

# BOARD MEETING OF FEBRUARY 10, 2005

**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**

**FEBRUARY 10-, 2005**

**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**  
**507 Sabine, Room 437 – Boardroom, Austin, Texas 78701**  
**Thursday, February 10, 2005                      11:30 a.m.**

**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 January 7, 2005 Elizabeth Anderson

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

- a) Final Adoption of Amendment to the 2005 Housing Tax Credit Qualified Allocation Plan and Rules ("QAP"), Title 10, Part 1, Chapter 49, Texas Administrative Code (Identical to the Previously Approved Emergency Amendment) as Modified and Approved by the Governor
- b) Consideration of an Appeal by #04612, Willow Bend Apartments, San Antonio, Texas Issuer is San Antonio Housing Finance Corporation, San Antonio, Texas
- c) Issuance of Determination Notices on Tax Exempt Bond Transactions with Other Issuers:

04612 Willow Bend Apartments, San Antonio, Texas  
San Antonio Housing Finance Corporation is the Issuer  
(Requested Amount of \$521,410 and  
Recommended Amount of \$0)

04496 Oak Tree Manor, Houston, Texas  
Harris County Housing Finance Corp. is the Issuer  
(Requested Amount of \$645,983 and  
Recommended Amount of \$645,983)

- d) Requests for Housing Tax Credit Extensions for:
  - 03094 Reserve II at Las Brisas, Irving, Texas
  - 03182 The Manor at Jersey Village, Jersey Village, Texas
- e) Proposed Housing Tax Credit Amendments for:
  - 94030 and 06824 Sterling Grove Apartments, Houston, Texas
  - 01025 Residences at Diamond Hill, Ft. Worth, Texas
  - 01090 Parkstone Crossroads Apts., Wichita Falls, Texas
  - 02103 Valley View Apartments, Pharr, Texas
  - 02027 Creekside Townhomes, Burnet, Texas
  - 03155 Villas of Leon Valley, Leon Valley, Texas



04224 Commons of Grace Apartments, Houston, Texas  
04246 Wildwood Trail Apartments, Brownwood, Texas

- f) Consideration of Allocation of 2005 Housing Tax Credits for Rural Rescue Applications:  
05005 Snyder Housing Venture, Snyder, Texas  
(Requested Amount of \$30,485 and Recommended Amount of \$30,463)

Item 3 Presentation, Discussion and Possible Approval of Multifamily Bond Program for Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board For Program Year 2005 **(2005 Waiting List)** Vidal Gonzalez

- 2005-27 Marquee Ranch, Pflugerville, Texas
- 2005-28 Lafayette Chase Apartments, Houston, Texas

Item 4 Presentation, Discussion and Possible Approval of Items from Finance Committee: Vidal Gonzalez

- a) Approval of Criteria and Methodology Recommended for the Selection of Senior Managers in Conjunction with the Sale of TDHCA's Single Family Mortgage Revenue Bonds
- b) Preliminary Approval of Single Family Mortgage Revenue Bonds, 2005 Series A (Variable Rate) and 2005 Series B (Variable Rate) for Program 62A
- c) Preliminary Approval of Market Rate Mortgage Program
- d) Approval of Resolution Authorizing the Extension of the Certificate Purchase Period for Residential Mortgage Revenue Bonds, Series 2002AB (Program 59)
- e) Approval of First Quarter Investment Report
- f) Approval of Texas Department of Housing and Community Affairs Investment Policy

Item 5 Presentation and Discussion on Report from Programs Committee: C. Kent Conine  
Discussion on Creation of the Asset Management Committee  
And the Proposed Standard Operating Procedures (SOP) on  
Declaration of Events of Default on Multifamily Obligations

Item 6 Presentation, Discussion and Possible Approval of Programmatic Items: C. Kent Conine

- a) Final Adoption of Housing Trust Fund Rule Amendment to Section 51.5
- b) Forgiveness of Housing Trust Fund Predevelopment Loan for:  
Accessible Communities, Inc., Corpus Christi, Texas  
(Requested Amount of \$32,287 and Recommended Amount of \$22,207)
- c) Requests for Housing Trust Fund Loan Amendments for:  
853332 Estates of Bridgeport – Phase I, Bridgeport, Texas,  
Increase of Loan Amount of \$92,174

- d) Proposed HOME Program Loan Amendments for:  
542076 Estates of Bridgeport – Phase II, Bridgeport, Texas  
Increase of Loan Amount of \$91,707
- e) Recommendation of HOME Program CHDO Award for:  
0470005 Community Cottages, Austin, Texas for Contract Amount of  
\$1,500,000 and Operating Fees of \$144,000
- f) Recommendation of HOME Single Family Olmstead Set Aside Award for:  
Valley Association for Indep. Living, Hidalgo and Cameron Counties  
Recommendation of \$115,800  
  
Dallas Housing Authority, Dallas County  
Recommendation of \$465,000  
  
Lifetime Independence for Everyone, Inc., Lubbock, Hale, Terry,  
Potter and Randall Counties  
Recommendation of \$168,572

Item 7 Presentation, Discussion and Possible Approval of Items from Audit Committee: Shad Bogany

- a) Discussion of Board Resolutions Relating to Audit Committee Responsibilities and Possible Approval of Additional Resolutions
- b) Discussion and Confirmation of Internal Audit Charter
- c) Discussion of Audit Results from the Deloitte, CPAs, FYE 8/31/04 Reports:
  - Communications with Audit Committee Letter
  - Opinion Audit on FY 2004 Basic Financial Statements
  - Opinion Audit on FY 2004 Revenue Bond Program Financial Statements
  - Opinion Audit on FY 2004 Computation of Unencumbered Fund Balances
  - Report to Management (Management Letter)
- d) Discussion of Section 8 Rental Integrity Monitoring Review
- e) Discussion of State Energy Conservation Office Monitoring Review
- f) Status of Prior Audit Issues
- g) Status of Central Database
- h) Status of Internal/External Audits

**EXECUTIVE SESSION**

Elizabeth Anderson

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

**OPEN SESSION**

Elizabeth Anderson

Action in Open Session on Items Discussed in Executive Session

**REPORT ITEMS**

Executive Directors Report

1. Department Outreach Activities – Meetings, Trainings, Conferences, Workshops for January, 2005

2. Senate Finance Committee Meeting, February 3, 2005
3. Composition of House Committee on Urban Affairs
4. House Committee Meeting on Urban Affairs Organizational Meeting, February 8, 2005
5. Outstanding Women in Texas Government Award, March 18, 2005
6. Senate Intergovernmental Relations Committee Organizational Meeting, February 2, 2005

**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](http://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.*

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

**EXECUTIVE OFFICE**  
**BOARD ACTION REQUEST**  
**FEBRUARY 10, 2005**

**Action Item**

Board Minutes of January 7, 2005.

**Required Action**

Review of the minutes of the Board Meetings 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**  
507 Sabine, Room 437, Austin, Texas 78701  
January 7, 2005 9:30 a. m.

**Summary of Minutes**

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

The Board Meeting of the Texas Department of Housing and Community Affairs of January 7, 2005 was called to order by the Chair of the Board Elizabeth Anderson at 9:38 a.m. It was held at the Texas Department of Housing and Community Affairs Boardroom, 507 Sabine, Austin, Texas. Norberto Salinas was absent. Roll call certified a quorum was present.

Members present:

Elizabeth Anderson -- Chair  
C. Kent Conine -- Vice Chair  
Shadrick Bogany -- Member  
Vidal Gonzalez -- Member (joined the meeting at 9:40 a.m.)  
Patrick Gordon -- Member

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

Ms. Carrington stated that Robert Onion, Manager for the Multi-Family Finance Production Division, was leaving the Department for a job in the private sector. She presented a plaque to Mr. Onion and she thanked him for his service to the State of Texas.

Mr. Onion thanked Ms. Carrington and staff for everything they have done for him.

Ms. Anderson welcomed Michael Gerber from the Governors Office and Ranetta Nance from the House Committee on Urban Affairs to this meeting.

**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.

Jim Myers, San Antonio, Texas

Mr. Myers was representing the new state representative in District 117, Mr. David Leibowitz from San Antonio. He expressed the thanks of the Representative for the funds and allocations made to the City of San Antonio and surrounding areas.

Rev. H. J. Johnson, Dallas, Texas

Rev. Johnson thanked the Board for their consideration of an award of funds.

J. Eugene Thomas, Reliable Property Dev. Company, Dallas, Texas

Mr. Thomas thanked the Board for consideration of an award they had applied for.

Timothy J. Lott, Dallas Housing Authority, Dallas, Texas

Mr. Lott did not give any comments.

Deepak Sulakhe, Southwest Housing, Dallas, Texas

Mr. Sulakhe did not give any comments.

Ed Jackson, Garland Housing Finance Corp., Garland, Texas  
Mr. Jackson did not give any comments.

Cheryl Potashnik, Southwest Housing, Dallas, Texas  
Ms. Potashnik did not give any comments.

Brent Stewart, Trammell Crow, Austin, Texas  
Mr. Stewart did not give any comments.

Guy Rankin, Houston, Texas  
Mr. Rankin did not give any comments.

Craig Alter, Southwest Housing, Austin, Texas  
Mr. Alter did not give any comments.

#### **ACTION ITEMS**

**(1) Presentation, Discussion and Possible Approval of Minutes of the Board Meetings of November 12, 2004 and December 13, 2004**

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the Minutes of the Board Meetings of November 12, 2004 and December 13, 2004.

Passed Unanimously

Ms. Carrington stated there are eleven tax exempt bond transactions with other issuers being presented for approval and the high number is due to the collapse that occurred in the Private Activity Bond on August 15, 2004. At that point all of the subceilings fall away and there was a huge amount of money that came back in the amount of \$585 million. These are all 2004 transactions.

Ms. Anderson thanked the Real Estate Division for accelerating their efforts that enabled the Board to move this meeting from the traditional second Thursday to today since a couple of board members had serious conflicts for next week. She stated the deadlines are important and asked the development community to submit their documents in a timely manner.

**(2) Presentation, Discussion and Possible Approval of Housing Tax Credit Items:  
a) Issuance of Determination Notices on Tax Exempt Bond Transactions with Other Issuers:  
04460 Primrose at Crist, Garland, Texas, Garland Housing Finance Corp. is the Issuer,  
(Requested Amount of \$596,042 and Recommended Amount of \$596,042)**

Ms. Carrington stated this transaction is a 204 unit development in Garland with the Garland Housing Finance Corporation as the issuer and the Board is also being asked to waive a section of the QAP, Section 50.12(a)(2) which states that at least 60 days prior to the date that the board is to consider the application, there are certain documentations that must be in place. Some of the documentation was not received 60 days prior to the date that the board is considering this request.

The Department is very serious about implementing the deadlines and staff needs the documentation at the times that are outlined in the QAP.

Motion made by Vidal Gonzalez and seconded by Shad Bogany to approve the determination notice for Primrose at Crist, Garland, Texas in the amount of \$596,042 and to waive Section 50.12(a)(2) of the QAP.

Passed Unanimously

**04476 Rosemont at Laureland, Dallas, Texas, Dallas Housing Finance Corp. is the Issuer,  
(Requested Amount of \$786,546 and Recommended Amount of \$786,546)**

Ms. Carrington stated the Dallas Housing Authority is 100% owner of this transaction and the issuer is the Dallas Housing Finance Corporation. This project is requesting a waiver of Section 50.12(a)(2) of the QAP related to submission of documents.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the determination notice for Rosemont at Laureland, Dallas, Texas in the amount of \$786,546 and to waive Section 50.12(a)(2) of the QAP.

Passed Unanimously

**04482 Rosemont at Scyene, Dallas, Texas, Dallas Housing Finance Corp. is the Issuer, (Requested Amount of \$776,433 and Recommended Amount of \$776,433)**

Ms. Carrington stated the Dallas Housing Finance Corporation is the issuer on this transaction and staff is recommending \$776,433 in credits.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the determination notice for Rosemont at Scyene, Dallas, Texas in the amount of \$776,433.

Passed Unanimously

**04490 Cherrycrest Villas, Dallas, Texas, Dallas Housing Finance Corp. is the Issuer, (Requested Amount of \$857,883 and Recommended Amount of \$857,883)**

Ms. Carrington stated the Dallas Housing Finance Corporation is the issuer and staff is recommending a credit allocation of \$857,833 along with a waiver of Section 50.12(a)(2) in the QAP.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the determination notice for Cherrycrest Villas, Dallas, Texas in the amount of \$857,883 and to waive Section 50.12(a)(2) of the QAP.

Passed Unanimously

**04465 Rosemont at Garth, Baytown, Texas, Southeast Texas Housing Finance Corp. is the Issuer, (Requested Amount of \$685,028 and Recommended Amount of \$685,028)**

Ms. Carrington stated the issuer of this transaction is Southeast Texas Housing Finance Corporation and two letters of support were received after the Board book was published which were from Sylvia R. Garcia, Commissioner in Harris County Precinct 2 and from Senator John Whitmire. She received a telephone call from Rep. Wayne Smith who asked that this item be postponed until the next meeting. The reason he asked to postpone the consideration on this item was that Southeast Texas Housing Finance Corporation had not done as good a job as they should have done in working with the local school district and the community.

Motion made by Shad Bogany and seconded by C. Kent Conine to approve the determination notice for Rosemont at Garth, Baytown, Texas in the amount of \$685,028.

Passed Unanimously

**04467 Primrose at Bammel, Houston, Texas, Harris County Housing Finance Corp. is the Issuer, (Requested Amount of \$612,346 and Recommended Amount of \$612,346)**

Ms. Carrington stated this project will have 100% tax abatement by the Harris County Housing Authority being the general partner. They have a commitment of \$1.8 million in HOME funds from the Harris County Housing Authority for this transaction and there is a letter of support from Senator John Whitmire. Staff is recommending approval of the transaction.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the determination notice for Primrose at Bammel, Houston, Texas in the amount of \$612,346.

Passed Unanimously

**04470 Mesa Homes, Houston, Texas, Victory Street Public Facility Corp. is the Issuer, (Requested Amount of \$1,273,325 and Recommended Amount of \$1,273,325)**

Ms. Carrington stated this project will have 240 units of single family units and will serve the general population.

Mr. Gouris stated there was an error on the underwriting analysis which stated "Program, 9% Housing Tax Credit" which should have stated: "4% H

Mr. Conine stated he would like to see the final set of plans on this project.

Mr. Bogany stated this area has more rental units than it does homeowners and this area is not booming as other areas of Houston did. He would like to see if this is going to work with single family units and would like to know if this will hurt the other people living near these units, as people will move from the multifamily units there and live in the new single family units. Dealing with people who are buying houses in an area where the rents are identical to what the house payments will be could be a problem and Mr. Bogany would like the REA division to analyze this and give him some answers.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the determination notice for Mesa Homes, Houston, Texas in the amount of \$1,273,325.  
Passed Unanimously

**04493 Plaza at Willowchase Townhomes, Houston, Texas, Harris County Housing Finance Corp. is the Issuer, (Requested Amount of \$573,522 and Recommended Amount of \$573,522)**

Ms. Carrington stated this is an elderly transaction in Houston and staff is recommending approval with the conditions noted.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the determination notice for Willowchase Townhomes, Houston, Texas in the amount of \$573,522.  
Passed Unanimously

**04478 The Villas at Winkler Senior Homes, Houston, Texas, Victory Street Public Facility Corp, is the Issuer, (Requested Amount of \$689,833 and Recommended Amount of \$689,215)**

Ms. Carrington stated this is also an elderly transaction to be located in Houston, Texas. The City of Houston Housing Authority is proposed to be the general partner on the transaction. They are requesting a waiver of the 60-day rule, Sec. 50.12(a)(2) of the QAP. They need to submit a revised site plan that would reflect at least one parking space per unit to the Department.

Motion made by Shad Bogany and seconded by C. Kent Conine to approve the determination notice for The Villas at Winkler Senior Homes, Houston, Texas in the amount of \$689,215 and to approve the waiver of Sec. 50.12(a)(2) of the QAP.  
Passed Unanimously

**04498 Park at Woodline Townhomes, Conroe, Texas, Montgomery County Housing Corp. is the Issuer, (Requested Amount of \$677,743 and Recommended Amount of \$675,950)**

Ms. Carrington stated the Montgomery County Housing Finance Corporation is the issuer and the project will serve the general population. Staff is recommending approval.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the determination notice for Park at Woodline Townhomes, Conroe, Texas in the amount of \$675,950.  
Passed Unanimously

**04469 Louetta Village Apartments, Spring, Texas, Harris County Housing Finance Corp. is the Issuer, (Requested Amount of \$314,202 and Recommended Amount of \$314,202)**

Ms. Carrington stated this transaction is an elderly development and will be located in Spring, Texas. There is also a request for a waiver of Sec. 50.12(a)(2) of the QAP.



Motion made by C. Kent Conine and seconded by Shad Bogany to approve the determination notice for Louetta Village Apartments, Spring, Texas in the amount of \$314,202 and to waive Section 50.12(a)(2) of the QAP..  
Passed Unanimously

Ms. Beth Anderson, Chair of the Board, left the room before the item for Fairway Village was presented and Mr. Conine conducted the meeting.

**b) Request for additional Four Percent (4%) Housing Tax Credits for Transactions Associated with the Private Activity Bond Program for Fairway Village #000011T, Austin, Texas for an Additional \$30,656 in Credits**

Ms. Carrington stated this was an allocation in 2000 and they are requesting an additional \$30,656 in credits. Staff is recommending \$21,257 in credits. Staff could justify the additional credit requests related to the rehabilitation but the total credit request was broken down with some related to acquisition and part related to rehabilitation.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the additional housing tax credits for Fairway Village #000011T, Austin, Texas in the amount of \$21,257.  
Passed Unanimously

Ms. Anderson returned to the room and conducted the meeting.

**(3) Presentation, Discussion and Possible Approval of Multifamily Bond Program: Proposed Issuance of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits with TDHCA as the Issuer, For:**

**a) Providence at Prairie Oaks, Arlington, Texas in an Amount Not to Exceed \$11,050,000 and Issuance of Determination Notice (Requested Amount of \$776,542 and Recommended Amount of \$773,619) for Prairie Oaks, #04483, Resolution No. 05-007**

Ms. Carrington stated Prairie Oaks is located in Arlington and will have 206 units. Ms. Carrington read a letter into the record which stated:

"Dear, Ms. Meyer, as a matter of public opinion and industry opinion, Provident Management, Inc., opposes the proposed development, Providence at Prairie Oaks.

The proposed development that is located in Arlington, Texas, is within one-quarter mile of a new 264 unit TDHCA development that we currently have under lease-up. The existing development, 264-unit Timber Oaks, is located in the City of Grand Prairie, but adjacent to the city border and the proposed development. Leasing began in July 2004, and to date, only 114 apartments have been leased. Traffic is very slow, and the area is slow to recover in the market area. The market area, from our most recent survey shows leased percentages as follows: Timber Oaks, 44 percent, Prairie Estates 95 percent, Prairie Oak 46 percent, Williamsburg 80 percent, Rosemont at Mayfield 50 percent.

There is also another 264-unit TDHCA development, Post Oak East Builders, from Kerrville, Texas, that is located approximately five miles to the north of this proposed site, and it's scheduled to open in 2005. It also is not in the City of Arlington, but City of Fort Worth, located off Trinity Boulevard and Highway 360, which is bordered all around by Arlington. This community is very competitive with the other existing Arlington apartment communities surrounding it. Southwest Housing has a new tax credit development approximately five miles south of the proposed development, and it is slow to lease also, as noted above. I ask that the development be denied until the market recovers in this area. Thank you for your consideration. Eve Bradford."

Ms. Carrington stated staff is recommending approval of the bonds and the allocation of tax credits.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the issuance of Multi-Family Mortgage Revenue Bonds in an amount not to exceed \$11,050,000 and issuance of the determination notice for Prairie Oaks, Arlington, Texas, #04483, in the amount of \$773,619, and approval of Resolution No. 05-007.

Passed Unanimously

- b) **Homes of Pecan Grove, Dallas, Texas in an Amount Not to Exceed \$14,030,000 and Issuance of Determination Notice (Requested Amount of \$967,005 and Recommended Amount of \$967,004) for Homes of Pecan Grove, #04480, Resolution No. 05-008**

Ms. Carrington stated the Homes of Pecan Grove in Dallas will have 250 units and will serve the general population. They are requesting a waiver of Section 50.12(a)(2) of the QAP.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the issuance of Multi-Family Mortgage Revenue Bonds in an amount not to exceed \$14,030,000 and issuance of the determination notice for Pecan Grove, Dallas, Texas, #04480, in the amount of \$967,004 and approval of Resolution No. 05-008.

Passed Unanimously

- c) **Port Royal, San Antonio, Texas in an Amount Not to Exceed \$12,200,000 and Issuance of Determination Notice (Requested Amount of \$859,828 and Recommended Amount of \$844,349) for Port Royal, #04489, Resolution No. 05-005**

Ms. Carrington stated Port Royal in San Antonio, Texas will have 250 units and will serve the general population.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the issuance of Multi-Family Mortgage Revenue Bonds in an amount not to exceed \$12,200,000 and issuance of the determination notice for Port Royal, San Antonio, Texas, #04489, in the amount of \$844,349 and approval of Resolution No. 05-005.

Passed Unanimously

- d) **Mission del Rio, San Antonio, Texas in an Amount Not to Exceed \$11,490,000 and Issuance of Determination Notice (Requested Amount of \$792,702 and Recommended Amount of \$787,746) for Mission del Rio, #04488, Resolution No. 05-006**

Ms. Carrington stated this project is in San Antonio and will have 240 units and will serve the general population.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the issuance of Multi-Family Mortgage Revenue Bonds in an amount not to exceed \$11,490,000 and issuance of the determination notice for Mission del Rio, San Antonio, Texas, #04488, in the amount of \$787,746 and approval of Resolution No. 05-006.

Passed Unanimously

- (4) **Presentation, Discussion and Possible Approval of Programmatic Items:  
Approval of Two (2) 2004 Disaster Relief Program Award Recommendations for Owner Occupied (OCC) Utilizing Deobligated HOME Funds, for Total Awards of \$1,040,000 for:  
DR2004-0279, Zavala County, Reg. 11, \$500,000 Project Funds, \$20,000 Admin. Funds  
DR2004-0282, City of Crystal City, Reg. 11, \$500,000 Project Funds, \$20,000 Admin. Funds**

Ms. Carrington stated there has been a state declared disaster for severe storms and flooding which occurred earlier in 2004 and TDHCA has received two requests for assistance from Zavala County and the City of Crystal City. They are each requesting \$500,000 and the funds would come from the owner-occupied category. There is also administrative funds of \$20,000 funds for each award.

Motion made by Vidal Gonzalez and seconded by Shad Bogany to approve the Disaster Relief Program Award Recommendations for Owner Occupied utilizing deobligated HOME Funds for:

DR2004-0279, Zavala County, Reg. 11, \$500,000 Project Funds, \$20,000 Admin. Funds  
DR2004-0282, City of Crystal City, Reg. 11, \$500,000 Project Funds, \$20,000 Admin. Funds  
Passed Unanimously

### **EXECUTIVE SESSION**

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 the 2005 Housing Tax Credit Program Qualified Allocation Plan And Rules Consultation with Attorney Pursuant to §551.071, Texas Government Code, Concerning Pending or Contemplated Litigation

### **OPEN SESSION**

Action in Open Session on Items Discussed in Executive Session

The Board did not go into Executive Session.

### **REPORT ITEMS**

Executive Directors Report

1. Department Outreach Activities – Meetings, Trainings, Conferences, Workshops for December, 2004  
Ms. Carrington stated this report reflects the outreach activities for the month for the Department. She also stated that she attended a luncheon in Houston, Texas sponsored by the Houston Association of Realtors where Mr. Bogany was honored as Houston Realtor of the Year.
2. Quarterly Report of Housing Tax Credit Transfers  
Ms. Carrington stated this report is given to the Board on a quarterly basis and reflects change of ownership for the Housing Tax Credit Program.
3. Texas House Committee on Urban Affairs Interim Report 2004  
Ms. Carrington stated the House Committee on Urban Affairs did publish their interim report on December 17 and the report was forwarded to all Board members.

Ms. Carrington stated she also provided a report to the Board members of the Senate Committee of International Relations and Trade which was published on December 2.

She stated the Legislature convenes on January 7, 2005.

She also stated Leonard Spearman was evaluated by the Travis County Dispute Resolution Center and received a very positive set of comments and remarks based on his ADR and mediation skills.

### **ADJOURN**

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to adjourn the meeting.

The meeting adjourned at 10:50 a.m.

Respectfully submitted,

Delores Groneck  
Board Secretary

Bdminjan2

**MULTIFAMILY FINANCE PRODUCTION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Item**

Final Housing Tax Credit Program Qualified Allocation Plan and Rules.

**Required Action**

Adoption of Amendments to Title 10, Part 1, Chapter 49 – 2005 Housing Tax Credit Program Qualified Allocation Plan and Rules.

**Background**

At the November 12, 2004 Board Meeting, the Board approved the 2005 Housing Tax Credit Qualified Allocation Plan and Rules (QAP). The QAP approved by the Board was published in the November 26, 2004 issue of the *Texas Register*. On December 1, 2004, the Governor rejected the QAP thus requiring that the Board make amendments. At the December 13, 2004 Board Meeting, the Board approved proposed amendments to the 2005 QAP to be released for public comment and simultaneously approved identical emergency amendments to the 2005 QAP to be in effect while the public comment period on the final amendments took place. ). The amendments were made to §49.3 (relating to Definitions), §49.7 (relating to Regional Allocation Formula, Set-Asides, Redistribution of Credits), and §49.9 (relating to Application: Submission, Adherence to Obligations, Evaluation Process, Required Pre-Certification and Acknowledgement, Threshold Criteria, Selection Criteria, Evaluation Factors, Staff Recommendations) of the 2005 Housing Tax Credit Program Qualified Allocation Plan and Rules (QAP). On December 17, 2004 the Governor approved the QAP, with the emergency amendments, with one modification to §49.9(g)(14) concerning reconstruction or rehabilitation of public housing. The emergency amendments and identical proposed amendments, with the Governor's modification, were published in the December 31, 2004 issue of the *Texas Register*. The thirty day public comment period ended on January 31, 2005.

By today's action the Board adopts the final amendments now that the public comment period has transpired.

There was no comment received on the proposed amendments and staff recommends adoption of the proposed amendments, with the Governor's modification, with no changes as shown below.

### **§49.3(12), Definition of At-Risk**

#### **Comment:**

§2306.6702(a)(5), Texas Government Code, defines an At-Risk Development. Revisions are being made to ensure that the definition has not been expanded beyond the legislated definition, with added administrative details.

#### **Revision to Text:**

“(12) **At-Risk Development** – a Development that:

(A) has received the benefit of a subsidy in the form of a below-market interest rate loan, interest rate reduction, rental subsidy, Section 8 housing assistance payment, rental supplement payment, rental assistance payment, or equity incentive under the following federal laws, as applicable:

(i) Sections 221(d)(3),~~(4)~~ and (5), National Housing Act (12 U.S.C. Section 17151);

(ii) Section 236, National Housing Act (12 U.S.C. Section 1715z-1);

(iii) Section 202, Housing Act of 1959 (12 U.S.C. Section 1701q);

(iv) Section 101, Housing and Urban Development Act of 1965 (12 U.S.C. Section 1701s);

(v) the Section 8 Additional Assistance Program for housing developments with HUD-Insured and HUD-Held Mortgages administered by the United States Department of Housing and Urban Development;

(vi) the Section 8 Housing Assistance Program for the Disposition of HUD-Owned Projects administered by the United States Department of Housing and Urban Development;

~~(v) any project based assistance authority pursuant to Section 8 of the U.S. Housing Act of 1937;~~

(vii) Sections 514, 515, and 516,~~and 538~~ Housing Act of 1949 (42 U.S.C. Sections 1484, 1485, and 1486); and

(viii) Section 42, of the Internal Revenue Code of 1986 (26 U.S.C. Section 42), and

(B) is subject to the following conditions:

(i) the stipulation to maintain affordability in the contract granting the subsidy is nearing expiration (expiration will occur within two calendar years of July 31 of the year the Application is submitted); or

(ii) the federally insured mortgage on the Development is eligible for prepayment or is nearing the end of its mortgage term (the term will end within two calendar years of July 31 of the year the Application is submitted).

(C) An Application for a Development that includes the demolition of the existing Units which have received the financial benefit described in subparagraph (A) of this paragraph will not qualify as an At-Risk Development unless the redevelopment will include the same site, ~~except that a Housing Authority proposing reconstruction of public housing, supplemented with HOPE VI funding or funding from their capital grant fund, will be qualified as an At-Risk Development if it meets the requirements described in §49.7(b)(2) of this title.~~

~~(D) With the exception of Housing Authorities proposing reconstruction of public housing, supplemented with HOPE VI funding or funding from their capital grant fund, Developments must be at risk of losing all affordability on the site. However, Developments that have an opportunity to retain or renew any of the financial benefit described in subparagraph (A) of this paragraph must retain or renew all possible financial benefit to qualify as an At-Risk Development. (2306.6702)”~~

### **§49.7(b)(2), At-Risk Set-Aside**

#### **Comment:**

§2306.6702(a)(5), Texas Government Code, defines an At-Risk Development. Revisions are being made to ensure that the description of the At-Risk Set-Aside has not been expanded beyond the legislated definition, with added administrative details.

#### **Revision to Text:**

“(2) At least 15% of the allocation to each Uniform State Service Region will be set aside for allocation under the At-Risk Development Set-Aside. Through this Set-Aside, the Department, to the extent possible, shall allocate credits to Applications involving the preservation of developments designated as At-Risk

Developments as defined in §49.3(12) of this title. (2306.6714). ~~A Housing Authority proposing reconstruction of public housing supplemented with HOPE VI funding or capital grant funds will be eligible to participate in this set aside. In order to qualify for this set aside, the housing authority providing the HOPE VI funding must provide evidence that it received a HOPE VI grant from HUD and made a commitment that HOPE VI funds will be provided to the Development.~~ To qualify as an At-Risk Development, the Applicant ~~(with the exception of housing authorities with HOPE VI or capital grant funds)~~ must provide evidence that it either is not eligible to renew, retain or preserve any portion of the financial benefit described in §49.3(12)(A) of this title, or provide evidence that it will renew, retain or preserve the financial benefit described in §49.3(12)(A) of this title.”

#### **§49.9(f)(4)(G), Certification of Energy Saving Devices**

##### **Comment:**

A modification is made to ensure appropriate reference to the requirement in §2306.6725(b)(1), which requires that the energy saving devices meet the standards established by the state energy conservation office.

##### **Revision to Text:**

“(G) A certification that the Development will be equipped with energy saving devices that meet the ~~adhere to the 2003 2000 International Energy Conservation Code (IECC), which is the standard statewide energy code adopted by the state energy conservation office, in the construction of each tax credit Unit,~~ unless historic preservation codes permit otherwise for a Development involving historic preservation. All Units must be air-conditioned or utilize evaporative coolers. The measures must be certified by the Development architect as being included in the design of each tax credit Unit at the time the 10% Test Documentation is submitted and in actual construction upon Cost Certification. (2306.6725(b))”

#### **§49.9(f)(12)(C)(ii)(II), Identity of Interest Transaction Requirements for Developments Involving Acquisition**

##### **Comment:**

Modifications are made to provide added clarification to the applicability of the documentation requirements when an identity of interest exists in the purchase of land for rehabilitation developments and the standard for review.

##### **Revision to Text:**

(C) clear identification of the selling Persons, and any owner of the property within the last 36 months prior to the first day of the Application Acceptance Period, and details of any relationship between said selling Persons and owners and the Applicant, Developer, Property Manager, General Contractor, Qualified Market Analyst, or any other professional or other consultant performing services with respect to the Development. Only in the event that ~~if any~~ such relationship exists, the following documents must be provided:

(i) documentation of the original acquisition cost, such as a settlement statement;

(ii) any other verifiable costs of owning, holding, or improving the property that when added to the value from clause (i) of this subparagraph justifies the Applicant’s proposed acquisition amount:

(I) for land-only transactions, documentation of owning, holding or improving costs since the original acquisition date may include property taxes, interest expense, a calculated return on equity at a rate consistent with the historical returns of similar risks, the cost of any physical improvements made to the property, the cost of rezoning, replatting or developing the property, or any costs to provide or improve access to the property;

*(II) for transactions which include existing buildings that will be rehabilitated or otherwise maintained as part of the Development, documentation of owning, holding, or improving costs since the original acquisition date may include capitalized costs of improvements to the property, a calculated return on equity at a rate consistent with the historical returns of similar risks, and allow the cost of exit taxes not to exceed an amount necessary to allow the sellers to be made whole in the original and subsequent investment in the property and avoid foreclosure; indifferent to foreclosure or breakeven transfer; and*

#### **§49.9(g)(7), Rent Levels of the Units**

##### **Comment:**

To provide incentives for affordable rent levels to low income families, consistent with §2306.6710(b)(1)(G), modifications are made to the point structure for the Rent Levels giving the greatest number of points for the greatest portion of units with affordable rents.

##### **Revision to Text:**

“(7) **The Rent Levels of the Units.** Applications may qualify to receive up to 12 points for qualifying under this exhibit. (2306.6710(b)(1)(G)) Use normal rounding for this section. If 80% or fewer of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 742 points. If between 81% and 85% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 840 points. If between 86% and 90% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 9 points. If between 91% and 95% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 108 points. If greater than 95% of the Units in the Development (excluding any Units reserved for a manager) are restricted to having rents plus the allowance for utilities equal to or below the maximum tax credit rent, then the Development shall be awarded 12 points. Developments that are scattered site or 100% transitional will receive the full 12 points provided that they have received points under paragraph (3) of this subsection.”

#### **§49.9(g)(13), Development Locations**

##### **Comment:**

The eight items within the Development Location selection criteria address a variety of statutory and public policy initiatives. To equalize the importance of all of those items, the two categories that had been designated as seven-point items, paragraphs G and H, are being reduced to the four-point level applied to paragraphs A through F.

##### **Revision to Text:**

“(13) **Development Location.** (2306.6725(a)(4) and (b)(2); 2306.127; 42(m)(1)(C)(i); 42 U.S.C. 3608(d) and (e)(5)) Applications may qualify to receive ~~either 4 or 7~~ points. Evidence, not more than 6 months old from the date of the close of the Application Acceptance Period, that the subject Property is located within one of the geographical areas described in subparagraphs (A) through (H) of this paragraph. Areas qualifying under any one of the subparagraphs (A) through ~~(H)(F)~~ of this paragraph will receive 4 points. ~~Areas qualifying under any one of the subparagraphs (G) through (H) of this paragraph will receive 7 points.~~ An Application may only receive points under one of the subparagraphs (A) through (H) of this paragraph.

#### **§49.9(g)(14), Exurban Developments**

##### **Comment:**

The Governor made the modification to this section as part of his approval of the QAP Amendments.

##### **Revision to Text:**

(14) Exurban Developments or Reconstruction or Rehabilitation of Developments (Development characteristics). Applications may qualify to receive 7 points if the Development is located in an incorporated place or census designated place 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, or if a Development

is proposed for reconstruction or rehabilitation (in whole or in part, on-site or off-site) that will be financed, in part, with HOPE VI financing or HUD capital grant financing provided that the Application is a joint venture partnership between the public housing authority or an entity formed by the public housing authority and private market interests (either for profit or nonprofit).

~~(14) Exurban Developments. Applications may qualify to receive 7 points if the Development is located in an incorporated place or census designated place 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.~~



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**February 10, 2005**

**Action Item**

Appeal regarding waiver of the sixty (60) day requirement violation of 2004 Housing Tax Credit (HTC) Application.

**Requested Action**

Decide the appeal.

**Background and Recommendations**

**Willow Bend Apartments, TDHCA # 04612**

The Willow Bend Apartments received a reservation of allocation from the Texas Bond Review Board (“BRB”) through the San Antonio Housing Finance Corporation on October 8, 2004. The Willow Bend development is a Priority 3 category with the BRB which does not require an allocation for Housing Tax Credits. The reservation of allocation expires on March 7, 2005.

The 2004 Qualified Allocation Plan (“QAP”), which governs the tax credit application for this development, clearly states in Section 50.12(a)(2), “Any outstanding documentation required under this section must be submitted to the Department at least sixty (60) days prior to the Board meeting at which the decision to issue a Determination Notice would be made.” According to the 2004 QAP, the date by which all documents should have been received in order to process the application for the February Board meeting would have been December 12, 2004. TDHCA received Volumes 1 & 2 of the Housing Tax Credit application on January 5, 2005, and the remainder of the application (Volume 3, market study, and engineering study) on January 10, 2005. These two dates are well after the required deadline.

The file was reviewed by the multifamily staff and a deficiency notice of seventeen (17) items was sent to the applicant on January 27, 2005. A copy of the deficiency letter is attached with this Action Item. As of February 2, 2005, seven of those items were not resolved.

Relevant documentation related to this appeal is provided behind the Board Action Request.

Applicant:	Commonwealth Texas (Willow Bend), Ltd.
Site Location:	8330 Potranco Road
City/County:	San Antonio/Bexar
Local Issuer:	San Antonio HFC
BRB Priority Category:	3
Set-Aside:	100% of units at 60% of AMFI
Population Served:	General Population
Units:	250
Credits Requested:	\$521,410

**Staff Recommendation:** The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal of the sixty (60) day requirement. To permit such late submission of an application sets a precedent that will make it exceedingly difficult to ensure a thorough application review, financial feasibility analysis and timely submission of the documents to the Board.



WWW.TDHCA.STATE.TX.US

January 31, 2005

.....  
**RICK PERRY**  
Governor

Michael Hogan  
1931 NW Military Highway, Suite 220  
San Antonio, Texas 78213

**EDWINA P. CARRINGTON**  
Executive Director

**RE: Willow Bend Apartment Application Appeal**

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

Dear Mr. Hogan:

Appeal Review

I have carefully reviewed your appeal that we received on January 18, 2005 on the above referenced development regarding the eligibility of your application to be considered at the Texas Department of Housing and Community Affairs' ("TDHCA") board meeting scheduled for February 10, 2005.

The 2004 Qualified Allocation Plan ("QAP") clearly states in Section 50.12(a)(2), "Any outstanding documentation required under this section must be submitted to the Department at least sixty (60) days prior to the Board meeting at which the decision to issue a Determination Notice would be made." According to the 2004 QAP, the date by which all documents should have been received in order to process the application for the February Board meeting would have been December 12, 2004. TDHCA received Volumes 1 & 2 of the Housing Tax Credit application on January 5, 2005, and the remainder of the application (Volume 3, market study, and engineering study) on January 10, 2005. These two dates are well after the required deadline.

The fact that the application was numbered incorrectly had no effect on the application process and did not constitute a "procedural error" or "misplacement of application" by TDHCA.

Appeal Determination

Because the documents were not received at least sixty (60) days prior to the February Board meeting, 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. Please note to have an appeal considered by the Board at the February 10, 2005 Board meeting, the appeal must be received by Delores Gronbeck, Board secretary, no later than February 2, 2005.

The Willow Bend application will be placed on the February TDHCA Board meeting agenda, however it will be submitted with a "Do Not Recommend for approval status" due to the sixty (60) day requirement violation. You may want to appear at the meeting to appeal to the Board to request an affirmative recommendation.

Sincerely,

Edwina P. Carrington  
Executive Director

cc Michael Eaton

**EATON, DEAGUERO & BISHOP, PLLC**

**Attorneys and Counselors**  
1111 West Mockingbird Lane  
Suite 1150  
Dallas, Texas 75247  
(214) 638-0020  
Telecopier (214) 638-0025  
www.eatonlaw.com

February 1, 2005

Texas Department of Housing  
and Community Affairs  
Attention: Delores Groneck  
Board Secretary  
Waller Creek Office Building  
507 Sabine Street  
Austin, Texas 78701

**VIA FAX (512) 475-0764  
AND OVERNIGHT DELIVERY**

Re: Tax Credit Application of Willow Bend Apartments      TDHCA #04612

Dear Ms. Groneck:

Please be advised that the undersigned represents Commonwealth Texas (Willow Bend), Ltd. ("Willow Bend") in connection with the above-referenced application for tax credits for the Willow Bend Apartments (the "Project") which was previously filed with the Texas Department of Housing and Community Affairs ("TDHCA"). I am in receipt of Edwina Carrington's enclosed letter advising my client that their appeal has been denied based upon the failure to file all documents at least sixty (60) days prior to the TDHCA Board meeting at which consideration of the Project was sought.

Pursuant to the rights granted to my client by Title 10, Section 1.7 of the Texas Administrative Code, please accept this correspondence as my client's appeal to the Agency Board of such finding. On my client's behalf, I respectfully request that this matter be fully considered by the staff and referred to the Board at the scheduled February 10, 2005 meeting for review and for reinstatement of the application of Willow Bend and approval of credits for the Project. If you have any questions, please do not hesitate to contact my office at your convenience. Thanking you in advance for your immediate attention to this most important business matter, I remain,

Yours very truly,

  
Michael W. Eaton

MWE/tg  
Enclosure  
cc: Michael A. Hogan  
Edwina Carrington

**EATON, DEAGUERO & BISHOP, PLLC**

**Attorneys and Counselors  
1111 West Mockingbird Lane  
Suite 1150  
Dallas, Texas 75247  
(214) 638-0020  
Telecopier (214) 638-0025  
www.eatonlaw.com**

RECEIVED  
JAN 18 2005  
LIHTC

January 17, 2005

Ms. Robbye Meyer  
Texas Department of Housing  
and Community Affairs  
Multifamily Finance Production  
P.O. Box 13941  
Austin, Texas 78711-3941

**VIA FAX (512) 475-0764  
AND EXPRESS MAIL**

Re: Tax Credit Application of Willow Bend Apartments

TDHCA #04612

Dear Robbye,

Please be advised that I represent Commonwealth Texas (Willow Bend), Ltd. ("Willow Bend") in connection with the above-referenced application for tax credits for the Willow Bend Apartments (the "Project") which was previously filed with the Texas Department of Housing and Community Affairs ("TDHCA"). I am in receipt of your letter dated January 14, 2005, advising my client that their application has been terminated based upon the timing of filing of certain tax credit volume materials in connection with this Project.

Pursuant to the rights granted to my client by Sec. 50.18 of the 2004 Qualified Allocation Plan ("QAP"), please accept this correspondence as my client's appeal of your finding. Specifically, the finding that the tax credit application materials were not filed timely is based upon a "Procedural Error", as that term is defined in Title 10, Section 1.7(b)(3), and is thus erroneous, and requires a reversal of position by TDHCA. Alternatively, Willow Bend would show that the project numbering mistake that occurred with respect to this application constitutes a "Misplacement of Application" as that term is used in Title 10, Section 1.7(b)(1), and would pray that as an alternative grounds for relief herein.

The specific basis for the appeal is set forth herein. Willow Bend's tax credit application was first presented to TDHCA under Project Number 05404, the Project Number assigned by TDHCA. When the initial filing was attempted, TDHCA personnel rejected the application as relating to a non-existent project. After some checking, the filing was eventually accepted, and on January 7, 2005, the Project was reassigned Project Number 04612. The Project materials were renumbered and resubmitted to TDHCA as promptly as possible.

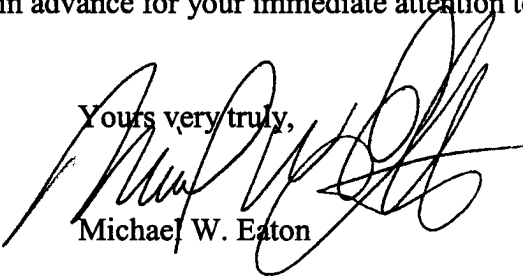
**Ms. Robby Meyer**  
**TDHCA**  
**January 17, 2005**  
**Page 2**

Willow Bend would remind TDHCA that this Project is to be financed with tax exempt bonds issued by a local issuer, San Antonio Housing Finance Corporation, not by TDHCA bonds. Further, as a 4% LIHTC transaction, the issuance of credit by TDHCA has historically been given great latitude, in deference to the desires of local issuers to issue bonds and promote development in their local areas.

As a tier 3 transaction, it may be possible to close the locally issued bonds prior to the determination and award of low income housing tax credits, but to wait until the March TDHCA board meeting to make such a determination may well kill this development. Consequently, in the interest of fundamental fairness and equity, as well as in the interest of the statutorily mandated responsibility of TDHCA to foster the development of quality housing in Texas, we are asking that the application be reinstated, that TDHCA waive the 60 filing requirement in order to allow Willow Bend's application to be heard at the February TDHCA Board Meeting.

On my client's behalf, I respectfully request that this matter be fully considered by the staff and referred to the Executive Director for review and for reversal and reinstatement of the tax credit application of Willow Bend. If you have any questions, please do not hesitate to contact my office at your convenience. Thanking you in advance for your immediate attention to this most important business matter, I remain,

Yours very truly,

  
Michael W. Eaton

MWE/tg  
Enclosure  
cc: Edwina Carrington  
Shannon Roth  
Michael A. Hogan

Hogan  
Real  
Estate  
Services

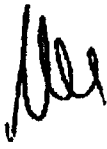


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## MEMORANDUM

TO: Robbye Meyer  
Multifamily Division  
TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
507 Sabine Street, 8th Floor  
Austin, Texas 78701

BY FAX: (512) 475-3362  
CC FAX: (512) 475-1895 (Shannon Roth)

FROM: Michael A. Hogan 

DATE: January 17, 2005

SUBJECT: TDHCA Project # 04612 Willow Bend Apartments, San Antonio, Texas

---

### **REQUEST FOR A WAIVER OF THE 60 DAY RULE**

We would like to request a waiver of the 60 day rule requiring the receipt of a LIHTC Application Volume's 1,2 and & 3 to be at least 60 days prior to the TDHCA board meeting at which the approval of the LIHTC allocation request is to be approved.

Project # 04612 has a three (3) day timing issue that we would like to avoid.

The March meeting for TDHCA will occur 3 days after the TBRB mandatory 150-day sale date for the bonds. Although these are 3<sup>rd</sup> tier bonds that are being issued through San Antonio Housing Finance Corporation, it would be far superior of a business transaction to have the TDHCA Board vote on the granting of the LIHTC allocation for Willow Bend Apts. since it potentially could be lead to the withdrawal of our Tax Credit Partner from the project.

Based on the forgoing, we respectfully request that the Willow Bend Project # 04612 be underwritten to be presented to the TDHCA Board meeting of February 10<sup>th</sup>, 2005

CC:  
Shannon Roth, LIHTC Program, TDHCA

Michael Eaton  
EATON, DEAGUERO & BISHOP  
1111 West Mockingbird Lane  
Suite 1150  
Dallas, Texas 75247

Page 1 of 2

1931 NW Military Highway, Suite 220 San Antonio Texas 78213  
PH 210.682.1500 FAX 210.682-4015  
E-mail: [mbogan@bogaure.com](mailto:mbogan@bogaure.com)

**EATON, DEAGUERO & BISHOP, PLLC**

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**PERSONAL AND CONFIDENTIAL**  
**F A X T R A N S M I S S I O N**

TO: Robbye Meyer

DATE: January 17, 2005

FIRM NAME: Texas Department of Housing and Community Affairs

FAX NUMBER: (512) 475-0764

FROM: Michael W. Eaton

NUMBER OF PAGES BEING SENT INCLUDING TRANSMITTAL SHEET: 3

RE: Willow Bend LIHTC Appeal

NOTES: Please see the following matter.

If you have any problems receiving this transmission, please call (214) 638-0020, ext. 303, and ask for Tomikki.

**CONFIDENTIALITY NOTICE**

The documents accompanying this telefax communication are confidential information which is legally privileged. The information is intended only for the use of the intended recipient named above. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or taking of any action in reliance on the contents of this telecopied information except its direct delivery to the intended recipient named above is strictly prohibited. If you have received this fax in error, please notify us immediately by telephone to arrange for the return of the original document to us.

<input checked="" type="checkbox"/> Original will follow via:	<input type="checkbox"/> Original will not follow
<input type="checkbox"/> Regular Mail	<input type="checkbox"/> Please Make Arrangements to Pick Up
<input type="checkbox"/> Certified Mail	
<input type="checkbox"/> Courier	
<input checked="" type="checkbox"/> Overnight Delivery	





January 14, 2005

WWW.TDHCA.STATE.TX.US

Michael A. Hogan  
1931 NW Military Highway, Ste. 220  
San Antonio, TX 78213

Re: Willow Bend Apartments, San Antonio, Texas  
Multifamily Finance Production Application # 04611

Dear Mr. Hogan,

On January 5, 2005, you submitted a tax credit application(s) for the above-referenced development.

Based on the information submitted on January 5, 2005, we will be unable to place you on the February TDHCA Board Agenda. Per Section 50.12(a)(2) of the 2004 QAP, the entire application (Volumes I, II, III, ESA, Market Study and Appraisal, if applicable) must be submitted to the Department at least 60 days prior to the Board meeting at which the decision to issue a Determination Notice will be made. Per the Texas Bond Review Board you must close on your bonds no later than March 7, 2005, which indicates you must go before this Department's Board in February. The due date for the complete application in order to go before the February Board was December 13, 2004. The next scheduled TDHCA Board Meeting is March 10, which would be after the bond expiration date. Based on the foregoing facts your application has been denied.

Please be aware that an Appeals Policy exists for the Housing Tax Credit Program. If you wish to appeal this termination decision, you must file your appeal with the Department no later than January 20, 2005. The restrictions and requirements relating to the filing of an appeal can be found in Section 50.18(b).

If you have any questions, please contact Ms. Robbye Meyer of the Department's Multifamily Finance Production Division at (512) 475-2213.

Best regards,

Robbye G. Meyer  
Multifamily Bond Program Administrator  
Texas Department of Housing and Community Affairs

Via Facsimile

January 27, 2005

Michael A. Hogan  
Hogan Real Estate Services  
1931 NW Military Highway, Suite 220  
San Antonio, Texas 78213  
Telephone: (210) 682-1500  
Facsimile: (210) 682-4015

**Re: Willow Bend Apartments Tax Exempt Bond Application, #04612**

Dear Mr. Hogan,

The review of the application for the above-referenced HTC proposed development identified the following deficiencies or items requiring clarification:

1. **Volume 1, Section 4C:** Revise to include the amount of tax credits requested, this should be consistent with Exhibit 3C, Development Cost Schedule.
2. **Volume 1, Exhibit 4 Part A:** Revise to reflect the amount of tax credits as indicated on the revised Sources and Uses submitted on January 13, 2005.
3. **Volume 1, Tab 1A:** Submit a written narrative that describes the financing for the development.
4. **Volume 1, Tab 1C:** Submit Tab 1C, the HTC Supplement (which must have at least 7% of the units set aside for those with disabilities, 5% for physically disabled and 2% for visual/hearing disabled). Also as part of this tab, you must submit the Project Completion Schedule.
5. **Volume 1, Tab 1B:** Submit the current tax assessment documentation.
6. **Volume 1, Tab 1E:** You must submit as part of this tab the Development Owner Certification form and the Consultant Certification form (if applicable).
7. **Volume 3, Tab 3A:** Submit building elevations with an estimate of exterior composition material percentages. These percentages should be consistent with those listed on Exhibit 3A, Specifications and Amenities.

8. **Volume 3, Tab 3B:** The total site work costs exceed \$7,500 per unit. You must submit a third party architect/engineer and CPA letter.
9. **Volume 3, Tab 3C:** The term sheet for the bond loan amount needs to be executed by both parties and accepted.
10. **Volume 3, Tab 3D, Common Amenities:** Since the development will have 250 units, 18 points in common amenities are required to meet threshold, however, only 16 points were selected. Revise the Unit and Common Amenities form to reflect the 18 points. The amenities that are added need to be identified on the site plan and/or clubhouse plan.
11. **Volume 3, Tab 3D, Notifications:** The newspaper ad listed the gross rent and not the rent less utility allowance amounts as indicated on the rent schedule. Also, the rent for the 3 bedroom was incorrect. Submit evidence the ad was re-run reflecting the correct information. Additionally, the notifications that were mailed included the incorrect rent information and will need to be re-sent. Submit a copy of the notification letters and proof of delivery receipt.
12. **Volume 3, Tab 3D, Notifications:** Submit the letter sent to both the city and county clerk requesting neighborhood organization information and proof of delivery receipt. Also, submit the responses received. If no response has been received, submit a statement attesting to that fact.
13. **Volume 3, Tab 3D, Signage:** Submit photographs of the site with the installed sign and an invoice receipt confirming installation from the entity that installed the sign.
14. **Volume 3, Tab 3D:** Revise the relevant development information to include the name of the county commissioner for the development district.
15. **Volume 3, Tab 3E:** Submit a Certificate of Account Status from the Texas Comptroller, if the entity is newly formed submit a statement attesting to that fact.
16. **Volume 3, Tab 3F:** Submit the 2004 HTC Experience Certificate issued by the Department with the name on the certificate matching a name of the organization chart, Development, or Owner.
17. **Volume 3, Tab 3J:** Submit an environmental site assessment.

Thank you for your prompt attention to this matter. **Please provide the above information by February 1, 2005.** Any delay in providing the requested information may result in a delay in closing on the bonds. If you have any questions feel free to contact me at 512-475-3344 or [teresa.morales@tdhca.state.tx.us](mailto:teresa.morales@tdhca.state.tx.us). Please send all information addressed to the sender at 507 Sabine, Ste. 400, Austin, TX 78701 by overnight mail or by fax to 512-475-0764.

Sincerely,

Teresa W. Morales  
Multifamily Housing Specialist  
Texas Department of Housing & Community Affairs

**Housing Tax Credit Program  
Board Action Request  
February 10, 2005**

**Action Item**

Request review and board determination of two (2) four percent (4%) tax credit applications with other issuers for tax exempt bond transaction.

**Recommendation**

Staff is recommending board approval of staff recommendation for the issuance of one (1) four percent (4%) Tax Credit Determination Notice with **other issuer** for the tax exempt bond transaction known as:

<b>Development No.</b>	<b>Name</b>	<b>Location</b>	<b>Issuer</b>	<b>Total Units</b>	<b>LI Units</b>	<b>Total Development</b>	<b>Applicant Proposed Tax Exempt Bond Amount</b>	<b>Requested Credit Allocation</b>	<b>Recommended Credit Allocation</b>
04496	Oak Tree Manor Apartments	Houston	Harris County HFC	250	250	\$16,925,689	\$10,500,000	\$645,983	\$645,983
04612	Willow Bend Apartments	San Antonio	San Antonio HFC	250	250	Pending final Underwriting Report	Pending final Underwriting Report	\$592,607	\$0

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Item**

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Willow Bend Apartments.

**Summary of the Transaction**

The application was received on January 5, 2005. The Issuer for this transaction is San Antonio HFC. The development is to be located at 8330 Potranco Road in San Antonio. The development will consist of 250 total units targeting the general population, with all affordable. The site is currently properly zoned for such a development. The Department has received no letters of support and one letter of opposition from John Folks, Northside ISD Superintendent. 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 do not approve the issuance of Housing Tax Credits for Willow Bend Apartments.



**HOUSING TAX CREDIT PROGRAM  
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Willow Bend Apartments**

TDHCA#: 04612

**DEVELOPMENT AND OWNER INFORMATION**

Development Location: San Antonio QCT: N DDA: N TTC: N  
 Development Owner: Commonwealth Texas (Willow Bend), Ltd.  
 General Partner(s): Commonwealth SA Apartments, LLC, 100%, Contact: Lewis Foley  
 Construction Category: New  
 Set-Aside Category: Tax Exempt Bond Bond Issuer: San Antonio HFC  
 Development Type: General  
 Population

**Annual Tax Credit Allocation Calculation**

Applicant Request: \$592,607 Eligible Basis Amt: Pending final Underwriting Report Equity/Gap Amt.: Pending final Underwriting Report

**Annual Tax Credit Allocation Recommendation: \$ 0**

Total Tax Credit Allocation Over Ten Years: \$ 0

**PROPERTY INFORMATION**

**Unit and Building Information**

Total Units: 250 HTC Units: 250 % of HTC Units: 100  
 Gross Square Footage: Pending final Underwriting Report  
 Net Rentable Square Footage: Pending final Underwriting Report  
 Average Square Footage/Unit: Pending final Underwriting Report  
 Number of Buildings: 21  
 Currently Occupied: N

**Development Cost**

Total Cost: Pending final Underwriting Report Total Cost/Net Rentable Sq. Ft.: Pending final Underwriting Report

**Income and Expenses**

Effective Gross Income:<sup>1</sup> Pending final Underwriting Report Ttl. Expenses: Pending final Underwriting Report Net Operating Inc.: Pending final Underwriting Report

Estimated 1st Year DCR: Pending final Underwriting Report

**DEVELOPMENT TEAM**

Consultant: Not Utilized Manager: HomerSpring Residential Services, LLC.  
 Attorney: Eaton, Deaguero & Bishop Architect: Gonzales Newell Bender, Inc.  
 Accountant: Ford & Associates Engineer: Vickrey & Associates, Inc.  
 Market Analyst: Apartment MarketData Research Services, LLC. Lender:  
 Contractor: Galaxy Builders, Ltd. Syndicator:

**PUBLIC COMMENT<sup>2</sup>**

HOUSING TAX CREDIT PROGRAM - 2004 DEVELOPMENT PROFILE AND BOARD SUMMARY

<b>From Citizens:</b>	<b>From Legislators or Local Officials:</b>
# in Support: 0 # in Opposition: 0	Sen. Leticia Van De Putte, District 26 - NC Rep. Arthur Rena, District 125 - NC Mayor Ed Garza - NC Andrew W. Cameron, Housing and Community Development Director The proposed development is consistent with the Consolidated Plan of the City of San Antonio. Northside ISD Superintendent, John Folks - O

**CONDITION(S) TO COMMITMENT**

1. Per §50.12( c ) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Pending final Underwriting Report

**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).

\_\_\_\_\_  
Robbye Meyer, Multifamily Bond Administrator    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

1. Gross Income less Vacancy  
2. NC - No comment received, O - Opposition, S - Support

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Item**

Presentation, Discussion and Possible Approval for the issuance of Housing Tax Credits for Oak Tree Manor Apartments.

**Summary of the Transaction**

The application was received on October 4, 2004. The Issuer for this transaction is Harris County HFC. The development is to be located at the 12700 Fondren in Houston. The development will consist of 250 total units targeting the elderly population, with all affordable. The site is currently properly zoned for such a development. The Department has received no letters of support and three letters of opposition from various public citizens. 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 Oak Tree Manor Apartments.





**HOUSING TAX CREDIT PROGRAM  
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD  
SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Oak Tree Manor Apartments**

TDHCA#: 04496

**DEVELOPMENT AND OWNER INFORMATION**

Development Location: Houston QCT: Y DDA: N TTC: N  
 Development Owner: Oak Tree Manor, Ltd  
 General Partner(s): Oak Tree Housing, LLC, 100%, Contact: H. Elizabeth Young  
 Construction Category: New  
 Set-Aside Category: Tax Exempt Bond Bond Issuer: Harris County HFC  
 Development Type: Elderly

**Annual Tax Credit Allocation Calculation**

Applicant Request: \$645,983 Eligible Basis Amt: \$670,000 Equity/Gap Amt.: \$713,965

**Annual Tax Credit Allocation Recommendation: \$645,983**

Total Tax Credit Allocation Over Ten Years: \$ 6,459,830

**PROPERTY INFORMATION**

**Unit and Building Information**

Total Units: 250 HTC Units: 250 % of HTC Units: 100  
 Gross Square Footage: 236,617 Net Rentable Square Footage: 200,954  
 Average Square Footage/Unit: 804  
 Number of Buildings: 5  
 Currently Occupied: N

**Development Cost**

Total Cost: \$16,925,689 Total Cost/Net Rentable Sq. Ft.: \$84.23

**Income and Expenses**

Effective Gross Income:<sup>1</sup> \$1,816,776 Ttl. Expenses: \$1,002,880 Net Operating Inc.: \$813,896  
 Estimated 1st Year DCR: 1.12

**DEVELOPMENT TEAM**

Consultant: Not Utilized Manager: Investors Management Group, LLC  
 Attorney: Locke, Liddell & Sapp, LLP Architect: To Be Determined  
 Accountant: Novogradac & Co. Engineer: Vano T. Wilson & Assoc.  
 Market Analyst: O'Connor & Assoc. Lender: Washington Mutual  
 Contractor: Inland General Construction Co. Syndicator: MMA Financial, LLC

**PUBLIC COMMENT<sup>2</sup>**

From Citizens:	From Legislators or Local Officials:
# in Support: 0 # in Opposition: 3	Sen. Rodney Ellis, District 13 - NC Rep. Ron Wilson, District 131 - NC Mayor Bill White - NC Daisy Stiner, Director, Housing and Community Development Department The proposed development is consistent with the City of Houston's Consolidated Plan. Aldine ISD Superintendent Nadine Kujawa - O

**CONDITION(S) TO COMMITMENT**

1. Per §50.12( c ) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications “must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants (“LURA”).
2. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.

**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).

\_\_\_\_\_  
Robbye Meyer, Multifamily Bond Administrator      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

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

DATE: February 1, 2005

PROGRAM: 4% HTC

FILE NUMBER: 04496

**DEVELOPMENT NAME**

Oak Tree Manor Apartments

**APPLICANT**

**Name:** Oak Tree Manor, Ltd. **Type:** For-profit  
**Address:** 5325 Katy Freeway, Suite One **City:** Houston **State:** TX  
**Zip:** 77007 **Contact:** H. Elizabeth Young **Phone:** (713) 626-1400 **Fax:** (713) 626-1098

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b> <u>Oak Tree Housing, LLC</u>	<b>(%):</b> <u>0.01</u>	<b>Title:</b> <u>Managing General Partner</u>
<b>Name:</b> <u>Artisan/ American Corp.</u>	<b>(%):</b> <u>51% of GP</u>	<b>Title:</b> <u>Co- owner of the GP</u>
<b>Name:</b> <u>H. Elizabeth Young</u>	<b>(%):</b> <u>N/A</u>	<b>Title:</b> <u>President of Artisan/ American Corp, Developer</u>
<b>Name:</b> <u>Inland General Construction Co.</u>	<b>(%):</b> <u>49% of GP</u>	<b>Title:</b> <u>Co- owner of the GP</u>
<b>Name:</b> <u>Vernon R. Young</u>	<b>(%):</b> <u>N/A</u>	<b>Title:</b> <u>President of Inland General Construction Co.</u>

**PROPERTY LOCATION**

**Location:** 12700 Fondren  **QCT**  **DDA**  
**City:** Houston **County:** Harris **Zip:** 77035

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$645,983	N/A	N/A	N/A
<b>Other Requested Terms:</b> <u>1) Annual ten-year allocation of housing tax credits</u>			
<b>Proposed Use of Funds:</b> <u>New construction</u>		<b>Property Type:</b> <u>Multifamily</u>	
<b>Special Purpose:</b> <u>Elderly</u>			

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$645,983 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 allocation amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 250 **# Rental Buildings:** 5 **# Non-Res. Buildings:** 0 **# of Floors:** 4 **Age:** N/A yrs **Vacant:** N/A at / /

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

**Net Rentable SF:** 200,954    **Av Un SF:** 804    **Common Area SF:** 35,664    **Gross Bldg SF:** 236,617

**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: 99% cement fiber siding, and wood trim. The interior wall surfaces will be drywall and the pitched roof will be finished with composite shingles.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be a combination of carpeting & ceramic 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 hot water heaters or usage of a central boiler water heating system, 9-foot ceilings, and a heat pump air system.

**ONSITE AMENITIES**

5,455-square feet of the primary building will be set aside for community usage including an activity room, management offices, game/ recreation room, senior center, maintenance facilities, and restrooms. The main building will have 30,209 sq. ft. of air conditioned interior corridor space in the primary building. The gazebo and other recreational facilities will be located in the immediate vicinity of the primary building (no. 1) in the middle of the property. In addition, perimeter fencing with limited access gate is planned for the site.

**Uncovered Parking:** 161 spaces    **Carports:** 0 spaces    **Garages:** 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Oak Tree Manor Apartments is a very dense (28 units per acre) new construction development of 250 units of affordable housing located in southwest Houston. The development will be comprised of one large four-floor building served by three elevators, and four evenly-distributed single-story garden style residential buildings. There will be 153 upper floor units served by these three elevators (51 units/elevator). These building units break down as follows:

- € 1 Building Type 1 with 99 one-bedroom/one-bath units, and 99 two-bedroom/one-bath units;
- € 1 Building Type 2 with 14 one-bedroom/one-bath units;
- € 1 Building Type 3 with 12 two- bedroom/two-bath units;
- € 1 Building Type 4 with 14 two- bedroom/two-bath units;
- € 1 Building Type 5 with 12 one-bedroom/one-bath units;

**Architectural Review:** The building and unit plans are of good design, sufficient size and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with nice fenestration. The unit arrangement is somewhat unique in that of the five residential buildings, the primary (largest) building is four floors and 198 units, while the remaining 52 units are spread over four smaller one-story buildings surrounding the primary.

**SITE ISSUES**

**SITE DESCRIPTION**

**Size:** 8.837 acres    384,940 square feet    **Zoning/ Permitted Uses:** no zoning in Houston  
**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 southwest area of Houston, approximately 13 miles from the central business district. The site is situated on the east side of Fondren Street.

**Adjacent Land Uses:**

- € **North:** Fonmeadow Drive, vacant land and Remington Place Condominiums beyond;
- € **South:** Wooded vacant land immediately adjacent and beyond;
- € **East:** Ormandy Street, an SBC refueling facility and wooded vacant land beyond; and

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

∉ **West:** Fondren Road and vacant land beyond;

**Site Access:** Access to the property is from the east or west along Fonmeadow Boulevard or the north or south from Fondren Road or Ormandy Street. The development is to have one main entry from the north from Fonmeadow Blvd. Access to Interstate Highway 610 is 5 miles northeast, which provides connections to all other major roads serving the Houston area.

**Public Transportation:** Public transportation to the area is provided by the METRO bus system. The location of the nearest stop was not identified in the application materials, but “a Park & Ride facility is located approximately one mile south of the subject property, at the corner of Fondren and Beltway 8”.

**Shopping & Services:** The site is in close proximity to schools including a Houston Community College Campus and public schools of all levels. Also nearby are recreational and medical facilities are within two miles of the subject. Shopping including Sharpstown Mall (six miles), First Colony Mall (nine miles), and various retail and strip centers are nearby this location.

**Site Inspection Findings:** TDHCA staff performed a site inspection on November 10, 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 December 10, 2004 was prepared by Phase Engineering, Inc. Environmental Consultants and contained the following findings and recommendations:

**Findings:**

- ∉ **Radon:** The subject site area has been designated to Zone 3- Low Potential (less than 2 pCi/L).
- ∉ **Noise:** The subject site lies within an area of acceptable noise tolerance.

**Conclusions:** “This assessment has revealed no evidence of recognized environmental conditions in connection with the property.” (p.17)

While not explicitly stated in the report, no further investigation is needed based upon the Findings and Conclusions in the report.

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. This is a 2004 Priority 1 private activity bond lottery development. The applicant has elected the 50% at 50% / 50% at 60% option.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$25,620	\$29,280	\$32,940	\$36,600	\$39,540	\$42,480

**MARKET HIGHLIGHTS**

A market feasibility study dated November 8, 2004, was prepared by Patrick O’Connor & Associates, LP, (“Market Analyst”) and highlighted the following findings:

**Definition of Primary Market Area (PMA):** “The subject’s primary market is defined as that area within zip codes 77031, 77035, 77045, 77053, 77071, 77085, 77096, and 77489.” (p. 10). This area encompasses approximately 63.90 square miles and is equivalent to a circle with a radius of 4.5 miles.

**Population:** The estimated 2004 population of the PMA was 216,739 and is expected to increase by 6.32% to approximately 230,445 by 2009.

**Total Primary Market Demand for Rental Units:** The Market Analyst calculated a total demand of qualified households in the PMA, based on the current estimate of 73,316 households, the projected annual growth rate of .96%, renter households estimated at 39.54% of the population, income-qualified households estimated at 10.57%, and an annual renter turnover rate of 60%. (p. 5). The Market Analyst used an income band of \$18,206 to \$32,940.

**ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY**

<b>Market Analyst</b>	<b>Underwriter</b>
-----------------------	--------------------

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

Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	18	2.19%	12	1.69%
Resident Turnover	730	88.70%	699	98.31%
Other Sources: miscellaneous	75	9.11%	0	0%
<b>TOTAL ANNUAL DEMAND</b>	<b>823</b>	<b>100%</b>	<b>711</b>	<b>100%</b>

Ref: p. 5

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 30.38% based upon 823 units of demand and 250 unstabilized affordable units in the PMA (including the subject) (p. 74). The Underwriter calculated an inclusive capture rate of 35.15% based upon a supply of unstabilized comparable affordable units of 250 divided by a revised demand of 711. These capture rates are acceptable as low-income elderly developments allow capture rates of up to 100%.

