17/03	03/20/33	59,563.99	61,569.41			(192.75)	59,371.24	59,452.18	(1,924.48)	0.00
GNMA	2001 A-E RMRB	5.45	04/29/03	04/20/33	232,586.45	240,417.24			(914.01)	231,672.44	231,988.29	(7,514.94)	0.00
GNMA	2001 A-E RMRB	5.45	05/08/03	04/20/33	217,333.73	224,650.98			(875.50)	216,458.23	216,753.33	(7,022.15)	0.00
GNMA	2001 A-E RMRB	4.95	05/08/03	04/20/33	152,975.16	154,445.82			(543.55)	152,431.61	147,993.74	(5,908.53)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/03	04/20/33	155,371.40	156,865.09			(548.44)	154,822.96	150,315.46	(6,001.19)	0.00
GNMA	2001 A-E RMRB	5.45	05/22/03	04/20/33	161,040.68	166,462.63			(639.33)	160,401.35	160,620.01	(5,203.29)	0.00
GNMA	2001 A-E RMRB	5.45	05/29/03	05/20/33	298,894.17	308,957.42			(1,023.05)	297,871.12	298,277.21	(9,657.16)	0.00
GNMA	2001 A-E RMRB	5.45	06/10/03	05/20/33	276,587.00	285,899.19			(919.59)	275,667.41	276,043.21	(8,936.39)	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	178,379.03	184,384.73			(857.22)	177,521.81	177,763.81	(5,763.70)	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	237,401.42	245,394.31			(1,345.15)	236,056.27	236,378.08	(7,671.08)	0.00
GNMA	2001 A-E RMRB	5.45	06/26/03	06/20/33	113,137.01	116,946.13			(540.89)	112,596.12	112,749.61	(3,655.63)	0.00
GNMA	2001 A-E RMRB	5.45	07/10/03	06/20/33	52,014.58	53,765.83			(165.33)	51,849.25	51,919.94	(1,680.56)	0.00
GNMA	2001 A-E RMRB	5.45	07/17/03	07/20/33	128,807.21	133,143.93			(406.95)	128,400.26	128,575.31	(4,161.67)	0.00
GNMA	2001 A-E RMRB	5.45	07/24/03	07/20/33	51,957.82	53,707.15			(165.99)	51,791.83	51,862.44	(1,678.72)	0.00
GNMA	2001 A-E RMRB	5.45	07/30/03	07/20/33	54,733.57	56,576.35			(172.93)	54,560.64	54,635.02	(1,768.40)	0.00
GNMA	2001 A-E RMRB	5.45	08/07/03	07/20/33	107,739.86	111,367.28			(388.79)	107,351.07	107,497.42	(3,481.07)	0.00
GNMA	2001 A-E RMRB	5.45	08/28/03	08/20/33	60,118.49	62,142.58			(819.68)	59,298.81	59,379.65	(1,943.25)	0.00
GNMA	2001 A-E RMRB	5.45	09/04/03	08/20/33	85,271.42	88,142.36			(267.81)	85,003.61	85,119.50	(2,755.05)	0.00
GNMA	2001 A-E RMRB	5.45	09/18/03	07/20/33	107,301.16	110,913.80			(339.03)	106,962.13	107,107.94	(3,466.83)	0.00
GNMA	2001 A-E RMRB	5.45	09/29/03	09/20/33	56,594.38	58,499.83			(176.72)	56,417.66	56,494.59	(1,828.52)	0.00
GNMA	2001 A-E RMRB	4.95	09/29/03	09/20/33	129,470.05	130,714.74			(553.03)	128,917.02	125,163.74	(4,997.97)	0.00
GNMA	2001 A-E RMRB	5.45	10/23/03	10/20/33	52,448.22	54,214.06			(401.28)	52,046.94	52,117.88	(1,694.90)	0.00
GNMA	2001 A-E RMRB	5.45	11/13/03	10/20/33	53,878.24	55,692.23			(167.19)	53,711.05	53,784.27	(1,740.77)	0.00
GNMA	2001 A-E RMRB	5.45	11/20/03	10/20/33	55,658.42	57,532.35			(172.71)	55,485.71	55,561.36	(1,798.28)	0.00
GNMA	2001 A-E RMRB	5.45	11/26/03	06/20/33	67,013.83	69,270.07			(225.23)	66,788.60	66,879.65	(2,165.19)	0.00
GNMA	2001 A-E RMRB	5.45	12/04/03	11/20/33	258,117.39	266,807.75			(797.10)	257,320.29	257,671.09	(8,339.56)	0.00
GNMA	2001 A-E RMRB	4.95	12/04/03	11/20/33	107,133.49	108,163.45			(425.84)	106,707.65	103,600.98	(4,136.63)	0.00
GNMA	2001 A-E RMRB	5.45	12/11/03	12/20/33	63,174.17	65,301.13			(193.72)	62,980.45	63,066.31	(2,041.10)	0.00
GNMA	2001 A-E RMRB	4.95	01/15/04	01/20/34	128,880.08	130,102.19			(431.57)	128,448.51	124,606.41	(5,064.21)	0.00
GNMA	2001 A-E RMRB	4.95	01/22/04	01/20/34	524,980.67	524,980.67			(2,220.54)	522,760.13	504,510.38	(18,249.75)	0.00
GNMA	2001 A-E RMRB	5.45	01/22/04	12/20/33	54,486.42	56,320.88			(167.09)	54,319.33	54,393.37	(1,760.42)	0.00
GNMA	2001 A-E RMRB	5.45	01/29/04	11/20/33	53,874.21	55,688.06			(166.18)	53,708.03	53,781.24	(1,740.64)	0.00
GNMA	2001 A-E RMRB	5.45	02/12/04	11/20/33	54,475.63	56,309.73			(167.76)	54,307.87	54,381.91	(1,760.06)	0.00
GNMA	2001 A-E RMRB	5.45	03/11/04	02/20/34			54,752.85			54,752.85	54,782.16	29.31	0.00
GNMA	2001 A-E RMRB	4.95	03/11/04	02/20/34			134,356.81			134,356.81	130,337.97	(4,018.84)	0.00
GNMA	2001 A-E RMRB	4.95	04/08/04	02/20/34			105,801.31			105,801.31	102,107.75	(3,693.56)	0.00
GNMA	2001 A-E RMRB	5.49	04/16/04	04/20/34			102,345.57			102,345.57	102,620.49	274.92	0.00
FNMA	2001 A-E RMRB	5.45	04/17/02	03/01/32	303,690.50	311,965.89			(1,120.28)	302,570.22	301,001.50	(9,844.11)	0.00
FNMA	2001 A-E RMRB	4.95	05/15/02	04/01/32	221,856.17	223,019.80			(1,403.23)	220,452.94	212,811.03	(8,805.54)	0.00
FNMA	2001 A-E RMRB	4.95	06/10/02	06/01/32	182,219.17	183,174.90			(1,462.17)	180,757.00	174,491.13	(7,221.60)	0.00
FNMA	2001 A-E RMRB	4.95	07/22/02	06/01/32	259,097.26	260,456.21			(1,512.26)	257,585.00	248,655.91	(10,288.04)	0.00
FNMA	2001 A-E RMRB	5.45	09/19/02	08/01/32	250,731.51	257,563.80			(864.61)	249,866.90	248,571.43	(8,127.76)	0.00
FNMA	2001 A-E RMRB	4.95	09/26/02	09/01/32	293,430.76	294,969.77			(1,119.93)	292,310.83	282,177.97	(11,671.87)	0.00
FNMA	2001 A-E RMRB	5.45	01/23/03	11/01/32	321,981.10	330,754.91			(1,318.74)	320,662.36	318,999.85	(10,436.32)	0.00
FNMA	2001 A-E RMRB	4.95	07/24/03	09/01/32	242,981.07	244,255.48			(1,062.05)	241,919.02	233,532.97	(9,660.46)	0.00
FNMA	2001 A-E RMRB	5.45	09/18/03	01/01/33	71,429.73	73,376.15			(233.98)	71,195.75	70,779.42	(2,362.75)	0.00
FNMA	2001 A-E RMRB	5.45	12/04/03	11/01/33	98,473.18	101,156.51			(390.67)	98,082.51	97,508.93	(3,256.91)	0.00
FNMA	2001 A-E RMRB	4.95	02/26/04	09/01/33	140,782.09	140,782.09			(585.79)	140,196.30	135,229.38	(4,966.92)	0.00
FNMA	2001 A-E RMRB	5.45	04/08/04	01/01/32			28,464.42			28,464.42	28,316.84	(147.58)	0.00
Repo Agmt	2001 A-E RMRB	1.02	05/28/04	06/01/04	1,267,082.20	1,267,082.20		(460,225.43)		806,856.77	806,856.77	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	05/28/04	06/01/04	127,123.77	127,123.77	321.52			127,445.29	127,445.29	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	05/28/04	06/01/04	936,258.41	936,258.41		(309,981.47)		626,276.94	626,276.94	-	0.00
Repo Agmt	2001 A-E RMRB	1.02	05/28/04	06/01/04	174,579.16	174,579.16	441.53			175,020.69	175,020.69	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agent	2001 A-E RMRB	1.02	05/28/04	06/01/04	588.56	588.56	1.69			590.25	590.25	-	0.00
GNMA	2001 A-E RMRB	5.49	03/12/03	03/20/33	5,085.36	5,263.61			(16.35)	5,069.01	5,086.93	(160.33)	0.00
GNMA	2001 A-E RMRB	5.49	03/20/03	02/20/33	12,335.96	12,768.36			(39.87)	12,296.09	12,339.56	(388.93)	0.00
GNMA	2001 A-E RMRB	5.49	04/02/03	03/20/33	58,154.79	60,193.22			(208.00)	57,946.79	58,151.58	(1,833.64)	0.00
GNMA	2001 A-E RMRB	4.80	04/02/03	03/20/33	11,887.80	11,913.25			(64.96)	11,822.84	11,373.68	(474.61)	0.00
GNMA	2001 A-E RMRB	5.49	04/10/03	03/20/33	17,938.76	18,567.54			(58.55)	17,880.21	17,943.42	(565.57)	0.00
GNMA	2001 A-E RMRB	4.80	04/10/03	04/20/33	73,156.66	73,313.28			(288.25)	72,868.41	70,100.10	(2,924.93)	0.00
GNMA	2001 A-E RMRB	5.49	04/17/03	04/20/33	85,170.17	88,155.54			(337.10)	84,833.07	85,132.89	(2,685.55)	0.00
GNMA	2001 A-E RMRB	4.80	04/17/03	03/20/33	10,002.17	10,023.58			(36.49)	9,965.68	9,587.07	(400.02)	0.00
GNMA	2001 A-E RMRB	5.49	04/24/03	04/20/33	12,600.03	13,041.68			(40.30)	12,559.73	12,604.12	(397.26)	0.00
GNMA	2001 A-E RMRB	4.80	04/24/03	04/20/33	24,615.72	24,668.42			(89.13)	24,526.59	23,594.84	(984.46)	0.00
GNMA	2001 A-E RMRB	5.49	04/29/03	04/20/33	13,591.52	14,067.92			(46.45)	13,545.07	13,592.94	(428.53)	0.00
GNMA	2001 A-E RMRB	4.80	04/29/03	03/20/33	10,238.18	10,260.10			(69.98)	10,168.20	9,781.91	(408.21)	0.00
GNMA	2001 A-E RMRB	5.49	05/08/03	05/20/33	41,734.73	43,197.61			(138.09)	41,596.64	41,743.67	(1,315.85)	0.00
GNMA	2001 A-E RMRB	5.49	05/15/03	05/20/33	15,776.83	16,329.84			(50.52)	15,726.31	15,781.91	(497.41)	0.00
GNMA	2001 A-E RMRB	4.80	05/15/03	04/20/33	40,671.82	40,758.89			(180.17)	40,491.65	38,953.34	(1,625.38)	0.00
GNMA	2001 A-E RMRB	5.49	05/22/03	05/20/33	50,413.92	52,181.02			(180.36)	50,233.56	50,411.12	(1,589.54)	0.00
GNMA	2001 A-E RMRB	4.80	05/22/03	04/20/33	27,489.39	27,548.24			(99.81)	27,389.58	26,349.03	(1,099.40)	0.00
GNMA	2001 A-E RMRB	5.49	05/29/03	05/20/33	33,341.12	34,509.79			(158.67)	33,182.45	33,299.74	(1,051.38)	0.00
GNMA	2001 A-E RMRB	4.80	05/29/03	05/20/33	20,954.96	20,999.82			(76.15)	20,878.81	20,085.62	(838.05)	0.00
GNMA	2001 A-E RMRB	5.49	06/10/03	05/20/33	21,631.05	22,389.26			(68.88)	21,562.17	21,638.38	(682.00)	0.00
GNMA	2001 A-E RMRB	4.80	06/10/03	05/20/33	37,469.29	37,549.50			(138.51)	37,330.78	35,912.56	(1,498.43)	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	11,970.83	12,390.42			(38.13)	11,932.70	11,974.87	(377.42)	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	11,011.80	11,035.37			(39.42)	10,972.38	10,555.52	(440.43)	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	26,057.50	26,970.86			(105.77)	25,951.73	26,043.45	(821.64)	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	22,399.98	22,447.94			(80.63)	22,319.35	21,471.43	(895.88)	0.00
GNMA	2001 A-E RMRB	5.49	06/26/03	06/20/33	5,306.89	5,492.90			(16.80)	5,290.09	5,308.79	(167.31)	0.00
GNMA	2001 A-E RMRB	4.80	06/26/03	06/20/33	11,382.77	11,407.13			(41.32)	11,341.45	10,910.59	(455.22)	0.00
GNMA	2001 A-E RMRB	5.49	07/03/03	06/20/33	27,162.74	28,114.84			(89.31)	27,073.43	27,169.12	(855.41)	0.00
GNMA	2001 A-E RMRB	5.49	07/10/03	06/20/33	33,802.38	34,987.21			(111.32)	33,691.06	33,810.16	(1,065.73)	0.00
GNMA	2001 A-E RMRB	4.80	07/10/03	06/20/33	14,997.40	15,029.50			(55.21)	14,942.19	14,374.52	(599.77)	0.00
GNMA	2001 A-E RMRB	4.80	07/17/03	06/20/33	81,543.40	81,717.98			(457.88)	81,085.52	78,005.05	(3,255.05)	0.00
GNMA	2001 A-E RMRB	5.49	07/24/03	07/20/33	53,398.63	55,270.34			(169.47)	53,229.16	53,417.30	(1,683.57)	0.00
GNMA	2001 A-E RMRB	4.80	07/24/03	07/20/33	41,382.86	41,471.46			(149.84)	41,233.02	39,666.56	(1,655.06)	0.00
GNMA	2001 A-E RMRB	5.49	07/30/03	07/20/33	12,462.47	12,899.31			(43.97)	12,418.50	12,462.41	(392.93)	0.00
GNMA	2001 A-E RMRB	5.49	08/07/03	07/20/33	29,001.51	30,018.07			(92.05)	28,909.46	29,011.66	(914.36)	0.00
GNMA	2001 A-E RMRB	4.80	08/07/03	06/20/33	11,419.24	11,443.68			(40.89)	11,378.35	10,946.08	(456.71)	0.00
GNMA	2001 A-E RMRB	5.49	08/14/03	08/20/33	16,931.28	17,524.76			(53.53)	16,877.75	16,937.39	(533.84)	0.00
GNMA	2001 A-E RMRB	4.80	08/14/03	07/20/33	33,264.56	33,335.77			(118.44)	33,146.12	31,886.88	(1,330.45)	0.00
GNMA	2001 A-E RMRB	5.49	08/21/03	08/20/33	12,858.96	13,309.69			(45.51)	12,813.45	12,858.74	(405.44)	0.00
GNMA	2001 A-E RMRB	5.49	08/28/03	08/20/33	22,959.99	23,764.77			(107.21)	22,852.78	22,933.53	(724.03)	0.00
GNMA	2001 A-E RMRB	4.80	08/28/03	08/20/33	13,626.77	13,655.94			(60.07)	13,566.70	13,051.29	(544.58)	0.00
GNMA	2001 A-E RMRB	5.49	09/04/03	08/20/33	16,715.93	17,301.85			(76.76)	16,639.17	16,697.96	(527.13)	0.00
GNMA	2001 A-E RMRB	4.80	09/04/03	09/20/33	11,708.70	11,733.76			(41.88)	11,666.82	11,223.58	(468.30)	0.00
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33	54,445.82	56,354.24			(171.52)	54,274.30	54,466.13	(1,716.59)	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	48,493.54	48,597.36			(179.27)	48,314.27	46,478.80	(1,939.29)	0.00
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33	31,025.29	32,112.78			(98.47)	30,926.82	31,036.14	(978.17)	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	17,628.17	17,665.91			(62.27)	17,565.90	16,898.57	(705.07)	0.00
GNMA	2001 A-E RMRB	5.49	09/29/03	09/20/33	69,091.72	71,513.51			(250.69)	68,841.03	69,084.36	(2,178.46)	0.00
GNMA	2001 A-E RMRB	4.80	09/29/03	09/20/33	64,649.12	64,787.53			(236.78)	64,412.34	61,965.30	(2,585.45)	0.00
GNMA	2001 A-E RMRB	5.49	10/16/03	09/20/33	10,344.88	10,707.49			(32.14)	10,312.74	10,349.18	(325.17)	0.00
GNMA	2001 A-E RMRB	5.49	10/30/03	10/20/33	109,162.23	109,162.23			(356.31)	108,805.92	108,645.49	(160.43)	0.00
GNMA	2001 A-E RMRB	4.80	10/30/03	10/20/33	284,946.18	284,946.18			(1,093.20)	283,852.98	271,664.71	(12,188.27)	0.00
GNMA	2001 A-E RMRB	5.49	11/13/03	10/20/33	21,722.90	21,722.90			(95.42)	21,627.48	21,595.62	(31.86)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.80	11/13/03	10/20/33	145,952.11	146,264.57			(561.36)	145,390.75	139,867.29	(5,835.92)	0.00
GNMA	2001 A-E RMRB	5.49	11/20/03	11/20/33	5,794.33	5,997.43			(31.71)	5,762.62	5,783.00	(182.72)	0.00
GNMA	2001 A-E RMRB	4.80	11/20/03	11/20/33	179,747.03	179,747.03			(968.67)	178,778.36	171,101.85	(7,676.51)	0.00
GNMA	2001 A-E RMRB	5.49	11/26/03	10/20/33	6,843.66	7,083.54			(24.54)	6,819.12	6,843.23	(215.77)	0.00
GNMA	2001 A-E RMRB	4.80	11/26/03	11/20/33	55,838.73	55,958.28			(282.26)	55,556.47	53,445.85	(2,230.17)	0.00
GNMA	2001 A-E RMRB	4.80	12/04/03	12/20/33	91,284.25	91,284.25			(836.45)	90,447.80	86,564.08	(3,883.72)	0.00
GNMA	2001 A-E RMRB	5.49	12/04/03	11/20/33	5,244.79	5,428.63			(21.69)	5,223.10	5,241.57	(165.37)	0.00
GNMA	2001 A-E RMRB	4.80	12/11/03	12/20/33	55,194.35	55,194.35			(273.12)	54,921.23	52,562.98	(2,358.25)	0.00
GNMA	2001 A-E RMRB	5.49	12/11/03	09/20/33	11,326.14	11,723.14			(35.09)	11,291.05	11,330.96	(357.09)	0.00
GNMA	2001 A-E RMRB	5.49	12/18/03	12/20/33	5,882.12	6,088.30			(17.91)	5,864.21	5,884.96	(185.43)	0.00
GNMA	2001 A-E RMRB	4.80	12/18/03	12/20/33	47,671.24	47,773.30			(181.31)	47,489.93	45,685.77	(1,906.22)	0.00
GNMA	2001 A-E RMRB	5.49	12/23/03	12/20/33	12,197.60	12,625.15			(37.24)	12,160.36	12,203.35	(384.56)	0.00
GNMA	2001 A-E RMRB	4.80	12/23/03	12/20/33	33,741.40	0.00			(117.16)	33,624.24	32,180.47	32,297.63	0.00
GNMA	2001 A-E RMRB	4.80	01/08/04	12/20/33	10,460.60	10,483.00			(36.22)	10,424.38	10,028.36	(418.42)	0.00
GNMA	2001 A-E RMRB	5.49	01/15/04	01/20/34	56,089.69	58,059.13			(231.69)	55,858.00	56,008.04	(1,819.40)	0.00
GNMA	2001 A-E RMRB	5.49	01/22/04	01/20/34	42,107.70	42,107.72			(156.70)	41,951.00	41,853.17	(97.85)	0.00
GNMA	2001 A-E RMRB	4.80	01/22/04	01/20/34	40,735.30	40,816.75			(198.42)	40,536.88	38,967.40	(1,650.93)	0.00
GNMA	2001 A-E RMRB	5.49	01/29/04	01/20/34	21,530.54	22,286.53			(85.41)	21,445.13	21,502.74	(698.38)	0.00
GNMA	2001 A-E RMRB	4.80	01/29/04	11/20/33	8,868.41	8,887.40			(30.90)	8,837.51	8,501.77	(354.73)	0.00
GNMA	2001 A-E RMRB	4.80	02/12/04	01/20/34	22,338.05	22,338.05			(472.13)	21,865.92	20,911.13	(954.79)	0.00
GNMA	2001 A-E RMRB	5.49	02/12/04	02/20/34	45,448.81	47,044.63			(167.59)	45,291.22	45,412.88	(1,474.16)	0.00
GNMA	2001 A-E RMRB	4.80	02/26/04	02/20/34	44,095.07	44,095.07			(191.03)	43,904.04	41,986.94	(1,917.10)	0.00
GNMA	2001 A-E RMRB	5.49	02/26/04	02/20/34	22,926.20	22,926.20			(142.16)	22,784.04	22,729.89	(54.15)	0.00
GNMA	2001 A-E RMRB	4.80	03/11/04	03/20/34			26,669.54			26,669.54	25,504.99	(1,164.55)	0.00
GNMA	2001 A-E RMRB	5.49	03/11/04	03/20/34			75,715.93			75,715.93	75,919.31	203.38	0.00
GNMA	2001 A-E RMRB	5.49	03/25/04	03/20/34			29,913.59			29,913.59	29,843.81	(69.78)	0.00
GNMA	2001 A-E RMRB	4.80	03/30/04	03/20/34			11,562.43			11,562.43	11,114.77	(447.66)	0.00
GNMA	2001 A-E RMRB	4.80	04/22/04	04/20/34			32,620.71			32,620.71	31,357.72	(1,262.99)	0.00
GNMA	2001 A-E RMRB	5.49	04/22/04	04/20/34			26,595.62			26,595.62	26,667.06	71.44	0.00
GNMA	2001 A-E RMRB	4.80	04/29/04	04/20/34			23,720.87			23,720.87	22,685.08	(1,035.79)	0.00
GNMA	2001 A-E RMRB	5.49	04/29/04	04/20/34			11,157.52			11,157.52	11,187.49	29.97	0.00
GNMA	2001 A-E RMRB	4.80	05/06/04	04/20/34			18,490.40			18,490.40	17,774.50	(715.90)	0.00
GNMA	2001 A-E RMRB	5.49	05/06/04	04/20/34			7,272.06			7,272.06	7,291.59	19.53	0.00
GNMA	2001 A-E RMRB	5.49	05/13/04	04/20/34			11,450.31			11,450.31	11,481.07	30.76	0.00
GNMA	2001 A-E RMRB	4.80	05/13/04	04/20/34			11,517.66			11,517.66	11,071.72	(445.94)	0.00
GNMA	2001 A-E RMRB	5.49	05/27/04	05/20/34			19,696.06			19,696.06	19,748.97	52.91	0.00
FNMA	2001 A-E RMRB	5.49	05/29/03	04/01/33	29,937.47	30,788.44			(95.69)	29,841.78	29,732.34	(960.41)	0.00
FNMA	2001 A-E RMRB	4.80	09/18/03	07/01/33	24,343.89	24,298.15			(197.50)	24,146.39	23,084.45	(1,016.20)	0.00
FNMA	2001 A-E RMRB	5.49	12/04/03	11/01/33	24,692.96	25,394.86			(94.92)	24,598.04	24,507.85	(792.09)	0.00
FNMA	2001 A-E RMRB	4.80	01/15/04	11/01/33	36,008.31	35,940.66			(125.80)	35,882.51	34,304.44	(1,510.42)	0.00
FNMA	2001 A-E RMRB	4.80	02/26/04	01/01/34	12,559.43	12,559.43			(52.64)	12,506.79	11,943.94	(562.85)	0.00
FNMA	2001 A-E RMRB	5.49	04/05/04	06/01/33			8,038.46			8,038.46	8,008.98	(29.48)	0.00
	2001 A-E RMRB Total				84,138,076.27	87,047,944.27	6,503,424.12	(1,844,379.28)	(3,594,590.35)	85,202,530.76	85,941,540.49	(2,170,858.27)	0.00
Repo Agmt	2002 RMRB	1.02	05/28/04	06/01/04	266,747.72	266,747.72	29,170.34			295,918.06	295,918.06	-	0.00
Repo Agmt	2002 RMRB	1.02	05/28/04	06/01/04	1,730.67	1,730.67	4.47			1,735.14	1,735.14	-	0.00
GIC's	2002 RMRB	1.63	12/18/02	08/01/04	393,166.20	393,166.20		(62,781.21)		330,384.99	330,384.99	-	0.00
Repo Agmt	2002 RMRB	1.02	05/28/04	06/01/04	206,948.06	206,948.06		(200,441.20)		6,506.86	6,506.86	-	0.00