**Local Affordable Housing Need:** “Occupancies of the affordable housing projects are high, with some maintaining waiting lists. Therefore, the subject property need only achieve moderate penetration to be feasible. This is a realistic scenario considering the limited supply of quality affordable housing in the Houston area.” (p. 11).

**Market Rent Comparables:** The Market Analyst surveyed five comparable apartment projects totaling 1,094 units in the market area. (p. 46).

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (50%)	\$531	\$531	\$0	\$700	-\$169
1-Bedroom (60%)	\$646	\$646	\$0	\$700	-\$54
1-Bedroom (50%)	\$512	\$531	-\$19	\$700	-\$188
1-Bedroom (60%)	\$626	\$646	-\$20	\$700	-\$74
2-Bedroom (50%)	\$637	\$637	\$0	\$900	-\$263
2-Bedroom (60%)	\$774	\$774	\$0	\$900	-\$126
2-BR/ 2-BA (50%)	\$612	\$637	-\$25	\$875	-\$263
2-BR/ 2-BA (60%)	\$750	\$774	-\$24	\$875	-\$125

(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 occupancies of the comparable rentals included in this study range from 82% to 98%, with a median occupancy of 90.80%. The average occupancy for apartments in the subject’s primary market area was reported at 88.03% in the most recent O’Connor & Associates Apartment Ownership Guide survey (September 2004).” (p. 39).

**Absorption Projections:** “Absorption in the subject’s primary market area over the past twelve quarters ending September 2004 totals (640 units). Absorption has been negative in eight of the past twelve quarters. Absorption over the past three years has averaged +- (53) units per quarter. Class A and B projects have experienced a positive absorption over this time period, while Class C and D projects have suffered high negative absorption. Reasons for this include not only the fact that the newer projects are attracting renters from the older projects, but also due to the reclassification of Class C to Class B projects, with many older projects having been renovated over the past few years in order to keep pace with newer projects.” (p. 36).

**Effect on Existing Housing Stock:** “We project that the subject property will have minimal sustained negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration.” (p. 82).

**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. The Applicant stated that tenants will not pay for hot water generated by way of the central-boiler system for the largest (198 unit) building. The Applicant stated that

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

tenants will pay for individual hot-water heating systems for the 52 units spread over the four smaller surrounding buildings, and rents and expenses were calculated accordingly.

Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. As a result, the Applicant's effective gross income estimate is comparable to the Underwriter's estimate.

**Expenses:** The Applicant's estimate of total operating expense is 1% lower than the Underwriter's database-derived estimate, an acceptable deviation.

The Applicant's total expense estimate of \$4,012 per unit compares favorably with the Underwriter's database-derived estimate of \$4,052 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages: general and administrative (\$35.7K lower), payroll (\$36.9K lower), utilities (\$40.9K lower), insurance (\$27.2K higher), and property tax (\$32.8K higher).

**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.

In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30.

ACQUISITION VALUATION INFORMATION				
APPRAISED VALUE				
<b>Total Development: "as stabilized"</b>	\$14,800,000	<b>Date of Valuation:</b>	11/ 10/ 2004	
<b>Appraiser:</b>	O'Connor & Associates	<b>City:</b>	Houston	
		<b>Phone:</b>	(713) 686-9955	
ASSESSED VALUE				
<b>Land: 8.837 acres</b>	\$251,580	<b>Assessment for the Year of:</b>	2004	
<b>Building:</b>	\$0	<b>Valuation by:</b>	Harris County Appraisal District	
<b>Total Assessed Value:</b>	\$251,580	<b>Tax Rate:</b>	2.9626	
EVIDENCE of SITE or PROPERTY CONTROL				
<b>Type of Site Control:</b>	Commercial Contract- Unimproved Property (8.837 acres)			
<b>Contract Expiration Date:</b>	9/ 1/ 2005	<b>Anticipated Closing Date:</b>	3/ 20/ 2005	
<b>Acquisition Cost:</b>	\$922,000	<b>Other cost:</b>	\$14,500 in closing costs required at sale	
<b>Seller:</b>	W. T. McRae, Jr, Trustee		<b>Related to Development Team Member:</b>	No

CONSTRUCTION COST ESTIMATE EVALUATION	
<p><b>Acquisition Value:</b> The site cost is \$922,000 (\$2.40/SF, \$104,334/acre, or \$3,688/unit). In addition to the land cost, \$14,500 in closing costs will be associated with the acquisition of the property. The acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction.</p>	
<p><b>Sitework Cost:</b> The Applicant's claimed sitework costs of \$5,000 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.</p>	
<p><b>Direct Construction Cost:</b> The Applicant's direct construction cost estimate is \$866,986 or 9.3% lower than the Underwriter's Marshall &amp; Swift <i>Residential Cost Handbook</i>-derived estimate, and therefore may be understated.</p>	
<p><b>Contingency:</b> The Applicant overstated contingency by \$13,250. This is based upon Department</p>	

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

contingency limits not to exceed of 5% of sitework and direct construction costs combined. The Applicant's estimate was 5.14% of sitework and direct construction costs.

**Fees:** The Applicant's contractor and developer fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

**Conclusion:** The Underwriter regards total costs to be understated by \$866,986 or 4.87%, and is therefore generally acceptable based on the Underwriter's verifiable estimate.

The Applicant's requested credit amount, of \$648,983 is less than the Underwriter's eligible basis tax credit calculation or the Underwriter's recalculation of the Applicant's eligible basis tax credit calculation. Therefore, the lower requested credit amount will be used to compare to the gap of need using the Underwriter's costs to determine the recommended credit amount.

**FINANCING STRUCTURE**

**INTERIM TO PERMANENT BOND FINANCING**

**Source:** Washington Mutual **Contact:** Maresh S. Aiyer  
**Tax-Exempt Amount:** \$10,500,000 **Interest Rate:** 5.24%  
**Amortization:** 30 yrs **Term:** 20 yrs **Commitment:**  LOI  Firm  Conditional  
**Annual Payment:** \$699,684 **Lien Priority:** 1st **Date:** 11/ 3/ 2004

**TAX CREDIT SYNDICATION**

**Source:** MMA Financial **Contact:** Marie H. Keutmann  
**Net Proceeds:** \$5,718,000 **Net Syndication Rate (per \$1.00 of 10-yr HTC)** 90¢  
**Commitment:**  LOI  Firm  Conditional **Date:** 12/ 1/ 2004

**APPLICANT EQUITY**

**Amount:** \$707,588 **Source:** Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Interim to Permanent Bond Financing:** The tax-exempt bonds are to be issued by Harris County Housing Finance Corporation and purchased by Washington Mutual. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

**HTC Syndication:** The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$707,588 (not including \$100 as a developer equity contribution) amount to 41% of the total available developer fees.

**Financing Conclusions:** Based on the Applicant's request the HTC allocation should not exceed \$645,983 annually for ten years, resulting in syndication proceeds of approximately \$5,813,847. The Applicant's deferred developer fee will be increased \$100 to reflect the amount that the developer intends to provide in equity to the development. The result is \$707,689 which represents approximately 41% of the eligible fee and which should be repayable from cash flow within 15 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 will likely be available to fund those development cost overruns.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant, Developer, and General Contractor firm are all related entities. These are common relationships for HTC-funded developments.

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

**Financial Highlights:**

€ The Applicant and General Partner are single-purpose entities created for the purpose of receiving



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
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assistance from TDHCA and therefore have no material financial statements.

€ The 51% and 49% owner of the General Partner, Artisan/ American Corp and Inland General Construction Co. respectively, are wholly owned by H. Elizabeth Young and Vernon R. Young. They submitted a joint unaudited personal financial statement as of October 31, 2004, and are anticipated to be guarantors of the development.

**Background & Experience:** Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**

€ The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift*-based estimate by more than 5%.

**Underwriter:**

\_\_\_\_\_  
*Phillip Drake*

**Date:** 2/1/2005  
\_\_\_\_\_

**Director of Real Estate Analysis:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** 2/1/2005  
\_\_\_\_\_

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Oak Tree Manor Apts, Houston, 4%HTC #04496**

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, Hot
TC 50%	49	1	1	676	\$571	\$531	\$26,019	\$0.79	\$40.00	\$38.31
TC 60%	50	1	1	676	686	\$646	32,300	0.96	40.00	38.31
TC 50%	13	1	1	655	571	\$513	6,669	0.78	58.00	38.31
TC 60%	13	1	1	655	686	628	8,164	0.96	58.00	38.31
TC 50%	50	2	1	936	686	637	31,850	0.68	49.00	45.31
TC 60%	49	2	1	936	823	774	37,926	0.83	49.00	45.31
TC 50%	13	2	2	936	686	614	7,982	0.66	72.00	45.31
TC 60%	13	2	2	936	823	751	9,763	0.80	72.00	45.31
<b>TOTAL:</b>	<b>250</b>		<b>AVERAGE:</b>	<b>804</b>	<b>\$691</b>	<b>\$643</b>	<b>\$160,673</b>	<b>\$0.80</b>	<b>\$48.76</b>	<b>\$41.81</b>

**INCOME**

Total Net Rentable Sq Ft: **200,954**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$12.00  
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 RGI	PER UNIT	PER SQ FT
General & Administrative	5.37%	\$390	0.49
Management	5.00%	363	0.45
Payroll & Payroll Tax	12.49%	908	1.13
Repairs & Maintenance	5.96%	433	0.54
Utilities	3.63%	264	0.33
Water, Sewer, & Trash	4.38%	319	0.40
Property Insurance	3.32%	241	0.30
Property Tax 2.9626	12.23%	889	1.11
Reserve for Replacements	2.75%	200	0.25
Other: compl, supportive servi	0.62%	45	0.06
<b>TOTAL EXPENSES</b>	<b>55.75%</b>	<b>\$4,052</b>	<b>\$5.04</b>
<b>NET OPERATING INC</b>	<b>44.25%</b>	<b>\$3,215</b>	<b>\$4.00</b>

**DEBT SERVICE**

First Lien Mortgage	38.25%	\$2,780	\$3.46
Trustee fee and issuer fees	1.75%	\$127	\$0.16
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>4.24%</b>	<b>\$308</b>	<b>\$0.38</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		5.26%	\$3,746	\$4.66
Off-Sites		0.00%	0	0.00
Sitework		7.03%	5,000	6.22
Direct Construction		52.56%	37,408	46.54
Contingency	4.72%	2.81%	2,000	2.49
General Req'ts	5.51%	3.28%	2,336	2.91
Contractor's G & I	1.84%	1.09%	779	0.97
Contractor's Prof:	5.51%	3.28%	2,336	2.91
Indirect Construction		3.47%	2,468	3.07
Ineligible Costs		4.82%	3,428	4.26
Developer's G & A	0.00%	0.00%	0	0.00
Developer's Profit	12.58%	9.70%	6,900	8.58
Interim Financing		3.55%	2,529	3.15
Reserves		3.15%	2,240	2.79
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$71,171</b>	<b>\$88.54</b>
<b>Recap-Hard Construction Costs</b>		<b>70.06%</b>	<b>\$49,860</b>	<b>\$62.03</b>

**SOURCES OF FUNDS**

First Lien Mortgage	59.01%	\$42,000	\$52.25
Additional Financing	0.00%	\$0	\$0.00
HTC Syndication Proceeds	32.14%	\$22,872	\$28.45
Deferred Developer Fees	3.98%	\$2,831	\$3.52
Additional (excess) Funds Req'd	4.87%	\$3,468	\$4.31
<b>TOTAL SOURCES</b>			

TDHCA	APPLICANT
\$1,928,076	\$1,928,076
36,000	36,000
0	
\$1,964,076	\$1,964,076
(147,306)	(147,306)
0	
\$1,816,770	\$1,816,776
\$97,591	\$61,865
90,839	89,515
226,907	190,000
108,288	125,000
65,929	25,000
79,635	76,000
60,286	87,500
222,195	255,000
50,000	50,000
11,250	43,000
\$1,012,919	\$1,002,880
\$803,851	\$813,896
\$694,996	\$699,684
31,750	
0	
\$77,105	\$114,212
1.11	1.16
	1.17

PER SQ FT	PER UNIT	% OF RGI
\$0.31	\$247	3.41%
0.45	358	4.93%
0.95	760	10.46%
0.62	500	6.88%
0.12	100	1.38%
0.38	304	4.18%
0.44	350	4.82%
1.27	1,020	14.04%
0.25	200	2.75%
0.21	172	2.37%
\$4.99	\$4,012	55.20%
\$4.05	\$3,256	44.80%
\$3.48	\$2,799	38.51%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.57	\$457	6.29%

TDHCA	APPLICANT
\$936,500	\$936,500
0	
1,250,001	1,250,001
9,351,986	8,485,000
500,000	500,000
584,100	584,100
194,700	194,700
584,100	584,100
617,000	617,000
857,044	857,044
0	
1,725,000	1,725,000
632,244	632,244
560,000	560,000
\$17,792,675	\$16,925,689
\$10,500,000	\$10,500,000
0	
5,718,000	5,718,000
707,688	707,688
866,987	1
\$17,792,675	\$16,925,689

PER SQ FT	PER UNIT	% of TOTAL
\$4.66	\$3,746	5.53%
0.00	0	0.00%
6.22	5,000	7.39%
42.22	33,940	50.13%
2.49	2,000	2.95%
2.91	2,336	3.45%
0.97	779	1.15%
2.91	2,336	3.45%
3.07	2,468	3.65%
4.26	3,428	5.06%
0.00	0	0.00%
8.58	6,900	10.19%
3.15	2,529	3.74%
2.79	2,240	3.31%
\$84.23	\$67,703	100.00%
\$57.71	\$46,392	68.52%

**RECOMMENDED**

\$10,500,000	Developer Fee Available
0	\$1,725,000
5,718,000	% of Dev. Fee Deferred
707,689	41%
0	15-Yr Cumulative Cash Flow
\$16,925,689	\$2,856,606

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**  
**Oak Tree Manor Apts, Houston, 4#HTC #04496**

**DIRECT CONSTRUCTION COST ESTIMATE**  
 Residential Cost Handbook  
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$ 42.63	\$8,566,361
<b>Adjustments</b>				
Exterior Wall Finish			\$0.00	\$0
Elderly	3.00%		1.28	256,991
9 ft ceilings	3.00%		1.28	256,991
Subfloor			(0.58)	(116,553)
Floor Cover			2.00	401,908
Porches/Balconies	\$16.36	4680	0.38	76,565
Plumbing	\$605	(172)	(0.52)	(104,060)
Built-In Appliances	\$1,650	250	2.05	412,500
Stairs	\$1,475	15	0.11	22,125
Enclosed Corridors	\$ 37.29	30,209	5.61	1,126,447
Heating/Cooling			1.80	361,717
Garages/Carports			0.00	0
Comm Area	\$59.29	5,455	1.61	323,411
Elevators	\$54,750	3	0.82	164,250
SUBTOTAL			58.46	11,748,652
Current Cost Multiplier	1.10		5.85	1,174,865
Local Multiplier	0.88		(7.02)	(1,409,838)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$57.30</b>	<b>\$11,513,679</b>
Plans, specs, survy, b	3.90%		(\$2.23)	(\$449,033)
Interim Construction I	3.38%		(1.93)	(388,587)
Contractor's OH & Prof	11.50%		(6.59)	(1,324,073)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$46.54</b>	<b>\$9,351,986</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$10,500,000	Term	360
Int Rate	5.24%	DCR	1.16

<b>Secondary</b>	\$0	Term	
Int Rate	0.00%	Subtotal DCR	1.11

<b>Additional</b>	\$5,718,000	Term	
Int Rate		Aggregate DCR	1.11

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:**

Primary Debt Service	\$694,996
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$118,900</b>

<b>Primary</b>	\$10,500,000	Term	360
Int Rate	5.24%	DCR	1.17

<b>Secondary</b>	\$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.17

<b>Additional</b>	\$5,718,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.17

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE (APPLICANT'S NOI)**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,928,076	\$1,985,918	\$2,045,496	\$2,106,861	\$2,170,067	\$2,515,702	\$2,916,388	\$3,380,893	\$4,543,637
Secondary Income	36,000	37,080	38,192	39,338	40,518	46,972	54,453	63,126	84,836
Contractor's Profit	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,964,076	2,022,998	2,083,688	2,146,199	2,210,585	2,562,674	2,970,841	3,444,019	4,628,474
Vacancy & Collection Los	(147,300)	(151,725)	(156,277)	(160,965)	(165,794)	(192,201)	(222,813)	(258,301)	(347,136)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,816,776	\$1,871,273	\$1,927,412	\$1,985,234	\$2,044,791	\$2,370,473	\$2,748,028	\$3,185,718	\$4,281,338
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$61,865	\$64,340	\$66,913	\$69,590	\$72,373	\$88,053	\$107,130	\$130,340	\$192,935
Management	89,515	92200.16073	94966.16555	97815.15052	100749.605	116796.4051	135399.0444	156964.6019	210947.2994
Payroll & Payroll Tax	190,000	197,600	205,504	213,724	222,273	270,429	329,019	400,301	592,544
Repairs & Maintenance	125,000	130,000	135,200	140,608	146,232	177,914	216,460	263,356	389,831
Utilities	25,000	26,000	27,040	28,122	29,246	35,583	43,292	52,671	77,966
Water, Sewer & Trash	76,000	79,040	82,202	85,490	88,909	108,172	131,607	160,121	237,018
Insurance	87,500	91,000	94,640	98,426	102,363	124,540	151,522	184,349	272,882
Property Tax	255,000	265,200	275,808	286,840	298,314	362,945	441,577	537,247	795,256
Reserve for Replacements	50,000	52,000	54,080	56,243	58,493	71,166	86,584	105,342	155,933
Other	43,000	44,720	46,509	48,369	50,304	61,202	74,462	90,595	134,102
<b>TOTAL EXPENSES</b>	<b>\$1,002,880</b>	<b>\$1,042,100</b>	<b>\$1,082,862</b>	<b>\$1,125,227</b>	<b>\$1,169,257</b>	<b>\$1,416,800</b>	<b>\$1,717,052</b>	<b>\$2,081,287</b>	<b>\$3,059,414</b>
<b>NET OPERATING INCOME</b>	<b>\$813,896</b>	<b>\$829,174</b>	<b>\$844,550</b>	<b>\$860,007</b>	<b>\$875,534</b>	<b>\$953,674</b>	<b>\$1,030,976</b>	<b>\$1,104,431</b>	<b>\$1,221,924</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$694,996	\$694,996	\$694,996	\$694,996	\$694,996	\$694,996	\$694,996	\$694,996	\$694,996
Second Lien	31,750	31,750	31,750	31,750	31,750	31,750	31,750	31,750	31,750
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$87,150</b>	<b>\$102,427</b>	<b>\$117,803</b>	<b>\$133,261</b>	<b>\$148,787</b>	<b>\$226,927</b>	<b>\$304,230</b>	<b>\$377,684</b>	<b>\$495,177</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.12</b>	<b>1.14</b>	<b>1.16</b>	<b>1.18</b>	<b>1.20</b>	<b>1.31</b>	<b>1.42</b>	<b>1.52</b>	<b>1.68</b>

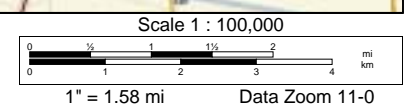
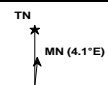
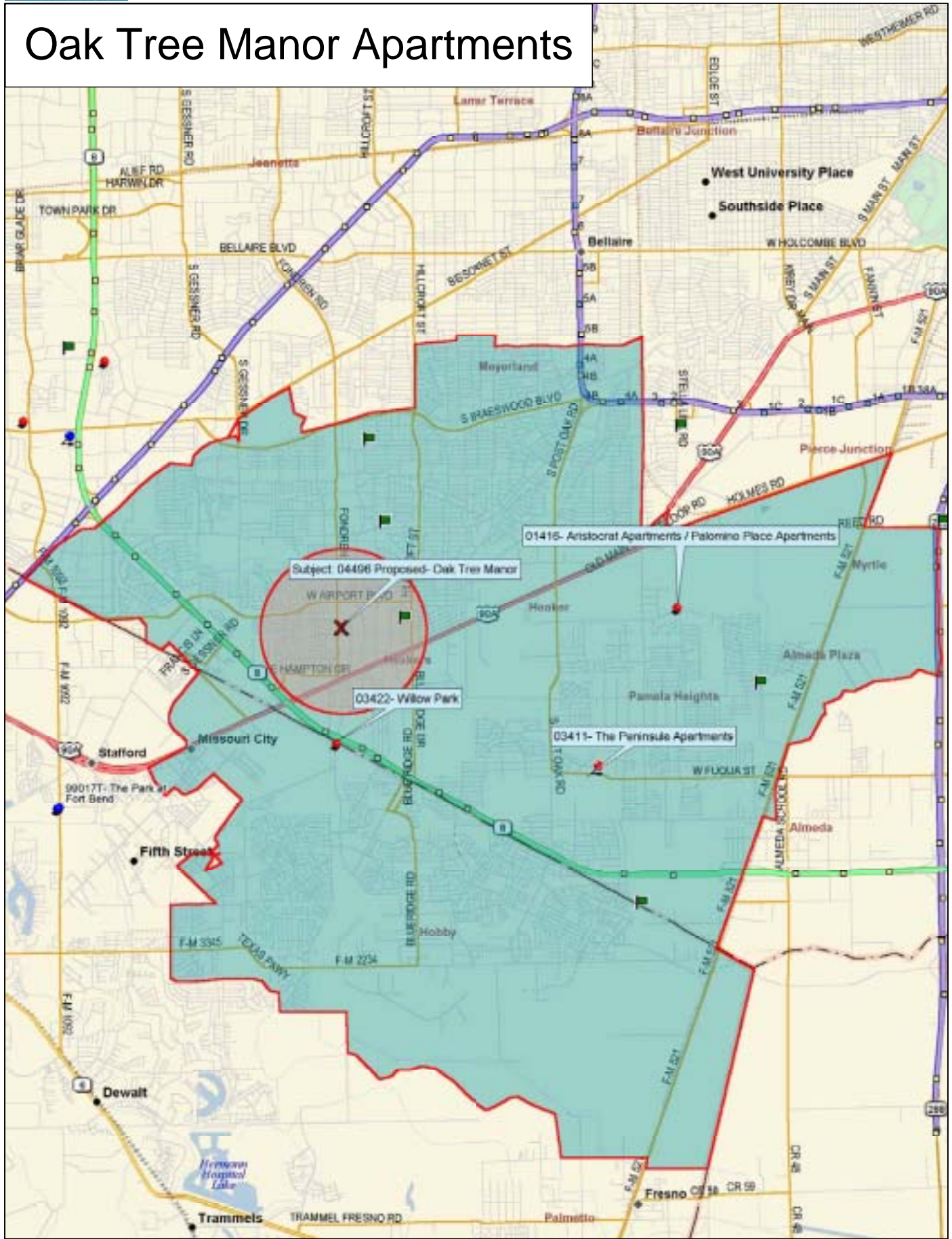
LIHTC Allocation Calculation - Oak Tree Manor Apts, Houston, 4%HTC #04496

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$936,500	\$936,500		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,250,001	\$1,250,001	\$1,250,001	\$1,250,001
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures	\$8,485,000	\$9,351,986	\$8,485,000	\$9,351,986
<b>(4) Contractor Fees &amp; General Req</b>				
Contractor overhead	\$194,700	\$194,700	\$194,700	\$194,700
Contractor profit	\$584,100	\$584,100	\$584,100	\$584,100
General requirements	\$584,100	\$584,100	\$584,100	\$584,100
<b>(5) Contingencies</b>	\$500,000	\$500,000	\$486,750	\$500,000
<b>(6) Eligible Indirect Fees</b>	\$617,000	\$617,000	\$617,000	\$617,000
<b>(7) Eligible Financing Fees</b>	\$632,244	\$632,244	\$632,244	\$632,244
<b>(8) All Ineligible Costs</b>	\$857,044	\$857,044		
<b>(9) Developer Fees</b>				
Developer overhead				
Developer fee	\$1,725,000	\$1,725,000	\$1,725,000	\$1,725,000
<b>(10) Development Reserves</b>	\$560,000	\$560,000		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$16,925,689</b>	<b>\$17,792,675</b>	<b>\$14,558,895</b>	<b>\$15,439,131</b>

<b>Deduct from Basis:</b>				
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)				
<b>TOTAL ELIGIBLE BASIS</b>			\$14,558,895	\$15,439,131
High Cost Area Adjustment			130%	130%
<b>TOTAL ADJUSTED BASIS</b>			\$18,926,564	\$20,070,870
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$18,926,564	\$20,070,870
Applicable Percentage			3.54%	3.54%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$670,000	\$710,509

Syndication Proceeds	0.9000	\$6,030,003	\$6,394,579
<b>Total Credits (Eligible Basis Method)</b>		\$670,000	\$710,509
Syndication Proceeds		\$6,030,003	\$6,394,579
<b>Requested Credits</b>		<b>\$645,983</b>	
Syndication Proceeds		\$5,813,847	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$6,425,689</b>	
<b>Credit Amount</b>		<b>\$713,965</b>	

# Oak Tree Manor Apartments



# Applicant Evaluation

Project ID # **04496**

Name: **Oak Tree**

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  
 grouped ten to nineteen: 0  
 by score twenty to twenty-nine: 0

Yes  No

# monitored with a score less than thirty: 0

Projects not reported Yes   
 in application No

# not yet monitored or pending review: 3

# of projects not reported 0

### Portfolio Monitoring

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

### Single Audit

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)

### Contract Administration

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification   
 (Comments attached)

Reviewed by Patricia Murphy

Date 1/20/2005

### 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 1/13/2005

### 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 1/18/2005

### 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 1/21/2005

**Executive Director:** Edwina Carrington

**Executed:** Friday, January 28, 2005

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Items**

Requests for extensions to commence substantial construction.

**Required Action**

Approve or deny the requests for extensions associated with 2003 Housing Tax Credit commitments.

**Background**

Pertinent facts about the developments requesting extensions are given below. The requests were each accompanied by a mandatory \$2,500 extension request fee.

**Reserve II at Las Brisas Apartments, HTC Development No. 03094**

Summary of Request: Applicant requests an extension until March 15, 2005. The equity investor will not allow the development to go forward until a change in the ownership structure is implemented. The change proposed is that Central Area Housing Finance Corporation will replace Agape as the owner of the general partner and NRP Holdings LLC will replace American Equities as co-developer. Applicant has stated that the transfer is imminent and will be processed through the Department consistent with the transfer policy. Additionally, there have been significant delays caused by rain.

Applicant:	Reserve II Partners, Ltd.
General Partner:	American Equities Development & Construction, Inc. (managing GP); American Agape Foundation (co-GP)
Principals/Interested Parties:	Garry James Woome, Jr. and Timpanogas Trust (each is 50% owner of managing GP)
Syndicator:	Lend Lease Real Estate Investments
Construction Lender:	Malone Mortgage
Permanent Lender:	Malone Mortgage
Other Funding:	City of Irving (HOME funds)
City/County:	Irving/Dallas
Set-Aside:	General
Type of Development:	New Construction
Units:	144 HTC and 36 market rate units
2003 Allocation:	\$822,062
Allocation per HTC Unit:	\$5,709
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Commencement of Substantial Construction
Note on Time of Request:	Request was submitted 12/27. Deadline for submission was 10/13/04.
Current Deadline:	11/12/04
New Deadline Requested:	March 15, 2005
<b>New Deadline Recommended:</b>	<b>March 15, 2005</b>
Prior Extensions:	None
<b>Staff Recommendation:</b>	<b>Approve extension as requested.</b>

**The Manor at Jersey Village Apartments, HTC Development No. 03182**

Summary of Request: Applicant requests a second extension of the deadline to commence substantial construction. The current extension request is for 60 additional days. The City advised the owner that building permits would not be ready until at least December 29. As of February 1, the permits have still not been issued.

Applicant:	The Manor at Jersey Village, Ltd.
General Partner:	Artisan/American Corporation (51%), Inland General Construction Company (49%)
Principals/Interested Parties:	Elizabeth Young, Vernon Young
Syndicator:	PNC Bank
Construction Lender:	Davis-Penn Mortgage Company
Permanent Lender:	Davis-Penn Mortgage Company
Other Funding:	NA
City/County:	Jersey Village/Harris
Set-Aside:	General/Elderly
Type of Development:	New Construction
Units:	160 HTC and 40 market rate units
2003 Allocation:	\$782,354
Allocation per HTC Unit:	\$4,890
Extension Request Fee Paid:	\$2,500
Type of Extension Request:	Commencement of Substantial Construction
Note on Time of Request:	Request was submitted 12/16/04. Deadline for submission was 12/13/04.
Current Deadline:	January 12, 2005
New Deadline Requested:	March 12, 2005
<b>New Deadline Recommended:</b>	<b>March 14, 2005 (March 12 is a Saturday)</b>
Prior Extensions:	Commencement of construction extended from 11/12/04 to 1/12/05
<b>Staff Recommendation:</b>	<b>Approve extension as requested.</b>



# Reserve II Partners, LTD.

5309 Transportation Blvd. · Cleveland, OH 44125 · (216) 475-8900 · (216) 475-9300

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December 30, 2004

RECEIVED  
JAN 1 8  
LIHTC

Mr. Ben Sheppard  
Texas Department of Housing and Community Affairs  
507 Sabine, Suite 400  
Austin, Texas 78711

**Re: Reserve II at Las Brisas**  
**File #: 03094**

Dear Mr. Sheppard:

Please accept the correspondence as a formal request by Reserve II Partners, LTD. for an extension of the Commencement of Substantial Construction requirement as defined in the 2003 Qualified Allocation Plan until March 15, 2005. The project was required to have 50% of the foundations poured by November 12, 2004, and at this time, foundations have not been poured for 50% of the buildings.

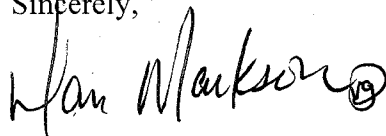
The reason for the delay in construction is due to the enormous amount of rain the project site has suffered. The attached list details the rain/muddy days for the months of October to December. As a result of the weather conditions, we were not able to achieve the 50% of the buildings' foundations poured by the completion date of November 12, 2004.

The project's contractor anticipated that at least 50% of the foundations will be poured by March 15, 2005. This timeline will still allow enough time to complete construction and place the buildings in service by the end of the year as required.

I have enclosed a check in the amount of \$2,500 for this extension request. My understanding is that this request must go before the Board and the next available meeting is in February. Please let me know if there is anything more that I must submit for our request to go before the Board.

Thank you in advance for your assistance with this request. Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,



Dan Markson  
Authorized Representative

Cc: Jo En Taylor

**The Reserve II  
Rain and Muddy Days for  
October**

10/4/2004	Rain 2"
10/5/2004	Wet
10/6/2004	Wet
10/7/2004	Wet
10/9/2004	Rain 1/2"
10/11/2004	Rain 1"
10/22/2004	Rain 3/4"
10/23/2004	Wet
10/25/2004	Rain 1"
10/26/2004	Wet
10/27/2004	Wet
10/30/2004	Wet
<u>Total Rain Fall</u>	<u>5 1/4"</u>

**The Reserve II  
Rain and Muddy Days for  
November**

11/1/2004	Rain 2"
11/2/2004	Site Wet/Muddy
11/3/2004	Site Wet/ 1/2"
11/4/2004	Site Wet/Muddy
11/5/2004	Muddy
11/13/2004	0
11/15/2004	Rain 1/2"
11/17/2004	Rain 2"
11/18/2004	Site Wet/Muddy
11/19/2004	Site Wet/Muddy
11/20/2004	Site Wet/Muddy
11/22/2004	Rain 1/2"
11/23/2004	Rain 1/2"
11/24/2004	Rain 1/2"
11/28/2004	Rain 1/2"
11/30/2004	Rain 3/4"
<b><u>Total Rain Fall</u></b>	<b><u>7 3/4"</u></b>

**The Reserve II  
Rain and Muddy Days for  
December**

12/1/2004	Site Wet/ 1st freeze
12/2/2004	Site Wet
12/3/2004	Site Wet
12/6/2004	Rain 1/4"/Site Wet
12/7/2004	Rain 1/4"
12/8/2004	Site Wet
12/22/2004	Rain 1/2"/Site Wet
12/23/2004	Site Wet
12/27/2004	Site Wet
12/28/2004	Site Wet
12/29/2004	Site Wet
12/30/2004	Site Wet

**Total Rain Fall      1"**

**ARTISAN/AMERICAN CORP.**

5325 Katy Freeway, Suite One  
Houston, Texas 77007  
(713) 626-1400  
FAX: (713) 626-1098

December 29, 2004

Ms. Brooke Boston, Director Multifamily Programs  
Texas Department of Housing and Community Affairs  
Low Income Housing Tax Credit Program  
507 Sabine, Suite 400  
Austin, Texas 78701

RE: The Manor at Jersey Village - TDHCA #03182  
HTC Progress Report - 2003 Commencement of Substantial Construction  
Request for Extension of Filing Date

Dear Ms. Boston,

Artisan/American Corp. is the sole member of Jersey Village Management, LLC, which is one of the general partners of The Manor at Jersey Village, Ltd. ("**Owner**"), the owner of the referenced property ("**Jersey Village**"), and this letter is sent on Owner's behalf.

Owner respectfully requests a 60-day extension of the deadline for filing the Jersey Village HTC Progress Report - 2003 Commencement of Substantial Construction. The new filing deadline would be March 12, 2005. A cashier's check in the amount of \$2,500 made payable to Texas Department of Housing and Community Affairs is enclosed.

Owner previously requested and received a 60-day extension of this deadline. The previous request was based on the fact that the City of Jersey Village had been delayed in its review and approval of the final plat for the project. Approval of the final plat is necessary for the issuance of building permits.

Owner believes it has taken all of the steps necessary to secure approval of the final plat. However, the City has advised that building permits will not be ready until, at the earliest, December 29. Even assuming construction could commence the day following issuance of building permits, Owner feels time would be insufficient to meet the substantial commencement of construction standards by January 12, 2005. A 60-day extension to March 12, 2005 is likely much more than Owner actually needs. However, given the unexpected delays experienced to date with the City of Jersey Village, Owner wants to ensure that no further requests to the TDHCA Board are required.

It should be noted that Jersey Village is very similar to the recently constructed Lovett Manor (also an LIHTC property), and virtually identical parties are involved in both transactions. Because of this, Owner is confident that it will be able to meet a construction schedule similar to that of Lovett Manor, which was completed within approximately six months of commencement of construction.

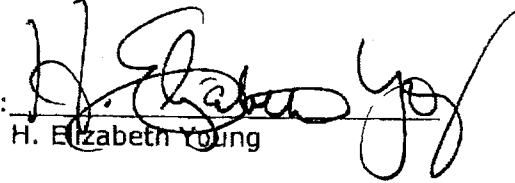
Texas Department of Housing and Community Affairs  
August 13, 2004  
Page 2

Thank you for your consideration and please do not hesitate to call if you have further questions.

Yours truly,

**Artisan/American Corp.,**  
a Texas corporation

By:



H. Elizabeth Young

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Item**

Requests for amendments to Housing Tax Credit (HTC) applications involving material changes.

**Requested Action**

Approve or deny the requests for amendments.

**Background and Recommendations**

§2306.6712, Texas Government Code, classifies some changes as “material alterations” that must be approved by the Board. Each request below includes one or more material alterations. Pertinent facts about the developments requesting approval are summarized below. The recommendation of staff is given at the end of each write-up.

**Sterling Grove Apartments, HTC Development Nos. 94030 and 06824**

Summary of Request: Applicant requests approval to change the unit mix of the development by converting 40 one bedroom units into 20 three bedroom units. The applicant requested and received the endorsement of the Housing Authority of the City of Houston for the conversion. The property received two tax credit allocations, one in 1989 and the other in 1994. The first award was not made to the present owner. The property went into foreclosure before its purchase by the present owner and the 1994 award of tax credits. The development originally had 361 units. Conversions of one bedroom units reduced the unit count to 346 by the time of the cost certification of the 1994 allocation.

The owner is now requesting approval to convert from 221 1-BR, 109 2-BR and 16 3-BR units (a total of 346 units) to 181 1-BR, 109 2-BR and 36 3-BR (a total of 326 units).

Governing Law:	§2306.6712, Texas Government Code. The code requires the Board’s approval for any amendment that involves a “material alteration” of the development. The code specifies that material alterations include a modification of the number of units or bedroom mix of units.
Applicant:	Sterling Grove, L.P.
General Partner:	Family Affordable Housing (nonprofit GP), 361 Realty Corp. (co-GP),
Developers:	361 Realty Corp.
Principals/Interested Parties:	Jerry Gontownik (president of GP)
Syndicator:	National Corporate Tax Credit Fund VI
Construction Lender:	NA
Permanent Lender:	The Resolution Trust Corporation (as receiver)
Other Funding:	NA
City/County:	Houston/Harris
Set-Aside:	Nonprofit
Type of Area:	Urban
Type of Development:	Rehabilitation
Population Served:	Family
Units:	346 HTC units
1994 Allocation:	\$193,603
1989 Allocation:	\$335,581

Allocation per HTC Unit: \$560 (1994 allocation to 346 units) and \$930 (1989 allocation to 361 units)  
Prior Board Actions: 1994 and 1989 - Approved awards of tax credits.  
Underwriting Reevaluation: The Real Estate Analysis Division concluded that the conversion would be likely to improve the financial feasibility of the development.  
**Staff Recommendation: Approve the change in unit mix because the change would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round.**



**The Residences at Diamond Hill Apartments, HTC Development No. 01025**

Summary of Request: Applicant requests approval to add two buildings. The changes were necessary to fit the development onto the site in a desirable manner. Neither the unit count nor the net rentable area changed.

Governing Law: §2306.6712, Texas Government Code. The code requires the Board’s approval for any amendment that involves a “material alteration” of the development. The code specifies that material alterations include (1) a significant modification of the site plan and (2) a significant modification of the architectural design of the development.

Applicant: Deen-Fort Worth Associates, L.P.

General Partner: Community Enrichment Center, Inc. (managing GP); NDG Gannon, LLC (co-GP)

Developers: Community Enrichment Center, Inc.; NuRock Development Group, Inc.; Creative Choice Homes, Inc.

Principals/Interested Parties: Robert Hoskins, Sandra Hoskins, Dilip Barot, and John Weir (principals of owners and developers.)

Syndicator: Red Capital Markets, Inc.

Construction Lender: Red Mortgage Capital, Inc.

Permanent Lender: BankOne, N.A.

Other Funding: NA

City/County: Fort Worth/Tarrant

Set-Aside: General

Type of Area: Urban

Type of Development: New Construction

Population Served: Family

Units: 121 HTC units and 83 market rate units

2001 Allocation: \$993,399

Allocation per HTC Unit: \$8,210

Prior Board Actions: 7/29/01 - Approved award of tax credits.

Underwriting Reevaluation: The Real Estate Analysis Division found the change acceptable.

**Staff Recommendation: Approve the change in site plan and number of buildings because the change would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round.**

**Parkstone Crossroads Apartments, HTC Development No. 01090**

**Summary of Request:** Applicant requests approval to correct the square footage of the common area. The number “3,371” was erroneously transcribed from a source document into the application as “3,871.” After plans for the development were finalized, the development was built with a common area of 3,457 square feet. The correction is a reduction of 414 square feet or 10.7% from the amount stated in the application.

**Governing Law:** §2306.6712, Texas Government Code. The code specifies that material alterations include a reduction of three percent or more in the square footage of the units or common areas.

**Applicant:** UAH Parkstone Crossroads, LP

**General Partner:** United AF Management, LLC

**Developers:** United Affordable Housing Development, L.P.

**Principals/Interested Parties:** Randy Stevenson, Kent Hance

**Syndicator:** Lend Lease Real Estate Investments, Inc.

**Construction Lender:** American State Bank

**Permanent Lender:** Texas State Affordable Housing Corporation

**Other Funding:** NA

**City/County:** Wichita Falls/Wichita

**Set-Aside:** General

**Type of Area:** Urban/Exurban

**Type of Development:** New Construction

**Population Served:** Family

**Units:** 112 HTC units

**2001 Allocation:** \$764,268

**Allocation per HTC Unit:** \$6,824

**Prior Board Actions:** 7/29/01 - Approved award of tax credits.

**Underwriting Reevaluation:** The Real Estate Analysis Division found the change acceptable and concurred with the credit amount of \$742,363 in the owner’s cost certification.

**Staff Recommendation:** **Approve the requested modification because the change would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round.**

**Creekside Townhomes Apartments, HTC Development No. 02027**

Summary of Request: Applicant requests approval to change the rent structure. The applicant and the Department agreed to the rent structure proposed below to resolve differences between the applicant’s view that the development cannot achieve maximum 60% AMGI rents and the Department’s view that maximum rents can be achieved. The change would allow the owner to have an employee unit and to have the development proposal underwritten by the Department within the 1.30 debt coverage ratio guideline. The change would allow the Department to restrict rents to a relatively low level, thereby increasing the development’s affordability. In summary, of 21 units currently set aside at 60% of AMGI, 20 are now being set aside at 50% of AMGI and one unit will be designated as an employee unit. The changes from the rent schedule in the application are as follow:

<u>Unit Type/Income &amp; Rent</u>	<u>Application</u>	<u>Currently Proposed</u>	<u>Difference</u>
1BR/40%	1	1	0
1BR/50%	2	8	+6
1BR/60%	8	2	-6
1BR/Market Rate	1	1	0
2BR/30%	1	1	0
2BR/40%	4	4	0
2BR/50%	8	17	+9
2BR/60%	20	10	-10
2BR/Market Rate	3	3	0
2BR/Employee	0	1	+1
3BR/40%	1	1	0
3BR/50%	2	7	+5
3BR/60%	7	2	-5
3BR/Market Rate	2	2	0
<b>Total</b>	<b>60</b>	<b>60</b>	
<b>Applicable Fraction</b>	<b>54/60 = 90%</b>	<b>53/59 = 89.8%</b>	

Governing Law: §2306.6712, Texas Government Code. The code requires the Board’s approval for any amendment that involves a “material alteration” of the development. Material alterations include any modification considered significant by the Board.

Applicant: HVM O’Donnell, Ltd.

General Partner: HVM Housing, LLC

Developers: Hamilton Valley Management, Inc.

Principals/Interested Parties: Dennis Hoover

Syndicator: Raymond James Tax Credit Funds

Construction Lender: First State Bank

Permanent Lender: First State Bank

Other Funding: NA

City/County: Burnet/Burnet

Set-Aside: Rural

Type of Area: Rural

Type of Development: New Construction

Population Served: Family  
Units: 54 HTC units and 6 market rate units (as proposed at application)  
54 HTC units, 5 market rate units and 1 employee (as proposed for amendment)

2002 Allocation: \$369,601  
Allocation per HTC Unit: \$6,974 (as now proposed)  
Prior Board Actions: 7/29/02 - Approved award of tax credits.  
Underwriting Reevaluation: The Real Estate Analysis Division concurred with the amended rental structure in consultation with the development owner.

**Staff Recommendation: Approve the requested modification because the change would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round. Although the development will have one 2-BR employee unit in place of one 2-BR tax credit unit, 20 units will be reduced from 60% rents to 50% rents.**

## **Valley View Apartments, HTC Development No. 02103**

**Summary of Request:** Applicant requests approval to change the applicable fraction to allow the development to contain 100% tax credit units. The application was approved for an award with an applicable fraction of 95%. If the applicable fraction had been proposed as 100%, the application would have scored two points lower, but the lower score would not have affected the selection of the application for an award of tax credits. Applicant requests the change because of the slow lease-up rate of the market rate units and to increase cash flow to pay the deferred developer fee within 15 years.

**Governing QAP:** 2002 QAP, §49.7(k). The QAP requires the Board's approval for a modification of the number of units in the development. Although the total number of units in the subject would not change, there would be a change in the number of rent restricted units.

**Applicant:** Valley View, Ltd.

**General Partner:** South Texas Economic Development Corporation, Inc. (100% GP)

**Developer:** South Texas Economic Development Corporation, Inc.

**Principals/Interested Parties:** Mike Lopez (Executive Director of GP)

**Syndicator:** SunAmerica

**Construction Lender:** SunAmerica

**Permanent Lender:** First National Bank

**Other Funding:** NA

**City/County:** Pharr/Hidalgo

**Set-Aside:** General

**Type of Area:** Urban

**Type of Development:** New Construction

**Population Served:** Family

**Units:** 121 HTC units and 7 market rate units

**2002 Allocation:** \$899,933

**Allocation per HTC Unit:** \$7,437 as is, \$7,031 as proposed

**Prior Board Actions:** 7/29/02 - Approved award of tax credits.

**Underwriting Reevaluation:** The Real Estate Analysis Division concluded that the amendment would not undermine the feasibility of the development. The effect of the change, if any, on the amount of the allocation will be determined at the time that the cost certification is reviewed.

**Staff Recommendation:** **Approve the request because the award would not have been affected and the increase in affordable units in the subject area outweighs, in staff's opinion, the benefit of having market rate units in the development.**

**By approving this request, the deferred developer fee will be repaid in 7 years instead of 12, thereby increasing the cash flow available to be reinvested into the development and its nonprofit purposes.**

## **Villas of Leon Valley Apartments, HTC Development No. 03155**

**Summary of Request:** Applicant requests approval for a reduction of the common area. During the process of plan approval, the City instructed the applicant to remove the exterior doors to the elevator lobby space in the three-story residential building. The space is therefore not enclosed or heated and cooled as originally planned at the time of application. Because the elevator lobby space is not enclosed and not heated and cooled, the space should no longer be classified as “common area.” The common area of the development has therefore decreased by 1,305 square feet, because of the elevator lobby issue. Furthermore, including a decrease in mechanical and storage rooms from 836 to 432 square feet and minor reductions and additions in the space of the clubhouse (4,000 to 4,344 square feet), laundries (396 to 418 square feet) and maintenance garage/storage space (500 to 454 square feet), the common area as a whole was reduced from 7,903 square feet as represented in the application to 6,510 square feet as constructed, a reduction of 17.6%.

In contrast to the reduction in common area, other elements of construction have increased in size from 33,361 square feet to 42,182 square feet. These other areas include the elevator lobbies, corridors, elevator, stairwells, porches, patios, balconies, decks, breezeways, walkways and carports.

Governing Law:	§2306.6712, Texas Government Code. The code specifies that material alterations include: a reduction of 3% or more in the square footage of the units or common areas.
Applicant:	Villas of Leon Valley Limited Partnership
General Partner:	Leon Valley Villas, LLC
Developers:	Hearthside Development Corporation
Principals/Interested Parties:	Deborah Griffin
Syndicator:	PNC Bank
Construction Lender:	PNC Bank
Permanent Lender:	SunAmerica
Other Funding:	NA
City/County:	Leon Valley/Bexar
Set-Aside:	Elderly
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	Elderly
Units:	100 HTC units and 25 market rate units
2004 Allocation:	\$487,601
Allocation per HTC Unit:	\$4,876
Prior Board Actions:	7/30/03 - Approved award of tax credits.
Underwriting Reevaluation:	The Real Estate Analysis Division found the change acceptable.
<b>Staff Recommendation:</b>	<b>Approve the requested modification because it would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round.</b>

## **Commons of Grace Apartments, HTC Development No. 04224**

**Summary of Request:** Applicant requests approval of a reduction in the land area from 5.99 acres to 5.5046 acres. Because the land for the development was to be only a part of the total land purchased, the applicant had to estimate the size of the land. Volume I of the application therefore stated the estimated land size as 5.99 acres. This size was used in the Department's underwriting. In contrast, page four of the appraisal stated the land size as 5.65 acres and the Phase I ESA stated the size as 5.4 acres. When finally surveyed, the land was actually 5.5046 acres, a reduction of 0.4854 acres or 8.1% from the applicant's estimate. The increase in density imputed from the reduction in land is from 18.0 units per acre to 19.6 units per acre, an increase of 8.9%.

**Governing Law:** §2306.6712, Texas Government Code. The code specifies that material alterations include a modification of the residential density of the development of at least five percent.

**Applicant:** TX Commons of Grace, LP

**General Partner:** TX Commons of Grace Development, LLC

**Developers:** B&L Housing Development Corporation (Bobby Leopold), Pleasant Hill Community Development Corp. (nonprofit)

**Principals/Interested Parties:** Bobby Leopold (owner of co-developer and 1% owner of managing general partner), GC (Grace Cathedral) Community Development Corp. (99% owner of managing general partner)

**Syndicator:** Paramount Financial Group

**Construction Lender:** GMAC Commercial Mortgage

**Permanent Lender:** GMAC Commercial Mortgage

**Other Funding:** City of Houston – Housing and Development (HOME Funds)

**City/County:** Houston/Harris

**Set-Aside:** General

**Type of Area:** Urban/Exurban

**Type of Development:** New Construction

**Population Served:** Elderly

**Units:** 86 HTC units and 22 market rate units

**2004 Allocation:** \$660,701

**Allocation per HTC Unit:** \$7,683

**Prior Board Actions:** 7/28/04 - Approved award of tax credits.

**Underwriting Reevaluation:** The Real Estate Analysis Division recommended reducing the tax credits from \$660,701 to \$660,088.

**Staff Recommendation:** **Approve the requested modification because the change would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round.**

**Wildwood Trails Apartments, HTC Development No. 04246**

Summary of Request: Applicant requests approval to increase the land area from 4.50 acres to 5.035 acres. During the site plan approval process, it was necessary to eliminate a 50 foot right-of-way that had originally been planned to be adjacent to the subject tract. The right-of-way was moved, leaving the original path of the right-of-way to be used in developing the subject property. The acreage of the site would increase by 11.9% and the residential density would decrease by 10.6%.

Governing Law: §2306.6712, Texas Government Code. The code specifies that material alterations include a modification of the residential density of at least 5%.

Applicant: Wildwood Trails Apartments, LP

General Partner: Wildwood Trails Housing, L.L.C.

Developers: Related Capital Company

Principals/Interested Parties: Vaughn C., Rebecca A., Justin and Leah Zimmerman are principals

Syndicator: Related Capital Corporation

Construction Lender: American Mortgage Acceptance Corporation

Permanent Lender: American Mortgage Acceptance Corporation

Other Funding: City of Brownwood (donation of land)

City/County: Brownwood/Brown

Set-Aside: General

Type of Area: Rural

Type of Development: New Construction

Population Served: Family

Units: 75 HTC units

2004 Allocation: \$549,988

Allocation per HTC Unit: \$7,333

Prior Board Actions: 7/28/04 - Approved award of tax credits.

Underwriting Reevaluation: The Real Estate Analysis Division found the change acceptable.

**Staff Recommendation: Approve the requested modification because it would not materially alter the development in a negative manner and would not have adversely affected the selection of the application in the application round.**



**Rockwell Management Corp.**

1770 St. James Place, Suite 380

Houston, TX 77071

(713) 957-8993

fax: (713) 957-8994

December 3, 2004

**By Fax: (512) 472-8526 and Regular Mail**

Ms. Patricia Murphy

Texas Department of Housing and Community Affairs

507 Sabine Street

P.O. Box 13941

Austin, Texas 78711-3941

Re: Sterling Grove Apartments  
6240 Antoine Drive  
Houston, TX 77091  
Project ID #06824/94030

Dear Ms. Murphy:

I am writing in reference to our request of November 2, 2004 to convert 1-bedroom units to 3-bedroom units. We will not require any tenant to move off premises as a result of a conversion. However, we might possibly request that a tenant, at the end of their lease, transfer to another similar unit type on the property. Over the next two years, the maximum number of units we expect to convert will be no more than 40 1-bedrooms into 20 3-bedrooms. At the end of 2006 it is our intention to follow-up with you and list the units converted so that the property's LURA could be updated. It is understood that the property will continue to be a 100% low income property and adhere to all other LURA requirements.

Please let me know if there is any additional information you need. Thank you for your consideration of this matter.

Sincerely,



Etan Mirwis, President

Managing Agent for Sterling Grove Apartments

Cc: Joseph Gontownik

RECEIVED  
DEC 03 2004  
EXECUTIVE

Commissioners  
 Thomas H. Scott  
 Chair  
 Eileen Subinsky  
 Vice-Chair

# HOUSING AUTHORITY OF THE CITY OF HOUSTON



Carmen Orta  
 Rev. Elbert R. Curvey  
 Ruth Love

P. O. Box 2971 • Houston, Texas 77252-2971 • (713) 260-0800

More Than Just A Place To Live

Ernie Etuk  
 Executive Director

Office of the Executive Director

October 26, 2004

Ms. Sara Newsome  
 Texas Department of Housing & Community Affairs  
 Low Income Housing Tax Credit Program  
 507 Sabine, Suite 400  
 P. O. Box 13941  
 Austin, Texas 78711-3941

**Re: Sterling Grove Apartments  
 6240 Antoine  
 Houston, Texas 77091**

Dear Ms. Newsome:

Mr. Etan Mirwis, President of the Managing Agent for Sterling Grove Apartments, has solicited our support of his proposal to convert 80 one bedroom units in the Sterling Grove Apartments into forty (40) 3-bedroom apartments.

It has been our experience in administering the Section 8 program in Houston that there is a tremendous amount of demand for 3-bedroom units. In fact, the majority of those who apply for vouchers and are on our waiting list are seeking 3 bedroom units. At present our waiting list for affordable housing totals 29,235 applicants for all of our assisted housing programs with **12,000 families** awaiting Section 8 assistance.

Thank you for your consideration of Mr. Mirwis's proposal.

Sincerely,

David Zappasodi  
 Deputy Director - Administration

cc: Chron File  
 LIHTC File

A Fair Housing & Equal Employment Opportunity Agency

RECEIVED

NOV 04 2004

COMPLIANCE

# NuRock Companies

700 E. Sandy Lake Road ♦ Suite 146 ♦ Coppell, Texas 75019  
Phone 972-745-0756 ♦ Fax 972-745-2190

Thursday, October 21, 2004

**DELIVERED VIA FAX 512-475-0764**

Ben Sheppard  
Texas Department of Housing & Community Affairs  
507 Sabine, Suite 400  
Austin, TX 78711-3941

**Re: The Residences of Diamond Hill (TDHCA #01025  
Application Amendment**

Dear Ben:

The purpose of this letter is to respond to correspondence received from Raquel Morales dated October 21, 2004 regarding the above-referenced development and our request to increase the number of buildings from 38 to 40. A copy of this correspondence is attached. The site plan and building configurations necessitated this increase in the number of buildings.

This increase has no effect on and does not change the information contained in the following forms which were originally submitted with our application:

- Development Cost Schedule
- Rent Schedule
- Utility Allowance
- Statement of Annual Expenses
- Sources and Uses of Funds Statement
- 30-year Operating Performa

A site plan is attached for your reference.

Very truly yours,

DEEN-FORT WORTH ASSOCIATES, L.P.  
By: NDG Gannon, LLC, its general partner

By:   
Robert H. Voelker, Authorized Agent



UNITED AFFORDABLE HOUSING

2400-A Roosevelt Dr.  
Arlington, TX 76016  
817.261.5088 ph  
817.261.5095 fax

December 9, 2004

RECEIVED  
DEC 13 2004  
EXECUTIVEMs. Edwina Carrington, Executive Director  
Texas Department of Housing and Community Affairs  
507 Sabine, Suite 400  
Austin, TX 78711-3941

Re: Request for change in common area square footage, Parkstone Crossroads, TDHCA # 01090

Dear Ms. Carrington:

We respectfully submit this request for the following change to the application for tax credits for Parkstone Crossroads Apartments, #01090:

Parkstone Crossroads Apartments received its tax credit allocation in 2001 and has 112 units. When the application was prepared there was a mistake made in the common area figure. Due to a misreading error, the common area should have been 3,371 square feet, but was submitted as 3,871. The final common area calculation is 3,457 square feet. The error in the application was not detected until the final inspection was complete. We apologize for the failure to catch and correct this error at an earlier date, and request that the applicant be permitted to adjust the common are square footage to 3,457.

Thank you for your time and attention.

Sincerely,

Randy Stevenson  
President of the General Partner

HVM O'DONNELL, LTD.  
 CREEKSIDE TOWNHOMES  
 P.O. Box 190  
 Burnet, Texas 76811  
 512-756-6809 Fax 512-756-9885  
 e-mail: dennishoover@hamiltonvalley.com

December 30, 2004

Ben Sheppard  
 TDHCA  
 P.O. Box 13941  
 Austin, Texas 78711-3941

Re: TDHCA #02027 Creekside Townhomes

Dear Mr. Sheppard,

We are requesting approval of a change of our rent levels as shown in the chart below. We have raised the number of 50% units to 32 and lowered the number of 60% units to 14. The number of 40% and 30% units are unchanged.

<u>Unit Type/Income &amp; Rent</u>	<u>Application</u>	<u>Currently Proposed</u>	<u>Difference</u>
1BR/40%	1	1	0
1BR/50%	2	8	+6
1BR/60%	8	2	-6
1BR/Market Rate	1	1	0
2BR/30%	1	1	0
2BR/40%	4	4	0
2BR/50%	8	17	+9
2BR/60%	20	10	-10
2BR/Market Rate	3	3	0
2BR/Employee	0	1	+1
3BR/40%	1	1	0
3BR/50%	2	7	+5
3BR/60%	7	2	-5
3BR/Market Rate	2	2	0
<b>Total</b>	<b>60</b>	<b>60</b>	

Please contact me if you have any questions.

Sincerely,

Dennis Hoover, Vice President, HVM Housing LLC, General Partner



EQUAL HOUSING  
 OPPORTUNITY





**ECONOMIC DEVELOPMENT  
CORPORATION, INC.**

1800 NORTH TEXAS, WESLACO, TEXAS 78596  
Phone No. 956-969-5865 - Fax 956-969-5863

January 4, 2005

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

**RE: Valley View Apartments  
TDHCA #02103**

Dear Ms. Carrington:

We are writing to you in regards to a request made by us, Valley Housing Development Corporation ("GP"), the general partner for Valley View Apartments (the "project"), to increase the applicable fraction on the project from 94.53% to 100%. This request was initially made at the December 13, 2004 Board Meeting. At that time the request was denied. We are asking you to reconsider that request due to relevant information that we believe was not presented at that time.

The project was originally awarded a tax credit allocation of \$899,933. Credits were allocated to the project based upon an applicable fraction of 94.53%. Total units on the project are 128 units with 121 tax credit units and 7 market rate units. At the December Board Meeting the GP argued that due to economic conditions in the area, the project was having difficulty in leasing the market rate units. Making the change to a 100% tax credit project would alleviate that problem and would provide additional affordable housing in South Texas. In addition, the GP argued that increasing the applicable fraction would minimize the effect of equity credit adjusters and allow for deferred developer fees to be paid through the use of project cash flows over a shorter period of time. What the GP did not expand upon was the fact that due to a lower applicable percentage as compared to what was underwritten, the project even at a 100% applicable fraction, would still not maximize its tax credit allocation and it would create undo hardship on the not-for-profit developer in its commitment to provide affordable housing in South Texas.

During the pre-development phase of the project, Sun America, the permanent lender, limited the mortgage on the project to a level that it deemed to allow the project to achieve a conservative debt coverage ratio. Based upon projected cash flow the project is expected to generate debt coverage of 1.68 in the first year of stabilized operations. In accordance with the partnership agreement, 70% of cash flow is distributed to the developer fee until the fee is paid off.

We have estimated the following Developer Fee pay out:

Ms. Edwina Carrington  
 January 4, 2005  
 Page 2 of 3

	<u>94.53% Applicable Fraction</u>	<u>100% Applicable Fraction</u>
Deferred Developer Fee	\$829,000	\$429,000
# of Years to Payoff	12	7

Tax credits are anticipated as follows:

	<u>94.53% Applicable Fraction</u>	<u>100% Applicable Fraction</u>
Credits Allocated by TDHCA	\$899,933	\$899,933
Anticipated Tax Credits	\$827,761	\$877,750
Tax Credit Shortfall	(\$72,172)	(\$22,183)
Downward Equity Adjuster	(\$577,322)	(\$177,449)

The developer on the project is South Texas Economic Development Corporation, a not-for-profit, which is affiliated with the Hidalgo County Housing Authority (the "Authority"). This Authority has been fiduciary in its management and development of its low income housing projects. As noted on this Project, the Authority originally estimated total development costs of \$9,756,000 compared to actual development costs of \$9,065,000, a reduction in costs of \$691,000. TDHCA underwrote the project with total development costs of \$9,161,000, a reduction as compared to actual of \$96,000. The Authority stabilizes its projects prior to substantial involvement in any additional projects. As such, the Authority uses its developer fees to continue its mission of providing low income affordable housing in South Texas. It was originally estimated that the Authority would defer approximately 30% of its developer fees. It is estimated that with an applicable fraction of 94.53% or 100%, the Authority will be deferring approximately 74% or 39%, respectively, in developer fees. The impact to the Authority of deferring developer fees over twelve years as compared to seven years is substantial and could hinder its ability to continue to provide affordable housing in South Texas over a reasonable period of time.

In addition, as noted at the Board Meeting, the project is having difficulty in leasing the seven market rate units. The project has reduced the rental rates of the market rate units down to the tax credit rates and still has difficulty in leasing. The project is finding that there is a steady demand from people with vouchers from the local housing authority seeking low income housing. In fact, out of the seven market rate units, the project recently occupied two of the units with qualified low income tenants in an effort to provide housing even though the project is not receiving the benefit of the tax credits for those units. It is further noted in the current changes to the 2005 QAP that the intent of the tax credit program is to provide affordable housing to low income tenant rather than providing market rate units in an area of Texas where the need for low income units far out weigh the need for a mix unit project.

We are requesting that you reconsider the decision of the Board, concur with staff recommendations and grant the addition of seven market rate units as tax credit units and provide for an allocation of tax credits based upon a 100% applicable fraction.

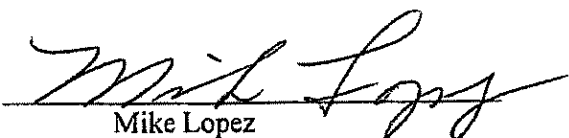
If you have any questions, please call me at (956) 969-5865.

Ms. Edwina Carrington  
January 4, 2005  
Page 3 of 3

Sincerely,

Valley View, LTD., a Texas limited partnership

By: Valley Housing Development  
Corporation, as general partner

By:   
Mike Lopez

Enclosures

cc:

Honorable Governor Rick Perry  
TDHCA Board of Directors  
Senator Juan Hinojosa  
Senator Eddie Lucio  
Hidalgo County Chairman Hollis Rutledge  
Representative Aaron Pena  
Representative Ismael "Kino" Flores  
Representative Veronica Gonzalez  
Representative Armando Martinez  
Hidalgo County Judge Ramon Garcia  
Hidalgo County Commissioners



**HEARTHSIDE DEVELOPMENT CORPORATION**

5757 W. Lovers Lane, Suite 360

Dallas, Texas 75209

Telephone: 214-350-8822

Facsimile: 214-350-8483

RECEIVED  
DEC 13 2004  
LIHTC

December 10, 2004

Mr. Ben Sheppard  
Texas Dept. of Housing & Community Affairs  
Housing Tax Credit Program  
507 Sabine, Suite 400  
Austin, Texas 78701

Via Overnight Delivery

**Re: Villas of Leon Valley Limited Partnership #03155; Request for Approval of Design Changes**

Dear Mr. Sheppard:

In accordance with the Process and Requirements for Obtaining Approval for Application Amendments, I hereby submit for approval of the Department information in support of a reduction in the common area space from 7,903 to 6,510 square feet (1,393 square feet, a 17.6% reduction), while increasing other areas by 8,821 square feet (a 26.4% increase). The differences in the square footage are illustrated in the attached chart. As you will note, the primary reason for reducing the common area square footage relates to converting the elevator lobby space in the 3-story building, which was originally anticipated to be fully enclosed and heated and cooled, to open space. This design change was in response to the City of Leon Valley's recommendation to use the elevator lobby space as the required handicapped refuge area due to its central location and configuration. The stairwells at the ends of the 3-story building were originally designed for this purpose. From an architectural standpoint, this change also increases the ventilation in the corridors of this 3-story building. I have enclosed a letter from the project architect describing the elevator lobby design change, a copy of the original 3-story building plan submitted with the application and a copy of the revised three story building plan.

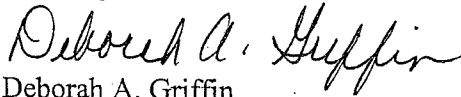
In addition to the above described modifications, I would ask that the Department clarify the accuracy of the original classification of the maintenance garage/storage shop and the mechanical and storage rooms as part of the common area space calculation. Although this space is and was always intended to be non-heated and cooled due to the nature of the space, the third party plan reviewer engaged by TDHCA excluded these spaces from the common area space calculation because they are not heated and cooled. All of these spaces are fully enclosed and fit within the general description of Gross Building Area in the application, which lists, among other spaces, "mechanical rooms, maintenance shops, and storage rooms so long as such spaces are fully enclosed and available for use by or

for the benefit of all tenants.” Although the directions go on to state that these spaces are “typically” heated and cooled, it seems clear from the earlier description and the fact that these types of spaces are specifically listed in the application exhibit under common area space (Exhibit 3, Part B, Section 1) rather than areas excluded from total development area (Exhibit 3, Part B, Section 2). This latter space is described in the directions as “areas that are not enclosed by permanent exterior walls, or any area that is not covered by a roof.” Exhibit 3, Part B from the application has been enclosed for your reference.

The above described changes have not resulted in a change to the development cost schedule or sources and uses, as the reduction in common area square footage was more than offset by the increase in other areas, primarily the widening of the corridors in the 3 story building. The cost of constructing such additional square footage included in other areas is being absorbed by the construction contingency that was included in the original application’s Development Cost Schedule. In addition, there is no measurable or anticipated change in the annual operating expenses of the project, as the air conditioning tonnage did not change as a result of the design changes described herein.

Thank you for consideration of this request. Please let me know if you need any additional information.

Sincerely,



Deborah A. Griffin  
President

Attachments

**VILLAS OF LEON VALLEY - SUMMARY OF DESIGN CHANGES**

**CHANGES TO COMMON AREA SPACE**

	Application		Revisions		Increase (Decrease)	Comments
	Sq. Ft. Application	HVAC Yes/No	Sq. Ft. Revised	HVAC Yes/No		
Total Common Area Calculation						
Employee Occupied Residential Space	866	Yes	862	Yes	(4)	Immaterial Difference
Owner Occupied Residential Space	-		-		-	
Clubhouse	4,000	Yes	4,344	Yes	344	Increased clubhouse for tenant use
Supportive Service Facilities (In Clubhouse)	-		-		-	
Laundries	396	Yes	418	Yes	22	Increased laundry facility size for tenant use
Maintenance Garage/Storage	500	No*	454	No	(46)	Fully enclosed, not heated and cooled
Mechanical and Storage Rooms	836	No*	432	No	(404)	Decrease due to increase of elevator/shaft size
Other - Elevator/Lobby	1,305	Yes	-	No	(1,305)	City suggested that area be open for rescue purposes (considered handicapped refuge area); also increases ventilation in corridors. Moved to Other Areas below.
<b>Total Common Area</b>	<b>7,903</b>		<b>6,510</b>		<b>(1,393)</b>	

\* The application directions for completing Gross Building Area (which includes Common Area Space), indicates that mechanical rooms, maintenance shops and storage are to be included so long as such spaces are fully enclosed and available for use by or for the benefit of all tenants.

**CHANGES TO AREAS EXCLUDED FROM TOTAL DEVELOPMENT AREA:**

Description	Application		Revisions		Increase (Decrease)	Comments
	Sq. Ft. Application		Sq. Ft. Revised			
Porches, patios, balconies, decks, breezeways and walkways covered by a roof	3,577		3,573		(4)	
Carports	21,294		24,289		2,995	Corrected dimensions per working drawings and to accommodate larger handicapped covered spaces.
Other Areas: Corridors, elevator shaft, stairwells	8,490		12,802		4,312	Corridors were widened from 6' to 8' to give a more open & appealing look. A corresponding increase was made to stairwells on both ends. Elevator shaft was made larger to accommodate larger 2nd elevator.
Elevator Lobby	-		1,518		1,518	City suggested that area be open for rescue purposes (considered handicapped refuge area); also increases ventilation in corridors. See letter from architect.
<b>Total Other Areas</b>	<b>33,361</b>		<b>42,182</b>		<b>8,821</b>	

ATC 03155

## COATS | ROSE

ANTOINETTE M. JACKSON  
OF COUNSEL

tjackson@coatsrose.com  
Direct Dial  
(713) 653-7392  
Direct Fax  
(713) 890-3928

December 16, 2004

Ms. Edwina Carrington  
Director, Multifamily Finance Production  
Texas Department of Housing  
and Community Affairs  
507 Sabine Street, Suite 400  
Austin, Texas 78701

RE: Commons of Grace (TDHCA # 04224) – Application Amendments

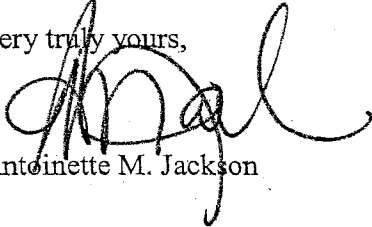
Dear Ms. Carrington:

The purpose of this letter is to request an amendment to the Commons of Grace, TDHCA #04224, for a reduction of the total site acreage of the development site.

The application for this development indicated that the total site was 5.99 acres. The property was one tract of a larger parcel that was owned by the seller. The owner relied upon the original title documentation and legal description for the tract and estimated the acreage based upon this information. The acreage size of 5.99 acres was submitted to TDHCA in the original application. After receiving the allocation of credits and preparing the carryover package, the new survey which separated the parcels showed a total acreage of 5.5046 acres.

Therefore, we request an amendment to the application to reduce the total site acreage to 5.5046 acres. Should you have any questions or require additional information, please do not hesitate to contact me.

Very truly yours,



Antoinette M. Jackson

COATS | ROSE | YALE | RYMAN | LEE  
*A Professional Corporation*

3 Greenway, Suite 2000 Houston, Texas 77046-0307

Phone: 713-651-0111 Fax: 713-651-0220

Web: [www.coatsrose.com](http://www.coatsrose.com)



CORPORATE OFFICE: 1730 East Republic Road, Suite F • P.O. Box 3737 GS • Springfield, Missouri 65808

417-883-1632 • 417-883-6343 FAX • Locator 800-658-0200 • 417-882-7368

November 19, 2004

**Ms. Brooke Boston**

Director of Multifamily Finance Production  
Texas Department of Housing and Community Affairs  
507 Sabine, suite 400  
Austin, TX 78711

**RE: Wildwood Trails – TDHCA #04246**

Dear Ms. Boston:

Pursuant to Ms. Price's review of our carryover submission, please accept this letter as my formal request for TDHCA's approval of the following change in our original tax credit application.

- Size of the proposed land tract increased from 4.50 acres to 5.035 acres.

The tract of land was increased to eliminate a 50 foot right-of-way on the West side of the site, which was originally required for a future road (as defined on page 6, Paragraph 23 of the Real Estate Contract). The 50-foot right-of-way was eliminated so the proposed building layout would fit with all the required City setbacks. The future road was moved to the adjacent tract of land. I have attached the survey, as submitted in the original tax credit application and the final plat so you can see where the road was moved.

If you need any additional information or have any questions, please do not hesitate to contact me, phone 417-883-1632, fax 417-883-6343, or email [bmitchell@wilhoitproperties.com](mailto:bmitchell@wilhoitproperties.com).

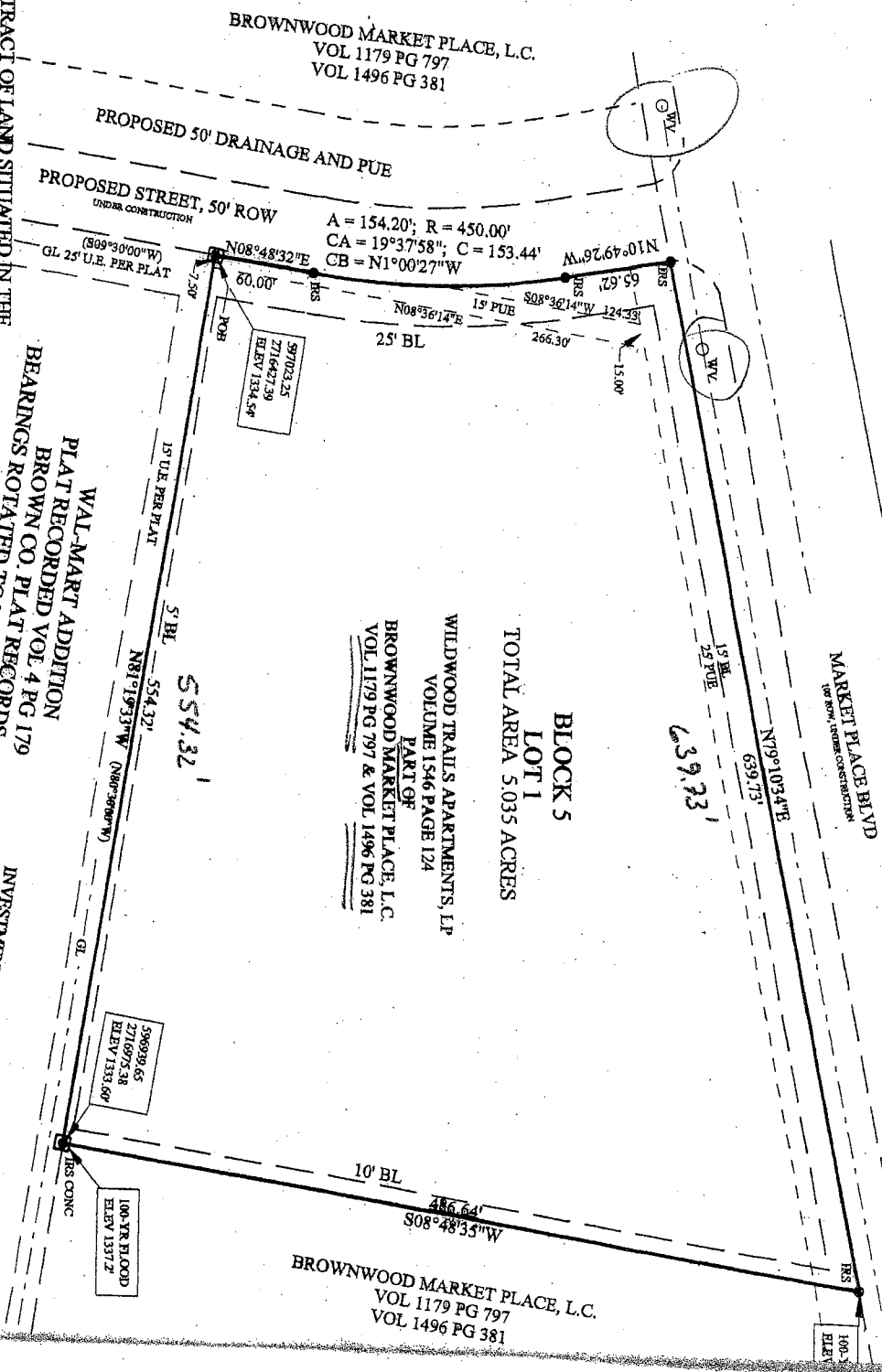
Sincerely,

A handwritten signature in black ink, appearing to read 'Ben Mitchell', with a long, sweeping flourish extending upwards and to the right.

Ben Mitchell  
Vice President – Development/Finance

**BROWNWOOD, TEXAS**  
**BY NO. 52, ABSTRACT NO. 537**  
**WOOD, BROWN COUNTY, TEXAS**  
**PLAT VOLUME 1546 PAGE 124**  
**DE BROWN COUNTY, TEXAS**

*Revised Tract of Land*



OPTION OF A 5.035 ACRE TRACT OF LAND SITUATED IN THE  
 NO. 52, ABSTRACT NO. 537 AND BEING THAT TRACT CONVEYED  
 D MARKET PLACE, L.C. TO WILLOW TRAILS APARTMENTS, LP  
 D AT VOLUME 1546 PAGE 124 OF THE BROWN COUNTY DEED  
 NG A PART OF THAT TRACT CONVEYED TO BROWNWOOD MARKET  
 NS RECORDED AT VOLUME 1179 PAGE 797 AND VOLUME 1496  
 OWN COUNTY DEED RECORDS, SAID 5.035 ACRES BEING MORE  
 SCRIBED BY METES AND BOUNDS AS FOLLOWS:

1. Set in concrete (N° 597023 25, E 2716427 39, ELEV 1334.54') as an interior corner of that tract conveyed  
 L.C. by deeds recorded at Volume 1179 Page 797 and Volume 1496 Page 381 both of the Brown County  
 corner of that tract conveyed from Investment Property Advisors, Inc. to Wal-Mart Stores, Inc. by deed  
 e 290 of the Brown County Deed Records and now known as Wal-Mart Addition to the City of Brownwood,  
 Volume 179 of the Brown County Plat Records and the Southwest corner of that tract conveyed

NOTES

1. The property shown and described hereon IS located in a special  
 Administration, H. U. D. Flood Insurance Rate Map FIRM Date  
 1982, will be considered as a drainage easement.
2. After final construction, any area below the 100-year floodplain

INVESTMENT PROPERTY ADVISORS, INC.  
 TO  
 WAL-MART STORES, INC.  
 VOL 1126 PG 290

BROWNWOOD MARKET PLACE, L.C.  
 VOL 1179 PG 797  
 VOL 1496 PG 381

WILLOW TRAILS APARTMENTS, LP  
 VOLUME 1546 PAGE 124  
 PART OF  
 BROWNWOOD MARKET PLACE, L.C.  
 VOL 1179 PG 797 & VOL 1496 PG 381

WAL-MART ADDITION  
 BROWN CO. PLAT RECORDS  
 BEARINGS ROTATED TO MATCH THIS SURVEY

BLOCK 5  
 LOT 1  
 TOTAL AREA 5.035 ACRES

554.32'

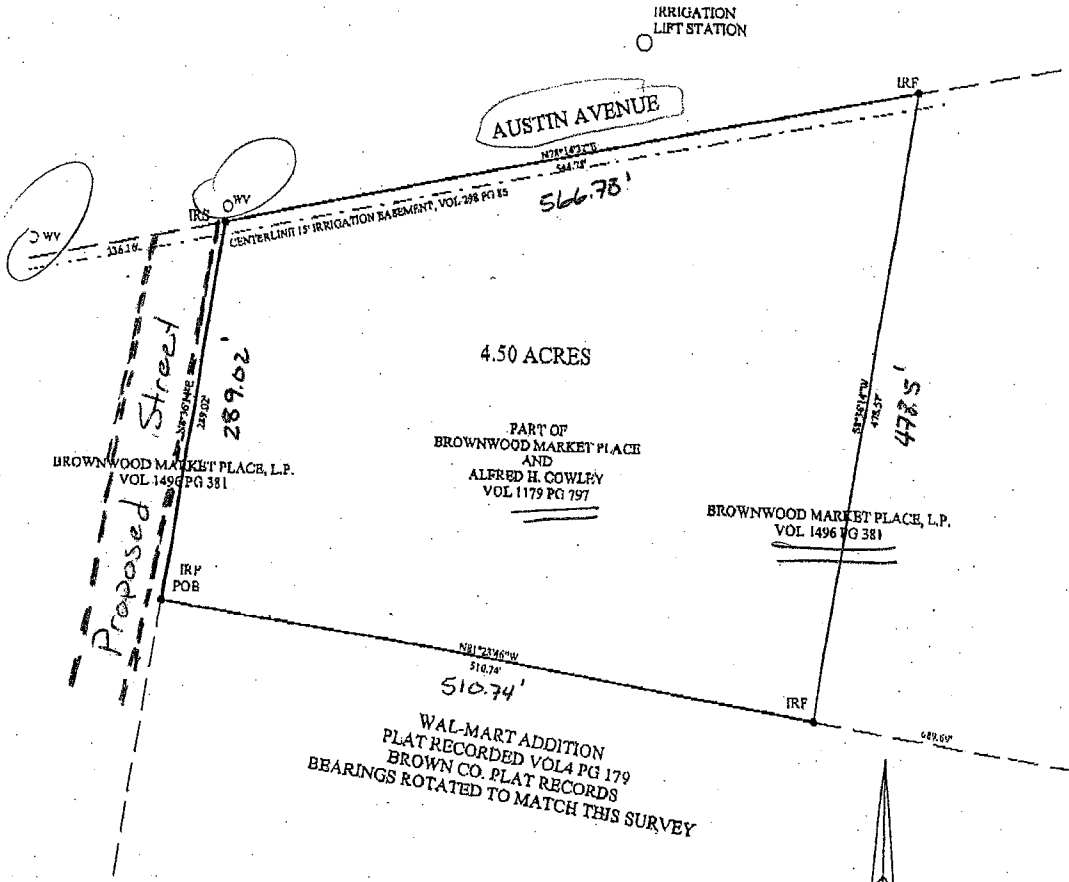
639.73'

BOUND  
 MARKER  
 FOR 50' PLAT UNDER CONSTRUCTION  
 GULF COASTLAND AND SURVY, REALTYMAN COMPANY  
 CITY OF BROWNWOOD, TEXAS  
 VOL 657 PG 181

100.2  
 ELEV

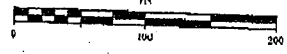
As Submitted in  
Original Tax  
Credit Application

**SURVEY PLAT TO ACCOMPANY FIELD NOTES, 4.50 ACRES  
W.H. IRION SURVEY NO. 52, ABSTRACT NO. 537  
CITY OF BROWNWOOD, BROWN COUNTY, TEXAS  
PART OF DEED RECORDED AT VOLUME 1496 PAGE 381  
DEED RECORDS OF BROWN COUNTY, TEXAS**

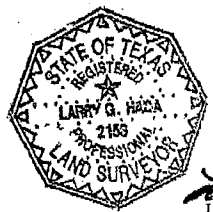


BEARINGS FOR THIS SURVEY BASED ON THE BEAKING BETWEEN CITY OF BROWNWOOD GPS BM # 19 AND BM # 10

I, the undersigned, do hereby certify that the foregoing Survey Plat was prepared from an actual survey made on the ground, the Records of Brown County, Texas and surveys of area properties; that the corners and boundaries with marks, natural and artificial are as found on the ground, that discrepancies, conflicts, pretensions or encroachments, overlapping of improvements, or easements, visible to me are shown or described hereon, that said property has access to and from a dedicated roadway and that said property is located within a flood plain area as delineated by the Federal Emergency Management Agency, FEMA, on Flood Insurance Rate Map, FIRMA, panel no. 490057 0003 D dated July 6, 1982.



- ( ) RECORD DATA
- IRF IRON ROD FOUND
- IRS IRON ROD SET
- POB POINT OF BEGINNING
- WV WATER VALVE



LARRY G. HADA, R.P.L.S.  
STATE OF TEXAS NO. 2153

HADA ENGINEERING AND SURVEYING  
11100 MIDWAY, BROWNWOOD, TEXAS 76814  
PHONE 915-938-5382 FAX 915-938-5382

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Items**

Request approval of award of 2005 Housing Tax Credits in accordance with the 2004 Housing Tax Credit Rural Rescue Policy.

**Required Action**

Approve issuance of 2005 Housing Tax Credits for Rural Rescue Development Snyder Housing Venture, Ltd. Apartments in Snyder, Texas.

**Background and Recommendations**

In May 2004, the Board approved a Rural Rescue policy that enables developments with funding from TX-USDA-RHS that are experiencing foreclosure or loan acceleration to be submitted to the Board for recommendation for a forward commitment of housing tax credits from the 2005 credit ceiling.

At this time, one Rural Rescue application is being recommended for 2005 Housing Tax Credits under this policy. It has been reviewed for threshold and as required by the policy, it has been scored. The application scored 78 points. The application has also been reviewed for financial feasibility and for its compliance record. The development is deemed feasible and there are no instances of material noncompliance. Attached are the Development Profile and Multifamily Underwriting Analysis for the application. Consistent with the Rural Rescue policy, the credits, if awarded, will be attributed to the Region 2 Rural Allocation for 2005 and will also be attributed to the USDA and At-Risk allocation in that region.

Background on the Application: The development has been receiving a subsidy from USDA-RD since its construction in the early 1980's. Unfortunately, the original owner died approximately four years ago and the property was no longer able to keep its financial commitment. USDA-RD accelerated the loan and foreclosed in 2003. Because USDA-RD determined that this housing was very significant to low-income individuals in Snyder, they agreed to offer additional subsidies to try and maintain it for low-income tenants. The current applicant got involved in the development after the 2004 tax credit applications were due (March 1, 2004). Because USDA-RD did not want the property to leave their inventory, the Rural Rescue program enabled the applicant to apply for tax credits immediately. If awarded tax credits, the owner will be able to rehabilitate the complex and preserve the affordable units.

Previously, three rural rescue awards have been made, totaling \$154,715 in credits. Upon approval of this current recommendation, the total amount of credits committed from the 2005 credit ceiling through this program is \$185,178.

**Based on the above review, staff recommends that Snyder Housing Venture, Ltd. be issued Housing Tax Credits from the 2005 Housing Tax Credit Ceiling in the amount of \$30,463.**





**HOUSING TAX CREDIT PROGRAM  
2004 HTC/RURAL RESCUE DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Snyder Housing Venture, Ltd. Apartments**

TDHCA#: 05005

**DEVELOPMENT AND OWNER INFORMATION**

Development Location: Snyder QCT: N DDA: N TTC: N  
 Development Owner: Snyder Housing Venture, Ltd.  
 General Partner(s): Johnny Melton, 5%, Contact: James Brawner  
 Sandy Melton, 95%  
 Construction Category: Acquisition/Rehab  
 Set-Aside Category: USDA-RD & At-Risk  
 Development Type: Family

**Annual Tax Credit Allocation Calculation**

Applicant Request: \$30,658 Eligible Basis Amt: \$30,485 Equity/Gap Amt.: \$30,463  
**Annual Tax Credit Allocation Recommendation: \$30,463**  
 Total Tax Credit Allocation Over Ten Years: \$304,630

**PROPERTY INFORMATION**

**Unit and Building Information**

Total Units: 40 HTC Units: 39 (1EO unit) % of HTC Units: 100  
 Gross Square Footage: 26,232 Net Rentable Square Footage: 24,990  
 Average Square Footage/Unit: 641  
 Number of Buildings: 5  
 Currently Occupied: Y

**Development Cost**

Total Cost: \$1,034,333 Total Cost/Net Rentable Sq. Ft.: \$41.39

**Income and Expenses**

Effective Gross Income:<sup>1</sup> \$152,092 Ttl. Expenses: \$112,521 Net Operating Inc.: \$39,571  
 Estimated 1st Year DCR: 1.26

**DEVELOPMENT TEAM**

Consultant: Not Utilized Manager: Mid-Coast Property Management, Inc.  
 Attorney: Wilson, Sterling & Russell, LLP Architect: Barbutti & Associates  
 Accountant: Brenda P. McElwee P.C Engineer: EL Investment Consultants  
 Market Analyst: N/A Lender: USDA  
 Contractor: Mid-Coast Property Management, Inc. Syndicator: Boston Capital

**PUBLIC COMMENT<sup>2</sup>**

From Citizens:	From Legislators or Local Officials:
# in Support: 0	Sen. Robert L. Duncan, District 28 – NC
# in Opposition: 0	Rep. Scott Campbell, District 72 - NC
	Mayor Francene Allen-Noah - NC

1. Gross Income less Vacancy

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

**CONDITION(S) TO COMMITMENT**

1. Receipt, review and acceptance of a revised rent schedule indicating USDA-RD's concurrence with the increase in Basic Rent and Rental Assistance of at least 22.5% above the \$240 base for the one-bedroom units and \$286 for the two-bedroom units, and not to exceed \$310 for the one-bedroom and \$360 for the two-bedroom units, prior to carryover.
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).

Rural Rescue Award

\_\_\_\_\_  
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: February 1, 2005

PROGRAM: 9% HTC

FILE NUMBER: 05005

**DEVELOPMENT NAME**

Snyder Housing Venture Apartments

**APPLICANT**

**Name:** Snyder Housing Venture, Ltd **Type:** For-profit  
**Address:** 7217 McNeil Drive **City:** Austin **State:** Texas  
**Zip:** 78729 **Contact:** James Brawner **Phone:** (512) 331-5173 **Fax:** (512) 331-4774

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

**Name:** Johnny L. Melton **(%):** .05% **Title:** General Partner

**PROPERTY LOCATION**

**Location:** 100 East 37<sup>th</sup> Street  **QCT**  **DDA**  
**City:** Snyder **County:** Scurry **Zip:** 79549

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$30,485	N/A	N/A	N/A
<b>Other Requested Terms:</b> <u>Annual ten-year allocation of housing tax credits</u>			
<b>Proposed Use of Funds:</b> <u>Acquisition/rehab</u>		<b>Property Type:</b> <u>Multifamily</u>	
<b>Special Purpose (s):</b> <u>General population, At Risk, Rural, USDA-RD</u>			

**RECOMMENDATION**

**RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$30,463 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.**

**CONDITIONS**

- Receipt, review, and acceptance of a revised rent schedule indicating USDA-RD's concurrence with the increase in Basic Rent and Rental Assistance of at least 22.5% above the \$240 base for the one-bedroom units and \$286 for the two-bedroom units, and not to exceed \$310 for the one bedroom and \$360 for the two bedroom units, prior to carryover;
- 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 OR ADDENDUM**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 40 **# Rental Buildings:** 5 **# Non-Res. Buildings:** 1 **# of Floors:** 2 **Age:** 26 yrs **Vacant:** 100% at 11/ 17/ 2004  
**Net Rentable SF:** 24,990 **Av Un SF:** 641 **Common Area SF:** 1,242 **Gross Bldg SF:** 26,232

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

**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: 54% brick veneer 44% cement fiber, Hardiboard siding, and 1% wood trim. The interior wall surfaces will be drywall and the pitched roof will be finished with composite shingles.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be a combination of carpeting & vinyl tile. Each unit will include: range & oven, hood & fan, refrigerator, tile tub/shower, ceiling fans, laminated counter tops, individual water heaters, individual heating and air conditioning.

**ONSITE AMENITIES**

A 552 square foot office and laundry facility is located at the entrance to the property. The equipped playground area is located at the rear of the property adjacent to building five.

**Uncovered Parking:** 73 spaces    **Carpports:** 0 spaces    **Garages:** 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** The subject property is a relatively dense (15.3 units per acre) acquisition and rehabilitation development of 40 units of affordable housing located in southeast Snyder, Texas. The development was built in 1987 and is comprised of 5 evenly distributed medium size garden style walk-up residential buildings as follows:

- € 2 Building Type A with 8 one-bedroom/one-bath units;
- € 3 Building Type B with 8 two-bedroom/one-bath units;

**Existing Subsidies:** The property currently operates under a USDA-RD project-based Rental Assistance Agreement contract for 100% of the 40 units as of May 20, 2004. USDA-RD sold this property out of its foreclosed inventory to the Applicant and the transaction closed May 20, 2004

**Development Plan:** The buildings have been primarily vacant and in process of being renovated. According to the Appraisal and the project contact, Mr. James Brawner, the project is almost completed, certification of tenants has started and the qualified tenants should start occupying the units in late January or early February 2005.

**Architectural Review:** The building and unit plans are of good design, sufficient size and are comparable to other comparable apartment developments of the same age. They appear to provide acceptable access and storage. The elevations reflect modest buildings with simple fenestration.

**SITE ISSUES**

**SITE DESCRIPTION**

**Size:** 2.6 acres    113,256 square feet    **Zoning/ Permitted Uses:** C-2 Commercial  
**Flood Zone Designation:** Zone X    **Status of Off-Sites:** Fully improved

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** Snyder is located in region 2, approximately 225 miles west of Ft. Worth, 350 miles east of El Paso, 84 miles southeast of Lubbock, 76 miles northwest of Abilene, and 88 miles northeast of Midland in Scurry County. The site is a rectangular-shaped parcel located in the southeast area of Snyder, approximately 2 miles from the central business district. The Appraiser identified the Neighborhood as follows: "The neighborhood is defined as being bound by The Burlington Northern Railroad to the west, State Highway 208 & US 180 east, State Highway 208 and the intersection with the railroad to the south, US 180 north." (pg 10) The site is situated on the south side of FM Hwy 1605.

**Adjacent Land Uses:**

- € **North:** Residential Uses immediately adjacent;
- € **South:** Large Vacant Land tracts immediately adjacent;
- € **East:** Kingswood Apartments immediately adjacent and vacant land and commercial land beyond; and

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

∉ **West:** Large vacant land tracts immediately adjacent and beyond;

**Site Access:** Access to the property is from the east or west along FM Hwy 1605. The development has only one main entry. Access to State Highway 84 is 1 ½ miles east, which provides connections to all other major roads and highways serving the area.

**Public Transportation:** The availability of public transportation was not identified in the application materials.

**Shopping & Services:** “The subject neighborhood is considered to feature a favorable mix of residential and commercial development. Schools, churches, medical centers, parks, cultural and employment centers, and shopping facilities are conveniently located in or near the neighborhood. The subject neighborhood is well served by several major thoroughfares and is conveniently located near major traffic arteries.” (p13 – Appraisal)

**Site Inspection Findings:** TDHCA staff performed a site inspection on December 8, 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 was not included, as USDA-RD-financed projects are not required to submit this report.

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. All 40 of the units (100%) will be reserved for low-income tenants earning 60% or less of AMGI.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$19,740	\$22,560	\$25,380	\$28,200	\$30,480	\$32,700

**MARKET HIGHLIGHTS**

**Market Rent Comparables:** The Appraiser surveyed 8 comparable apartment projects totaling 401 units in the market area. However, four of the comparables used are not considered credible by the Underwriter due to the fact that they are outside of the market area of the subject property. Two of the properties are located in Breckenridge, Texas which is approximately 120 miles east of the subject. The other two properties are located in Mineral Wells which is approximately 170 miles east. However, the remaining four properties (totaling 176 units) are located in Snyder and support the market rents proposed by the Applicant.

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>1-Bedroom (60%)</b>	\$310	\$528	-\$218	\$310	\$0
<b>2-Bedroom (60%)</b>	\$360	\$634	-\$274	\$360	\$0
<b>2-Bedroom (MR)</b>	\$360	N/A		\$360	\$0

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

**Other Relevant Information:** The Appraiser noted on page 5 of the report under the heading Property Identification and Location: “NOTE: The Kingswood Estates apartment complex consists of a Phase I and II addition. The client has requested an appraisal on just the Phase I addition. Phase II is similar to Phase I with four (4) apartment buildings, and a total of 32 units. The Phase I addition consist of five (5) buildings, with a total of 40 units. The land size indicated in the report is to the Phase I addition.” (p 5) Based on information gathered from the appraisal and the contact, Mr. James Brawner, the Kingswood Estates Apartments were built in two phases with the property line dissecting the property from north to south and dividing the property into two properties. Even though they share common ingress, egress, and parking, there is adequate parking for each of the phases within their respective property lines.

**Appraisal/Conclusions:** While a separate market study was not provided, the Appraisal provided sufficient information on which to base a funding recommendation. It is further noted that an inclusive capture rate was not addressed. The rehabilitation nature of the project along with the 100% rental assistance available for the development virtually eliminates any capture rate concerns.

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

**OPERATING PROFORMA ANALYSIS**

**Income:** The maximum rents allowed under the HTC program guidelines are \$528 for the one bedroom units and \$634 for the two bedroom units. This property is being subsidized by USDA-RD, and they have determined that the initial basic rental rate for one bedroom units to be \$240 and the two bedroom units to be \$286. The Applicant will be requesting an increase in this rate to the current market rates of \$310 for the one bedroom units and \$360 for the two bedroom units as supported by the Appraisal. The Underwriter's analysis suggests that the proposed rents may be higher than needed and could provide an excessive subsidy to the development. The Underwriter's analysis suggests a minimum 22.5% increase over the current basic rents is required. Therefore, the Underwriter has used rental rates of \$294 for the one bedroom units and \$350 for the two bedroom units. This represents a 5.2% decrease in the one bedroom rental rates, and a 2.8% decrease in the two bedroom rental rates, compared to the Applicants projected rents. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. As a result the Applicant's effective gross income estimate is \$1,412 or 1% greater than the Underwriter's estimate.

**Expenses:** The Applicant's total expense estimate of \$2,813 per unit is within 5% of the Underwriter's database-derived estimate of \$2,805 per unit for comparably-sized developments. The Applicant's budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly payroll (\$12.4K higher), repairs and maintenance (\$5.9K lower), property tax (\$3.1K lower). The Underwriter discussed these differences with the Applicant but was unable to reconcile them.

**Conclusion:** The Applicant's estimated income is consistent with the Underwriter's expectations and the Applicant's net operating income (NOI) estimate is within 5% of the Underwriter's estimate. Therefore, the Applicant's NOI will be used to evaluate debt service capacity.

In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30.

**ACQUISITION VALUATION INFORMATION**

**APPRAISED VALUE**

<b>Land Only: 2.6 acres</b>	\$35,000	<b>Date of Valuation:</b>	11/	17/	2004
<b>Existing Building(s): "as is"</b>	\$393,000	<b>Date of Valuation:</b>	11/	17/	2004
<b>Total Development: "as is"</b>	\$428,000	<b>Date of Valuation:</b>	11/	17/	2004
<b>Appraiser:</b> Clint W. Bumguardner MAI	<b>City:</b> Abilene	<b>Phone:</b>	(325)	692-5039	

**APPRAISAL ANALYSIS/CONCLUSIONS**

An appraisal, provided by the Applicant, was performed by Mr. Clint W. Bumguardner, MAI and dated November 17, 2005. The appraisal provides four values: "As-Is and As Improved with Subsidy" and "As is and As Improved without Subsidy". For all four of the values, the primary approaches used were the sales comparison and cost approach. Based upon questionable land sales, primarily due to date of sale and land size, (The two larger tracts Comp 3 and Comp 4 appear to have been ignored in the final value reconciliation because of their size) the value of the underlying land was valued at a high value of \$35,000 or 6.5% of the "As Improved with Subsidy value".

**ASSESSED VALUE**

<b>Land: 2.6 acres</b>	\$14,640	<b>Assessment for the Year of:</b>	2005		
<b>Building:</b>	\$139,593	<b>Valuation by:</b>	Scurry County Appraisal District		
<b>Total Assessed Value:</b>	\$154,233	<b>Tax Rate:</b>	2.5882/100 of Valuation		

**EVIDENCE of SITE or PROPERTY CONTROL**

<b>Type of Site Control:</b>	Property and Buildings Purchased and Closed (2.6 acres)				
<b>Contract Expiration Date:</b>	/	/	<b>Actual Closing Date:</b>	5/	20/ 2004

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

<b>Acquisition Cost:</b> <u>\$150,000</u>	<b>Other Terms/Conditions:</b> _____
<b>Seller:</b> <u>USDA-RA</u>	<b>Related to Development Team Member:</b> <u>No</u>

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** This transaction has already closed. The closing date was May 20, 2004. The Acquisition price and the Tax assessed value are almost the same. The purchase price was \$150,000 and the Tax Assessed value is \$154,233. This is due in part to the USDA-RD providing financing for 100% of the purchase price. Since this transaction is considered to be an arms-length transaction the entire sales price is acceptable. The Applicant is not requesting any acquisition credits and did not indicate why this is the case other than the implication that the acquisition was 100% financed by USDA as an assumption.

**Sitework Cost:** Since this is a rehabilitation project the associated sitework costs are minimal. The Applicant has estimated sitework costs of \$1,856 per unit, which is consistent with the estimate in the proposed work write-up/physical condition assessment.

**Direct Construction Cost:** The Applicant's direct construction cost and site work cost estimate is \$13.5K per unit. The costs identified in the work write-up appear to be generally consistent with the items identified in the USDA inspection conducted prior to the Applicants acquisition.

**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 used an Applicable percentage of 3.55% rather than the 3.53% underwriting rate as of the month the Application was submitted.

**FINANCING STRUCTURE**

**INTERIM CONSTRUCTION FINANCING**

<b>Source:</b> <u>Charter Bank</u>	<b>Contact:</b> <u>William Hulsey</u>
<b>Principal Amount:</b> <u>\$665,000</u>	<b>Interest Rate:</b> <u>7.75%</u>
<b>Additional Information:</b> <u>2<sup>nd</sup> Lien - 9 Month Construction Loan – With Takeout from USDA-RD</u>	
<b>Amortization:</b> <u>N/A</u> yrs	<b>Term:</b> <u>9</u> Mts
<b>Commitment:</b> <input type="checkbox"/> LOI	<input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional

**TRANSFER OF REAL ESTATE SECURITY**

<b>Source:</b> <u>USDA-RD</u>	<b>Contact:</b> <u>Larry C. Jones</u>
<b>Principal Amount:</b> <u>\$150,000</u>	<b>Interest Rate:</b> <u>5.875%</u> with Interest Subsidy down to 1%
<b>Additional Information:</b> <u>This is a Purchase Assumption Loan</u>	
<b>Amortization:</b> <u>30</u> yrs	<b>Term:</b> <u>30</u> Yrs
<b>Commitment:</b> <input type="checkbox"/> LOI	<input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional
<b>Annual Payment:</b> <u>\$10,676 w/o Subsidy</u>	<b>Lien Priority:</b> <u>1<sup>st</sup></u>
<u>\$5,812.80 with Subsidy</u>	<b>Date:</b> <u>5/ 20/ 2004</u>

**REHAB/PERMANENT FINANCING**

<b>Source:</b> <u>USDA-RD</u>	<b>Contact:</b> <u>Larry C. Jones</u>
<b>Principal Amount:</b> <u>\$665,000</u>	<b>Interest Rate:</b> <u>5.75%</u> with Interest Rate Subsidy down to 1%
<b>Additional Information:</b> <u>2<sup>nd</sup> Lien Rehabilitation Loan – Has not yet closed. Will close upon Completion of Rehab.</u>	
<b>Amortization:</b> <u>30</u> yrs	<b>Term:</b> <u>30</u> Yrs
<b>Commitment:</b> <input type="checkbox"/> LOI	<input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional
<b>Annual Payment:</b> <u>\$25,666.83</u>	<b>Lien Priority:</b> <u>2<sup>nd</sup></u>
	<b>Date:</b> <u>9/ 10/ 2003</u>

**TAX CREDIT SYNDICATION**

<b>Source:</b> <u>Boston Capital</u>	<b>Contact:</b> <u>Jennifer G. Robichaud</u>
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**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

Net Proceeds: \$220,739 Net Syndication Rate (per \$1.00 of 10-yr HTC) 72¢  
 Commitment:  LOI  Firm  Conditional Date: 11/ 8/ 2004  
 Additional Information: \_\_\_\_\_

**APPLICANT EQUITY**

Amount: N/A Source: Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Transfer of Real Estate Security:** The USDA-RD has transferred this property in the amount of \$150,000 via an acquisition loan/assumption. This will be a first lien note at an initial interest rate of 5.875 with an interest rate subsidy reducing the rate to 1% with a 30-year amortization.

**Rehab/Permanent Financing:** The Rehab portion of this loan is funded through Charter Bank at an interest rate of 7.75% for a term of nine (9) months in the amount of \$665,000. USDA-RD will provide permanent financing upon completion of the Rehab. The USDA-RD permanent loan will be a second lien note at an initial interest rate of 5.75% with an interest rate subsidy reducing the rate to 1% with a 30 year amortization.

**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:** No Deferred Developer's Fees will be required at this time.

**Financing Conclusions:** The Applicant initially requested \$1,406 more in funding proceeds than total uses of funds suggesting a slight gap reduction in the required credit amount. Based on the Applicant's estimate of eligible basis and the corrected applicable percentage, the HTC allocation should not exceed \$30,485 annually for ten years, resulting in syndication proceeds of approximately \$219,495. However, this is \$162 more in proceeds than is necessary thus the gap of credits required is slightly less at \$30,463. Based on the underwriting analysis, the Applicant will not be required to defer any of his developer's fee. In the event of a cost overrun, there will be developer's fees available to defer.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

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

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

**Financial Highlights:**

- € The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore has no material financial statement.
- € The General Partner, Johnny Melton and wife Sandra G. Melton, submitted an unaudited financial statement as of 10/29/2004, and is anticipated to be guarantor of the development.

**Background & Experience:**

- € The Applicant is a new entity formed for the purpose of developing the project.
- € Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- € The property's project-based rent subsidy is subject to Federal funding and may not be renewed as anticipated.

<b>Underwriter:</b>	_____	<b>Date:</b>	<u>February 1, 2005</u>
	<i>Bert Murray</i>		
<b>Director of Real Estate Analysis:</b>	_____	<b>Date:</b>	<u>February 1, 2005</u>
	<i>Tom Gouris</i>		



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Snyder Housing Venture Apartments, Snyder, 9%, File #05005**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 60%	16	1	1	570	\$366	\$294	\$4,704	\$0.52	\$56.00	\$24.00
TC 60%	23	2	1	690	426	\$350	8,058	0.51	66.00	30.00
EO	1	2	1	690	426	\$350	350	0.51	66.00	30.00
<b>TOTAL:</b>	<b>40</b>			<b>AVERAGE: 642</b>	<b>\$402</b>	<b>\$328</b>	<b>\$13,112</b>	<b>\$0.51</b>	<b>\$62.00</b>	<b>\$27.60</b>

<b>INCOME</b>				<b>TOTAL</b>		<b>TDHCA</b>		<b>APPLICANT</b>		<b>Comptroller's Region 2</b>	
Total Net Rentable Sq Ft 25,680										IREM Region	
<b>POTENTIAL GROSS RENT</b>						\$157,349		\$158,880		Per Unit Per Month	
Secondary Income				Per Unit Per Month: \$11.55		5,544		5,544		\$11.55	
Other Support Income: (describe)						0		0			
<b>POTENTIAL GROSS INCOME</b>						\$162,893		\$164,424			
Vacancy & Collection Loss				% of Potential Gross Income: -7.50%		(12,217)		(12,336)		-7.50% of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions						0		0			
<b>EFFECTIVE GROSS INCOME</b>						\$150,676		\$152,088			
<b>EXPENSES</b>				<b>% OF EGI PER UNIT PER SQ FT</b>		<b>PER SQ FT</b>		<b>PER UNIT</b>		<b>% OF EGI</b>	
General & Administrative				6.77% \$255 0.40		\$10,204		\$11,429		\$0.45 \$286 7.51%	
Management				7.67% 289 0.45		11,557		14,400		0.56 360 9.47%	
Payroll & Payroll Tax				10.69% 403 0.63		16,103		28,506		1.11 713 18.74%	
Repairs & Maintenance				12.48% 470 0.73		18,800		12,847		0.50 321 8.45%	
Utilities				3.95% 149 0.23		5,952		7,000		0.27 175 4.60%	
Water, Sewer, & Trash				10.91% 411 0.64		16,440		14,000		0.55 350 9.21%	
Property Insurance				5.11% 193 0.30		7,704		7,000		0.27 175 4.60%	
Property Tax 2.5882				8.25% 311 0.48		12,423		9,289		0.36 232 6.11%	
Reserve for Replacements				7.96% 300 0.47		12,000		8,050		0.31 201 5.29%	
Other: compl fees				0.66% 25 0.04		1,000		0		0.00 0 0.00%	
<b>TOTAL EXPENSES</b>				<b>74.45% \$2,805 \$4.37</b>		<b>\$112,183</b>		<b>\$112,521</b>		<b>\$4.38 \$2,813 73.98%</b>	
<b>NET OPERATING INC</b>				<b>25.55% \$962 \$1.50</b>		<b>\$38,493</b>		<b>\$39,567</b>		<b>\$1.54 \$989 26.02%</b>	

<b>DEBT SERVICE</b>				<b>TOTAL</b>		<b>TDHCA</b>		<b>APPLICANT</b>		<b>PER SQ FT PER UNIT % OF EGI</b>	
First Lien Mortgage				3.84% \$145 \$0.23		\$5,790		\$5,790		\$0.23 \$145 3.81%	
Additional Financing				17.03% \$642 \$1.00		25,667		25,667		\$1.00 \$642 16.88%	
Additional Financing				0.00% \$0 \$0.00		0		0		\$0.00 \$0 0.00%	
<b>NET CASH FLOW</b>				<b>4.67% \$176 \$0.27</b>		<b>\$7,037</b>		<b>\$8,110</b>		<b>\$0.32 \$203 5.33%</b>	
AGGREGATE DEBT COVERAGE RATIO						1.22		1.26			
RECOMMENDED DEBT COVERAGE RATIO								1.26			

<b>CONSTRUCTION COST</b>				<b>TOTAL</b>		<b>TDHCA</b>		<b>APPLICANT</b>		<b>PER SQ FT PER UNIT % OF TOTAL</b>	
Acquisition Cost (site or bldg)				14.28% \$3,750 \$5.84		\$150,000		\$150,000		\$5.84 \$3,750 14.50%	
Off-Sites				0.00% 0 0.00		0		0		0.00 0 0.00%	
Sitework				7.07% 1,856 2.89		74,250		74,250		2.89 1,856 7.18%	
Direct Construction				44.49% 11,680 18.19		467,200		467,200		18.19 11,680 45.17%	
Contingency 10.00%				5.16% 1,354 2.11		54,145		54,145		2.11 1,354 5.23%	
General Req'ts 6.00%				3.09% 812 1.27		32,487		32,487		1.27 812 3.14%	
Contractor's G & A 2.00%				1.03% 271 0.42		10,829		10,829		0.42 271 1.05%	
Contractor's Profit 6.00%				3.09% 812 1.27		32,487		32,487		1.27 812 3.14%	
Indirect Construction				5.86% 1,538 2.39		61,500		61,500		2.39 1,538 5.95%	
Ineligible Costs				0.64% 168 0.26		6,723		6,723		0.26 168 0.65%	
Developer's G & A 2.00%				1.43% 375 0.58		15,019		0		0.00 0 0.00%	
Developer's Profit 13.00%				9.30% 2,441 3.80		97,625		112,645		4.39 2,816 10.89%	
Interim Financing				1.72% 452 0.70		18,067		18,067		0.70 452 1.75%	
Reserves				2.84% 744 1.16		29,771		14,000		0.55 350 1.35%	
<b>TOTAL COST</b>				<b>100.00% \$26,253 \$40.89</b>		<b>\$1,050,103</b>		<b>\$1,034,333</b>		<b>\$40.28 \$25,858 100.00%</b>	
<b>Recap-Hard Construction Costs</b>				<b>63.94% \$16,785 \$26.14</b>		<b>\$671,398</b>		<b>\$671,398</b>		<b>\$26.14 \$16,785 64.91%</b>	

<b>SOURCES OF FUNDS</b>				<b>TOTAL</b>		<b>TDHCA</b>		<b>APPLICANT</b>		<b>RECOMMENDED</b>	
First Lien Mortgage				14.28% \$3,750 \$5.84		\$150,000		\$150,000		\$150,000	
Additional Financing				63.33% \$16,625 \$25.90		665,000		665,000		665,000	
HTC Syndication Proceeds				21.02% \$5,518 \$8.60		220,739		220,739		219,333	
Deferred Developer Fees				0.00% \$0 \$0.00		0		0		0	
Additional (excess) Funds Req'd				1.37% \$359 \$0.56		14,364		(1,406)		0	
<b>TOTAL SOURCES</b>						<b>\$1,050,103</b>		<b>\$1,034,333</b>		<b>\$1,034,333</b>	
										Developer Fee Available \$112,645	
										% of Dev. Fee Deferred 0%	
										15-Yr Cumulative Cash Flow \$124,077	

Snyder Housing Venture Apartments, Snyder, 9%, File #05005

PAYMENT COMPUTATION

<b>Primary</b>	\$150,000	Term	360
Int Rate	1.00%	DCR	6.65

<b>Secondary</b>	\$665,000	Term	360
Int Rate	1.00%	Subtotal DCR	1.22

<b>Additional</b>	\$220,739	Term	
Int Rate		Aggregate DCR	1.22

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	\$5,790
Secondary Debt Service	25,667
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$8,111</b>

<b>Primary</b>	\$150,000	Term	360
Int Rate	1.00%	DCR	6.83

<b>Secondary</b>	\$665,000	Term	360
Int Rate	1.00%	Subtotal DCR	1.26

<b>Additional</b>	\$220,739	Term	0
Int Rate	0.00%	Aggregate DCR	1.26

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	\$157,349	\$162,069	\$166,931	\$171,939	\$177,097	\$205,304	\$238,004	\$275,912	\$370,803
Secondary Income	5,544	5,710	5,882	6,058	6,240	7,234	8,386	9,721	13,065
Other Support Income: (describe)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	162,893	167,780	172,813	177,997	183,337	212,538	246,390	285,634	383,868
Vacancy & Collection Loss	(12,217)	(12,583)	(12,961)	(13,350)	(13,750)	(15,940)	(18,479)	(21,423)	(28,790)
Employee or Other Non-Rental Units or	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$150,676	\$155,196	\$159,852	\$164,648	\$169,587	\$196,598	\$227,911	\$264,211	\$355,077
EXPENSES at 4.00%									
General & Administrative	\$10,204	\$10,612	\$11,037	\$11,478	\$11,937	\$14,524	\$17,670	\$21,499	\$31,823
Management	11,557	11,904	12,261	12,629	13,008	15,079	17,481	20,265	27,235
Payroll & Payroll Tax	16,103	16,747	17,417	18,114	18,838	22,920	27,885	33,927	50,220
Repairs & Maintenance	18,800	19,552	20,334	21,147	21,993	26,758	32,555	39,608	58,630
Utilities	5,952	6,190	6,438	6,695	6,963	8,472	10,307	12,540	18,562
Water, Sewer & Trash	16,440	17,097	17,781	18,492	19,232	23,399	28,468	34,636	51,269
Insurance	7,704	8,012	8,333	8,666	9,013	10,965	13,341	16,231	24,026
Property Tax	12,423	12,920	13,437	13,975	14,534	17,682	21,513	26,174	38,744
Reserve for Replacements	12,000	12,480	12,979	13,498	14,038	17,080	20,780	25,282	37,424
Other	1,000	1,040	1,082	1,125	1,170	1,423	1,732	2,107	3,119
TOTAL EXPENSES	\$112,183	\$116,555	\$121,098	\$125,819	\$130,726	\$158,301	\$191,732	\$232,269	\$341,052
NET OPERATING INCOME	\$38,493	\$38,642	\$38,754	\$38,829	\$38,861	\$38,297	\$36,178	\$31,942	\$14,026
DEBT SERVICE									
First Lien Financing	\$5,790	\$5,790	\$5,790	\$5,790	\$5,790	\$5,790	\$5,790	\$5,790	\$5,790
Second Lien	25,667	25,667	25,667	25,667	25,667	25,667	25,667	25,667	25,667
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$7,037	\$7,185	\$7,298	\$7,372	\$7,405	\$6,840	\$4,722	\$486	(\$17,431)
DEBT COVERAGE RATIO	1.22	1.23	1.23	1.23	1.24	1.22	1.15	1.02	0.45

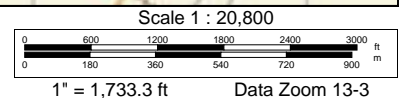
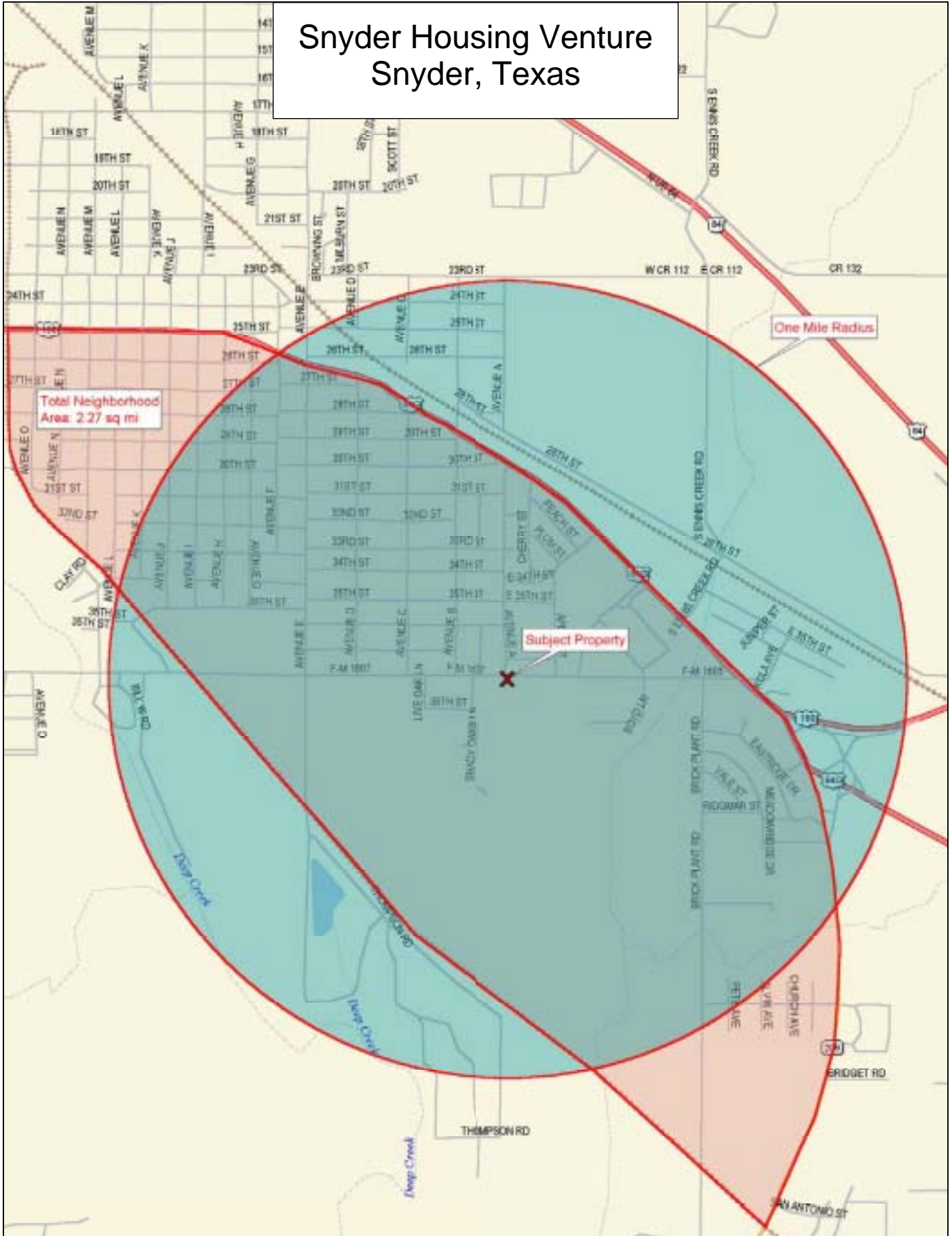
LIHTC Allocation Calculation - Snyder Housing Venture Apartments, Snyder, 9%, File #05005

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$150,000	\$150,000		
Purchase of buildings	\$0			
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$74,250	\$74,250	\$74,250	\$74,250
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation h	\$467,200	\$467,200	\$467,200	\$467,200
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$10,829	\$10,829	\$10,829	\$10,829
Contractor profit	\$32,487	\$32,487	\$32,487	\$32,487
General requirements	\$32,487	\$32,487	\$32,487	\$32,487
<b>(5) Contingencies</b>	\$54,145	\$54,145	\$54,145	\$54,145
<b>(6) Eligible Indirect Fees</b>	\$61,500	\$61,500	\$61,500	\$61,500
<b>(7) Eligible Financing Fees</b>	\$18,067	\$18,067	\$18,067	\$18,067
<b>(8) All Ineligible Costs</b>	\$6,723	\$6,723		
<b>(9) Developer Fees</b>			\$112,645	
Developer overhead		\$15,019		\$15,019
Developer fee	\$112,645	\$97,625		\$97,625
<b>(10) Development Reserves</b>	\$14,000	\$29,771		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$1,034,333</b>	<b>\$1,050,103</b>	<b>\$863,610</b>	<b>\$863,610</b>

<b>Deduct from Basis:</b>				
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)				
<b>TOTAL ELIGIBLE BASIS</b>			\$863,610	\$863,610
High Cost Area Adjustment			100%	100%
<b>TOTAL ADJUSTED BASIS</b>			\$863,610	\$863,610
Applicable Fraction			100%	100%
<b>TOTAL QUALIFIED BASIS</b>			\$863,610	\$863,610
Applicable Percentage			3.53%	3.53%
<b>TOTAL AMOUNT OF TAX CREDITS</b>			\$30,485	\$30,485

Syndication Proceeds	0.7200	\$219,495	\$219,495
Total Credits (Eligible Basis Method)		\$30,485	\$30,485
Syndication Proceeds		\$219,495	\$219,495
Requested Credits		\$30,658	
Syndication Proceeds		\$220,738	
Gap of Syndication Proceeds Needed		\$219,333	
Credit Amount		\$30,463	

# Snyder Housing Venture Snyder, Texas



# Applicant Evaluation

Project ID # **05005**

Name: **Snyder Housing Venture**

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:   4  

Projects in Material Noncompliance

# in noncompliance:   0  

Projects zero to nine:   4    
grouped ten to nineteen:   0    
by score twenty to twenty-nine:   0  

Yes                       No

# monitored with a score less than thirty:   4  

Projects not reported Yes   
in application No

# not yet monitored or pending review:   0  

# of projects not reported   0  

### Portfolio Monitoring

### Single Audit

### Contract Administration

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   Patricia Murphy  

Date   1/20/2005  

### 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   1/13/2005  

### 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   1/18/2005  

### 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   1/21/2005  

**Executive Director:**   Edwina Carrington  

**Executed:**   Friday, January 28, 2005



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**REQUEST FOR BOARD APPROVAL  
Multifamily Finance Production**

**2005 Private Activity Bond Program – Waiting List**

**1 Priority 1C Application  
1 Priority 2 Application  
2 Total Applications Received**

**TABLE OF EXHIBITS**

<b>TAB 1</b>	<b>TDHCA Board Presentation – February 10, 2005</b>
<b>TAB 2</b>	<b>Summary of Applications</b>
<b>TAB 3</b>	<b>Inducement Resolution</b>
<b>TAB 4</b>	<b>Prequalification Analysis Worksheet</b>

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Item**

Inducement resolution for Multifamily Revenue Bonds and Authorization for Filing Applications for the Year 2005 Private Activity Bond Authority – Waiting List.

**Requested Action**

Approve the Inducement Resolution to proceed with application to the Texas Bond Review Board for possible receipt of State Volume Cap issuance authority in the 2005 Private Activity Bond Program.

**Background**

Each year, the State of Texas is notified of the cap on the amount of private activity tax-exempt revenue bonds that may be issued within the state. Approximately \$389 million will be set aside for the use of multifamily development until August 15, 2005 for the 2005 program year. The lottery held on November 4, 2004 had a decrease of approximately ninety (90) applications from the 2004 program year. Due to the large amount of authority to be Carried Forward into 2005 and the decrease in applications for the 2005 program year, it is expected that there will be a shortage of applications to use the full state issuance authority. The Department will be accepting applications for the 2005 Waiting List through September of 2005.

The Inducement Resolution includes two (2) applications that were received by January 3, 2005. These two (2) applications will be added to the 2005 Waiting List. Each application is reviewed, scored and ranked according to the Department's published scoring criteria. Upon Board approval, the applications will be placed in priority and rank order and submitted to the Texas Bond Review Board for placement on the 2005 Waiting List. Currently, TDHCA has sixteen applications that participated in the lottery and received lottery numbers and six applications that are on the 2005 Waiting List. The Department had eight (8) of the sixteen (16) lottery applications withdraw after the first of the year for various reasons. The Department has received ten (10) reservations of allocation for 2005 applications and has three (3) remaining applications on the waiting list. Marquee Ranch and Lafayette Chase will be placed below the three (3) currently left on the waiting list.

**Recommendation**

Approve the Inducement Resolution as presented by staff.

## Texas Department of Housing and Community Affairs

### 2005 Multifamily Private Activity Bond Program - Waiting List

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
2005-027	Marquee Ranch SE corner of Schultz and Meister Lane	252	\$ 16,600,000	Manish Verma P T Schultz-Meister	Recommend
Priority 1C Inc-\$ 74,142	City: Pflugerville County: Travis <i>New Construction</i>	Family	Score - 64	45 NE Loop 410, Suite 290 San Antonio, Texas 78216 (210) 240-8376	
2005-028	Lafayette Chase Apartments 6709 Howell Sugarland Road	200	\$ 12,500,000	Dwayne Henson Lafayette Chase Apartments, L.P.	Recommend
Priority 2	City: Houston County: Harris <i>New Construction</i>	Family	Score - 61.0	5405 John Dreaper Houston, Texas 77056 (713) 334-5808	
<b>Totals for Recommended Applications</b>		<b>452</b>	<b>\$ 29,100,000</b>		



RESOLUTION NO. 05-010

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL PROJECTS; AUTHORIZING THE FILING OF APPLICATIONS FOR ALLOCATIONS OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

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

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

WHEREAS, it is proposed that the Department issue its revenue bonds for the purpose of providing financing for multi-family residential rental developments (each a "Project" and collectively, the "Projects") as more fully described in Exhibit "A" attached hereto. The ownership of each Project as more fully described in Exhibit "A" will consist of the ownership entity and its principals or a related person (each an "Owner" and collectively, the "Owners") within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, each Owner has made not more than 60 days prior to the date hereof, payments with respect to its respective Project and expects to make additional payments in the future and desires that it be reimbursed for such payments and other costs associated with each respective Project from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, each Owner has indicated its willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that 100 percent of the units of its Project will be occupied at all times by eligible tenants, as determined by the Board of the Department pursuant to the Act ("Eligible Tenants"), that the other requirements of the Act and the Department will be satisfied and that its Project will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse each Owner for the costs associated with its Project listed on Exhibit "A" attached hereto, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of each Owner, the Department reasonably expects to incur debt in the form of tax-exempt and taxable obligations for purposes of paying the costs of each respective Project described on Exhibit "A" attached hereto; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for each Project an Application for Allocation of Private Activity Bonds (the "Application") with the Texas Bond Review Board (the "Bond Review Board") with respect to the tax-exempt Bonds to qualify for the Bond Review Board's Allocation Program in connection with the Bond Review Board's authority to administer the allocation of the authority of the state to issue private activity bonds; and

WHEREAS, the Board intends that the issuance of Bonds for any particular Project is not dependent or related to the issuance of Bonds (as defined below) for any other Project and that a separate Application shall be filed with respect to each Project; and

WHEREAS, the Board has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to each Owner to finance its Project on the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

Section 1--Certain Findings. The Board finds that:

- (a) each Project is necessary to provide decent, safe and sanitary housing at rentals that eligible tenants can afford;
- (b) each Owner will supply, in its Project, well-planned and well-designed housing for eligible tenants;
- (c) the financing of each Project pursuant to the provisions of the Act will constitute a public purpose and will provide a public benefit;
- (d) each owner is financially responsible; and
- (e) each Project will be undertaken within the authority conferred by the Act upon the Department and each Owner.

Section 2--Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in amounts estimated to be sufficient to (a) fund a loan or loans to each Owner to provide financing for its Project in an aggregate principal amount not to exceed those amounts, corresponding to each respective Project, set forth in Exhibit "A"; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental project bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and state law requirements regarding tenancy in each Project; (iii) approval by the Bond Review Board, if required; (iv) approval by the Texas Attorney General; (v) satisfaction of the Board that each Project meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and state laws applicable to the issuance of such Bonds.

Section 3--Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 4--Reimbursement. The Department reasonably expects to reimburse each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction of its Project and listed on Exhibit "A" attached hereto ("Costs of each respective Project") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction of its Project, including reimbursing each Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction of its Project; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 5--Principal Amount. Based on representations of each Owner, the Department reasonably expects that the maximum principal amount of debt issued to reimburse each Owner for the costs of its respective Project will not exceed the amount set forth in Exhibit "A" which corresponds to its Project.

Section 6--Limited Obligations. The Owner may commence with the acquisition and construction of its Project, which Project will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement on an installment payment basis with the Department under which the Department will make a loan to the Owner for the purpose of reimbursing each Owner for the costs of its Project and each Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to each Owner to provide financing for the Owner's Project, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 7--The Project. Substantially all of the proceeds of the Bonds shall be used to finance the Projects, each of which is to be occupied entirely by Eligible Tenants, as determined by the Department, and each of which is to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 8--Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse each Owner for costs of its Project.

Section 9--Costs of Project. The Costs of each respective Project may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Project. Without limiting the generality of the foregoing, the Costs of each respective Project shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Project, administrative expenses and such other expenses as

may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Project, the placing of the Project in operation and that satisfy the Code and the Act. Each Owner shall be responsible for and pay any costs of its Project incurred by it prior to issuance of the Bonds and will pay all costs of its Project which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 10--No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owners nor any one claiming by, through or under each Owner shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 11--No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State of Texas, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds.

Section 12--Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by each Owner and the Department of contractual arrangements providing assurance satisfactory to the Department that 100 percent of the units for each Project will be occupied at all times by Eligible Tenants, that all other requirements of the Act will be satisfied and that each Project will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Vinson & Elkins L.L.P. or other nationally recognized bond counsel acceptable to the Department, substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Texas Bond Review Board, if required, and the Attorney General of the State of Texas.

Section 13--Certain Findings. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for each Project will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

Section 14--Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of each Project's necessary review and legal documentation for the filing of an Application for the 2005 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof.

Section 15--Related Persons. The Department acknowledges that financing of all or any part of each Project may be undertaken by any company or partnership that is a "related person" to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the respective Owner.

Section 16--Declaration of Official Intent. This Resolution constitutes the Department's official intent for expenditures on Costs of each respective Project which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end

that the Bonds issued to reimburse Costs of each respective Project may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 17--Authorization of Certain Actions. The Department hereby authorizes the filing of and directs the filing of each Application in such form presented to the Board with the Bond Review Board and each director of the Board are hereby severally authorized and directed to execute each Application on behalf of the Department and to cause the same to be filed with the Bond Review Board.

Section 18--Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 19--Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 20--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 10th day of February, 2005.

[SEAL]

By: \_\_\_\_\_  
Chair

Attest: \_\_\_\_\_  
Secretary

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Principals	Amount Not to Exceed
Lafayette Chase Apartments	Lafayette Chase Apartments, L.P.	Lafayette Chase Development, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be Dwayne Henson Investments, Inc.	\$12,500,000
Costs: (i) acquisition of real property located at approximately 6709 Howell Sugarland Road, Houston, Harris County, Texas; and (ii) the construction thereon of an approximately 200-unit multifamily residential rental housing project, in the amount not to exceed \$12,500,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Marquee Ranch Apartments	P.T. Schultz-Meister, L.P.	CIS Schultz-Meister Development, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be Manish Verma or other Member	\$16,600,000 (Tax exempt bonds will not exceed \$15,000,000)
Costs: (i) acquisition of real property located at approximately the southeast corner of Shultz Land and Meister, on the east side of Shultz Lane, Pflugerville, Travis County, Texas; and (ii) the construction thereon of an approximately 252-unit multifamily residential rental housing project, in the amount not to exceed \$16,600,000 (Tax exempt bonds will not exceed \$15,000,000).			

**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
MULTIFAMILY FINANCE DIVISION  
PREQUALIFICATION ANALYSIS**

**Marquee Ranch, Pflugerville (#2005-027) Priority 1C**

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	72	\$ 729	650	1.12
60% AMI	2BD/2BA	80	\$ 862	1,000	0.86
60% AMI	2BD/2.5BA	32	\$ 862	1,144	0.75
60% AMI	3BD/2BA	20	\$ 986	1,245	0.79
60% AMI	3BD/2BA	24	\$ 986	1,260	0.78
60% AMI	3BD/2.5BA	24	\$ 986	1,472	0.67
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
<b>Totals</b>		<b>252</b>	<b>\$ 2,592,960</b>	<b>253,876</b>	<b>\$ 0.85</b>
<b>Averages</b>			<b>\$ 857</b>	<b>1,007</b>	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,524,000	\$ 6,048	\$ 6.00	0.06
Off-sites	0	0	0.00	0.00
<b>Subtotal Site Costs</b>	<b>\$ 1,524,000</b>	<b>\$ 6,048</b>	<b>\$ 6.00</b>	<b>0.06</b>
Sitework	1,855,584	7,363	7.31	0.08
Hard Construction Costs	10,451,624	41,475	41.17	0.44
General Requirements (6%)	738,432	2,930	2.91	0.03
Contractor's Overhead (2%)	246,144	977	0.97	0.01
Contractor's Profit (6%)	738,432	2,930	2.91	0.03
Constr Contg & Other	708,173	2,810	2.79	0.03
<b>Subtotal Construction</b>	<b>\$ 14,738,390</b>	<b>\$ 58,486</b>	<b>\$ 58.05</b>	<b>0.61</b>
Indirect Construction	1,235,590	4,903	4.87	0.05
Developer's Fee	2,712,677	10,765	10.69	0.11
Financing	3,438,030	13,643	13.54	0.14
Reserves	366,300	1,454	1.44	0.02
<b>Subtotal Other Costs</b>	<b>\$ 7,752,597</b>	<b>\$ 30,764</b>	<b>\$ 31</b>	<b>0</b>
<b>Total Uses</b>	<b>\$ 24,014,987</b>	<b>\$ 95,298</b>	<b>\$ 94.59</b>	<b>1.00</b>

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,905,000	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 16,600,000	6.75%	40	\$1,201,887
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,640,547	60.5%	\$1,072,130	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
<b>Total Sources</b>	<b>\$ 24,145,547</b>			<b>\$1,201,887</b>

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,905,000	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 16,600,000	6.75%	40	\$ 1,201,887
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,509,987	55.7%	\$ 1,202,690	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
<b>Total Sources</b>	<b>\$ 24,014,987</b>			<b>\$ 1,201,887</b>

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,592,960	\$10.21		
Other Income & Loss	45,360	0.18	180	
Vacancy & Collection	-7.50% (197,880)	-0.78	-785	
Effective Gross Income	\$2,440,440	9.61	9,684	
Total Operating Expenses	\$1,101,144	\$4.34	\$4,370	
Net Operating Income	\$1,339,296	\$5.28	\$5,315	
Debt Service	1,201,887	4.73	4,769	
Net Cash Flow	\$137,409	\$0.54	\$545	
Debt Coverage Ratio	<b>1.11</b>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$137,409	\$0.54	\$545	
DCR after TDHCA Fees	<b>1.11</b>			
Break-even Rents/S.F.	0.76			
Break-even Occupancy	88.82%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,592,960	\$10.21		
Other Income & Loss	45,360	0.18	180	
Vacancy & Collection	7.50% (197,874)	-0.78	-785	
Effective Gross Income	2,440,446	9.61	9,684	
Total Operating Expenses	45.1% \$1,101,144	\$4.34	\$4,370	
Net Operating Income	\$1,339,302	\$5.28	\$5,315	
Debt Service	1,201,887	4.73	4,769	
Net Cash Flow	\$137,415	\$0.54	\$545	
Debt Coverage Ratio	<b>1.11</b>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$137,415	\$0.54	\$545	
DCR after TDHCA Fees	<b>1.11</b>			
Break-even Rents/S.F.	0.76			
Break-even Occupancy	88.82%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$99,740	0.39	396
Management Fees	122,023	0.48	484
Payroll, Payroll Tax & Employee Exp.	221,400	0.87	879
Maintenance/Repairs	103,956	0.41	413
Utilities	162,456	0.64	645
Property Insurance	63,469	0.25	252
Property Taxes	248,900	0.98	988
Replacement Reserves	50,400	0.20	200
Other Expenses	28,800	0.11	114
<b>Total Expenses</b>	<b>\$1,101,144</b>	<b>\$4.34</b>	<b>\$4,370</b>

Staff Notes/Comments



**TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
MULTIFAMILY FINANCE DIVISION  
PREQUALIFICATION ANALYSIS**

**Lafayette Chase Apartments Houston (2004-064) Priority 2**

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	40	\$ 621	700	0.89
60% AMI	2BD/2BA	90	\$ 742	1,000	0.74
60% AMI	3BD/2BA	70	\$ 854	1,200	0.71
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		200	\$ 1,816,800	202,000	\$ 0.75
Averages			\$ 757	1,010	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,435,000	\$ 7,175	\$ 7.10	0.07
Off-sites	0	0	0.00	0.00
<b>Subtotal Site Costs</b>	<b>\$ 1,435,000</b>	<b>\$ 7,175</b>	<b>\$ 7.10</b>	<b>0.07</b>
Sitework	1,717,500	8,588	8.50	0.09
Hard Construction Costs	8,912,800	44,564	44.12	0.45
General Requirements (6%)	637,818	3,189	3.16	0.03
Contractor's Overhead (2%)	212,606	1,063	1.05	0.01
Contractor's Profit (6%)	637,818	3,189	3.16	0.03
Construction Contingency	400,000	2,000	1.98	0.02
<b>Subtotal Construction</b>	<b>\$ 12,518,542</b>	<b>\$ 62,593</b>	<b>\$ 61.97</b>	<b>0.64</b>
Indirect Construction	764,500	3,823	3.78	0.04
Developer's Fee	2,150,000	10,750	10.64	0.11
Financing	2,525,500	12,628	12.50	0.13
Reserves	200,000	1,000	0.99	0.01
<b>Subtotal Other Costs</b>	<b>\$ 5,640,000</b>	<b>\$ 28,200</b>	<b>\$ 28</b>	<b>0</b>
<b>Total Uses</b>	<b>\$ 19,593,542</b>	<b>\$ 97,968</b>	<b>\$ 97.00</b>	<b>1.00</b>

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,744,438	\$0.80	3.56%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,500,000	6.00%	30	\$ 899,326
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 94,534	4.4%	\$2,055,466	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 254,000	GIC Income	\$ -	
<b>Total Sources</b>	<b>\$ 19,592,972</b>			<b>\$ 899,326</b>

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,744,438	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,052,784	6.00%	30	\$ 867,150
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 542,320	25.2%	\$ 1,607,680	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 254,000		\$ -	
<b>Total Sources</b>	<b>\$ 19,593,542</b>			<b>\$ 867,150</b>

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,816,800	\$8.99		
Other Income & Loss	36,000	0.18	180	
Vacancy & Collection	-7.50% (138,960)	-0.69	-695	
Effective Gross Income	\$1,713,840	8.48	8,569	
Total Operating Expenses	\$760,000	\$3.76	\$3,800	
Net Operating Income	\$953,840	\$4.72	\$4,769	
Debt Service	899,326	4.45	4,497	
Net Cash Flow	\$54,514	\$0.27	\$273	
Debt Coverage Ratio	1.06			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$54,514	\$0.27	\$273	
DCR after TDHCA Fees	1.06			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	91.33%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,816,800	\$8.99		
Other Income & Loss	36,000	0.18	180	
Vacancy & Collection	7.50% (138,960)	-0.69	-695	
Effective Gross Income	1,713,840	8.48	8,569	
Total Operating Expenses	44.3% \$760,000	\$3.76	\$3,800	
Net Operating Income	\$953,840	\$4.72	\$4,769	
Debt Service	867,150	4.29	4,336	
Net Cash Flow	\$86,690	\$0.43	\$433	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$86,690	\$0.43	\$433	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.67			
Break-even Occupancy	89.56%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$55,260	0.27	276
Management Fees	87,000	0.43	435
Payroll, Payroll Tax & Employee Exp.	155,000	0.77	775
Maintenance/Repairs	62,000	0.31	310
Utilities	59,000	0.29	295
Property Insurance	75,480	0.37	377
Property Taxes	175,000	0.87	875
Replacement Reserves	50,010	0.25	250
Other Expenses	41,250	0.20	206
Total Expenses	\$760,000	\$3.76	\$3,800

Staff Notes/Comments

**FINANCE COMMITTEE MEETING**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**507 Sabine, Room 437 – Boardroom, Austin, Texas 78701**  
**Thursday, February 10, 2005                      10:30 a.m.**

**A G E N D A**

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

Vidal Gonzalez  
Chair of Committee

**PUBLIC COMMENT**

The Finance Committee of 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 Finance Committee.