Repo Agmt	2002 RMRB	1.02	05/28/04	06/01/04	509,678.37	509,678.37		(28,656.14)		481,022.23	481,022.23	-	0.00
GIC's	2002 RMRB	4.20	12/18/02	04/01/34	135,323.85	135,323.85	436,828.00			572,151.85	572,151.85	-	0.00
Mutual Fund	2002 RMRB	0.85	05/01/04	06/01/04	1.46	1.46	0.00			1.46	1.46	-	0.00
Repo Agmt	2002 RMRB	1.02	05/28/04	06/01/04	67.20	67.20	0.13			67.33	67.33	-	0.00
GIC's	2002 RMRB	1.63	12/18/02	08/01/04	320,747.84	320,747.84		(0.13)		320,747.71	320,747.71	-	0.00
Mutual Fund	2002 RMRB				846.52	846.52		(846.52)				-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	2002 RMRB	5.49	03/12/03	03/20/33	41,569.23	43,026.31			(133.54)	41,435.69	41,582.15	(1,310.62)	0.00
GNMA	2002 RMRB	5.49	03/20/03	02/20/33	100,838.10	104,372.66			(325.94)	100,512.16	100,867.43	(3,179.29)	0.00
GNMA	2002 RMRB	5.49	04/02/03	03/20/33	475,375.28	492,038.02			(1,700.35)	473,674.93	475,349.13	(14,988.54)	0.00
GNMA	2002 RMRB	4.80	04/02/03	03/20/33	97,174.62	97,382.65			(531.02)	96,643.60	92,972.05	(3,879.58)	0.00
GNMA	2002 RMRB	5.49	04/10/03	03/20/33	146,637.13	151,777.02			(478.53)	146,158.60	146,675.18	(4,623.31)	0.00
GNMA	2002 RMRB	4.80	04/10/03	04/20/33	598,005.31	599,285.56			(2,356.21)	595,649.10	573,020.14	(23,909.21)	0.00
GNMA	2002 RMRB	5.49	04/17/03	04/20/33	696,207.38	720,610.68			(2,755.56)	693,451.82	695,902.81	(21,952.31)	0.00
GNMA	2002 RMRB	4.80	04/17/03	03/20/33	81,760.81	81,935.84			(298.29)	81,462.52	78,367.72	(3,269.83)	0.00
GNMA	2002 RMRB	5.49	04/24/03	04/20/33	102,996.51	106,606.71			(329.41)	102,667.10	103,029.98	(3,247.32)	0.00
GNMA	2002 RMRB	4.80	04/24/03	04/20/33	201,216.73	201,647.50			(728.54)	200,488.19	192,871.55	(8,047.41)	0.00
GNMA	2002 RMRB	5.49	04/29/03	04/20/33	111,101.18	114,995.48			(379.58)	110,721.60	111,112.95	(3,502.95)	0.00
GNMA	2002 RMRB	4.80	04/29/03	03/20/33	83,690.13	83,869.30			(572.06)	83,118.07	79,960.38	(3,336.86)	0.00
GNMA	2002 RMRB	5.49	05/08/03	05/20/33	341,152.75	353,110.75			(1,128.81)	340,023.94	341,225.74	(10,756.20)	0.00
GNMA	2002 RMRB	5.49	05/15/03	05/20/33	128,964.88	133,485.32			(412.96)	128,551.92	129,006.25	(4,066.11)	0.00
GNMA	2002 RMRB	4.80	05/15/03	04/20/33	332,464.06	333,175.83			(1,472.87)	330,991.19	318,416.72	(13,286.24)	0.00
GNMA	2002 RMRB	5.49	05/22/03	05/20/33	412,099.29	426,544.09			(1,474.38)	410,624.91	412,076.23	(12,993.48)	0.00
GNMA	2002 RMRB	4.80	05/22/03	04/20/33	224,706.78	225,187.85			(815.91)	223,890.87	215,385.16	(8,986.78)	0.00
GNMA	2002 RMRB	5.49	05/29/03	05/20/33	272,540.83	282,093.87			(1,297.04)	271,243.79	272,202.48	(8,594.35)	0.00
GNMA	2002 RMRB	4.80	05/29/03	05/20/33	171,292.44	171,659.15			(622.50)	170,669.94	164,186.13	(6,850.52)	0.00
GNMA	2002 RMRB	5.49	06/10/03	05/20/33	176,818.90	183,016.71			(563.07)	176,255.83	176,878.80	(5,574.84)	0.00
GNMA	2002 RMRB	4.80	06/10/03	05/20/33	306,285.68	306,941.40			(1,132.25)	305,153.43	293,560.62	(12,248.63)	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	97,853.25	101,283.19			(311.71)	97,541.54	97,886.30	(3,085.18)	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	90,013.80	90,206.51			(322.26)	89,691.54	86,284.14	(3,600.11)	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	213,002.09	220,468.19			(864.54)	212,137.55	212,867.34	(6,716.31)	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	183,104.38	183,496.37			(659.08)	182,445.30	175,514.14	(7,323.15)	0.00
GNMA	2002 RMRB	5.49	06/26/03	06/20/33	43,380.23	44,900.78			(137.37)	43,242.86	43,395.69	(1,367.72)	0.00
GNMA	2002 RMRB	4.80	06/26/03	06/20/33	93,046.23	93,245.42			(337.67)	92,708.56	89,186.52	(3,721.23)	0.00
GNMA	2002 RMRB	5.49	07/03/03	06/20/33	222,036.72	229,819.50			(730.01)	221,306.71	222,088.91	(7,000.58)	0.00
GNMA	2002 RMRB	5.49	07/10/03	06/20/33	276,311.22	285,996.42			(909.84)	275,401.38	276,374.79	(8,711.79)	0.00
GNMA	2002 RMRB	4.80	07/10/03	06/20/33	122,593.32	122,855.77			(451.30)	122,142.02	117,501.79	(4,902.68)	0.00
GNMA	2002 RMRB	4.80	07/17/03	06/20/33	666,561.20	667,988.21			(3,742.86)	662,818.34	637,637.59	(26,607.76)	0.00
GNMA	2002 RMRB	5.49	07/24/03	07/20/33	436,497.06	451,797.06			(1,385.32)	435,111.74	436,649.62	(13,762.12)	0.00
GNMA	2002 RMRB	4.80	07/24/03	07/20/33	338,276.29	339,000.51			(1,224.76)	337,051.53	324,246.81	(13,528.94)	0.00
GNMA	2002 RMRB	5.49	07/30/03	07/20/33	101,872.26	105,443.07			(359.42)	101,512.84	101,871.63	(3,212.02)	0.00
GNMA	2002 RMRB	5.49	08/07/03	07/20/33	237,067.48	245,377.12			(752.36)	236,315.12	237,150.36	(7,474.40)	0.00
GNMA	2002 RMRB	4.80	08/07/03	06/20/33	93,344.36	93,544.20			(334.19)	93,010.17	89,476.69	(3,733.32)	0.00
GNMA	2002 RMRB	5.49	08/14/03	08/20/33	138,401.54	143,252.75			(437.62)	137,963.92	138,451.55	(4,363.58)	0.00
GNMA	2002 RMRB	4.80	08/14/03	07/20/33	271,914.86	272,497.00			(968.22)	270,946.64	260,653.27	(10,875.51)	0.00
GNMA	2002 RMRB	5.49	08/21/03	08/20/33	105,113.16	108,797.57			(371.99)	104,741.17	105,111.37	(3,314.21)	0.00
GNMA	2002 RMRB	5.49	08/28/03	08/20/33	187,681.93	194,280.52			(876.35)	186,805.58	187,465.85	(5,918.32)	0.00
GNMA	2002 RMRB	4.80	08/28/03	08/20/33	111,389.49	111,627.96			(491.06)	110,898.43	106,685.36	(4,451.54)	0.00
GNMA	2002 RMRB	5.49	09/04/03	08/20/33	136,641.15	141,430.66			(627.54)	136,013.61	136,494.35	(4,308.77)	0.00
GNMA	2002 RMRB	4.80	09/04/03	09/20/33	95,710.38	95,915.28			(342.32)	95,368.06	91,744.99	(3,827.97)	0.00
GNMA	2002 RMRB	5.49	09/18/03	09/20/33	445,057.13	460,657.15			(1,402.09)	443,655.04	445,223.11	(14,031.95)	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	396,401.38	397,250.03			(1,465.41)	394,935.97	379,932.21	(15,852.41)	0.00
GNMA	2002 RMRB	5.49	09/18/03	09/20/33	253,610.37	262,499.84			(804.81)	252,805.56	253,699.08	(7,995.95)	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	144,098.10	144,406.59			(508.94)	143,589.16	138,134.14	(5,763.51)	0.00
GNMA	2002 RMRB	5.49	09/29/03	09/20/33	564,777.36	584,573.78			(2,049.16)	562,728.20	564,717.11	(17,807.51)	0.00
GNMA	2002 RMRB	4.80	09/29/03	09/20/33	528,462.13	529,593.51			(1,935.48)	526,526.65	506,523.68	(21,134.35)	0.00
GNMA	2002 RMRB	5.49	10/16/03	09/20/33	84,562.29	87,526.35			(262.78)	84,299.51	84,597.46	(2,666.11)	0.00
GNMA	2002 RMRB	5.49	10/30/03	10/20/33	892,326.09	892,326.09			(2,912.63)	889,413.46	888,102.13	(1,311.33)	0.00
GNMA	2002 RMRB	4.80	10/30/03	10/20/33	2,329,239.00	2,329,238.99			(8,936.18)	2,320,302.82	2,220,672.12	(99,630.69)	0.00
GNMA	2002 RMRB	5.49	11/13/03	10/20/33	177,569.79	177,569.80			(779.84)	176,789.95	176,529.29	(260.67)	0.00
GNMA	2002 RMRB	4.80	11/13/03	10/20/33	1,193,058.00	1,195,612.18			(4,588.74)	1,188,469.26	1,143,318.84	(47,704.60)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	2002 RMRB	5.49	11/20/03	11/20/33	47,364.67	49,024.89			(259.11)	47,105.56	47,272.06	(1,493.72)	0.00
GNMA	2002 RMRB	4.80	11/20/03	11/20/33	1,469,308.22	1,469,308.22			(7,918.19)	1,461,390.03	1,398,639.91	(62,750.12)	0.00
GNMA	2002 RMRB	5.49	11/26/03	10/20/33	55,942.27	57,903.14			(200.59)	55,741.68	55,938.70	(1,763.85)	0.00
GNMA	2002 RMRB	4.80	11/26/03	11/20/33	456,443.22	457,420.41			(2,307.33)	454,135.89	436,883.09	(18,229.99)	0.00
GNMA	2002 RMRB	4.80	12/04/03	12/20/33	746,185.79	746,185.80			(6,837.38)	739,348.41	707,601.80	(31,746.62)	0.00
GNMA	2002 RMRB	5.49	12/04/03	11/20/33	42,872.81	44,375.37			(177.29)	42,695.32	42,846.23	(1,351.85)	0.00
GNMA	2002 RMRB	4.80	12/11/03	12/20/33	451,175.80	451,175.79			(2,232.59)	448,943.21	429,666.18	(19,277.02)	0.00
GNMA	2002 RMRB	5.49	12/11/03	09/20/33	92,583.49	95,828.71			(286.90)	92,296.59	92,622.81	(2,919.00)	0.00
GNMA	2002 RMRB	5.49	12/18/03	12/20/33	48,082.35	49,767.72			(146.32)	47,936.03	48,105.44	(1,515.96)	0.00
GNMA	2002 RMRB	4.80	12/18/03	12/20/33	389,679.63	390,513.89			(1,482.06)	388,197.57	373,449.79	(15,582.04)	0.00
GNMA	2002 RMRB	5.49	12/23/03	12/20/33	99,707.07	103,201.97			(304.40)	99,402.67	99,753.99	(3,143.58)	0.00
GNMA	2002 RMRB	4.80	12/23/03	12/20/33	275,812.81	275,812.81			(957.68)	274,855.13	263,053.21	(11,801.92)	0.00
GNMA	2002 RMRB	4.80	01/08/04	12/20/33	85,508.22	85,691.28			(296.06)	85,212.16	81,974.90	(3,420.32)	0.00
GNMA	2002 RMRB	5.49	01/15/04	01/20/34	458,494.59	474,593.40			(1,893.91)	456,600.68	457,827.20	(14,872.29)	0.00
GNMA	2002 RMRB	5.49	01/22/04	01/20/34	344,201.63	344,201.62			(1,280.82)	342,920.81	342,120.85	(799.95)	0.00
GNMA	2002 RMRB	4.80	01/22/04	01/20/34	332,983.08	333,648.87			(1,621.86)	331,361.22	318,531.74	(13,495.27)	0.00
GNMA	2002 RMRB	5.49	01/29/04	01/20/34	175,997.32	182,177.00			(698.14)	175,299.18	175,770.06	(5,708.80)	0.00
GNMA	2002 RMRB	4.80	01/29/04	11/20/33	72,493.18	72,648.38			(252.59)	72,240.59	69,496.15	(2,899.64)	0.00
GNMA	2002 RMRB	4.80	02/12/04	01/20/34	182,598.15	182,598.15			(3,859.33)	178,738.82	170,934.05	(7,804.77)	0.00
GNMA	2002 RMRB	5.49	02/12/04	02/20/34	371,512.79	384,557.47			(1,288.18)	370,224.61	371,219.09	(12,050.20)	0.00
GNMA	2002 RMRB	4.80	02/26/04	02/20/34	360,446.81	360,446.81			(1,561.49)	358,885.32	343,214.33	(15,670.99)	0.00
GNMA	2002 RMRB	5.49	02/26/04	02/20/34	187,405.87	187,405.87			(1,170.23)	186,235.64	185,801.20	(434.44)	0.00
GNMA	2002 RMRB	4.80	03/11/04	03/20/34			218,005.05			218,005.05	208,485.70	(9,519.35)	0.00
GNMA	2002 RMRB	5.49	03/11/04	03/20/34			618,925.63			618,925.63	620,588.18	1,662.55	0.00
GNMA	2002 RMRB	5.49	03/25/04	03/20/34			244,522.95			244,522.95	243,952.54	(570.41)	0.00
GNMA	2002 RMRB	4.80	03/30/04	03/20/34			94,514.98			94,514.98	90,855.60	(3,659.38)	0.00
GNMA	2002 RMRB	4.80	04/22/04	04/20/34			266,651.84			266,651.84	256,327.75	(10,324.09)	0.00
GNMA	2002 RMRB	5.49	04/22/04	04/20/34			217,400.97			217,400.97	217,984.95	583.98	0.00
GNMA	2002 RMRB	4.80	04/29/04	04/20/34			193,901.81			193,901.81	185,434.94	(8,466.87)	0.00
GNMA	2002 RMRB	5.49	04/29/04	04/20/34			91,205.03			91,205.03	91,450.02	244.99	0.00
GNMA	2002 RMRB	4.80	05/06/04	04/20/34			151,146.36			151,146.36	145,294.34	(5,852.02)	0.00
GNMA	2002 RMRB	5.49	05/06/04	04/20/34			59,444.06			59,444.06	59,603.73	159.67	0.00
GNMA	2002 RMRB	5.49	05/13/04	04/20/34			93,598.38			93,598.38	93,849.80	251.42	0.00
GNMA	2002 RMRB	4.80	05/13/04	04/20/34			94,148.95			94,148.95	90,503.74	(3,645.21)	0.00
GNMA	2002 RMRB	5.49	05/27/04	05/20/34			161,001.79			161,001.79	161,434.27	432.48	0.00
FNMA	2002 RMRB	5.49	05/29/03	04/01/33	244,718.07	251,674.19			(782.11)	243,935.96	243,041.36	(7,850.72)	0.00
FNMA	2002 RMRB	4.80	09/18/03	07/01/33	198,994.54	198,620.64			(1,614.41)	197,380.13	188,699.55	(8,306.68)	0.00
FNMA	2002 RMRB	5.49	12/04/03	11/01/33	201,847.97	207,585.51			(775.77)	201,072.20	200,334.80	(6,474.94)	0.00
FNMA	2002 RMRB	4.80	01/15/04	11/01/33	294,343.14	293,790.10			(1,028.32)	293,314.82	280,415.15	(12,346.63)	0.00
FNMA	2002 RMRB	4.80	02/26/04	01/01/34	102,664.64	102,664.65			(430.27)	102,234.37	97,633.44	(4,600.94)	0.00
FNMA	2002 RMRB	5.49	04/08/04	06/01/33			65,708.90			65,708.90	65,467.92	(240.98)	0.00
GIC's	2002 RMRB	1.63	12/18/02	08/01/04	15,191,395.12	15,191,395.12		(2,600,631.19)		12,590,763.93	12,590,763.93	-	0.00
Repo Agmt	2002 RMRB	1.02	05/28/04	06/01/04	8,073.60	8,073.60	20.42			8,094.02	8,094.02	-	0.00
	2002 RMRB Total				41,197,966.60	41,504,770.34	3,036,200.06	(2,893,356.39)	(103,456.00)	41,237,354.27	40,652,331.87	(891,826.14)	0.00
Repo Agmt	1999 B-D RMRB	1.02	05/28/04	06/01/04	826,394.83	826,394.83		(607,635.04)		218,759.79	218,759.79	-	0.00
GIC's	1999 B-D RMRB	6.40	12/02/99	07/01/32	3,491,079.04	3,491,079.04	5,014,596.00			8,505,675.04	8,505,675.04	-	0.00
Repo Agmt	1999 B-D RMRB	1.02	05/28/04	06/01/04	0.28	0.28	0.00			0.28	0.28	-	0.00
GIC's	1999 B-D RMRB	6.40	12/02/99	07/01/32	80,377.08	80,377.08	0.00			80,377.08	80,377.08	-	0.00
GNMA	1999 B-D RMRB	8.18	04/01/91	01/20/21	116,092.41	127,686.48			(46,169.48)	69,922.93	76,941.19	(4,575.81)	0.00
GNMA	1999 B-D RMRB	8.18	08/01/90	06/20/20	284,046.76	312,625.56			(12,497.98)	271,548.78	299,058.43	(1,069.15)	0.00
GNMA	1999 B-D RMRB	7.18	08/01/90	06/20/20	162,159.75	174,754.46			(2,216.41)	159,943.34	172,637.58	99.53	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	759,331.49	835,730.17			(7,940.06)	751,391.43	827,512.26	(277.85)	0.00
GNMA	1999 B-D RMRB	8.18	07/02/90	05/20/20	124,974.11	137,548.14			(2,199.31)	122,774.80	135,212.71	(136.12)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	388,984.37	428,121.37			(75,542.29)	313,442.08	345,195.77	(7,383.31)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	08/20/20	454,822.25	500,583.32			(5,476.76)	449,345.49	494,867.12	(239.44)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	130,736.13	143,889.86			(1,498.86)	129,237.27	142,329.85	(61.15)	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	08/20/20	261,292.50	287,581.90			(1,920.56)	259,371.94	285,647.94	(13.40)	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	220,254.96	242,415.48			(4,102.50)	216,152.46	238,050.10	(262.88)	0.00
GNMA	1999 B-D RMRB	7.18	11/01/90	09/20/20	153,899.92	165,853.06			(1,335.14)	152,564.78	164,673.32	155.40	0.00
GNMA	1999 B-D RMRB	8.18	12/03/90	10/20/20	123,814.08	136,271.35			(1,197.62)	122,616.46	135,038.25	(35.48)	0.00
GNMA	1999 B-D RMRB	8.75	12/28/89	09/20/18	1,991,655.52	2,216,542.46			(91,816.11)	1,899,839.41	2,121,538.25	(3,188.10)	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	10/20/18	113,307.23	126,101.26			(1,986.75)	111,320.48	124,310.90	196.39	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	09/20/18	187,078.28	208,202.11			(33,475.05)	153,603.23	171,527.74	(3,199.32)	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	11/20/18	360,446.48	401,146.12			(3,798.12)	356,648.36	398,268.88	918.88	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	12/20/18	184,775.16	205,638.97			(1,758.11)	183,017.05	204,373.90	493.04	0.00
GNMA	1999 B-D RMRB	8.75	02/27/90	01/20/19	217,180.26	241,853.74			(1,851.64)	215,328.62	240,688.18	666.08	0.00
GNMA	1999 B-D RMRB	8.75	05/29/90	04/20/19	166,812.77	185,764.04			(1,812.49)	165,000.28	184,417.26	465.71	0.00
GNMA	1999 B-D RMRB	8.75	06/28/90	05/20/19	55,213.58	61,486.27			(440.44)	54,773.14	61,218.77	172.94	0.00
GNMA	1999 B-D RMRB	7.18	02/01/91	11/20/20	307,530.91	331,416.33			(108,988.45)	198,542.46	214,300.17	(8,127.71)	0.00
GNMA	1999 B-D RMRB	8.18	02/25/91	11/20/20	209,142.09	230,184.52			(61,314.54)	147,827.55	162,803.40	(6,066.58)	0.00
GNMA	1999 B-D RMRB	7.18	05/02/91	02/20/21	258,438.32	278,401.69			(36,570.79)	221,867.53	239,416.25	(2,414.65)	0.00
GNMA	1999 B-D RMRB	8.75	09/28/90	08/20/19	134,007.73	149,232.05			(1,211.78)	132,795.95	148,423.13	402.86	0.00
GNMA	1999 B-D RMRB	8.75	10/23/90	09/20/19	122,533.17	136,453.95			(1,870.59)	120,662.58	134,861.98	278.62	0.00
GNMA	1999 B-D RMRB	8.75	11/28/90	09/20/19	149,956.33	166,992.59			(1,110.33)	148,846.00	166,361.95	479.69	0.00
GNMA	1999 B-D RMRB	8.75	12/21/90	09/20/19	83,246.69	92,704.17			(621.61)	82,625.08	92,348.27	265.71	0.00
GNMA	1999 B-D RMRB	8.75	01/25/91	12/20/19	206,001.62	229,405.04			(3,307.11)	202,694.51	226,547.30	449.37	0.00
GNMA	1999 B-D RMRB	8.75	02/22/91	12/20/19	73,923.63	82,321.92			(44,302.10)	29,621.53	33,107.31	(4,912.51)	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	02/20/20	101,157.60	112,652.98			(45,160.40)	55,997.20	62,629.67	(4,862.91)	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	12/20/19	87,707.17	97,671.41			(1,281.44)	86,425.73	96,596.18	208.21	0.00
GNMA	1999 B-D RMRB	8.18	05/02/91	03/20/21	409,262.29	450,135.02			(96,710.67)	312,551.62	343,923.00	(9,501.35)	0.00
GNMA	1999 B-D RMRB	6.10	07/28/00	07/20/30	2,529,881.37	2,648,052.13			(276,473.22)	2,253,408.15	2,307,039.26	(64,539.65)	0.00
FNMA	1999 B-D RMRB	6.10	04/28/00	04/01/30	242,869.78	254,005.36			(1,251.66)	241,618.12	247,489.44	(5,264.26)	0.00
GNMA	1999 B-D RMRB	6.10	04/20/00	04/20/30	2,012,436.39	2,106,437.29			(152,751.19)	1,859,685.20	1,903,945.70	(49,740.40)	0.00
GNMA	1999 B-D RMRB	6.10	04/27/00	04/20/30	1,993,406.31	2,086,518.32			(115,268.46)	1,878,137.85	1,922,837.50	(48,412.36)	0.00
GNMA	1999 B-D RMRB	6.10	06/26/00	06/20/30	3,157,436.86	3,304,920.74			(312,532.87)	2,844,903.99	2,912,612.70	(79,775.17)	0.00
GNMA	1999 B-D RMRB	6.10	05/30/00	03/20/30	3,324,542.77	3,479,832.16			(155,642.99)	3,168,899.78	3,244,319.62	(79,869.55)	0.00
FNMA	1999 B-D RMRB	6.10	05/30/00	05/01/30	303,119.17	317,017.18			(2,573.32)	300,545.85	307,849.10	(6,594.76)	0.00
FNMA	1999 B-D RMRB	6.10	06/26/00	06/01/30	106,765.07	111,660.25			(779.66)	105,985.41	108,560.86	(2,319.73)	0.00
GNMA	1999 B-D RMRB	6.10	09/14/00	08/20/30	4,811,428.57	5,036,170.40			(229,634.57)	4,581,794.00	4,890,840.71	(115,695.12)	0.00
GNMA	1999 B-D RMRB	6.10	10/19/00	09/20/30	1,684,613.44	1,763,301.73			(284,619.39)	1,399,994.05	1,433,313.93	(45,368.41)	0.00
GNMA	1999 B-D RMRB	6.10	10/23/00	10/20/30	582,327.47	609,527.99			(2,346.63)	579,980.84	593,784.37	(13,396.99)	0.00
GNMA	1999 B-D RMRB	6.10	10/27/00	10/20/30	278,524.24	291,534.11			(1,189.89)	277,334.35	283,934.90	(6,409.32)	0.00
GNMA	1999 B-D RMRB	6.10	10/30/00	10/20/30	406,782.39	425,783.20			(1,569.86)	405,212.53	414,856.58	(9,356.76)	0.00
FNMA	1999 B-D RMRB	6.10	07/24/00	07/01/30	122,528.42	128,146.35			(499.94)	122,028.48	124,993.77	(2,652.64)	0.00
GNMA	1999 B-D RMRB	6.10	01/16/01	12/20/30	246,993.17	258,530.22			(1,266.26)	245,726.91	251,575.21	(5,688.75)	0.00
GNMA	1999 B-D RMRB	6.10	01/29/01	12/20/30	144,229.87	150,966.85			(592.78)	143,637.09	147,055.65	(3,318.42)	0.00
GNMA	1999 B-D RMRB	6.10	11/16/00	11/20/30	108,650.75	113,725.83			(78,253.18)	30,397.57	31,121.03	(4,351.62)	0.00
GNMA	1999 B-D RMRB	6.10	12/21/00	11/20/30	710,665.28	743,860.46			(79,433.31)	631,231.97	646,255.29	(18,171.86)	0.00
GNMA	1999 B-D RMRB	6.10	12/27/00	12/20/30	375,931.85	393,491.63			(2,525.38)	373,406.47	382,293.55	(8,672.70)	0.00
GNMA	1999 B-D RMRB	6.10	02/20/01	01/20/31	278,621.14	291,551.95			(964.06)	277,657.08	284,193.12	(6,394.77)	0.00
GNMA	1999 B-D RMRB	6.10	03/15/01	03/20/31	276,553.72	289,388.58			(940.41)	275,613.31	282,101.24	(6,346.93)	0.00
GNMA	1999 B-D RMRB	6.10	03/29/01	03/20/31	196,880.98	206,018.23			(86,351.24)	110,529.74	113,131.61	(6,535.38)	0.00
GNMA	1999 B-D RMRB	6.10	05/10/01	04/20/31	1,151,559.13	1,205,002.99			(96,619.70)	1,054,939.43	1,079,772.71	(28,610.58)	0.00
FNMA	1999 B-D RMRB	6.10	09/11/00	08/01/30	1,280,650.95	1,339,368.80			(178,292.82)	1,102,358.13	1,129,145.44	(31,930.54)	0.00
FNMA	1999 B-D RMRB	6.10	10/06/00	10/01/30	152,795.36	159,801.03			(21,494.89)	131,300.47	134,491.07	(3,815.07)	0.00
GNMA	1999 B-D RMRB	6.10	05/30/01	05/20/31	501,034.45	524,287.46			(1,976.27)	499,058.18	510,806.01	(11,505.18)	0.00
GNMA	1999 B-D RMRB	6.10	06/18/01	04/20/31	233,132.22	243,951.89			(1,253.52)	231,878.70	237,337.12	(5,361.25)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	1999 B-D RMRB	6.10	07/25/01	06/20/31	793,654.79	830,488.31			(90,840.99)	702,813.80	719,358.03	(20,289.29)	0.00
GNMA	1999 B-D RMRB	6.10	08/31/01	08/20/31	791,817.73	828,565.99			(59,605.54)	732,212.19	749,448.45	(19,512.00)	0.00
FNMA	1999 B-D RMRB	6.10	12/27/00	11/01/30	339,978.74	355,566.77			(120,412.01)	219,566.73	224,902.19	(10,252.57)	0.00
FNMA	1999 B-D RMRB	6.10	01/12/01	12/01/30	192,337.68	201,156.36			(73,592.89)	118,744.79	121,630.29	(5,933.18)	0.00
FNMA	1999 B-D RMRB	6.10	02/05/01	01/01/31	319,018.89	333,645.91			(1,806.93)	317,211.96	324,920.21	(6,918.77)	0.00
GNMA	1999 B-D RMRB	6.10	12/27/01	10/20/31	68,402.94	71,577.52			(241.89)	68,161.05	69,765.56	(1,570.07)	0.00
GNMA	1999 B-D RMRB	6.10	09/20/01	08/20/31	429,183.70	449,102.12			(1,762.95)	427,420.75	437,482.22	(9,856.95)	0.00
GNMA	1999 B-D RMRB	6.10	09/28/01	09/20/31	279,037.15	291,987.26			(1,417.23)	277,619.92	284,155.09	(6,414.94)	0.00
GNMA	1999 B-D RMRB	6.10	10/17/01	09/20/31	188,924.37	197,692.35			(718.95)	188,205.42	192,635.77	(4,337.63)	0.00
GNMA	1999 B-D RMRB	6.10	10/30/01	05/20/31	44,641.92	46,713.75			(204.63)	44,437.29	45,483.34	(1,025.78)	0.00
FNMA	1999 B-D RMRB	6.10	03/15/01	02/01/31	383,422.91	401,002.85			(5,283.40)	378,139.51	387,328.30	(8,391.15)	0.00
GNMA	1999 B-D RMRB	6.10	01/22/02	12/20/31	185,593.02	194,206.39			(586.94)	185,006.08	189,361.12	(4,258.33)	0.00
GNMA	1999 B-D RMRB	6.10	01/30/02	01/20/32	179,587.85	187,926.11			(610.12)	178,977.73	183,323.31	(3,992.68)	0.00
GNMA	1999 B-D RMRB	6.10	02/25/02	02/20/32	1,486,242.70	1,555,248.95			(196,951.44)	1,289,291.26	1,320,595.25	(37,702.26)	0.00
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	78,184.17	81,814.26			(327.99)	77,856.18	79,746.53	(1,739.74)	0.00
GNMA	1999 B-D RMRB	6.10	05/24/02	05/20/32	331,522.28	346,914.86			(82,654.97)	248,867.31	254,909.81	(9,350.08)	0.00
GNMA	1999 B-D RMRB	6.10	03/21/02	03/20/32	987,990.24	1,033,862.63			(103,165.31)	884,824.93	906,308.52	(24,388.80)	0.00
GNMA	1999 B-D RMRB	6.10	04/17/02	03/20/32	1,111,794.01	1,163,414.61			(4,263.09)	1,107,530.92	1,134,421.76	(24,729.76)	0.00
GNMA	1999 B-D RMRB	6.10	04/29/02	04/20/32	701,999.96	734,593.82			(2,224.82)	699,775.14	716,765.67	(15,603.33)	0.00
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	99,973.48	104,615.25			(308.78)	99,664.70	102,084.56	(2,221.91)	0.00
GNMA	1999 B-D RMRB	6.10	06/03/02	05/20/32	491,817.64	514,652.73			(85,531.21)	406,286.43	416,151.06	(12,970.46)	0.00
GNMA	1999 B-D RMRB	6.10	06/10/02	05/20/32	106,056.83	110,981.05			(324.94)	105,731.89	108,299.06	(2,357.05)	0.00
GNMA	1999 B-D RMRB	6.10	06/19/02	04/20/32	311,115.39	325,560.48			(964.08)	310,151.31	317,681.78	(6,914.82)	0.00
GNMA	1999 B-D RMRB	6.10	06/26/02	06/20/32	223,732.19	234,120.08			(886.63)	222,845.56	228,256.25	(4,977.20)	0.00
GNMA	1999 B-D RMRB	6.10	09/26/02	09/20/32	86,421.82	90,434.39			(257.76)	86,164.06	88,256.12	(1,920.51)	0.00
GNMA	1999 B-D RMRB	6.10	10/21/02	09/20/32	100,562.23	105,231.33			(299.95)	100,262.28	102,696.65	(2,234.73)	0.00
GNMA	1999 B-D RMRB	6.10	10/29/02	10/20/32	75,333.91	78,831.66			(559.35)	74,774.56	76,590.09	(1,682.22)	0.00
GNMA	1999 B-D RMRB	6.10	11/12/02	10/20/32	95,713.96	100,157.96			(285.19)	95,428.77	97,745.78	(2,126.99)	0.00
GNMA	1999 B-D RMRB	6.10	11/26/02	11/20/32	96,727.38	101,218.43			(288.07)	96,439.31	98,780.86	(2,149.50)	0.00
GNMA	1999 B-D RMRB	6.10	12/19/02	12/20/32	112,051.11	117,253.64			(327.93)	111,723.18	114,435.82	(2,489.89)	0.00
GNMA	1999 B-D RMRB	6.10	01/30/03	01/20/33	111,489.80	116,669.62			(324.06)	111,165.74	113,845.95	(2,499.61)	0.00
GNMA	1999 B-D RMRB	6.10	02/12/03	01/20/33	73,302.73	76,708.37			(214.04)	73,088.69	74,850.86	(1,643.47)	0.00
FNMA	1999 B-D RMRB	6.10	10/17/01	09/01/31	180,443.88	188,668.51			(27,298.24)	153,145.64	156,772.13	(4,598.14)	0.00
FNMA	1999 B-D RMRB	6.10	01/28/02	11/01/31	274,445.92	286,955.17			(903.20)	273,542.72	280,020.21	(6,031.76)	0.00
FNMA	1999 B-D RMRB	6.10	04/17/02	02/01/32	36,649.46	38,322.14			(114.42)	36,535.04	37,443.30	(764.42)	0.00
Repo Agmt	1999 B-D RMRB	1.02	05/28/04	06/01/04	2.69	2.69	0.00			2.69	2.69	-	0.00
1999 B-D RMRB Total					51,581,173.38	54,273,936.47	5,014,596.00	(607,635.04)	(3,654,142.90)	52,333,991.44	54,031,729.28	(995,025.25)	0.00
Repo Agmt	2000 A RMRB	1.02	05/28/04	06/01/04	274,210.16	274,210.16	693.51			274,903.67	274,903.67	-	0.00
Repo Agmt	2000 A RMRB	1.02	05/28/04	06/01/04	1,262,495.21	1,262,495.21			(1,166,605.50)	95,889.71	95,889.71	-	0.00
GIC's	2000 A RMRB	6.51	05/01/00	07/01/31	2,343,271.42	2,343,271.42	3,453,461.00			5,796,732.42	5,796,732.42	-	0.00
Repo Agmt	2000 A RMRB	1.02	05/28/04	06/01/04	0.47	0.47	0.00			0.47	0.47	-	0.00
GIC's	2000 A RMRB	6.51	05/01/00	07/01/31	31,878.27	31,878.27	0.00			31,878.27	31,878.27	-	0.00
GNMA	2000 A RMRB	6.45	07/28/00	07/20/30	1,051,542.66	1,107,852.77			(3,971.18)	1,047,571.48	1,085,577.33	(18,304.26)	0.00
GNMA	2000 A RMRB	6.45	09/14/00	08/20/30	3,729,273.72	3,928,976.33			(373,055.90)	3,356,217.82	3,477,981.40	(77,939.03)	0.00
GNMA	2000 A RMRB	6.45	10/16/00	09/20/30	1,445,102.00	1,522,487.21			(268,658.00)	1,176,444.00	1,219,125.37	(34,703.84)	0.00
GNMA	2000 A RMRB	6.45	10/23/00	10/20/30	1,147,639.09	1,209,095.16			(4,330.17)	1,143,308.92	1,184,788.16	(19,976.83)	0.00
GNMA	2000 A RMRB	6.45	10/30/00	10/20/30	730,297.12	769,404.53			(2,797.27)	727,499.85	753,893.55	(12,713.71)	0.00
FNMA	2000 A RMRB	6.45	07/28/00	06/01/30	404,825.60	425,746.99			(62,550.88)	342,274.72	354,504.19	(8,691.92)	0.00
GNMA	2000 A RMRB	6.45	01/08/01	12/20/30	293,194.53	308,895.10			(1,036.11)	292,158.42	302,757.94	(5,101.05)	0.00
GNMA	2000 A RMRB	6.45	01/29/01	01/20/31	368,705.83	388,258.30			(59,727.68)	308,978.15	320,135.34	(8,395.28)	0.00
GNMA	2000 A RMRB	6.45	11/16/00	11/20/30	1,237,663.07	1,303,939.93			(4,527.98)	1,233,135.09	1,277,873.23	(21,538.72)	0.00
GNMA	2000 A RMRB	6.45	11/29/00	11/20/30	506,419.01	533,537.75			(1,903.57)	504,515.44	522,819.27	(8,814.91)	0.00
GNMA	2000 A RMRB	6.45	12/21/00	11/20/30	901,913.72	950,211.20			(3,397.92)	898,515.80	931,113.93	(15,699.35)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	2000 A RMRB	6.45	12/27/00	11/20/30	356,816.00	375,923.50			(1,195.56)	355,620.44	368,522.37	(6,205.57)	0.00
GNMA	2000 A RMRB	6.45	02/20/01	01/20/31	492,829.92	518,964.69			(70,162.21)	422,667.71	437,930.23	(10,872.25)	0.00
GNMA	2000 A RMRB	6.45	02/28/01	02/20/31	559,409.39	589,074.87			(2,238.68)	557,170.71	577,290.12	(9,546.07)	0.00
GNMA	2000 A RMRB	6.45	03/15/01	06/20/31	488,526.25	514,432.81			(1,695.83)	486,830.43	504,409.87	(8,327.11)	0.00
GNMA	2000 A RMRB	6.45	03/29/01	02/20/31	182,126.14	191,784.29			(586.11)	181,540.03	188,095.44	(3,102.74)	0.00
GNMA	2000 A RMRB	6.45	04/30/01	04/20/31	526,618.38	554,544.95			(79,925.46)	446,692.92	462,823.03	(11,796.46)	0.00
FNMA	2000 A RMRB	6.45	09/11/00	08/01/30	672,789.73	707,559.50			(3,464.75)	669,324.98	693,239.96	(10,854.79)	0.00
FNMA	2000 A RMRB	6.45	10/06/00	09/01/30	157,426.69	165,561.45			(523.25)	156,902.44	162,508.57	(2,529.63)	0.00
FNMA	2000 A RMRB	6.45	11/16/00	10/01/30	290,920.27	305,955.03			(977.05)	289,943.22	300,302.89	(4,675.09)	0.00
GNMA	2000 A RMRB	6.45	05/30/01	05/30/31	568,637.34	598,792.39			(43,894.44)	524,742.90	543,691.58	(11,206.37)	0.00
GNMA	2000 A RMRB	6.45	06/18/01	03/20/31	313,088.79	329,691.89			(1,082.02)	312,006.77	323,273.33	(5,336.54)	0.00
GNMA	2000 A RMRB	6.45	07/16/01	06/20/31	219,218.63	230,843.79			(790.97)	218,427.66	226,315.08	(3,737.74)	0.00
GNMA	2000 A RMRB	6.45	08/08/01	07/20/31	283,201.00	298,219.15			(880.89)	282,320.11	292,514.69	(4,823.57)	0.00
GNMA	2000 A RMRB	6.45	08/31/01	08/20/31	372,805.31	392,575.18			(56,901.64)	315,903.67	327,310.95	(8,362.59)	0.00
FNMA	2000 A RMRB	6.45	12/27/00	11/01/30	410,139.32	431,335.32			(126,038.57)	284,100.75	294,251.68	(11,045.07)	0.00
FNMA	2000 A RMRB	6.45	02/05/01	01/01/31	97,695.48	102,744.38			(447.79)	97,247.69	100,722.35	(1,574.24)	0.00
GNMA	2000 A RMRB	6.45	11/29/01	11/20/31	767,811.28	808,528.31			(52,810.47)	715,000.81	740,819.47	(14,898.37)	0.00
GNMA	2000 A RMRB	6.45	12/17/01	11/20/31	555,306.39	584,754.29			(80,142.63)	475,163.76	492,321.91	(12,289.75)	0.00
GNMA	2000 A RMRB	6.45	12/27/01	12/20/31	778,295.77	819,568.79			(2,723.89)	775,571.88	803,577.80	(13,267.10)	0.00
GNMA	2000 A RMRB	6.45	09/25/01	09/20/31	609,151.96	641,455.29			(65,893.89)	543,258.07	562,875.14	(12,686.26)	0.00
GNMA	2000 A RMRB	6.45	09/28/01	09/20/31	972,205.49	1,023,761.55			(46,838.03)	925,367.46	958,782.46	(18,141.06)	0.00
GNMA	2000 A RMRB	6.45	10/17/01	10/20/31	545,725.77	574,665.61			(3,756.31)	541,969.46	561,539.96	(9,369.34)	0.00
GNMA	2000 A RMRB	6.45	10/30/01	10/20/31	612,720.78	645,213.36			(65,771.79)	546,948.99	566,699.32	(12,742.25)	0.00
GNMA	2000 A RMRB	6.45	11/15/01	11/20/31	319,582.18	336,608.66			(997.58)	318,584.60	330,067.97	(5,443.01)	0.00
FNMA	2000 A RMRB	6.45	03/29/01	02/01/31	323,059.75	339,755.48			(3,288.78)	319,770.97	331,196.39	(5,270.31)	0.00
GNMA	2000 A RMRB	6.45	01/22/02	01/20/32	793,749.60	835,723.08			(91,981.50)	701,768.10	727,136.99	(16,604.59)	0.00
GNMA	2000 A RMRB	6.45	01/30/02	12/20/31	137,208.49	144,484.66			(443.85)	136,764.64	141,703.21	(2,337.60)	0.00
GNMA	2000 A RMRB	6.45	02/25/02	02/20/32	1,935,823.14	2,038,189.47			(103,279.28)	1,832,543.86	1,898,790.30	(36,119.89)	0.00
FNMA	2000 A RMRB	6.45	07/12/01	06/01/31	214,835.78	225,871.89			(71,161.05)	143,674.73	148,713.40	(5,997.44)	0.00
GNMA	2000 A RMRB	6.45	05/15/02	04/20/32	92,921.52	97,835.21			(281.31)	92,640.21	95,989.15	(1,564.75)	0.00
GNMA	2000 A RMRB	6.45	05/24/02	05/20/32	221,129.69	232,823.03			(964.80)	220,164.89	228,123.85	(3,734.38)	0.00
GNMA	2000 A RMRB	6.45	03/21/02	02/20/32	503,140.26	529,746.32			(1,595.17)	501,545.09	519,675.96	(8,475.19)	0.00
GNMA	2000 A RMRB	6.45	04/17/02	03/20/32	559,087.74	588,631.24			(1,877.90)	557,189.84	577,332.26	(9,421.08)	0.00
GNMA	2000 A RMRB	6.45	04/29/02	04/20/32	142,603.57	150,144.45			(450.74)	142,152.83	147,291.65	(2,402.06)	0.00
GNMA	2000 A RMRB	6.45	05/15/02	03/20/32	69,646.59	73,329.50			(655.41)	68,991.18	71,485.21	(1,188.88)	0.00
GNMA	2000 A RMRB	6.45	08/29/02	04/20/32	49,664.71	52,290.98			(144.07)	49,520.64	51,310.81	(836.10)	0.00
GNMA	2000 A RMRB	6.45	08/29/02	08/20/32	66,408.06	69,919.72			(187.81)	66,220.25	68,614.11	(1,117.80)	0.00
GNMA	2000 A RMRB	6.45	06/03/02	05/20/32	71,596.82	75,382.86			(552.58)	71,044.24	73,612.49	(1,217.79)	0.00
GNMA	2000 A RMRB	6.45	07/05/02	03/20/32	47,799.56	50,327.20			(375.48)	47,424.08	49,138.46	(813.26)	0.00
GNMA	2000 A RMRB	6.45	08/01/02	05/20/32	63,450.97	68,806.26			(182.53)	63,268.44	65,555.59	(1,068.14)	0.00
GNMA	2000 A RMRB	6.45	11/12/02	11/20/32	136,767.17	143,999.42			(381.81)	136,385.36	141,315.69	(2,301.92)	0.00
GNMA	2000 A RMRB	6.45	09/12/02	08/20/32	60,534.42	63,735.48			(180.64)	60,353.78	62,535.57	(1,019.27)	0.00
GNMA	2000 A RMRB	6.45	10/21/02	10/20/32	76,317.23	80,352.89			(212.02)	76,105.21	78,856.41	(1,284.46)	0.00
GNMA	2000 A RMRB	6.45	10/29/02	10/20/32	66,507.44	70,024.35			(193.20)	66,314.24	68,711.50	(1,119.65)	0.00
GNMA	2000 A RMRB	6.45	11/26/02	11/20/32	46,085.98	48,523.01			(127.17)	45,958.81	47,620.22	(775.62)	0.00
GNMA	2000 A RMRB	6.45	12/19/02	11/20/32	122,870.84	129,368.25			(339.07)	122,531.77	126,961.29	(2,067.89)	0.00
GNMA	2000 A RMRB	6.45	12/30/02	12/20/32	68,991.53	72,639.80			(189.11)	68,802.42	71,289.63	(1,161.06)	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	81,043.51	85,320.99			(238.41)	80,805.10	83,720.55	(1,362.03)	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	147,751.38	155,549.70			(416.79)	147,334.59	152,650.42	(2,482.49)	0.00
FNMA	2000 A RMRB	6.45	09/28/01	09/01/31	203,966.69	214,444.46			(35,728.07)	168,238.62	174,138.75	(4,577.64)	0.00
FNMA	2000 A RMRB	6.45	10/17/01	09/01/31	223,318.01	234,789.86			(781.92)	222,536.09	230,340.43	(3,667.51)	0.00
GNMA	2000 A RMRB	6.45	02/20/03	02/20/33	73,324.11	77,194.16			(272.40)	73,051.71	75,667.42	(1,234.34)	0.00
FNMA	2000 A RMRB	6.45	12/27/01	11/01/31	216,893.49	228,035.31			(2,102.06)	214,791.43	222,324.16	(3,609.09)	0.00
FNMA	2000 A RMRB	6.45	04/17/02	03/01/32	125,455.41	131,898.80			(646.37)	124,809.04	129,143.66	(2,108.77)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	2000 A RMRB	1.02	05/28/04	06/01/04	14,729.24	14,729.24	0.00			14,729.24	14,729.24	-	0.00
	2000 A RMRB Total				33,838,121.85	35,424,586.82	3,454,154.51	(1,166,605.50)	(1,814,927.77)	34,310,743.09	35,325,555.19	(571,652.87)	0.00
Repo Agmt	2003A RMRB	1.02	05/28/04	06/01/04			249,980.81			249,980.81	249,980.81	-	0.00
GIC's	2003A RMRB	1.22	08/20/03	02/01/05	1,022,273.70	1,022,273.70		(23,284.32)		998,989.38	988,989.38	-	0.00
Repo Agmt	2003A RMRB	1.02	05/28/04	06/01/04			518,292.47			518,292.47	518,292.47	-	0.00
Repo Agmt	2003A RMRB	1.02	05/28/04	06/01/04	95.58	95.58	0.13			95.71	95.71	-	0.00
GIC's	2003A RMRB	4.13	08/20/03	07/01/34	1,008,444.54	1,008,444.54	11,501.47			1,019,946.01	1,019,946.01	-	0.00
GNMA	2003A RMRB	4.49	03/25/04	03/20/34			12,628,201.28			12,628,201.28	11,840,612.03	(787,589.25)	0.00
GNMA	2003A RMRB	4.49	03/30/04	03/20/34			1,984,037.92			1,984,037.92	1,860,294.61	(123,743.31)	0.00
GNMA	2003A RMRB	4.49	04/08/04	04/20/34			2,132,118.92			2,132,118.92	2,009,851.91	(122,267.01)	0.00
GNMA	2003A RMRB	5.49	04/08/04	04/20/34			463,417.37			463,417.37	464,691.56	1,274.19	0.00
GNMA	2003A RMRB	5.49	04/08/04	04/20/34			45,505.62			45,505.62	45,628.31	122.69	0.00
GNMA	2003A RMRB	4.49	04/15/04	04/20/34			1,339,570.36			1,339,570.36	1,262,762.72	(76,807.64)	0.00
GNMA	2003A RMRB	5.49	04/15/04	04/20/34			65,255.06			65,255.06	65,430.99	175.93	0.00
GNMA	2003A RMRB	4.49	04/22/04	04/20/34			1,533,719.49			1,533,719.49	1,445,746.76	(87,972.73)	0.00
GNMA	2003A RMRB	5.49	04/22/04	04/20/34			91,717.56			91,717.56	91,964.83	247.27	0.00
GNMA	2003A RMRB	4.49	04/29/04	04/20/34			1,114,546.72			1,114,546.72	1,045,022.97	(69,523.75)	0.00
GNMA	2003A RMRB	5.49	04/29/04	04/20/34			62,037.02			62,037.02	62,204.27	167.25	0.00
GNMA	2003A RMRB	4.49	05/06/04	05/20/34			871,825.01			871,825.01	817,424.54	(54,400.47)	0.00
GNMA	2003A RMRB	4.49	05/13/04	05/20/34			556,890.85			556,890.85	522,141.76	(34,749.09)	0.00
GNMA	2003A RMRB	4.49	05/20/04	05/20/34			1,563,199.74			1,563,199.74	1,465,658.60	(97,541.14)	0.00
GNMA	2003A RMRB	4.49	05/27/04	05/20/34			677,827.12			677,827.12	635,531.80	(42,295.32)	0.00
FNMA	2003A RMRB	4.49	03/25/04	02/01/34			313,239.56			313,239.56	293,056.29	(20,183.27)	0.00
GIC's	2003A RMRB	1.22	08/20/03	02/01/05	71,153,258.36	71,153,258.36		(25,330,696.43)		45,822,561.93	45,822,561.93	-	0.00
	2003A RMRB Total				73,184,072.18	73,184,072.18	26,222,884.48	(25,353,980.75)	0.00	74,052,975.91	72,537,890.26	(1,515,085.65)	0.00