The Finance Committee of 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 Criteria and Methodology Recommended for the Selection of Senior Managers in Conjunction with the Sale of TDHCA's Single Family Mortgage Revenue Bonds | Edwina Carrington |
| Item 2 | Presentation, Discussion and Preliminary Approval of Single Family Mortgage Revenue Bonds, 2005 Series A (Variable Rate) and 2005 Series B (Variable Rate) for Program 62                                | Edwina Carrington |
| Item 3 | Presentation, Discussion and Preliminary Approval of Taxable Mortgage Program  | Edwina Carrington |
| Item 4 | Presentation, Discussion and Possible Approval of Resolution Authorizing the Extension of the Certificate Purchase Period for Residential Mortgage Revenue Bonds, Series 2002AB (Program 59)             | Edwina Carrington |
| Item 5 | Presentation, Discussion and Possible Approval of First Quarter Investment Report  | Edwina Carrington |
| Item 6 | Presentation, Discussion and Possible Approval of Texas Department of Housing and Community Affairs Investment Policy  | Edwina Carrington |

**EXECUTIVE SESSION**

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

Vidal Gonzalez

**OPEN SESSION**

Action in Open Session on Items Discussed in Executive Session

Vidal Gonzalez

**ADJOURN**

Vidal Gonzalez

*To access this agenda and details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://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.*

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

**BOND FINANCE DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Item**

Criteria and methodology recommended for the selection of senior managers in conjunction with the sale of TDHCA's single family mortgage revenue bonds

**Required Action**

Approve criteria and methodology recommended for the selection of senior managers in conjunction with the sale of TDHCA's single family mortgage revenue bonds

**Background**

In 2001 the Board selected twelve investment banking firms to provide single family bond underwriting services for the TDHCA. Six firms were designated as senior managers. Bond Finance has worked directly with these firms since that time and recommends reducing the number of senior managers from six to three.

Bond Finance recommends ranking and scoring information based on ten quantitative factors covering categories including capitalization, retail distribution capacity, institutional distribution capacity, negotiated single family bond experience, national representation and derivatives capacity. Please see Exhibit A, pages one and two, for a complete listing of quantitative criteria.

Bond Finance also recommends ranking and scoring the firms based on three qualitative criteria including underwriting and sales execution, innovativeness, and responsiveness. Please see Exhibit A, page three, for a complete listing of qualitative criteria.

Quantitative factors would be ranked in ascending order and weighted equally with the firm placing first in each category receiving the most number of points, i.e. five. Qualitative factors would be scored for each firm based on Bond Finance's assessment of firms' performance in each of the three equally weighted categories. The total quantitative and qualitative categories would then be added to produce a combined score. Please refer to Exhibit A, page four, for complete disclosure of the ranking and scoring methodology for this process.

**Recommendation**

Approve criteria and methodology recommended for the selection of senior managers in conjunction with the sale of TDHCA's single family mortgage revenue bonds

**Texas Department of Housing and Community Affairs  
Senior Managers Qualifications Review  
Qualifications Summary (Quantitative)**

	Data Reviewed	Description	Source/Basis for Inclusion	Purpose	Desired Results	Scored (1)	Weighting	Criteria Used in 2001 RFQ (2)	Criteria Used in 2003 RFQ (3)
1	TDHCA Relationship Banker's Name	Name of Investment Banker(s) primarily responsible for maintaining contact with TDHCA. Generally does not provide significant, high level housing finance technical support.	Industry Standard	Gauge resources available for TDHCA	Not Applicable	No	Not Applicable	Yes	No
2	TDHCA Technical Banker's Name	Name of Investment Banker(s) primarily responsible for maintaining contact with TDHCA. Provides significant, high level housing finance technical support.	Industry Standard	Gauge breadth and depth of resources available for TDHCA	Multiple coverage by knowledgeable and experienced investment bankers	No	Not Applicable	Yes	No
3	TDHCA Analyst's Name	Name of Investment Banker(s) primarily responsible for preparing quantitative financial analysis and cash flow stress scenarios for TDHCA. Provides significant housing finance technical support.	Industry Standard	Gauge breadth and depth of resources available for TDHCA	Multiple coverage by knowledgeable and experienced investment bankers	No	Not Applicable	Yes	No
4	TDHCA Underwriter's Name and Location	Name of Investment Banker(s) primarily responsible for pricing and allocating bonds and managing sales and underwriting commitments	Industry Standard	Gauge breadth and depth of resources available for TDHCA	Underwriter specializing in housing finance bonds	No	Not Applicable	Yes	No
5	Total Number of Bankers Specializing in Single Family Mortgage Revenue Bonds	Number of employees focusing solely on single family housing finance structuring and analysis	Industry Standard	Measure breadth and depth of housing finance resources available for TDHCA	Generally, a higher number of housing finance bankers enables greater capacity and reflects diverse experience gained through a broader client base	Yes	8%	Yes	No
6	Net Capital as of September 30, 2004	Equity capitalization of securities firms. Amount calculated based on standards set forth by the Securities and Exchange Commission's "Net Capital Rule."	Industry Standard	Ensure that the firm is well capitalized and able to perform under adverse bond market conditions	Generally, a greater amount of net capital provides firms with greater underwriting capacity, ability to takedown bonds, and flexibility in scheduling bond pricings	Yes	8%	Yes	Yes
7	Excess Net Capital as of September 30, 2004	Equity capitalization of securities firms adjusted for reserves required for securities inventory balances. Amount calculated based on standards set forth by the Securities and Exchange Commission's "Net Capital Rule."	Industry Standard	Ensure that the firm is well capitalized and able to perform under adverse bond market conditions	Generally, a greater amount of excess net capital provides firms with greater underwriting capacity, greater ability to takedown bonds, and more flexibility in scheduling bond pricings	Yes	8%	Yes	Yes
8	Number of Total Retail Salespeople and Number of Total Institutional Municipal Bond Salespeople	Number of employees who market municipal bonds to retail and institutional buyers	TDHCA Specific	Measure ability of the firm to distribute municipal bonds to investors	Generally, a higher number of salespeople indicates a greater likelihood of successfully distributing bonds to retail and institutional investors	Yes	8%	No	No

**Texas Department of Housing and Community Affairs  
Senior Managers Qualifications Review  
Qualifications Summary (Quantitative)**

	Data Reviewed	Description	Source/Basis for Inclusion	Purpose	Desired Results	Scored (1)	Weighting	Criteria Used in 2001 RFQ (2)	Criteria Used in 2003 RFQ (3)
9	TDHCA Distribution Results	Quantitative measure of actual senior manager underwriting performance	TDHCA Specific	Measure actual ability of the firm to distribute TDHCA's bonds	A meaningful quantitative measure indicative of actual senior manager underwriting performance	Yes	8%	No	No
10	Par Amount of Negotiated Single Family Bonds Managed in 2004 (January 1 – November 30) (Full Credit to Book Manager)  2003 2002 Average: 2002 - 2004	Volume of single family mortgage revenue bonds structured and sold as senior manager	Industry Standard	Measure senior manager experience through volume of single family mortgage revenue bonds structured, senior managed, and sold	A greater volume of senior managed single family bond issues reflects a firm's experience gained directly with an HFA/single family bond issuer client base and a more likely heightened ability to structure and sell single family bonds	Yes	8%	Yes	Yes
11	Current Number of State Housing Finance Agency Clients (Senior Manager Role Only – Does Not Include Co-Senior or Co-Manager Assignments)	Number of State Housing Finance Agencies served in the capacity of senior manager	Industry Standard	Measure senior manager experience through number of single family mortgage revenue bond state issuers served as senior manager	A higher number of housing finance clients reflects greater capacity and diverse experience gained directly from an HFA client base	Yes	8%	Yes	Yes
12	Par Amount of Interest Rate Swaps Executed Since 1997 on a Principal Basis (Affiliated Intermediaries Only) in Conjunction with the Issuance of Single Family Mortgage Revenue Bonds	Volume of interest rate swaps structured and executed on a principal basis for single family mortgage revenue bond issuers	Industry Standard/ TDHCA Specific	Measure housing finance derivative experience through volume of interest rate swaps structured and executed for single family mortgage revenue bond issuers	A greater volume of single family swaps reflects greater experience gained directly with an HFA/single family bond issuer client base, more likely greater exposure to unique risks associated with mortgages, and a more likely increased ability to offer innovative swap features mitigating such risks	Yes	8%	No - TDHCA's first interest rate swap executed in 2004	No - TDHCA's first interest rate swap executed in 2004
13	All Affiliated Derivative Product Companies ("DPCs"), DPC Ratings, and Respective DPC Capitalization/Reserves as of September 30, 2004	Disclosure of swap counterparty's organizational structure	Industry Standard/ TDHCA Specific	Identification and analysis of swap counterparty and credit risk	Highly credit-rated firms executing swaps through a parent company or with affiliated DPCs	Yes	8%	No - TDHCA's first interest rate swap executed in 2004	No - TDHCA's first interest rate swap executed in 2004

- (1) See Scoring Methodology (last page)
- (2) 2001 RFQs issued for senior and co-managers
- (3) 2003 RFQ issued for co-managers

**Texas Department of Housing and Community Affairs  
Senior Managers Qualifications Review  
Qualifications Summary (Qualitative)**

	Criteria Assessed	Description	Source/Basis for Inclusion	Purpose	Desired Results (4)	Scored (1)	Weighting	Criteria Used in 2001 RFQ (2)	Criteria Used in 2003 RFQ (3)
1	Underwriting and Sales Execution	Ability and willingness to underwrite TDHCA's bonds under both favorable and unfavorable market conditions	Industry Standard/ TDHCA Specific	Assessment of senior managers' sales and execution capabilities, by firm, throughout senior manager rotation period	Accurate pricing of bonds without repricings; able to accurately gauge timing of pricing, investor demand and economic events; willing to take bonds into inventory without raising coupon rates	Yes	8%	Not Applicable	Not Applicable
2	Innovativeness	Offering creative bond structuring solutions that add value to TDHCA's capital markets initiatives	Industry Standard/ TDHCA Specific	Assessment of senior managers' innovativeness, by firm, throughout senior manager rotation period	High level of feasible, value-added, structuring ideas that achieve desired financial and programmatic objectives	Yes	8%	Not Applicable	Not Applicable
3	Responsiveness	Responding in a timely manner to requests from Bond Finance and TDHCA's Finance Team; knowledge of TDHCA's bond indentures	Industry Standard/ TDHCA Specific	Assessment of senior managers' responsiveness, by firm, throughout senior manager rotation period	Prompt and accurate responses to Bond Finance, Bond Counsel, Disclosure Counsel, and Financial Advisor's requests and instructions; demonstrated knowledge of TDHCA's financial metrics, indentures, and objectives	Yes	8%	Not Applicable	Not Applicable

(1) See Scoring Methodology (last page)

(2) 2001 RFQs issued for senior and co-managers

(3) 2003 RFQ issued for co-managers

(4) Written comments will be provided

**Texas Department of Housing and Community Affairs  
Senior Managers Qualifications Review  
Scoring Methodology**

**Quantitative Scoring Methodology**

Quantitative Criteria: 9 items scored; 45 points maximum total score

<u>Rank</u>	<u>Points</u>
1	5
2	4
3	3
4	2
5	1
6	0

**Qualitative Scoring Methodology**

Qualitative Criteria: 3 items scored; 15 points maximum total score

**Rating Scale**

5	Excellent
4	Above Average
3	Average
2	Fair
1	Poor
0	Not Applicable

**Combined Scoring Methodology**

Combined Criteria: 12 items scored; 60 points maximum total score

**Item 14 Scoring Criteria**

<b><u>Derivative Counterparty Platform</u></b>	<b><u>Points</u></b>
Rated Parent	5
Rated Subsidiary with Separate Capitalization	4
Rated/Unrated Subsidiary with Rated Parent Guaranty	3
Rated Subsidiary with Unaffiliated Intermediary	2
Unrated Subsidiary with Unaffiliated Intermediary	1



**BOND FINANCE DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Items**

Preliminary Approval of Single Family Mortgage Revenue Bonds, 2005 Series A (Variable Rate) and 2005 Series B (Variable Rate) for Program 62A.

**Required Action**

Preliminary Approval of Single Family Mortgage Revenue Bonds, 2005 Series A (Variable Rate) and 2005 Series B (Variable Rate) for Program 62A.

**Background**

TDHCA's annual volume cap allocation in 2004 for single family bonds equaled \$165,151,534. TDHCA issued Convertible Option Bonds (COBs) that deferred some of the 2004 volume cap for additional mortgages in 2005. TDHCA has depleted its current balance of unassisted mortgage funds available for very low, low and moderate income Texans seeking to purchase their first home. Bond Finance recommends issuing TDHCA's next single family bond issue to refund the COBs and provide funds for unassisted mortgages. The following table illustrates the various components of the proposed transaction.

<b>Program</b>	<b>Series</b>	<b>Amount *</b>	<b>Purpose</b>	<b>Bond Description</b>
62A	2005 A	\$88,000,000	Refunding of Convertible Option Bonds (2004 Series F) to Provide Tax-Exempt Funds for Below Market Rate Mortgages	Variable Rate Demand Bonds
62A	2005 B	12,000,000	Refunding of Commercial Paper to Provide Tax-Exempt Funds for Below Market Rate Mortgages	Variable Rate Demand Bonds
Total		<u>\$100,000,000</u>		

\* Preliminary, subject to change

Interest rates remain at 40-year historical lows. To take advantage of these historical lows and create a marketable and competitive mortgage product for first-time homebuyers, Bond Finance recommends issuing 100% of the transaction in the form of *variable rate demand bonds*. In order to reduce interest rate exposure associated with unhedged variable interest rates that change according to market conditions, Bond Finance recommends implementing a hedge referred to as an *interest rate swap*. An interest rate swap is a contractual agreement whereby two parties, called counterparties, agree to exchange periodic interest payments. Through an interest rate swap agreement, TDHCA will pay a highly rated counterparty a fixed interest rate. In exchange, the highly rated counterparty will pay TDHCA a variable interest rate which is reasonably expected to be similar to the variable

interest rate TDHCA will pay on the variable rate demand bonds. An interest rate swap contract is a derivative security.

Bond Finance successfully incorporated TDHCA's first variable rate demand bonds and an interest rate swap for 30% of the transaction total in TDHCA's March 2004 issue and for 40% of TDHCA's October 2004 issue. The proposed bond structure, comprised of 100% variable rate demand bonds, deviates from the previous structures due to advances in interest rate swap technology.

The interest rate hedge proposed for this transaction, referred to as a "Matched Amortization Interest Rate Swap," offers unique call features permitting TDHCA to cancel any amount of this interest rate swap from prepayments received with no market termination fees, starting immediately after the transaction closing. As a consequence of this feature, this structure effectively mitigates the amortization mismatch (prepayment) risk associated with swapped bonds secured by mortgages.

Overall, this structure provides the following benefits:

- € Replicates more closely the cash flow behavior of underlying mortgages
- € Achieves significant savings in bond yield (approximately 40 basis points) compared to traditional fixed-rate bond structure
- € Attains full spread while creating a marketable mortgage rate
- € Mitigates interest rate basis risk
- € Eliminates state law naked hedging concerns
- € Reduces negative arbitrage through forward start on swap
- € Eliminates amortization mismatch associated with mortgage prepayments
- € Does not require swap termination insurance
- € Reduces bond underwriting fees by over 50% compared to traditional TDHCA structure
- € Provides Aaa/AAA rated affiliated, non-terminating counterparty (no intermediaries or third parties required)
- € Neutralizes rating agency stress run effects on TDHCA's SFMRB indenture

Matched Amortization Interest Rate Swaps originated in the taxable mortgage market. Bond Finance reviewed this form of swap proposal in 2003 but elected to wait due to counterparty legal matters, which have been addressed.

The new mortgages will be unassisted low rate mortgages with projected interest rates of approximately 4.99% - 5.30%. Without issuing variable rate bonds, TDHCA would attain mortgage rates of approximately 5.95% - 6.00% for unassisted mortgages. The mortgages will be securitized and will be marketed to very low and moderate income residents of Texas. If authorized, the bonds are expected to be sold in May and the bond closing will occur approximately three to four weeks subsequent to the bond pricing.

Bond Finance recommends Bear, Stearns & Co. Inc. to lead this transaction. In addition, Bond Finance recommends Bear, Stearns & Co. Inc. for the role of interest rate swap provider. Bear, Stearns & Co. Inc. executes interest rate swaps on a principal basis with many other state housing finance agencies and proposed this proprietary, innovative and beneficial swap (that it has executed with other state HFAs) that will help TDHCA alleviate risk and achieve program objectives. TDHCA's Bond Finance Division and TDHCA's Finance Team have reviewed documents related to the proposed interest rate swap.

In keeping with TDHCA's policy of rotating firms in the co-manager pool, Bond Finance recommends the following firms to serve as co-managers for this transaction:

Bank of America Securities LLC  
 Loop Capital Markets, LLC  
 Merrill Lynch & Co.  
 Morgan Keegan & Company, Inc.

The following table provides certain details related to this plan of finance.

Program Designation	Program 62A
Down Payment Assistance (%)	None; All funds unassisted
Down Payment Assistance (% of Loans)	None; All funds unassisted
2004 Volume Cap	\$165 million
Unassisted Lendable Funds Available in November 2004	\$75 million
Unassisted Lendable Funds Deferred Until April 2005	\$88 million
<b>TDHCA Approval Date</b>	<b>March 10, 2005</b>
<b>Bond Review Board Planning Session</b>	<b>March 8, 2005</b>
<b>Bond Review Board Approval Date</b>	<b>March 17, 2005</b>
<b>Pricing Window</b>	<b>March 21 – 31, 2005</b>
<b>Pre-Closing/Closing Dates</b>	<b>April 19/20, 2005</b>

### Recommendation

Preliminary Approval of Single Family Mortgage Revenue Bonds, 2005 Series A (Variable Rate) and 2005 Series B (Variable Rate) for Program 62A.

**Supplemental Information**

Current lendable proceeds in existing programs as of February 1, 2005

<b>Program Number</b>	<b>Original Allocation</b>	<b>Rate</b>	<b>Committed/(In Pipeline)</b>	<b>Loans Purchased</b>	<b>Uncommitted Allocation</b>	<b>Targeted Area Balances</b>
56	124,915,000	6.25%	471,342	124,748,290	22,396	
57A	107,332,736	4.99%	36,799,141	64,823,064	5,810,531	
59	40,000,000	5.30%- 5.99%	868,726	37,513,078	2,018,196	
59A	71,056,914	4.99%- 5.99%	1,488,201	51,444,673	18,124,040	13,569,872
61	175,865,983	4.99%- 5.50%	16,991,576	70,249,572	88,624,835	18,731,158
62	71,600,000	4.99%	55,516,948	2,515,362	13,567,690	13,687,900
<b>TOTAL:</b>	<b>590,770,633</b>		<b>112,135,934</b>	<b>351,294,039</b>	<b>128,167,688</b>	

**BOND FINANCE DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Items**

Market Rate Mortgage Program.

**Required Action**

Preliminary approval of TDHCA's Market Rate Mortgage Program.

**Background**

In January 2004, the Bond Finance Division presented to TDHCA's Board a new product concept encompassing a market rate mortgage loan program offering products that may serve segments of the Texas homebuyer market currently not served by TDHCA's present tax-exempt program. Since that time, the Bond Finance Division and CitiMortgage have been working on developing this product for TDHCA. The attached table outlines the features offered by TDHCA's Market Rate Mortgage Program. Various participating lenders statewide will originate the mortgage loans.

The Market Rate Program will offer conforming first lien purchase mortgage loans, at market level interest rates, with second lien amortizing loans providing 6% downpayment assistance. In addition, TDHCA seeks to offer conforming first lien refinance mortgage loans for homeowners with good credit seeking to refinance out of higher interest rate loans (possibly predatory loans) or change the maturity of their loan.

Target populations include homebuyers who may or may not have previously owned a home, who require downpayment assistance and seek minimal paperwork. TDHCA anticipates using this program to serve moderate income populations who require downpayment assistance. TDHCA currently does not offer any mortgage refinancing options and anticipates that this program will provide additional opportunities for low to moderate income Texans to refinance higher interest rate loans.

These initiatives will use funding sources provided by external market sources and will not require any TDHCA or state funding sources. TDHCA will finance these mortgage loans through CitiMortgage's mortgage funding and warehousing facilities. Under CitiMortgage's proposal, these products would not require the issuance of bonds, provide a separate source of funding for higher levels of downpayment assistance, offer mortgage loans with standardized terms, provide another source of revenue for TDHCA, and diversify TDHCA's single family mortgage product offerings. TDHCA will not be required to fund these mortgages, therefore, eliminating negative arbitrage, interest rate risk and pipeline risk.

**Recommendation**

Preliminary approval of TDHCA's Market Rate Mortgage Program.

**Texas Department of Housing and Community Affairs  
Market Rate Mortgage Program**

**Draft Program Term Sheet \***

<b>Available Funding</b>	\$22,500,000 for Downpayment Assistance Second Loans
<b>Lender Participation</b>	All Participating Lenders must be approved with TDHCA and with CitiMortgage's Correspondent Division. All lenders must have delegated underwriting status.
<b>First Loan Interest Rate</b>	Market-rate pricing quoted daily on CitiMortgage Special Programs rate sheets. Premium and discount pricing may be used in accordance with FHA, Fannie Mae and CitiMortgage guidelines.
<b>First Loan Term and Transaction Type</b>	<ul style="list-style-type: none"> <li>∅ FHA and conventional fixed rate; Conventional 5/1 &amp; 7/1 adjustable rate mortgages for terms up to 30 years.</li> <li>∅ Owner-Occupied new purchases and rate and term refinances only. (No cash-out refinances permitted)</li> <li>∅ No prepayment penalties</li> </ul>
<b>Eligible Loan Types</b>	<ul style="list-style-type: none"> <li>∅ FHA 203 (b) and 234(c)</li> <li>∅ Fannie Mae Eligible Conventional Loans including: <ul style="list-style-type: none"> <li>o My Community Mortgage 97 and 100</li> <li>o Community Homebuyers 97 or 3/2</li> <li>o Community Solutions</li> </ul> </li> </ul> <p>Note: All Fannie Mae products must have full MI Coverage and full Appraisals. Features with loan-level pricing adjustments are not permitted.</p>
<b>Second Loan Structure</b>	<ul style="list-style-type: none"> <li>∅ 20-year, fully-amortizing second sized up to 6% of the purchase price of the home.</li> <li>∅ The Second Loan is due and payable upon sale or refinance of the First. There will be no subordination available.</li> <li>∅ There should be no cash back to the borrower from the Second Loan's proceeds. Second Loan amount must be reduced if necessary prior to close.</li> <li>∅ On FHA First Loans, the corresponding Second Note and Second Deed of Trust must specify the Texas Department of Housing and Community Affairs as the lender and beneficiary.</li> <li>∅ On 97 Conventional First Loans, the corresponding Second Note and Second Deed of Trust must specify the Participating Lender as the lender and beneficiary and the Lender must provide an endorsement and assignment to CitiMortgage, Inc. at time of purchase.</li> <li>∅ Second Loans are not assumable.</li> </ul>
<b>Purpose of Second</b>	To meet borrowers' down payment and closing costs requirements per FHA and Fannie Mae guidelines. Borrower may not receive any cash back at closing from Second Loan proceeds in excess of items paid out of closing.
<b>Allocation Type</b>	First-Come First-Served Pool of Second Mortgage Funds. There is no targeted-area set aside for this Program.
<b>Eligible Loan Area</b>	Properties must be located within the State of Texas.
<b>Buydowns</b>	Second Loan proceeds may be used to fund a permanent buydown of the First Loan rate. Temporary buydowns are permitted subject to FHA and/or Fannie Mae guidelines but may not be funded with Second Loan proceeds.
<b>Other Sources of Assistance</b>	Other eligible sources of assistance are permitted per FHA and Fannie Mae guidelines.

\* Preliminary, subject to change.

<b>Mortgage Insurance</b>	Required pursuant to FHA and/or Fannie Mae guidelines, as applicable. Full coverage is required on all Fannie Mae eligible products, even if DU offers reduced coverage.
<b>Seller Contributions</b>	Permitted subject to FHA and Fannie Mae guidelines.
<b>Income Limits</b>	FHA First Loans: Qualifying income may not exceed 115% of area median income published by HUD. Conventional First Loans: Qualifying income may not exceed 120% of the area median income published by HUD.
<b>Eligible Property Types</b>	Single-family, owner-occupied principal residences that are detached, one-unit structures or condominiums. No second homes or investment properties.
<b>Purchase Price Limits</b>	This program features no purchase price limitations. However, loan limits are subject to standard restrictions of FHA and/or Fannie Mae, as applicable.
<b>Borrower Eligibility</b>	Borrowers do not have to be a first-time homebuyer.
<b>Homebuyer Education</b>	Subject to FHA and/or Fannie Mae guidelines, as applicable.
<b>Underwriting</b>	<ul style="list-style-type: none"> <li>€ FHA loans may be underwritten manually, through Fannie Mae's Desktop Underwriter or Freddie Mac's Loan Prospector automated systems.</li> <li>€ Conventional loans may be manually underwritten or through Fannie Mae's Desktop Underwriter automated system, where applicable.</li> </ul>
<b>Funding Price (Lender to Borrower)</b>	€ Lender must fund the First and Second Loans at closing.
<b>Purchase Price (Servicer to Lender)</b>	<ul style="list-style-type: none"> <li>€ First Loans will be purchased by CitiMortgage at a rate and price reflected on the CitiMortgage Commitment Confirmation, less any price adjustments and fees, plus the applicable Service Release Premium.</li> <li>€ Second Loans will be purchased concurrently by CitiMortgage at a purchase price equal to 100% of the outstanding Second Loan principal balance, plus accrued interest, at the time of purchase.</li> </ul>
<b>Lender Compensation</b>	<ul style="list-style-type: none"> <li>€ 1.00% Origination Fee</li> <li>€ Lender discount points charged to the borrower or seller may be used to finance a permanent buydown or other eligible use.</li> <li>€ Any normal and customary fees and closing costs associated with the origination of the loans.</li> <li>€ Rebate pricing or discount points charged to the borrower or seller are permitted as per all FHA, HUD, Fannie Mae and predatory lending laws.</li> <li>€ Service Release Premium as stated below.</li> </ul>
<b>Service Release Premium</b>	€ To Be Determined
<b>Issuer Fees</b>	€ To Be Determined
<b>CMI Fees</b>	\$175 Review and Funding Fee \$70 Tax Service Contract Fee for FHA loans \$89 Tax Service Contract Fee for 97 Conventional loans \$10 Life-of-Loan Flood Monitoring Contract
<b>Program Disclosures</b>	Borrowers must execute the Program Disclosure.
<b>Truth-in-Lending Disclosure and Good Faith Estimate</b>	Lenders must conform to RESPA and Truth-in-Lending (TIL) Laws in disclosing the First and Second loan terms on a preliminary and final basis. Lenders may elect to generate a single or separate Good Faith Estimate and HUD-1 Settlement Statement with regards to the First and Second loans. The Second payment as reflected on the Second note must match the payment reported on the TIL.
<b>Loan Servicing</b>	The Participating Lender will be required to service both First and Second Loans until sold to CitiMortgage and lender must provide current pay histories for both loans prior to purchase.

**BOND FINANCE DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Items**

Resolution authorizing the extension of the certificate purchase period for Residential Mortgage Revenue Bonds, Series 2002A (Program 59).

**Required Action**

Approve the attached resolution authorizing the extension of the certificate purchase period for Residential Mortgage Revenue Bonds, Series 2002A (Program 59).

**Background**

The mortgage loan origination period related to TDHCA's Residential Mortgage Revenue Bonds, Series 2002A (Program 59) will terminate on April 1, 2005. Unspent proceeds bond redemptions must be made if the origination period is not extended. Staff recommends extending the certificate purchase date for Program 59 to May 1, 2006. The table below reflects Program 59's balances, per the master servicer's records, as of February 1, 2005.

Total Lendable Bond Proceeds	\$40.0 million
Assisted Funds Unreserved Balance	\$ 0.4 million
+ Unassisted Funds Unreserved Balance	\$ 1.6 million
+ Loans in Mortgage Pipeline	\$ 0.9 million
= Total Unspent Proceeds Balance	\$ 2.9 million
Mortgages Closed and Funded	\$37.1 million

These monies are available on a statewide basis. The assisted mortgage rate equals 5.99%. A downpayment assistance grant of up to 4% of the mortgage amount will be available for all assisted loans. Downpayment assistance was funded by premium bonds for Program 59. The unassisted rate is set at 5.30% with zero points.

Staff believes that with an extended origination period, all funds will be converted into mortgage loans.

**Recommendation**

Approve the attached resolution authorizing the extension of the certificate purchase period for Residential Mortgage Revenue Bonds, Series 2002A (Program 59).



**Resolution No. 05-012**

RESOLUTION AUTHORIZING THE EXTENSION OF THE CERTIFICATE PURCHASE PERIOD FOR RESIDENTIAL MORTGAGE REVENUE BONDS, SERIES 2002A; AUTHORIZING ARRANGEMENTS RELATING TO AN INVESTMENT AGREEMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and participating interests therein, secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose, among others, of obtaining funds to acquire, finance or acquire participating interests in such mortgage loans, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such single family mortgage loans or participating interests, and to mortgage, pledge or grant security interests in such mortgages or participating interests, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Department has issued its Residential Mortgage Revenue Bonds, Series 2002A in the aggregate principal amount of \$42,310,000 (the "Series 2002A Bonds"), pursuant to the Residential Mortgage Revenue Bond Trust Indenture dated as of November 1, 1987 between the Department, as successor to the Texas Housing Agency, and JPMorgan Chase Bank, N.A. as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Residential Mortgage Indenture"), and the Twenty-Fifth Supplemental Residential Mortgage Revenue Bond Trust Indenture (the "Twenty-Fifth Supplement") dated as of December 1, 2002, with respect to the Series 2002A Bonds, between the Department and the Trustee, for the purpose, among others, of providing funds to make and acquire qualified mortgage loans (including participating interests therein) during the Certificate Purchase Period (as defined in the Twenty-Fifth Supplement) for the Department's Bond Program No. 59 (the "Program"); and

WHEREAS, pursuant to Resolution No. 04-007 adopted on January 13, 2004, the Department extended the Certificate Purchase Period with respect to the Series 2002A Bonds to April 1, 2005, or the first business day thereafter; and

WHEREAS, the Department desires to approve and authorize (i) the extension of the Certificate Purchase Period to May 1, 2006 in accordance with the terms of the Twenty-Fifth Supplement, (ii) arrangements to obtain a new investment agreement to provide for the investment of proceeds of the Series 2002A Bonds during the Certificate Purchase Period, as so extended, (iii) all actions to be taken with respect thereto, and (iv) the execution and delivery of all documents and instruments in connection therewith; and

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

## ARTICLE I

### EXTENSION OF PROGRAM; APPROVAL OF DOCUMENTS

Section 1.1--Approval of Extension of the Certificate Purchase Period. The extension of the Certificate Purchase Period to May 1, 2006, or the first business day thereafter, is hereby authorized, subject to advice of any financial advisor, bond counsel or other advisor to the Department, such extension to be effectuated under and in accordance with the Residential Mortgage Indenture and the Twenty-Fifth Supplement, and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all documents and instruments in connection therewith and to request and deliver all certificates as may be required by the terms of the Twenty-Fifth Supplement in connection therewith.

Section 1.2--Investment Agreement and Investment Agreement Broker. The investment of funds held under the Twenty-Fifth Supplement is hereby approved and the Executive Director and the Director of Bond Finance each are authorized hereby to complete arrangements for investment in an investment agreement, including, without limitation, selection of the investment agreement broker, if any.

Section 1.3--Authorization of Investment Agreement. The execution and delivery of an investment agreement is hereby authorized and approved and the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver such investment agreement and all documents and instruments in connection therewith.

Section 1.4--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.5--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred to in this Article I: the 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 acquisition of mortgage loans or the purchase of Mortgage Certificates resulting from the extension of the Certificate Purchase Period will accomplish a valid public purpose of the Department by providing for the housing needs of persons and families of low, very low and extremely low income and families of moderate income in the State.

Section 2.2--Effective Date. 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.

PASSED AND APPROVED this 10th day of February, 2005.

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Elizabeth Anderson, Chair

ATTEST:

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Delores Groneck, Secretary

(SEAL)

**FINANCIAL DIVISION**  
**BOARD ACTION REQUEST**  
**February 10, 2005**

**Action Item**

First Quarter Investment Report.

**Required Action**

Presentation of the Department's First Quarter Investment Report.

**Background**

Compliance with the Public Funds Investment Act.

**Recommendation**

Approve the Investment Report.

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

**PUBLIC FUNDS INVESTMENT ACT  
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)  
QUARTER ENDING NOVEMBER 30, 2004**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Internal Management Report (Sec. 2256.023)  
Quarter Ending November 30, 2004

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

INDENTURE	FAIR VALUE	CARRYING	CHANGE IN CARRYING VALUE				CARRYING	FAIR VALUE
	(MARKET) @ 08/31/04	VALUE @ 08/31/04	ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	VALUE @ 11/30/04	(MARKET) @ 11/30/04
Single Family	525,778,965.37	516,932,249.69	276,114,892.82	(128,785,475.33)	(16,656,193.53)	10,335,430.55	657,940,904.20	664,891,889.84
RMRB	477,330,571.46	466,446,643.07	40,055,493.82	(14,860,878.89)	(19,528,840.63)	0.00	472,112,417.37	481,972,745.37
CHMRB	29,739,088.79	27,702,738.79	2,232,481.31	(221,324.76)	(2,062,744.48)	0.00	27,651,150.86	29,363,082.83
Multi Family	238,060,101.63	238,060,101.63	9,310,821.59	(59,561,565.71)	(596,618.34)	0.00	187,212,739.17	187,212,739.17
SF CHMRB 1993	12,716,398.67	11,912,177.22	164,734.45	(392,098.46)	(601,972.96)	(10,335,430.55)	747,409.70	747,409.70
SF CHMRB 1994/1995	21,675,518.74	20,187,576.24	158,901.64	(257,096.25)	(1,238,239.56)	0.00	18,851,142.07	20,147,019.78
Commercial Paper	50,953,456.87	50,953,456.87	840,303.20	(775,000.00)	0.00	0.00	51,018,760.07	51,018,760.07
General Fund	9,507,529.76	9,507,529.76	535,982.39	(167,229.70)	0.00	0.00	9,876,282.45	9,876,282.45
Housing Trust Fund	7,268,299.96	7,268,299.96	213,962.42	(233,575.55)	0.00	0.00	7,248,686.83	7,248,686.83
Administration	135,889.80	135,889.80	566.46	0.00	0.00	0.00	136,456.26	136,456.26
Compliance	874,776.31	874,776.31	323,304.40	(387,520.20)	0.00	0.00	810,560.51	810,560.51
Housing Initiatives	3,149,992.33	3,149,992.33	116,936.97	(464,364.00)	0.00	0.00	2,802,565.30	2,802,565.30
<b>TOTAL</b>	<b>1,377,190,589.69</b>	<b>1,353,131,431.67</b>	<b>330,068,381.47</b>	<b>(206,106,128.85)</b>	<b>(40,684,609.50)</b>	<b>0.00</b>	<b>1,436,409,074.79</b>	<b>1,456,228,198.11</b>

\* No relationship can be drawn between the "ACCRUED INT RECVBL @ 11/30/04" 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 \$ 237,986,778 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.

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Bill Daily, Chief of Agency Administration

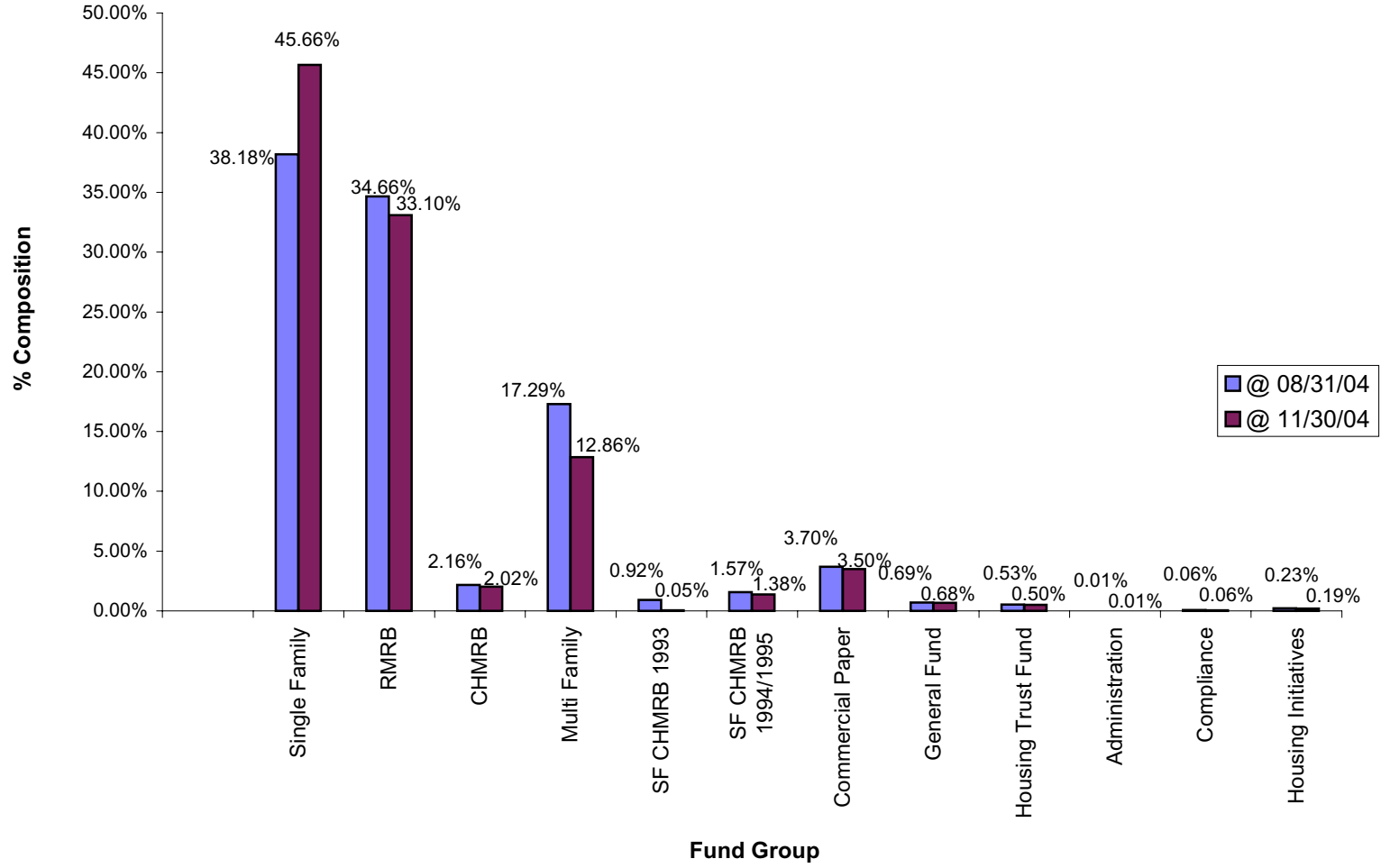
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Byron Johnson, Director of Bond Finance

**PUBLIC FUNDS INVESTMENT ACT  
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)  
QUARTER ENDING NOVEMBER 30, 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

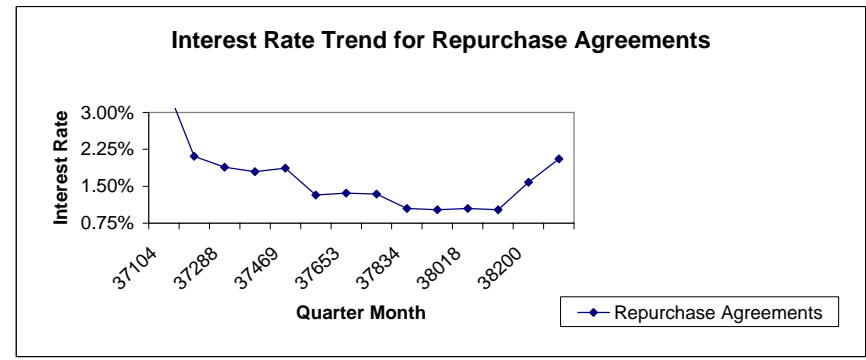
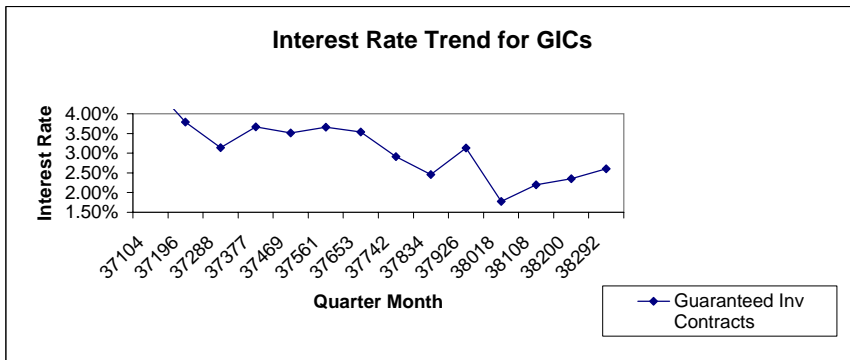
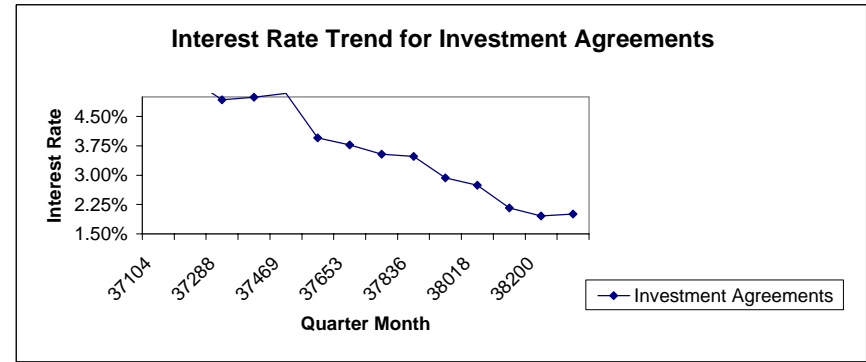
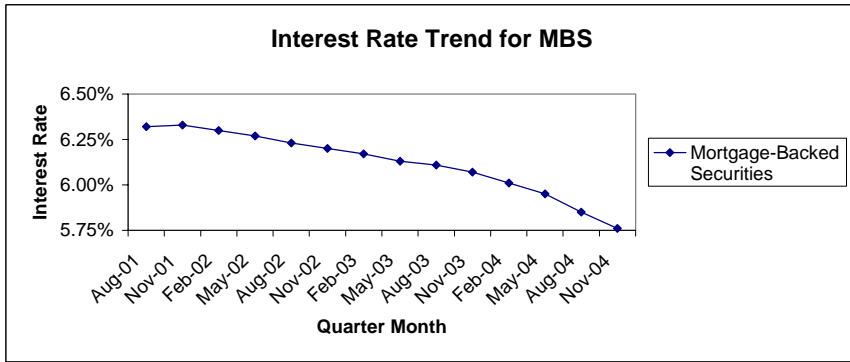
### Market Valuation Comparison By Fund Group



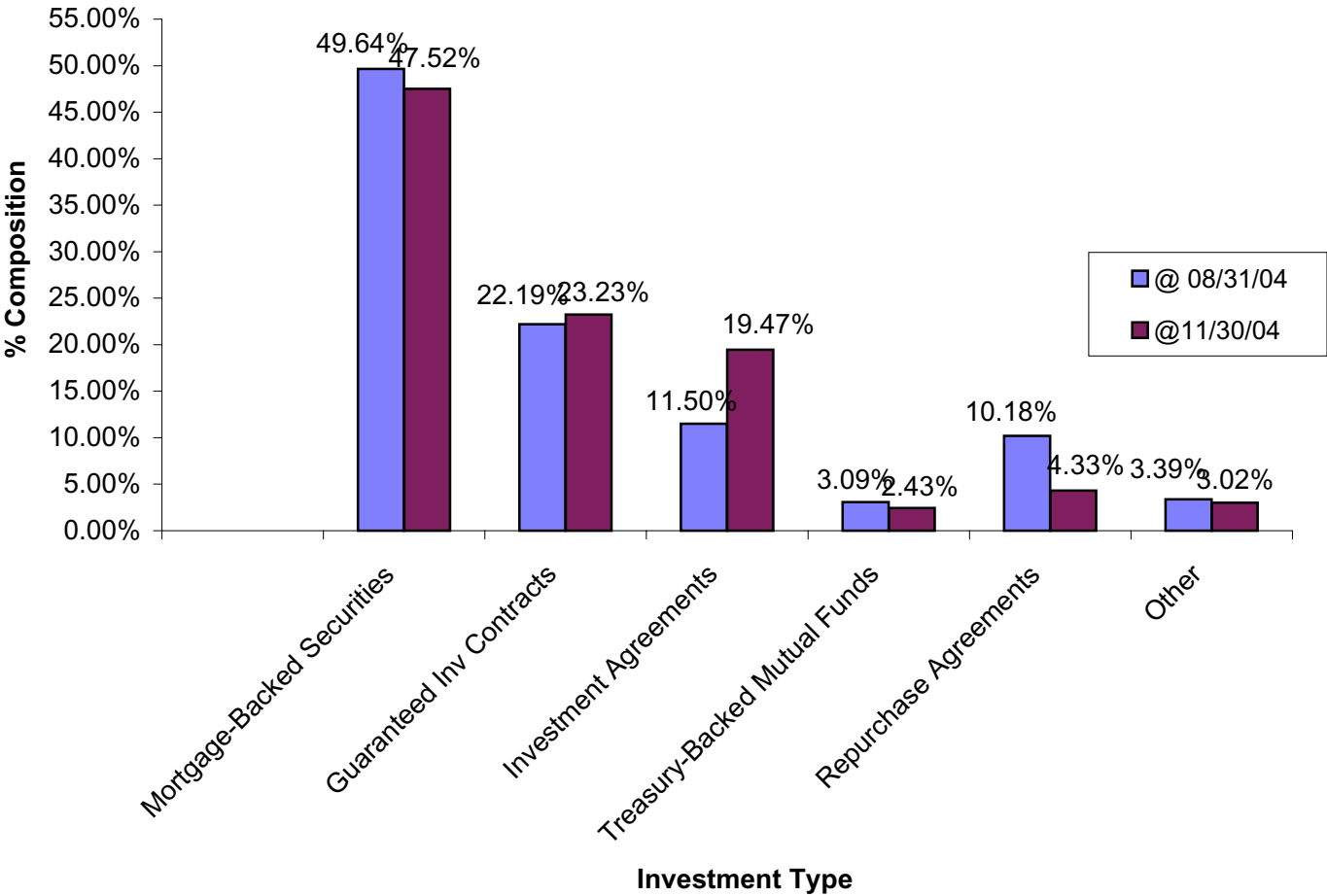


TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Supplemental Schedule of Portfolio Interest Rate Trends and Maturities  
Quarter Ending November 30, 2004

INVESTMENT TYPE	Range of Interest for Current Quarter		Portfolio % Composition	Weighted Avg Rate Beg Carrying Value	Weighted Avg Rate Beg Market Value	Weighted Avg Rate End Carrying Value	Weighted Avg Rate End Market Value	Weighted Avg Maturity Beg Carrying Value		Weighted Avg Maturity Beg Market Value		Weighted Avg Maturity End Carrying Value		Weighted Avg Maturity End Market Value	
	HI	LOW		@ 08/31/04	@ 08/31/04	@ 11/30/04	@ 11/30/04	Months	Days	Months	Days	Months	Days	Months	Days
Mortgage-Backed Securities	8.75%	4.49%	47.52%	5.82%	5.85%	5.73%	5.76%	306	2	305	5	308	1	307	0
Guaranteed Inv Contracts	6.51%	1.22%	23.23%	2.35%	2.35%	2.60%	2.60%	75	6	75	6	140	2	140	2
Investment Agreements	7.55%	1.00%	19.47%	1.96%	1.96%	2.01%	2.01%	36	29	36	29	33	7	33	7
Money Markets	1.50%	0.59%	0.76%	0.77%	0.77%	1.27%	1.27%	0	1	0	1	0	1	0	1
Treasury-Backed Mutual Funds	1.63%	0.92%	2.43%	0.84%	0.84%	1.28%	1.28%	0	1	0	1	0	1	0	1
Repurchase Agreements	2.06%	2.06%	4.33%	1.58%	1.58%	2.06%	2.06%	0	1	0	1	0	1	0	1
Treasury Bills	5.81%	5.81%	0.01%	5.81%	5.81%	5.81%	5.81%	0	9	0	9	0	9	0	9
Treasury Bonds/Notes	13.88%	1.36%	2.25%	4.23%	4.55%	3.79%	4.17%	35	3	37	3	29	27	32	5



### Market Valuation Comparison by Investment Type



TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Supplemental Schedule  
Quarter Ending November 30, 2004

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

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 08/31/04	CARRYING VALUE @ 08/31/04	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 11/30/04
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	
Mortgage-Backed Securities	683,636,645.67	660,723,332.16	53,380,439.67	0.00	(40,684,609.50)	0.00	673,419,162.33
Guaranteed Inv Contracts	305,608,277.77	305,608,277.77	89,068,141.35	(56,353,118.28)	0.00	0.00	338,323,300.84
Investment Agreements	158,428,209.42	158,428,209.42	171,986,735.67	(46,922,769.09)	0.00	0.00	283,492,176.00
Treasury-Backed Mutual Funds	42,587,844.29	42,587,844.29	6,215,456.94	(13,353,969.44)	0.00	0.00	35,449,331.79
Repurchase Agreements	140,253,948.17	140,253,948.17	8,976,364.76	(86,199,840.58)	0.00	0.00	63,030,472.35
Money Markets	12,544,554.25	12,544,554.25	409,247.81	(1,832,987.17)	0.00	0.00	11,120,814.89
Treasury Bills	93,933.16	93,933.16	0.00	(3,029.27)	0.00	0.00	90,903.89
Treasury Bonds/Notes	34,037,176.96	32,891,332.45	31,995.27	(1,440,415.02)	0.00	0.00	31,482,912.70
<b>TOTAL</b>	<b>1,377,190,589.69</b>	<b>1,353,131,431.67</b>	<b>330,068,381.47</b>	<b>(206,106,128.85)</b>	<b>(40,684,609.50)</b>	<b>0.00</b>	<b>1,436,409,074.79</b>

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

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Bill Dally, Chief of Agency Administr

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Byron Johnson, Director of Bond Fir

**Detail of Investments including maturity dates by Fund Group**

**Texas Department of Housing and Community Affairs  
Single Family Investment Summary  
For Period Ending November 30, 2004**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/04	Beginning Market Value 08/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/04	Ending Market Value 11/30/04	Change in Market Value	Recognized Gain
Repurchase Agreement	1980 Single Family Surplus Rev	2.06	11/30/04	12/01/04	449,272.52	449,272.52		(290,786.72)			158,485.80	158,485.80	-	
Repurchase Agreement	1980 Single Family Surplus Rev	2.06	11/30/04	12/01/04	12,114.43	12,114.43	2,325.16				14,439.59	14,439.59	-	
Treasury Bond	1980 Single Family Surplus Rev	13.88	08/05/82	05/15/11	1,990,638.77	2,377,345.39		(1,440,415.02)			550,223.75	1,365,249.78	428,319.41	
Guarantd Inv Certificates	1980 Single Family Surplus Rev	6.08	11/14/96	09/30/29	1,725,857.29	1,725,857.29		(1,439,493.39)			286,363.90	286,363.90	-	
Repurchase Agreement	1980 Single Family Surplus Rev	2.06	11/30/04	12/01/04	5.97	5.97					5.97	5.97	-	
Repurchase Agreement	1980 Single Family Surplus Rev	2.06	11/30/04	12/01/04	4,738.18	4,738.18	425.49				5,163.67	5,163.67	-	
Repurchase Agreement	1980 Single Family Surplus Rev	2.06	11/30/04	12/01/04	41,859.77	41,859.77	185.84				42,045.61	42,045.61	-	
Repurchase Agreement	1980 Single Family Surplus Rev	2.06	11/30/04	12/01/04	212,844.98	212,844.98	107,808.07				320,653.05	320,653.05	-	
	<b>1980 Single Family Surplus Rev Total</b>				<b>4,437,331.91</b>	<b>4,824,038.53</b>	<b>110,744.56</b>	<b>(3,170,695.13)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,377,381.34</b>	<b>2,192,407.37</b>	<b>428,319.41</b>	<b>0.00</b>
Repurchase Agreement	1982 A Single Family	2.06	11/30/04	12/01/04	948.84	948.84	1,801.51				2,750.35	2,750.35	-	
Guarantd Inv Certificates	1982 A Single Family	6.08	11/14/96	09/30/29	23,504.91	23,504.91		(338.00)			23,166.91	23,166.91	-	
	<b>1982 A Single Family Total</b>				<b>24,453.75</b>	<b>24,453.75</b>	<b>1,801.51</b>	<b>(338.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>25,917.26</b>	<b>25,917.26</b>	<b>0.00</b>	<b>0.00</b>
Repurchase Agreement	1983 A&B Single Family	2.06	11/30/04	12/01/04	4,108.26	4,108.26	43,480.52				47,588.78	47,588.78	-	
Guarantd Inv Certificates	1983 A&B Single Family	6.08	11/14/96	09/30/29	1,199,492.71	1,199,492.71	454,653.93				1,654,146.64	1,654,146.64	-	
Treasury Note	1983 A&B Single Family	13.25	08/05/85	05/15/14	715.17	1,030.53	0.12				715.29	1,002.15	(28.50)	
	<b>1983 A&amp;B Single Family Total</b>				<b>1,204,316.14</b>	<b>1,204,631.50</b>	<b>498,134.57</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,702,450.71</b>	<b>1,702,737.57</b>	<b>(28.50)</b>	<b>0.00</b>
Repurchase Agreement	1984 A&B Single Family	2.06	11/30/04	12/01/04	523.62	523.62	12,001.64				12,525.26	12,525.26	-	
Treasury Bond	1984 A&B Single Family	13.25	08/05/85	05/15/14	407.14	586.83	0.07				407.21	570.67	(16.23)	
Guarantd Inv Certificates	1984 A&B Single Family	6.08	11/14/96	09/30/29	568,947.07	568,947.07		(406,239.59)			162,707.48	162,707.48	-	
	<b>1984 A&amp;B Single Family Total</b>				<b>569,877.83</b>	<b>570,057.52</b>	<b>12,001.71</b>	<b>(406,239.59)</b>	<b>0.00</b>	<b>0.00</b>	<b>175,639.95</b>	<b>175,803.41</b>	<b>(16.23)</b>	<b>0.00</b>
Repurchase Agreement	1985 A Single Family	2.06	11/30/04	12/01/04	32,993.27	32,993.27		(32,713.88)			279.39	279.39	-	
Guarantd Inv Certificates	1985 A Single Family	6.08	11/14/96	09/30/29	396,955.65	396,955.65		(20,670.60)			376,285.05	376,285.05	-	
	<b>1985 A Single Family Total</b>				<b>429,948.92</b>	<b>429,948.92</b>	<b>0.00</b>	<b>(53,384.48)</b>	<b>0.00</b>	<b>0.00</b>	<b>376,564.44</b>	<b>376,564.44</b>	<b>0.00</b>	<b>0.00</b>
Repurchase Agreement	1985 B&C Single Family	2.06	11/30/04	12/01/04	39,441.60	39,441.60		(8,133.17)			31,308.43	31,308.43	-	
Guarantd Inv Certificates	1985 B&C Single Family	6.08	11/14/96	09/30/29	61,981.45	61,981.45	81,578.00				143,559.45	143,559.45	-	
	<b>1985 B&amp;C Single Family Total</b>				<b>101,423.05</b>	<b>101,423.05</b>	<b>81,578.00</b>	<b>(8,133.17)</b>	<b>0.00</b>	<b>0.00</b>	<b>174,867.88</b>	<b>174,867.88</b>	<b>0.00</b>	<b>0.00</b>
Repurchase Agreement	1987 B Single Family	2.06	11/30/04	12/01/04	14,409.49	14,409.49		(14,183.98)			225.51	225.51	-	
Guarantd Inv Certificates	1987 B Single Family	6.08	11/14/96	09/30/29	346,879.86	346,879.86	360,459.62				707,339.48	707,339.48	-	
Treasury Bond	1987 B Single Family	13.88	08/05/82	05/15/11	496,959.51	592,469.10					496,959.51	340,240.13	(252,228.97)	
	<b>1987 B Single Family Total</b>				<b>858,248.86</b>	<b>953,758.45</b>	<b>360,459.62</b>	<b>(14,183.98)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,204,524.50</b>	<b>1,047,805.12</b>	<b>(252,228.97)</b>	<b>0.00</b>
Repurchase Agreement	1995 A&B Single Family	2.06	11/30/04	12/01/04	158,733.92	158,733.92		(118,067.08)			40,666.84	40,666.84	-	
Guarantd Inv Certificates	1995 A&B Single Family	6.08	11/14/96	09/30/29	7,632,191.60	7,632,191.60		(3,188,060.14)			4,444,131.46	4,444,131.46	-	
Repurchase Agreement	1995 A&B Single Family	2.06	11/30/04	12/01/04	0.30	0.30	31.45				31.75	31.75	-	
Guarantd Inv Certificates	1995 A&B Single Family	6.08	11/14/96	09/30/29	2,441.39	2,441.39					2,441.39	2,441.39	-	
FNMA	1995 A&B Single Family	6.15	05/30/96	04/01/26	376,989.73	399,564.95		(3,965.43)			373,024.30	395,482.34	(117.18)	
FNMA	1995 A&B Single Family	6.15	06/27/96	05/01/26	266,028.57	281,376.72		(2,037.63)			263,990.94	279,306.48	(32.61)	
FNMA	1995 A&B Single Family	6.15	07/15/96	06/01/26	376,976.86	400,141.61		(61,592.23)			315,384.63	334,866.47	(3,682.91)	
FNMA	1995 A&B Single Family	6.15	07/30/96	06/01/26	236,881.49	251,647.03		(1,253.09)			235,628.40	250,391.99	(1,95)	
FNMA	1995 A&B Single Family	6.15	08/15/96	07/01/26	380,497.86	403,998.92		(41,336.32)			339,161.54	360,219.08	(2,443.52)	
FNMA	1995 A&B Single Family	6.15	08/29/96	08/01/26	336,706.34	353,314.04		(2,305.33)			334,401.01	350,995.57	(13.14)	
FNMA	1995 A&B Single Family	6.15	09/17/96	08/01/26	250,243.98	262,122.10		(3,137.45)			247,106.53	258,909.91	(74.74)	
FNMA	1995 A&B Single Family	6.15	10/30/96	10/01/26	590,291.22	618,127.59		(7,095.44)			583,195.78	610,872.59	(159.56)	
FNMA	1995 A&B Single Family	6.15	12/23/96	11/01/26	435,840.72	456,684.70		(5,442.46)			430,398.26	451,111.21	(131.03)	
FNMA	1995 A&B Single Family	6.15	03/27/97	01/01/27	278,832.89	291,868.11		(4,627.29)			274,205.60	287,106.77	(134.05)	
FNMA	1995 A&B Single Family	6.15	07/15/97	03/01/27	73,583.81	77,081.56		(1,440.79)			72,143.02	75,593.94	(46.83)	
FNMA	1995 A&B Single Family	6.15	09/29/97	07/01/27	330,173.69	346,995.74		(1,596.93)			328,576.76	345,491.60	92.79	
GNMA	1995 A&B Single Family	6.15	07/30/96	07/20/26	1,920,216.68	2,031,843.27		(159,678.12)			1,760,538.56	1,859,896.84	(12,268.31)	
GNMA	1995 A&B Single Family	6.15	03/28/96	03/20/26	582,439.72	616,484.80		(3,923.08)			578,516.64	611,350.94	(1,210.78)	
GNMA	1995 A&B Single Family	6.15	08/15/96	07/20/26	1,565,488.62	1,656,350.61		(67,816.03)			1,497,672.59	1,582,058.66	(6,475.92)	
GNMA	1995 A&B Single Family	6.15	04/29/96	04/20/26	848,892.58	898,221.25		(78,283.83)			770,608.75	814,081.47	(5,855.95)	
GNMA	1995 A&B Single Family	6.15	05/15/96	05/20/26	1,502,492.13	1,589,770.46		(12,798.04)			1,489,694.09	1,573,702.58	(3,269.84)	
GNMA	1995 A&B Single Family	6.15	05/30/96	05/20/26	1,104,287.12	1,168,835.18		(74,455.60)			1,029,831.52	1,088,280.36	(6,099.22)	
GNMA	1995 A&B Single Family	6.15	06/17/96	06/20/26	2,391,583.32	2,530,839.63		(186,771.12)			2,204,812.20	2,329,453.55	(14,614.96)	