GNMA	1999 A RMRB	7.50	08/31/89	07/20/18	569,638.47	617,310.65			(60,608.52)	509,029.95	553,128.86	(3,573.27)	0.00
GNMA	1999 A RMRB	7.50	10/31/89	09/20/18	1,397,308.97	1,514,247.63			(48,121.38)	1,349,187.59	1,466,072.04	(54.21)	0.00
GNMA	1999 A RMRB	8.75	10/31/89	09/20/18	321,972.98	358,328.49			(62,925.33)	259,047.65	289,276.91	(6,126.25)	0.00
GNMA	1999 A RMRB	7.50	11/30/89	10/20/18	988,054.21	1,070,742.96			(12,633.43)	975,420.78	1,059,924.60	1,815.07	0.00
GNMA	1999 A RMRB	8.75	11/30/89	09/20/18	128,113.31	142,579.20			(1,365.85)	126,747.46	141,538.07	324.72	0.00
GNMA	1999 A RMRB	7.50	01/01/90	11/20/18	596,201.24	646,096.42			(54,822.86)	541,378.38	588,279.71	(2,993.85)	0.00
GNMA	1999 A RMRB	8.75	01/01/90	11/20/18	140,719.74	156,609.08			(1,563.93)	139,155.81	155,394.41	349.26	0.00
GNMA	1999 A RMRB	7.50	01/01/90	12/20/18	378,710.98	410,404.77			(53,112.61)	325,598.37	353,806.02	(3,486.14)	0.00
GNMA	1999 A RMRB	7.50	02/27/90	12/20/18	139,728.99	151,422.76			(1,332.03)	138,396.96	150,386.80	296.07	0.00
GNMA	1999 A RMRB	8.75	05/29/90	02/20/19	247,898.50	276,061.85			(3,690.87)	244,207.63	272,945.69	574.71	0.00
GNMA	1999 A RMRB	7.50	03/30/90	01/20/19	410,464.37	444,753.60			(5,821.97)	404,642.40	439,754.75	823.12	0.00
GNMA	1999 A RMRB	8.75	03/30/90	01/20/19	234,250.55	260,863.30			(1,937.66)	232,312.89	259,651.11	725.47	0.00
GNMA	1999 A RMRB	7.50	04/26/90	03/20/19	420,701.54	455,846.06			(6,330.36)	414,371.18	450,327.89	812.19	0.00
GNMA	1999 A RMRB	8.75	04/26/90	03/20/19	255,699.55	284,749.09			(3,673.13)	252,026.42	281,684.51	608.55	0.00
GNMA	1999 A RMRB	7.50	05/29/90	04/20/19	483,280.07	523,652.20			(5,412.60)	477,867.47	519,333.95	1,094.35	0.00
GNMA	1999 A RMRB	7.50	06/28/90	04/20/19	105,321.75	114,120.11			(30,001.19)	75,320.56	81,856.44	(2,262.48)	0.00
GNMA	1999 A RMRB	8.75	06/28/90	04/20/19	106,207.91	118,274.01			(1,163.28)	105,044.63	117,406.15	295.42	0.00
GNMA	1999 A RMRB	7.50	10/31/90	07/20/19	81,201.82	87,985.24			(1,094.80)	80,107.02	87,058.26	167.82	0.00
GNMA	1999 A RMRB	7.50	12/21/90	08/20/19	54,398.66	58,943.00			(549.76)	53,848.90	58,521.58	128.34	0.00
GNMA	1999 A RMRB	8.75	12/21/90	08/20/19	32,566.14	36,265.94			(273.68)	32,292.46	36,092.60	100.34	0.00
GNMA	1999 A RMRB	7.50	03/28/91	11/20/19	45,074.42	48,839.82			(375.01)	44,699.41	48,578.15	113.34	0.00
GNMA	1999 A RMRB	8.75	04/26/91	01/20/20	206,796.96	230,296.99			(1,881.77)	204,915.19	229,165.83	770.61	0.00
GNMA	1999 A RMRB	8.75	04/29/91	02/20/20	162,372.87	180,824.68			(1,197.25)	161,175.62	180,265.65	638.22	0.00
GNMA	1999 A RMRB	7.50	04/29/91	12/20/19	150,516.05	163,089.84			(1,327.33)	149,188.72	162,134.47	371.96	0.00
GNMA	1999 A RMRB	5.35	01/31/01	08/20/30	60,737.94	62,013.44			(16,381.30)	44,356.64	43,803.54	(1,828.60)	0.00
GNMA	1999 A RMRB	5.35	01/31/01	01/20/31	459,129.90	468,519.11			(1,868.37)	457,261.53	451,431.45	(15,219.29)	0.00
GNMA	1999 A RMRB	5.35	03/15/01	01/20/31	124,846.37	127,399.48			(516.01)	124,330.36	122,745.15	(4,138.32)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
GNMA	1999 A RMRB	5.35	05/10/01	04/20/31	244,313.29	249,309.50			(85,436.87)	158,876.42	156,850.75	(7,021.88)	0.00
GNMA	1999 A RMRB	5.35	06/22/01	05/20/31	57,090.14	58,257.63			(219.70)	56,870.44	56,145.34	(1,892.59)	0.00
GNMA	1999 A RMRB	5.35	06/29/01	05/20/31	151,918.09	155,024.81			(638.03)	151,280.06	149,351.24	(5,035.54)	0.00
FNMA	1999 A RMRB	5.35	03/15/01	10/01/30	261,751.79	267,104.61			(1,233.43)	260,518.36	257,045.65	(8,825.53)	0.00
FNMA	1999 A RMRB	5.35	06/18/01	03/01/31	73,825.39	75,267.20			(491.06)	73,334.33	72,268.78	(2,507.36)	0.00
GNMA	1999 A RMRB	5.35	03/18/02	02/20/32	41,470.94	42,311.56			(148.11)	41,322.83	40,774.89	(1,388.56)	0.00
Repo Agmt	1999 A RMRB	1.02	05/28/04	06/01/04	401,199.23	401,199.23	0.00			401,199.23	401,199.23	-	0.00
1999 A RMRB Total					9,533,483.13	10,258,714.26	0.00	0.00	(468,149.48)	9,065,333.65	9,734,220.47	(56,344.31)	0.00
Total Residential Mortgage Revenue Bonds Investment Summary					499,825,080.84	514,226,986.98	72,671,352.62	(48,759,049.83)	(17,460,820.83)	506,276,562.80	509,335,454.89	(11,343,014.05)	0.00

Texas Department of Housing and Community Affairs
Collateralized Home Mortgage Revenue Bonds Investment Summary
For Period Ending May 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	1990 A&B CHMRB	1.02	05/28/04	06/01/04	45,719.99	45,719.99	115.59			45,835.58	45,835.58	-	0.00
Repo Agmt	1990 A&B CHMRB	1.02	05/28/04	06/01/04	73,924.46	73,924.46	187.03			74,111.49	74,111.49	-	0.00
Mutual Fund	1990 A&B CHMRB	0.52	05/01/04	06/01/04	23.20	23.20		(0.01)		23.19	23.19	-	0.00
Repo Agmt	1990 A&B CHMRB	1.02	05/28/04	06/01/04	204,217.51	204,217.51	516.48			204,733.99	204,733.99	-	0.00
	1990 A&B CHMRB Total				323,885.16	323,885.16	819.10	(0.01)	0.00	324,704.25	324,704.25	0.00	0.00
Repo Agmt	1991 A CHMRB	1.02	05/28/04	06/01/04	96,474.91	96,474.91	244.00			96,718.91	96,718.91	-	0.00
Repo Agmt	1991 A CHMRB	1.02	05/28/04	06/01/04	6,431.34	6,431.34	16.28			6,447.62	6,447.62	-	0.00
	1991 A CHMRB Total				102,906.25	102,906.25	260.28	0.00	0.00	103,166.53	103,166.53	0.00	0.00
Repo Agmt	1992 A-C CHMRB	1.02	05/28/04	06/01/04	754,812.51	754,812.51		(564,717.44)		190,095.07	190,095.07	-	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	18,214.30	18,214.30	3,536,027.63			3,554,241.93	3,554,241.93	-	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	12/01/23	74,635.27	80,360.52		(510.11)		74,125.16	79,236.58	(613.83)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/23	244,968.47	263,759.89		(2,112.11)		242,856.36	259,602.82	(2,044.96)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	06/01/23	375,207.30	403,891.20		(3,900.91)		371,306.39	396,854.20	(3,136.09)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	02/01/25	2,330,165.91	2,505,092.40		(207,785.86)		2,122,380.05	2,264,697.34	(32,609.20)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	1,824,686.59	1,961,666.53		(109,286.40)		1,715,400.19	1,830,427.20	(21,952.93)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	603,311.02	648,601.82		(175,110.26)		428,200.76	456,914.00	(16,577.56)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	1,445,656.59	1,554,182.60		(16,639.39)		1,429,017.20	1,524,840.64	(12,702.57)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	1,761,837.65	1,892,327.73		(98,885.13)		1,662,952.52	1,772,472.58	(20,970.02)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/96	12/20/22	565,258.91	609,367.64		(51,293.65)		513,965.26	550,452.27	(7,621.72)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	01/20/23	556,096.36	599,024.47		(148,780.21)		407,316.15	435,911.47	(14,332.79)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/23	528,730.77	569,548.36		(118,664.48)		410,066.29	438,854.69	(12,027.19)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	07/20/23	662,301.94	713,428.65		(5,506.13)		656,795.81	702,905.71	(5,016.81)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	08/20/23	471,549.67	507,951.16		(79,600.14)		391,949.53	419,466.12	(8,884.90)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	137,105.86	147,689.80		(2,677.77)		134,428.09	143,865.52	(1,146.51)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	60,899.06	65,600.19		(1,236.93)		59,662.13	63,850.68	(512.58)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	12/20/23	771,603.60	831,167.90		(143,384.23)		628,219.37	672,323.04	(15,460.63)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/23	75,550.93	81,383.12		(747.85)		74,803.08	80,054.58	(580.69)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/25	1,079,500.51	1,160,774.80		(156,990.47)		922,510.04	985,571.08	(18,213.25)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/25	1,261,233.74	1,356,190.48		(164,139.18)		1,097,094.56	1,172,089.91	(19,961.39)	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	06/20/25	1,242,641.20	1,336,198.13		(314,934.50)		927,706.70	991,122.99	(30,140.64)	0.00
Repo Agmt	1992 A-C CHMRB	1.02	05/28/04	06/01/04	100.20	100.20		(99.98)		0.22	0.22	-	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	99,999.97	99,999.97	99.98			100,099.95	100,099.95	-	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	960,501.60	960,501.60	0.00			960,501.60	960,501.60	-	0.00
FNMA	1992 A-C CHMRB	6.91	04/28/95	06/01/23	244,286.59	263,025.72		(3,800.59)		240,486.00	257,069.02	(2,156.11)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/23	1,633,954.46	1,760,088.33		(64,965.88)		1,568,968.58	1,679,116.90	(15,985.55)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	01/20/25	4,001,023.25	4,302,255.40		(244,220.59)		3,756,802.66	4,013,610.70	(44,424.11)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	02/20/25	3,470,486.23	3,731,774.89		(288,802.76)		3,181,683.47	3,399,177.40	(43,794.73)	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/25	4,941,952.92	5,314,026.50		(624,497.79)		4,317,455.13	4,612,588.30	(76,940.41)	0.00
Repo Agmt	1992 A-C CHMRB	1.02	05/28/04	06/01/04	10,052.21	10,052.21	25.41			10,077.62	10,077.62	-	0.00
	1992 A-C CHMRB Total				32,208,325.59	34,503,057.02	3,536,153.02	(564,817.42)	(3,028,493.32)	32,151,167.87	34,018,092.13	(427,807.17)	0.00
	Total CHMRB Investment Summary				32,635,117.00	34,929,848.43	3,537,232.40	(564,817.43)	(3,028,493.32)	32,579,038.65	34,445,962.91	(427,807.17)	0.00

Texas Department of Housing and Community Affairs
Multi Family Investment Summary
For Period Ending May 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.46	05/01/04	06/01/04	42.74	42.74	9.10			51.84	51.84	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.46	05/01/04	06/01/04	63.87	63.87	12.17			76.04	76.04	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.46	05/01/04	06/01/04	48,057.07	48,057.07		(7,239.27)		40,817.80	40,817.80	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.46	05/01/04	06/01/04	32,077.33	32,077.33		(5,965.12)		26,112.21	26,112.21	-	0.00
	1996 A&B MF (Brighton/LasColi) Total				80,241.01	80,241.01	21.27	(13,204.39)	0.00	67,057.89	67,057.89	0.00	0.00
Mutual Fund	1998 M/F (Dallas-Oxford Rfdg)	0.46	05/01/04	06/01/04			2,250.00			2,250.00	2,250.00	-	0.00
Mutual Fund	1998 M/F (Dallas-Oxford Rfdg)	0.46	05/01/04	06/01/04	21,499.93	21,499.93	9,670.54			31,170.47	31,170.47	-	0.00
Mutual Fund	1998 M/F (Dallas-Oxford Rfdg)	0.46	05/01/04	06/01/04	460.22	460.22	0.11			460.33	460.33	-	0.00
	1998 M/F (Dallas-Oxford Rfdg) Total				21,960.15	21,960.15	11,920.65	0.00	0.00	33,880.80	33,880.80	0.00	0.00
Mutual Fund	1984 A & B M/F (Summer Bend)	0.44	05/01/04	06/01/04	20.46	20.46		(20.46)				-	0.00
Money Market	1984 A & B M/F (Summer Bend)				49,287.81	49,287.81	9,101.36			58,389.17	58,389.17	-	0.00
	1984 A & B M/F (Summer Bend) Total				49,308.27	49,308.27	9,101.36	(20.46)	0.00	58,389.17	58,389.17	0.00	0.00
Mutual Fund	1996 A&B MF (Braxton's)	0.46	05/01/04	06/01/04	38.42	38.42	9.03			47.45	47.45	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	0.85	05/01/04	06/01/04	0.24	0.24	0.00			0.24	0.24	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	0.46	05/01/04	06/01/04	35,671.08	35,671.08	9,961.39			45,632.47	45,632.47	-	0.00
	1996 A&B MF (Braxton's) Total				35,709.74	35,709.74	9,970.42	0.00	0.00	45,680.16	45,680.16	0.00	0.00
T - Note	1993 A&B M/F(Reming. Hill/HP)				29,914.14	29,914.14		(29,914.14)				-	0.00
T - Note	1993 A&B M/F(Reming. Hill/HP)	5.73	04/12/04	08/12/04	876,364.72	876,364.72	80,943.23			957,307.95	957,307.95	-	0.00
Repo Agmt	1993 A&B M/F(Reming. Hill/HP)	1.02	05/28/04	06/01/04	523.42	523.42	0.82			524.24	524.24	-	0.00
T - Bill	1993 A&B M/F(Reming. Hill/HP)	5.81	05/13/04	06/10/04	92,957.58	92,957.58		(0.72)		92,956.86	92,956.86	-	0.00
Repo Agmt	1993 A&B M/F(Reming. Hill/HP)	1.02	05/28/04	06/01/04	22,616.23	22,616.23	57.18			22,673.41	22,673.41	-	0.00
	1993 A&B M/F(Reming. Hill/HP) Total				1,022,376.09	1,022,376.09	81,001.23	(29,914.86)	0.00	1,073,462.46	1,073,462.46	0.00	0.00
Repo Agmt	1987 South Tx. Rental Housing	1.02	05/28/04	06/01/04	911,054.96	911,054.96	2,304.21			913,359.17	913,359.17	-	0.00
	1987 South Tx. Rental Housing Total				911,054.96	911,054.96	2,304.21	0.00	0.00	913,359.17	913,359.17	0.00	0.00
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)				3,704.93	3,704.93		(3,704.93)				-	0.00
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)				2,504.67	2,504.67		(2,504.67)				-	0.00
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)	0.46	05/01/04	06/01/04	17,688.83	17,688.83		(17,684.57)		4.26	4.26	-	0.00
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)	0.46	05/01/04	06/01/04	70,801.99	70,801.99	913,747.05			984,549.04	984,549.04	-	0.00
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)	0.46	05/01/04	06/01/04			26,375.22			26,375.22	26,375.22	-	0.00
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)				0.24	0.24		(0.24)				-	0.00
Inv Agmt	1996 A-D M/F(Dallas-Ft Worth)				34,180.00	34,180.00		(34,180.00)				-	0.00
Inv Agmt	1996 A-D M/F(Dallas-Ft Worth)				1,160,086.93	1,160,086.93		(1,160,086.93)				-	0.00
Inv Agmt	1996 A-D M/F(Dallas-Ft Worth)				25,518.05	25,518.05		(25,518.05)				-	0.00
T - Bill	1996 A-D M/F(Dallas-Ft Worth)				113,503.85	113,503.85		(113,503.85)				-	0.00
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)	0.46	05/01/04	06/01/04	91,614.23	91,614.23	184,516.28			276,130.51	276,130.51	-	0.00
	1996 A-D M/F(Dallas-Ft Worth) Total				1,519,603.72	1,519,603.72	1,124,638.55	(1,357,183.24)	0.00	1,287,059.03	1,287,059.03	0.00	0.00
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	0.46	05/01/04	06/01/04	87,606.95	87,606.95		(33,959.72)		53,647.23	53,647.23	-	0.00
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	0.46	05/01/04	06/01/04	190,170.66	190,170.66	23,919.63			214,090.29	214,090.29	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	6.25	11/12/96	07/01/26	211,418.92	211,418.92		(13,107.21)		198,311.71	198,311.71	-	0.00
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	0.46	05/01/04	06/01/04	106,957.84	106,957.84		(60,385.78)		46,572.06	46,572.06	-	0.00
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	0.46	05/01/04	06/01/04	833.33	833.33		(833.32)		0.01	0.01	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	6.75	11/05/96	07/01/26	86,743.95	86,743.95	0.00			86,743.95	86,743.95	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	6.75	11/05/96	07/01/26	777,671.25	777,671.25	0.00			777,671.25	777,671.25	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	6.75	11/05/96	07/01/26	177,500.00	177,500.00	0.00			177,500.00	177,500.00	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	5.90	11/12/96	07/01/26	145,104.55	145,104.55	193,607.69			338,712.24	338,712.24	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	5.90	11/12/96	07/01/26	18,325.58	18,325.58	21,226.10			39,551.68	39,551.68	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	5.90	11/12/96	07/01/26	32,756.30	32,756.30	47,127.32			79,883.62	79,883.62	-	0.00
	1996 A-D M/F(Harbors/Plumtree) Total				1,835,089.33	1,835,089.33	285,880.74	(108,286.03)	0.00	2,012,684.04	2,012,684.04	0.00	0.00
Mutual Fund	1996 A&B M/F(NHP Project)	0.46	05/01/04	06/01/04	0.02	0.02	0.00			0.02	0.02	-	0.00
Inv Agmt	1996 A&B M/F(NHP Project)				1.00	1.00		(1.00)				-	0.00
	1996 A&B M/F(NHP Project) Total				1.02	1.02	0.00	(1.00)	0.00	0.02	0.02	0.00	0.00
Mutual Fund	1997 M/F (Meadow Ridge)	0.46	05/01/04	06/01/04	249.46	249.46	0.06			249.52	249.52	-	0.00
Inv Agmt	1997 M/F (Meadow Ridge)	5.45	12/18/97	07/31/18	81,788.97	81,788.97	226,602.20			308,391.17	308,391.17	-	0.00
Mutual Fund	1997 M/F (Meadow Ridge)	0.46	05/01/04	06/01/04	3.38	3.38	0.00			3.38	3.38	-	0.00
	1997 M/F (Meadow Ridge) Total				82,041.81	82,041.81	226,602.26	0.00	0.00	308,644.07	308,644.07	0.00	0.00
Mutual Fund	1998 M/F (Pebble Brook)	0.46	05/01/04	06/01/04	19,124.72	19,124.72		(19,062.44)		62.28	62.28	-	0.00
Mutual Fund	1998 M/F (Pebble Brook)	0.46	05/01/04	06/01/04			170,323.89			170,323.89	170,323.89	-	0.00
Inv Agmt	1998 M/F (Pebble Brook)	5.20	04/30/98	12/01/30	192,709.62	192,709.62	0.00			192,709.62	192,709.62	-	0.00
Mutual Fund	1998 M/F (Pebble Brook)	0.46	05/01/04	06/01/04	39,474.45	39,474.45	32.30			39,506.75	39,506.75	-	0.00
	1998 M/F (Pebble Brook) Total				251,308.79	251,308.79	170,356.19	(19,062.44)	0.00	402,602.54	402,602.54	0.00	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.52	05/01/04	06/01/04	219,427.75	219,427.75	25.85			219,453.60	219,453.60	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.52	05/01/04	06/01/04	15.15	15.15	0.00			15.15	15.15	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.52	05/01/04	06/01/04	9,600.83	9,600.83	53,330.13			62,930.96	62,930.96	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.52	05/01/04	06/01/04	128,099.61	128,099.61		(5,405.85)		122,693.76	122,693.76	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.52	05/01/04	06/01/04	31,178.99	31,178.99		(29,495.20)		1,683.79	1,683.79	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.52	05/01/04	06/01/04	117,950.93	117,950.93		(117,920.30)		30.63	30.63	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.52	05/01/04	06/01/04	37,129.14	37,129.14	49,388.61			86,517.75	86,517.75	-	0.00
	1998 M/F (Residence Oaks Proj) Total				543,402.40	543,402.40	102,744.59	(152,821.35)	0.00	493,325.64	493,325.64	0.00	0.00
Mutual Fund	1998 M/F (Volente Project)	0.46	05/01/04	06/01/04	16,581.42	16,581.42		(6,500.00)		10,081.42	10,081.42	-	0.00
Mutual Fund	1998 M/F (Volente Project)	0.46	05/01/04	06/01/04	3.29	3.29	60,788.84			60,792.13	60,792.13	-	0.00
Inv Agmt	1998 M/F (Volente Project)	5.22	05/14/98	01/01/31	77,543.23	77,543.23	0.00			77,543.23	77,543.23	-	0.00
Mutual Fund	1998 M/F (Volente Project)	0.46	05/01/04	06/01/04	3,878.36	3,878.36	4.33			3,882.69	3,882.69	-	0.00
Mutual Fund	1998 M/F (Volente Project)	0.46	05/01/04	06/01/04	1.24	1.24	0.00			1.24	1.24	-	0.00
Mutual Fund	1998 M/F (Volente Project)	0.46	05/01/04	06/01/04	72,927.91	72,927.91	122,117.22			195,045.13	195,045.13	-	0.00
	1998 M/F (Volente Project) Total				170,935.45	170,935.45	182,910.39	(6,500.00)	0.00	347,345.84	347,345.84	0.00	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.46	05/01/04	06/01/04	28,815.91	28,815.91	9,303.29			38,119.20	38,119.20	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.46	05/01/04	06/01/04	44,059.80	44,059.80	131,807.43			175,867.23	175,867.23	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.46	05/01/04	06/01/04	6,190.74	6,190.74	310.18			6,500.92	6,500.92	-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail)	4.94	03/22/01	09/01/30	90,000.86	90,000.86		(45,000.00)		45,000.86	45,000.86	-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail)	4.94	09/10/98	09/01/30	350,137.63	350,137.63		(176,424.00)		173,713.63	173,713.63	-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail)	4.94	03/22/01	09/01/30	32,725.92	32,725.92		(2,502.53)		30,223.39	30,223.39	-	0.00
	1998 M/F (Greens-Hickory Trail) Total				551,930.86	551,930.86	141,420.90	(223,926.53)	0.00	469,425.23	469,425.23	0.00	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	0.52	05/01/04	06/01/04	22,095.00	22,095.00	66,120.12			88,215.12	88,215.12	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	0.52	05/01/04	06/01/04	1.78	1.78	0.00			1.78	1.78	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	0.52	05/01/04	06/01/04	20,752.01	20,752.01	153,928.37			174,680.38	174,680.38	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	0.52	05/01/04	06/01/04	53,192.39	53,192.39	8,576.92			61,769.31	61,769.31	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	0.52	05/01/04	06/01/04	56,708.69	56,708.69		(56,653.32)		55.37	55.37	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	0.52	05/01/04	06/01/04	210,045.00	210,045.00		(209,997.39)		47.61	47.61	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	0.52	05/01/04	06/01/04	0.16	0.16	0.00			0.16	0.16	-	0.00
	1999 M/F (Mayfield Aptss) Total				362,795.03	362,795.03	228,625.41	(266,650.71)	0.00	324,769.73	324,769.73	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/ Purchases	Amortizations/ Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Mutual Fund	1999 M/F (Woodglen Village)	0.52	05/01/04	06/01/04	22,373.85	22,373.85		(13,574.62)		8,799.23	8,799.23	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.46	05/01/04	06/01/04	67,784.58	67,784.58	1,290.07			69,074.65	69,074.65	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.52	05/01/04	06/01/04	82.25	82.25		(0.06)		82.19	82.19	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.52	05/01/04	06/01/04	1,926.83	1,926.83		(624.42)		1,302.41	1,302.41	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.52	05/01/04	06/01/04	83,941.50	83,941.50	113,391.99			197,333.49	197,333.49	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.52	05/01/04	06/01/04	26,161.71	26,161.71	4.74			26,166.45	26,166.45	-	0.00
	1999 M/F (Woodglen Village) Total				202,270.72	202,270.72	114,686.80	(14,199.10)	0.00	302,758.42	302,758.42	0.00	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.46	05/01/04	06/01/04	11,512.65	11,512.65	1,496.39			13,009.04	13,009.04	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)				0.08	0.08		(0.08)				-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.46	05/01/04	06/01/04	2.33	2.33	0.00			2.33	2.33	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.46	05/01/04	06/01/04			3.53			3.53	3.53	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.46	05/01/04	06/01/04			31,221.01			31,221.01	31,221.01	-	0.00
	2000 M/F (Timber Point Apts) Total				11,515.06	11,515.06	32,720.93	(0.08)	0.00	44,235.91	44,235.91	0.00	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.46	05/01/04	06/01/04	50,227.08	50,227.08	64,079.73			114,306.81	114,306.81	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.46	05/01/04	06/01/04	106,006.85	106,006.85	12,873.21			118,880.06	118,880.06	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.46	05/01/04	06/01/04	675.94	675.94	0.76			676.70	676.70	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.46	05/01/04	06/01/04	0.04	0.04	0.00			0.04	0.04	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.46	05/01/04	06/01/04	93,847.52	93,847.52		(220.43)		93,627.09	93,627.09	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.46	05/01/04	06/01/04	27,640.78	27,640.78		(17,394.04)		10,246.74	10,246.74	-	0.00
	2000 A&B M/F (Oaks at Hampton) Total				278,398.21	278,398.21	76,953.70	(17,614.47)	0.00	337,737.44	337,737.44	0.00	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	0.46	05/01/04	06/01/04			6,382.00			6,382.00	6,382.00	-	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	0.46	05/01/04	06/01/04	0.02	0.02	0.00			0.02	0.02	-	0.00
Inv Agmt	2000 M/F (Deerwood Apts)	6.15	05/23/00	06/01/32	79,754.26	79,754.26	101,297.24			181,051.50	181,051.50	-	0.00
	2000 M/F (Deerwood Apts) Total				79,754.28	79,754.28	107,679.24	0.00	0.00	187,433.52	187,433.52	0.00	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.52	05/01/04	06/01/04	9,383.63	9,383.63	2,211.31			11,594.94	11,594.94	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.52	05/01/04	06/01/04	1.70	1.70	1.14			2.84	2.84	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)				0.25	0.25		(0.25)				-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.52	05/01/04	06/01/04	226.17	226.17		(0.09)		226.08	226.08	-	0.00
	2000 M/F (Creek Point Apts) Total				9,611.75	9,611.75	2,212.45	(0.34)	0.00	11,823.86	11,823.86	0.00	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.46	05/01/04	06/01/04	17,555.79	17,555.79	7,437.53			24,993.32	24,993.32	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.46	05/01/04	06/01/04	103,882.96	103,882.96	12,870.84			116,753.80	116,753.80	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.46	05/01/04	06/01/04	10.87	10.87	0.00			10.87	10.87	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.46	05/01/04	06/01/04	259.72	259.72	0.29			260.01	260.01	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.46	05/01/04	06/01/04	90,919.39	90,919.39	123.43			91,042.82	91,042.82	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.46	05/01/04	06/01/04	41,492.34	41,492.34	57,938.87			99,431.21	99,431.21	-	0.00
	2000 M/F (Parks @ Westmoreld) Total				254,121.07	254,121.07	78,370.96	0.00	0.00	332,492.03	332,492.03	0.00	0.00
Mutual Fund	2000 M/F (Honey Creek)	0.52	05/01/04	06/01/04	83,663.33	83,663.33		(11,228.37)		72,434.96	72,434.96	-	0.00
Mutual Fund	2000 M/F (Honey Creek)				23,132.94	23,132.94		(23,132.94)				-	0.00
Mutual Fund	2000 M/F (Honey Creek)				85,015.53	85,015.53		(85,015.53)				-	0.00
Mutual Fund	2000 M/F (Honey Creek)	0.52	05/01/04	06/01/04	1.12	1.12	3.71			4.83	4.83	-	0.00
	2000 M/F (Honey Creek) Total				191,812.92	191,812.92	3.71	(119,376.84)	0.00	72,439.79	72,439.79	0.00	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.52	05/01/04	06/01/04	56,330.95	56,330.95		(43,198.65)		13,132.30	13,132.30	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.52	05/01/04	06/01/04			4,779.69			4,779.69	4,779.69	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows				3.95	3.95		(3.95)				-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.52	05/01/04	06/01/04			59,584.70			59,584.70	59,584.70	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.52	05/01/04	06/01/04			61,647.49			61,647.49	61,647.49	-	0.00

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	2000 A-C MF Highland Meadows Total				56,334.90	56,334.90	126,011.88	(43,202.60)	0.00	139,144.18	139,144.18	0.00	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.46	05/01/04	06/01/04	56,666.61	56,666.61		(6,356.14)		50,310.47	50,310.47	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.46	05/01/04	06/01/04			96,946.81			96,946.81	96,946.81	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.46	05/01/04	06/01/04			62.94			62.94	62.94	-	0.00
Inv Agmt	2000 A/B MF Greenbridge	6.15	11/09/00	11/01/40	432,598.59	432,598.59		(240,689.68)		191,908.91	191,908.91	-	0.00
	2000 A/B MF Greenbridge Total				489,265.20	489,265.20	97,009.75	(247,045.82)	0.00	339,229.13	339,229.13	0.00	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.52	05/01/04	06/01/04			5,282.00			5,282.00	5,282.00	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.52	05/01/04	06/01/04	407,960.13	407,960.13		(221,310.67)		186,649.46	186,649.46	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.52	05/01/04	06/01/04			5.87			5.87	5.87	-	0.00
	2000 A-C MF Collingham Park Total				407,960.13	407,960.13	5,287.87	(221,310.67)	0.00	191,937.33	191,937.33	0.00	0.00
Mutual Fund	2000 A/B MF Williams Run	0.46	05/01/04	06/01/04	50,546.38	50,546.38		(6,033.29)		44,513.09	44,513.09	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.46	05/01/04	06/01/04	14.72	14.72	0.00			14.72	14.72	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.46	05/01/04	06/01/04	1,576.43	1,576.43	59.72			1,636.15	1,636.15	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.46	05/01/04	06/01/04	1,401.15	1,401.15	1.56			1,402.71	1,402.71	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.46	05/01/04	06/01/04	0.66	0.66	0.00			0.66	0.66	-	0.00
	2000 A/B MF Williams Run Total				53,539.34	53,539.34	61.28	(6,033.29)	0.00	47,567.33	47,567.33	0.00	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.46	05/01/04	06/01/04	730,676.53	730,676.53	816.07			731,492.60	731,492.60	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.46	05/01/04	06/01/04	16,938.47	16,938.47		(3,263.61)		13,674.86	13,674.86	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.46	05/01/04	06/01/04	58,106.42	58,106.42	8,863.02			66,969.44	66,969.44	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.46	05/01/04	06/01/04	3.25	3.25		(0.96)		2.29	2.29	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.46	05/01/04	06/01/04	77,694.31	77,694.31	50,085.05			127,779.36	127,779.36	-	0.00
	2000 A/B MF Red Hills Villas Total				883,418.98	883,418.98	59,764.14	(3,264.57)	0.00	939,918.55	939,918.55	0.00	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.46	05/01/04	06/01/04	1.33	1.33	0.00			1.33	1.33	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.46	05/01/04	06/01/04	18,634.16	18,634.16		(7,873.51)		10,760.65	10,760.65	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.46	05/01/04	06/01/04	36,354.12	36,354.12	63,414.79			99,768.91	99,768.91	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.46	05/01/04	06/01/04	54,309.53	54,309.53	12,566.37			66,875.90	66,875.90	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.46	05/01/04	06/01/04	99,114.47	99,114.47	22.33			99,136.80	99,136.80	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.52	05/01/04	06/01/04	261,431.62	261,431.62	291.98			261,723.60	261,723.60	-	0.00
	2001A MF Bluffview Sr. Apts. Total				469,845.23	469,845.23	76,295.47	(7,873.51)	0.00	538,267.19	538,267.19	0.00	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.46	05/01/04	06/01/04	35,132.14	35,132.14		(34,975.77)		156.37	156.37	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.46	05/01/04	06/01/04	47,843.06	47,843.06	79,994.62			127,837.68	127,837.68	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.46	05/01/04	06/01/04	57,348.00	57,348.00	13,269.04			70,617.04	70,617.04	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.46	05/01/04	06/01/04	125,486.55	125,486.55	23.37			125,509.92	125,509.92	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.46	05/01/04	06/01/04	271,142.05	271,142.05	302.83			271,444.88	271,444.88	-	0.00
	2001A MF Knollwood Villas Apts Total				536,951.80	536,951.80	93,589.86	(34,975.77)	0.00	595,565.89	595,565.89	0.00	0.00
Mutual Fund	2001A MF Skyway Villas	0.46	05/01/04	06/01/04	30,670.90	30,670.90	9,884.48			40,555.38	40,555.38	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.46	05/01/04	06/01/04			8,333.33			8,333.33	8,333.33	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.46	05/01/04	06/01/04	58,257.78	58,257.78		(36,408.37)		21,849.41	21,849.41	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.46	05/01/04	06/01/04	35,000.00	35,000.00	21,000.00			56,000.00	56,000.00	-	0.00
Mutual Fund	2001A MF Skyway Villas				13,693.85	13,693.85		(13,693.85)				-	0.00
Inv Agmt	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	44,274.65	44,274.65		(25,791.14)		18,483.51	18,483.51	-	0.00
Mutual Fund	2001A MF Skyway Villas				47,897.40	47,897.40		(47,897.40)				-	0.00
Inv Agmt	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	93,771.70	93,771.70	243,670.36			337,642.06	337,642.06	-	0.00
	2001A MF Skyway Villas Total				323,566.28	323,566.28	283,088.17	(123,790.76)	0.00	482,863.69	482,863.69	0.00	0.00
Mutual Fund	2001AB Cobb Park Apts				12,006.92	12,006.92		(12,006.92)				-	0.00
Mutual Fund	2001AB Cobb Park Apts	0.46	05/01/04	06/01/04	10,282.75	10,282.75	5,880.00			16,162.75	16,162.75	-	0.00

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Mutual Fund	2001AB Cobb Park Apts	0.46	05/01/04	06/01/04	29,111.84	29,111.84	50,178.53			79,290.37	79,290.37	-	0.00
Mutual Fund	2001AB Cobb Park Apts	0.46	05/01/04	06/01/04	34,479.72	34,479.72	8,641.77			43,121.49	43,121.49	-	0.00
Mutual Fund	2001AB Cobb Park Apts	0.46	05/01/04	06/01/04	3.53	3.53	72,373.68			72,377.21	72,377.21	-	0.00
Mutual Fund	2001AB Cobb Park Apts	0.46	05/01/04	06/01/04	51,293.88	51,293.88	57.28			51,351.16	51,351.16	-	0.00
Mutual Fund	2001AB Cobb Park Apts				25,594.62	25,594.62		(25,594.62)				-	0.00
	2001AB Cobb Park Apts Total				162,773.26	162,773.26	137,131.26	(37,601.54)	0.00	262,302.98	262,302.98	0.00	0.00
Mutual Fund	2001A MF Greens Road Apts	0.85	05/01/04	06/01/04	1,953.34	1,953.34		(1,579.73)		373.61	373.61	-	0.00
Mutual Fund	2001A MF Greens Road Apts	0.85	05/01/04	06/01/04	141,952.13	141,952.13	135,789.39			277,741.52	277,741.52	-	0.00
Inv Agmt	2001A MF Greens Road Apts	4.01	09/14/01	06/01/34	155.46	155.46	0.00			155.46	155.46	-	0.00
	2001A MF Greens Road Apts Total				144,060.93	144,060.93	135,789.39	(1,579.73)	0.00	278,270.59	278,270.59	0.00	0.00
Mutual Fund	2001AB MF Meridian Aptss	0.52	05/01/04	06/01/04	145.06	145.06	0.05			145.11	145.11	-	0.00
Mutual Fund	2001AB MF Meridian Aptss	0.52	05/01/04	06/01/04			1,440.87			1,440.87	1,440.87	-	0.00
Mutual Fund	2001AB MF Meridian Aptss	0.52	05/01/04	06/01/04	0.01	0.01	0.00			0.01	0.01	-	0.00
Mutual Fund	2001AB MF Meridian Aptss	0.52	05/01/04	06/01/04			7,581.87			7,581.87	7,581.87	-	0.00
	2001AB MF Meridian Aptss Total				145.07	145.07	9,022.79	0.00	0.00	9,167.86	9,167.86	0.00	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.52	05/01/04	06/01/04	13,925.93	13,925.93	15.30			13,941.23	13,941.23	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.52	05/01/04	06/01/04			12,820.12			12,820.12	12,820.12	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.52	05/01/04	06/01/04	0.02	0.02	0.00			0.02	0.02	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.52	05/01/04	06/01/04	179.50	179.50	0.07			179.57	179.57	-	0.00
	2001AB MF Wildwood Branch Total				14,105.45	14,105.45	12,835.49	0.00	0.00	26,940.94	26,940.94	0.00	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.85	05/01/04	06/01/04	92,682.20	92,682.20	102.13			92,784.33	92,784.33	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.52	05/01/04	06/01/04	2,617.36	2,617.36	1.95			2,619.31	2,619.31	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	0.85	05/01/04	06/01/04	31.62	31.62	0.01			31.63	31.63	-	0.00