GNMA	1995 A&B Single Family	6.15	06/27/96	06/20/26	682,762.16	722,289.52		(49,293.15)	633,469.01	669,068.51	(3,927.86)			
GNMA	1995 A&B Single Family	6.15	07/15/96	06/20/26	2,221,186.02	2,349,312.18		(252,402.94)	1,968,783.08	2,079,012.08	(17,897.16)			
GNMA	1995 A&B Single Family	6.15	08/29/96	08/20/26	1,612,704.82	1,695,454.27		(186,386.06)	1,426,318.76	1,497,101.12	(11,967.09)			
GNMA	1995 A&B Single Family	6.15	09/17/96	09/20/26	898,126.47	943,187.32		(43,786.95)	854,339.52	895,765.43	(3,634.94)			
GNMA	1995 A&B Single Family	6.15	09/26/96	09/20/26	538,610.02	565,980.61		(5,389.22)	533,220.80	559,419.43	(1,171.96)			
GNMA	1995 A&B Single Family	6.15	10/30/96	10/20/26	2,319,601.72	2,436,284.41		(318,248.64)	2,001,353.08	2,098,657.75	(19,378.02)			
GNMA	1995 A&B Single Family	6.15	11/26/96	11/20/26	1,190,045.66	1,251,426.00		(52,831.48)	1,137,214.18	1,193,952.79	(4,641.73)			
GNMA	1995 A&B Single Family	6.15	12/23/96	12/20/26	704,364.30	739,440.58		(62,340.62)	642,023.68	672,915.20	(4,184.76)			
GNMA	1995 A&B Single Family	6.15	01/16/97	12/20/26	1,266,129.42	1,329,219.60		(8,516.75)	1,257,612.67	1,318,162.30	(2,540.55)			
GNMA	1995 A&B Single Family	6.15	01/30/97	01/20/27	1,074,677.45	1,129,233.02		(73,931.70)	1,000,745.75	1,050,362.82	(4,938.50)			
GNMA	1995 A&B Single Family	6.15	02/13/97	02/20/27	799,956.38	840,511.11		(73,373.51)	726,582.87	762,557.27	(4,580.33)			
GNMA	1995 A&B Single Family	6.15	02/27/97	02/20/27	356,384.66	373,853.42		(2,202.15)	354,182.51	371,124.49	(526.78)			
GNMA	1995 A&B Single Family	6.15	03/27/97	03/20/27	717,961.56	752,322.80		(69,550.09)	648,411.47	678,678.17	(4,094.54)			
GNMA	1995 A&B Single Family	6.15	04/29/97	04/20/27	367,882.40	385,088.27		(1,845.15)	366,037.25	382,724.90	(518.22)			
GNMA	1995 A&B Single Family	6.15	05/29/97	05/20/27	485,101.30	507,789.48		(3,497.21)	481,604.09	503,560.41	(731.86)			
GNMA	1995 A&B Single Family	6.15	06/26/97	06/20/27	305,757.99	320,260.47		(1,986.96)	303,771.03	317,820.59	(452.92)			
GNMA	1995 A&B Single Family	6.15	08/18/97	07/20/27	682,623.46	721,526.35		(98,820.10)	583,803.36	616,378.86	(6,327.39)			
GNMA	1995 A&B Single Family	6.15	09/29/97	08/20/27	900,031.02	942,883.61		(55,886.75)	844,144.27	883,339.07	(3,657.79)			
GNMA	1995 A&B Single Family	6.15	02/26/98	02/20/28	199,655.12	208,699.47		(1,619.72)	198,035.40	206,915.29	(1,614.46)			
GNMA	1995 A&B Single Family	6.15	03/26/98	01/20/28	363,000.49	379,444.45		(2,897.02)	360,103.47	376,250.54	(296.89)			
GNMA	1995 A&B Single Family	6.15	04/29/98	04/20/28	425,364.00	444,632.96		(79,134.39)	346,229.61	361,754.52	(3,744.05)			
GNMA	1995 A&B Single Family	6.15	06/25/98	05/20/28	629,321.08	657,829.34		(82,167.94)	547,153.14	571,687.51	(3,973.89)			
GNMA	1995 A&B Single Family	6.15	07/16/98	06/20/28	265,597.72	277,629.26		(3,432.11)	262,165.61	273,921.08	(276.07)			
GNMA	1995 A&B Single Family	6.15	09/10/98	07/20/28	540,510.81	564,995.99		(2,820.48)	537,690.33	561,800.41	(375.10)			
GNMA	1995 A&B Single Family	6.15	11/19/98	10/20/28	907,769.08	948,891.04		(4,103.14)	903,665.94	944,186.33	(601.57)			
	<b>1995 A&amp;B Single Family Total</b>				<b>42,096,939.65</b>	<b>43,916,821.01</b>	<b>31.45</b>	<b>(3,306,127.22)</b>	<b>(2,256,020.44)</b>	<b>0.00</b>	<b>36,534,823.44</b>	<b>38,193,560.66</b>	<b>(161,144.14)</b>	<b>0.00</b>
Repurchase Agreement	1996 A-C Single Family	2.06	11/30/04	12/01/04	49,502.20	49,502.20		(47,912.21)	1,589.99	1,589.99	-			
Investment Agreement	1996 A-C Single Family	6.13	11/15/96	09/01/28	2,570,310.80	2,570,310.80		(1,812,727.64)	757,583.16	757,583.16	-			
GNMA	1996 A-C Single Family	6.45	04/29/97	04/20/27	537,493.03	567,420.61		(2,540.09)	534,952.94	563,171.67	(1,708.85)			
GNMA	1996 A-C Single Family	6.45	05/29/97	05/20/27	205,699.37	217,152.74		(70,772.08)	134,927.29	142,044.72	(4,335.94)			
GNMA	1996 A-C Single Family	6.45	07/15/97	05/20/27	586,896.59	619,575.05		(70,608.71)	516,287.88	543,522.13	(5,444.21)			
GNMA	1996 A-C Single Family	6.45	08/28/97	08/20/27	350,243.06	369,744.58		(1,615.39)	348,627.67	367,017.75	(1,111.44)			
GNMA	1996 A-C Single Family	6.45	10/15/97	08/20/27	227,260.58	239,914.44		(1,097.39)	226,163.19	238,093.29	(723.76)			
GNMA	1996 A-C Single Family	6.45	11/25/97	10/20/27	381,592.52	402,839.57		(1,718.04)	379,874.48	399,912.84	(1,208.69)			
GNMA	1996 A-C Single Family	6.45	02/12/98	12/20/27	324,294.58	342,351.34		(2,424.21)	321,870.37	338,849.08	(1,078.05)			
GNMA	1996 A-C Single Family	6.45	04/16/98	02/20/28	556,053.85	586,264.53		(2,646.28)	553,407.57	582,218.24	(1,400.01)			
GNMA	1996 A-C Single Family	6.45	08/13/98	06/20/28	353,249.86	372,441.93		(1,633.24)	351,616.62	369,921.79	(886.90)			
GNMA	1996 A-C Single Family	6.45	12/15/98	09/20/28	494,942.27	521,832.45		(59,689.54)	435,252.73	457,911.95	(4,230.96)			
GNMA	1996 A-C Single Family	6.45	01/28/99	11/20/28	87,855.47	92,628.66		(351.53)	87,503.94	92,059.39	(217.74)			
GNMA	1996 A-C Single Family	5.45	03/18/99	02/20/29	551,874.03	562,867.36		(3,078.71)	548,795.32	558,382.78	(1,405.87)			
GNMA	1996 A-C Single Family	5.45	06/24/99	05/20/29	608,864.10	620,992.66		(3,003.86)	605,860.24	616,444.61	(1,544.19)			
GNMA	1996 A-C Single Family	5.45	07/29/99	06/20/29	734,193.28	748,818.40		(3,384.69)	730,808.59	743,575.80	(1,857.91)			
GNMA	1996 A-C Single Family	5.45	10/14/99	08/20/29	485,679.59	495,354.30		(2,267.00)	483,412.59	491,857.78	(1,229.52)			
GNMA	1996 A-C Single Family	5.45	08/26/99	07/20/29	517,279.12	527,583.31		(2,361.48)	514,917.64	523,913.24	(1,308.59)			
GNMA	1996 A-C Single Family	5.45	12/01/99	10/20/29	216,319.62	220,628.74		(1,386.48)	214,933.14	218,688.05	(554.21)			
GNMA	1996 A-C Single Family	5.45	01/27/00	12/20/29	1,209,157.60	1,233,244.01		(58,898.04)	1,150,259.56	1,170,354.58	(3,991.39)			
FNMA	1996 A-C Single Family	5.45	01/28/00	07/01/29	198,022.27	202,733.23		(1,200.90)	196,821.37	200,454.71	(1,077.62)			
Treasury Bond	1996 A-C Single Family	13.88	08/05/82	05/15/11	440,976.49	525,727.39			440,976.49	301,912.05	(223,815.34)			
Repurchase Agreement	1996 A-C Single Family	2.06	11/30/04	12/01/04	0.60	0.60		(0.26)	0.34	0.34	-			
Investment Agreement	1996 A-C Single Family	6.13	02/26/97	09/01/28	977,887.41	977,887.41		(738,461.61)	239,425.80	239,425.80	-			
GNMA	1996 A-C Single Family	5.45	03/18/99	02/20/29	113,659.90	115,923.99		(634.06)	113,025.84	115,000.38	(289.55)			
GNMA	1996 A-C Single Family	5.45	06/24/99	05/20/29	125,397.14	127,895.06		(618.66)	124,778.48	126,958.38	(318.02)			
GNMA	1996 A-C Single Family	5.45	07/29/99	06/20/29	151,208.97	154,221.08		(697.08)	150,511.89	153,141.36	(382.64)			
GNMA	1996 A-C Single Family	5.45	10/14/99	08/20/29	100,026.93	102,019.50		(466.89)	99,560.04	101,299.38	(253.23)			
GNMA	1996 A-C Single Family	5.45	08/26/99	07/20/29	106,534.92	108,657.15		(486.36)	106,048.56	107,901.28	(269.51)			
GNMA	1996 A-C Single Family	5.45	12/01/99	10/20/29	44,551.63	45,439.06		(285.56)	44,266.07	45,039.37	(114.13)			
GNMA	1996 A-C Single Family	5.45	01/27/00	12/20/29	249,029.11	253,989.78		(12,130.20)	236,898.91	241,037.54	(822.04)			
GNMA	1996 A-C Single Family	6.15	11/12/02	11/20/32	13,431.86	14,150.32		(41.25)	13,390.61	14,107.00	(2.07)			
GNMA	1996 A-C Single Family	5.40	11/12/02	10/20/32	19,191.19	19,666.39		(67.92)	19,123.27	19,583.27	(15.20)			
GNMA	1996 A-C Single Family	6.15	01/10/03	09/20/32	16,346.32	17,220.34		(2,534.75)	13,811.57	14,550.14	(135.45)			
GNMA	1996 A-C Single Family	5.40	09/26/02	09/20/32	12,180.57	12,482.18		(45.43)	12,135.14	12,427.04	(9.71)			
GNMA	1996 A-C Single Family	6.15	10/10/02	09/20/32	19,648.80	20,699.85		(2,756.16)	16,892.64	17,796.41	(147.28)			
GNMA	1996 A-C Single Family	5.40	10/10/02	09/20/32	8,339.64	8,546.15		(29.45)	8,310.19	8,510.09	(6.61)			
GNMA	1996 A-C Single Family	6.15	10/21/02	10/20/32	11,298.84	11,903.59		(36.57)	11,262.27	11,865.18	(1.84)			
GNMA	1996 A-C Single Family	6.15	10/29/02	10/20/32	6,642.36	6,997.67		(22.43)	6,619.93	6,974.12	(1.12)			
GNMA	1996 A-C Single Family	5.40	10/29/02	09/20/32	2,960.92	3,034.29		(10.69)	2,950.23	3,021.24	(2.36)			

GNMA	1996 A-C Single Family	6.15	11/05/02	10/20/32	5,700.00	6,004.96							
GNMA	1996 A-C Single Family	5.40	11/05/02	09/20/32	7,442.14	7,626.42	(216.94)	7,225.20	5,986.63	7,399.00	(10.48)		
GNMA	1996 A-C Single Family	6.15	11/19/02	11/20/32	4,203.83	4,428.69	(12.76)	4,191.07	4,415.30	4,415.30	(0.63)		
GNMA	1996 A-C Single Family	5.40	11/19/02	11/20/32	10,287.41	10,542.15	(5,142.69)	5,144.72	5,268.48	5,268.48	(130.98)		
GNMA	1996 A-C Single Family	6.15	11/26/02	11/20/32	36,492.38	38,444.41	(4,171.20)	32,321.18	34,050.41	34,050.41	(222.80)		
GNMA	1996 A-C Single Family	5.40	11/26/02	11/20/32	19,617.13	20,102.86	(5,659.00)	13,958.13	14,293.86	14,293.86	(150.00)		
GNMA	1996 A-C Single Family	6.15	11/26/02	11/20/32	12,435.26	13,100.43	(48.21)	12,387.05	13,049.77	13,049.77	(2.45)		
GNMA	1996 A-C Single Family	5.40	11/26/02	11/20/32	7,575.46	7,763.03	(26.37)	7,549.09	7,730.66	7,730.66	(6.00)		
GNMA	1996 A-C Single Family	6.15	12/12/02	12/20/32	8,889.11	9,364.57	(2,983.64)	5,905.47	6,221.38	6,221.38	(159.55)		
GNMA	1996 A-C Single Family	5.40	12/12/02	12/20/32	5,628.44	5,767.86	(19.86)	5,608.58	5,743.54	5,743.54	(4.46)		
GNMA	1996 A-C Single Family	6.15	12/30/02	12/20/32	14,714.11	15,501.18	(44.73)	14,669.38	15,454.20	15,454.20	(2.25)		
GNMA	1996 A-C Single Family	5.40	12/30/02	12/20/32	10,651.25	10,914.96	(36.87)	10,614.38	10,869.68	10,869.68	(8.41)		
GNMA	1996 A-C Single Family	6.15	12/30/02	12/20/32	16,898.75	17,802.70	(52.55)	16,846.20	17,747.52	17,747.52	(2.63)		
GNMA	1996 A-C Single Family	5.40	12/30/02	12/20/32	10,213.41	10,466.32	(35.23)	10,178.18	10,423.00	10,423.00	(8.09)		
GNMA	1996 A-C Single Family	6.15	01/07/03	12/20/32	5,980.19	6,300.05	(18.70)	5,961.49	6,280.41	6,280.41	(0.94)		
GNMA	1996 A-C Single Family	6.15	01/23/03	01/20/33	25,306.14	26,676.43	(79.01)	25,227.13	26,612.78	26,612.78	15.36		
GNMA	1996 A-C Single Family	5.40	01/23/03	01/20/33	14,583.77	14,939.57	(52.09)	14,531.68	14,872.42	14,872.42	(15.06)		
GNMA	1996 A-C Single Family	6.15	01/23/03	01/20/33	9,755.30	10,283.55	(29.25)	9,726.05	10,260.26	10,260.26	5.96		
GNMA	1996 A-C Single Family	5.40	01/23/03	01/20/33	5,319.56	5,449.32	(18.24)	5,301.32	5,425.61	5,425.61	(5.47)		
GNMA	1996 A-C Single Family	6.15	01/30/03	01/20/33	21,190.45	22,337.86	(71.09)	21,119.36	22,279.33	22,279.33	12.56		
GNMA	1996 A-C Single Family	5.40	01/30/03	01/20/33	27,537.27	28,209.14	(5,171.62)	22,365.65	22,890.12	22,890.12	(147.40)		
GNMA	1996 A-C Single Family	6.15	02/12/03	02/20/33	28,033.79	29,551.76	(3,391.90)	24,641.89	25,995.35	25,995.35	(164.51)		
GNMA	1996 A-C Single Family	6.15	02/20/03	02/20/33	15,452.10	16,288.81	(4,300.29)	11,151.81	11,764.33	11,764.33	(224.19)		
GNMA	1996 A-C Single Family	5.40	03/03/03	03/20/33	6,087.97	6,236.51	(20.62)	6,067.35	6,209.62	6,209.62	(6.27)		
GNMA	1996 A-C Single Family	6.15	02/27/03	02/20/33	25,955.92	27,361.38	(78.58)	25,877.34	27,298.68	27,298.68	15.88		
GNMA	1996 A-C Single Family	5.40	02/27/03	01/20/33	5,527.81	5,662.65	(18.96)	5,508.85	5,638.01	5,638.01	(5.68)		
GNMA	1997 A-C Single Family				4,709.14	4,964.16	(4,709.14)				(255.02)		
GNMA	1996 A-C Single Family	6.15	03/12/03	02/20/33	21,618.42	22,789.02	(68.73)	21,549.69	22,733.34	22,733.34	13.05		
GNMA	1996 A-C Single Family	6.15	03/24/03	03/20/33	16,650.73	17,552.37	(49.61)	16,601.12	17,512.99	17,512.99	10.23		
GNMA	1996 A-C Single Family	5.40	03/24/03	02/20/33	5,713.54	5,852.94	(32.37)	5,681.17	5,814.37	5,814.37	(6.20)		
GNMA	1996 A-C Single Family	6.15	04/02/03	04/20/33	21,186.13	22,333.33	(64.38)	21,121.75	22,281.89	22,281.89	12.94		
GNMA	1996 A-C Single Family	6.15	04/02/03	03/20/33	8,255.73	8,702.74	(24.49)	8,231.24	8,683.32	8,683.32	5.07		
GNMA	1996 A-C Single Family	6.15	04/10/03	03/20/33	22,550.73	23,771.80	(6,109.86)	16,440.87	17,343.88	17,343.88	(318.06)		
GNMA	1996 A-C Single Family	6.15	04/10/03	03/20/33	7,161.39	7,549.12	(3,520.01)	3,641.38	3,841.34	3,841.34	(187.77)		
GNMA	1996 A-C Single Family	5.40	04/10/03	01/20/33	4,707.52	4,822.40	(16.14)	4,691.38	4,801.42	4,801.42	(4.84)		
GNMA	1996 A-C Single Family	6.15	04/17/03	04/20/33	8,444.98	8,902.26	(25.02)	8,419.96	8,882.44	8,882.44	5.20		
GNMA	1996 A-C Single Family	5.40	04/24/03	03/20/33	5,640.52	5,778.11	(19.17)	5,621.35	5,753.14	5,753.14	(5.80)		
GNMA	1996 A-C Single Family	6.15	04/24/03	04/20/33	8,752.27	9,226.17	(26.63)	8,725.64	9,204.88	9,204.88	5.34		
GNMA	1996 A-C Single Family	6.15	04/29/03	03/20/33	4,540.65	4,786.56	(13.77)	4,526.88	4,775.56	4,775.56	2.77		
GNMA	1996 A-C Single Family	6.15	05/08/03	04/20/33	5,291.61	5,578.14	(16.05)	5,275.56	5,565.33	5,565.33	3.24		
GNMA	1996 A-C Single Family	6.15	05/08/03	04/20/33	4,343.67	4,578.88	(13.16)	4,330.51	4,568.38	4,568.38	2.66		
GNMA	1996 A-C Single Family	5.40	05/08/03	03/20/33	5,736.14	5,876.09	(19.44)	5,716.70	5,850.77	5,850.77	(5.88)		
GNMA	1996 A-C Single Family	6.15	05/15/03	04/20/33	9,261.12	9,762.61	(27.84)	9,233.28	9,740.47	9,740.47	5.70		
GNMA	1996 A-C Single Family	6.15	05/22/03	05/20/33	3,301.68	3,480.47	(12.18)	3,289.50	3,470.21	3,470.21	1.92		
GNMA	1996 A-C Single Family	6.15	06/10/03	06/20/33	3,273.21	3,450.47	(9.72)	3,263.49	3,442.76	3,442.76	2.01		
GNMA	1996 A-C Single Family	6.15	06/10/03	06/20/33	8,671.73	9,141.31	(3,955.06)	4,716.67	4,975.76	4,975.76	(210.49)		
GNMA	1996 A-C Single Family	5.40	06/10/03	04/20/33	6,751.49	6,916.23	(22.74)	6,728.75	6,886.57	6,886.57	(6.92)		
GNMA	1996 A-C Single Family	6.15	06/19/03	05/20/33	4,221.81	4,450.40	(12.32)	4,209.49	4,440.68	4,440.68	2.60		
GNMA	1996 A-C Single Family	6.15	06/26/03	04/20/33	4,787.08	5,046.31	(14.05)	4,773.03	5,035.20	5,035.20	2.94		
GNMA	1996 A-C Single Family	6.15	07/17/03	07/20/33	2,680.14	2,825.26	(7.90)	2,672.24	2,819.01	2,819.01	1.65		
GNMA	1996 A-C Single Family	6.15	07/17/03	07/20/33	4,916.61	5,182.85	(23.83)	4,892.78	5,161.52	5,161.52	2.50		
GNMA	1996 A-C Single Family	6.15	07/24/03	07/20/33	8,218.45	8,663.44	(25.29)	8,193.16	8,643.16	8,643.16	5.01		
GNMA	1996 A-C Single Family	6.15	07/30/03	07/30/33	2,497.19	2,632.45	(7.34)	2,489.85	2,626.67	2,626.67	1.56		
GNMA	1996 A-C Single Family	6.15	09/04/03	08/20/33	2,851.36	3,005.72	(8.17)	2,843.19	2,999.31	2,999.31	1.76		
GNMA	1996 A-C Single Family	6.15	09/18/03	07/20/33	5,046.75	5,320.00	(14.53)	5,032.22	5,308.59	5,308.59	3.12		
GNMA	1996 A-C Single Family	6.15	09/29/03	09/20/33	17,650.27	18,605.96	(5,822.20)	11,828.07	12,477.69	12,477.69	(306.07)		
GNMA	1996 A-C Single Family	6.15	10/09/03	08/20/33	7,888.42	8,315.58	(22.64)	7,865.78	8,297.84	8,297.84	4.90		
GNMA	1996 A-C Single Family	6.15	10/09/03	10/20/33	5,361.43	5,651.72	(15.15)	5,346.28	5,639.91	5,639.91	3.34		
GNMA	1996 A-C Single Family	6.15	01/15/04	12/20/33	3,379.10	3,562.07	(9.48)	3,369.62	3,554.70	3,554.70	2.11		
GNMA	1996 A-C Single Family	6.15	02/26/04	02/20/34	2,479.92	2,613.76	(6.83)	2,473.09	2,608.99	2,608.99	2.06		
GNMA	1996 A-C Single Family	6.15	03/11/04	03/20/34	5,349.32	5,638.03	(14.70)	5,334.62	5,627.75	5,627.75	4.42		
GNMA	1996 A-C Single Family	5.40	07/08/04	06/20/34	13,847.88	14,177.49		10,447.24	24,295.12	24,876.68	251.95		
GNMA	1996 A-C Single Family	6.15	04/08/04	04/20/34	2,058.56	2,169.66			2,052.98	2,165.77	1.69		
GNMA	1996 A-C Single Family	5.40	06/17/04	06/20/34	24,801.18	25,391.50			18,653.67	43,454.85	44,522.03	476.86	
GNMA	1996 A-C Single Family	5.40	09/02/04	09/20/34					44,538.12	45,563.93	1,025.81		
GNMA	1996 A-C Single Family	5.40	09/09/04	09/20/34					53,971.76	55,263.57	1,291.81		
GNMA	1996 A-C Single Family	5.40	09/16/04	09/20/34					48,850.51	49,974.28	1,123.77		

GNMA	1996 A-C Single Family	5.40	07/15/04	07/20/34	10,573.80	10,825.47	7,915.32			18,489.12	18,954.25	213.46		
GNMA	1996 A-C Single Family	5.40	07/22/04	07/20/34	10,656.20	10,909.84	8,039.94			18,696.14	19,143.62	193.84		
GNMA	1996 A-C Single Family	5.40	07/29/04	07/20/34	14,180.50	14,518.02	10,698.96			24,879.46	25,474.83	257.85		
GNMA	1996 A-C Single Family	5.40	08/05/04	08/20/34	11,384.95	11,655.94	8,578.12			19,963.07	20,434.29	200.23		
GNMA	1996 A-C Single Family	5.40	08/12/04	08/20/34	23,206.22	23,758.58	17,460.15			40,666.37	41,640.37	421.64		
GNMA	1996 A-C Single Family	5.40	08/20/04	08/20/34	6,186.60	6,333.85	4,664.07			10,850.67	11,105.91	107.99		
GNMA	1996 A-C Single Family	5.40	08/26/04	08/20/34	3,968.15	4,062.60	2,984.28			6,952.43	7,115.61	68.73		
GNMA	1996 A-C Single Family	5.40	10/14/04	10/20/34			48,644.42			48,644.42	49,641.13	996.71		
GNMA	1996 A-C Single Family	4.49	10/14/04	09/20/34			8,074.42			8,074.42	7,887.78	(186.64)		
GNMA	1996 A-C Single Family	5.40	10/21/04	10/20/34			92,931.31			92,931.31	95,069.13	2,137.82		
GNMA	1996 A-C Single Family	4.49	10/21/04	10/20/34			16,783.13			16,783.13	16,395.17	(387.96)		
GNMA	1996 A-C Single Family	5.40	10/28/04	10/20/34			23,763.51			23,763.51	24,250.42	486.91		
GNMA	1996 A-C Single Family	4.49	10/29/04	10/20/34			30,266.83			30,266.83	29,397.88	(868.95)		
GNMA	1996 A-C Single Family	4.49	11/04/04	10/20/34			132,299.84			132,299.84	128,501.52	(3,798.32)		
GNMA	1996 A-C Single Family	5.40	11/04/04	11/20/34			23,632.66			23,632.66	24,176.32	543.66		
GNMA	1996 A-C Single Family	4.49	11/10/04	11/20/34			28,421.20			28,421.20	27,605.23	(815.97)		
GNMA	1996 A-C Single Family	5.40	11/10/04	11/20/34			7,569.84			7,569.84	7,743.98	174.14		
GNMA	1996 A-C Single Family	4.49	11/18/04	11/20/34			51,107.59			51,107.59	49,640.30	(1,467.29)		
FNMA	1996 A-C Single Family	5.40	08/14/03	09/01/32	5,927.13	6,038.49		(20.87)		5,906.26	5,993.73	(23.89)		
FNMA	1996 A-C Single Family	6.15	08/14/03	12/01/31	3,413.78	3,578.90		(18.94)		3,394.84	3,559.05	(0.91)		
FNMA	1996 A-C Single Family	5.45	03/01/04	02/01/34			7,263.75			7,263.75	7,381.72	117.97		
FNMA	1996 A-C Single Family	6.15	04/15/04	02/01/34	5,310.49	5,563.15		(14.63)		5,295.86	5,559.65	11.13		
FNMA	1996 A-C Single Family	5.40	10/28/04	10/01/34			15,699.53			15,699.53	15,910.59	211.06		
FNMA	1996 A-C Single Family	4.49	11/04/04	10/01/34			15,926.55			15,926.55	15,384.06	(542.49)		
	<b>1996 A-C Single Family Total</b>				<b>14,426,982.03</b>	<b>14,884,102.50</b>	<b>739,186.72</b>	<b>(2,599,101.72)</b>	<b>(368,078.93)</b>	<b>0.00</b>	<b>12,198,988.10</b>	<b>12,394,000.91</b>	<b>(262,107.66)</b>	<b>0.00</b>
Repurchase Agreement	1996 D&E Single Family	2.06	11/30/04	12/01/04	286,108.91	286,108.91	44,295.92			330,404.83	330,404.83	-		
Repurchase Agreement	1996 D&E Single Family	2.06	11/30/04	12/01/04	89,482.01	89,482.01		(19,223.97)		70,258.04	70,258.04	-		
Guarant Inv Certificatas	1996 D&E Single Family	6.08	11/14/96	09/30/29	8,256,671.16	8,256,671.16		(5,334,684.76)		2,921,986.40	2,921,986.40	-		
Treasury Bond	1996 D&E Single Family	13.25	08/05/85	05/15/14	935,776.59	1,348,089.02	156.63			935,933.22	1,310,969.92	(37,275.73)		
FNMA	1996 D&E Single Family	6.25	04/15/97	03/01/27	535,191.13	561,260.30		(48,503.76)		486,687.37	510,204.11	(2,552.43)		
FNMA	1996 D&E Single Family	6.25	05/29/97	05/01/27	536,845.22	562,994.96				533,182.54	558,945.92	(386.36)		
FNMA	1996 D&E Single Family	6.25	06/26/97	05/01/27	330,562.76	346,664.47		(2,531.89)		328,030.87	343,881.31	(251.27)		
FNMA	1996 D&E Single Family	6.25	08/18/97	06/01/27	303,709.05	320,015.19		(2,155.59)		301,553.46	317,626.27	(233.33)		
FNMA	1996 D&E Single Family	6.25	09/29/97	08/01/27	409,308.24	431,283.97		(3,509.61)		405,798.63	427,427.67	(346.69)		
FNMA	1996 D&E Single Family	6.25	01/29/98	11/01/27	568,910.52	599,455.33		(4,203.46)		564,707.06	594,805.95	(445.92)		
GNMA	1996 D&E Single Family	6.25	03/18/97	02/20/27	3,440,492.93	3,611,623.06		(142,835.22)		3,297,657.71	3,455,846.36	(12,941.48)		
GNMA	1996 D&E Single Family	6.25	04/15/97	04/20/27	1,604,143.10	1,683,933.17		(112,674.20)		1,491,468.90	1,563,014.65	(8,244.32)		
GNMA	1996 D&E Single Family	6.25	04/29/97	04/20/27	1,449,001.16	1,521,074.41		(65,489.07)		1,383,512.09	1,449,879.10	(5,706.24)		
GNMA	1996 D&E Single Family	6.25	05/15/97	05/20/27	1,469,167.90	1,542,244.28		(8,148.81)		1,461,019.09	1,531,104.14	(2,991.33)		
GNMA	1996 D&E Single Family	6.25	06/17/97	06/20/27	2,363,276.36	2,480,825.68		(173,585.25)		2,189,691.11	2,294,730.55	(12,509.88)		
GNMA	1996 D&E Single Family	6.25	06/26/97	06/20/27	548,168.08	575,434.01		(3,971.43)		544,196.65	570,301.82	(1,160.76)		
GNMA	1996 D&E Single Family	6.25	07/15/97	06/20/27	883,910.52	927,876.25		(184,779.21)		699,131.31	732,668.66	(10,428.38)		
GNMA	1996 D&E Single Family	6.25	07/30/97	07/20/27	1,123,545.51	1,179,430.66		(6,148.16)		1,117,397.35	1,170,998.89	(2,283.61)		
GNMA	1996 D&E Single Family	6.25	08/18/97	07/20/27	1,944,707.06	2,041,436.83		(10,173.03)		1,934,534.03	2,027,333.67	(3,930.13)		
GNMA	1996 D&E Single Family	6.25	08/28/97	08/20/27	2,518,042.09	2,643,289.47		(174,303.61)		2,343,738.48	2,456,167.58	(12,818.28)		
GNMA	1996 D&E Single Family	6.25	09/18/97	09/20/27	785,596.40	824,671.95		(134,971.49)		650,624.91	681,835.37	(7,865.09)		
GNMA	1996 D&E Single Family	6.25	09/29/97	09/20/27	843,667.30	885,631.30		(7,187.05)		836,480.25	876,606.20	(1,838.05)		
GNMA	1996 D&E Single Family	6.25	10/15/97	09/20/27	704,345.28	739,379.46		(4,168.48)		700,176.80	733,764.32	(1,446.66)		
GNMA	1996 D&E Single Family	6.25	10/30/97	10/20/27	951,622.00	998,955.67		(241,798.38)		709,823.62	743,873.85	(13,283.44)		
GNMA	1996 D&E Single Family	6.25	11/17/97	10/20/27	963,284.24	1,011,198.00		(87,685.90)		875,598.34	917,600.81	(5,911.29)		
GNMA	1996 D&E Single Family	6.25	11/25/97	11/20/27	701,349.67	736,234.79		(54,437.72)		646,911.95	677,944.30	(3,852.77)		
GNMA	1996 D&E Single Family	6.25	12/17/97	11/20/27	1,071,234.24	1,124,517.43		(5,741.70)		1,065,492.54	1,116,604.22	(2,171.51)		
GNMA	1996 D&E Single Family	6.25	01/29/98	01/20/28	1,870,475.27	1,960,837.92		(135,092.30)		1,735,382.97	1,817,379.81	(8,365.81)		
GNMA	1996 D&E Single Family	6.25	04/29/98	04/20/28	1,137,266.20	1,192,207.56		(7,752.19)		1,129,514.01	1,182,883.58	(1,571.79)		
GNMA	1996 D&E Single Family	6.25	07/06/98	05/20/28	353,519.23	370,597.55		(1,588.47)		351,930.76	368,559.30	(449.78)		
GNMA	1996 D&E Single Family	6.25	08/27/98	07/20/28	774,348.45	811,757.22		(4,456.40)		769,892.05	806,269.46	(1,031.36)		
GNMA	1996 D&E Single Family	6.25	09/24/98	08/20/28	339,879.32	356,298.85		(1,572.31)		338,307.01	354,291.98	(434.56)		
GNMA	1996 D&E Single Family	6.25	10/01/98	08/20/28	510,671.34	535,341.86		(158,073.73)		352,597.61	369,257.84	(8,010.29)		
GNMA	1996 D&E Single Family	6.25	10/29/98	09/20/28	325,247.56	340,960.26		(81,877.74)		243,369.82	254,869.04	(4,213.48)		
GNMA	1996 D&E Single Family	6.25	12/29/98	10/20/28	1,378,502.51	1,445,097.99		(6,668.66)		1,371,833.85	1,436,653.02	(1,776.31)		
GNMA	1996 D&E Single Family	6.25	10/20/99	07/20/29	257,586.68	269,760.24		(1,282.40)		256,304.28	268,230.13	(247.71)		
GNMA	1996 D&E Single Family	6.25	11/23/99	10/20/29	182,368.34	190,987.07		(77,884.95)		104,483.39	109,345.00	(3,757.12)		
GNMA	1996 D&E Single Family	6.25	01/27/00	12/20/29	472,811.81	495,156.92		(3,337.71)		469,474.10	491,318.76	(500.45)		
FNMA	1996 D&E Single Family	6.25	01/28/00	09/01/29	269,547.83	283,798.82		(1,561.31)		267,986.52	282,042.41	(195.10)		
Treasury Bond	1996 D&E Single Family	13.88	08/05/82	05/15/11	562,094.30	670,087.28				562,094.30	384,814.30	(285,272.98)		
Repurchase Agreement	1996 D&E Single Family	2.06	11/30/04	12/01/04	677.31	677.31	280.15			957.46	957.46	-		





GNMA	1997 D-F Single Family	6.25	11/30/98	11/20/28	1,652,293.13	1,732,115.36	(358,276.51)	1,294,016.62	1,355,158.87	(18,679.98)				
GNMA	1997 D-F Single Family	6.25	11/30/98	10/20/28	1,100,083.77	1,153,228.82	(217,071.06)	883,012.71	924,735.06	(11,422.70)				
GNMA	1997 D-F Single Family	6.25	11/30/98	10/20/28	444,620.67	466,100.29	(266,803.37)	177,817.30	186,219.17	(13,077.75)				
FNMA	1997 D-F Single Family	6.25	05/27/99	04/01/29	225,261.75	235,882.84	(1,324.85)	223,936.90	234,405.95	(152.04)				
GNMA	1997 D-F Single Family	6.25	02/16/99	02/20/29	3,250,633.24	3,404,258.19	(364,043.46)	2,886,589.78	3,020,902.83	(19,311.90)				
GNMA	1997 D-F Single Family	6.25	03/31/99	03/20/29	1,216,837.64	1,274,345.40	(318,261.33)	898,576.31	940,387.09	(15,696.98)				
GNMA	1997 D-F Single Family	6.25	05/27/99	04/20/29	918,715.43	962,133.92	(49,830.61)	868,884.82	909,314.03	(2,989.28)				
GNMA	1997 D-F Single Family	5.45	06/22/99	06/20/29	1,054,976.15	1,075,991.26	(5,744.35)	1,049,231.80	1,067,561.87	(2,685.04)				
GNMA	1997 D-F Single Family	5.45	07/30/99	07/20/29	1,550,150.87	1,581,029.84	(169,650.77)	1,380,500.10	1,404,617.39	(6,761.68)				
GNMA	1997 D-F Single Family	5.45	08/26/99	08/20/29	1,358,144.48	1,385,198.70	(274,115.95)	1,084,028.53	1,102,966.48	(8,116.27)				
GNMA	1997 D-F Single Family	5.45	09/30/99	09/20/29	847,448.82	864,330.00	(131,671.64)	715,777.18	728,281.81	(4,376.55)				
FNMA	1997 D-F Single Family	5.45	12/21/99	11/01/29	499,337.30	508,719.84	(5,175.76)	494,161.54	500,817.89	(2,726.19)				
GNMA	1997 D-F Single Family	5.45	10/29/99	10/20/29	1,858,937.03	1,895,967.08	(136,974.98)	1,721,962.05	1,752,044.75	(6,947.35)				
GNMA	1997 D-F Single Family	5.45	11/18/99	11/20/29	2,215,070.27	2,259,194.48	(337,594.73)	1,877,475.54	1,910,275.04	(11,324.71)				
GNMA	1997 D-F Single Family	5.45	12/30/99	12/20/29	2,808,188.54	2,864,127.70	(332,505.88)	2,475,682.66	2,518,932.88	(12,688.94)				
GNMA	1997 D-F Single Family	5.45	01/28/00	01/20/30	2,112,309.00	2,151,661.32	(9,564.52)	2,102,744.48	2,138,217.79	(3,879.01)				
GNMA	1997 D-F Single Family	5.45	02/22/00	01/20/30	1,445,540.73	1,472,471.16	(134,567.65)	1,310,973.08	1,333,089.19	(4,814.32)				
GNMA	1997 D-F Single Family	5.45	03/27/00	02/20/30	734,865.40	748,555.95	(45,546.92)	689,318.48	700,947.29	(2,061.74)				
FNMA	1997 D-F Single Family	5.45	02/23/00	01/01/30	289,511.10	294,950.99	(95,763.17)	193,747.93	196,357.70	(2,830.12)				
GNMA	1997 D-F Single Family	5.45	04/27/00	03/20/30	880,853.03	897,263.33	(62,334.28)	818,518.75	832,327.16	(2,601.89)				
GNMA	1997 D-F Single Family	5.45	05/30/00	05/20/30	864,434.29	880,538.72	(113,663.47)	750,770.82	763,436.34	(3,438.91)				
GNMA	1997 D-F Single Family	5.45	06/21/00	06/20/30	1,540,070.27	1,568,761.79	(77,447.54)	1,462,622.73	1,487,297.18	(4,017.07)				
FNMA	1997 D-F Single Family	5.45	05/30/00	05/01/30	292,971.21	298,118.71	(1,304.74)	291,666.47	295,510.63	(1,303.34)				
GNMA	1997 D-F Single Family	5.45	10/23/00	09/20/30	328,379.42	334,497.16	(1,371.19)	327,008.23	332,524.89	(601.08)				
GNMA	1997 D-F Single Family	5.45	10/30/00	10/20/30	405,750.45	413,309.59	(1,941.88)	403,808.57	410,620.82	(746.89)				
FNMA	1997 D-F Single Family	5.45	07/24/00	06/01/30	702,857.58	715,206.78	(3,905.58)	698,952.00	708,164.18	(3,137.02)				
GNMA	1997 D-F Single Family	5.45	12/21/00	05/20/30	192,667.67	196,277.41	(72,710.11)	119,977.56	122,001.55	(1,565.75)				
FNMA	1997 D-F Single Family	5.45	10/06/00	09/01/30	334,742.07	340,623.48	(1,429.54)	333,312.53	337,705.58	(1,488.36)				
FNMA	1997 D-F Single Family	5.45	10/30/00	08/01/30	368,006.48	374,472.36	(2,032.32)	365,974.16	370,797.71	(1,642.33)				
FNMA	1997 D-F Single Family	5.45	02/12/01	02/01/30	124,912.90	127,260.01	(555.08)	124,357.82	126,032.91	(672.02)				
Repurchase Agreement	1997 D-F Single Family	2.06	11/30/04	12/01/04	882,953.17	882,953.17		901,392.36	901,392.36	-				
	<b>1997 D-F Single Family Total</b>				<b>49,911,716.95</b>	<b>51,148,157.14</b>	<b>1,760,759.09</b>	<b>(1,602,297.34)</b>	<b>(5,293,561.32)</b>	<b>0.00</b>	<b>44,776,617.38</b>	<b>45,758,269.88</b>	<b>(254,787.69)</b>	<b>0.00</b>
Repurchase Agreement	2002A Single Family (JR Lien)	2.06	11/30/04	12/01/04	26,785.17	26,785.17	19,237.36	46,022.53	46,022.53	-				
Repurchase Agreement	2002A Single Family (JR Lien)	2.06	11/30/04	12/01/04	795,882.07	795,882.07	(269,964.77)	525,917.30	525,917.30	-				
Repurchase Agreement	2002A Single Family (JR Lien)	2.06	11/30/04	12/01/04	1,745,916.24	1,745,916.24	(45,916.24)	1,700,000.00	1,700,000.00	-				
Treasury Bond	2002A Single Family (JR Lien)	13.88	03/27/02	05/15/11	300,000.00	358,076.94		300,000.00	836,268.78	478,191.84				
Repurchase Agreement	2002A Single Family (JR Lien)	2.06	11/30/04	12/01/04	218,885.07	218,885.07	(203,464.91)	15,420.16	15,420.16	-				
Repurchase Agreement	2002A Single Family (JR Lien)	2.06	11/30/04	12/01/04	115,591.24	115,591.24		115,591.24	115,591.24	-				
	<b>2002A Single Family (JR Lien) Total</b>				<b>3,203,059.79</b>	<b>3,261,136.73</b>	<b>19,237.36</b>	<b>(519,345.92)</b>	<b>0.00</b>	<b>0.00</b>	<b>2,702,951.23</b>	<b>3,239,220.01</b>	<b>478,191.84</b>	<b>0.00</b>
Repurchase Agreement	2004 A/B Single Family	2.06	11/30/04	12/01/04	252,135.98	252,135.98	265,464.47	517,600.45	517,600.45	-				
Repurchase Agreement	2004 A/B Single Family	2.06	11/30/04	12/01/04	66,688.62	66,688.62	1,196,709.33	1,263,397.95	1,263,397.95	-				
Guarantnd Inv Certificates	2004 A/B Single Family	1.49	04/28/04	09/01/06	3,371,000.00	3,371,000.00	(2,108,568.09)	1,262,431.91	1,262,431.91	-				
GNMA	2004 A/B Single Family	4.49	07/08/04	06/20/34	1,528,498.77	1,528,498.77	(6,353.35)	1,522,145.42	1,478,444.75	(43,700.67)				
GNMA	2004 A/B Single Family	4.49	07/08/04	07/20/34	1,155,852.82	1,155,852.82	(5,349.64)	1,150,503.18	1,117,472.32	(33,030.86)				
GNMA	2004 A/B Single Family	4.49	06/29/04	06/20/34	975,144.15	975,144.15	(3,583.75)	971,560.40	943,666.98	(27,893.42)				
GNMA	2004 A/B Single Family	4.49	09/02/04	08/20/34			1,567,370.01	1,567,370.01	1,522,370.94	(44,999.07)				
GNMA	2004 A/B Single Family	4.49	09/09/04	09/20/34			2,178,781.17	2,178,781.17	2,116,228.54	(62,552.63)				
GNMA	2004 A/B Single Family	4.49	09/16/04	08/20/34			3,092,436.95	3,092,436.95	3,003,653.32	(88,783.63)				
GNMA	2004 A/B Single Family	4.49	09/23/04	09/20/34			982,824.02	982,824.02	954,607.22	(28,216.80)				
GNMA	2004 A/B Single Family	4.49	09/29/04	09/20/34			1,670,112.84	1,670,112.84	1,622,164.04	(47,948.80)				
GNMA	2004 A/B Single Family	4.49	10/07/04	10/20/34			2,689,063.83	2,689,063.83	2,611,861.02	(77,202.81)				
GNMA	2004 A/B Single Family	4.49	07/15/04	07/20/34	2,427,767.09	2,427,767.09	(9,594.74)	2,418,172.35	2,348,746.81	(69,425.54)				
GNMA	2004 A/B Single Family	4.49	07/22/04	07/20/34	2,169,408.24	2,169,408.24	(8,878.27)	2,160,529.97	2,098,501.31	(62,028.66)				
GNMA	2004 A/B Single Family	4.49	07/29/04	07/20/34	2,703,308.24	2,703,308.24	(12,718.26)	2,690,589.98	2,613,343.36	(77,246.62)				
GNMA	2004 A/B Single Family	4.49	08/05/04	08/20/34	3,670,520.07	3,670,520.07	(34,142.56)	3,636,377.51	3,531,977.40	(104,400.11)				
GNMA	2004 A/B Single Family	4.49	08/12/04	08/20/34	4,102,393.84	4,102,393.84	(24,175.65)	4,078,218.19	3,961,132.86	(117,085.33)				
GNMA	2004 A/B Single Family	4.49	08/19/04	08/20/34	3,938,438.15	3,938,438.15	(24,019.48)	3,914,418.67	3,802,036.02	(112,382.65)				
GNMA	2004 A/B Single Family	5.00	08/19/04	08/20/34	279,192.08	279,192.08	(923.89)	278,268.19	279,439.98	1,171.79				
GNMA	2004 A/B Single Family	4.49	08/26/04	08/20/34	1,903,110.97	1,903,110.97	(7,402.81)	1,895,708.16	1,841,282.52	(54,425.64)				
GNMA	2004 A/B Single Family	5.00	08/26/04	08/20/34	87,541.07	87,541.07	(288.77)	87,252.30	87,619.73	367.43				
GNMA	2004 A/B Single Family	4.49	10/14/04	10/20/34			1,634,270.29	1,634,270.29	1,587,350.52	(46,919.77)				
GNMA	2004 A/B Single Family	5.00	10/14/04	10/20/34			1,028,380.60	1,028,380.60	1,027,529.02	(851.58)				
GNMA	2004 A/B Single Family	5.00	10/21/04	10/20/34			1,340,166.42	1,340,166.42	1,339,056.66	(1,109.76)				
GNMA	2004 A/B Single Family	4.49	10/21/04	10/20/34			1,481,983.56	1,481,983.56	1,439,435.93	(42,547.63)				
GNMA	2004 A/B Single Family	5.00	10/28/04	10/20/34			489,446.97	489,446.97	489,041.67	(405.30)				

GNMA	2004 A/B Single Family	4.49	10/28/04	10/20/34		786,091.59			786,091.59	763,522.96	(22,568.63)			
GNMA	2004 A/B Single Family	4.49	11/04/04	11/20/34		1,884,307.12			1,884,307.12	1,830,208.81	(54,098.31)			
GNMA	2004 A/B Single Family	4.49	11/10/04	11/20/34		1,190,018.08			1,190,018.08	1,155,852.76	(34,165.32)			
GNMA	2004 A/B Single Family	5.00	11/10/04	10/20/34		543,426.42			543,426.42	542,976.43	(449.99)			
GNMA	2004 A/B Single Family	4.49	11/18/04	11/20/34		984,791.74			984,791.74	956,518.45	(28,273.29)			
GNMA	2004 A/B Single Family	5.00	11/23/04	11/20/34		410,452.68			410,452.68	412,181.12	1,728.44			
GNMA	2004 A/B Single Family	4.49	11/23/04	11/20/34		1,934,768.27			1,934,768.27	1,879,221.23	(55,547.04)			
FNMA	2004 A/B Single Family	4.49	08/05/04	07/01/34	482,696.25	482,696.25		(2,359.51)	480,336.74	463,975.61	(16,361.13)			
FNMA	2004 A/B Single Family	4.49	08/12/04	08/01/34	376,741.94	376,741.94		(1,511.74)	375,230.20	362,449.18	(12,781.02)			
FNMA	2004 A/B Single Family	4.49	08/26/04	08/01/34	352,900.72	352,900.72		(1,758.84)	351,141.88	339,181.36	(11,960.52)			
FNMA	2004 A/B Single Family	4.49	09/02/04	08/01/34		250,944.63			250,944.63	242,397.01	(8,547.62)			
FNMA	2004 A/B Single Family	4.49	10/28/04	10/01/34		303,195.94			303,195.94	292,868.54	(10,327.40)			
FNMA	2004 A/B Single Family	5.00	10/28/04	10/01/34		258,986.49			258,986.49	256,985.37	(2,001.12)			
FNMA	2004 A/B Single Family	4.49	11/10/04	10/01/34		383,408.12			383,408.12	370,348.55	(13,059.57)			
FNMA	2004 A/B Single Family	5.00	11/23/04	11/01/34		283,186.44			283,186.44	280,998.35	(2,188.09)			
Repurchase Agreement	2004 A/B Single Family	2.06	11/30/04	12/01/04		41.85			41.85	41.85	-			
Guarantid Inv Certificates	2004 A/B Single Family	1.28	04/28/04	11/01/05	148,387,299.78	148,387,299.78		(27,862,874.32)	120,524,425.46	120,524,425.46	-			
<b>2004 A/B Single Family Total</b>					178,230,638.78	178,230,638.78	28,830,629.83	(29,971,442.41)	(143,061.26)	0.00	176,946,764.94	175,534,546.27	(1,412,218.67)	0.00
Investment Agreement	2004 CDEF Single Family	2.17	10/28/04	08/02/05		88,000,000.00			88,000,000.00	88,000,000.00	-			
Repurchase Agreement	2004 CDEF Single Family	2.06	11/30/04	12/01/04		277,664.27			277,664.27	277,664.27	-			
Investment Agreement	2004 CDEF Single Family	3.80	10/28/04	03/01/36		1,562,432.42			1,562,432.42	1,562,432.42	-			
FNMA	2004 CDEF Single Family	6.10	06/30/94	06/01/24				217,506.86	217,506.86	229,730.99	12,224.13			
FNMA	2004 CDEF Single Family	6.90	08/17/94	08/01/24				345,673.55	345,673.55	369,681.49	24,007.94			
FNMA	2004 CDEF Single Family	6.97	08/17/94	07/01/24				502,948.83	502,948.83	488,591.27	(14,357.56)			
FNMA	2004 CDEF Single Family	7.06	08/17/94	07/01/24				320,484.79	320,484.79	344,325.03	23,840.24			
FNMA	2004 CDEF Single Family	6.90	05/26/95	01/01/25				73,108.19	73,108.19	78,558.43	5,450.24			
FNMA	2004 CDEF Single Family	7.10	08/15/95	05/01/25				145,277.40	145,277.40	156,431.17	11,153.77			
GNMA	2004 CDEF Single Family	6.10	06/30/94	06/20/24				2,556,734.03	2,556,734.03	2,583,379.97	26,645.94			
GNMA	2004 CDEF Single Family	6.90	08/17/94	08/20/24				1,923,595.91	1,923,595.91	2,000,522.08	76,926.17			
GNMA	2004 CDEF Single Family	6.97	08/17/94	08/20/24				1,489,503.88	1,489,503.88	1,534,365.81	44,861.93			
GNMA	2004 CDEF Single Family	7.06	08/17/94	08/20/24				684,767.52	684,767.52	734,782.51	50,014.99			
GNMA	2004 CDEF Single Family	6.10	01/27/95	10/20/24				360,964.14	360,964.14	380,605.50	19,641.36			
GNMA	2004 CDEF Single Family	6.97	02/16/95	12/20/24				610,837.79	610,837.79	655,030.90	44,193.11			
GNMA	2004 CDEF Single Family	6.90	03/30/95	02/20/25				181,850.45	181,850.45	194,676.89	12,826.44			
GNMA	2004 CDEF Single Family	7.06	03/30/95	12/20/24				92,057.91	92,057.91	98,820.05	6,762.14			
GNMA	2004 CDEF Single Family	6.97	06/01/95	05/20/25				39,489.01	39,489.01	42,303.08	2,814.07			
GNMA	2004 CDEF Single Family	6.90	08/15/95	02/20/25				53,374.52	53,374.52	57,178.75	3,804.23			
GNMA	2004 CDEF Single Family	7.06	06/29/95	04/20/25				42,739.86	42,739.86	45,919.29	3,179.43			
GNMA	2004 CDEF Single Family	7.10	06/29/95	05/20/25				245,019.68	245,019.68	263,252.39	18,232.71			
GNMA	2004 CDEF Single Family	7.06	08/15/95	06/20/25				35,203.75	35,203.75	37,804.56	2,600.81			
GNMA	2004 CDEF Single Family	7.10	08/15/95	08/20/25				414,292.48	414,292.48	439,463.57	25,171.09			
Investment Agreement	2004 CDEF Single Family	1.49	10/28/04	09/01/06		75,000,000.00			75,000,000.00	75,000,000.00	-			
Repurchase Agreement	2004 CDEF Single Family	2.06	11/30/04	12/01/04		363,061.96			363,061.96	363,061.96	-			
Repurchase Agreement	2004 CDEF Single Family	2.06	11/30/04	12/01/04		155,587.03			155,587.03	155,587.03	-			
<b>2004 CDEF Single Family Total</b>					0.00	0.00	165,358,745.68	0.00	0.00	10,335,430.55	175,694,176.23	176,094,169.41	399,993.18	0.00
GNMA	2002 A-D SF MRB	4.49	10/14/04	09/20/34		6,215.85			6,215.85	6,072.34	(143.51)			
GNMA	2002 A-D SF MRB	4.49	10/01/04	10/20/34		12,919.57			12,919.57	12,621.69	(297.88)			
GNMA	2002 A-D SF MRB	4.49	10/01/04	10/20/34		23,300.39			23,300.39	22,631.70	(668.69)			
GNMA	2002 A-D SF MRB	4.49	11/04/04	10/20/34		101,849.88			101,849.88	98,925.77	(2,924.11)			
GNMA	2002 A-D SF MRB	4.49	11/10/04	11/20/34		21,879.81			21,879.81	21,251.64	(628.17)			
GNMA	2002 A-D SF MRB	4.49	11/18/04	11/20/34		39,344.73			39,344.73	38,215.15	(1,129.58)			
GNMA	2002 A-D SF MRB	4.49	11/23/04	11/20/34		80,568.38			80,568.38	78,255.27	(2,313.11)			
FNMA	2002 A-D SF MRB	4.49	11/04/04	10/01/34		12,260.92			12,260.92	11,843.29	(417.63)			
Repurchase Agreement	2002 A-D SF MRB	2.06	11/30/04	12/01/04		635,495.95			635,495.95	635,495.95	-			
GNMA	2002 A-D SF MRB	5.40	07/01/04	06/20/34		10,576.79			10,576.79	10,842.92	266.13			
GNMA	2002 A-D SF MRB	5.40	06/01/04	06/20/34		18,902.80			18,902.80	19,405.68	502.88			
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34		19,412.49			19,412.49	19,859.81	447.32			
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34		23,603.26			23,603.26	24,087.56	484.30			
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34		21,291.87			21,291.87	21,782.13	490.26			
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34		8,036.47			8,036.47	8,261.53	225.06			
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34		8,139.32			8,139.32	8,344.07	204.75			
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34		10,831.30			10,831.30	11,103.64	272.34			
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34		8,694.58			8,694.58	8,906.63	212.05			
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34		17,703.63			17,703.63	18,149.66	446.03			
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34		4,726.33			4,726.33	4,840.71	114.38			

GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34				3,028.47		3,028.47	3,101.46	72.99
GNMA	2002 A-D SF MRB	5.40	10/14/04	10/20/34				21,202.26		21,202.26	21,636.93	434.67
Repurchase Agreement	2002 A-D SF MRB	2.06	11/30/04	12/01/04	236,108.78	236,108.78		67,187.06		303,295.84	303,295.84	-
Repurchase Agreement	2002 A-D SF MRB	2.06	11/30/04	12/01/04	3,293,260.27	3,293,260.27			(207,413.49)	3,085,846.78	3,085,846.78	-
Repurchase Agreement	2002 A-D SF MRB	2.06	11/30/04	12/01/04	40,000.05	40,000.05			(25,295.20)	14,704.85	14,704.85	-
Repurchase Agreement	2002 A-D SF MRB	2.06	11/30/04	12/01/04	48,983.05	48,983.05			(48,917.59)	65.46	65.46	-
Guarantd Inv Certificates	2002 A-D SF MRB	5.01	06/26/02	03/01/34	3,386,143.00	3,386,143.00			(1,585,867.26)	1,800,275.74	1,800,275.74	-
Guarantd Inv Certificates	2002 A-D SF MRB	4.51	06/26/02	03/01/34	831,298.55	831,298.55			(499,270.55)	332,028.00	332,028.00	-
Repurchase Agreement	2002 A-D SF MRB	2.06	11/30/04	12/01/04	99,394.65	99,394.65		441.36		99,836.01	99,836.01	-
Repurchase Agreement	2002 A-D SF MRB	2.06	11/30/04	12/01/04	682,688.05	682,688.05			(201,995.43)	480,692.62	480,692.62	-
Repurchase Agreement	2002 A-D SF MRB	2.06	11/30/04	12/01/04	0.46	0.46		0.24		0.70	0.70	-
GNMA	2002 A-D SF MRB	5.40	08/29/02	08/20/32	288,810.16	295,961.52			(62,278.43)	226,531.73	231,980.85	(1,702.24)
GNMA	2002 A-D SF MRB	6.15	11/12/02	11/20/32	267,568.77	281,881.46			(821.70)	266,747.07	281,018.49	(41.27)
GNMA	2002 A-D SF MRB	5.40	11/12/02	10/20/32	382,297.98	391,764.22			(1,352.96)	380,945.02	390,108.47	(302.79)
GNMA	2002 A-D SF MRB	6.15	09/12/02	08/20/32	65,205.60	68,693.54			(205.79)	64,999.81	68,477.40	(10.35)
GNMA	2002 A-D SF MRB	6.15	09/19/02	09/20/32	155,252.55	163,557.23			(498.99)	154,753.56	163,033.11	(25.13)
GNMA	2002 A-D SF MRB	5.40	09/19/02	09/20/32	360,426.62	369,351.29			(1,457.62)	358,969.00	367,603.82	(289.85)
GNMA	2002 A-D SF MRB	6.15	09/26/02	09/20/32	328,992.49	346,590.82			(51,016.40)	277,976.09	292,848.28	(2,726.14)
GNMA	2002 A-D SF MRB	5.40	09/26/02	09/20/32	245,151.94	251,222.26			(914.38)	244,237.56	250,112.58	(195.30)
GNMA	2002 A-D SF MRB	6.15	10/10/02	09/20/32	391,414.07	412,351.40			(54,904.39)	336,509.68	354,513.49	(2,933.52)
GNMA	2002 A-D SF MRB	5.40	10/10/02	09/20/32	166,129.87	170,243.48			(586.78)	165,543.09	169,525.13	(131.57)
GNMA	2002 A-D SF MRB	6.15	10/21/02	10/20/32	225,080.00	237,119.88			(728.45)	224,351.55	236,354.72	(36.71)
GNMA	2002 A-D SF MRB	6.15	10/29/02	10/20/32	132,319.19	139,397.14			(446.62)	131,872.57	138,927.95	(22.57)
GNMA	2002 A-D SF MRB	5.40	10/29/02	09/20/32	58,984.96	60,444.46			(213.09)	58,771.87	60,184.55	(46.82)
GNMA	2002 A-D SF MRB	6.15	11/05/02	10/20/32	113,547.90	119,621.71			(347.70)	113,200.20	119,256.56	(17.45)
GNMA	2002 A-D SF MRB	5.40	11/05/02	09/20/32	148,251.07	151,921.98			(4,321.50)	143,929.57	147,391.73	(208.75)
GNMA	2002 A-D SF MRB	6.15	11/19/02	11/20/32	83,742.33	88,221.82			(254.05)	83,488.28	87,955.03	(12.74)
GNMA	2002 A-D SF MRB	5.40	11/19/02	11/20/32	204,930.57	210,004.92			(102,445.03)	102,485.54	104,950.76	(2,609.13)
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	726,946.42	765,831.90			(83,092.46)	643,853.96	678,301.20	(4,438.24)
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	390,782.90	400,459.23			(112,730.36)	278,052.54	284,740.95	(2,987.92)
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	247,716.47	260,967.20			(960.36)	246,756.11	259,957.96	(48.88)
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	150,906.74	154,643.43			(525.47)	150,381.27	153,998.66	(119.30)
GNMA	2002 A-D SF MRB	6.15	12/12/02	12/20/32	177,074.82	186,546.85			(59,435.80)	117,639.02	123,932.94	(3,178.11)
GNMA	2002 A-D SF MRB	5.40	12/12/02	12/20/32	112,122.34	114,898.64			(395.69)	111,726.65	114,414.17	(88.78)
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	293,112.26	308,791.29			(891.04)	292,221.22	307,855.54	(44.71)
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	212,177.68	217,431.50			(734.41)	211,443.27	216,529.44	(167.65)
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	336,631.71	354,638.64			(1,046.61)	335,585.10	353,539.43	(52.60)
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	203,456.34	208,494.20			(702.14)	202,754.20	207,631.35	(160.71)
GNMA	2002 A-D SF MRB	6.15	01/07/03	12/20/32	119,127.77	125,500.12			(372.54)	118,755.23	125,108.86	(18.72)
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	504,111.30	531,407.91			(1,573.58)	502,537.72	530,139.88	305.55
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	290,515.85	297,603.82			(1,037.51)	289,478.34	296,266.21	(300.10)
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	194,330.77	204,853.40			(582.88)	193,747.89	204,389.63	119.11
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	105,967.82	108,553.21			(363.14)	105,604.68	108,080.95	(109.12)
GNMA	2002 A-D SF MRB	6.15	01/30/03	01/20/33	422,124.34	444,981.50			(1,416.48)	420,707.86	443,815.46	250.44
GNMA	2002 A-D SF MRB	5.40	01/30/03	01/20/33	548,556.66	561,940.30			(103,021.26)	445,535.40	455,982.63	(2,936.41)
GNMA	2002 A-D SF MRB	6.15	02/12/03	02/20/33	558,447.07	588,685.82			(67,568.34)	490,878.73	517,840.49	(3,276.99)
GNMA	2002 A-D SF MRB	6.15	02/20/03	02/20/33	307,813.68	324,481.16			(85,664.11)	222,149.57	234,351.26	(4,465.79)
GNMA	2002 A-D SF MRB	5.40	03/03/03	03/20/33	121,275.59	124,234.47			(410.91)	120,864.68	123,698.80	(124.76)
GNMA	2002 A-D SF MRB	6.15	02/27/03	02/20/33	517,055.08	545,052.56			(1,565.25)	515,489.83	543,803.38	316.07
GNMA	2002 A-D SF MRB	5.40	02/27/03	01/20/33	110,116.19	112,802.81			(377.36)	109,738.83	112,312.07	(113.38)
GNMA	2002 A-D SF MRB				93,809.03	98,888.61			(93,809.03)			(5,079.58)
GNMA	2002 A-D SF MRB	6.15	03/12/03	02/20/33	430,649.84	453,968.65			(1,368.85)	429,280.99	452,859.47	259.67
GNMA	2002 A-D SF MRB	6.15	03/24/03	03/20/33	331,691.64	349,652.04			(988.10)	330,703.54	348,867.59	203.65
GNMA	2002 A-D SF MRB	5.40	03/24/03	02/20/33	113,816.61	116,593.51			(645.06)	113,171.55	115,825.27	(123.18)
GNMA	2002 A-D SF MRB	6.15	04/02/03	04/20/33	422,038.64	444,891.16			(1,282.39)	420,756.25	443,866.50	257.73
GNMA	2002 A-D SF MRB	6.15	04/02/03	03/20/33	164,457.84	173,362.91			(487.85)	163,969.99	172,976.15	101.09
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	449,221.77	473,546.22			(121,711.64)	327,510.13	345,498.81	(6,335.77)
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	142,657.71	150,382.34			(70,120.50)	72,537.21	76,521.37	(3,740.47)
GNMA	2002 A-D SF MRB	5.40	04/10/03	01/20/33	93,776.74	96,064.70			(321.39)	93,455.35	95,646.76	(96.55)
GNMA	2002 A-D SF MRB	6.15	04/17/03	04/20/33	168,228.29	177,337.49			(498.28)	167,730.01	176,942.64	103.43
GNMA	2002 A-D SF MRB	5.40	04/24/03	03/20/33	112,361.34	115,102.75			(381.67)	111,979.67	114,605.47	(115.61)
GNMA	2002 A-D SF MRB	6.15	04/24/03	04/20/33	174,349.36	183,790.01			(530.68)	173,818.68	183,365.77	106.44
GNMA	2002 A-D SF MRB	6.15	04/29/03	03/20/33	90,452.85	95,350.67			(274.44)	90,178.41	95,131.49	55.26
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	105,411.50	111,119.32			(319.61)	105,091.89	110,864.13	64.42
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	86,528.25	91,213.55			(262.03)	86,266.22	91,004.42	52.90
GNMA	2002 A-D SF MRB	5.40	05/08/03	03/20/33	114,266.77	117,054.64			(386.91)	113,879.86	116,550.18	(117.55)
GNMA	2002 A-D SF MRB	6.15	05/15/03	04/20/33	184,486.58	194,476.12			(554.03)	183,932.55	194,035.12	113.03

GNMA	2002 A-D SF MRB	6.15	05/22/03	05/20/33	65,771.41	69,332.79	(242.38)		65,529.03	69,128.23	37.82			
GNMA	2002 A-D SF MRB	6.15	06/10/03	06/20/33	65,204.46	68,735.14	(193.66)		65,010.80	68,581.55	40.07			
GNMA	2002 A-D SF MRB	6.15	06/10/03	06/20/33	172,745.62	182,099.43	(78,786.78)		93,958.84	99,119.58	(4,193.07)			
GNMA	2002 A-D SF MRB	5.40	06/10/03	04/20/33	134,493.42	137,774.76	(452.66)		134,040.76	137,183.82	(138.28)			
GNMA	2002 A-D SF MRB	6.15	06/19/03	05/20/33	84,100.24	88,654.09	(245.38)		83,854.86	88,460.62	51.91			
GNMA	2002 A-D SF MRB	6.15	06/26/03	04/20/33	95,361.50	100,525.15	(280.03)		95,081.47	100,303.89	58.77			
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	53,389.69	56,280.62	(157.44)		53,232.25	56,156.04	32.86			
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	97,941.54	103,244.85	(474.85)		97,466.69	102,820.07	50.07			
GNMA	2002 A-D SF MRB	6.15	07/24/03	07/20/33	163,715.31	172,580.18	(503.79)		163,211.52	172,176.02	99.63			
GNMA	2002 A-D SF MRB	6.15	07/30/03	07/20/33	49,746.15	52,439.78	(145.92)		49,600.23	52,324.52	30.66			
GNMA	2002 A-D SF MRB	6.15	09/04/03	08/20/33	56,799.74	59,875.34	(162.91)		56,636.83	59,747.65	35.22			
GNMA	2002 A-D SF MRB	6.15	09/18/03	07/20/33	100,533.37	105,977.07	(289.53)		100,243.84	105,749.81	62.27			
GNMA	2002 A-D SF MRB	6.15	09/30/03	09/20/33	351,601.60	370,640.13	(115,981.28)		235,620.32	248,561.91	(6,096.94)			
GNMA	2002 A-D SF MRB	6.15	10/09/03	08/20/33	157,141.56	165,650.45	(450.78)		156,690.78	165,297.10	97.43			
GNMA	2002 A-D SF MRB	6.15	10/16/03	10/20/33	106,801.93	112,585.03	(301.68)		106,500.25	112,349.82	66.47			
GNMA	2002 A-D SF MRB	6.15	01/15/04	12/20/33	67,313.41	70,958.30	(188.89)		67,124.52	70,811.38	41.97			
GNMA	2002 A-D SF MRB	6.15	02/26/04	02/20/34	49,400.94	52,067.42	(135.96)		49,264.98	51,972.37	40.91			
GNMA	2002 A-D SF MRB	6.15	03/11/04	03/20/34	106,560.63	112,312.39	(293.00)		106,267.63	112,107.67	88.28			
GNMA	2002 A-D SF MRB	5.40	07/08/04	06/20/34	275,856.90	282,422.86	(21,465.00)		254,391.90	259,727.85	(1,230.01)			
GNMA	2002 A-D SF MRB	6.15	04/01/04	04/20/34	41,007.27	43,220.70	(111.46)		40,895.81	43,143.29	34.05			
GNMA	2002 A-D SF MRB	5.40	06/17/04	06/20/34	494,051.80	505,811.27	(38,658.24)		455,393.56	464,837.44	(2,315.59)			
GNMA	2002 A-D SF MRB	5.40	09/02/04	09/20/34				465,782.44	465,782.44	475,715.51	9,933.07			
GNMA	2002 A-D SF MRB	5.40	09/09/04	09/20/34				566,329.33	566,329.33	576,985.81	10,656.48			
GNMA	2002 A-D SF MRB	5.40	09/16/04	09/20/34				510,029.47	510,029.47	521,762.34	11,732.87			
GNMA	2002 A-D SF MRB	5.40	07/15/04	07/20/34	210,635.36	215,648.92	(16,718.13)		193,917.23	197,894.05	(1,036.74)			
GNMA	2002 A-D SF MRB	5.40	07/22/04	07/20/34	212,276.76	217,329.39	(16,511.93)		195,764.83	199,871.29	(946.17)			
GNMA	2002 A-D SF MRB	5.40	07/29/04	07/20/34	282,482.73	289,206.41	(21,974.75)		260,507.98	265,972.95	(1,258.71)			
GNMA	2002 A-D SF MRB	5.40	08/05/04	08/20/34	226,793.94	232,192.10	(17,856.50)		208,937.44	213,346.64	(988.96)			
GNMA	2002 A-D SF MRB	5.40	08/12/04	08/20/34	462,279.69	473,282.90	(37,301.31)		424,978.38	434,751.17	(1,230.42)			
GNMA	2002 A-D SF MRB	5.40	08/20/04	08/20/34	123,240.06	126,173.44	(9,687.27)		113,552.79	115,952.62	(533.55)			
GNMA	2002 A-D SF MRB	5.40	08/26/04	08/20/34	79,047.48	80,928.97	(6,294.93)		72,752.55	74,291.33	(342.71)			
GNMA	2002 A-D SF MRB	5.40	10/14/04	10/20/34				507,877.70	507,877.70	518,283.99	10,406.29			
GNMA	2002 A-D SF MRB	4.49	10/14/04	09/20/34				113,875.04	113,875.04	111,242.77	(2,632.27)			
GNMA	2002 A-D SF MRB	5.40	10/21/04	10/20/34				1,851,238.36	1,851,238.36	1,893,824.78	42,586.42			
GNMA	2002 A-D SF MRB	4.49	10/21/04	10/20/34				236,695.40	236,695.40	231,224.09	(5,471.31)			
GNMA	2002 A-D SF MRB	5.40	10/28/04	10/20/34				473,381.22	473,381.22	483,080.69	9,699.47			
GNMA	2002 A-D SF MRB	4.49	10/29/04	10/20/34				426,858.51	426,858.51	414,603.43	(12,255.08)			
GNMA	2002 A-D SF MRB	4.49	11/04/04	10/20/34				1,865,847.71	1,865,847.71	1,812,279.37	(53,568.34)			
GNMA	2002 A-D SF MRB	5.40	11/04/04	11/20/34				470,774.41	470,774.41	481,604.24	10,829.83			
GNMA	2002 A-D SF MRB	4.49	11/10/04	11/20/34				400,829.16	400,829.16	389,321.38	(11,507.78)			
GNMA	2002 A-D SF MRB	5.40	11/10/04	11/20/34				150,794.90	150,794.90	154,263.83	3,468.93			
GNMA	2002 A-D SF MRB	4.49	11/18/04	11/20/34				720,779.29	720,779.29	700,085.77	(20,693.52)			
GNMA	2002 A-D SF MRB	4.49	11/23/04	11/20/34				1,475,979.57	1,475,979.57	1,433,604.31	(42,375.26)			
FNMA	2002 A-D SF MRB	6.40	07/24/03	11/01/32	78,659.18	82,644.84	(206.17)		78,453.01	82,227.38	(211.29)			
FNMA	2002 A-D SF MRB	5.40	08/14/03	09/01/32	118,071.12	120,289.59	(416.35)		117,654.77	119,397.96	(475.28)			
FNMA	2002 A-D SF MRB	6.15	08/14/03	12/01/31	68,004.05	71,293.40	(377.72)		67,626.33	70,898.03	(17.65)			
FNMA	2002 A-D SF MRB	6.40	08/28/03	11/01/32	49,594.65	52,107.61	(129.99)		49,464.66	51,844.40	(133.22)			
FNMA	2002 A-D SF MRB	5.45	03/25/04	02/01/34	92,488.70	93,821.46	(7,485.02)		85,003.68	85,821.74	(514.70)			
FNMA	2002 A-D SF MRB	6.15	04/01/04	02/01/34	105,787.85	110,820.80	(291.17)		105,496.68	110,751.09	221.46			
FNMA	2002 A-D SF MRB	5.40	10/28/04	10/01/34				312,742.55	312,742.55	316,947.01	4,204.46			
FNMA	2002 A-D SF MRB	4.49	11/04/04	10/01/34				224,614.99	224,614.99	216,964.20	(7,650.79)			
Repurchase Agreement	2002 A-D SF MRB	2.06	11/30/04	12/01/04	76,333,251.10	76,333,251.10	(76,333,251.12)		(0.02)	(0.02)	-			
Guarantd Inv Certificates	2002 A-D SF MRB	2.23	09/22/04	03/01/34				65,686,218.33	65,686,218.33	65,686,218.33	-			
Repurchase Agreement	2002 A-D SF MRB	2.06	11/30/04	12/01/04	1,169,266.42	1,169,266.42	5,191.65		1,174,458.07	1,174,458.07	-			
<b>2002 A-D SF MRB Total</b>					<b>104,565,975.07</b>	<b>105,343,265.74</b>	<b>77,643,453.74</b>	<b>(78,902,010.64)</b>	<b>(1,495,976.90)</b>	<b>0.00</b>	<b>101,811,441.27</b>	<b>102,473,928.03</b>	<b>(114,803.91)</b>	<b>0.00</b>
Repurchase Agreement	2004A S/F Jr. Lien	2.06	11/30/04	12/01/04	501.36	501.36	2,777.43		3,278.79	3,278.79	-	-	-	-
Repurchase Agreement	2004A S/F Jr. Lien	2.06	11/30/04	12/01/04	124,205.19	124,205.19	17,283.77		124,205.19	124,205.19	-	-	-	-
Repurchase Agreement	2004A S/F Jr. Lien	2.06	11/30/04	12/01/04					17,283.77	17,283.77	-	-	-	-
Guarantd Inv Certificates	2004A S/F Jr. Lien	1.28	04/28/04	11/01/05	4,004,199.15	4,004,199.15			4,004,199.15	4,004,199.15	-	-	-	-
<b>2004A S/F Jr. Lien Total</b>					<b>4,128,905.70</b>	<b>4,128,905.70</b>	<b>20,061.20</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,148,966.90</b>	<b>4,148,966.90</b>	<b>0.00</b>	<b>0.00</b>
Repurchase Agreement	1991 A S/F (1980 A Refunding)	2.06	11/30/04	12/01/04	10,101.22	10,101.22	(8,967.03)		1,134.19	1,134.19	-	-	-	-
Guarantd Inv Certificates	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	197,752.09	197,752.09	61,831.00		259,583.09	259,583.09	-	-	-	-
Repurchase Agreement	1991 A S/F (1980 A Refunding)	2.06	11/30/04	12/01/04	806.38	806.38	(751.07)		55.31	55.31	-	-	-	-
Guarantd Inv Certificates	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	233,013.90	233,013.90	150,947.37		383,961.27	383,961.27	-	-	-	-
Repurchase Agreement	1991 A S/F (1980 A Refunding)	2.06	11/30/04	12/01/04	2.16	2.16	0.69		2.85	2.85	-	-	-	-