	2001ABC MF Fallbrook Apts Total				95,331.18	95,331.18	104.09	0.00	0.00	95,435.27	95,435.27	0.00	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.46	05/01/04	06/01/04	430,000.00	430,000.00	0.00			430,000.00	430,000.00	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.46	05/01/04	06/01/04	6,324.51	6,324.51	5,765.87			12,090.38	12,090.38	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.46	05/01/04	06/01/04	28,107.77	28,107.77	7,684.28			35,792.05	35,792.05	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.46	05/01/04	06/01/04	77,400.55	77,400.55	104.78			77,505.33	77,505.33	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.46	05/01/04	06/01/04	17,186.39	17,186.39	51,038.16			68,224.55	68,224.55	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.46	05/01/04	06/01/04	166.01	166.01		(105.62)		60.39	60.39	-	0.00
	2001 MF Oak Hollow Apts Total				559,185.23	559,185.23	64,593.09	(105.62)	0.00	623,672.70	623,672.70	0.00	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	05/01/04	06/01/04	100,000.00	100,000.00	0.00			100,000.00	100,000.00	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	05/01/04	06/01/04	8,128.91	8,128.91	7,445.42			15,574.33	15,574.33	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	05/01/04	06/01/04			127,677.00			127,677.00	127,677.00	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	05/01/04	06/01/04	43,355.73	43,355.73	11,852.87			55,208.60	55,208.60	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	05/01/04	06/01/04	121,772.22	121,772.22	38.01			121,810.23	121,810.23	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	05/01/04	06/01/04	31,887.85	31,887.85	93,219.96			125,107.81	125,107.81	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.46	05/01/04	06/01/04	37.76	37.76	0.23			37.99	37.99	-	0.00
	2001AB MF Hillside Apts Total				305,182.47	305,182.47	240,233.49	0.00	0.00	545,415.96	545,415.96	0.00	0.00
Mutual Fund	2002A MF Millstone Apts	0.11	05/01/04	06/01/04	1.03	1.03	0.00			1.03	1.03	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.11	05/01/04	06/01/04	15,003.26	15,003.26	4.66			15,007.92	15,007.92	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.11	05/01/04	06/01/04	0.52	0.52	0.66			1.18	1.18	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.11	05/01/04	06/01/04	13,227.64	13,227.64	3.86			13,231.50	13,231.50	-	0.00
	2002A MF Millstone Apts Total				28,232.45	28,232.45	9.18	0.00	0.00	28,241.63	28,241.63	0.00	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.11	05/01/04	06/01/04	1.63	1.63	0.00			1.63	1.63	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.11	05/01/04	06/01/04	44.74	44.74	2,300.00			2,344.74	2,344.74	-	0.00

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Mutual Fund	2002 MF SugarCreek Apts	0.11	05/01/04	06/01/04	73.48	73.48	0.00			73.48	73.48	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.11	05/01/04	06/01/04	26.75	26.75	0.00			26.75	26.75	-	0.00
	2002 MF SugarCreek Apts Total				146.60	146.60	2,300.00	0.00	0.00	2,446.60	2,446.60	0.00	0.00
Mutual Fund	2002 MF West Oaks Apts	0.46	05/01/04	06/01/04	19,622.39	19,622.39	8,425.09			28,047.48	28,047.48	-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.46	05/01/04	06/01/04	1.06	1.06	87,127.43			87,128.49	87,128.49	-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.46	05/01/04	06/01/04	5,377.45	5,377.45	3,670.05			9,047.50	9,047.50	-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.46	05/01/04	06/01/04	125,559.82	125,559.82	54,831.36			180,391.18	180,391.18	-	0.00
	2002 MF West Oaks Apts Total				150,560.72	150,560.72	154,053.93	0.00	0.00	304,614.65	304,614.65	0.00	0.00
Mutual Fund	2002 MF Park Meadows	0.52	05/01/04	06/01/04	23,056.27	23,056.27	69,356.85			92,413.12	92,413.12	-	0.00
Mutual Fund	2002 MF Park Meadows	0.52	05/01/04	06/01/04	100,739.38	100,739.38		(1,174.02)		99,585.36	99,565.36	-	0.00
	2002 MF Park Meadows Total				123,795.65	123,795.65	69,356.85	(1,174.02)	0.00	191,978.48	191,978.48	0.00	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	0.46	05/01/04	06/01/04	56,109.42	56,109.42	62,297.26			118,406.68	118,406.68	-	0.00
Money Market	2002 MF Clarkridge Villas Apts	0.46	05/01/04	06/01/04			569,620.11			569,620.11	569,620.11	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts				29,057.25	29,057.25		(29,057.25)				-	0.00
	2002 MF Clarkridge Villas Apts Total				85,166.67	85,166.67	631,917.37	(29,057.25)	0.00	688,026.79	688,026.79	0.00	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.46	05/01/04	06/01/04	2,537,057.44	2,537,057.44		(2,442,034.15)		95,023.29	95,023.29	-	0.00
Money Market	2002 MF Hickory Trace Apts	0.46	05/01/04	06/01/04			360,583.15			360,583.15	360,583.15	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts				19,851.30	19,851.30		(19,851.30)				-	0.00
Inv Agmt	2002 MF Hickory Trace Apts				319,875.09	319,875.09		(319,875.09)				-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.46	05/01/04	06/01/04	13,898.44	13,898.44	3,591.34			17,489.78	17,489.78	-	0.00
Inv Agmt	2002 MF Hickory Trace Apts	1.32	11/08/02	01/01/05	275,568.36	275,568.36		(208,599.99)		66,968.37	66,968.37	-	0.00
	2002 MF Hickory Trace Apts Total				3,166,250.63	3,166,250.63	364,174.49	(2,990,360.53)	0.00	540,064.59	540,064.59	0.00	0.00
Mutual Fund	2002 MF Green Crest Apts	0.46	05/01/04	06/01/04			305,029.06			305,029.06	305,029.06	-	0.00
Inv Agmt	2002 MF Green Crest Apts	1.32	11/08/02	10/01/04	1,053,029.68	1,053,029.68	2,396.16			1,055,425.84	1,055,425.84	-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.46	05/01/04	06/01/04			102,602.67			102,602.67	102,602.67	-	0.00
Inv Agmt	2002 MF Green Crest Apts				21,824.34	21,824.34		(21,824.34)				-	0.00
Inv Agmt	2002 MF Green Crest Apts				77,120.74	77,120.74		(77,120.74)				-	0.00
	2002 MF Green Crest Apts Total				1,151,974.76	1,151,974.76	410,027.89	(98,945.08)	0.00	1,463,057.57	1,463,057.57	0.00	0.00
Mutual Fund	2002AB MF Ironwood Crossing	0.46	05/01/04	06/01/04	196.26	196.26	197.94			394.20	394.20	-	0.00
Inv Agmt	2002AB MF Ironwood Crossing	1.58	11/22/02	12/31/04	862,984.45	862,984.45	3,408.28			866,392.73	866,392.73	-	0.00
Mutual Fund	2002AB MF Ironwood Crossing	0.46	05/01/04	06/01/04	1,555.67	1,555.67	1.74			1,557.41	1,557.41	-	0.00
Mutual Fund	2002AB MF Ironwood Crossing	0.46	05/01/04	06/01/04	171.79	171.79	0.20			171.99	171.99	-	0.00
Inv Agmt	2002AB MF Ironwood Crossing	1.58	11/22/02	12/31/04	9,679,637.96	9,679,637.96		(953,706.96)		8,725,931.00	8,725,931.00	-	0.00
Inv Agmt	2002AB MF Ironwood Crossing	1.58	11/22/02	12/31/04	558,348.01	558,348.01		(33,647.68)		524,700.33	524,700.33	-	0.00
Inv Agmt	2002AB MF Ironwood Crossing	1.58	11/22/02	12/31/04	850,758.80	850,758.80		(163,163.61)		687,595.19	687,595.19	-	0.00
Mutual Fund	2002AB MF Ironwood Crossing				197.52	197.52		(197.52)				-	0.00
	2002AB MF Ironwood Crossing Total				11,953,850.46	11,953,850.46	3,608.16	(1,150,715.77)	0.00	10,806,742.85	10,806,742.85	0.00	0.00
Mutual Fund	2002 MF Woodway Village	0.46	05/01/04	06/01/04	1,024.98	1,024.98		(999.38)		25.60	25.60	-	0.00
Mutual Fund	2002 MF Woodway Village	0.46	05/01/04	06/01/04	8.20	8.20	0.00			8.20	8.20	-	0.00
Mutual Fund	2002 MF Woodway Village	0.46	05/01/04	06/01/04	55,703.62	55,703.62		(958.90)		54,744.72	54,744.72	-	0.00
Mutual Fund	2002 MF Woodway Village	0.46	05/01/04	06/01/04	8,594.72	8,594.72	273,389.70			281,984.42	281,984.42	-	0.00
Mutual Fund	2002 MF Woodway Village	0.46	05/01/04	06/01/04	431,297.93	431,297.93		(273,067.43)		158,230.50	158,230.50	-	0.00
	2002 MF Woodway Village Total				496,629.45	496,629.45	273,389.70	(275,025.71)	0.00	494,993.44	494,993.44	0.00	0.00
Inv Agmt	2003 AB MF Reading Road				9,956.86	9,956.86		(9,956.86)				-	0.00
Inv Agmt	2003 AB MF Reading Road	0.01	02/12/03	09/01/04	518,347.37	518,347.37		(480,199.82)		38,147.55	38,147.55	-	0.00
Mutual Fund	2003 AB MF Reading Road	0.52	05/01/04	06/01/04	180,333.06	180,333.06		(179,951.82)		381.24	381.24	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in Market Value	Recognized Gain
	2003 AB MF Reading Road Total				708,637.29	708,637.29	0.00	(670,108.50)	0.00	38,528.79	38,528.79	0.00	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.52	05/01/04	06/01/04	704,141.61	704,141.61	1,063.37			705,204.98	705,204.98	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.52	05/01/04	06/01/04	3,486,802.36	3,486,802.36		(2,810,097.58)		676,704.78	676,704.78	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.52	05/01/04	06/01/04	61,300.94	61,300.94	8,284.59			69,585.53	69,585.53	-	0.00
Mutual Fund	2003 AB MF North Vista Apts				25,246.73	25,246.73		(25,246.73)				-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.52	05/01/04	06/01/04	91,210.89	91,210.89	182,421.61			273,632.50	273,632.50	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.52	05/01/04	06/01/04	15,273.64	15,273.64		(6,984.45)		8,289.19	8,289.19	-	0.00
	2003 AB MF North Vista Apts Total				4,383,976.17	4,383,976.17	191,769.57	(2,842,328.76)	0.00	1,733,416.98	1,733,416.98	0.00	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.46	05/01/04	06/01/04	5,391,285.97	5,391,285.97		(2,906,484.37)		2,484,801.60	2,484,801.60	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.52	05/01/04	06/01/04	82,989.94	82,989.94		(25,255.89)		57,734.05	57,734.05	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.52	05/01/04	06/01/04	25,562.27	25,562.27		(25,524.85)		37.42	37.42	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.52	05/01/04	06/01/04	92,470.66	92,470.66	122,830.07			215,300.73	215,300.73	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.52	05/01/04	06/01/04	12,432.88	12,432.88		(9,807.16)		2,625.72	2,625.72	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.52	05/01/04	06/01/04	43,393.46	43,393.46	62.28			43,455.74	43,455.74	-	0.00
	2003 AB MF West Virginia Apts Total				5,648,135.18	5,648,135.18	122,892.35	(2,967,072.27)	0.00	2,803,955.26	2,803,955.26	0.00	0.00
Mutual Fund	2003AB MF Sphinx @ Murdeaux	0.46	05/01/04	06/01/04	1,324,244.50	1,324,244.50		(1,320,112.57)		4,131.93	4,131.93	-	0.00
Inv Agmt	2003AB MF Sphinx @ Murdeaux	1.22	05/13/03	12/31/04	15,077,827.44	15,077,827.44	0.00			15,077,827.44	15,077,827.44	-	0.00
Inv Agmt	2003AB MF Sphinx @ Murdeaux	2.51	05/13/03	12/01/42			155,094.87			155,094.87	155,094.87	-	0.00
Mutual Fund	2003AB MF Sphinx @ Murdeaux				50,556.16	50,556.16		(50,556.16)				-	0.00
Mutual Fund	2003AB MF Sphinx @ Murdeaux	0.46	05/01/04	06/01/04	170,320.36	170,320.36		(5,361.39)		164,958.97	164,958.97	-	0.00
Inv Agmt	2003AB MF Sphinx @ Murdeaux	1.22	05/13/03	12/31/04	280,381.35	280,381.35		(10,802.61)		269,578.74	269,578.74	-	0.00
	2003AB MF Sphinx @ Murdeaux Total				16,903,329.81	16,903,329.81	155,094.87	(1,386,832.73)	0.00	15,671,591.95	15,671,591.95	0.00	0.00
Mutual Fund	2003 AB MF Primrose Houston	0.46	05/01/04	06/01/04	55.99	55.99	3.08			59.07	59.07	-	0.00
Mutual Fund	2003 AB MF Primrose Houston	0.46	05/01/04	06/01/04	25.59	25.59	0.49			26.08	26.08	-	0.00
Mutual Fund	2003 AB MF Primrose Houston	0.46	05/01/04	06/01/04	4,394.04	4,394.04		(2,877.90)		1,516.14	1,516.14	-	0.00
Mutual Fund	2003 AB MF Primrose Houston	0.46	05/01/04	06/01/04			101.05			101.05	101.05	-	0.00
Inv Agmt	2003 AB MF Primrose Houston	1.35	05/23/03	04/15/05	7,549,100.90	7,549,100.90		(6,237,064.54)		1,312,036.36	1,312,036.36	-	0.00
Mutual Fund	2003 AB MF Primrose Houston	0.46	05/01/04	06/01/04	5,563.83	5,563.83		(5,558.98)		4.85	4.85	-	0.00
Inv Agmt	2003 AB MF Primrose Houston	1.35	05/23/03	04/15/05	464,782.08	464,782.08		(217,256.87)		247,525.21	247,525.21	-	0.00
Mutual Fund	2003 AB MF Primrose Houston	0.46	05/01/04	06/01/04	2,628.18	2,628.18	2.93			2,631.11	2,631.11	-	0.00
	2003 AB MF Primrose Houston Total				8,026,550.61	8,026,550.61	107.55	(6,462,758.29)	0.00	1,563,899.87	1,563,899.87	0.00	0.00
Inv Agmt	2003 AB MF Timber Oaks Apts	1.10	08/15/03	04/01/05	1,500,611.00	1,500,611.00	0.00			1,500,611.00	1,500,611.00	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.46	05/01/04	06/01/04	2,281.33	2,281.33	1,184.77			3,466.10	3,466.10	-	0.00
Inv Agmt	2003 AB MF Timber Oaks Apts	1.10	08/15/03	04/01/05	425,027.00	425,027.00	0.00			425,027.00	425,027.00	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.46	05/01/04	06/01/04	315.00	315.00	0.00			315.00	315.00	-	0.00
Inv Agmt	2003 AB MF Timber Oaks Apts	1.10	08/15/03	04/01/05	5,144,204.00	5,144,204.00		(3,772,657.00)		1,371,547.00	1,371,547.00	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	0.46	05/01/04	06/01/04	27,906.74	27,906.74	17,358.44			45,265.18	45,265.18	-	0.00
Inv Agmt	2003 AB MF Timber Oaks Apts	1.10	08/15/03	04/01/05	646,977.79	646,977.79		(234,249.99)		412,727.80	412,727.80	-	0.00
	2003 AB MF Timber Oaks Apts Total				7,747,322.86	7,747,322.86	18,543.21	(4,006,906.99)	0.00	3,758,959.08	3,758,959.08	0.00	0.00
Mutual Fund	2003 AB MF Ash Creek	0.46	05/01/04	06/01/04	32,487.19	32,487.19		(23,028.56)		9,458.63	9,458.63	-	0.00
Inv Agmt	2003 AB MF Ash Creek	1.31	09/17/03	04/15/05	981,853.33	981,853.33		(169,079.28)		812,774.05	812,774.05	-	0.00
Mutual Fund	2003 AB MF Ash Creek				78,534.06	78,534.06		(78,534.06)				-	0.00
Inv Agmt	2003 AB MF Ash Creek	1.31	09/17/03	04/15/05	9,911,930.26	9,911,930.26		(5,342,931.13)		4,568,999.13	4,568,999.13	-	0.00
Mutual Fund	2003 AB MF Ash Creek	0.46	05/01/04	06/01/04	106,492.00	106,492.00	0.00			106,492.00	106,492.00	-	0.00
Mutual Fund	2003 AB MF Ash Creek	0.46	05/01/04	06/01/04	13,205.25	13,205.25		(13,200.61)		4.64	4.64	-	0.00
Mutual Fund	2003 AB MF Ash Creek	0.46	05/01/04	06/01/04	10,719.14	10,719.14	11.97			10,731.11	10,731.11	-	0.00
	2003 AB MF Ash Creek Total				11,135,221.23	11,135,221.23	11.97	(5,626,773.64)	0.00	5,508,459.56	5,508,459.56	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Mutual Fund	2003 AB MF Peninsula	0.46	05/01/04	06/01/04			205.31			205.31	205.31	-	0.00
Inv Agmt	2003 AB MF Peninsula	1.10	10/03/03	01/15/05	276,996.35	276,996.35		(174,622.27)		102,374.08	102,374.08	-	0.00
Mutual Fund	2003 AB MF Peninsula	0.46	05/01/04	06/01/04			8,530.14			8,530.14	8,530.14	-	0.00
Inv Agmt	2003 AB MF Peninsula	1.10	10/03/03	01/15/05	9,440,244.97	9,440,244.97		(3,507,906.70)		5,932,338.27	5,932,338.27	-	0.00
Mutual Fund	2003 AB MF Peninsula	0.46	05/01/04	06/01/04	118.20	118.20	0.39			118.59	118.59	-	0.00
Inv Agmt	2003 AB MF Peninsula	1.10	10/03/03	01/15/05	50.00	50.00	0.00			50.00	50.00	-	0.00
Mutual Fund	2003 AB MF Peninsula	0.46	05/01/04	06/01/04	477,081.47	477,081.47		(270,011.81)		207,069.66	207,069.66	-	0.00
Mutual Fund	2003 AB MF Peninsula	0.46	05/01/04	06/01/04	34,957.38	34,957.38		(13,432.56)		21,524.82	21,524.82	-	0.00
	2003 AB MF Peninsula Total				10,229,448.37	10,229,448.37	8,735.84	(3,965,973.34)	0.00	6,272,210.87	6,272,210.87	0.00	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.46	05/01/04	06/01/04	0.59	0.59	69,591.49			69,592.08	69,592.08	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.46	05/01/04	06/01/04	17.63	17.63	0.03			17.66	17.66	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.46	05/01/04	06/01/04	46,387.33	46,387.33	22,856.49			69,243.82	69,243.82	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.46	05/01/04	06/01/04	315,518.18	315,518.18		(151,576.95)		163,941.23	163,941.23	-	0.00
Inv Agmt	2003 A MF Evergreen @ Mesquite	7.55	08/29/03	08/27/06	8,108,577.42	8,108,577.42		(1,425,220.05)		6,683,357.37	6,683,357.37	-	0.00
	2003 A MF Evergreen @ Mesquite Total				8,470,501.15	8,470,501.15	92,448.01	(1,576,797.00)	0.00	6,986,152.16	6,986,152.16	0.00	0.00
Mutual Fund	2003 AB Arlington Villas	0.46	05/01/04	06/01/04	2,386.20	2,386.20	1,416.50			3,802.70	3,802.70	-	0.00
Inv Agmt	2003 AB Arlington Villas	6.45	11/20/03	03/15/05	619,225.81	619,225.81		(578,313.94)		42,911.87	42,911.87	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.46	05/01/04	06/01/04	32,551.49	32,551.49	43,012.68			75,564.17	75,564.17	-	0.00
Inv Agmt	2003 AB Arlington Villas	6.45	11/20/03	03/15/05	11,009,834.60	11,009,834.60		(5,571,149.62)		5,438,684.98	5,438,684.98	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.46	05/01/04	06/01/04	4,371.22	4,371.22	1,995.88			6,367.10	6,367.10	-	0.00
Inv Agmt	2003 AB Arlington Villas	6.45	11/20/03	03/15/05	750,000.00	750,000.00		(45,396.00)		704,604.00	704,604.00	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.46	05/01/04	06/01/04	2,623.40	2,623.40	2,587.27			5,210.67	5,210.67	-	0.00
Inv Agmt	2003 AB Arlington Villas	6.45	11/20/03	03/15/05	1,013,285.00	1,013,285.00		(287,926.42)		725,358.58	725,358.58	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.46	05/01/04	06/01/04	8,830.89	8,830.89	9.89			8,840.78	8,840.78	-	0.00
	2003 AB Arlington Villas Total				13,443,108.61	13,443,108.61	49,022.22	(6,480,785.98)	0.00	7,011,344.85	7,011,344.85	0.00	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.46	05/01/04	06/01/04	252,855.29	252,855.29		(248,391.68)		4,463.61	4,463.61	-	0.00
Inv Agmt	2003 AB Parkview Twnhms	1.31	12/23/03	12/01/05	10,994,112.05	10,994,112.05		(1,176,346.49)		9,817,765.56	9,817,765.56	-	0.00
Mutual Fund	2003 AB Parkview Twnhms				903.07	903.07		(903.07)				-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.46	05/01/04	06/01/04	835,495.03	835,495.03		(87,974.16)		747,520.87	747,520.87	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.46	05/01/04	06/01/04	78,960.61	78,960.61		(15,645.02)		63,315.59	63,315.59	-	0.00
Inv Agmt	2003 AB Parkview Twnhms	1.31	12/23/03	12/01/05	542,496.00	542,496.00		(18,357.29)		524,138.71	524,138.71	-	0.00
Inv Agmt	2003 AB Parkview Twnhms	1.31	12/23/03	12/01/05	200,000.00	200,000.00	0.00			200,000.00	200,000.00	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.46	05/01/04	06/01/04	8.24	8.24	0.46			8.70	8.70	-	0.00
Inv Agmt	2003 AB Parkview Twnhms	1.31	12/23/03	12/01/05	963,715.68	963,715.68		(238,711.51)		725,004.17	725,004.17	-	0.00
	2003 AB Parkview Twnhms Total				13,868,545.97	13,868,545.97	0.46	(1,786,329.22)	0.00	12,082,217.21	12,082,217.21	0.00	0.00
Mutual Fund	2003 MF NHP-Asmara-Rfdng	0.46	05/01/04	06/01/04	24,876.52	24,876.52	28,054.22			52,930.74	52,930.74	-	0.00
FNMA	2003 MF NHP-Asmara-Rfdng				319,576.80	319,576.80			(319,576.80)			-	0.00
FNMA	2003 MF NHP-Asmara-Rfdng				349,254.50	349,254.50			(349,254.50)			-	0.00
FNMA	2003 MF NHP-Asmara-Rfdng	0.70	01/23/04	06/02/04	349,095.74	349,095.74	0.00			349,095.74	349,095.74	-	0.00
FNMA	2003 MF NHP-Asmara-Rfdng	0.80	01/23/04	07/07/04	348,805.72	348,805.72	0.00			348,805.72	348,805.72	-	0.00
FNMA	2003 MF NHP-Asmara-Rfdng	0.80	01/23/04	08/06/04	199,183.33	199,183.33	0.00			199,183.33	199,183.33	-	0.00
FNMA	2003 MF NHP-Asmara-Rfdng	0.80	01/23/04	10/04/04	198,895.00	198,895.00	0.00			198,895.00	198,895.00	-	0.00
FNMA	2003 MF NHP-Asmara-Rfdng	0.80	01/23/04	11/12/04	198,660.67	198,660.67	0.00			198,660.67	198,660.67	-	0.00
FNMA	2003 MF NHP-Asmara-Rfdng	0.80	01/23/04	09/01/04	199,062.67	199,062.67	0.00			199,062.67	199,062.67	-	0.00
FNMA	2003 MF NHP-Asmara-Rfdng	3.88	01/26/04	02/01/05	205,950.37	205,950.37	0.00			205,950.37	205,950.37	-	0.00
FNMA	2003 MF NHP-Asmara-Rfdng	3.88	01/26/04	03/15/05	206,662.45	206,662.45	0.00			206,662.45	206,662.45	-	0.00
FHLB	2003 MF NHP-Asmara-Rfdng	4.63	01/26/04	04/15/05	208,662.88	208,662.88	0.00			208,662.88	208,662.88	-	0.00
FHLB	2003 MF NHP-Asmara-Rfdng	1.50	01/26/04	05/13/05	201,026.67	201,026.67	0.00			201,026.67	201,026.67	-	0.00
FHLB	2003 MF NHP-Asmara-Rfdng				200,078.28	200,078.28			(200,078.28)			-	0.00
FNMA	2003 MF NHP-Asmara-Rfdng	0.90	01/26/04	12/10/04	198,497.33	198,497.33	0.00			198,497.33	198,497.33	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/ Purchases	Amortizations/ Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
FNMA	2003 MF NHP-Asmara-Rfdng	0.90	01/26/04	01/07/05	198,269.44	198,269.44	0.00			198,269.44	198,269.44	-	0.00
FHLB	2003 MF NHP-Asmara-Rfdng	1.80	01/26/04	06/15/05	200,536.54	200,536.54	0.00			200,536.54	200,536.54	-	0.00
FNMA	2003 MF NHP-Asmara-Rfdng	7.00	04/07/04	07/15/05			214,448.00			214,448.00	214,448.00	-	0.00
FHLB	2003 MF NHP-Asmara-Rfdng	1.50	05/10/04	08/26/05			350,273.00			350,273.00	350,273.00	-	0.00
Mutual Fund	2003 MF NHP-Asmara-Rfdng	0.46	05/01/04	06/01/04	480,953.05	480,953.05	312,400.26			793,353.31	793,353.31	-	0.00
Mutual Fund	2003 MF NHP-Asmara-Rfdng	0.46	05/01/04	06/01/04	0.60	0.60	0.00			0.60	0.60	-	0.00
T- Note	2003 MF NHP-Asmara-Rfdng	1.00	12/15/03	07/01/04	658,357.00	658,357.00	0.00			658,357.00	658,357.00	-	0.00
T- Note	2003 MF NHP-Asmara-Rfdng	1.36	12/15/03	01/01/05	691,607.00	691,607.00	0.00			691,607.00	691,607.00	-	0.00
T- Note	2003 MF NHP-Asmara-Rfdng	1.73	12/15/03	07/01/05	704,233.00	704,233.00	0.00			704,233.00	704,233.00	-	0.00
T- Note	2003 MF NHP-Asmara-Rfdng	2.07	12/15/03	01/01/06	697,495.00	697,495.00	0.00			697,495.00	697,495.00	-	0.00
T- Note	2003 MF NHP-Asmara-Rfdng	2.35	12/15/03	07/01/06	712,029.00	712,029.00	0.00			712,029.00	712,029.00	-	0.00
T- Note	2003 MF NHP-Asmara-Rfdng	2.59	12/15/03	01/01/07	24,349,975.00	24,349,975.00	0.00			24,349,975.00	24,349,975.00	-	0.00
Mutual Fund	2003 MF NHP-Asmara-Rfdng	0.46	05/01/04	06/01/04	0.22	0.22	0.00			0.22	0.22	-	0.00
Mutual Fund	2003 MF NHP-Asmara-Rfdng	0.46	05/01/04	06/01/04	444,159.10	444,159.10		(105,964.86)		338,194.24	338,194.24	-	0.00
Mutual Fund	2003 MF NHP-Asmara-Rfdng	0.46	05/01/04	06/01/04	86,409.41	86,409.41		(2,904.06)		83,505.35	83,505.35	-	0.00
	2003 MF NHP-Asmara-Rfdng Total				32,632,313.29	32,632,313.29	905,175.48	(108,868.92)	(868,909.58)	32,559,710.27	32,559,710.27	0.00	0.00
Mutual Fund	2004 A&B Timber Ridge	0.46	05/01/04	06/01/04	1,083.34	1,083.34	3,252.47			4,335.81	4,335.81	-	0.00
Mutual Fund	2004 A&B Timber Ridge	0.46	05/01/04	06/01/04	61,948.75	61,948.75		(61,884.97)		63.78	63.78	-	0.00
Mutual Fund	2004 A&B Timber Ridge	0.46	05/01/04	06/01/04	178.22	178.22	18,238.75			18,416.97	18,416.97	-	0.00
Mutual Fund	2004 A&B Timber Ridge				2,306.15	2,306.15		(2,306.15)				-	0.00
Inv Agmt	2004 A&B Timber Ridge				500,000.00	500,000.00		(500,000.00)				-	0.00
Inv Agmt	2004 A&B Timber Ridge	0.90	01/28/04	06/01/05	6,470,000.00	6,470,000.00		(941,823.03)		5,528,176.97	5,528,176.97	-	0.00
Inv Agmt	2004 A&B Timber Ridge	0.90	01/28/04	06/01/05			500,000.00			500,000.00	500,000.00	-	0.00
Mutual Fund	2004 A&B Timber Ridge	0.46	05/01/04	06/01/04	7,713.95	7,713.95		(7,713.49)		0.46	0.46	-	0.00
Mutual Fund	2004 A&B Timber Ridge	0.46	05/01/04	06/01/04	112.66	112.66	28.59			141.25	141.25	-	0.00
Inv Agmt	2004 A&B Timber Ridge	0.90	01/28/04	06/01/05	244,389.58	244,389.58		(105,706.89)		138,682.69	138,682.69	-	0.00
Mutual Fund	2004 A&B Timber Ridge				550.79	550.79		(550.79)				-	0.00
	2004 A&B Timber Ridge Total				7,288,283.44	7,288,283.44	521,519.81	(1,619,985.32)	0.00	6,189,817.93	6,189,817.93	0.00	0.00
Mutual Fund	2004 A&B Century Park				4,494.46	4,494.46		(4,494.46)				-	0.00
Mutual Fund	2004 A&B Century Park				40.06	40.06		(40.06)				-	0.00
Mutual Fund	2004 A&B Century Park	0.46	05/01/04	06/01/04	132,370.82	132,370.82		(118,804.09)		15,566.73	15,566.73	-	0.00
Mutual Fund	2004 A&B Century Park	0.46	05/01/04	06/01/04	14,950.00	14,950.00		(2,491.66)		12,458.34	12,458.34	-	0.00
Mutual Fund	2004 A&B Century Park	0.46	05/01/04	06/01/04			51,912.67			51,912.67	51,912.67	-	0.00
Inv Agmt	2004 A&B Century Park	0.01	01/13/04	05/01/05	12,586,589.00	12,586,589.00	0.00			12,586,589.00	12,586,589.00	-	0.00
Mutual Fund	2004 A&B Century Park	0.46	05/01/04	06/01/04			266.76			266.76	266.76	-	0.00
Mutual Fund	2004 A&B Century Park	0.46	05/01/04	06/01/04			880.20			880.20	880.20	-	0.00
Mutual Fund	2004 A&B Century Park	0.46	05/01/04	06/01/04	39,866.67	39,866.67	2,296.67			42,163.34	42,163.34	-	0.00
Mutual Fund	2004 A&B Century Park	0.46	05/01/04	06/01/04			65,428.55			65,428.55	65,428.55	-	0.00
Inv Agmt	2004 A&B Century Park	0.01	01/13/04	05/01/05	213,411.00	213,411.00	0.00			213,411.00	213,411.00	-	0.00
Inv Agmt	2004 A&B Century Park	0.01	01/13/04	05/01/05	145,183.33	145,183.33		(109,633.34)		35,549.99	35,549.99	-	0.00
	2004 A&B Century Park Total				13,136,905.34	13,136,905.34	120,784.85	(233,463.61)	0.00	13,024,226.58	13,024,226.58	0.00	0.00
Mutual Fund	2004 A Addison Park	0.46	05/01/04	06/01/04	281,650.76	281,650.76		(281,568.42)		82.34	82.34	-	0.00
Mutual Fund	2004 A Addison Park	0.46	05/01/04	06/01/04			0.29			0.29	0.29	-	0.00
Mutual Fund	2004 A Addison Park	0.46	05/01/04	06/01/04	402,294.31	402,294.31		(49,985.58)		352,308.73	352,308.73	-	0.00
Mutual Fund	2004 A Addison Park	0.46	05/01/04	06/01/04	4.89	4.89	5.64			10.53	10.53	-	0.00
	2004 A Addison Park Total				683,949.96	683,949.96	5.93	(331,554.00)	0.00	352,401.89	352,401.89	0.00	0.00
Mutual Fund	2004 A&B MF Veterans Memorial	0.46	05/01/04	06/01/04	213,388.00	213,388.00		(212,694.61)		693.39	693.39	-	0.00
Inv Agmt	2004 A&B MF Veterans Memorial	1.27	05/01/04	10/03/05			213,388.00			213,388.00	213,388.00	-	0.00
Mutual Fund	2004 A&B MF Veterans Memorial	0.46	05/01/04	06/01/04	12,224,788.78	12,224,788.78		(12,185,282.73)		39,506.05	39,506.05	-	0.00
Inv Agmt	2004 A&B MF Veterans Memorial	1.27	02/03/04	11/01/05			11,588,028.78			11,588,028.78	11,588,028.78	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in Market Value	Recognized Gain
Mutual Fund	2004 A&B MF Veterans Memorial	0.46	05/01/04	06/01/04	34.04	34.04	115,273.47			115,307.51	115,307.51	-	0.00
Inv Agmt	2004 A&B MF Veterans Memorial	1.27	02/03/04	10/03/05	697,751.22	697,751.22		(45,906.00)		651,845.22	651,845.22	-	0.00
Mutual Fund	2004 A&B MF Veterans Memorial	0.46	05/01/04	06/01/04	1,283,917.00	1,283,917.00		(1,280,075.92)		3,841.08	3,841.08	-	0.00
Inv Agmt	2004 A&B MF Veterans Memorial	1.27	05/03/04	10/03/05			996,566.16			996,566.16	996,566.16	-	0.00
Mutual Fund	2004 A&B MF Veterans Memorial				0.39	0.39		(0.39)				-	0.00
	2004 A&B MF Veterans Memorial Total				14,419,879.43	14,419,879.43	12,913,256.41	(13,723,959.65)	0.00	13,609,176.19	13,609,176.19	0.00	0.00
Mutual Fund	2004 MF Rush Creek Apts	0.46	05/01/04	06/01/04	8,413,946.95	8,413,946.95		(835,188.75)		7,578,758.20	7,578,758.20	-	0.00
Money Market	2004 MF Rush Creek Apts	0.46	05/01/04	06/01/04			44,791.67			44,791.67	44,791.67	-	0.00
Money Market	2004 MF Rush Creek Apts	0.46	05/01/04	06/01/04	18,000.00	18,000.00	0.00			18,000.00	18,000.00	-	0.00
Mutual Fund	2004 MF Rush Creek Apts	0.46	05/01/04	06/01/04	319,518.50	319,518.50		(168,750.24)		150,768.26	150,768.26	-	0.00
Money Market	2004 MF Rush Creek Apts	0.46	05/01/04	06/01/04	213,204.02	213,204.02		(147,500.00)		65,704.02	65,704.02	-	0.00
	2004 MF Rush Creek Apts Total				8,964,669.47	8,964,669.47	44,791.67	(1,151,438.99)	0.00	7,858,022.15	7,858,022.15	0.00	0.00
Money Market	2004 MF Humble Parkway	0.46	05/01/04	06/01/04			0.09			0.09	0.09	-	0.00
Money Market	2004 MF Humble Parkway				500.00	500.00		(500.00)				-	0.00
Inv Agmt	2004 MF Humble Parkway	1.20	02/05/04	12/31/05	383,815.00	383,815.00		(6,854.97)		376,960.03	376,960.03	-	0.00
Money Market	2004 MF Humble Parkway	0.46	05/01/04	06/01/04			65,348.00			65,348.00	65,348.00	-	0.00
Inv Agmt	2004 MF Humble Parkway	1.20	02/05/04	12/31/05	9,280,889.75	9,280,889.75		(371,494.38)		8,909,395.37	8,909,395.37	-	0.00
Inv Agmt	2004 MF Humble Parkway	1.20	02/05/04	12/31/05	250,000.00	250,000.00	0.00			250,000.00	250,000.00	-	0.00
Mutual Fund	2004 MF Humble Parkway	0.46	05/01/04	06/01/04	63,063.00	63,063.00		(62,950.62)		112.38	112.38	-	0.00
Inv Agmt	2004 MF Humble Parkway	0.04	04/28/04	02/01/10			252,404.94			252,404.94	252,404.94	-	0.00
Inv Agmt	2004 MF Humble Parkway	1.20	02/19/04	12/31/05	709,137.00	709,137.00		(189,189.00)		519,948.00	519,948.00	-	0.00
Mutual Fund	2004 MF Humble Parkway	0.46	05/01/04	06/01/04	2,285.00	2,285.00	6,855.00			9,140.00	9,140.00	-	0.00
Mutual Fund	2004 MF Humble Parkway	0.46	05/01/04	06/01/04	155,551.95	155,551.95	0.00			155,551.95	155,551.95	-	0.00
	2004 MF Humble Parkway Total				10,845,241.70	10,845,241.70	324,608.03	(630,988.97)	0.00	10,538,860.76	10,538,860.76	0.00	0.00
Money Market	2004 MF Chisholm Trail Apts	0.56	05/01/04	06/01/04			293.72			293.72	293.72	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.56	05/01/04	06/01/04			719.08			719.08	719.08	-	0.00
Inv Agmt	2004 MF Chisholm Trail Apts	0.60	04/13/04	10/01/05			283,192.01			283,192.01	283,192.01	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.56	05/01/04	06/01/04			10,735.62			10,735.62	10,735.62	-	0.00
Inv Agmt	2004 MF Chisholm Trail Apts	0.60	04/13/04	10/01/05			10,380,000.00			10,380,000.00	10,380,000.00	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.56	05/01/04	06/01/04			28,543.64			28,543.64	28,543.64	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.56	05/01/04	06/01/04			308.89			308.89	308.89	-	0.00
Inv Agmt	2004 MF Chisholm Trail Apts	0.60	04/13/04	10/01/05			221,581.97			221,581.97	221,581.97	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.56	05/01/04	06/01/04			152,452.64			152,452.64	152,452.64	-	0.00
	2004 MF Chisholm Trail Apts Total				0.00	0.00	11,077,827.57	0.00	0.00	11,077,827.57	11,077,827.57	0.00	0.00
Inv Agmt	2004 MF Montgomery Pines Apts	1.81	05/27/04	12/15/05			246,000.00			246,000.00	246,000.00	-	0.00
Inv Agmt	2004 MF Montgomery Pines Apts	1.81	05/27/04	12/15/05			154,000.00			154,000.00	154,000.00	-	0.00
Inv Agmt	2004 MF Montgomery Pines Apts	1.81	05/27/04	12/15/05			53,000.00			53,000.00	53,000.00	-	0.00
Inv Agmt	2004 MF Montgomery Pines Apts	1.81	05/27/04	12/15/05			11,468,441.20			11,468,441.20	11,468,441.20	-	0.00
Money Market	2004 MF Montgomery Pines Apts	0.56	05/01/04	06/01/04			102,176.25			102,176.25	102,176.25	-	0.00
	2004 MF Montgomery Pines Apts Total				0.00	0.00	12,023,617.45	0.00	0.00	12,023,617.45	12,023,617.45	0.00	0.00
Inv Agmt	2004 MF Bristol Apts	1.85	05/28/04	05/15/06			441,875.00			441,875.00	441,875.00	-	0.00
Inv Agmt	2004 MF Bristol Apts	1.85	05/28/04	05/15/06			413,391.25			413,391.25	413,391.25	-	0.00
Inv Agmt	2004 MF Bristol Apts	1.85	05/28/04	05/15/06			10,014,326.89			10,014,326.89	10,014,326.89	-	0.00
	2004 MF Bristol Apts Total				0.00	0.00	10,869,593.14	0.00	0.00	10,869,593.14	10,869,593.14	0.00	0.00
Inv Agmt	2004 MF Pinnacle Apts	1.81	05/28/04	05/15/06			507,500.00			507,500.00	507,500.00	-	0.00
Inv Agmt	2004 MF Pinnacle Apts	1.81	05/28/04	05/15/06			288,332.75			288,332.75	288,332.75	-	0.00
Inv Agmt	2004 MF Pinnacle Apts	1.81	05/28/04	05/15/06			11,565,094.73			11,565,094.73	11,565,094.73	-	0.00
	2004 MF Pinnacle Apts Total				0.00	0.00	12,360,927.48	0.00	0.00	12,360,927.48	12,360,927.48	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in Market Value	Recognized Gain
Total Multi-Family Investment Summary					218,659,535.36	218,659,535.36	68,040,515.42	(63,173,750.26)	(868,909.58)	222,657,390.94	222,657,390.94	0.00	0.00

Texas Department of Housing and Community Affairs
 Single Family Collateralized Home Mortgage Revenue Bonds Series 1993 Investment Summary
 For Period Ending May 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	1993 SF MRB CHMRB	1.02	05/28/04	06/01/04	7,411.57	7,411.57	18.75			7,430.32	7,430.32	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	05/28/04	06/01/04	278,038.26	278,038.26		(190,468.76)		87,569.50	87,569.50	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	05/28/04	06/01/04	189,883.82	189,883.82		(102,704.39)		87,179.43	87,179.43	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	05/28/04	06/01/04	217,283.75	217,283.75		(84,855.67)		132,428.08	132,428.08	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	05/28/04	06/01/04	266,705.70	266,705.70		(216,298.01)		50,407.69	50,407.69	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	05/28/04	06/01/04	294,856.72	294,856.72	118,864.98			413,721.70	413,721.70	-	0.00
FNMA	1993 SF MRB CHMRB	6.10	06/30/94	06/01/24	313,409.62	332,911.49			(2,654.84)	310,754.78	323,594.84	(6,661.81)	0.00
FNMA	1993 SF MRB CHMRB	6.90	08/17/94	08/01/24	424,782.56	455,824.04			(4,546.95)	420,235.61	447,541.21	(3,735.88)	0.00
FNMA	1993 SF MRB CHMRB	6.97	08/17/94	07/01/24	576,408.33	619,421.16			(26,786.55)	549,621.78	586,487.36	(6,147.25)	0.00
FNMA	1993 SF MRB CHMRB	7.06	08/17/94	07/01/24	378,059.08	406,900.12			(54,053.41)	324,005.67	346,890.40	(5,956.31)	0.00
FNMA	1993 SF MRB CHMRB	6.90	05/28/95	01/01/25	74,183.65	79,880.73			(397.11)	73,786.54	78,855.49	(628.13)	0.00
FNMA	1993 SF MRB CHMRB	7.10	08/15/95	05/01/25	154,053.84	166,826.01			(3,560.59)	150,493.25	162,174.87	(1,090.55)	0.00
GNMA	1993 SF MRB CHMRB	6.10	06/30/94	06/20/24	2,804,458.91	2,973,651.76			(49,258.26)	2,755,200.65	2,858,886.20	(65,507.30)	0.00
GNMA	1993 SF MRB CHMRB	6.90	08/17/94	08/20/24	2,405,130.78	2,588,631.82			(78,488.17)	2,326,642.61	2,488,428.13	(21,715.52)	0.00
GNMA	1993 SF MRB CHMRB	6.97	08/17/94	08/20/24	2,015,951.02	2,171,864.14			(170,266.59)	1,845,684.43	1,977,276.38	(24,321.17)	0.00
GNMA	1993 SF MRB CHMRB	7.06	08/17/94	08/20/24	782,161.26	842,057.73			(78,109.10)	704,052.16	759,181.80	(4,766.83)	0.00
GNMA	1993 SF MRB CHMRB	6.10	01/27/95	10/20/24	408,554.60	433,409.22			(2,506.50)	406,048.10	421,529.67	(9,373.05)	0.00
GNMA	1993 SF MRB CHMRB	6.97	02/16/95	12/20/24	786,464.28	848,042.56			(169,141.22)	617,323.06	661,924.42	(16,976.92)	0.00
GNMA	1993 SF MRB CHMRB	6.90	03/30/95	02/20/25	184,534.05	198,528.50			(990.95)	183,543.10	196,171.10	(1,366.45)	0.00
GNMA	1993 SF MRB CHMRB	7.06	03/30/95	12/20/24	190,319.18	204,995.23			(96,613.69)	93,705.49	101,093.07	(7,288.47)	0.00
GNMA	1993 SF MRB CHMRB	6.97	06/01/95	05/20/25	40,424.44	43,562.45			(308.72)	40,115.72	42,974.49	(279.24)	0.00
GNMA	1993 SF MRB CHMRB	6.90	08/15/95	02/20/25	54,199.68	58,345.14			(313.11)	53,886.57	57,628.71	(403.32)	0.00