Guarantd Inv Certificates	1991 A S/F (1980 A Refunding)	4.51	06/26/02	03/01/34	742,055.93	742,055.93	(225,159.57)		516,896.36	516,896.36	-			
Repurchase Agreement	1991 A S/F (1980 A Refunding)	2.06	11/30/04	12/01/04	0.08	0.08			0.08	0.08	-			
Repurchase Agreement	1991 A S/F (1980 A Refunding)	2.06	11/30/04	12/01/04	0.54	0.54			0.54	0.54	-			
Guarantd Inv Certificates	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	9.23	9.23			9.23	9.23	-			
<b>1991 A S/F (1980 A Refunding) Total</b>					<b>1,183,741.53</b>	<b>1,183,741.53</b>	<b>212,779.06</b>	<b>(234,877.67)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,161,642.92</b>	<b>1,161,642.92</b>	<b>0.00</b>	<b>0.00</b>
Repurchase Agreement	1994 A&B SF (1983 Refunding)	2.06	11/30/04	12/01/04	2,525.11	2,525.11	(842.28)		1,682.83	1,682.83	-			
Repurchase Agreement	1994 A&B SF (1983 Refunding)	2.06	11/30/04	12/01/04	25.69	25.69	0.01		25.70	25.70	-			
Guarantd Inv Certificates	1994 A&B SF (1983 Refunding)	6.08	11/14/96	09/30/29	3,561.67	3,561.67	3,716.00		7,277.67	7,277.67	-			
FNMA	1994 A&B SF (1983 Refunding)	6.15	05/30/96	04/01/26	18,592.34	19,705.72		(195.58)	18,396.76	19,504.38	(5.76)			
FNMA	1994 A&B SF (1983 Refunding)	6.15	06/27/96	05/01/26	13,119.96	13,876.92		(100.49)	13,019.47	13,774.82	(1.61)			
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/96	06/01/26	18,591.75	19,734.16		(3,037.61)	15,554.14	16,514.93	(181.62)			
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/01/96	06/01/26	11,682.48	12,410.71		(61.77)	11,620.71	12,348.82	(0.12)			
FNMA	1994 A&B SF (1983 Refunding)	6.15	08/15/96	07/01/26	18,765.34	19,924.40		(2,038.61)	16,726.73	17,765.27	(120.52)			
FNMA	1994 A&B SF (1983 Refunding)	6.15	08/29/96	08/01/26	16,605.68	17,424.72		(113.68)	16,492.00	17,310.38	(0.66)			
FNMA	1994 A&B SF (1983 Refunding)	6.15	09/16/96	08/01/26	12,341.50	12,927.32		(154.73)	12,186.77	12,768.90	(3.69)			
FNMA	1994 A&B SF (1983 Refunding)	6.15	10/30/96	10/01/26	29,112.23	30,484.72		(349.94)	28,762.29	30,126.92	(7.86)			
FNMA	1994 A&B SF (1983 Refunding)	6.15	12/23/96	11/01/26	21,494.05	22,522.75		(268.40)	21,225.65	22,247.88	(6.47)			
FNMA	1994 A&B SF (1983 Refunding)	6.15	03/27/97	01/01/27	13,751.47	14,394.34		(228.20)	13,523.27	14,159.52	(6.62)			
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/97	03/01/27	3,629.13	3,801.50		(71.07)	3,558.06	3,728.13	(2.30)			
FNMA	1994 A&B SF (1983 Refunding)	6.15	09/29/97	07/01/27	16,283.41	17,113.21		(78.76)	16,204.65	17,039.03	4.58			
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/30/96	07/20/26	94,701.15	100,206.34		(7,874.99)	86,826.16	91,726.30	(605.05)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/28/96	03/20/26	28,724.11	30,403.95		(193.49)	28,530.62	30,150.76	(59.70)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/15/96	07/20/26	77,206.69	81,687.81		(3,344.55)	73,862.14	78,023.88	(319.38)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/96	04/20/26	41,864.69	44,298.43		(3,860.81)	38,003.88	40,148.83	(288.79)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/15/96	05/20/26	74,099.74	78,404.24		(631.17)	73,468.57	77,611.81	(161.26)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/30/96	05/20/26	54,461.20	57,644.55		(3,672.00)	50,789.20	53,671.75	(300.80)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/17/96	06/20/26	117,947.88	124,815.80		(9,211.17)	108,736.71	114,883.86	(720.77)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/29/96	06/20/26	33,672.35	35,621.83		(2,431.04)	31,241.31	32,997.08	(193.71)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/96	06/20/26	109,544.31	115,863.25		(12,448.01)	97,096.30	102,532.60	(882.64)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/29/96	08/20/26	79,535.34	83,616.32		(9,192.18)	70,343.16	73,833.95	(590.19)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/16/96	09/20/26	44,293.78	46,516.06		(2,159.48)	42,134.30	44,177.31	(179.27)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/26/96	09/20/26	26,563.11	27,913.00		(265.79)	26,297.32	27,589.42	(57.79)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	10/30/96	10/20/26	112,083.07	117,713.61		(15,377.76)	96,705.31	101,400.55	(935.30)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	11/26/96	11/20/26	58,690.50	61,717.76		(2,605.56)	56,084.94	58,883.30	(228.90)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	12/23/96	12/20/26	34,737.82	36,467.69		(3,074.51)	31,663.31	33,186.79	(206.39)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	01/16/97	12/20/26	62,443.00	65,554.38		(420.03)	62,022.97	65,009.05	(125.30)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	01/30/97	01/20/27	53,000.89	55,691.45		(3,646.16)	49,354.73	51,801.73	(243.56)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/13/97	02/20/27	39,452.19	41,452.28		(3,618.62)	35,833.57	37,607.75	(225.91)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/27/97	02/20/27	17,576.23	18,437.68		(108.60)	17,467.63	18,303.09	(25.99)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/27/97	03/20/27	35,408.36	37,103.02		(3,430.07)	31,978.29	33,471.01	(201.94)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/97	04/20/27	18,143.23	18,991.76		(91.00)	18,052.23	18,875.21	(25.55)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/29/97	05/20/27	23,924.20	25,043.13		(172.40)	23,751.80	24,834.56	(36.17)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/26/97	06/20/27	15,079.33	15,794.59		(98.00)	14,981.33	15,674.26	(22.33)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/18/97	07/20/27	33,665.60	35,584.20		(4,873.61)	28,791.99	30,398.54	(312.05)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/29/97	08/20/27	44,390.19	46,499.03		(2,756.37)	41,633.82	43,562.54	(180.12)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/26/98	02/20/28	9,846.60	10,292.63		(79.88)	9,766.72	10,204.64	(8.11)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/26/98	01/20/28	17,902.43	18,713.42		(142.87)	17,759.56	18,555.90	(14.65)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/98	04/20/28	20,978.10	21,928.38		(3,902.74)	17,075.36	17,840.99	(184.65)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/25/98	05/20/28	31,036.81	32,442.79		(4,052.35)	26,984.46	28,194.45	(195.99)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/16/98	06/20/28	13,098.70	13,692.11		(169.27)	12,929.43	13,509.23	(13.61)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/10/98	07/20/28	26,656.90	27,864.44		(139.11)	26,517.79	27,706.84	(18.49)			
GNMA	1994 A&B SF (1983 Refunding)	6.15	11/19/98	10/20/28	44,769.28	46,797.36		(202.36)	44,566.92	46,565.33	(29.67)			
Repurchase Agreement	1994 A&B SF (1983 Refunding)	2.06	11/30/04	12/01/04	345,494.05	345,494.05	(217,335.98)		128,158.07	128,158.07	-			
Repurchase Agreement	1994 A&B SF (1983 Refunding)	2.06	11/30/04	12/01/04	810,196.48	810,196.48			810,196.48	810,196.48	-			
Repurchase Agreement	1994 A&B SF (1983 Refunding)	2.06	11/30/04	12/01/04	77,329.35	77,329.35	(77,321.75)		7.60	7.60	-			
Repurchase Agreement	1994 A&B SF (1983 Refunding)	2.06	11/30/04	12/01/04	10,054.66	10,054.66	44.67		10,099.33	10,099.33	-			
Repurchase Agreement	1994 A&B SF (1983 Refunding)	2.06	11/30/04	12/01/04	676,613.33	676,613.33	260,782.66		937,395.99	937,395.99	-			
FNMA	1994 A&B SF (1983 Refunding)	6.75	02/20/98	01/01/28	5,292.33	5,549.87		(28.61)	5,263.51	5,517.82	(3.44)			
FNMA	1994 A&B SF (1983 Refunding)	6.25	03/27/98	03/01/28	7,246.34	7,593.41		(878.48)	6,367.86	6,670.12	(44.81)			
FNMA	1994 A&B SF (1983 Refunding)	6.25	06/29/98	05/01/28	6,247.60	6,546.76		(48.27)	6,199.33	6,493.51	(4.98)			
GNMA	1994 A&B SF (1983 Refunding)	6.75	02/20/98	01/20/28	57,405.65	60,178.92		(9,794.70)	47,610.95	49,860.57	(523.65)			
FNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	09/01/28	7,941.61	8,321.99		(34.16)	7,907.45	8,282.79	(5.04)			
GNMA	1994 A&B SF (1983 Refunding)	6.25	03/27/98	03/20/28	87,467.78	91,693.34		(11,353.06)	76,114.72	79,711.13	(629.15)			
GNMA	1994 A&B SF (1983 Refunding)	6.25	05/19/98	05/20/28	60,681.89	63,613.41		(6,894.19)	53,787.70	56,329.15	(390.07)			
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/28/00	06/20/30	32,582.15	33,189.15		(2,204.60)	30,377.55	30,890.01	(94.54)			
GNMA	1994 A&B SF (1983 Refunding)	6.25	08/14/98	07/20/28	34,765.21	36,444.71		(3,172.17)	31,593.04	33,085.81	(186.73)			

GNMA	1994 A&B SF (1983 Refunding)	6.25	06/29/98	06/20/28	14,267.81	14,957.10	(1,485.10)	12,782.71	13,386.70	(85.30)
GNMA	1994 A&B SF (1983 Refunding)	6.25	09/18/98	09/20/28	27,299.00	28,617.77	(5,304.97)	21,994.03	23,033.19	(279.61)
FNMA	1994 A&B SF (1983 Refunding)	6.25	03/31/99	11/01/28	3,460.69	3,626.43	(35.20)	3,425.49	3,588.07	(3.16)
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	11/20/28	18,882.37	19,794.57	(1,075.29)	17,807.08	18,648.45	(70.83)
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	11/20/28	13,826.38	14,494.35	(68.63)	13,757.75	14,407.82	(17.90)
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	10/20/28	8,233.40	8,631.16	(923.56)	7,309.84	7,655.23	(52.37)
FNMA	1994 A&B SF (1983 Refunding)	6.25	05/27/99	11/01/28	3,862.13	4,050.26	(41.55)	3,820.58	4,005.20	(3.51)
GNMA	1994 A&B SF (1983 Refunding)	6.25	02/16/99	02/20/29	39,995.58	41,885.77	(6,474.83)	33,520.75	35,080.48	(330.46)
GNMA	1994 A&B SF (1983 Refunding)	6.25	03/31/99	02/20/29	5,259.49	5,508.04	(3,455.03)	1,804.46	1,888.41	(164.60)
GNMA	1994 A&B SF (1983 Refunding)	6.25	05/27/99	05/20/29	9,199.41	9,634.19	(43.30)	9,156.11	9,582.15	(8.74)
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	20,233.15	20,636.20	(111.61)	20,121.54	20,473.07	(51.52)
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	18,642.94	19,014.29	(2,056.19)	16,586.75	16,876.50	(81.60)
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	08/01/29	3,048.02	3,104.95	(23.04)	3,024.98	3,065.39	(16.52)
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	10,914.66	11,132.10	(58.79)	10,855.87	11,045.55	(27.76)
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/20/99	12/01/29	8,745.92	8,910.22	(50.18)	8,695.74	8,812.83	(47.21)
FNMA	1994 A&B SF (1983 Refunding)	5.45	01/19/00	12/01/29	5,358.24	5,458.93	(33.26)	5,324.98	5,396.71	(28.96)
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/28/99	10/20/29	32,627.59	33,277.53	(2,630.94)	29,996.65	30,520.68	(125.91)
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	7,589.29	7,740.50	(1,530.53)	6,058.76	6,164.63	(45.34)
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/20/29	69,357.88	70,739.45	(6,273.36)	63,084.52	64,186.56	(279.53)
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	19,050.30	19,405.25	(1,735.69)	17,314.61	17,606.75	(62.81)
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	6,633.57	6,757.15	(29.02)	6,604.55	6,715.97	(12.16)
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	11,399.04	11,611.37	(1,652.92)	9,746.12	9,910.50	(47.95)
FNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/01/30	5,368.45	5,462.80	(34.51)	5,333.94	5,404.28	(24.01)
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	04/20/30	19,468.57	19,831.25	(2,023.95)	17,444.62	17,738.90	(68.40)
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	04/20/30	3,200.34	3,259.93	(13.80)	3,186.54	3,240.26	(5.87)
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	05/20/30	13,600.03	13,853.39	(60.18)	13,539.85	13,768.27	(24.94)
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/18/00	09/20/30	29,289.32	29,834.99	(1,657.16)	27,632.16	28,098.32	(79.51)
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	5,227.73	5,319.54	(39.33)	5,188.40	5,256.74	(23.47)
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	167,929.54	171,274.66	(926.35)	167,003.19	169,920.71	(427.60)
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	154,730.95	157,813.24	(17,065.78)	137,665.17	140,070.24	(677.22)
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	08/01/29	25,297.17	25,772.24	(191.19)	25,105.98	25,443.89	(137.16)
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	90,588.79	92,393.30	(487.91)	90,100.88	91,674.92	(230.47)
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/20/99	12/01/29	72,588.39	73,952.30	(416.51)	72,171.88	73,144.02	(391.77)
FNMA	1994 A&B SF (1983 Refunding)	5.45	01/19/00	12/01/29	44,471.99	45,307.60	(276.04)	44,195.95	44,791.25	(240.31)
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/28/99	10/20/29	270,799.84	276,194.16	(21,836.10)	248,963.74	253,313.13	(1,044.93)
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	62,989.28	64,244.02	(12,703.03)	50,286.25	51,164.74	(376.25)
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/30/29	575,650.67	587,117.59	(52,067.18)	523,583.49	532,730.45	(2,319.96)
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	158,112.42	161,058.10	(14,405.71)	143,706.71	146,131.08	(521.31)
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	55,056.77	56,082.48	(240.80)	54,815.97	55,740.72	(100.96)
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	25,768.82	26,116.56	(3,717.79)	22,051.03	22,290.94	(107.83)
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/22/99	06/20/29	141,847.52	144,673.15	(772.36)	141,075.16	143,539.77	(361.02)
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	208,426.56	212,578.46	(22,810.51)	185,616.05	188,858.80	(909.15)
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	182,610.23	186,247.85	(36,856.45)	145,753.78	148,300.12	(1,091.28)
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	113,944.32	116,214.09	(17,704.00)	96,240.32	97,921.63	(588.46)
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/21/99	11/01/29	67,138.74	68,400.27	(695.90)	66,442.84	67,337.81	(366.56)
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/29/99	10/20/29	249,944.66	254,923.56	(18,417.07)	231,527.59	235,572.39	(934.10)
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	297,828.78	303,761.54	(45,391.54)	252,437.24	256,847.34	(1,522.66)
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/20/29	377,576.92	385,098.26	(44,707.31)	332,869.61	338,684.85	(1,706.10)
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	284,011.99	289,303.11	(1,286.00)	282,725.99	287,495.55	(521.56)
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	194,361.21	197,982.13	(18,093.39)	176,267.82	179,241.43	(647.31)
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	85,876.30	87,475.92	(5,322.59)	80,553.71	81,912.39	(240.94)
FNMA	1994 A&B SF (1983 Refunding)	5.45	02/23/00	01/01/30	38,926.40	39,657.83	(12,875.90)	26,050.50	26,401.41	(380.52)
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/28/00	06/20/30	270,422.72	275,460.68	(18,297.60)	252,125.12	256,378.46	(784.62)
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	68,839.71	70,254.52	(10,000.97)	58,838.74	59,963.44	(290.11)
FNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/01/30	44,556.86	45,339.73	(286.37)	44,270.49	44,853.97	(199.39)
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	04/20/30	161,583.53	164,593.83	(16,798.13)	144,785.40	147,227.92	(567.78)
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	04/20/30	26,561.63	27,056.47	(114.54)	26,447.09	26,893.25	(48.68)
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	05/20/30	112,876.39	114,979.25	(499.40)	112,376.99	114,272.75	(207.10)
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/18/00	09/20/30	243,093.31	247,622.14	(13,754.02)	229,339.29	233,208.24	(659.88)
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	43,388.36	44,150.69	(326.48)	43,061.88	43,629.43	(194.78)
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/20/30	323,233.55	329,255.41	(34,718.98)	288,514.57	293,381.83	(1,154.60)
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/28/00	08/20/30	51,010.08	51,960.42	(4,301.70)	46,708.38	47,496.36	(162.36)
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	12,930.55	13,171.68	(801.45)	12,129.10	12,333.96	(36.27)
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/20/30	118,435.70	120,642.16	(8,381.20)	110,054.50	111,911.12	(349.84)
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	05/20/30	116,228.10	118,393.44	(15,282.71)	100,945.39	102,648.36	(462.37)
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	06/20/30	207,071.20	210,928.94	(10,413.26)	196,657.94	199,975.56	(540.12)
FNMA	1994 A&B SF (1983 Refunding)	5.45	05/31/00	05/01/30	39,391.64	40,083.76	(175.44)	39,216.20	39,733.09	(175.23)

GNMA	1994 A&B SF (1983 Refunding)	5.45	10/23/00	09/20/30	44,152.48	44,975.05		(184.36)		43,968.12	44,709.86	(80.83)		
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/30/00	10/20/30	54,555.52	55,571.83		(261.10)		54,294.42	55,210.31	(100.42)		
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	94,503.23	96,163.62		(525.12)		93,978.11	95,216.70	(421.80)		
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/21/00	05/20/30	25,907.94	26,390.61		(9,776.30)		16,131.64	16,403.80	(210.51)		
FNMA	1994 A&B SF (1983 Refunding)	5.45	10/06/00	09/01/30	45,007.96	45,798.76		(192.21)		44,815.75	45,406.43	(200.12)		
FNMA	1994 A&B SF (1983 Refunding)	5.45	10/30/00	08/01/30	49,480.55	50,349.94		(273.25)		49,207.30	49,855.86	(220.83)		
FNMA	1994 A&B SF (1983 Refunding)	5.45	02/12/01	02/01/30	16,795.23	17,110.83		(74.64)		16,720.59	16,945.84	(90.35)		
<b>1994 A&amp;B SF (1983 Refunding) Total</b>					<b>10,465,443.61</b>	<b>10,698,471.32</b>	<b>264,543.34</b>	<b>(295,500.01)</b>	<b>(678,981.59)</b>	<b>0.00</b>	<b>9,755,505.35</b>	<b>9,953,650.60</b>	<b>(34,882.46)</b>	<b>0.00</b>
Repurchase Agreement	1995 C SF (1985 A&B Refunding)	2.06	11/30/04	12/01/04	5,079.79	5,079.79		(5,075.54)		4.25	4.25	-		
Guarantd Inv Certificates	1995 C SF (1985 A&B Refunding)	6.08	11/14/96	09/30/29	628,309.43	628,309.43		(623,150.43)		5,159.00	5,159.00	-		
Repurchase Agreement	1995 C SF (1985 A&B Refunding)	2.06	11/30/04	12/01/04	1.18	1.18		(0.60)		0.58	0.58	-		
Guarantd Inv Certificates	1995 C SF (1985 A&B Refunding)	6.08	11/14/96	09/30/29	7,165.95	7,165.95	222.00			7,387.95	7,387.95	-		
<b>1995 C SF (1985 A&amp;B Refunding) Total</b>					<b>640,556.35</b>	<b>640,556.35</b>	<b>222.00</b>	<b>(628,226.57)</b>	<b>0.00</b>	<b>0.00</b>	<b>12,551.78</b>	<b>12,551.78</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Single Family Investment Summary</b>					<b>516,932,249.69</b>	<b>525,778,965.37</b>	<b>276,114,892.82</b>	<b>(128,785,475.33)</b>	<b>(16,656,193.53)</b>	<b>10,335,430.55</b>	<b>657,940,904.20</b>	<b>664,891,889.84</b>	<b>(1,895,730.04)</b>	<b>0.00</b>



**Texas Department of Housing and Community Affairs  
Residential Mortgage Revenue Bonds Investment Summary  
For Period Ending November 30, 2004**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/04	Beginning Market Value 08/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/04	Ending Market Value 11/30/04	Change in Market Value	Recognized Gain
Repurchase Agreement	1989 A&B RMRB	2.06	11/30/04	12/01/04	49,401.39	49,401.39	6,874.24				56,275.63	56,275.63	-	
Repurchase Agreement	1989 A&B RMRB	2.06	11/30/04	12/01/04	1,498,840.66	1,498,840.66					1,498,840.66	1,498,840.66	-	
Repurchase Agreement	1989 A&B RMRB	2.06	11/30/04	12/01/04	19,596.68	19,596.68	87.04				19,683.72	19,683.72	-	
	<b>1989 A&amp;B RMRB Total</b>				1,567,838.73	1,567,838.73	6,961.28	0.00	0.00	0.00	1,574,800.01	1,574,800.01	0.00	0.00
Repurchase Agreement	1998 A/B RMRB	2.06	11/30/04	12/01/04	173,982.73	173,982.73		(76,677.72)			97,305.01	97,305.01	-	
Guarantd Inv Certificates	1998 A/B RMRB	5.04	12/03/98	01/01/31	5,703,477.43	5,703,477.43	8,481,985.00				14,185,462.43	14,185,462.43	-	
GNMA	1998 A/B RMRB	5.35	07/28/00	07/20/30	2,121,883.78	2,151,356.73			(61,663.89)		2,060,219.89	2,086,776.10	(2,916.74)	
GNMA	1998 A/B RMRB	5.35	08/28/00	07/20/30	3,564,483.63	3,613,994.30			(83,564.35)		3,480,919.28	3,525,788.33	(4,641.62)	
FNMA	1998 A/B RMRB	5.35	05/25/99	04/01/29	465,431.27	471,896.11			(60,033.77)		405,397.50	409,240.67	(2,621.67)	
GNMA	1998 A/B RMRB	5.35	04/16/99	04/20/29	1,269,213.31	1,288,353.04			(54,191.95)		1,215,021.36	1,231,424.14	(2,736.95)	
FNMA	1998 A/B RMRB	5.35	06/22/99	05/01/29	348,994.63	353,842.12			(2,291.21)		346,703.42	349,990.13	(1,560.78)	
GNMA	1998 A/B RMRB	5.35	05/25/99	05/20/29	5,016,019.21	5,091,660.78			(617,186.61)		4,398,832.60	4,458,216.84	(16,257.33)	
GNMA	1998 A/B RMRB	5.35	06/22/99	06/20/29	6,942,718.57	7,047,414.70			(722,036.91)		6,220,681.66	6,304,660.80	(20,716.99)	
FNMA	1998 A/B RMRB	5.35	07/30/99	07/01/29	155,269.96	157,426.64			(895.78)		154,374.18	155,837.63	(693.23)	
FNMA	1998 A/B RMRB	5.35	08/24/99	08/01/29	149,688.44	151,767.61			(927.10)		148,761.34	150,171.60	(668.91)	
GNMA	1998 A/B RMRB	5.35	07/30/99	07/20/29	5,542,364.23	5,625,943.07			(591,809.04)		4,950,555.19	5,017,387.67	(16,746.36)	
GNMA	1998 A/B RMRB	5.35	08/26/99	08/20/29	4,034,921.28	4,095,767.94			(221,760.56)		3,813,160.72	3,864,638.44	(9,368.94)	
FNMA	1998 A/B RMRB	5.35	09/30/99	08/01/29	248,971.65	252,429.87			(1,129.37)		247,842.28	250,191.82	(1,108.68)	
GNMA	1998 A/B RMRB	5.35	09/20/99	09/20/29	3,310,306.89	3,360,226.34			(119,834.66)		3,190,472.23	3,233,543.62	(6,848.06)	
FNMA	1998 A/B RMRB	5.35	10/29/99	10/01/29	568,950.74	576,853.48			(7,123.54)		561,827.20	567,153.33	(2,576.61)	
FNMA	1998 A/B RMRB	5.35	11/16/99	10/01/29	390,954.33	396,384.69			(3,918.75)		387,035.58	390,704.68	(1,761.26)	
FNMA	1998 A/B RMRB	5.35	12/21/99	11/01/29	704,599.85	714,386.73			(52,257.66)		652,342.19	658,526.38	(3,602.69)	
GNMA	1998 A/B RMRB	5.35	10/29/99	10/20/29	5,039,255.56	5,115,247.53			(316,863.88)		4,722,391.68	4,786,143.96	(12,239.69)	
GNMA	1998 A/B RMRB	5.35	11/18/99	11/20/29	4,908,849.33	4,982,874.79			(425,737.99)		4,483,111.34	4,543,633.36	(13,503.44)	
GNMA	1998 A/B RMRB	5.35	12/30/99	12/20/29	8,557,666.41	8,686,716.00			(914,809.25)		7,642,857.16	7,746,035.71	(25,871.04)	
GNMA	1998 A/B RMRB	5.35	01/28/00	01/20/30	4,143,165.96	4,200,714.53			(440,787.33)		3,702,378.63	3,750,102.29	(9,824.91)	
GNMA	1998 A/B RMRB	5.35	02/22/00	01/20/30	4,660,409.89	4,725,142.98			(4,205,341.46)		4,205,068.43	4,259,271.75	(10,529.77)	
GNMA	1998 A/B RMRB	5.35	03/27/00	03/20/30	2,833,120.35	2,872,472.39			(200,220.89)		2,632,899.46	2,666,837.53	(5,413.97)	
FNMA	1998 A/B RMRB	5.35	02/23/00	01/01/30	630,911.35	639,674.67			(4,482.37)		626,428.98	632,367.49	(2,824.81)	
FNMA	1998 A/B RMRB	5.35	03/27/00	02/01/30	327,664.99	331,813.23			(2,891.69)		324,773.30	327,754.72	(1,166.82)	
FNMA	1998 A/B RMRB	5.35	04/21/00	04/01/30	324,583.70	328,692.93			(1,975.78)		322,607.92	325,569.46	(1,147.69)	
GNMA	1998 A/B RMRB	5.35	04/24/00	04/20/30	3,363,542.58	3,410,262.19			(182,023.29)		3,181,519.29	3,222,529.09	(5,709.81)	
GNMA	1998 A/B RMRB	5.35	05/30/00	05/20/30	2,505,162.03	2,539,958.72			(201,318.47)		2,303,843.56	2,333,540.09	(5,100.16)	
GNMA	1998 A/B RMRB	5.35	06/21/00	06/20/30	1,831,460.04	1,856,899.05			(109,392.38)		1,722,067.66	1,744,265.16	(3,241.51)	
FNMA	1998 A/B RMRB	5.35	05/30/00	05/01/30	508,298.73	514,733.80			(4,631.32)		503,667.41	508,291.09	(1,811.39)	
FNMA	1998 A/B RMRB	5.35	06/21/00	06/01/30	300,861.25	304,670.15			(1,675.93)		299,185.32	301,931.84	(1,062.38)	
GNMA	1998 A/B RMRB	5.35	10/23/00	09/20/30	3,062,556.93	3,105,095.84			(415,685.07)		2,646,871.86	2,680,990.04	(8,420.73)	
GNMA	1998 A/B RMRB	5.35	10/25/00	10/20/30	627,722.80	636,441.89			(65,089.18)		562,633.62	569,885.99	(1,466.72)	
FNMA	1998 A/B RMRB	5.35	07/24/00	06/01/30	427,475.95	432,887.80			(2,185.90)		425,290.05	429,194.21	(1,507.69)	
FNMA	1998 A/B RMRB	5.35	08/25/00	07/01/30	220,388.09	223,178.20			(1,779.48)		218,608.61	220,615.44	(783.28)	
GNMA	1998 A/B RMRB	5.35	01/08/01	12/20/30	495,854.96	502,742.39			(52,965.78)		442,889.18	448,598.02	(1,178.59)	
GNMA	1998 A/B RMRB	5.35	01/16/01	12/20/30	279,086.46	282,962.97			(1,536.02)		277,550.44	281,128.06	(298.89)	
GNMA	1998 A/B RMRB	5.35	01/31/01	08/20/30	118,931.74	120,583.66			(498.18)		118,433.56	119,960.12	(125.36)	
GNMA	1998 A/B RMRB	5.35	11/16/00	11/20/30	521,208.81	528,448.40			(4,767.58)		516,441.23	523,098.16	(582.66)	
GNMA	1998 A/B RMRB	5.35	11/29/00	11/20/30	992,952.29	1,006,744.39			(4,649.43)		988,302.86	1,001,042.07	(1,052.89)	
GNMA	1998 A/B RMRB	5.35	12/21/00	11/20/30	310,111.84	314,419.29			(130,474.91)		179,636.93	181,952.45	(1,991.93)	
GNMA	1998 A/B RMRB	5.35	12/27/00	12/20/30	307,787.98	312,063.16			(1,274.80)		306,513.18	310,464.14	(324.22)	
FNMA	1998 A/B RMRB	5.35	10/06/00	09/01/30	460,892.59	466,727.46			(3,761.99)		457,130.60	461,327.04	(1,638.43)	
FNMA	1998 A/B RMRB	5.35	01/12/01	12/01/30	605,667.88	613,335.63			(6,024.08)		599,643.80	605,148.52	(2,163.03)	
Repurchase Agreement	1998 A/B RMRB	2.06	11/30/04	12/01/04	1,220,631.24	1,220,631.24					1,220,631.24	1,220,631.24	-	
Repurchase Agreement	1998 A/B RMRB	2.06	11/30/04	12/01/04	186.11	186.11					186.11	186.11	-	
	<b>1998 A/B RMRB Total</b>				90,298,639.77	91,503,485.70	8,481,985.00	(76,677.72)	(6,553,469.58)	0.00	92,150,477.47	93,139,514.77	(215,808.63)	0.00
Repurchase Agreement	2000 BCDE RMRB	2.06	11/30/04	12/01/04	1,627,651.56	1,627,651.56	7,226.87				1,634,878.43	1,634,878.43	-	
Repurchase Agreement	2000 BCDE RMRB	2.06	11/30/04	12/01/04	486,164.39	486,164.39	37,280.96				523,445.35	523,445.35	-	
Repurchase Agreement	2000 BCDE RMRB	2.06	11/30/04	12/01/04	274,884.52	274,884.52		(226,401.89)			48,482.63	48,482.63	-	
Investment Agreement	2000 BCDE RMRB	6.22	10/26/00	12/31/32	5,588,074.25	5,588,074.25	5,962,442.00				11,550,516.25	11,550,516.25	-	
Repurchase Agreement	2000 BCDE RMRB	2.06	11/30/04	12/01/04	498,149.93	498,149.93			(54,889.81)		443,260.12	443,260.12	-	

Repurchase Agreement	2000 BCDE RMRB	2.06	11/30/04	12/01/04	1,228.19	1,228.19		1,228.19	1,228.19	-
GNMA	2000 BCDE RMRB	6.10	02/22/01	02/20/31	1,253,372.42	1,312,096.13	(91,319.13)	1,162,053.29	1,216,696.95	(4,080.05)
GNMA	2000 BCDE RMRB	6.10	02/14/01	02/20/31	352,236.21	368,739.35	(116,609.65)	235,626.56	246,706.48	(5,423.22)
GNMA	2000 BCDE RMRB	6.10	02/14/01	01/20/31	121,910.80	127,622.64	(434.24)	121,476.56	127,188.81	0.41
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	401,256.86	420,056.78	(80,150.13)	321,106.73	336,206.26	(3,700.39)
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	1,547,740.55	1,620,256.15	(6,613.97)	1,541,126.58	1,613,595.54	(46.64)
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	99,635.21	104,303.36	(378.72)	99,256.49	103,923.84	(0.80)
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	370,189.96	387,534.29	(1,399.21)	368,790.75	386,132.51	(2.57)
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	1,059,464.67	1,109,103.29	(84,899.16)	974,565.51	1,020,392.85	(3,811.28)
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	75,027.41	78,542.61	(300.94)	74,726.47	78,240.33	(1.34)
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	425,089.13	445,005.65	(1,707.88)	423,381.25	443,290.06	(7.71)
GNMA	2000 BCDE RMRB	6.10	04/16/01	03/20/31	263,765.67	276,123.77	(947.13)	262,818.54	275,177.15	0.51
GNMA	2000 BCDE RMRB	6.10	04/16/01	04/20/31	1,609,569.18	1,684,981.65	(318,448.56)	1,291,120.62	1,351,833.50	(14,699.59)
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	662,570.35	693,613.45	(2,884.95)	659,685.40	690,706.03	(22.47)
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	1,206,361.66	1,262,882.79	(4,526.55)	1,201,835.11	1,258,349.46	(6.78)
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	342,055.98	358,082.19	(51,410.77)	290,645.21	304,312.33	(2,359.09)
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	432,562.73	452,829.38	(1,954.30)	430,608.43	450,857.07	(18.01)
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	694,637.83	727,183.42	(2,932.56)	691,705.27	724,231.61	(19.25)
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	365,204.33	382,315.08	(1,306.96)	363,897.37	381,009.04	0.92
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	1,519,456.94	1,590,647.37	(5,852.94)	1,513,604.00	1,584,778.76	(15.67)
GNMA	2000 BCDE RMRB	6.10	05/22/01	05/20/31	322,618.14	337,733.63	(85,977.89)	236,640.25	247,767.87	(3,987.87)
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	253,808.28	265,699.86	(889.48)	252,918.80	264,811.90	1.52
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	683,675.40	715,707.34	(142,743.36)	540,932.04	566,368.48	(6,595.50)
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	49,781.19	52,113.57	(173.03)	49,608.16	51,940.90	0.36
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	546,831.22	572,451.61	(3,172.18)	543,659.04	569,223.65	(55.78)
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	1,787,118.84	1,870,849.91	(190,641.77)	1,596,477.07	1,671,548.78	(8,659.36)
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	86,073.38	90,106.15	(309.18)	85,764.20	89,797.14	0.17
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	509,166.83	533,022.61	(164,296.43)	344,870.40	361,087.40	(7,638.78)
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	1,452,517.05	1,520,571.18	(5,341.31)	1,447,175.74	1,515,226.83	(3.04)
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	340,247.98	356,189.47	(2,033.39)	338,214.59	354,118.58	(37.50)
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	511,003.67	534,945.52	(2,052.02)	508,951.65	532,884.29	(9.21)
GNMA	2000 BCDE RMRB	6.10	07/25/01	07/20/31	1,456,584.30	1,524,828.97	(84,135.02)	1,372,449.28	1,436,986.44	(3,707.51)
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	203,465.87	212,998.75	(47,966.75)	155,499.12	162,811.20	(2,220.80)
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	285,578.63	298,958.69	(46,530.99)	239,047.64	250,288.44	(2,139.26)
GNMA	2000 BCDE RMRB	6.10	08/08/01	08/20/31	2,248,243.97	2,353,579.95	(131,722.98)	2,116,520.99	2,216,046.93	(5,810.04)
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	237,748.74	248,887.87	(1,233.36)	236,515.38	247,637.12	(17.39)
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	601,311.84	629,484.86	(60,897.04)	540,414.80	565,826.95	(2,760.87)
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	1,511,416.46	1,582,230.17	(80,844.26)	1,430,572.20	1,497,842.51	(3,543.40)
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	362,385.02	379,363.68	(1,703.82)	360,681.20	377,641.64	(18.22)
FNMA	2000 BCDE RMRB	6.10	02/14/01	02/01/31	429,397.88	449,546.46	(2,656.84)	426,741.04	446,979.35	89.73
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	293,263.75	307,003.91	(992.62)	292,271.13	306,014.71	3.42
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	382,884.78	400,823.89	(1,696.17)	381,188.61	399,113.37	(14.35)
GNMA	2000 BCDE RMRB	6.10	11/29/01	11/20/31	354,567.18	371,179.55	(1,293.84)	353,273.34	369,885.44	(0.27)
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	422,720.93	442,526.48	(1,474.66)	421,246.27	441,054.69	2.87
GNMA	2000 BCDE RMRB	6.10	09/25/01	09/20/31	1,671,980.13	1,750,316.66	(20,349.73)	1,651,630.40	1,729,295.61	(671.32)
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	350,463.74	366,883.87	(4,920.89)	345,542.85	361,791.43	(171.55)
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	398,880.80	417,569.40	(1,716.68)	397,164.12	415,840.13	(12.59)
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	1,070,261.41	1,120,405.88	(5,331.86)	1,064,929.55	1,115,006.10	(67.92)
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	292,091.72	305,776.95	(40,878.35)	251,213.37	263,026.26	(1,872.34)
GNMA	2000 BCDE RMRB	6.10	11/15/01	08/20/31	97,882.09	102,468.12	(330.62)	97,551.47	102,138.67	1.17
GNMA	2000 BCDE RMRB	6.10	11/15/01	10/20/31	286,973.68	300,419.14	(1,261.65)	285,712.03	299,147.17	(10.32)
FNMA	2000 BCDE RMRB	6.10	03/15/01	02/01/31	410,678.26	429,948.49	(46,846.97)	363,831.29	381,086.11	(2,015.41)
GNMA	2000 BCDE RMRB	6.10	01/22/02	12/20/31	345,948.99	362,157.57	(133,488.86)	212,460.13	222,450.71	(6,218.00)
FNMA	2000 BCDE RMRB	6.10	05/10/01	04/01/31	422,290.67	442,105.76	(1,874.25)	420,416.42	440,354.78	123.27
GNMA	2000 BCDE RMRB	6.10	02/25/02	02/20/32	460,012.42	481,454.22	(2,422.78)	457,589.64	479,070.22	38.78
FNMA	2000 BCDE RMRB	6.10	05/30/01	04/01/31	293,082.59	306,834.88	(55,055.47)	238,027.12	249,315.64	(2,463.77)
GNMA	2000 BCDE RMRB	6.10	07/12/01	05/01/31	320,825.95	335,880.05	(1,138.98)	319,686.97	334,848.23	107.16
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	772,707.45	808,724.42	(8,197.46)	764,509.99	800,398.34	(128.62)
GNMA	2000 BCDE RMRB	6.10	05/24/02	05/20/32	299,294.74	313,245.30	(118,314.18)	180,980.56	189,476.34	(5,454.78)
GNMA	2000 BCDE RMRB	6.10	03/21/02	02/20/32	368,760.27	385,948.68	(48,209.83)	320,550.44	335,598.01	(2,140.84)
GNMA	2000 BCDE RMRB	6.10	04/17/02	04/20/32	271,626.61	284,287.50	(895.15)	270,731.46	283,440.40	48.05
GNMA	2000 BCDE RMRB	6.10	04/29/02	04/20/32	551,435.80	577,138.98	(1,879.02)	549,556.78	575,354.59	94.63
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	342,406.00	358,366.00	(1,278.97)	341,127.03	357,140.53	53.50
GNMA	2000 BCDE RMRB	6.10	05/15/02	02/20/32	46,071.28	48,218.72	(151.63)	45,919.65	48,075.26	8.17
GNMA	2000 BCDE RMRB	6.10	08/29/02	08/20/32	1,331,274.02	1,393,326.56	(7,518.84)	1,323,755.18	1,385,896.18	88.46
GNMA	2000 BCDE RMRB	6.10	06/03/02	05/20/32	685,782.43	717,747.70	(75,396.21)	610,386.22	639,039.54	(3,311.95)
GNMA	2000 BCDE RMRB	6.10	06/10/02	06/20/32	628,745.71	658,052.39	(2,167.71)	626,578.00	655,991.40	106.72

GNMA	2000 BCDE RMRB	6.10	06/19/02	06/20/32	807,148.29	844,770.60	(131,941.51)	675,206.78	706,903.00	(5,926.09)
GNMA	2000 BCDE RMRB	6.10	06/25/02	06/20/32	727,386.47	761,290.98	(149,434.18)	577,952.29	605,083.10	(6,773.70)
GNMA	2000 BCDE RMRB	6.10	07/05/02	06/20/32	1,396,806.19	1,461,913.29	(75,998.69)	1,320,807.50	1,382,810.14	(3,104.46)
GNMA	2000 BCDE RMRB	6.10	07/15/02	07/20/32	375,846.33	393,365.06	(47,618.94)	328,227.39	343,635.37	(2,110.75)
GNMA	2000 BCDE RMRB	6.10	07/22/02	07/20/32	805,359.41	842,898.32	(2,849.85)	802,509.56	840,181.72	133.25
GNMA	2000 BCDE RMRB	6.10	07/29/02	07/20/32	409,794.19	428,895.28	(83,756.34)	326,037.85	341,343.05	(3,795.89)
GNMA	2000 BCDE RMRB	6.10	08/01/02	07/20/32	412,500.79	431,728.04	(62,265.44)	350,235.35	366,676.44	(2,786.16)
GNMA	2000 BCDE RMRB	6.10	08/12/02	08/20/32	1,927,938.45	2,017,802.36	(65,374.25)	1,862,564.20	1,949,998.50	(2,429.61)
GNMA	2000 BCDE RMRB	6.10	08/23/02	08/20/32	1,859,333.62	1,945,999.78	(7,134.63)	1,852,199.09	1,939,146.83	281.58
GNMA	2000 BCDE RMRB	6.10	11/12/02	10/20/32	741,109.46	775,653.63	(2,467.97)	738,641.49	773,315.53	129.87
GNMA	2000 BCDE RMRB	6.10	09/12/02	08/20/32	932,157.34	975,606.49	(3,170.48)	928,986.86	972,596.27	160.26
GNMA	2000 BCDE RMRB	6.10	09/19/02	09/20/32	543,197.31	568,516.52	(1,720.58)	541,476.73	566,895.29	99.35
GNMA	2000 BCDE RMRB	6.10	09/26/02	09/20/32	1,786,235.29	1,869,494.26	(76,572.71)	1,709,662.58	1,789,919.28	(3,002.27)
GNMA	2000 BCDE RMRB	6.10	10/10/02	10/20/32	1,706,441.67	1,785,981.32	(144,963.95)	1,561,477.72	1,634,778.14	(6,239.23)
GNMA	2000 BCDE RMRB	6.10	10/21/02	10/20/32	1,131,591.69	1,184,336.75	(169,151.85)	962,439.84	1,007,619.63	(7,565.27)
GNMA	2000 BCDE RMRB	6.10	10/29/02	11/20/32	754,832.53	790,016.33	(106,097.55)	648,734.98	679,188.52	(4,730.26)
FNMA	2000 BCDE RMRB	6.10	08/31/01	06/01/31	619,667.90	648,744.49	(2,873.35)	616,794.55	646,046.17	175.03
GNMA	2000 BCDE RMRB	6.10	11/05/02	10/20/32	626,455.89	655,655.87	(2,115.64)	624,340.25	653,648.63	108.40
GNMA	2000 BCDE RMRB	6.10	11/19/02	11/20/32	128,942.57	134,952.76	(54,195.32)	74,747.25	78,256.10	(2,501.34)
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	314,312.79	328,963.38	(1,129.93)	313,182.86	327,884.62	51.17
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	287,342.43	300,735.86	(30,715.25)	256,627.18	268,674.02	(1,346.59)
GNMA	2000 BCDE RMRB	6.10	12/12/02	11/20/32	174,016.38	182,127.52	(47,643.55)	126,372.83	132,305.14	(2,178.83)
GNMA	2000 BCDE RMRB	6.10	12/19/02	06/20/32	66,439.02	69,535.83	(261.15)	66,177.87	69,284.46	9.78
GNMA	2000 BCDE RMRB	6.10	12/30/02	09/20/32	94,552.96	98,960.21	(1,150.79)	93,402.17	97,786.75	(22,677)
GNMA	2000 BCDE RMRB	6.10	12/30/02	11/20/32	36,224.44	37,912.91	(111.29)	36,113.15	37,808.40	6.78
GNMA	2000 BCDE RMRB	6.10	01/07/03	12/20/32	132,288.84	138,455.01	(975.60)	131,313.24	137,477.48	(1,933)
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	124,111.73	130,002.75	(47,170.43)	76,941.30	80,676.07	(2,156.25)
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	399,677.75	418,648.65	(1,462.21)	398,215.54	417,545.16	358.72
GNMA	2000 BCDE RMRB	6.10	02/12/03	02/20/33	247,220.22	258,954.63	(786.87)	246,433.35	258,395.36	227.60
FNMA	2000 BCDE RMRB	6.10	10/17/01	09/01/31	357,370.32	374,275.62	(2,404.16)	354,966.16	372,085.86	214.40
GNMA	2000 BCDE RMRB	6.10	02/20/03	02/20/33	422,005.11	442,035.75	(1,322.31)	420,682.80	441,102.96	389.52
GNMA	2000 BCDE RMRB	6.10	02/27/03	02/20/33	106,152.87	111,191.47	(319.48)	105,833.39	110,970.61	98.62
GNMA	2000 BCDE RMRB	6.10	03/24/03	03/20/33	197,323.32	206,689.36	(599.72)	196,723.60	206,272.67	183.03
GNMA	2000 BCDE RMRB	6.10	04/02/03	03/20/33	153,846.36	161,148.75	(463.77)	153,382.59	160,827.87	142.89
GNMA	2000 BCDE RMRB	6.10	04/10/03	04/20/33	89,427.59	93,672.32	(278.34)	89,149.25	93,476.62	82.64
GNMA	2000 BCDE RMRB	6.10	04/17/03	04/20/33	206,271.44	216,062.22	(659.35)	205,612.09	215,592.63	189.76
GNMA	2000 BCDE RMRB	6.10	04/24/03	04/20/33	28,121.92	29,456.74	(81.96)	28,039.96	29,401.05	26.27
GNMA	2000 BCDE RMRB	6.10	04/29/03	04/20/33	421,573.93	441,584.14	(77,066.48)	344,507.45	361,230.05	(3,287.61)
GNMA	2000 BCDE RMRB	6.10	05/08/03	04/20/33	133,214.86	139,537.95	(480.29)	132,734.57	139,177.57	119.91
GNMA	2000 BCDE RMRB	6.10	05/15/03	04/20/33	74,135.28	77,654.14	(219.70)	73,915.58	77,503.48	69.04
GNMA	2000 BCDE RMRB	6.10	05/22/03	05/20/33	199,845.46	209,331.21	(48,130.48)	151,714.98	159,079.31	(2,121.42)
GNMA	2000 BCDE RMRB	6.10	05/29/03	04/20/33	150,302.97	157,437.19	(45,388.31)	104,914.66	110,007.31	(2,041.57)
GNMA	2000 BCDE RMRB	6.10	06/10/03	05/20/33	138,829.04	145,418.62	(419.21)	138,409.83	145,128.32	128.91
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	336,042.49	351,992.88	(133,932.32)	202,110.17	211,920.69	(6,139.87)
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	129,098.63	135,226.36	(66,952.83)	62,145.80	65,162.39	(3,111.14)
GNMA	2000 BCDE RMRB	6.10	06/26/03	06/20/33	164,232.82	172,028.20	(487.33)	163,745.49	171,693.78	152.91
GNMA	2000 BCDE RMRB	6.10	07/03/03	07/20/33	74,632.10	78,174.54	(217.57)	74,414.53	78,026.65	69.68
GNMA	2000 BCDE RMRB	6.10	07/10/03	07/20/33	551,895.18	578,091.14	(1,677.71)	550,217.47	576,925.34	511.91
GNMA	2000 BCDE RMRB	6.10	07/17/03	07/20/33	298,656.74	312,832.62	(900.00)	297,756.74	312,210.02	277.40
GNMA	2000 BCDE RMRB	6.10	07/24/03	07/20/33	50,406.82	52,799.40	(146.52)	50,260.30	52,699.97	47.09
GNMA	2000 BCDE RMRB	6.10	07/30/03	07/20/33	393,299.63	411,967.78	(1,335.87)	391,963.76	410,989.91	358.00
GNMA	2000 BCDE RMRB	6.10	08/07/03	08/20/33	233,683.79	244,775.70	(704.36)	232,979.43	244,288.38	217.04
GNMA	2000 BCDE RMRB	6.10	08/14/03	08/20/33	241,906.50	253,388.70	(755.40)	241,151.10	252,856.72	223.42
FNMA	2000 BCDE RMRB	6.10	12/27/01	10/01/31	235,713.77	246,774.14	(959.04)	234,754.73	245,888.04	72.94
GNMA	2000 BCDE RMRB	6.10	08/21/03	08/20/33	214,564.50	224,748.89	(627.95)	213,936.55	224,321.14	200.20
GNMA	2000 BCDE RMRB	6.10	08/28/03	08/20/33	352,263.46	368,983.82	(1,260.34)	351,003.12	368,041.03	317.55
GNMA	2000 BCDE RMRB	6.10	09/04/03	08/20/33	208,285.37	218,171.72	(737.67)	207,547.70	217,622.18	188.13
GNMA	2000 BCDE RMRB	6.10	09/18/03	09/20/33	514,039.59	538,438.71	(1,541.27)	512,498.32	537,375.27	477.83
GNMA	2000 BCDE RMRB	6.10	09/18/03	08/20/33	83,881.58	87,863.06	(244.38)	83,637.20	87,696.99	78.31
GNMA	2000 BCDE RMRB	6.10	09/29/03	09/20/33	440,178.01	461,071.27	(1,361.62)	438,816.39	460,116.79	407.14
GNMA	2000 BCDE RMRB	6.10	10/09/03	09/20/33	332,023.35	347,782.99	(1,003.08)	331,020.27	347,088.18	308.27
GNMA	2000 BCDE RMRB	6.10	10/16/03	09/20/33	91,099.59	95,423.67	(262.87)	90,836.72	95,245.97	85.17
GNMA	2000 BCDE RMRB	5.40	10/23/03	10/20/33	342,446.36	349,038.95	(1,192.04)	341,254.32	347,501.64	(345.27)
GNMA	2000 BCDE RMRB	6.10	10/23/03	10/20/33	250,532.30	262,423.92	(723.65)	249,808.65	261,934.50	234.23
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33	156,428.94	159,440.42	(507.89)	155,921.05	158,775.49	(157.04)
GNMA	2000 BCDE RMRB	6.10	10/30/03	08/20/33	60,114.89	62,968.26	(188.81)	59,926.08	62,834.92	55.47
GNMA	2000 BCDE RMRB	5.40	11/13/03	11/20/33	547,824.17	558,370.56	(2,277.57)	545,546.60	555,533.88	(559.11)

GNMA	2000 BCDE RMRB	6.10	11/13/03	11/20/33	141,932.24	148,669.12	(406.13)	141,526.11	148,395.87	132.88
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	515,870.43	525,801.69	(1,870.57)	513,999.86	523,409.64	(521.48)
GNMA	2000 BCDE RMRB	6.10	11/20/03	10/20/33	48,808.98	51,125.73	(142.79)	48,666.19	51,028.49	45.55
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	337,375.50	343,870.45	(1,135.82)	336,239.68	342,395.20	(339.43)
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	421,925.08	430,047.76	(1,389.94)	420,535.14	428,233.88	(423.94)
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	367,886.28	374,968.61	(1,184.83)	366,701.45	373,414.63	(369.15)
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	1,007,006.39	1,026,392.71	(4,433.85)	1,002,572.54	1,020,926.57	(1,032.29)
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	1,068,071.48	1,088,633.40	(48,845.24)	1,019,226.24	1,037,885.18	(1,902.98)
GNMA	2000 BCDE RMRB	5.40	01/08/04	01/20/34	203,594.63	207,393.43	(661.26)	202,933.37	206,558.75	(173.42)
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	1,330,069.79	1,354,887.06	(59,592.82)	1,270,476.97	1,293,173.85	(2,120.39)
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	299,051.30	303,883.02	(970.39)	298,080.91	302,660.35	(252.28)
GNMA	2000 BCDE RMRB	5.40	01/29/04	01/20/34	51,611.62	52,574.63	(193.90)	51,417.72	52,336.29	(44.44)
GNMA	2000 BCDE RMRB	6.10	02/02/04	12/20/33	116,447.92	121,975.18	(552.25)	115,895.67	121,521.32	98.39
GNMA	2000 BCDE RMRB	5.75	03/25/04	03/20/34	40,650.15	42,025.78	(120.68)	40,529.47	41,856.24	(48.86)
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34	167,221.40	172,880.29	(493.52)	166,727.88	172,185.79	(200.98)
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	804,616.93	831,845.76	(3,071.34)	801,545.59	827,784.57	(989.85)
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	263,213.88	272,121.23	(1,512.08)	261,701.80	270,268.74	(340.41)
GNMA	2000 BCDE RMRB	5.75	04/08/04	04/20/34	219,834.89	227,274.28	(656.75)	219,178.14	226,353.07	(264.46)
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34	296,475.52	306,508.47	(872.36)	295,603.16	305,279.88	(356.23)
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34	132,675.75	137,165.60	(389.11)	132,286.64	136,617.11	(159.38)
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34	266,518.69	275,537.88	(871.30)	265,647.39	274,343.49	(323.09)
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34	220,068.82	227,516.10	(813.66)	219,255.16	226,432.58	(269.86)
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34	373,646.24	386,290.69	(1,182.31)	372,463.93	384,656.70	(451.68)
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34	621,288.35	642,313.21	(1,869.26)	619,419.09	639,696.09	(747.86)
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34	256,035.92	264,700.37	(939.96)	255,095.96	263,446.66	(313.75)
GNMA	2000 BCDE RMRB	5.75	06/03/04	06/20/34	543,495.97	561,888.28	(1,782.50)	541,713.47	559,446.74	(659.04)
GNMA	2000 BCDE RMRB	5.75	06/10/04	06/20/34	440,607.61	455,518.10	(1,288.66)	439,318.95	453,700.28	(529.16)
GNMA	2000 BCDE RMRB	5.75	06/17/04	06/20/34	332,373.78	343,621.56	(1,185.27)	331,188.51	342,030.14	(406.15)
GNMA	2000 BCDE RMRB	5.75	06/24/04	06/20/34	497,056.65	513,877.41	(1,911.38)	495,145.27	511,354.09	(611.94)
GNMA	2000 BCDE RMRB	5.75	09/02/04	08/20/34				108,262.90		
GNMA	2000 BCDE RMRB	5.75	09/09/04	08/20/34				107,634.42		
GNMA	2000 BCDE RMRB	5.75	09/16/04	09/20/34				96,746.19		
GNMA	2000 BCDE RMRB	5.75	09/23/04	08/20/34				221,072.61		
GNMA	2000 BCDE RMRB	5.75	09/29/04	09/20/34				292,005.78		
GNMA	2000 BCDE RMRB	5.75	10/07/04	10/20/34				147,754.91		
GNMA	2000 BCDE RMRB	5.75	07/15/04	07/20/34	619,731.81	640,704.00	(2,182.05)	617,549.76	637,765.55	(756.40)
GNMA	2000 BCDE RMRB	5.75	07/22/04	07/20/34	635,547.36	657,054.76	(3,173.67)	632,373.69	653,074.77	(806.32)
GNMA	2000 BCDE RMRB	5.75	07/29/04	07/20/34	468,300.20	484,147.83	(1,359.31)	466,940.89	482,226.44	(562.08)
GNMA	2000 BCDE RMRB	5.75	08/05/04	08/20/34	515,398.03	532,839.48	(2,925.21)	512,472.82	529,248.86	(665.41)
GNMA	2000 BCDE RMRB	5.75	08/12/04	08/20/34	742,545.87	767,674.18	(3,473.21)	739,072.66	763,266.56	(934.41)
GNMA	2000 BCDE RMRB	5.75	08/19/04	08/20/34	290,768.23	300,970.32	(904.93)	289,863.30	299,713.26	(352.13)
GNMA	2000 BCDE RMRB	5.75	08/26/04	08/20/34	153,125.62	158,307.51	(519.28)	152,606.34	157,601.98	(186.25)
GNMA	2000 BCDE RMRB	5.75	10/14/04	10/20/34				59,482.10		
GNMA	2000 BCDE RMRB	5.75	10/28/04	10/20/34				178,402.22		
GNMA	2000 BCDE RMRB	5.75	11/04/04	10/20/34				64,077.42		
GNMA	2000 BCDE RMRB	5.75	11/23/04	11/20/34				62,193.66		
FNMA	2000 BCDE RMRB	6.10	06/10/02	05/01/32	180,419.48	188,885.28	(647.64)	179,771.84	188,297.57	59.93
FNMA	2000 BCDE RMRB	6.10	07/29/02	07/01/32	380,350.11	398,208.69	(72,009.09)	308,341.02	322,939.38	(3,260.22)
FNMA	2000 BCDE RMRB	6.10	09/12/02	07/01/32	355,813.17	372,519.69	(1,314.34)	354,498.83	371,282.54	77.19
FNMA	2000 BCDE RMRB	6.10	10/29/02	10/01/32	301,163.25	315,303.77	(1,003.14)	300,160.11	314,371.15	70.52
FNMA	2000 BCDE RMRB	6.10	04/10/03	03/01/33	271,716.64	284,299.82	(820.29)	270,896.35	284,171.01	691.48
FNMA	2000 BCDE RMRB	6.10	07/03/03	05/01/33	273,606.00	286,276.72	(808.16)	272,797.84	286,165.71	697.15
FNMA	2000 BCDE RMRB	6.10	08/14/03	08/01/33	255,339.43	267,164.20	(760.89)	254,578.54	267,053.60	650.29
FNMA	2000 BCDE RMRB	6.10	09/04/03	08/01/33	265,065.58	277,340.77	(2,908.39)	262,157.19	275,003.63	571.25
FNMA	2000 BCDE RMRB	6.10	12/04/03	10/01/33	151,549.17	158,567.39	(1,030.09)	150,519.08	157,894.91	357.61
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	260,386.11	265,043.11	(888.54)	259,497.57	263,137.45	(1,017.12)
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	240,752.01	245,057.85	(1,015.03)	239,736.98	243,099.68	(943.14)
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34	269,119.51	278,010.40	(1,666.78)	267,452.73	276,100.44	(243.18)
FNMA	2000 BCDE RMRB	5.75	06/10/04	06/01/34	290,227.89	299,816.12	(1,707.49)	288,520.40	297,849.29	(259.34)
FNMA	2000 BCDE RMRB	5.75	07/15/04	07/01/34	306,499.23	316,625.02	(890.76)	305,608.47	315,489.89	(244.37)
FNMA	2000 BCDE RMRB	5.75	08/19/04	08/01/34	245,160.44	253,259.79	(725.08)	244,435.36	252,338.83	(195.88)
FNMA	2000 BCDE RMRB	5.75	09/23/04	08/01/34				75,995.36		
FNMA	2000 BCDE RMRB	5.75	11/10/04	10/01/34				47,288.41		
Repurchase Agreement	2000 BCDE RMRB	2.06	11/30/04	12/01/04	4,305,133.53	4,305,133.53	(1,471,137.97)	2,833,995.56	2,833,995.56	-
Repurchase Agreement	2000 BCDE RMRB	2.06	11/30/04	12/01/04	8.58	8.58		8.58	8.58	-
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33	28,475.36	29,023.88	(99.13)	28,376.23	28,896.05	(28.70)
GNMA	2000 BCDE RMRB	5.40	10/20/03	10/20/33	13,007.52	13,258.06	(42.22)	12,965.30	13,202.77	(13.07)

GNMA	2000 BCDE RMRB	5.40	11/19/03	10/20/33	45,553.38	46,430.59		(189.39)	45,363.99	46,194.71	(46.49)			
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	42,896.54	43,722.36		(155.55)	42,740.99	43,523.45	(43.36)			
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	28,054.01	28,594.11		(94.46)	27,959.55	28,471.43	(28.22)			
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	35,084.63	35,760.07		(115.59)	34,969.04	35,609.24	(35.24)			
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	30,591.09	31,180.03		(98.52)	30,492.57	31,050.81	(30.70)			
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	83,736.32	85,348.37		(368.70)	83,367.62	84,893.84	(85.83)			
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	88,814.11	90,523.91		(4,061.65)	84,752.46	86,304.00	(158.26)			
GNMA	2000 BCDE RMRB	5.40	01/01/04	01/20/34	16,929.64	17,245.54		(54.99)	16,874.65	17,176.13	(14.42)			
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	110,600.22	112,663.88		(4,955.36)	105,644.86	107,532.20	(176.32)			
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	24,867.23	25,269.00		(80.69)	24,786.54	25,167.33	(20.98)			
GNMA	2000 BCDE RMRB	5.40	01/29/04	01/20/34	4,291.70	4,371.77		(16.11)	4,275.59	4,351.96	(3.70)			
GNMA	2000 BCDE RMRB	5.75	03/25/04	03/20/34	1,573.27	1,626.48		(4.66)	1,568.61	1,619.92	(1.90)			
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34	6,471.81	6,690.82		(19.10)	6,452.71	6,663.95	(7.77)			
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	31,140.32	32,194.13		(118.87)	31,021.45	32,036.95	(38.31)			
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	10,186.91	10,531.65		(58.52)	10,128.39	10,459.95	(13.18)			
GNMA	2000 BCDE RMRB	4.75	04/08/04	04/20/34	8,508.07	8,795.98		(25.42)	8,482.65	8,760.32	(10.24)			
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34	11,474.21	11,862.51		(33.78)	11,440.43	11,814.96	(13.77)			
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34	5,134.81	5,308.59		(15.07)	5,119.74	5,287.36	(6.16)			
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34	10,314.84	10,663.88		(33.72)	10,281.12	10,617.66	(12.50)			
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34	8,517.11	8,805.34		(31.49)	8,485.62	8,763.40	(10.45)			
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34	14,460.87	14,950.24		(45.76)	14,415.11	14,887.00	(17.48)			
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34	24,045.12	24,858.83		(72.34)	23,972.78	24,757.54	(28.95)			
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34	9,909.12	10,244.44		(36.38)	9,872.74	10,195.92	(12.14)			
GNMA	2000 BCDE RMRB	5.75	06/03/04	06/20/34	21,034.42	21,746.22		(68.98)	20,965.44	21,651.73	(25.51)			
GNMA	2000 BCDE RMRB	5.75	06/10/04	06/20/34	17,052.41	17,629.47		(49.87)	17,002.54	17,559.12	(20.48)			
GNMA	2000 BCDE RMRB	5.75	06/17/04	06/20/34	12,863.55	13,298.86		(45.87)	12,817.68	13,237.27	(15.72)			
GNMA	2000 BCDE RMRB	5.75	06/24/04	06/20/34	19,237.11	19,888.11		(73.97)	19,163.14	19,790.45	(23.69)			
GNMA	2000 BCDE RMRB	5.75	09/02/04	08/20/34			4,189.99		4,189.99	4,327.15	137.16			
GNMA	2000 BCDE RMRB	5.75	09/09/04	08/20/34			4,165.67		4,165.67	4,302.03	136.36			
GNMA	2000 BCDE RMRB	5.75	09/16/04	09/20/34			3,744.26		3,744.26	3,866.85	122.59			
GNMA	2000 BCDE RMRB	5.75	09/23/04	08/20/34			8,555.97		8,555.97	8,836.04	280.07			
GNMA	2000 BCDE RMRB	5.75	09/29/04	09/20/34			11,301.22		11,301.22	11,671.17	369.95			
GNMA	2000 BCDE RMRB	5.75	10/07/04	10/20/34			5,718.41		5,718.41	5,905.61	187.20			
GNMA	2000 BCDE RMRB	5.75	07/15/04	07/20/34	23,984.88	24,796.55		(84.44)	23,900.44	24,682.82	(29.29)			
GNMA	2000 BCDE RMRB	5.75	07/22/04	07/20/34	24,596.98	25,429.35		(122.83)	24,474.15	25,275.32	(31.20)			
GNMA	2000 BCDE RMRB	5.75	07/29/04	07/20/34	18,124.17	18,737.50		(52.61)	18,071.56	18,663.14	(21.75)			
GNMA	2000 BCDE RMRB	5.75	08/05/04	08/20/34	19,946.95	20,621.97		(113.21)	19,833.74	20,483.01	(25.75)			
GNMA	2000 BCDE RMRB	5.75	08/12/04	08/20/34	28,738.04	29,710.56		(134.43)	28,603.61	29,539.98	(36.15)			
GNMA	2000 BCDE RMRB	5.75	08/19/04	08/20/34	11,253.32	11,648.16		(35.01)	11,218.31	11,599.51	(13.64)			
GNMA	2000 BCDE RMRB	5.75	08/26/04	08/20/34	5,926.28	6,126.83		(20.09)	5,906.19	6,099.52	(7.22)			
GNMA	2000 BCDE RMRB	5.75	10/14/04	10/20/34			2,302.07		2,302.07	2,377.44	75.37			
GNMA	2000 BCDE RMRB	5.75	10/28/04	10/20/34			6,904.53		6,904.53	7,130.55	226.02			
GNMA	2000 BCDE RMRB	5.75	11/04/04	10/20/34			2,479.92		2,479.92	2,561.11	81.19			
GNMA	2000 BCDE RMRB	5.75	11/23/04	11/20/34			2,407.02		2,407.02	2,485.82	78.80			
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	21,652.08	22,039.32		(73.89)	21,578.19	21,880.86	(84.57)			
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	20,019.41	20,377.47		(84.41)	19,935.00	20,214.64	(78.42)			
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34	10,415.49	10,759.57		(64.51)	10,350.98	10,685.65	(9.41)			
FNMA	2000 BCDE RMRB	5.75	06/10/04	06/01/34	11,232.41	11,603.50		(66.07)	11,166.34	11,527.38	(10.05)			
FNMA	2000 BCDE RMRB	5.75	07/15/04	07/01/34	11,862.14	12,254.04		(34.48)	11,827.66	12,210.10	(9.46)			
FNMA	2000 BCDE RMRB	5.75	08/19/04	08/01/34	9,488.21	9,801.67		(28.11)	9,460.10	9,766.02	(7.54)			
FNMA	2000 BCDE RMRB	5.75	09/23/04	08/01/34			2,941.18		2,941.18	3,036.28	95.10			
FNMA	2000 BCDE RMRB	5.75	11/10/04	10/01/34			1,830.16		1,830.16	1,889.33	59.17			
	<b>2000 BCDE RMRB Total</b>				<b>101,025,977.32</b>	<b>104,807,265.79</b>	<b>7,524,406.21</b>	<b>(1,752,429.67)</b>	<b>(4,388,477.63)</b>	<b>0.00</b>	<b>102,409,476.23</b>	<b>106,046,284.99</b>	<b>(144,479.71)</b>	<b>0.00</b>
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	4,286.08	4,286.08	19.00		4,305.08	4,305.08	-			
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	77,941.71	77,941.71	346.06		78,287.77	78,287.77	-			
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	2,987.14	2,987.14	13.29		3,000.43	3,000.43	-			
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	24,970.13	24,970.13		(15,304.20)	9,665.93	9,665.93	-			
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	14,439.65	14,439.65	2,042,620.68		2,057,060.33	2,057,060.33	-			
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	32,178.00	32,178.00		(30,233.16)	1,944.84	1,944.84	-			
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	15,637.01	15,637.01		(15,634.60)	2.41	2.41	-			
Guarantd Inv Certificates	2001 A-E RMRB	4.71	10/30/01	07/01/33	3,893,686.48	3,893,686.48	3,007,701.00		6,901,387.48	6,901,387.48	-			
Guarantd Inv Certificates	2001 A-E RMRB	4.71	10/30/01	07/01/33	91,996.10	91,996.10	33,174.00		125,170.10	125,170.10	-			
Guarantd Inv Certificates	2001 A-E RMRB	4.71	10/30/01	07/01/33	8,184.06	8,184.06	15,650.00		23,834.06	23,834.06	-			
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	0.50	0.50			0.50	0.50	-			
Guarantd Inv Certificates	2001 A-E RMRB	4.71	10/30/01	07/01/33	2,909,096.59	2,909,096.59			2,909,096.59	2,909,096.59	-			
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	351,072.60	386,034.90		(68,325.72)	282,746.88	310,474.87	(7,234.31)			

GNMA	2001 A-E RMRB	8.19	10/28/91	01/20/16	38,816.03	42,714.28	(504.82)	38,311.21	42,099.34	(110.12)
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	73,102.36	78,835.72	(1,302.94)	71,799.42	77,082.80	(449.98)
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	175,106.87	192,545.18	(44,301.11)	130,805.76	143,633.34	(4,610.73)
GNMA	2001 A-E RMRB	7.19	01/22/90	11/20/14	355,250.83	382,662.07	(39,226.73)	316,024.10	338,871.45	(4,563.89)
GNMA	2001 A-E RMRB	8.19	01/22/90	11/20/14	68,802.70	75,438.40	(1,782.42)	67,020.28	73,436.14	(219.84)
GNMA	2001 A-E RMRB	7.19	01/01/90	11/20/14	207,507.85	223,519.18	(28,052.99)	179,454.86	192,428.72	(3,037.47)
GNMA	2001 A-E RMRB	8.19	01/01/90	11/20/14	189,404.21	207,671.32	(36,284.33)	153,119.88	167,778.06	(3,608.93)
GNMA	2001 A-E RMRB	7.19	01/01/90	12/20/14	262,405.11	282,652.26	(4,614.63)	257,790.48	276,427.66	(1,609.97)
GNMA	2001 A-E RMRB	8.19	02/28/90	12/20/14	298,782.16	327,598.33	(47,372.66)	251,409.50	275,477.04	(4,748.63)
GNMA	2001 A-E RMRB	7.19	01/20/90	01/20/15	331,804.99	357,828.14	(10,109.33)	321,695.66	345,367.68	(2,351.13)
GNMA	2001 A-E RMRB	8.19	01/01/90	01/20/15	483,758.48	531,934.56	(65,473.83)	418,284.65	459,304.33	(7,156.40)
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	144,042.07	155,339.15	(2,347.57)	141,694.50	152,121.11	(870.47)
GNMA	2001 A-E RMRB	8.19	02/27/90	12/20/14	191,582.99	210,060.23	(5,274.88)	186,308.11	204,143.41	(641.94)
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	163,285.88	176,092.21	(2,915.18)	160,370.70	172,171.57	(1,005.46)
GNMA	2001 A-E RMRB	8.19	02/27/90	01/20/15	245,063.28	269,468.45	(4,512.75)	240,550.53	264,140.50	(815.20)
GNMA	2001 A-E RMRB	7.19	03/30/90	01/20/15	131,028.99	141,305.46	(2,946.03)	128,082.96	137,507.96	(851.47)
GNMA	2001 A-E RMRB	8.19	03/30/90	01/20/15	223,350.19	245,593.03	(3,417.69)	219,932.50	241,500.55	(674.79)
GNMA	2001 A-E RMRB	7.19	03/30/90	02/20/15	120,956.54	130,443.08	(2,788.41)	118,168.13	126,863.57	(791.10)
GNMA	2001 A-E RMRB	8.19	03/30/90	02/20/15	407,858.62	448,476.11	(51,547.91)	356,310.71	391,252.88	(5,675.32)
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	528,045.37	569,459.44	(36,972.70)	491,072.67	527,208.30	(5,278.44)
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	307,583.70	338,215.10	(42,981.95)	264,601.75	290,550.33	(4,682.82)
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	431,752.24	465,614.17	(33,945.81)	397,806.43	427,079.08	(4,589.28)
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	993,179.87	1,092,087.74	(57,380.37)	935,799.50	1,027,570.00	(7,137.37)
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	233,738.50	252,070.33	(5,451.58)	228,286.92	245,085.39	(1,533.36)
GNMA	2001 A-E RMRB	8.19	05/29/90	03/20/15	41,022.84	45,108.17	(620.53)	40,402.31	44,364.41	(123.23)
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	303,047.78	326,815.52	(7,370.33)	295,677.45	317,434.90	(2,010.29)
GNMA	2001 A-E RMRB	8.19	05/29/90	04/20/15	691,298.61	760,143.13	(41,815.73)	649,482.88	713,175.46	(5,151.94)
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	96,217.54	103,763.75	(1,507.22)	94,710.32	101,679.56	(576.97)
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	149,432.16	164,313.70	(6,437.78)	142,994.38	157,017.35	(858.57)
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	165,074.48	178,021.18	(47,800.56)	117,273.92	125,903.59	(4,317.03)
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	533,224.90	586,327.23	(73,329.73)	459,895.17	504,995.47	(8,002.03)
GNMA	2001 A-E RMRB	6.19	06/28/90	05/20/15	173,227.98	181,943.46	(3,021.75)	170,206.23	179,429.59	507.88
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	64,873.54	69,961.52	(1,095.87)	63,777.67	68,470.77	(394.88)
GNMA	2001 A-E RMRB	7.19	09/13/90	06/20/15	52,364.57	56,471.52	(808.69)	51,555.88	55,349.67	(313.16)
GNMA	2001 A-E RMRB	8.19	09/13/90	07/20/15	187,751.81	206,449.47	(26,819.88)	160,931.93	176,713.96	(2,915.63)
GNMA	2001 A-E RMRB	7.19	09/13/90	07/20/15	123,227.38	132,891.98	(1,868.40)	121,358.98	130,289.19	(734.39)
GNMA	2001 A-E RMRB	8.19	09/13/90	08/20/15	272,238.48	299,349.89	(4,741.17)	267,497.31	293,729.80	(878.92)
GNMA	2001 A-E RMRB	6.19	09/13/90	07/20/15	121,944.77	128,080.09	(2,158.58)	119,786.19	126,277.33	(355.82)
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	176,477.74	194,052.64	(4,737.08)	171,740.66	188,582.65	(732.91)
GNMA	2001 A-E RMRB	6.19	09/28/90	08/20/15	268,434.60	281,940.17	(5,105.38)	263,329.22	277,598.91	(764.12)
GNMA	2001 A-E RMRB	7.19	09/28/90	08/20/15	270,291.28	291,490.01	(4,816.53)	265,474.75	285,009.79	(1,663.69)
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	561,183.24	617,069.86	(8,984.45)	552,198.79	606,350.98	(1,734.43)
GNMA	2001 A-E RMRB	7.19	10/31/90	08/20/15	45,550.86	49,123.37	(1,205.81)	44,345.05	47,608.18	(309.38)
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	227,509.65	250,166.71	(3,461.80)	224,047.85	246,019.47	(685.44)
GNMA	2001 A-E RMRB	6.19	10/31/90	09/20/15	232,582.95	244,284.71	(4,056.61)	228,526.34	240,910.03	(681.93)
GNMA	2001 A-E RMRB	7.19	10/31/90	09/20/15	97,516.48	105,164.59	(42,093.80)	55,422.68	59,500.95	(3,569.84)
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	336,626.88	370,150.58	(5,806.09)	330,820.79	363,263.23	(1,081.26)
GNMA	2001 A-E RMRB	6.19	11/28/90	10/20/15	205,849.84	216,206.58	(18,688.57)	187,161.27	197,303.40	(214.61)
GNMA	2001 A-E RMRB	8.19	11/28/90	10/20/15	596,829.01	656,265.52	(8,319.74)	588,509.27	646,222.34	(1,723.44)
GNMA	2001 A-E RMRB	7.19	12/21/90	10/20/15	85,539.78	92,248.60	(1,246.37)	84,293.41	90,496.16	(506.07)
GNMA	2001 A-E RMRB	8.19	12/21/90	11/20/15	169,628.72	186,521.55	(2,388.35)	167,240.37	183,641.05	(492.15)
GNMA	2001 A-E RMRB	8.19	02/25/91	10/20/15	46,618.75	51,261.43	(647.36)	45,971.39	50,479.70	(134.37)
GNMA	2001 A-E RMRB	6.19	01/25/91	11/20/15	198,145.54	208,114.67	(3,130.11)	195,015.43	205,583.17	598.61
GNMA	2001 A-E RMRB	8.19	01/28/91	11/20/15	104,253.76	114,636.12	(1,697.78)	102,555.98	112,613.31	(325.03)
GNMA	2001 A-E RMRB	8.19	02/25/90	01/20/16	248,466.57	273,420.81	(4,240.44)	244,226.13	268,375.72	(804.65)
GNMA	2001 A-E RMRB	8.19	03/28/91	02/20/16	170,472.16	187,593.17	(2,345.07)	168,127.09	184,751.83	(496.27)
GNMA	2001 A-E RMRB	8.75	04/29/91	02/20/20	205,112.97	230,606.52	(1,614.92)	203,498.05	228,327.74	(663.86)
GNMA	2001 A-E RMRB	8.19	04/29/91	04/20/16	381,541.39	419,860.80	(55,896.10)	325,645.29	357,845.86	(6,118.84)
GNMA	2001 A-E RMRB	7.19	04/29/91	02/20/16	389,817.68	420,767.63	(5,722.71)	384,094.97	412,749.39	(2,295.53)
GNMA	2001 A-E RMRB	6.19	04/29/91	04/20/16	420,726.61	442,775.58	(8,266.46)	412,460.15	435,371.85	(862.73)
GNMA	2001 A-E RMRB	8.19	04/26/91	04/20/16	24,681.22	27,160.08	(347.47)	24,333.75	26,739.97	(72.64)
GNMA	2001 A-E RMRB	7.19	04/26/91	04/20/16	172,245.03	185,920.62	(46,929.39)	125,315.64	134,664.53	(4,326.70)
GNMA	2001 A-E RMRB	6.19	10/23/92	09/20/17	527,618.01	556,411.15	(8,344.19)	519,273.82	548,688.85	(621.89)
GNMA	2001 A-E RMRB	8.19	11/23/92	01/20/17	19,865.95	21,890.74	(263.64)	19,602.31	21,570.03	(57.07)
GNMA	2001 A-E RMRB	7.19	10/30/92	08/20/17	587,075.88	635,177.08	(44,759.27)	542,316.61	584,134.51	(6,283.30)
GNMA	2001 A-E RMRB	6.00	10/30/92	09/20/17	492,973.68	512,851.56	(42,233.70)	450,739.98	471,452.29	(834.43)
GNMA	2001 A-E RMRB	5.45	02/25/02	01/20/32	590,588.07	606,673.06	(2,651.20)	587,936.87	603,284.68	(737.18)

GNMA	2001 A-E RMRB	4.95	02/25/02	02/20/32	1,273,854.68	1,278,537.19	(6,598.68)	1,267,256.00	1,270,864.88	(1,073.63)
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	457,107.77	469,557.34	(1,682.31)	455,425.46	467,314.13	(560.90)
GNMA	2001 A-E RMRB	4.95	05/15/02	05/20/32	1,288,188.96	1,292,924.09	(5,254.99)	1,282,933.97	1,286,587.43	(1,081.67)
GNMA	2001 A-E RMRB	4.95	05/24/02	05/20/32	951,372.83	954,869.96	(3,753.88)	947,618.95	950,317.59	(798.49)
GNMA	2001 A-E RMRB	5.45	05/24/02	05/20/32	471,881.47	484,733.41	(1,793.55)	470,087.92	482,359.33	(580.53)
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	1,384,480.37	1,422,187.48	(5,177.37)	1,379,303.00	1,415,309.07	(1,701.04)
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	145,911.91	149,885.89	(628.14)	145,283.77	149,076.33	(181.42)
GNMA	2001 A-E RMRB	4.95	03/21/02	02/20/32	1,002,068.00	1,005,751.43	(4,204.30)	997,863.70	1,000,705.38	(841.75)
GNMA	2001 A-E RMRB	5.45	04/17/02	04/20/32	1,940,696.49	1,993,552.40	(65,921.55)	1,874,774.94	1,923,715.01	(3,915.84)
GNMA	2001 A-E RMRB	5.45	04/17/02	03/20/32	231,343.84	237,644.60	(71,806.84)	159,537.00	163,701.62	(2,136.14)
GNMA	2001 A-E RMRB	4.95	04/17/02	04/20/32	1,853,717.93	1,860,531.90	(7,766.29)	1,845,951.64	1,851,208.48	(1,557.13)
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	64,249.67	65,999.55	(229.18)	64,020.49	65,691.72	(78.65)
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	2,444,708.84	2,453,695.25	(11,249.55)	2,433,459.29	2,440,389.25	(2,056.45)
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	907,702.52	932,424.27	(77,066.66)	830,635.86	852,319.19	(3,038.42)
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	84,405.59	84,715.82	(346.00)	84,059.59	84,298.94	(70.88)
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	415,813.98	427,138.91	(1,528.81)	414,285.17	425,099.89	(510.21)
GNMA	2001 A-E RMRB	4.95	05/15/02	04/20/32	335,219.06	336,451.26	(1,343.10)	333,875.96	334,826.76	(281.40)
GNMA	2001 A-E RMRB	5.45	05/15/02	04/20/32	131,861.78	135,453.10	(484.45)	131,377.33	134,806.86	(161.79)
GNMA	2001 A-E RMRB	5.45	08/29/02	08/20/32	595,217.64	611,428.68	(2,945.00)	592,272.64	607,733.59	(750.09)
GNMA	2001 A-E RMRB	4.95	08/29/02	08/20/32	551,800.42	553,828.76	(2,148.52)	549,651.90	551,217.20	(463.04)
GNMA	2001 A-E RMRB	5.45	06/03/02	05/20/32	394,382.18	405,123.40	(1,527.79)	392,854.39	403,109.67	(485.94)
GNMA	2001 A-E RMRB	4.95	06/03/02	05/20/32	1,209,475.70	1,213,921.52	(4,898.31)	1,204,577.39	1,208,007.72	(1,015.49)
GNMA	2001 A-E RMRB	5.45	06/10/02	05/20/32	52,396.37	53,823.42	(190.75)	52,205.62	53,568.43	(64.24)
GNMA	2001 A-E RMRB	4.95	06/10/02	05/20/32	564,920.10	566,996.65	(32,478.99)	532,441.11	533,957.37	(560.29)
GNMA	2001 A-E RMRB	5.45	06/19/02	06/20/32	103,296.72	106,110.07	(396.98)	102,899.74	105,585.90	(127.19)
GNMA	2001 A-E RMRB	4.95	06/19/02	06/20/32	391,782.38	393,222.51	(1,567.26)	390,215.12	391,326.36	(328.89)
GNMA	2001 A-E RMRB	5.45	06/25/02	05/20/32	364,490.85	374,417.96	(97,639.83)	266,851.02	273,817.04	(2,961.09)
GNMA	2001 A-E RMRB	4.95	06/25/02	06/20/32	199,330.52	200,063.23	(952.53)	198,377.99	198,942.93	(167.77)
GNMA	2001 A-E RMRB	5.45	07/05/02	06/20/32	714,475.28	733,934.41	(2,555.48)	711,919.80	730,504.13	(874.80)
GNMA	2001 A-E RMRB	4.95	07/05/02	06/20/32	1,067,671.26	1,071,595.87	(4,330.67)	1,063,340.59	1,066,368.75	(896.45)
GNMA	2001 A-E RMRB	5.45	07/15/02	06/20/32	311,846.78	320,340.10	(189,523.77)	122,323.01	125,516.18	(5,300.15)
GNMA	2001 A-E RMRB	4.95	07/15/02	06/20/32	388,972.15	390,401.94	(1,582.65)	387,389.50	388,492.69	(326.60)
GNMA	2001 A-E RMRB	5.45	07/22/02	06/20/32	173,408.24	178,131.10	(733.81)	172,674.43	177,182.01	(215.28)
GNMA	2001 A-E RMRB	4.95	07/22/02	07/20/32	750,180.70	752,938.24	(3,999.65)	746,181.05	748,306.00	(632.59)
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	166,234.23	170,761.73	(615.98)	165,618.25	169,941.66	(204.09)
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	119,082.97	122,326.24	(441.25)	118,641.72	121,738.78	(146.21)
GNMA	2001 A-E RMRB	4.95	07/29/02	07/20/32	450,563.96	452,220.15	(1,754.70)	448,809.26	450,087.36	(378.09)
GNMA	2001 A-E RMRB	5.45	08/01/02	07/20/32	65,853.94	67,647.51	(232.63)	65,621.31	67,334.33	(80.55)
GNMA	2001 A-E RMRB	4.95	08/01/02	06/20/32	58,199.51	58,412.70	(227.93)	57,971.58	58,136.67	(48.10)
GNMA	2001 A-E RMRB	5.45	08/12/02	07/20/32	616,149.66	632,930.82	(112,546.98)	503,602.68	516,748.97	(3,634.87)
GNMA	2001 A-E RMRB	4.95	08/12/02	07/20/32	251,561.31	252,486.01	(1,006.15)	250,555.16	251,268.68	(211.18)
GNMA	2001 A-E RMRB	5.45	08/23/02	08/20/32	1,310,210.68	1,345,894.97	(97,527.99)	1,212,682.69	1,244,339.18	(4,027.80)
GNMA	2001 A-E RMRB	4.95	08/23/02	08/20/32	1,629,851.44	1,635,842.51	(108,487.35)	1,521,364.09	1,525,696.58	(1,658.58)
GNMA	2001 A-E RMRB	5.45	11/12/02	10/20/32	697,999.50	717,009.93	(156,674.15)	541,325.35	555,456.39	(4,879.39)
GNMA	2001 A-E RMRB	5.45	09/12/02	08/20/32	466,238.94	478,937.20	(117,739.43)	348,499.51	357,596.91	(3,600.86)
GNMA	2001 A-E RMRB	4.95	09/12/02	08/20/32	658,168.51	660,587.84	(2,574.85)	655,593.66	657,460.64	(552.35)
GNMA	2001 A-E RMRB	5.45	09/19/02	09/20/32	212,392.08	218,176.69	(741.36)	211,650.72	217,175.76	(259.57)
GNMA	2001 A-E RMRB	4.95	09/19/02	09/20/32	572,895.58	575,001.44	(2,656.57)	570,239.01	571,862.90	(481.97)
GNMA	2001 A-E RMRB	5.45	09/26/02	09/20/32	790,731.37	812,267.32	(2,818.50)	787,912.87	808,480.93	(967.89)
GNMA	2001 A-E RMRB	4.95	09/26/02	09/20/32	397,301.16	398,761.56	(1,567.99)	395,733.17	396,860.11	(333.46)
GNMA	2001 A-E RMRB	5.45	10/10/02	09/20/32	983,272.81	1,010,052.80	(3,512.44)	979,760.37	1,005,336.56	(1,203.80)
GNMA	2001 A-E RMRB	4.95	10/10/02	09/20/32	463,528.73	465,232.57	(1,801.87)	461,726.86	463,041.74	(388.96)
GNMA	2001 A-E RMRB	5.45	10/21/02	10/20/32	265,516.97	272,748.48	(58,279.16)	207,237.81	212,647.66	(1,821.66)
GNMA	2001 A-E RMRB	4.95	10/21/02	10/20/32	442,960.61	444,588.86	(1,694.09)	441,266.52	442,523.14	(371.63)
GNMA	2001 A-E RMRB	5.45	10/29/02	11/20/32	131,645.28	135,230.71	(458.41)	131,186.87	134,611.44	(160.86)
GNMA	2001 A-E RMRB	4.95	10/29/02	11/20/32	326,359.90	327,559.54	(1,262.17)	325,097.73	326,023.53	(273.84)
GNMA	2001 A-E RMRB	5.45	11/05/02	10/20/32	441,497.53	453,521.94	(1,613.57)	439,883.96	451,366.90	(541.47)
GNMA	2001 A-E RMRB	4.95	11/05/02	10/20/32	268,212.93	269,198.85	(1,023.06)	267,189.87	267,950.77	(225.02)
GNMA	2001 A-E RMRB	5.45	11/19/02	11/20/32	226,653.03	232,826.04	(54,323.78)	172,329.25	176,827.82	(1,674.44)
GNMA	2001 A-E RMRB	4.95	11/19/02	11/20/32	76,456.36	76,737.39	(288.73)	76,167.63	76,384.53	(64.13)
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	435,955.88	447,829.40	(1,513.13)	434,442.75	445,783.70	(532.57)
GNMA	2001 A-E RMRB	4.95	11/26/02	11/20/32	82,614.14	82,917.82	(312.45)	82,301.69	82,536.06	(69.31)
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	349,119.36	358,627.82	(54,944.21)	294,175.15	301,854.45	(1,829.16)
GNMA	2001 A-E RMRB	4.95	12/12/02	11/20/32	197,442.89	198,168.65	(764.75)	196,678.14	197,238.22	(165.68)
GNMA	2001 A-E RMRB	5.45	12/12/02	11/20/32	536,346.85	550,954.54	(159,291.08)	377,055.77	386,898.62	(4,764.84)
GNMA	2001 A-E RMRB	5.45	12/19/02	12/20/32	434,195.84	446,021.42	(1,726.86)	432,468.98	443,758.39	(536.17)
GNMA	2001 A-E RMRB	4.95	12/19/02	11/20/32	68,054.13	68,304.29	(255.46)	67,798.67	67,991.75	(57.08)

GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	453,391.80	465,740.18	(1,738.14)	451,653.66	463,443.87	(558.17)
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	45,101.05	46,329.40	(157.04)	44,944.01	46,117.24	(55.12)
GNMA	2001 A-E RMRB	4.95	12/30/02	12/20/32	133,502.44	133,993.18	(510.80)	132,991.64	133,370.37	(112.01)
GNMA	2001 A-E RMRB	5.45	01/09/03	12/20/32	114,432.92	117,549.56	(604.36)	113,828.56	116,799.98	(145.22)
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	471,216.26	483,888.31	(74,598.35)	396,617.91	406,723.12	(2,566.84)
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	393,847.74	395,219.91	(1,736.71)	392,111.03	393,148.49	(334.71)
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	192,963.12	198,152.34	(97,042.05)	95,921.07	98,365.00	(2,745.29)
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	59,171.73	59,377.89	(674.73)	58,497.00	58,651.77	(51.39)
GNMA	2001 A-E RMRB	5.45	01/30/03	12/20/32	297,583.06	305,687.92	(1,463.14)	296,119.92	303,850.00	(374.78)
GNMA	2001 A-E RMRB	4.95	01/30/03	01/20/33	79,632.63	79,910.06	(295.45)	79,337.18	79,547.09	(67.52)
GNMA	2001 A-E RMRB	5.45	02/12/03	01/20/33	324,819.71	333,554.82	(75,482.19)	249,337.52	255,690.24	(2,382.39)
GNMA	2001 A-E RMRB	4.95	02/12/03	02/20/33	248,925.42	249,792.68	(933.01)	247,992.41	248,648.55	(211.12)
GNMA	2001 A-E RMRB	5.45	02/20/03	02/20/33	187,519.14	192,561.95	(719.95)	186,799.19	191,558.55	(283.45)
GNMA	2001 A-E RMRB	5.45	02/27/03	02/20/33	95,735.94	98,310.51	(325.86)	95,410.08	97,841.01	(143.64)
GNMA	2001 A-E RMRB	4.95	02/27/03	02/20/33	146,628.20	147,139.04	(564.73)	146,063.47	146,449.90	(124.41)
GNMA	2001 A-E RMRB	5.45	03/12/03	10/20/32	49,611.23	50,962.42	(171.60)	49,439.63	50,730.23	(60.59)
GNMA	2001 A-E RMRB	4.95	03/12/03	02/20/33	201,061.95	201,762.44	(752.52)	200,309.43	200,839.40	(170.52)
GNMA	2001 A-E RMRB	5.45	03/20/03	02/20/33	332,689.38	341,636.13	(51,678.10)	281,011.28	288,171.01	(1,787.02)
GNMA	2001 A-E RMRB	4.95	03/20/03	02/20/33	216,005.72	216,758.28	(807.97)	215,197.75	215,767.12	(183.19)
GNMA	2001 A-E RMRB	5.45	04/02/03	03/20/33	238,356.99	244,766.94	(67,089.99)	171,267.00	175,630.63	(2,046.32)
GNMA	2001 A-E RMRB	5.45	04/10/03	03/20/33	129,820.52	133,311.69	(479.37)	129,341.15	132,636.57	(195.75)
GNMA	2001 A-E RMRB	5.45	04/17/03	03/20/33	59,175.61	60,766.97	(198.57)	58,977.04	60,479.68	(88.72)
GNMA	2001 A-E RMRB	5.45	04/29/03	04/20/33	230,703.69	236,907.83	(892.35)	229,811.34	235,666.58	(348.90)
GNMA	2001 A-E RMRB	5.45	05/08/03	04/20/33	215,578.14	221,375.52	(893.22)	214,684.92	220,154.75	(327.55)
GNMA	2001 A-E RMRB	4.95	05/08/03	04/20/33	151,880.63	152,409.77	(558.54)	151,322.09	151,722.46	(128.77)
GNMA	2001 A-E RMRB	4.95	05/15/03	04/20/33	154,267.01	154,804.47	(563.55)	153,703.46	154,110.12	(130.80)
GNMA	2001 A-E RMRB	5.45	05/22/03	04/20/33	159,866.24	164,165.37	(543.16)	159,323.08	163,382.36	(239.85)
GNMA	2001 A-E RMRB	5.45	05/29/03	05/20/33	296,722.16	304,701.67	(1,042.49)	295,679.67	303,213.13	(446.05)
GNMA	2001 A-E RMRB	5.45	06/10/03	05/20/33	274,758.38	282,147.23	(922.61)	273,835.77	280,812.66	(411.96)
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	176,935.53	181,693.72	(595.04)	176,340.49	180,833.38	(265.30)
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	235,190.97	241,515.76	(1,147.43)	234,043.54	240,006.60	(361.73)
GNMA	2001 A-E RMRB	5.45	06/26/03	06/20/33	110,514.60	113,486.57	(552.72)	109,961.88	112,763.52	(170.33)
GNMA	2001 A-E RMRB	5.45	07/10/03	06/20/33	51,681.46	53,071.29	(170.30)	51,511.16	52,823.58	(77.41)
GNMA	2001 A-E RMRB	5.45	07/17/03	07/20/33	127,987.21	131,429.07	(72,874.70)	55,112.51	56,516.68	(2,037.69)
GNMA	2001 A-E RMRB	5.45	07/24/03	07/20/33	51,623.36	53,011.63	(170.99)	51,452.37	52,763.30	(77.34)
GNMA	2001 A-E RMRB	5.45	07/30/03	07/20/33	54,385.13	55,847.66	(178.14)	54,206.99	55,588.10	(81.42)
GNMA	2001 A-E RMRB	5.45	08/07/03	07/20/33	106,502.38	109,366.47	(359.92)	106,142.46	108,846.80	(159.75)
GNMA	2001 A-E RMRB	5.45	08/28/03	08/20/33	58,966.72	60,552.46	(334.03)	58,632.69	60,126.55	(91.88)
GNMA	2001 A-E RMRB	5.45	09/04/03	08/20/33	84,731.80	87,010.42	(275.86)	84,455.94	86,607.74	(126.82)
GNMA	2001 A-E RMRB	5.45	09/18/03	07/20/33	106,618.03	109,485.22	(349.24)	106,268.79	108,976.35	(159.63)
GNMA	2001 A-E RMRB	5.45	09/29/03	09/20/33	56,238.29	57,750.67	(182.05)	56,056.24	57,484.47	(84.15)
GNMA	2001 A-E RMRB	4.95	09/29/03	09/20/33	128,456.08	128,903.61	(467.25)	127,988.83	128,327.46	(108.90)
GNMA	2001 A-E RMRB	5.45	10/23/03	10/20/33	51,857.63	53,252.19	(192.45)	51,665.18	52,981.52	(78.22)
GNMA	2001 A-E RMRB				53,541.35	54,981.20	(53,541.35)			(1,439.85)
GNMA	2001 A-E RMRB	5.45	11/20/03	10/20/33	55,310.42	56,797.84	(177.91)	55,132.51	56,537.20	(82.73)
GNMA	2001 A-E RMRB	5.45	11/26/03	06/20/33	66,560.00	68,349.95	(232.01)	66,327.99	68,017.92	(100.02)
GNMA	2001 A-E RMRB	5.45	12/04/03	11/20/33	256,508.24	263,406.31	(821.12)	255,687.12	262,201.62	(383.57)
GNMA	2001 A-E RMRB	4.95	12/04/03	11/20/33	106,298.67	106,669.01	(493.62)	105,805.05	106,084.99	(90.40)
GNMA	2001 A-E RMRB	5.45	12/11/03	12/20/33	62,783.84	64,472.23	(199.56)	62,584.28	64,178.82	(93.85)
GNMA	2001 A-E RMRB	4.95	01/15/04	01/20/34	128,011.03	128,300.60	(443.47)	127,567.56	127,776.25	(80.88)
GNMA	2001 A-E RMRB	4.95	01/22/04	01/20/34	520,244.77	518,794.76	(2,539.16)	517,705.61	515,948.99	(306.61)
GNMA	2001 A-E RMRB	5.45	01/22/04	12/20/33	54,149.74	55,605.94	(172.13)	53,977.61	55,352.87	(80.94)
GNMA	2001 A-E RMRB	5.45	01/29/04	11/20/33	53,539.35	54,979.13	(171.19)	53,368.16	54,727.89	(80.05)
GNMA	2001 A-E RMRB	5.45	02/12/04	11/20/33	54,137.30	55,593.18	(173.11)	53,964.19	55,339.11	(80.96)
GNMA	2001 A-E RMRB	5.45	03/11/04	02/20/34	54,583.95	56,019.87	(171.42)	54,412.53	55,773.60	(74.85)
GNMA	2001 A-E RMRB	4.95	03/11/04	02/20/34	133,901.74	134,204.63	(461.30)	133,440.44	133,658.74	(84.59)
GNMA	2001 A-E RMRB	4.95	04/08/04	02/20/34	105,442.98	105,149.09	(363.24)	105,079.74	104,723.19	(62.66)
GNMA	2001 A-E RMRB	5.49	04/16/04	04/20/34	101,931.95	104,818.26	(649.71)	101,282.24	103,978.32	(190.23)
FNMA	2001 A-E RMRB	5.45	04/17/02	03/01/32	301,445.02	307,866.16	(1,165.71)	300,279.31	305,342.05	(1,358.40)
FNMA	2001 A-E RMRB	4.95	05/15/02	04/01/32	219,030.48	218,574.95	(1,441.92)	217,588.56	215,920.48	(1,212.55)
FNMA	2001 A-E RMRB	4.95	06/10/02	06/01/32	179,570.12	179,196.65	(846.61)	178,723.51	177,353.35	(996.69)
FNMA	2001 A-E RMRB	4.95	07/22/02	06/01/32	255,375.44	254,844.29	(1,703.67)	253,671.77	251,727.02	(1,413.60)
FNMA	2001 A-E RMRB	5.45	09/19/02	08/01/32	248,986.15	254,289.85	(890.70)	248,095.45	252,278.36	(1,120.79)
FNMA	2001 A-E RMRB	4.95	09/26/02	09/01/32	196,719.57	196,310.41	(754.85)	195,964.72	194,462.36	(1,093.20)
FNMA	2001 A-E RMRB	5.45	01/23/03	11/01/32	319,324.42	326,126.41	(1,176.83)	318,147.59	323,511.59	(1,437.99)
FNMA	2001 A-E RMRB	4.95	07/24/03	09/01/32	240,515.96	240,015.70	(1,095.80)	239,420.16	237,584.65	(1,335.25)
FNMA	2001 A-E RMRB	5.45	09/18/03	01/01/33	70,958.28	72,411.31	(241.02)	70,717.26	71,850.58	(319.71)



FNMA	2001 A-E RMRB	5.45	12/04/03	11/01/33	97,665.91	99,665.82		(387.54)	97,278.37	98,837.35	(440.93)
FNMA	2001 A-E RMRB	4.95	02/26/04	09/01/33	139,525.66	139,165.37		(603.20)	138,922.46	137,719.23	(842.94)
FNMA	2001 A-E RMRB	5.45	04/08/04	01/01/32	28,362.03	28,966.18		(207.12)	28,154.91	28,629.61	(129.45)
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	806,856.77	806,856.77			1,856.77	1,856.77	-
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	127,859.72	127,859.72	567.72	(805,000.00)	128,427.44	128,427.44	-
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	507,693.04	507,693.04		(217,326.61)	290,366.43	290,366.43	-
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	175,589.79	175,589.79	779.66		176,369.45	176,369.45	-
Repurchase Agreement	2001 A-E RMRB	2.06	11/30/04	12/01/04	592.16	592.16	2.68		594.84	594.84	-
GNMA	2001 A-E RMRB	5.49	03/12/03	03/20/33	5,052.42	5,198.40		(16.83)	5,035.59	5,172.08	(9.49)
GNMA	2001 A-E RMRB	5.49	03/20/03	02/20/33	12,247.50	12,601.36		(41.20)	12,206.30	12,537.15	(23.01)
GNMA	2001 A-E RMRB	5.49	04/02/03	03/20/33	45,508.78	46,823.60		(158.04)	45,350.74	46,579.93	(85.63)
GNMA	2001 A-E RMRB	4.80	04/02/03	03/20/33	11,778.74	11,718.68		(66.56)	11,712.18	11,652.46	0.34
GNMA	2001 A-E RMRB	5.49	04/10/03	03/20/33	17,821.08	18,335.99		(60.00)	17,761.08	18,242.50	(33.49)
GNMA	2001 A-E RMRB	4.80	04/10/03	04/20/33	72,598.27	72,228.03		(273.80)	72,324.47	71,955.64	1.41
GNMA	2001 A-E RMRB	5.49	04/17/03	04/20/33	84,548.89	86,991.64		(7,876.67)	76,672.22	78,750.35	(364.62)
GNMA	2001 A-E RMRB	4.80	04/17/03	03/20/33	9,928.70	9,878.06		(37.48)	9,891.22	9,840.79	0.21
GNMA	2001 A-E RMRB	5.49	04/24/03	04/20/33	12,518.81	12,880.51		(41.52)	12,477.29	12,815.48	(23.51)
GNMA	2001 A-E RMRB	4.80	04/24/03	04/20/33	24,436.29	24,311.68		(91.54)	24,344.75	24,220.61	0.47
GNMA	2001 A-E RMRB	5.49	04/29/03	04/20/33	13,495.25	13,885.14		(50.61)	13,444.64	13,809.05	(25.48)
GNMA	2001 A-E RMRB	4.80	04/29/03	03/20/33	10,130.00	10,078.34		(44.15)	10,085.85	10,034.41	0.22
GNMA	2001 A-E RMRB	5.49	05/08/03	05/20/33	41,460.91	42,658.80		(139.99)	41,320.92	42,440.91	(77.90)
GNMA	2001 A-E RMRB	5.49	05/15/03	05/20/33	15,675.03	16,127.92		(52.05)	15,622.98	16,046.45	(29.42)
GNMA	2001 A-E RMRB	4.80	05/15/03	04/20/33	40,275.74	40,070.33		(213.87)	40,061.87	39,857.55	1.09
GNMA	2001 A-E RMRB	5.49	05/22/03	05/20/33	50,056.71	51,502.95		(11,282.84)	38,773.87	39,824.81	(395.30)
GNMA	2001 A-E RMRB	4.80	05/22/03	04/20/33	27,288.42	27,149.26		(102.49)	27,185.93	27,047.29	0.52
GNMA	2001 A-E RMRB	5.49	05/29/03	05/20/33	33,072.83	34,028.37		(145.83)	32,927.00	33,819.47	(63.07)
GNMA	2001 A-E RMRB	4.80	05/29/03	05/20/33	20,801.64	20,695.56		(78.18)	20,723.46	20,617.77	0.39
GNMA	2001 A-E RMRB	5.49	06/10/03	05/20/33	21,492.25	22,113.19		(70.98)	21,421.27	22,001.88	(40.33)
GNMA	2001 A-E RMRB	4.80	06/10/03	05/20/33	37,180.10	36,990.49		(141.04)	37,039.06	36,850.17	0.72
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	11,894.01	12,237.62		(39.29)	11,854.72	12,176.01	(22.32)
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	10,932.42	10,876.67		(40.50)	10,891.92	10,836.40	0.23
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	25,866.94	26,614.26		(97.14)	25,769.80	26,468.26	(48.86)
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	6,977.44	6,941.86		(26.28)	6,951.16	6,915.71	0.13
GNMA	2001 A-E RMRB	5.49	06/26/03	06/20/33	5,273.05	5,425.38		(17.31)	5,255.74	5,398.17	(9.90)
GNMA	2001 A-E RMRB	4.80	06/26/03	06/20/33	11,288.45	11,230.89		(42.29)	11,246.16	11,188.81	0.21
GNMA	2001 A-E RMRB	5.49	07/03/03	06/20/33	26,986.09	27,765.75		(88.68)	26,897.41	27,626.44	(50.63)
GNMA	2001 A-E RMRB	5.49	07/10/03	06/20/33	33,578.92	34,549.10		(112.19)	33,466.73	34,373.87	(63.04)
GNMA	2001 A-E RMRB	4.80	07/10/03	06/20/33	14,886.24	14,810.32		(55.46)	14,830.78	14,755.15	0.29
GNMA	2001 A-E RMRB	4.80	07/17/03	06/20/33	80,699.66	80,288.11		(370.57)	80,329.09	79,919.44	1.90
GNMA	2001 A-E RMRB	5.49	07/24/03	07/20/33	53,015.56	54,547.27		(203.74)	52,811.82	54,243.25	(100.28)
GNMA	2001 A-E RMRB	4.80	07/24/03	07/20/33	41,081.04	40,871.53		(154.00)	40,927.04	40,718.31	0.78
GNMA	2001 A-E RMRB	5.49	07/30/03	07/20/33	12,373.87	12,731.39		(42.90)	12,330.97	12,665.20	(23.29)
GNMA	2001 A-E RMRB	5.49	08/07/03	07/20/33	28,805.22	29,637.47		(118.27)	28,686.95	29,464.50	(54.70)
GNMA	2001 A-E RMRB	4.80	08/07/03	06/20/33	11,336.94	11,279.11		(41.97)	11,294.97	11,237.34	0.20
GNMA	2001 A-E RMRB	5.49	08/14/03	08/20/33	16,823.42	17,309.46		(55.16)	16,768.26	17,222.73	(31.57)
GNMA	2001 A-E RMRB	4.80	08/14/03	07/20/33	33,026.09	32,857.67		(121.61)	32,904.48	32,736.67	0.61
GNMA	2001 A-E RMRB	5.49	08/21/03	08/20/33	12,756.35	13,124.90		(57.42)	12,698.93	13,043.12	(24.36)
GNMA	2001 A-E RMRB	5.49	08/28/03	08/20/33	22,747.25	23,404.44		(136.24)	22,611.01	23,223.84	(44.36)
GNMA	2001 A-E RMRB	4.80	08/28/03	08/20/33	13,517.59	13,448.65		(73.38)	13,444.21	13,375.65	0.38
GNMA	2001 A-E RMRB	5.49	09/04/03	08/20/33	16,568.90	17,047.59		(74.33)	16,494.57	16,941.65	(31.61)
GNMA	2001 A-E RMRB	4.80	09/04/03	09/20/33	11,625.02	11,565.71		(42.53)	11,582.49	11,523.39	0.21
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33	54,100.97	55,664.04		(176.59)	53,924.38	55,385.95	(101.50)
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	48,128.73	47,883.29		(180.24)	47,948.49	47,703.98	0.93
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33	30,826.89	31,717.54		(101.47)	30,725.42	31,558.23	(57.84)
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	17,502.82	17,413.56		(63.92)	17,438.90	17,349.96	0.32
GNMA	2001 A-E RMRB	5.49	09/29/03	09/20/33	68,612.90	70,595.27		(225.44)	68,387.46	70,241.07	(128.76)
GNMA	2001 A-E RMRB	4.80	09/29/03	09/20/33	64,169.27	63,842.03		(16,435.20)	47,734.07	47,490.64	83.81
GNMA	2001 A-E RMRB	5.49	10/16/03	09/20/33	10,280.11	10,577.11		(36.18)	10,243.93	10,521.58	(19.35)
GNMA	2001 A-E RMRB	5.49	10/30/03	10/20/33	108,411.82	111,269.22		(357.50)	108,054.32	110,710.25	(201.47)
GNMA	2001 A-E RMRB	4.80	10/30/03	10/20/33	282,716.45	279,861.45		(1,131.39)	281,585.06	278,744.32	14.26
GNMA	2001 A-E RMRB	5.49	11/13/03	10/20/33	21,527.96	22,095.39		(100.74)	21,427.22	21,953.92	(40.73)
GNMA	2001 A-E RMRB	4.80	11/13/03	10/20/33	144,616.46	143,878.95		(559.19)	144,057.27	143,322.62	2.86
GNMA	2001 A-E RMRB	5.49	11/20/03	11/20/33	5,716.33	5,881.50		(32.79)	5,683.54	5,837.60	(11.11)
GNMA	2001 A-E RMRB	4.80	11/20/03	11/20/33	178,051.17	176,253.11		(878.83)	177,172.34	175,384.93	10.65
GNMA	2001 A-E RMRB	5.49	11/26/03	10/20/33	6,797.67	6,994.07		(21.93)	6,775.74	6,959.40	(12.74)
GNMA	2001 A-E RMRB	4.80	11/26/03	11/20/33	55,271.78	54,989.90		(311.04)	54,960.74	54,680.45	1.59
GNMA	2001 A-E RMRB	4.80	12/04/03	12/20/33	89,952.55	89,044.15		(569.14)	89,383.41	88,481.67	6.66

GNMA	2001 A-E RMRB	5.49	12/04/03	11/20/33	5,204.81	5,355.19	(16.70)	5,188.11	5,328.74	(9.75)	
GNMA	2001 A-E RMRB	4.80	12/11/03	12/20/33	54,608.06	54,056.60	(241.80)	54,366.26	53,817.79	2.99	
GNMA	2001 A-E RMRB	5.49	12/11/03	09/20/33	11,255.44	11,580.61	(36.15)	11,219.29	11,523.35	(21.11)	
GNMA	2001 A-E RMRB	5.49	12/18/03	12/20/33	5,846.03	6,014.96	(18.45)	5,827.58	5,985.57	(10.94)	
GNMA	2001 A-E RMRB	4.80	12/18/03	12/20/33	47,312.16	47,070.89	(180.20)	47,131.96	46,891.60	0.91	
GNMA	2001 A-E RMRB	5.49	12/23/03	12/20/33	12,120.53	12,470.74	(38.39)	12,082.14	12,409.63	(22.72)	
GNMA	2001 A-E RMRB	4.80	12/23/03	12/20/33	33,505.53	33,167.18	(120.29)	33,385.24	33,048.44	1.55	
GNMA	2001 A-E RMRB	4.80	01/08/04	12/20/33	10,387.68	10,334.71	(37.19)	10,350.49	10,297.71	0.19	
GNMA	2001 A-E RMRB	5.49	01/15/04	01/20/34	55,632.09	57,207.36	(233.51)	55,398.58	56,873.25	(100.60)	
GNMA	2001 A-E RMRB	5.49	01/22/04	01/20/34	41,819.35	42,897.54	(180.86)	41,638.49	42,641.79	(74.89)	
GNMA	2001 A-E RMRB	4.80	01/22/04	01/20/34	40,393.69	40,135.89	(145.10)	40,248.59	40,003.50	12.71	
GNMA	2001 A-E RMRB	5.49	01/29/04	01/20/34	21,370.25	21,975.37	(98.17)	21,272.08	21,838.33	(38.87)	
GNMA	2001 A-E RMRB	4.80	01/29/04	11/20/33	8,806.21	8,761.31	(31.72)	8,774.49	8,729.77	0.18	
GNMA	2001 A-E RMRB	4.80	02/12/04	01/20/34	21,760.89	21,513.23	(106.31)	21,654.58	21,414.91	7.99	
GNMA	2001 A-E RMRB	5.49	02/12/04	02/20/34	45,120.69	46,398.34	(145.66)	44,975.03	46,172.26	(80.42)	
GNMA	2001 A-E RMRB	4.80	02/26/04	02/20/34	43,686.44	43,189.24	(179.05)	43,507.39	43,025.86	15.67	
GNMA	2001 A-E RMRB	5.49	02/26/04	02/20/34	22,712.94	23,297.49	(72.15)	22,640.79	23,185.28	(40.06)	
GNMA	2001 A-E RMRB	4.80	03/11/04	03/20/34	26,576.24	26,273.77	(94.79)	26,481.45	26,188.36	9.38	
GNMA	2001 A-E RMRB	5.49	03/11/04	03/20/34	75,426.17	77,561.94	(386.69)	75,039.48	77,036.99	(138.26)	
GNMA	2001 A-E RMRB	5.49	03/25/04	03/20/34	29,822.55	30,591.41	(92.42)	29,730.13	30,446.48	(52.51)	
GNMA	2001 A-E RMRB	4.80	03/30/04	03/20/34	11,522.17	11,448.64	(40.80)	11,481.37	11,411.47	3.63	
GNMA	2001 A-E RMRB	5.49	07/09/04	07/20/34	16,066.75	16,521.69	(53.15)	16,013.60	16,439.88	(28.66)	
GNMA	2001 A-E RMRB	4.80	07/08/04	06/20/34	10,225.16	10,108.78	(35.66)	10,189.50	10,076.70	3.58	
GNMA	2001 A-E RMRB	4.80	04/22/04	04/20/34	32,506.95	32,299.49	(114.10)	32,392.85	32,195.60	10.21	
GNMA	2001 A-E RMRB	5.49	04/22/04	04/20/34	26,487.79	27,237.82	(82.68)	26,405.11	27,108.00	(47.14)	
GNMA	2001 A-E RMRB	4.80	04/29/04	04/20/34	23,636.26	23,367.26	(86.14)	23,500.12	23,289.48	8.36	
GNMA	2001 A-E RMRB	5.49	04/29/04	04/20/34	11,118.03	11,432.84	(42.98)	11,075.05	11,369.86	(20.00)	
GNMA	2001 A-E RMRB	4.80	05/06/04	04/20/34	18,323.97	18,207.03	(67.42)	18,256.55	18,145.39	5.78	
GNMA	2001 A-E RMRB	5.49	05/06/04	04/20/34	7,250.14	7,455.43	(22.34)	7,227.80	7,420.21	(12.88)	
GNMA	2001 A-E RMRB	5.49	05/13/04	04/20/34	11,397.47	11,720.21	(35.43)	11,362.04	11,664.50	(20.28)	
GNMA	2001 A-E RMRB	4.80	05/13/04	04/20/34	11,477.76	11,404.51	(40.65)	11,437.11	11,367.48	3.62	
GNMA	2001 A-E RMRB	5.49	05/27/04	05/20/34	19,619.99	20,175.56	(71.79)	19,548.20	20,068.59	(35.18)	
GNMA	2001 A-E RMRB	5.49	06/03/04	05/20/34	18,111.79	18,624.65	(71.78)	18,040.01	18,520.23	(32.64)	
GNMA	2001 A-E RMRB	5.49	06/24/04	06/20/34	14,238.40	14,641.57	(43.34)	14,195.06	14,572.93	(25.30)	
GNMA	2001 A-E RMRB	5.49	09/02/04	08/20/34		40,629.04		40,629.04	41,607.99	978.95	
GNMA	2001 A-E RMRB	5.49	09/09/04	09/20/34		29,830.02		29,830.02	30,624.09	794.07	
GNMA	2001 A-E RMRB	5.49	09/16/04	09/20/34		26,062.95		26,062.95	26,756.74	693.79	
GNMA	2001 A-E RMRB	5.49	09/23/04	09/20/34		12,004.68		12,004.68	12,324.23	319.55	
GNMA	2001 A-E RMRB	4.80	09/29/04	09/20/34		14,409.10		14,409.10	14,321.37	(87.73)	
GNMA	2001 A-E RMRB	5.49	09/29/04	09/20/34		17,255.05		17,255.05	17,714.36	459.31	
GNMA	2001 A-E RMRB	5.49	10/07/04	09/20/34		20,261.47		20,261.47	20,800.82	539.35	
GNMA	2001 A-E RMRB	4.80	10/07/04	09/20/34		14,258.34		14,258.34	14,171.51	(86.83)	
GNMA	2001 A-E RMRB	5.49	07/15/04	04/20/34	12,319.23	12,668.07	(51.34)	12,267.89	12,594.47	(22.26)	
GNMA	2001 A-E RMRB	5.49	07/22/04	07/20/34	11,945.37	12,283.61	(42.59)	11,902.78	12,219.63	(21.39)	
GNMA	2001 A-E RMRB	5.49	07/29/04	07/20/34	6,794.45	6,986.84	(20.54)	6,773.91	6,954.21	(12.09)	
GNMA	2001 A-E RMRB	5.49	08/05/04	08/20/34	27,333.49	28,107.47	(199.61)	27,133.88	27,856.18	(51.68)	
GNMA	2001 A-E RMRB	5.49	08/19/04	08/20/34	23,523.84	24,189.95	(83.63)	23,440.21	24,064.18	(42.14)	
GNMA	2001 A-E RMRB	5.49	08/26/04	08/20/34	13,921.86	14,316.07	(41.85)	13,880.01	14,249.47	(24.75)	
GNMA	2001 A-E RMRB	4.80	10/14/04	09/20/34		3,469.86		3,469.86	3,448.73	(21.13)	
GNMA	2001 A-E RMRB	5.49	10/21/04	06/20/34		10,757.26		10,757.26	11,016.46	259.20	
GNMA	2001 A-E RMRB	4.80	10/28/04	09/20/34		10,797.13		10,797.13	10,677.63	(119.50)	
GNMA	2001 A-E RMRB	5.49	10/28/04	10/20/34		15,259.22		15,259.22	15,665.41	406.19	
GNMA	2001 A-E RMRB	5.49	11/04/04	10/20/34		7,425.97		7,425.97	7,623.65	197.68	
FNMA	2001 A-E RMRB	5.49	05/29/03	04/01/33	29,744.65	30,415.61	(98.57)	29,646.08	30,168.85	(148.19)	
FNMA	2001 A-E RMRB	4.80	09/18/03	07/01/33	24,055.69	23,790.55	(91.88)	23,963.81	23,572.30	(126.37)	
FNMA	2001 A-E RMRB	5.49	12/04/03	11/01/33	24,519.54	25,072.67	(7,815.40)	16,704.14	16,998.72	(258.55)	
FNMA	2001 A-E RMRB	4.80	01/15/04	11/01/33	35,755.03	35,360.93	(129.16)	35,625.87	35,043.82	(187.95)	
FNMA	2001 A-E RMRB	4.80	02/26/04	01/01/34	12,425.42	12,264.50	(94.82)	12,330.60	12,111.56	(58.12)	
FNMA	2001 A-E RMRB	5.49	04/08/04	06/01/33	8,008.61	8,189.26	(38.12)	7,970.49	8,111.04	(40.10)	
FNMA	2001 A-E RMRB	5.49	09/01/04	08/01/34		28,386.12		28,386.12	29,014.19	628.07	
FNMA	2001 A-E RMRB	4.80	09/23/04	08/01/34		7,137.74		7,137.74	7,010.95	(126.79)	
FNMA	2001 A-E RMRB	4.80	11/10/04	10/01/34		7,097.35		7,097.35	6,971.27	(126.08)	
	<b>2001 A-E RMRB Total</b>				<b>78,724,842.20</b>	<b>80,975,792.87</b>		<b>79,694,475.57</b>	<b>81,708,492.17</b>	<b>(236,934.07)</b>	<b>0.00</b>
Repurchase Agreement	2002 RMRB	2.06	11/30/04	12/01/04	13,928.95	13,928.95		13,928.95	13,928.95	-	
Repurchase Agreement	2002 RMRB	2.06	11/30/04	12/01/04	284,451.79	284,451.79	(68,794.77)	215,657.02	215,657.02	-	
Repurchase Agreement	2002 RMRB	2.06	11/30/04	12/01/04	12,092.89	12,092.89		12,092.89	12,092.89	-	

Repurchase Agreement	2002 RMRB	2.06	11/30/04	12/01/04	482,586.25	482,586.25	2,142.71		484,728.96	484,728.96	-
Guarantd Inv Certificates	2002 RMRB	4.20	12/18/02	04/01/34	585,048.99	585,048.99	921,652.00		1,506,700.99	1,506,700.99	-
Mutual Fund	2002 RMRB	1.63	11/01/04	12/01/04	1.46	1.46			1.46	1.46	-
Repurchase Agreement	2002 RMRB	2.06	11/30/04	12/01/04	68.00	68.00			67.62	67.62	-
Guarantd Inv Certificates	2002 RMRB	1.63	12/18/02	08/01/04			0.49	(0.38)	0.49	0.49	-
GNMA	2002 RMRB	5.49	03/12/03	03/20/33	41,300.12	42,493.37		(137.60)	41,162.52	42,278.23	(77.54)
GNMA	2002 RMRB	5.49	03/20/03	02/20/33	100,115.00	103,007.51		(336.80)	99,778.20	102,482.63	(188.08)
GNMA	2002 RMRB	5.49	04/02/03	03/20/33	372,002.89	382,750.69		(1,291.87)	370,711.02	380,758.87	(699.95)
GNMA	2002 RMRB	4.80	04/02/03	03/20/33	96,283.22	95,792.18		(544.02)	95,739.20	95,250.93	2.77
GNMA	2002 RMRB	5.49	04/10/03	03/20/33	145,675.36	149,884.16		(490.50)	145,184.86	149,119.97	(273.69)
GNMA	2002 RMRB	4.80	04/10/03	04/20/33	593,440.88	590,414.50		(2,238.06)	591,202.82	588,187.85	11.41
GNMA	2002 RMRB	5.49	04/17/03	04/20/33	691,128.83	711,096.74		(64,386.34)	626,742.49	643,729.91	(2,980.49)
GNMA	2002 RMRB	4.80	04/17/03	03/20/33	81,160.27	80,746.37		(306.27)	80,854.00	80,441.65	1.55
GNMA	2002 RMRB	5.49	04/24/03	04/20/33	102,332.68	105,289.26		(339.44)	101,993.24	104,757.71	(192.11)
GNMA	2002 RMRB	4.80	04/24/03	04/20/33	199,749.96	198,731.28		(748.27)	199,001.69	197,986.82	3.81
GNMA	2002 RMRB	5.49	04/29/03	04/20/33	110,314.32	113,501.50		(413.60)	109,900.72	112,879.51	(208.39)
GNMA	2002 RMRB	4.80	04/29/03	03/20/33	82,805.85	82,383.47		(360.93)	82,444.92	82,024.39	1.85
GNMA	2002 RMRB	5.49	05/08/03	05/20/33	338,914.54	348,706.35		(1,144.30)	337,770.24	346,925.25	(636.80)
GNMA	2002 RMRB	5.49	05/15/03	05/20/33	128,132.77	131,834.70		(425.47)	127,707.30	131,168.68	(240.55)
GNMA	2002 RMRB	4.80	05/15/03	04/20/33	329,226.32	327,547.37		(1,748.26)	327,478.06	325,808.02	8.91
GNMA	2002 RMRB	5.49	05/22/03	05/20/33	409,179.31	421,001.17		(92,229.50)	316,949.81	325,540.47	(3,231.20)
GNMA	2002 RMRB	4.80	05/22/03	04/20/33	223,064.09	221,926.51		(837.80)	222,226.29	221,092.98	4.27
GNMA	2002 RMRB	5.49	05/29/03	05/20/33	270,347.68	278,158.48		(1,192.04)	269,155.64	276,450.89	(515.55)
GNMA	2002 RMRB	4.80	05/29/03	05/20/33	170,039.16	169,172.02		(639.15)	169,400.01	168,536.12	3.25
GNMA	2002 RMRB	5.49	06/10/03	05/20/33	175,684.28	180,760.08		(580.16)	175,104.12	179,850.19	(329.73)
GNMA	2002 RMRB	4.80	06/10/03	05/20/33	303,921.81	302,371.88		(1,152.98)	302,768.83	301,224.79	5.89
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	97,225.13	100,034.15		(321.17)	96,903.96	99,530.50	(182.48)
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	89,365.01	88,909.27		(330.88)	89,034.13	88,580.07	1.68
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	211,444.35	217,553.33		(794.01)	210,650.34	216,359.86	(399.46)
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	57,035.76	56,744.90		(214.81)	56,820.95	56,531.17	1.08
GNMA	2002 RMRB	5.49	06/26/03	06/20/33	43,103.43	44,348.75		(141.53)	42,961.90	44,126.34	(80.88)
GNMA	2002 RMRB	4.80	06/26/03	06/20/33	92,275.36	91,804.77		(345.75)	91,929.61	91,460.79	1.77
GNMA	2002 RMRB	5.49	07/03/03	06/20/33	220,592.63	226,965.92		(724.81)	219,867.82	225,827.16	(413.95)
GNMA	2002 RMRB	5.49	07/10/03	06/20/33	274,484.77	282,415.11		(916.92)	273,567.85	280,982.70	(515.49)
GNMA	2002 RMRB	4.80	07/10/03	06/20/33	121,684.68	121,064.12		(453.28)	121,231.40	120,613.15	2.31
GNMA	2002 RMRB	4.80	07/17/03	06/20/33	659,664.20	656,300.08		(3,029.09)	656,635.11	653,286.44	15.45
GNMA	2002 RMRB	5.49	07/24/03	07/20/33	433,365.67	445,886.34		(1,665.37)	431,700.30	443,401.21	(819.76)
GNMA	2002 RMRB	4.80	07/24/03	07/20/33	335,809.16	334,096.62		(1,258.95)	334,550.21	332,844.11	6.44
GNMA	2002 RMRB	5.49	07/30/03	07/20/33	101,148.03	104,070.36		(350.75)	100,797.28	103,529.32	(190.29)
GNMA	2002 RMRB	5.49	08/07/03	07/20/33	235,462.99	242,265.91		(966.79)	234,496.20	240,852.05	(447.07)
GNMA	2002 RMRB	4.80	08/07/03	06/20/33	92,671.54	92,198.95		(343.15)	92,328.39	91,857.55	1.75
GNMA	2002 RMRB	5.49	08/14/03	08/20/33	137,519.72	141,492.90		(450.88)	137,068.84	140,783.99	(258.03)
GNMA	2002 RMRB	4.80	08/14/03	07/20/33	269,965.55	268,588.81		(994.16)	268,971.39	267,599.73	5.08
GNMA	2002 RMRB	5.49	08/21/03	08/20/33	104,274.36	107,287.02		(469.41)	103,804.95	106,618.51	(199.10)
GNMA	2002 RMRB	5.49	08/28/03	08/20/33	185,942.97	191,315.18		(1,113.76)	184,829.21	189,838.87	(362.55)
GNMA	2002 RMRB	4.80	08/28/03	08/20/33	110,496.95	109,933.46		(599.80)	109,897.15	109,336.71	3.05
GNMA	2002 RMRB	5.49	09/04/03	08/20/33	135,439.21	139,352.29		(607.47)	134,831.74	138,486.27	(258.55)
GNMA	2002 RMRB	4.80	09/04/03	09/20/33	95,026.36	94,541.74		(347.77)	94,678.59	94,195.76	1.79
GNMA	2002 RMRB	5.49	09/18/03	09/20/33	442,238.21	455,015.21		(1,443.54)	440,794.67	452,742.07	(829.60)
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	393,419.30	391,412.98		(1,473.30)	391,946.00	389,947.20	7.52
GNMA	2002 RMRB	5.49	09/18/03	09/20/33	251,988.64	259,269.01		(829.29)	251,159.35	257,966.82	(472.90)
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	143,073.46	142,343.82		(522.55)	142,550.91	141,823.92	2.65
GNMA	2002 RMRB	5.49	09/29/03	09/20/33	560,863.46	577,067.72		(1,842.87)	559,020.59	574,172.41	(1,052.44)
GNMA	2002 RMRB	4.80	09/29/03	09/20/33	524,539.67	521,864.65		(134,346.46)	390,193.21	388,203.32	685.13
GNMA	2002 RMRB	5.49	10/16/03	09/20/33	84,032.76	86,460.59		(295.72)	83,737.04	86,006.66	(158.21)
GNMA	2002 RMRB	5.49	10/30/03	10/20/33	886,191.92	909,549.27		(2,922.30)	883,269.62	904,980.07	(1,646.90)
GNMA	2002 RMRB	4.80	10/30/03	10/20/33	2,311,012.47	2,287,674.79		(9,248.39)	2,301,764.08	2,278,543.05	116.65
GNMA	2002 RMRB	5.49	11/13/03	10/20/33	175,976.44	180,614.64		(823.44)	175,153.00	179,458.18	(333.02)
GNMA	2002 RMRB	4.80	11/13/03	10/20/33	1,182,139.96	1,176,111.38		(4,570.94)	1,177,569.02	1,171,563.74	23.30
GNMA	2002 RMRB	5.49	11/20/03	11/20/33	46,727.27	48,077.30		(268.06)	46,459.21	47,718.44	(90.80)
GNMA	2002 RMRB	4.80	11/20/03	11/20/33	1,455,445.63	1,440,747.87		(7,183.90)	1,448,261.73	1,433,651.15	87.18
GNMA	2002 RMRB	5.49	11/26/03	10/20/33	55,566.37	57,171.78		(179.25)	55,387.12	56,888.35	(104.18)
GNMA	2002 RMRB	4.80	11/26/03	11/20/33	451,808.69	449,504.60		(2,542.44)	449,266.25	446,975.11	12.95
GNMA	2002 RMRB	4.80	12/04/03	12/20/33	735,300.03	727,874.65		(4,652.28)	730,647.75	723,276.74	54.37
GNMA	2002 RMRB	5.49	12/04/03	11/20/33	42,545.80	43,775.03		(136.45)	42,409.35	43,558.83	(79.75)
GNMA	2002 RMRB	4.80	12/11/03	12/20/33	446,383.25	441,875.46		(1,976.51)	444,406.74	439,923.39	24.44
GNMA	2002 RMRB	5.49	12/11/03	09/20/33	92,005.37	94,663.56		(295.61)	91,709.76	94,195.50	(172.45)

GNMA	2002 RMRB	5.49	12/18/03	12/20/33	47,787.53	49,168.15	(150.76)		47,636.77	48,927.89	(89.50)			
GNMA	2002 RMRB	4.80	12/18/03	12/20/33	386,744.45	384,772.18	(1,473.05)		385,271.40	383,306.64	7.51			
GNMA	2002 RMRB	5.49	12/23/03	12/20/33	99,077.15	101,939.65	(313.87)		98,763.28	101,440.17	(185.61)			
GNMA	2002 RMRB	4.80	12/23/03	12/20/33	273,884.71	271,118.90	(983.31)		272,901.40	270,148.28	12.69			
GNMA	2002 RMRB	4.80	01/08/04	12/20/33	84,912.13	84,479.10	(304.02)		84,608.11	84,176.64	1.56			
GNMA	2002 RMRB	5.49	01/15/04	01/20/34	454,753.91	467,630.77	(1,908.75)		452,845.16	464,899.70	(822.32)			
GNMA	2002 RMRB	5.49	01/22/04	01/20/34	341,844.68	350,657.89	(1,478.51)		340,366.17	348,567.26	(612.12)			
GNMA	2002 RMRB	4.80	01/22/04	01/20/34	330,190.70	328,083.34	(1,186.10)		329,004.60	327,001.16	103.92			
GNMA	2002 RMRB	5.49	01/29/04	01/20/34	174,687.05	179,633.50	(802.46)		173,884.59	178,513.32	(317.72)			
GNMA	2002 RMRB	4.80	01/29/04	11/20/33	71,984.84	71,617.74	(259.16)		71,725.68	71,359.90	1.32			
GNMA	2002 RMRB	4.80	02/12/04	01/20/34	177,880.30	175,855.86	(869.06)		177,011.24	175,052.12	65.32			
GNMA	2002 RMRB	5.49	02/12/04	02/20/34	368,830.67	379,274.50	(1,190.61)		367,640.06	377,426.46	(657.43)			
GNMA	2002 RMRB	4.80	02/26/04	02/20/34	357,106.51	353,042.29	(1,463.57)		355,642.94	351,706.72	128.00			
GNMA	2002 RMRB	5.49	02/26/04	02/20/34	185,654.46	190,440.89	(589.92)		185,064.54	189,523.66	(327.31)			
GNMA	2002 RMRB	4.80	03/11/04	03/20/34	217,242.41	214,769.97	(774.79)		216,467.62	214,071.77	76.59			
GNMA	2002 RMRB	5.49	03/11/04	03/20/34	616,557.05	634,015.53	(3,160.98)		613,396.07	629,724.40	(1,130.15)			
GNMA	2002 RMRB	5.49	03/25/04	03/20/34	243,778.73	250,063.69	(755.40)		243,023.33	248,878.97	(429.32)			
GNMA	2002 RMRB	4.80	03/30/04	03/20/34	94,185.90	93,584.79	(333.48)		93,852.42	93,280.93	29.62			
GNMA	2002 RMRB	5.49	07/09/04	07/20/34	131,334.56	135,053.44	(434.40)		130,900.16	134,384.66	(234.38)			
GNMA	2002 RMRB	4.80	07/08/04	06/20/34	83,583.57	82,632.31	(291.60)		83,291.97	82,370.11	29.40			
GNMA	2002 RMRB	4.80	04/22/04	04/20/34	265,721.95	264,026.06	(932.74)		264,789.21	263,176.82	83.50			
GNMA	2002 RMRB	5.49	04/22/04	04/20/34	216,519.49	222,650.48	(675.88)		215,843.61	221,589.27	(385.33)			
GNMA	2002 RMRB	4.80	04/29/04	04/20/34	193,210.22	191,011.29	(704.09)		192,506.13	190,375.49	68.29			
GNMA	2002 RMRB	5.49	04/29/04	04/20/34	90,882.14	93,455.57	(351.28)		90,530.86	92,940.74	(163.55)			
GNMA	2002 RMRB	4.80	05/06/04	04/20/34	149,785.98	148,830.00	(551.12)		149,234.86	148,326.09	47.21			
GNMA	2002 RMRB	5.49	05/06/04	04/20/34	59,264.86	60,943.01	(182.54)		59,082.32	60,655.07	(105.40)			
GNMA	2002 RMRB	5.49	05/13/04	04/20/34	93,166.50	95,804.62	(289.63)		92,876.87	95,349.20	(165.79)			
GNMA	2002 RMRB	4.80	05/13/04	04/20/34	93,822.84	93,224.04	(332.21)		93,490.63	92,921.32	29.49			
GNMA	2002 RMRB	5.49	05/27/04	05/20/34	160,379.99	164,921.32	(586.70)		159,793.29	164,046.92	(287.70)			
GNMA	2002 RMRB	5.49	06/03/04	05/20/34	148,051.51	152,243.75	(586.77)		147,464.74	151,390.18	(266.80)			
GNMA	2002 RMRB	5.49	06/24/04	06/20/34	116,389.12	119,684.81	(354.20)		116,034.92	119,123.72	(206.89)			
GNMA	2002 RMRB	5.49	09/02/04	08/20/34		332,114.46		332,114.46		8,002.27				
GNMA	2002 RMRB	5.49	09/01/04	09/20/34		243,839.92		243,839.92		6,490.91				
GNMA	2002 RMRB	5.49	09/16/04	09/20/34		213,046.68		213,046.68		5,671.20				
GNMA	2002 RMRB	5.49	09/01/04	09/20/34		98,129.90		98,129.90		2,612.18				
GNMA	2002 RMRB	4.80	09/29/04	09/20/34		117,784.55		117,784.55		(717.24)				
GNMA	2002 RMRB	5.49	09/29/04	09/20/34		141,048.12		141,048.12		3,754.64				
GNMA	2002 RMRB	5.49	10/07/04	09/20/34		165,623.52		165,623.52		4,408.81				
GNMA	2002 RMRB	4.80	10/07/04	09/20/34		116,552.11		116,552.11		(709.73)				
GNMA	2002 RMRB	5.49	07/15/04	04/20/34	100,701.30	103,552.77	(419.59)		100,281.71	102,951.16	(182.02)			
GNMA	2002 RMRB	5.49	07/22/04	07/20/34	97,645.12	100,410.05	(348.06)		97,297.06	99,887.06	(174.93)			
GNMA	2002 RMRB	5.49	07/29/04	07/20/34	55,539.96	57,112.63	(168.04)		55,371.92	56,845.90	(98.69)			
GNMA	2002 RMRB	5.49	08/05/04	08/20/34	223,432.47	229,759.20	(1,631.62)		221,800.85	227,705.07	(422.51)			
GNMA	2002 RMRB	5.49	08/19/04	08/20/34	192,291.25	197,736.18	(683.64)		191,607.61	196,708.11	(344.43)			
GNMA	2002 RMRB	5.49	08/26/04	08/20/34	113,801.58	117,023.99	(342.24)		113,459.34	116,479.58	(202.17)			
GNMA	2002 RMRB	4.80	10/14/04	09/20/34		28,363.73		28,363.73		(172.72)				
GNMA	2002 RMRB	5.49	10/21/04	06/20/34		87,933.23		87,933.23		2,118.74				
GNMA	2002 RMRB	4.80	10/28/04	09/20/34		88,259.18		88,259.18		(976.85)				
GNMA	2002 RMRB	5.49	10/28/04	10/20/34		124,733.54		124,733.54		3,320.35				
GNMA	2002 RMRB	5.49	11/04/04	10/20/34		60,702.24		60,702.24		1,615.86				
FNMA	2002 RMRB	5.49	05/29/03	04/01/33	243,142.06	248,626.66	(805.85)		242,336.21	246,609.52	(1,211.29)			
FNMA	2002 RMRB	4.80	09/18/03	07/01/33	196,638.84	194,471.41	(751.15)		195,887.69	192,687.35	(1,032.91)			
FNMA	2002 RMRB	5.49	12/04/03	11/01/33	200,430.65	204,951.80	(63,885.60)		136,545.05	138,952.86	(2,113.34)			
FNMA	2002 RMRB	4.80	01/15/04	11/01/33	292,272.82	289,051.27	(1,055.92)		291,216.90	286,459.11	(1,536.24)			
FNMA	2002 RMRB	4.80	02/26/04	01/01/34	101,569.26	100,253.79	(775.08)		100,794.18	99,003.64	(475.07)			
FNMA	2002 RMRB	5.49	04/08/04	06/01/33	65,464.87	66,941.58	(311.59)		65,153.28	66,302.18	(327.81)			
FNMA	2002 RMRB	5.49	09/02/04	08/01/34		232,037.02		232,037.02		5,133.99				
FNMA	2002 RMRB	4.80	09/01/04	08/01/34		58,346.15		58,346.15		(1,036.48)				
FNMA	2002 RMRB	4.80	11/10/04	10/01/34		58,015.89		58,015.89		(1,030.62)				
Repurchase Agreement	2002 RMRB	2.06	11/30/04	12/01/04	11,314,340.46	11,314,340.46	(2,192,214.59)		9,122,125.87	9,122,125.87	-			
Repurchase Agreement	2002 RMRB	2.06	11/30/04	12/01/04	8,120.26	8,120.26	36.07		8,156.33	8,156.33	-			
	<b>2002 RMRB Total</b>				<b>40,262,861.01</b>	<b>40,500,973.70</b>	<b>3,113,133.29</b>	<b>(2,261,009.74)</b>	<b>(458,986.51)</b>	<b>0.00</b>	<b>40,655,998.05</b>	<b>40,901,228.10</b>	<b>7,117.36</b>	<b>0.00</b>
Repurchase Agreement	1999 B-D RMRB	2.06	11/30/04	12/01/04	24,379.75	24,379.75	111,768.45		136,148.20	136,148.20	-			
Guarantd Inv Certificates	1999 B-D RMRB	6.40	12/02/99	07/01/32	3,193,695.29	3,193,695.29	2,845,725.00		6,039,420.29	6,039,420.29	-			
Repurchase Agreement	1999 B-D RMRB	2.06	11/30/04	12/01/04	2,548.58	2,548.58	(2,547.39)		1.19	1.19	-			
Guarantd Inv Certificates	1999 B-D RMRB	6.40	12/02/99	07/01/32	80,377.08	80,377.08	2,550.00		82,927.08	82,927.08	-			