GNMA	1993 SF MRB CHMRB	7.06	06/29/95	04/20/25	43,414.37	46,738.85			(248.97)	43,165.40	46,547.51	57.63	0.00
GNMA	1993 SF MRB CHMRB	7.10	06/29/95	05/20/25	417,551.81	449,338.83			(54,308.79)	363,243.02	391,617.81	(3,412.23)	0.00
GNMA	1993 SF MRB CHMRB	7.06	08/15/95	06/20/25	35,667.82	38,367.93			(171.30)	35,496.52	38,246.72	50.09	0.00
GNMA	1993 SF MRB CHMRB	7.10	08/15/95	08/20/25	767,967.40	827,063.86			(55,480.85)	712,486.55	768,731.01	(2,852.00)	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	05/28/04	06/01/04	4.82	4.82	0.00			4.82	4.82	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	05/28/04	06/01/04	5.78	5.78	0.00			5.78	5.78	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	05/28/04	06/01/04	355.97	355.97	0.53			356.50	356.50	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	05/28/04	06/01/04	3.29	3.29	0.00			3.29	3.29	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.02	05/28/04	06/01/04	8.97	8.97	0.00			8.97	8.97	-	0.00
1993 SF MRB CHMRB Total					14,112,255.33	15,040,920.22	118,884.26	(594,326.83)	(848,205.67)	12,788,607.09	13,534,897.27	(182,374.71)	0.00
Total 1993 SF MRB CHMRB Investment Summary					14,112,255.33	15,040,920.22	118,884.26	(594,326.83)	(848,205.67)	12,788,607.09	13,534,897.27	(182,374.71)	0.00

Texas Department of Housing and Community Affairs
Single Family Collateralized Home Mortgage Revenue Bonds Series 1994 and 1995 Investment Summary
For Period Ending May 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/ Purchases	Amorizations/ Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	1994 SF MRB CHMRB	1.02	05/28/04	06/01/04	14,074.75	14,074.75	35.63			14,110.38	14,110.38	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	05/28/04	06/01/04	7,122.13	7,122.13	17.99			7,140.12	7,140.12	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	05/28/04	06/01/04	370,006.55	370,006.55	101,762.08			471,768.63	471,768.63	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	05/28/04	06/01/04	383,314.65	383,314.65	43,087.73			428,402.38	428,402.38	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	05/28/04	06/01/04	134,609.65	134,609.65			(87,790.96)	46,818.69	46,818.69	-	0.00
GIC's	1994 SF MRB CHMRB	6.42	04/26/95	11/01/26	4,183.85	4,183.85	4,428.64			8,612.49	8,612.49	-	0.00
GIC's	1994 SF MRB CHMRB	6.05	06/27/96	11/01/26	29.91	29.91	2,077.38			2,107.29	2,107.29	-	0.00
FNMA	1994 SF MRB CHMRB	7.10	06/29/95	04/01/25	821,377.59	889,226.88			(151,543.77)	669,833.82	721,626.41	(16,056.70)	0.00
FNMA	1994 SF MRB CHMRB	7.10	07/28/95	05/01/25	176,504.17	190,948.11			(1,542.29)	174,961.88	188,355.99	(1,049.83)	0.00
FNMA	1994 SF MRB CHMRB	6.70	08/30/95	07/01/25	405,550.99	434,571.16			(86,686.46)	318,864.53	338,526.93	(9,357.77)	0.00
FNMA	1994 SF MRB CHMRB	6.70	09/19/95	08/01/25	455,667.82	488,274.88			(5,364.29)	450,303.53	478,071.58	(4,839.01)	0.00
FNMA	1994 SF MRB CHMRB	7.10	09/28/95	07/01/25	14,917.30	16,159.26			(2,162.11)	12,755.19	13,749.72	(748.20)	0.00
FNMA	1994 SF MRB CHMRB	6.70	01/12/96	11/01/25	473,547.14	507,300.92			(27,750.15)	445,796.99	473,163.41	(6,387.36)	0.00
FNMA	1994 SF MRB CHMRB	7.10	01/30/96	09/01/25	70,913.89	76,696.61			(380.62)	70,533.27	75,912.61	(403.38)	0.00
FNMA	1994 SF MRB CHMRB	7.10	02/28/96	09/01/25	132,610.99	142,770.09			(676.61)	131,934.38	141,345.28	(748.20)	0.00
FNMA	1994 SF MRB CHMRB	7.10	02/28/96	05/01/25	115,541.19	124,827.81			(556.64)	114,984.55	123,593.16	(678.01)	0.00
FNMA	1994 SF MRB CHMRB	6.70	03/28/96	10/01/25	158,682.96	168,988.59			(1,081.03)	157,601.93	166,280.43	(1,627.13)	0.00
FNMA	1994 SF MRB CHMRB	6.70	07/30/96	07/01/25	188,082.85	199,984.78			(1,100.01)	186,982.82	196,970.87	(1,913.90)	0.00
FNMA	1994 SF MRB CHMRB	7.10	08/29/96	08/01/26	83,197.66	89,435.59			(469.30)	82,728.36	88,555.39	(410.90)	0.00
FNMA	1994 SF MRB CHMRB	6.70	09/16/96	06/01/26	116,561.85	123,735.68			(589.26)	115,972.59	121,968.13	(1,178.29)	0.00
FNMA	1994 SF MRB CHMRB	6.70	11/14/96	07/01/26	166,352.31	177,052.41			(799.56)	165,552.75	174,547.84	(1,705.01)	0.00
FNMA	1994 SF MRB CHMRB	6.72	02/13/97	11/01/26	66,634.68	71,133.77			(15,498.83)	51,135.85	54,084.58	(1,550.36)	0.00
FNMA	1994 SF MRB CHMRB	7.10	03/27/97	01/01/26	102,344.36	110,092.70			(573.57)	101,770.79	108,939.01	(580.12)	0.00
FNMA	1994 SF MRB CHMRB	6.72	05/15/97	12/01/26	229,831.06	246,971.59			(1,837.73)	227,993.33	242,743.75	(2,390.11)	0.00
GNMA	1994 SF MRB CHMRB	7.10	06/29/95	05/20/25	2,977,749.63	3,202,871.02			(434,730.83)	2,543,018.80	2,740,326.64	(27,813.55)	0.00
GNMA	1994 SF MRB CHMRB	7.10	06/29/95	06/20/25	1,212,107.22	1,304,613.25			(13,872.13)	1,198,235.09	1,292,064.79	(1,323.67)	0.00
GNMA	1994 SF MRB CHMRB	7.10	07/28/95	07/20/25	858,228.77	923,945.59			(123,986.26)	734,242.51	791,925.53	(8,033.80)	0.00
GNMA	1994 SF MRB CHMRB	6.70	08/30/95	08/20/25	2,582,591.07	2,767,724.71			(300,193.17)	2,282,397.90	2,425,646.06	(41,985.48)	0.00
GNMA	1994 SF MRB CHMRB	6.70	12/01/99	06/20/25	248,573.88	266,277.83			(2,780.48)	245,793.40	261,096.39	(2,400.96)	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/30/95	07/20/25	788,135.11	848,829.16			(4,656.50)	783,478.61	845,372.81	(1,200.15)	0.00
GNMA	1994 SF MRB CHMRB	6.70	08/30/95	08/20/25	615,594.02	660,034.57			(156,077.28)	459,516.74	488,567.48	(15,389.81)	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/30/95	08/20/25	417,419.46	449,543.79			(141,353.47)	276,065.99	297,861.02	(10,329.30)	0.00
GNMA	1994 SF MRB CHMRB	7.10	09/19/95	08/20/25	237,354.57	255,533.02			(99,507.90)	137,846.67	148,678.21	(7,346.91)	0.00
GNMA	1994 SF MRB CHMRB	6.70	09/19/95	09/20/25	365,371.67	392,049.17			(2,304.62)	363,067.05	386,316.70	(3,427.85)	0.00
GNMA	1994 SF MRB CHMRB				10,029.74	10,797.24			(10,029.74)			(767.50)	0.00
GNMA	1994 SF MRB CHMRB	6.70	09/28/95	09/20/25	681,817.72	710,116.99			(3,657.86)	658,159.86	700,283.33	(6,175.80)	0.00
FNMA	1994 SF MRB CHMRB				61,475.33	66,132.51			(61,475.33)			(4,657.18)	0.00
GNMA	1994 SF MRB CHMRB	6.70	07/30/96	06/20/26	125,977.51	134,965.04			(621.42)	125,356.09	133,173.08	(1,170.54)	0.00
GNMA	1994 SF MRB CHMRB	6.70	01/12/96	11/20/25	931,975.34	999,432.23			(204,093.75)	727,881.59	774,035.01	(21,303.47)	0.00
GNMA	1994 SF MRB CHMRB	7.10	01/30/96	10/20/25	447,063.03	481,011.79			(53,624.78)	393,438.25	424,098.76	(3,290.25)	0.00
GNMA	1994 SF MRB CHMRB	7.10	02/28/96	07/01/25	117,598.98	126,683.10			(560.06)	117,038.92	126,313.08	(190.04)	0.00
GNMA	1994 SF MRB CHMRB	7.10	02/28/96	12/20/25	171,173.29	184,021.90			(1,110.30)	170,062.99	183,165.28	(253.68)	0.00
GNMA	1994 SF MRB CHMRB	6.70	02/28/96	01/20/26	229,255.90	245,617.83			(1,616.07)	227,639.83	241,841.25	(2,160.51)	0.00
GNMA	1994 SF MRB CHMRB	6.70	08/15/96	07/20/26	272,254.19	291,347.47			(1,796.82)	270,457.37	286,997.53	(2,553.12)	0.00
GNMA	1994 SF MRB CHMRB	6.70	05/30/96	11/20/25	393,682.87	421,225.79			(2,549.52)	391,133.35	414,996.20	(3,680.07)	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/15/96	08/20/26	517,162.15	555,957.10			(44,270.03)	472,892.12	509,101.06	(2,586.01)	0.00
GNMA	1994 SF MRB CHMRB	7.10	08/29/96	08/20/26	459,536.88	494,110.49			(49,403.85)	410,133.03	441,627.14	(3,079.50)	0.00
GNMA	1994 SF MRB CHMRB	6.70	09/16/96	08/20/26	406,514.11	435,791.35			(72,581.49)	333,932.62	354,980.54	(8,229.32)	0.00
GNMA	1994 SF MRB CHMRB	6.70	11/14/96	10/20/26	322,704.72	345,945.99			(1,715.44)	320,989.28	341,221.37	(3,009.18)	0.00
GNMA	1994 SF MRB CHMRB	6.70	12/01/99	06/20/26	59,521.41	63,720.56			(271.97)	59,249.44	62,897.49	(551.10)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in Market Value	Recognized Gain
GNMA	1994 SF MRB CHMRB	6.72	11/18/96	10/20/26	2,603,285.87	2,788,833.36			(204,275.54)	2,399,010.33	2,548,937.00	(35,620.82)	0.00
GNMA	1994 SF MRB CHMRB	6.72	01/16/97	12/20/26	547,352.40	586,416.86			(2,536.05)	544,816.35	578,916.34	(4,964.47)	0.00
GNMA	1994 SF MRB CHMRB	7.10	01/30/97	12/20/26	226,053.78	243,274.81			(1,083.94)	224,969.84	242,458.27	267.40	0.00
GNMA	1994 SF MRB CHMRB	7.10	03/27/97	03/20/27	264,152.71	273,285.97			(1,091.19)	253,061.52	272,365.70	170.92	0.00
GNMA	1994 SF MRB CHMRB	6.72	05/15/97	01/20/27	460,984.76	493,338.77			(4,062.23)	456,922.53	484,869.13	(4,407.41)	0.00
GNMA	1994 SF MRB CHMRB	6.70	07/30/97	06/20/27	422,794.12	452,542.58			(2,009.49)	420,784.63	446,508.79	(4,024.30)	0.00
GNMA	1994 SF MRB CHMRB	6.72	09/18/97	09/20/27	613,835.00	656,813.50			(112,047.50)	501,787.50	532,394.52	(12,371.48)	0.00
GIC's	1994 SF MRB CHMRB	6.05	06/27/96	11/01/26	74,426.45	74,426.45	0.00			74,426.45	74,426.45	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	05/28/04	06/01/04	1,552.57	1,552.57	3.78			1,556.35	1,556.35	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	05/28/04	06/01/04	423.27	423.27	0.61			423.88	423.88	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.02	05/28/04	06/01/04	79.90	79.90	0.00			79.90	79.90	-	0.00
	1994 SF MRB CHMRB Total				25,387,469.70	27,180,799.85	151,413.84	(87,790.96)	(2,414,559.24)	23,036,533.34	24,540,816.15	(289,047.34)	0.00
Repo Agmt	1995 A/B SF MR Rfdng Bonds	1.02	05/28/04	06/01/04	0.01	0.01	0.00			0.01	0.01	-	0.00
	1995 A/B SF MR Rfdng Bonds Total				0.01	0.01	0.00	0.00	0.00	0.01	0.01	0.00	0.00
	Total 1994/1995 SF MRB CHMRB Investment Summary				25,387,469.71	27,180,799.86	151,413.84	(87,790.96)	(2,414,559.24)	23,036,533.35	24,540,816.16	(289,047.34)	0.00

Texas Department of Housing and Community Affairs
Comm Paper Investment Summary
For Period Ending May 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	Commercial Paper	1.02	05/28/04	06/01/04	158,865.28	158,865.28	232,979.06			391,844.34	391,844.34	-	0.00
GIC's	Commercial Paper				4,000,000.00	4,000,000.00		(4,000,000.00)				-	0.00
GIC's	Commercial Paper				50,000,000.00	50,000,000.00		(50,000,000.00)				-	0.00
GIC's	Commercial Paper				7,470,000.00	7,470,000.00		(7,470,000.00)				-	0.00
GIC's	Commercial Paper	2.00	04/14/04	07/22/04	13,530,000.00	13,530,000.00	4,782,000.00			18,312,000.00	18,312,000.00	-	0.00
GIC's	Commercial Paper				107,046,000.00	107,046,000.00		(107,046,000.00)				-	0.00
GIC's	Commercial Paper				15,370,000.00	15,370,000.00		(15,370,000.00)				-	0.00
Commercial Paper Total					197,574,865.28	197,574,865.28	5,014,979.06	(183,886,000.00)	0.00	18,703,844.34	18,703,844.34	0.00	0.00
Total Commercial Paper Investment Summary					197,574,865.28	197,574,865.28	5,014,979.06	(183,886,000.00)	0.00	18,703,844.34	18,703,844.34	0.00	0.00

Texas Department of Housing and Community Affairs
 General Fund Investment Summary
 For Period Ending May 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	2,521,636.18	2,521,636.18	6,377.62			2,528,013.80	2,528,013.80	-	0.00
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	2,542,612.15	2,542,612.15	6,430.66			2,549,042.81	2,549,042.81	-	0.00
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	2,173,361.87	2,173,361.87	5,496.81			2,178,858.68	2,178,858.68	-	0.00
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	240,802.89	240,802.89		(70,082.41)		170,720.48	170,720.48	-	0.00
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	1,007.89	1,007.89	8,327.34			9,335.23	9,335.23	-	0.00
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	308,976.75	308,976.75	781.45			309,758.20	309,758.20	-	0.00
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	140,617.06	140,617.06	355.73			140,972.79	140,972.79	-	0.00
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	463,098.55	463,098.55		(114,434.85)		348,663.70	348,663.70	-	0.00
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	100,369.39	100,369.39	204,468.00			304,837.39	304,837.39	-	0.00
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	76,775.35	76,775.35	8,912.16			85,687.51	85,687.51	-	0.00
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	622,091.75	622,091.75	1,573.38			623,665.13	623,665.13	-	0.00
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	48,053.04	48,053.04	1,165,714.96			1,213,768.00	1,213,768.00	-	0.00
Repo Agmt	General Fund	1.02	05/28/04	06/01/04	694,183.43	694,183.43		(405,145.66)		289,037.77	289,037.77	-	0.00
General Fund Total					9,933,586.30	9,933,586.30	1,408,438.11	(589,662.92)	0.00	10,752,361.49	10,752,361.49	0.00	0.00
Total General Fund Investment Summary					9,933,586.30	9,933,586.30	1,408,438.11	(589,662.92)	0.00	10,752,361.49	10,752,361.49	0.00	0.00

Texas Department of Housing and Community Affairs
Housing Trust Fund Investment Summary
For Period Ending May 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	Housing Assistance Fund	1.02	05/28/04	06/01/04	552,317.09	552,317.09	13,244.90			565,561.99	565,561.99	-	0.00
Repo Agmt	Housing Trust Fund	1.02	05/28/04	06/01/04	613,180.87	613,180.87	1,505.15			614,686.02	614,686.02	-	0.00
Repo Agmt	Housing Trust Fund	1.02	05/28/04	06/01/04	156,560.81	156,560.81	10,782.93			167,343.74	167,343.74	-	0.00
Repo Agmt	Housing Trust Fund	1.02	05/28/04	06/01/04	1,931,536.15	1,931,536.15	4,799.60			1,936,335.75	1,936,335.75	-	0.00
Repo Agmt	Housing Trust Fund	1.02	05/28/04	06/01/04	1,009,927.70	1,009,927.70		(271,939.14)		737,988.56	737,988.56	-	0.00
Repo Agmt	Housing Trust Fund	1.02	05/28/04	06/01/04	422,864.26	422,864.26	15,704.63			438,568.89	438,568.89	-	0.00
Repo Agmt	Housing Trust Fund	1.02	05/28/04	06/01/04	361,969.45	361,969.45	883.22			362,852.67	362,852.67	-	0.00
Repo Agmt	Housing Trust Fund	1.02	05/28/04	06/01/04	782,780.92	782,780.92	1,933.19			784,714.11	784,714.11	-	0.00
Repo Agmt	Housing Trust Fund	1.02	05/28/04	06/01/04	2,007,161.88	2,007,161.88	4,988.28			2,012,150.16	2,012,150.16	-	0.00
Housing Trust Fund Total					7,838,299.13	7,838,299.13	53,841.90	(271,939.14)	0.00	7,620,201.89	7,620,201.89	0.00	0.00
Total Housing Trust Fund Investment Summary					7,838,299.13	7,838,299.13	53,841.90	(271,939.14)	0.00	7,620,201.89	7,620,201.89	0.00	0.00

Texas Department of Housing and Community Affairs
Administration Investment Summary
For Period Ending May 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/ Purchases	Amortizations/ Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	Administration	1.02	05/28/04	06/01/04	135,097.00	135,097.00	413.68			135,510.68	135,510.68	-	0.00
	Administration Total				135,097.00	135,097.00	413.68	0.00	0.00	135,510.68	135,510.68	0.00	0.00
	Total Administration Investment Summary				135,097.00	135,097.00	413.68	0.00	0.00	135,510.68	135,510.68	0.00	0.00

Texas Department of Housing and Community Affairs
 Compliance Investment Summary
 For Period Ending May 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	RTC	1.02	05/28/04	06/01/04	48,470.85	48,470.85	241,983.62			290,454.47	290,454.47	-	0.00
Repo Agmt	Multi Family	1.02	05/28/04	06/01/04	398,931.96	398,931.96	163,063.29			561,995.25	561,995.25	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.02	05/28/04	06/01/04	44,627.31	44,627.31	376,880.87			421,308.18	421,308.18	-	0.00
Compliance Prog. Total					492,030.12	492,030.12	781,727.78	0.00	0.00	1,273,757.90	1,273,757.90	0.00	0.00
Total Compliance Investment Summary					492,030.12	492,030.12	781,727.78	0.00	0.00	1,273,757.90	1,273,757.90	0.00	0.00

Texas Department of Housing and Community Affairs
Housing Initiatives Investment Summary
For Period Ending May 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/04	Beginning Market Value 02/29/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 05/31/04	Ending Market Value 05/31/04	Change in Market Value	Recognized Gain
Repo Agmt	S/F Interim Construction	1.02	05/28/04	06/01/04	436,000.69	436,000.69	1,067.89			437,068.58	437,068.58	-	0.00
Repo Agmt	S/F Interim Construction	1.02	05/28/04	06/01/04	343.08	343.08		(18.35)		324.73	324.73	-	0.00
Repo Agmt	S/F Interim Construction	1.02	05/28/04	06/01/04	174.81	174.81		(19.94)		154.87	154.87	-	0.00
Repo Agmt	Mtg. Credit Certificate	1.02	05/28/04	06/01/04	65,791.21	65,791.21	303.46			66,094.67	66,094.67	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.02	05/28/04	06/01/04	271,479.43	271,479.43	367,393.14			638,872.57	638,872.57	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.02	05/28/04	06/01/04	833,924.58	833,924.58	135,519.16			969,443.74	969,443.74	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.02	05/28/04	06/01/04	61,719.30	61,719.30	74,278.85			135,998.15	135,998.15	-	0.00
Housing Initiatives Total					1,669,433.10	1,669,433.10	578,562.50	(38.29)	0.00	2,247,957.31	2,247,957.31	0.00	0.00
Total Housing Initiatives Investment Summary					1,669,433.10	1,669,433.10	578,562.50	(38.29)	0.00	2,247,957.31	2,247,957.31	0.00	0.00
Total Investment Summary					1,377,854,125.68	1,408,197,313.74	358,098,198.44	(349,129,712.75)	(36,034,143.49)	1,350,788,465.88	1,363,169,843.09	(17,961,810.85)	0.00