GNMA	1999 B-D RMRB	8.18	04/01/91	01/20/21	69,389.77	76,229.68	(544.84)	68,844.93	75,405.57	(279.27)
GNMA	1999 B-D RMRB	8.18	08/01/90	06/20/20	269,180.39	295,676.38	(2,847.34)	266,333.05	291,917.08	(911.96)
GNMA	1999 B-D RMRB	7.18	08/01/90	06/20/20	158,151.49	170,872.00	(42,721.35)	115,430.14	124,201.71	(3,948.94)
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	678,285.79	745,050.89	(168,275.96)	510,009.83	559,001.50	(17,773.43)
GNMA	1999 B-D RMRB	8.18	07/02/90	05/20/20	103,109.73	113,259.06	(1,398.78)	101,710.95	111,481.34	(378.94)
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	309,557.39	340,027.76	(4,868.73)	304,688.66	333,957.12	(1,201.91)
GNMA	1999 B-D RMRB	8.18	09/04/90	08/20/20	406,819.70	446,863.85	(48,796.72)	358,022.98	392,414.78	(5,652.35)
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	127,662.30	140,228.37	(1,610.42)	126,051.88	138,160.45	(457.50)
GNMA	1999 B-D RMRB	8.18	11/01/90	08/20/20	257,469.48	282,812.69	(1,944.03)	255,525.45	280,071.23	(797.43)
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	211,934.12	232,795.22	(4,310.60)	207,623.52	227,567.87	(916.75)
GNMA	1999 B-D RMRB	7.18	11/01/90	09/20/20	151,244.18	163,409.02	(1,366.52)	149,877.66	161,266.81	(775.69)
GNMA	1999 B-D RMRB	8.18	12/03/90	10/20/20	121,205.36	133,135.81	(1,266.68)	119,938.68	131,459.96	(409.17)
GNMA	1999 B-D RMRB	8.75	12/28/89	09/20/18	1,688,826.25	1,891,196.85	(176,133.22)	1,512,693.03	1,690,567.49	(24,496.14)
GNMA	1999 B-D RMRB	8.75	11/30/89	10/20/18	109,477.79	122,596.46	(964.22)	108,513.57	121,273.49	(358.75)
GNMA	1999 B-D RMRB	8.75	11/30/89	09/20/18	151,717.09	169,897.24	(41,733.31)	109,983.78	122,916.56	(5,247.37)
GNMA	1999 B-D RMRB	8.75	01/01/90	11/20/18	352,576.83	394,825.80	(4,064.65)	348,512.18	389,493.01	(1,268.14)
GNMA	1999 B-D RMRB	8.75	01/01/90	12/20/18	181,167.05	202,876.09	(1,893.12)	179,273.93	200,354.32	(628.65)
GNMA	1999 B-D RMRB	8.75	02/27/90	01/20/19	212,391.38	238,106.78	(2,001.12)	210,390.26	235,364.37	(741.29)
GNMA	1999 B-D RMRB	8.75	05/29/90	04/20/19	163,133.60	182,885.08	(1,898.25)	161,235.35	180,374.56	(612.27)
GNMA	1999 B-D RMRB	8.75	06/28/90	05/20/19	54,322.43	60,899.56	(461.18)	53,861.25	60,254.78	(183.60)
GNMA	1999 B-D RMRB	7.18	02/01/91	11/20/20	155,624.58	168,141.83	(2,752.52)	152,872.06	164,488.83	(900.48)
GNMA	1999 B-D RMRB	8.18	02/25/91	11/20/20	142,328.53	156,338.17	(1,549.50)	140,779.03	154,302.24	(486.43)
GNMA	1999 B-D RMRB	7.18	05/02/91	02/20/21	219,859.92	237,521.63	(2,099.57)	217,760.35	234,415.18	(1,006.88)
GNMA	1999 B-D RMRB	8.75	09/28/90	08/20/19	131,574.92	147,505.36	(1,252.90)	130,322.02	145,791.66	(460.80)
GNMA	1999 B-D RMRB	8.75	10/23/90	09/20/19	75,692.17	84,856.66	(1,659.85)	74,032.32	82,820.25	(376.56)
GNMA	1999 B-D RMRB	8.75	11/28/90	09/20/19	147,709.79	165,593.80	(1,162.68)	146,547.11	163,942.76	(488.36)
GNMA	1999 B-D RMRB	8.75	12/21/90	09/20/19	81,989.01	91,915.86	(650.91)	81,338.10	90,993.23	(271.72)
GNMA	1999 B-D RMRB	8.75	01/25/91	12/20/19	198,856.36	222,933.00	(3,457.34)	195,399.02	218,593.60	(882.06)
GNMA	1999 B-D RMRB	8.75	02/22/91	12/20/19	29,355.99	32,910.25	(231.17)	29,124.82	32,582.01	(97.07)
GNMA	1999 B-D RMRB	8.75	03/28/91	02/20/20	55,553.10	62,332.29	(454.43)	55,098.67	61,697.25	(180.61)
GNMA	1999 B-D RMRB	8.75	03/28/91	12/20/19	61,688.11	69,157.03	(476.98)	61,211.13	68,477.11	(202.94)
GNMA	1999 B-D RMRB	8.18	05/02/91	03/20/21	218,532.25	240,073.59	(1,876.57)	216,655.68	237,302.19	(894.83)
GNMA	1999 B-D RMRB	6.10	07/28/00	07/20/30	2,173,259.50	2,264,710.25	(10,260.50)	2,162,999.00	2,254,580.38	(130.63)
FNMA	1999 B-D RMRB	6.10	04/28/00	04/01/30	240,345.45	250,519.27	(58,836.07)	181,509.38	189,359.66	(2,323.54)
GNMA	1999 B-D RMRB	6.10	04/20/00	04/20/30	1,732,660.47	1,805,570.82	(64,537.38)	1,668,123.09	1,738,751.42	(2,282.02)
GNMA	1999 B-D RMRB	6.10	04/27/00	04/20/30	1,869,308.69	1,947,969.17	(190,755.80)	1,678,552.89	1,749,622.79	(7,590.58)
GNMA	1999 B-D RMRB	6.10	06/26/00	06/20/30	2,578,808.23	2,687,324.47	(76,102.01)	2,502,706.22	2,608,670.79	(2,551.67)
GNMA	1999 B-D RMRB	6.10	05/30/00	03/20/30	3,124,623.33	3,256,107.52	(103,226.70)	3,021,396.63	3,149,322.60	(3,558.22)
FNMA	1999 B-D RMRB	6.10	05/30/00	05/01/30	298,607.60	311,247.65	(1,627.55)	296,980.05	309,824.42	(204.32)
FNMA	1999 B-D RMRB	6.10	06/26/00	06/01/30	105,120.65	109,570.41	(864.63)	104,256.02	108,765.09	(59.31)
GNMA	1999 B-D RMRB	6.10	09/14/00	08/20/30	4,366,171.12	4,549,899.62	(239,734.92)	4,126,436.20	4,301,149.53	(9,015.17)
GNMA	1999 B-D RMRB	6.10	10/19/00	09/20/30	1,226,287.59	1,277,889.80	(97,251.24)	1,129,036.35	1,176,839.78	(3,798.78)
GNMA	1999 B-D RMRB	6.10	10/23/00	10/20/30	577,771.80	602,084.43	(124,769.00)	453,002.80	472,182.92	(5,132.51)
GNMA	1999 B-D RMRB	6.10	10/27/00	10/20/30	275,752.70	287,356.36	(1,097.09)	274,655.61	286,284.52	(25.25)
GNMA	1999 B-D RMRB	6.10	10/30/00	10/20/30	303,445.67	316,214.65	(1,166.48)	302,279.19	315,077.67	(29.50)
FNMA	1999 B-D RMRB	6.10	07/24/00	07/01/30	121,520.24	126,664.19	(515.64)	121,004.60	126,238.05	(89.50)
GNMA	1999 B-D RMRB	6.10	01/16/01	12/20/30	244,492.41	254,780.65	(1,254.94)	243,237.47	253,536.15	(10.44)
GNMA	1999 B-D RMRB	6.10	01/29/01	12/20/30	143,031.27	149,050.03	(541.85)	142,489.42	148,522.42	(14.24)
GNMA	1999 B-D RMRB	6.10	11/16/00	11/20/30	26,801.62	27,929.43	(4,666.74)	22,134.88	23,072.07	(190.62)
GNMA	1999 B-D RMRB	6.10	12/21/00	11/20/30	627,879.41	654,300.57	(2,859.00)	625,020.41	651,483.77	(42.20)
GNMA	1999 B-D RMRB	6.10	12/27/00	12/20/30	371,082.91	386,698.08	(2,247.06)	368,835.85	384,452.36	(1.34)
GNMA	1999 B-D RMRB	6.10	02/20/01	01/20/31	194,406.70	202,548.44	(705.27)	193,701.43	201,846.56	(3.39)
GNMA	1999 B-D RMRB	6.10	03/15/01	03/20/31	274,657.29	286,159.93	(58,570.21)	216,087.08	225,173.53	(2,416.19)
GNMA	1999 B-D RMRB	6.10	03/29/01	03/20/31	110,146.45	114,759.38	(389.66)	109,756.79	114,372.06	(2.34)
GNMA	1999 B-D RMRB	6.10	05/10/01	04/20/31	1,050,695.00	1,094,698.11	(147,374.97)	903,320.03	941,304.64	(6,018.50)
FNMA	1999 B-D RMRB	6.10	09/11/00	08/01/30	1,094,183.06	1,140,499.84	(33,820.63)	1,060,362.43	1,106,223.11	(456.10)
FNMA	1999 B-D RMRB	6.10	10/06/00	10/01/30	129,835.71	135,331.66	(5,126.23)	124,709.48	130,103.17	(102.26)
GNMA	1999 B-D RMRB	6.10	05/30/01	05/20/31	497,131.02	517,950.86	(2,375.76)	494,755.26	515,559.72	(15.38)
GNMA	1999 B-D RMRB	6.10	06/18/01	04/20/31	229,791.83	239,415.51	(1,136.48)	228,655.35	238,270.31	(8.72)
GNMA	1999 B-D RMRB	6.10	07/25/01	06/20/31	699,966.53	729,281.13	(3,068.17)	696,898.36	726,202.93	(10.03)
GNMA	1999 B-D RMRB	6.10	08/31/01	08/20/31	729,737.92	760,299.33	(2,580.62)	727,157.30	757,734.25	(15.54)
FNMA	1999 B-D RMRB	6.10	12/27/00	11/01/30	162,959.32	169,857.38	(1,017.77)	161,941.55	168,945.51	(105.90)
FNMA	1999 B-D RMRB	6.10	01/12/01	12/01/30	117,946.55	122,939.23	(572.88)	117,373.67	122,450.08	(83.73)
FNMA	1999 B-D RMRB	6.10	02/05/01	01/01/31	314,950.34	328,282.19	(2,239.57)	312,710.77	326,235.51	(192.89)
GNMA	1999 B-D RMRB	6.10	12/27/01	10/20/31	67,915.14	70,759.43	(249.99)	67,665.15	70,510.47	(1.03)
GNMA	1999 B-D RMRB	6.10	09/20/01	08/20/31	425,698.54	443,526.79	(1,750.13)	423,948.41	441,775.43	(1.23)
GNMA	1999 B-D RMRB	6.10	09/28/01	09/20/31	182,807.79	190,463.78	(105,909.95)	76,897.84	80,131.39	(4,422.44)

GNMA	1999 B-D RMRB	6.10	10/17/01	09/20/31	187,550.92	195,405.55	(665.36)		186,885.56	194,744.10	3.91			
GNMA	1999 B-D RMRB	6.10	10/30/01	05/20/31	44,208.74	46,060.20	(220.92)		43,987.82	45,837.51	(1.77)			
FNMA	1999 B-D RMRB	6.10	03/15/01	02/01/31	375,454.71	391,347.71	(1,469.57)		373,985.14	390,160.00	281.86			
GNMA	1999 B-D RMRB	6.10	01/22/02	12/20/31	184,409.38	192,132.44	(606.59)		183,802.79	191,531.70	5.85			
GNMA	1999 B-D RMRB	6.10	01/30/02	01/20/32	178,357.50	185,784.31	(630.52)		177,726.98	185,186.18	32.39			
GNMA	1999 B-D RMRB	6.10	02/25/02	02/20/32	1,227,007.47	1,278,100.05	(99,050.01)		1,127,957.46	1,175,297.84	(3,752.20)			
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	77,583.54	80,814.12	(277.16)		77,306.38	80,550.93	13.97			
GNMA	1999 B-D RMRB	6.10	05/24/02	05/20/32	247,952.00	258,276.72	(889.04)		247,062.96	257,432.19	44.51			
GNMA	1999 B-D RMRB	6.10	03/21/02	03/20/32	881,923.73	918,647.08	(84,176.87)		797,746.86	831,228.34	(3,241.87)			
GNMA	1999 B-D RMRB	6.10	04/17/02	03/20/32	915,270.93	953,382.80	(3,141.37)		912,129.56	950,411.62	170.19			
GNMA	1999 B-D RMRB	6.10	04/29/02	04/20/32	696,873.77	725,891.58	(87,500.51)		609,373.26	634,948.64	(3,442.43)			
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	99,351.54	103,488.54	(318.36)		99,033.18	103,189.60	19.42			
GNMA	1999 B-D RMRB	6.10	06/03/02	05/20/32	404,554.45	421,400.10	(1,306.82)		403,247.63	420,171.93	78.65			
GNMA	1999 B-D RMRB	6.10	06/10/02	05/20/32	105,400.89	109,789.78	(350.23)		105,050.66	109,459.64	20.09			
GNMA	1999 B-D RMRB	6.10	06/19/02	04/20/32	309,171.21	322,045.10	(996.35)		308,174.86	321,108.96	60.21			
GNMA	1999 B-D RMRB	6.10	06/28/02	06/20/32	152,494.56	158,844.43	(516.44)		151,978.12	158,356.64	28.65			
GNMA	1999 B-D RMRB	6.10	09/26/02	09/20/32	85,902.01	89,478.97	(266.38)		85,635.63	89,229.76	17.17			
GNMA	1999 B-D RMRB	6.10	10/21/02	09/20/32	99,957.35	104,119.57	(309.99)		99,647.36	103,829.56	19.98			
GNMA	1999 B-D RMRB	6.10	10/29/02	10/20/32	73,785.59	76,858.02	(585.48)		73,200.11	76,272.32	(0.22)			
GNMA	1999 B-D RMRB	6.10	11/12/02	10/20/32	95,138.85	99,100.43	(294.73)		94,844.12	98,824.73	19.03			
GNMA	1999 B-D RMRB	6.10	11/26/02	11/20/32	96,146.46	100,150.00	(297.71)		95,848.75	99,871.52	19.23			
GNMA	1999 B-D RMRB	6.10	12/19/02	12/20/32	111,389.82	116,028.09	(348.45)		111,041.37	115,701.78	22.14			
GNMA	1999 B-D RMRB	6.10	01/30/03	01/20/33	110,836.31	115,545.74	(334.89)		110,501.42	115,314.86	104.01			
GNMA	1999 B-D RMRB				72,871.10	75,967.39	(72,871.10)				(3,096.29)			
FNMA	1999 B-D RMRB	6.10	10/17/01	09/01/31	128,057.03	133,429.02	(2,801.62)		125,255.41	130,572.50	(54.90)			
FNMA	1999 B-D RMRB	6.10	01/28/02	11/01/31	272,624.55	284,061.15	(60,147.28)		212,477.27	221,496.93	(2,416.94)			
FNMA	1999 B-D RMRB	6.10	04/17/02	02/01/32	36,418.73	37,947.59	(118.24)		36,300.49	37,838.54	9.19			
Repurchase Agreement	1999 B-D RMRB	2.06	11/30/04	12/01/04	2.69	2.69			2.69	2.69	-			
	<b>1999 B-D RMRB Total</b>				<b>44,557,883.23</b>	<b>46,770,684.29</b>	<b>2,960,043.45</b>	<b>(2,547.39)</b>	<b>(2,296,420.34)</b>	<b>0.00</b>	<b>45,218,958.95</b>	<b>47,294,553.14</b>	<b>(137,206.87)</b>	<b>0.00</b>
Repurchase Agreement	2000 A RMRB	2.06	11/30/04	12/01/04	275,797.50	275,797.50	1,224.63		277,022.13	277,022.13	-			
Repurchase Agreement	2000 A RMRB	2.06	11/30/04	12/01/04	21,126.16	21,126.16	141,207.46		162,333.62	162,333.62	-			
Guarantd Inv Certificates	2000 A RMRB	6.51	05/01/00	07/01/31	1,425,403.42	1,425,403.42	2,006,918.00		3,432,321.42	3,432,321.42	-			
Repurchase Agreement	2000 A RMRB	2.06	11/30/04	12/01/04	1,326.46	1,326.46			0.79	0.79	-			
Guarantd Inv Certificates	2000 A RMRB	6.51	05/01/00	07/01/31	31,878.27	31,878.27	1,327.00	(1,325.67)	33,205.27	33,205.27	-			
GNMA	2000 A RMRB	6.45	07/28/00	07/20/30	1,043,335.72	1,098,820.28	(64,085.73)		979,249.99	1,029,113.36	(5,621.19)			
GNMA	2000 A RMRB	6.45	09/14/00	08/20/30	3,242,399.71	3,414,830.52	(243,382.58)		2,999,017.13	3,151,727.07	(19,720.87)			
GNMA	2000 A RMRB	6.45	10/16/00	09/20/30	1,091,024.75	1,149,045.43	(58,995.27)		875,129.48	919,691.06	(13,459.10)			
GNMA	2000 A RMRB	6.45	10/23/00	10/20/30	978,805.85	1,030,858.74	(3,910.11)		974,895.74	1,024,537.42	(2,411.21)			
GNMA	2000 A RMRB	6.45	10/30/00	10/20/30	632,919.08	666,577.73	(98,327.72)		534,591.36	561,812.76	(6,437.25)			
FNMA	2000 A RMRB	6.45	07/28/00	06/01/30	341,047.10	358,788.37	(67,319.92)		273,727.18	287,213.72	(4,254.73)			
GNMA	2000 A RMRB	6.45	01/08/01	12/20/30	291,154.29	306,637.88	(1,022.97)		290,131.32	304,904.80	(710.11)			
GNMA	2000 A RMRB	6.45	01/29/01	01/20/31	222,671.91	234,480.18	(957.45)		221,714.46	232,981.97	(540.76)			
GNMA	2000 A RMRB	6.45	11/16/00	11/20/30	1,228,643.44	1,293,982.71	(80,860.30)		1,147,783.14	1,206,228.28	(6,894.13)			
GNMA	2000 A RMRB	6.45	11/29/00	11/20/30	502,628.85	529,358.66	(88,105.49)		414,523.36	435,630.91	(5,622.26)			
GNMA	2000 A RMRB	6.45	12/21/00	11/20/30	812,722.42	855,942.98	(3,474.17)		809,248.25	850,455.15	(2,013.66)			
GNMA	2000 A RMRB	6.45	12/27/00	11/20/30	354,403.99	373,251.21	(1,237.72)		353,166.27	371,149.52	(863.97)			
GNMA	2000 A RMRB	6.45	02/20/01	01/20/31	361,454.85	380,622.79	(57,346.40)		304,108.45	319,563.23	(3,713.16)			
GNMA	2000 A RMRB	6.45	02/28/01	02/20/31	446,836.37	470,532.07	(66,574.58)		380,261.79	399,586.67	(4,370.82)			
GNMA	2000 A RMRB	6.45	03/15/01	06/20/31	484,937.43	510,653.65	(1,961.52)		482,975.91	507,520.74	(1,171.39)			
GNMA	2000 A RMRB	6.45	03/29/01	02/20/31	180,573.84	190,149.67	(611.00)		179,962.84	189,108.55	(430.12)			
GNMA	2000 A RMRB	6.45	04/30/01	04/20/31	444,923.87	468,518.21	(57,414.29)		387,509.58	407,202.84	(3,901.08)			
FNMA	2000 A RMRB	6.45	09/11/00	08/01/30	665,720.81	700,351.61	(91,830.14)		573,890.67	602,166.27	(6,355.20)			
FNMA	2000 A RMRB	6.45	10/06/00	09/01/30	156,370.03	164,504.40	(541.72)		155,828.31	163,505.97	(456.71)			
FNMA	2000 A RMRB	6.45	11/16/00	10/01/30	288,949.12	303,980.25	(1,011.46)		287,937.66	302,124.35	(844.44)			
GNMA	2000 A RMRB	6.45	05/30/01	05/30/31	522,939.41	550,671.10	(1,794.64)		521,144.77	547,629.56	(1,246.90)			
GNMA	2000 A RMRB	6.45	06/18/01	03/20/31	310,865.26	327,350.44	(1,120.97)		309,744.29	325,485.49	(743.98)			
GNMA	2000 A RMRB	6.45	07/16/01	06/20/31	217,687.44	229,231.41	(42,582.95)		175,104.49	184,003.30	(2,645.16)			
GNMA	2000 A RMRB	6.45	08/08/01	07/20/31	281,423.83	296,347.73	(911.93)		280,511.90	294,767.52	(668.28)			
GNMA	2000 A RMRB	6.45	08/31/01	08/20/31	314,763.24	331,455.13	(1,330.58)		313,432.66	329,361.30	(763.25)			
FNMA	2000 A RMRB	6.45	12/27/00	11/01/30	283,089.27	297,815.59	(1,029.45)		282,059.82	295,956.92	(829.22)			
FNMA	2000 A RMRB	6.45	02/05/01	01/01/31	96,695.36	101,725.45	(717.65)		95,977.71	100,706.53	(301.27)			
GNMA	2000 A RMRB	6.45	11/29/01	11/20/31	712,631.31	750,422.13	(109,114.19)		603,517.12	634,187.83	(7,120.11)			
GNMA	2000 A RMRB	6.45	12/17/01	11/20/31	388,978.74	409,606.27	(46,283.44)		342,695.30	360,111.07	(3,211.76)			
GNMA	2000 A RMRB	6.45	12/27/01	12/20/31	702,090.49	739,322.36	(86,200.75)		615,889.74	647,189.27	(5,932.34)			
GNMA	2000 A RMRB	6.45	09/25/01	09/20/31	541,538.27	570,256.05	(1,780.19)		539,758.08	567,188.59	(1,287.27)			
GNMA	2000 A RMRB	6.45	09/28/01	09/20/31	827,632.62	871,521.96	(3,168.90)		824,463.72	866,362.95	(1,990.11)			

GNMA	2000 A RMRB	6.45	10/17/01	10/20/31	538,744.48	567,314.08	(3,103.12)		535,641.36	562,862.64	(1,348.32)			
GNMA	2000 A RMRB	6.45	10/30/01	10/20/31	544,931.88	573,829.63	(1,738.29)		543,193.59	570,798.70	(1,292.64)			
GNMA	2000 A RMRB	6.45	11/15/01	11/20/31	264,364.25	278,383.49	(865.66)		263,498.59	276,889.60	(628.23)			
FNMA	2000 A RMRB	6.45	03/29/01	02/01/31	317,090.87	333,585.94	(83,614.43)		233,476.44	244,979.82	(4,991.69)			
GNMA	2000 A RMRB	6.45	01/22/02	01/20/32	698,857.77	735,722.49	(55,152.52)		643,705.25	676,399.01	(4,170.96)			
GNMA	2000 A RMRB	6.45	01/30/02	12/20/31	136,313.05	143,541.73	(459.50)		135,853.55	142,757.63	(324.60)			
GNMA	2000 A RMRB	6.45	02/25/02	02/20/32	1,766,622.26	1,859,811.56	(6,660.46)		1,759,961.80	1,849,350.24	(3,800.86)			
FNMA	2000 A RMRB	6.45	07/12/01	06/01/31	143,211.48	150,665.64	(471.35)		142,740.13	149,747.24	(447.05)			
GNMA	2000 A RMRB	6.45	05/15/02	04/20/32	92,352.15	97,223.73	(298.29)		92,053.86	96,729.28	(196.16)			
GNMA	2000 A RMRB	6.45	05/24/02	05/20/32	219,183.26	230,745.18	(791.13)		218,392.13	229,484.27	(469.78)			
GNMA	2000 A RMRB	6.45	03/21/02	02/20/32	499,919.40	526,290.17	(63,404.85)		436,514.55	458,685.14	(4,200.18)			
GNMA	2000 A RMRB	6.45	04/17/02	03/20/32	555,145.96	584,429.91	(2,028.85)		553,117.11	581,209.93	(1,191.13)			
GNMA	2000 A RMRB	6.45	04/29/02	04/20/32	141,726.04	149,202.09	(496.67)		141,229.37	148,402.41	(303.01)			
GNMA	2000 A RMRB	6.45	05/15/02	03/20/32	68,777.28	72,405.28	(217.98)		68,559.30	72,041.43	(145.87)			
GNMA	2000 A RMRB	6.45	08/29/02	04/20/32	49,371.52	51,975.87	(148.80)		49,222.72	51,722.74	(104.33)			
GNMA	2000 A RMRB	6.45	08/29/02	08/20/32	66,029.79	69,512.86	(193.78)		65,836.01	69,179.82	(139.26)			
GNMA	2000 A RMRB	6.45	06/03/02	05/20/32	70,484.58	74,202.64	(569.49)		69,915.09	73,466.08	(167.07)			
GNMA	2000 A RMRB	6.45	07/05/02	03/20/32	46,738.96	49,204.44	(335.55)		46,403.41	48,760.24	(108.65)			
GNMA	2000 A RMRB	6.45	08/01/02	05/20/32	63,082.71	66,410.32	(188.97)		62,893.74	66,088.11	(133.24)			
GNMA	2000 A RMRB	6.45	11/12/02	11/20/32	135,995.86	143,169.64	(396.31)		135,599.55	142,486.65	(286.68)			
GNMA	2000 A RMRB	6.45	09/12/02	08/20/32	60,169.92	63,343.88	(186.68)		59,983.24	63,029.79	(127.41)			
GNMA	2000 A RMRB	6.45	10/21/02	10/20/32	75,889.49	79,892.66	(285.47)		75,604.02	79,443.95	(163.24)			
GNMA	2000 A RMRB	6.45	10/29/02	10/20/32	66,117.65	69,605.36	(200.02)		65,917.63	69,265.59	(139.75)			
GNMA	2000 A RMRB	6.45	11/26/02	11/20/32	45,829.42	48,246.92	(131.65)		45,697.77	48,018.76	(96.51)			
GNMA	2000 A RMRB	6.45	12/19/02	11/20/32	122,186.76	128,632.11	(351.04)		121,835.72	128,023.76	(257.31)			
GNMA	2000 A RMRB	6.45	12/30/02	12/20/32	68,610.00	72,229.18	(195.78)		68,414.22	71,888.98	(144.42)			
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	80,562.52	84,763.86	(246.82)		80,315.70	84,424.65	(92.39)			
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	146,920.80	154,582.72	(421.03)		146,499.77	153,994.70	(166.99)			
FNMA	2000 A RMRB	6.45	09/28/01	09/01/31	167,497.98	176,216.25	(854.11)		166,643.87	174,824.42	(537.72)			
FNMA	2000 A RMRB	6.45	10/17/01	09/01/31	221,759.98	233,302.59	(56,142.05)		165,617.93	173,748.11	(3,412.43)			
GNMA	2000 A RMRB	6.45	02/20/03	02/20/33	72,791.45	76,587.52	(214.20)		72,577.25	76,290.30	(83.02)			
FNMA	2000 A RMRB	6.45	12/27/01	11/01/31	210,277.39	221,222.33	(1,595.23)		208,682.16	218,926.37	(700.73)			
FNMA	2000 A RMRB	6.45	04/17/02	03/01/32	124,351.65	130,832.86	(500.41)		123,851.24	129,928.62	(403.83)			
Repurchase Agreement	2000 A RMRB	2.06	11/30/04	12/01/04	14,729.24	14,729.24			14,729.24	14,729.24	-			
	<b>2000 A RMRB Total</b>				<b>28,624,028.28</b>	<b>30,044,958.94</b>	<b>2,150,677.09</b>	<b>(1,325.67)</b>	<b>(1,724,366.67)</b>	<b>0.00</b>	<b>29,049,013.03</b>	<b>30,322,636.42</b>	<b>(147,307.27)</b>	<b>0.00</b>
Repurchase Agreement	2003A RMRB	2.06	11/30/04	12/01/04	369,008.47	369,008.47	84,803.07		453,811.54	453,811.54	-			
Guarantd Inv Certificates	2003A RMRB	1.22	08/20/03	02/01/05	899,867.56	899,867.56	(111,292.77)		788,574.79	788,574.79	-			
Repurchase Agreement	2003A RMRB	2.06	11/30/04	12/01/04	342,557.29	342,557.29	1,585,574.31		1,928,131.60	1,928,131.60	-			
Repurchase Agreement	2003A RMRB	2.06	11/30/04	12/01/04	95.85	95.85			95.85	95.85	-			
Guarantd Inv Certificates	2003A RMRB	4.13	08/20/03	07/01/34	1,822.29	1,822.29	3.95		1,826.24	1,826.24	-			
GNMA	2003A RMRB	4.49	03/25/04	03/20/34	12,576,250.15	12,202,740.91	(177,656.07)		12,398,594.08	12,042,631.43	17,546.59			
GNMA	2003A RMRB	4.49	03/30/04	03/20/34	1,976,612.21	1,917,907.68	(7,935.50)		1,968,676.71	1,912,156.16	2,183.98			
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	1,476,892.30	1,433,029.23	(5,610.44)		1,471,281.86	1,429,041.47	1,622.68			
GNMA	2003A RMRB	5.49	07/08/04	06/20/34	173,756.58	178,676.69	(647.20)		173,109.38	177,717.48	(312.01)			
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	190,298.21	185,634.19	(921.80)		189,376.41	184,998.90	286.51			
GNMA	2003A RMRB	5.49	07/08/04	07/20/34	179,196.96	183,816.90	(552.36)		178,644.60	182,949.02	(315.52)			
GNMA	2003A RMRB	4.49	04/08/04	04/20/34	2,123,628.55	2,071,580.61	(8,043.67)		2,115,584.88	2,066,682.32	3,145.38			
GNMA	2003A RMRB	5.49	04/08/04	04/20/34	461,977.00	475,058.38	(66,767.70)		395,209.30	405,729.60	(2,561.08)			
GNMA	2003A RMRB	5.49	04/08/04	04/20/34	45,368.40	46,653.06	(139.74)		45,228.66	46,432.62	(80.70)			
GNMA	2003A RMRB	4.49	04/15/04	04/20/34	1,334,103.79	1,301,406.30	(5,371.50)		1,328,732.29	1,298,018.16	1,983.36			
GNMA	2003A RMRB	5.49	04/15/04	04/20/34	64,911.58	66,749.62	(202.58)		64,709.00	66,431.53	(115.51)			
GNMA	2003A RMRB	4.49	04/22/04	04/20/34	1,527,876.96	1,490,430.30	(6,517.90)		1,521,359.06	1,486,192.30	2,279.90			
GNMA	2003A RMRB	5.49	04/22/04	04/20/34	91,440.98	94,030.22	(753.07)		90,687.91	93,101.98	(175.17)			
GNMA	2003A RMRB	4.49	04/29/04	04/20/34	1,110,388.34	1,077,410.29	(4,282.33)		1,106,106.01	1,074,349.79	1,221.83			
GNMA	2003A RMRB	5.49	04/29/04	04/20/34	61,849.96	63,601.30	(191.81)		61,658.15	63,299.47	(110.02)			
GNMA	2003A RMRB	4.49	05/06/04	05/20/34	866,982.97	841,233.95	(3,417.30)		863,565.67	838,772.77	956.12			
GNMA	2003A RMRB	4.49	05/13/04	05/20/34	554,683.49	538,209.64	(2,501.70)		552,181.79	536,328.70	620.76			
GNMA	2003A RMRB	4.49	05/20/04	05/20/34	1,550,409.51	1,504,363.00	(5,845.75)		1,544,563.76	1,500,219.44	1,702.19			
GNMA	2003A RMRB	4.49	05/27/04	05/20/34	675,351.15	655,293.52	(2,700.12)		672,651.03	653,339.27	745.87			
GNMA	2003A RMRB	4.49	06/03/04	06/20/34	1,098,348.91	1,065,728.42	(4,647.48)		1,093,701.43	1,062,301.36	1,220.42			
GNMA	2003A RMRB	4.49	06/10/04	06/20/34	571,639.78	554,662.32	(2,099.64)		569,540.14	553,188.69	626.01			
GNMA	2003A RMRB	4.49	06/17/04	06/20/34	1,320,407.20	1,281,191.67	(6,340.66)		1,314,066.54	1,276,339.79	1,488.78			
GNMA	2003A RMRB	4.49	06/24/04	06/20/34	1,480,767.53	1,436,789.38	(5,921.48)		1,474,846.05	1,432,503.34	1,635.44			
GNMA	2003A RMRB	5.49	06/24/04	06/20/34	1,258,387.50	1,294,020.10	(4,013.55)		1,254,373.95	1,287,764.80	(2,241.75)			
GNMA	2003A RMRB	4.49	09/02/04	08/20/34			258,971.63		258,971.63	251,536.58	(7,435.05)			
GNMA	2003A RMRB	5.49	09/09/04	09/20/34			240,111.90		240,111.90	246,503.58	6,391.68			

GNMA	2003A RMRB	4.49	09/09/04	09/20/34			318,542.08			318,542.08	309,396.76	(9,145.32)		
GNMA	2003A RMRB	5.49	09/16/04	09/20/34			173,102.99			173,102.99	177,710.91	4,607.92		
GNMA	2003A RMRB	4.49	09/16/04	09/20/34			1,273,627.63			1,273,627.63	1,237,061.89	(36,565.74)		
GNMA	2003A RMRB	5.49	09/23/04	09/20/34			131,980.47			131,980.47	135,493.72	3,513.25		
GNMA	2003A RMRB	4.49	09/23/04	09/20/34			205,217.97			205,217.97	200,474.28	(4,743.69)		
GNMA	2003A RMRB	4.49	09/29/04	09/20/34			684,336.27			684,336.27	664,689.03	(19,647.24)		
GNMA	2003A RMRB	5.49	09/29/04	09/20/34			210,747.09			210,747.09	215,825.03	5,077.94		
GNMA	2003A RMRB	5.49	10/07/04	09/20/34			140,037.80			140,037.80	143,765.54	3,727.74		
GNMA	2003A RMRB	4.49	10/07/04	10/20/34			466,545.04			466,545.04	453,150.57	(13,394.47)		
GNMA	2003A RMRB	5.49	07/15/04	06/20/34	54,481.97	56,024.69		(166.53)		54,315.44	55,761.29	(96.87)		
GNMA	2003A RMRB	4.49	07/15/04	07/20/34	511,742.22	496,543.69		(2,672.16)		509,070.06	494,454.69	583.16		
GNMA	2003A RMRB	5.49	07/22/04	07/20/34	64,184.32	66,001.77		(203.13)		63,981.19	65,684.34	(114.30)		
GNMA	2003A RMRB	4.49	07/22/04	07/20/34	602,068.35	584,187.19		(2,674.80)		599,393.55	582,185.01	672.62		
GNMA	2003A RMRB	4.49	07/29/04	07/20/34	574,366.98	560,289.85		(2,229.20)		572,137.78	558,912.60	851.95		
FNMA	2003A RMRB	5.49	07/29/04	07/20/34	262,766.86	270,207.39		(797.90)		261,968.96	268,942.46	(467.03)		
GNMA	2003A RMRB	4.49	08/05/04	08/20/34	347,156.89	338,648.44		(1,518.24)		345,638.65	337,649.08	518.88		
GNMA	2003A RMRB	5.49	08/05/04	07/20/34	112,007.18	115,178.78		(404.23)		111,602.95	114,573.77	(200.78)		
GNMA	2003A RMRB	4.49	08/12/04	08/20/34	405,455.88	395,518.58		(1,874.84)		403,581.04	394,252.11	608.37		
GNMA	2003A RMRB	5.49	08/12/04	07/20/34	87,844.09	90,331.49		(265.35)		87,578.74	89,910.05	(156.09)		
GNMA	2003A RMRB	4.49	08/19/04	08/20/34	513,334.71	500,753.41		(1,864.21)		511,470.50	499,647.66	758.46		
GNMA	2003A RMRB	5.49	08/19/04	08/20/34	373,399.51	383,972.72		(2,090.03)		371,309.48	381,193.56	(689.13)		
GNMA	2003A RMRB	4.49	10/14/04	09/20/34			459,142.94			459,142.94	445,960.98	(13,181.96)		
GNMA	2003A RMRB	5.49	10/14/04	09/20/34			42,663.18			42,663.18	43,798.85	1,135.67		
GNMA	2003A RMRB	5.49	10/21/04	10/20/34			191,340.37			191,340.37	196,433.77	5,093.40		
GNMA	2003A RMRB	4.49	10/21/04	10/20/34			198,900.20			198,900.20	194,302.55	(4,597.65)		
GNMA	2003A RMRB	4.49	10/28/04	10/20/34			491,863.91			491,863.91	477,742.53	(14,121.38)		
GNMA	2003A RMRB	5.49	10/28/04	10/20/34			55,913.11			55,913.11	57,401.49	1,488.38		
GNMA	2003A RMRB	5.49	11/04/04	11/20/34			641,002.69			641,002.69	656,447.60	15,444.91		
GNMA	2003A RMRB	4.49	11/04/04	10/20/34			604,558.52			604,558.52	587,201.69	(17,356.83)		
GNMA	2003A RMRB	5.49	11/10/04	11/20/34			67,692.50			67,692.50	69,494.44	1,801.94		
GNMA	2003A RMRB	4.49	11/10/04	10/20/34			121,091.73			121,091.73	118,292.65	(2,799.08)		
GNMA	2003A RMRB	5.49	11/18/04	11/20/34			109,506.80			109,506.80	112,421.82	2,915.02		
GNMA	2003A RMRB	4.49	11/18/04	10/20/34			248,361.63			248,361.63	242,620.66	(5,740.97)		
GNMA	2003A RMRB	5.49	11/23/04	11/20/34			274,072.48			274,072.48	281,368.17	7,295.69		
GNMA	2003A RMRB	4.49	11/01/04	11/20/34			452,930.45			452,930.45	439,926.85	(13,003.60)		
FNMA	2003A RMRB	4.49	03/25/04	02/01/34	311,997.97	302,167.01		(1,304.41)		310,693.56	300,110.77	(751.83)		
FNMA	2003A RMRB	4.49	07/29/04	07/01/34	322,776.08	312,605.51		(1,185.75)		321,590.33	310,636.38	(783.38)		
FNMA	2003A RMRB	4.49	08/26/04	08/01/34	281,295.47	272,431.94		(1,021.52)		280,273.95	270,727.31	(683.11)		
FNMA	2003A RMRB	5.49	09/23/04	08/01/34			208,418.21			208,418.21	211,960.40	3,542.19		
FNMA	2003A RMRB	4.49	09/29/04	09/01/34			341,029.80			341,029.80	329,415.61	(11,614.19)		
FNMA	2003A RMRB	4.49	11/10/04	10/01/34			170,281.30			170,281.30	164,481.22	(5,800.08)		
Guarantd Inv Certificates	2003A RMRB	1.22	08/20/03	02/01/05	33,631,474.85	33,631,474.85		(9,572,097.36)		24,059,377.49	24,059,377.49	-		
Repurchase Agreement	2003A RMRB	2.06	11/30/04	12/01/04	33.99	33.99	0.09			34.08	34.08	-		
	<b>2003A RMRB Total</b>				<b>72,841,268.79</b>	<b>71,949,940.44</b>	<b>10,452,372.11</b>	<b>(9,683,390.13)</b>	<b>(343,353.65)</b>	<b>0.00</b>	<b>73,266,897.12</b>	<b>72,291,862.23</b>	<b>(83,706.54)</b>	<b>0.00</b>
GNMA	1999 A RMRB	7.50	08/31/89	07/20/18	479,269.99	520,978.56		(5,121.38)		474,148.61	513,057.42	(2,799.76)		
GNMA	1999 A RMRB	7.50	10/31/89	09/20/18	1,306,948.46	1,420,685.87		(97,513.80)		1,209,434.66	1,308,681.29	(14,490.78)		
GNMA	1999 A RMRB	8.75	10/31/89	09/20/18	221,588.53	248,141.38		(26,593.57)		194,994.96	217,924.11	(3,623.70)		
GNMA	1999 A RMRB	7.50	11/30/89	10/20/18	916,349.88	996,095.38		(10,863.32)		905,486.56	979,791.11	(5,440.95)		
GNMA	1999 A RMRB	8.75	11/30/89	09/20/18	125,349.76	140,370.32		(1,430.27)		123,919.49	138,490.93	(449.12)		
GNMA	1999 A RMRB	7.50	01/01/90	11/20/18	535,077.15	581,642.30		(6,503.71)		528,573.44	571,948.34	(3,190.25)		
GNMA	1999 A RMRB	8.75	01/01/90	11/20/18	137,575.24	154,060.79		(1,236.14)		136,339.10	152,370.97	(453.68)		
GNMA	1999 A RMRB	7.50	01/01/90	12/20/18	322,453.29	350,514.87		(30,493.36)		291,959.93	315,918.30	(4,103.21)		
GNMA	1999 A RMRB	7.50	02/27/90	12/20/18	137,030.08	148,955.21		(31,832.45)		105,197.63	113,830.25	(3,292.51)		
GNMA	1999 A RMRB	8.75	05/29/90	02/20/19	203,918.43	228,608.03		(2,981.62)		200,936.81	224,788.82	(837.59)		
GNMA	1999 A RMRB	7.50	03/30/90	01/20/19	368,229.42	400,411.51		(48,096.40)		320,133.02	346,528.67	(5,786.44)		
GNMA	1999 A RMRB	8.75	03/30/90	01/20/19	198,615.92	222,663.43		(34,142.07)		164,473.85	183,997.49	(4,523.87)		
GNMA	1999 A RMRB	7.50	04/26/90	03/20/19	386,485.34	420,263.11		(5,470.99)		381,014.35	412,429.96	(2,362.16)		
GNMA	1999 A RMRB	8.75	04/26/90	03/20/19	248,267.21	278,326.29		(3,707.95)		244,559.26	273,589.35	(1,028.99)		
GNMA	1999 A RMRB	7.50	05/29/90	04/20/19	472,241.25	513,513.77		(5,808.83)		466,432.42	504,890.89	(2,814.05)		
GNMA	1999 A RMRB	7.50	06/28/90	04/20/19	74,322.97	80,818.60		(1,118.26)		73,204.71	79,240.63	(459.71)		
GNMA	1999 A RMRB	8.75	06/28/90	04/20/19	103,854.24	116,428.47		(1,218.13)		102,636.11	114,819.42	(390.92)		
GNMA	1999 A RMRB	7.50	10/31/90	07/20/19	60,644.03	65,944.18		(562.14)		60,081.89	65,035.81	(346.23)		
GNMA	1999 A RMRB	7.50	12/21/90	08/20/19	53,288.08	57,945.30		(572.12)		52,715.96	57,062.52	(310.66)		
GNMA	1999 A RMRB	8.75	12/21/90	08/20/19	32,021.29	35,898.30		(277.50)		31,743.79	35,511.92	(108.88)		
GNMA	1999 A RMRB	7.50	03/28/91	11/20/19	44,312.80	48,185.61		(392.38)		43,920.42	47,541.76	(251.47)		
GNMA	1999 A RMRB	8.75	04/26/91	01/20/20	202,727.87	227,466.81		(30,489.70)		172,238.17	192,865.23	(4,111.88)		



GNMA	1999 A RMRB	8.75	04/29/91	02/20/20	77,871.36	87,374.06		(626.35)	77,245.01	86,495.83	(251.88)			
GNMA	1999 A RMRB	7.50	04/29/91	12/20/19	147,834.65	160,755.03		(1,381.32)	146,453.33	158,528.82	(844.89)			
GNMA	1999 A RMRB	5.35	01/31/01	08/20/30	44,174.28	44,787.88		(185.04)	43,989.24	44,556.28	(46.56)			
GNMA	1999 A RMRB	5.35	01/31/01	01/20/31	455,373.73	461,270.82		(48,578.41)	406,795.32	411,843.65	(848.76)			
GNMA	1999 A RMRB	5.35	03/15/01	01/20/31	47,633.44	48,250.29		(202.94)	47,430.50	48,019.11	(28.24)			
GNMA	1999 A RMRB	5.35	05/10/01	04/20/31	158,259.03	160,308.49		(50,761.12)	107,497.91	108,831.96	(715.41)			
GNMA	1999 A RMRB	5.35	06/22/01	05/20/31	56,647.51	57,381.10		(226.20)	56,421.31	57,121.50	(33.40)			
GNMA	1999 A RMRB	5.35	06/29/01	05/20/31	150,632.66	152,583.35		(656.91)	149,975.75	151,836.95	(89.49)			
FNMA	1999 A RMRB	5.35	03/15/01	10/01/30	259,266.83	262,549.15		(1,269.95)	257,996.88	260,365.29	(913.91)			
FNMA	1999 A RMRB	5.35	06/18/01	03/01/31	72,667.24	73,574.13		(515.98)	72,151.26	72,745.79	(312.36)			
GNMA	1999 A RMRB	5.35	03/18/02	02/20/32	41,172.55	41,679.38		(152.49)	41,020.06	41,513.94	(12.95)			
Repurchase Agreement	1999 A RMRB	2.06	11/30/04	12/01/04	401,199.23	401,199.23			401,199.23	401,199.23	-			
<b>1999 A RMRB Total</b>					<b>8,543,303.74</b>	<b>9,209,631.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(450,982.80)</b>	<b>0.00</b>	<b>8,092,320.94</b>	<b>8,693,373.54</b>	<b>(65,274.66)</b>	<b>0.00</b>
<b>Total Residential Mortgage Revenue Bonds Investment Summary</b>					<b>466,446,643.07</b>	<b>477,330,571.46</b>	<b>40,055,493.82</b>	<b>(14,860,878.89)</b>	<b>(19,528,840.63)</b>	<b>0.00</b>	<b>472,112,417.37</b>	<b>481,972,745.37</b>	<b>(1,023,600.39)</b>	<b>0.00</b>

**Texas Department of Housing and Community Affairs  
Collateralized Home Mortgage Revenue Bonds Investment Summary  
For Period Ending November 30, 2004**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/04	Beginning Market Value 08/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/04	Ending Market Value 11/30/04	Change in In Market Value	Recognized Gain
Repurchase Agreement	1990 A&B CHMRB	2.06	11/30/04	12/01/04	45,984.60	45,984.60	204.18				46,188.78	46,188.78	-	
Repurchase Agreement	1990 A&B CHMRB	2.06	11/30/04	12/01/04	74,352.49	74,352.49	330.09				74,682.58	74,682.58	-	
Mutual Fund	1990 A&B CHMRB	1.30	11/01/04	12/01/04	23.16	23.16		(0.01)			23.15	23.15	-	
Repurchase Agreement	1990 A&B CHMRB	2.06	11/30/04	12/01/04	205,399.64	205,399.64	911.99				206,311.63	206,311.63	-	
<b>1990 A&amp;B CHMRB Total</b>					325,759.89	325,759.89	1,446.26	(0.01)	0.00	0.00	327,206.14	327,206.14	0.00	0.00
Repurchase Agreement	1991 A CHMRB	2.06	11/30/04	12/01/04	97,033.38	97,033.38	430.88				97,464.26	97,464.26	-	
Repurchase Agreement	1991 A CHMRB	2.06	11/30/04	12/01/04	6,468.58	6,468.58	28.76				6,497.34	6,497.34	-	
<b>1991 A CHMRB Total</b>					103,501.96	103,501.96	459.64	0.00	0.00	0.00	103,961.60	103,961.60	0.00	0.00
Repurchase Agreement	1992 A-C CHMRB	2.06	11/30/04	12/01/04	421,002.97	421,002.97		(221,324.73)			199,678.24	199,678.24	-	
Guarantd Inv Certificates	1992 A-C CHMRB	6.09	06/29/92	07/02/24	592,022.63	592,022.63	2,230,530.45				2,822,553.08	2,822,553.08	-	
FNMA	1992 A-C CHMRB	6.91	06/30/95	12/01/23	32,593.29	35,337.41			(212.63)		32,380.66	34,830.73	(294.05)	
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/23	240,637.80	260,897.48			(31,084.06)		209,553.74	225,409.38	(4,404.04)	
FNMA	1992 A-C CHMRB	6.91	06/30/95	06/01/23	366,840.34	397,714.08			(3,872.31)		362,968.03	390,358.53	(3,483.24)	
FNMA	1992 A-C CHMRB	6.91	06/30/95	02/01/25	1,898,609.52	2,056,165.11			(175,441.74)		1,723,167.78	1,852,249.42	(28,473.95)	
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	1,511,663.91	1,637,108.88			(103,807.95)		1,407,855.96	1,513,317.71	(19,983.22)	
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	424,731.88	459,978.15			(4,079.91)		420,651.97	452,162.83	(3,735.41)	
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	1,300,528.11	1,408,452.03			(139,855.13)		1,160,672.98	1,247,618.37	(20,978.53)	
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	1,471,260.83	1,590,837.74			(54,071.01)		1,417,189.82	1,522,509.92	(14,256.81)	
GNMA	1992 A-C CHMRB	6.91	06/30/96	12/20/22	470,863.74	508,675.38			(86,710.15)		384,153.59	412,459.87	(9,505.36)	
GNMA	1992 A-C CHMRB	6.91	06/30/95	01/20/23	404,359.35	436,410.27			(3,245.69)		401,113.66	430,523.91	(2,640.67)	
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/23	377,359.65	407,270.52			(47,211.84)		330,147.81	354,354.76	(5,703.92)	
GNMA	1992 A-C CHMRB	6.91	06/30/95	07/20/23	598,174.82	645,588.30			(50,532.60)		547,642.22	587,796.22	(7,259.48)	
GNMA	1992 A-C CHMRB	6.91	06/30/95	08/20/23	389,437.30	420,305.53			(46,813.71)		342,623.59	367,745.34	(5,746.48)	
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	122,095.94	131,773.70			(2,975.12)		119,120.82	127,854.96	(943.62)	
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	58,372.75	62,999.60			(51,848.04)		6,524.71	7,003.13	(4,148.43)	
GNMA	1992 A-C CHMRB	6.91	06/30/95	12/20/23	580,910.47	626,955.47			(68,910.35)		512,000.12	549,540.74	(8,504.38)	
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/23	73,953.28	79,815.08			(1,464.09)		72,489.19	77,804.21	(546.78)	
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/25	859,311.55	926,799.45			(71,997.98)		787,313.57	844,063.66	(10,737.81)	
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/25	1,089,861.59	1,175,456.28			(61,400.13)		1,028,461.46	1,102,593.69	(11,462.46)	
GNMA	1992 A-C CHMRB	6.91	06/30/95	06/20/25	850,628.43	917,434.41			(69,810.78)		780,817.65	837,099.54	(10,524.09)	
Repurchase Agreement	1992 A-C CHMRB	2.06	11/30/04	12/01/04	0.22	0.22					0.22	0.22	-	
Guarantd Inv Certificates	1992 A-C CHMRB	6.09	06/29/92	07/02/24	99,999.73	99,999.73					99,999.73	99,999.73	-	
Repurchase Agreement	1992 A-C CHMRB	2.06	11/30/04	12/01/04	28.06	28.06	0.02				28.08	28.08	-	
Guarantd Inv Certificates	1992 A-C CHMRB	6.09	06/29/92	07/02/24	674,503.46	674,503.46		(0.02)			674,503.44	674,503.44	-	
FNMA	1992 A-C CHMRB	6.91	04/28/95	06/01/23	234,861.33	254,634.69			(46,579.67)		188,281.66	202,527.79	(5,527.23)	
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/23	1,408,863.63	1,520,535.18			(179,975.01)		1,228,888.62	1,318,992.65	(21,567.52)	
GNMA	1992 A-C CHMRB	6.91	04/28/95	01/20/25	3,533,964.58	3,811,512.29			(436,803.82)		3,097,160.76	3,320,406.31	(54,302.16)	
GNMA	1992 A-C CHMRB	6.91	04/28/95	02/20/25	3,129,796.81	3,375,602.27			(187,596.53)		2,942,200.28	3,154,276.14	(33,729.60)	
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/25	4,046,128.59	4,363,900.19			(136,444.23)		3,909,684.36	4,191,497.17	(35,958.79)	
Repurchase Agreement	1992 A-C CHMRB	2.06	11/30/04	12/01/04	10,110.38	10,110.38	44.94				10,155.32	10,155.32	-	
<b>1992 A-C CHMRB Total</b>					27,273,476.94	29,309,826.94	2,230,575.41	(221,324.75)	(2,062,744.48)	0.00	27,219,983.12	28,931,915.09	(324,418.03)	0.00
<b>Total CHMRB Investment Summary</b>					27,702,738.79	29,739,088.79	2,232,481.31	(221,324.76)	(2,062,744.48)	0.00	27,651,150.86	29,363,082.83	(324,418.03)	0.00

Texas Department of Housing and Community Affairs  
Multi Family Investment Summary  
For Period Ending November 30, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/04	Beginning Market Value 08/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/04	Ending Market Value 11/30/04	Change in In Market Value	Recognized Gain
Mutual Fund	1996 A&B MF (Brighton/LasColi)	1.27	11/01/04	12/01/04	50.83	50.83		(0.02)			50.81	50.81	-	
Mutual Fund	1996 A&B MF (Brighton/LasColi)	1.27	11/01/04	12/01/04	76.04	76.04					76.04	76.04	-	
Mutual Fund	1996 A&B MF (Brighton/LasColi)	1.27	11/01/04	12/01/04	32,153.08	32,153.08	9,951.38				42,104.46	42,104.46	-	
Mutual Fund	1996 A&B MF (Brighton/LasColi)	1.27	11/01/04	12/01/04	22,306.96	22,306.96	6,310.46				28,617.42	28,617.42	-	
	<b>1996 A&amp;B MF (Brighton/LasColi) Total</b>				<b>54,586.91</b>	<b>54,586.91</b>	<b>16,261.84</b>	<b>(0.02)</b>	<b>0.00</b>	<b>0.00</b>	<b>70,848.73</b>	<b>70,848.73</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	1998 M/F (Dallas-Oxford Rfdg)	1.27	11/01/04	12/01/04	1.09	1.09	67,748.67				67,749.76	67,749.76	-	
Mutual Fund	1998 M/F (Dallas-Oxford Rfdg)	1.27	11/01/04	12/01/04	24,261.67	24,261.67	10,396.76				34,658.43	34,658.43	-	
Mutual Fund	1998 M/F (Dallas-Oxford Rfdg)	1.27	11/01/04	12/01/04	460.33	460.33	1.32				461.65	461.65	-	
	<b>1998 M/F (Dallas-Oxford Rfdg) Total</b>				<b>24,723.09</b>	<b>24,723.09</b>	<b>78,146.75</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>102,869.84</b>	<b>102,869.84</b>	<b>0.00</b>	<b>0.00</b>
Money Market	1984 A & B M/F (Summer Bend)	0.59	10/01/04	11/01/04	66,539.35	66,539.35	8,794.62				75,333.97	75,333.97	-	
	<b>1984 A &amp; B M/F (Summer Bend) Total</b>				<b>66,539.35</b>	<b>66,539.35</b>	<b>8,794.62</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>75,333.97</b>	<b>75,333.97</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	1996 A&B MF (Braxton's)	1.27	11/01/04	12/01/04	47.45	47.45					47.45	47.45	-	
Mutual Fund	1996 A&B MF (Braxton's)	1.30	11/01/04	12/01/04	37,780.97	37,780.97	10,026.11				47,807.08	47,807.08	-	
	<b>1996 A&amp;B MF (Braxton's) Total</b>				<b>37,828.42</b>	<b>37,828.42</b>	<b>10,026.11</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>47,854.53</b>	<b>47,854.53</b>	<b>0.00</b>	<b>0.00</b>
Treasury Note	1993 A&B M/F(Reming. Hill/HP)	5.73	08/17/04	01/13/05	1,008,425.48	1,008,425.48	31,838.45				1,040,263.93	1,040,263.93	-	
Repurchase Agreement	1993 A&B M/F(Reming. Hill/HP)	2.06	11/30/04	12/01/04	525.81	525.81	2.42				528.23	528.23	-	
Treasury Bill	1993 A&B M/F(Reming. Hill/HP)	5.81	11/15/04	12/09/04	93,933.16	93,933.16		(3,029.27)			90,903.89	90,903.89	-	
Repurchase Agreement	1993 A&B M/F(Reming. Hill/HP)	2.06	11/30/04	12/01/04	22,747.10	22,747.10	100.99				22,848.09	22,848.09	-	
	<b>1993 A&amp;B M/F(Reming. Hill/HP) Total</b>				<b>1,125,631.55</b>	<b>1,125,631.55</b>	<b>31,941.86</b>	<b>(3,029.27)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,154,544.14</b>	<b>1,154,544.14</b>	<b>0.00</b>	<b>0.00</b>
Repurchase Agreement	1987 South Tx. Rental Housing	2.06	11/30/04	12/01/04	916,328.93	916,328.93	4,068.56				920,397.49	920,397.49	-	
	<b>1987 South Tx. Rental Housing Total</b>				<b>916,328.93</b>	<b>916,328.93</b>	<b>4,068.56</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>920,397.49</b>	<b>920,397.49</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)	1.27	11/01/04	12/01/04	4.26	4.26					4.26	4.26	-	
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)	1.27	11/01/04	12/01/04	949,861.88	949,861.88		(549,575.58)			400,286.30	400,286.30	-	
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)	1.27	11/01/04	12/01/04	26,405.02	26,405.02		(26,396.47)			8.55	8.55	-	
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)				276,442.48	276,442.48		(276,442.48)					-	
	<b>1996 A-D M/F(Dallas-Ft Worth) Total</b>				<b>1,252,713.64</b>	<b>1,252,713.64</b>	<b>0.00</b>	<b>(852,414.53)</b>	<b>0.00</b>	<b>0.00</b>	<b>400,299.11</b>	<b>400,299.11</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	1.27	11/01/04	12/01/04	59,255.80	59,255.80	16,071.04				75,326.84	75,326.84	-	
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	1.27	11/01/04	12/01/04	62,785.38	62,785.38					62,785.38	62,785.38	-	
Investment Agreement	1996 A-D M/F(Harbors/Plumtree)	6.25	11/12/96	07/01/26	171,495.63	171,495.63	27,192.06				198,687.69	198,687.69	-	
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	1.27	11/01/04	12/01/04	68,678.29	68,678.29	22,166.67				90,844.96	90,844.96	-	
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	1.27	11/01/04	12/01/04	0.01	0.01					0.01	0.01	-	
Investment Agreement	1996 A-D M/F(Harbors/Plumtree)	6.75	11/05/96	07/01/26	86,743.95	86,743.95					86,743.95	86,743.95	-	
Investment Agreement	1996 A-D M/F(Harbors/Plumtree)	6.75	11/05/96	07/01/26	777,671.25	777,671.25					777,671.25	777,671.25	-	
Investment Agreement	1996 A-D M/F(Harbors/Plumtree)	6.75	11/05/96	07/01/26	177,500.00	177,500.00					177,500.00	177,500.00	-	
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	1.27	11/01/04	12/01/04			1.70				1.70	1.70	-	
Investment Agreement	1996 A-D M/F(Harbors/Plumtree)	5.90	11/12/96	07/01/26	129,802.07	129,802.07	194,711.48				324,513.55	324,513.55	-	
Investment Agreement	1996 A-D M/F(Harbors/Plumtree)	5.90	11/12/96	07/01/26	12,360.46	12,360.46	18,541.34				30,901.80	30,901.80	-	
Investment Agreement	1996 A-D M/F(Harbors/Plumtree)	5.90	11/12/96	07/01/26	32,246.14	32,246.14	33,588.68				65,834.82	65,834.82	-	
	<b>1996 A-D M/F(Harbors/Plumtree) Total</b>				<b>1,578,538.98</b>	<b>1,578,538.98</b>	<b>312,272.97</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,890,811.95</b>	<b>1,890,811.95</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	1996 A&B M/F(NHP Project)	1.27	11/01/04	12/01/04	0.02	0.02					0.02	0.02	-	
Investment Agreement	1996 A&B M/F(NHP Project)	6.70	11/21/96	01/01/27	1.00	1.00					1.00	1.00	-	
	<b>1996 A&amp;B M/F(NHP Project) Total</b>				<b>1.02</b>	<b>1.02</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.02</b>	<b>1.02</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	1997 M/F (Meadow Ridge)	1.27	11/01/04	12/01/04	52,728.80	52,728.80		(35,877.08)			16,851.72	16,851.72	-	
Mutual Fund	1997 M/F (Meadow Ridge)	1.27	11/01/04	12/01/04	3.38	3.38					3.38	3.38	-	
	<b>1997 M/F (Meadow Ridge) Total</b>				<b>52,732.18</b>	<b>52,732.18</b>	<b>0.00</b>	<b>(35,877.08)</b>	<b>0.00</b>	<b>0.00</b>	<b>16,855.10</b>	<b>16,855.10</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	1998 M/F (Pebble Brook)	1.27	11/01/04	12/01/04	471.46	471.46	12,222.06				12,693.52	12,693.52	-	
Mutual Fund	1998 M/F (Pebble Brook)	1.27	11/01/04	12/01/04	175,986.46	175,986.46		(114,994.45)			60,992.01	60,992.01	-	
Investment Agreement	1998 M/F (Pebble Brook)	5.20	04/30/98	12/01/30	0.62	0.62	298,073.87				298,074.49	298,074.49	-	
Mutual Fund	1998 M/F (Pebble Brook)	1.27	11/01/04	12/01/04	39,551.37	39,551.37	83.66				39,635.03	39,635.03	-	
	<b>1998 M/F (Pebble Brook) Total</b>				<b>216,009.91</b>	<b>216,009.91</b>	<b>310,379.59</b>	<b>(114,994.45)</b>	<b>0.00</b>	<b>0.00</b>	<b>411,395.05</b>	<b>411,395.05</b>	<b>0.00</b>	<b>0.00</b>

Mutual Fund	1998 M/F (Residence Oaks Proj)	1.30	11/01/04	12/01/04	219,520.08	219,520.08	291.43			219,811.51	219,811.51	-		
Mutual Fund	1998 M/F (Residence Oaks Proj)	1.30	11/01/04	12/01/04	15.15	15.15				15.15	15.15	-		
Mutual Fund	1998 M/F (Residence Oaks Proj)	1.30	11/01/04	12/01/04	3,475.71	3,475.71	10,783.39			14,259.10	14,259.10	-		
Mutual Fund	1998 M/F (Residence Oaks Proj)	1.30	11/01/04	12/01/04	131,565.51	131,565.51	1,021.72			132,587.23	132,587.23	-		
Mutual Fund	1998 M/F (Residence Oaks Proj)				33,190.59	33,190.59		(33,190.59)				-		
Mutual Fund	1998 M/F (Residence Oaks Proj)				117,104.34	117,104.34		(117,104.34)				-		
Mutual Fund	1998 M/F (Residence Oaks Proj)	1.30	11/01/04	12/01/04	112,002.67	112,002.67	49,556.91			161,559.58	161,559.58	-		
	<b>1998 M/F (Residence Oaks Proj) Total</b>				616,874.05	616,874.05	61,653.45	(150,294.93)	0.00	0.00	528,232.57	528,232.57	0.00	0.00
Mutual Fund	1998 M/F (Volente Project)	1.27	11/01/04	12/01/04	7,971.21	7,971.21				7,971.21	7,971.21	-		
Mutual Fund	1998 M/F (Volente Project)	1.27	11/01/04	12/01/04	2,170.50	2,170.50		(2,151.42)		19.08	19.08	-		
Investment Agreement	1998 M/F (Volente Project)	5.22	05/14/98	01/01/31	78,000.23	78,000.23	246,105.55			324,105.78	324,105.78	-		
Mutual Fund	1998 M/F (Volente Project)	1.27	11/01/04	12/01/04	3,905.55	3,905.55	9.76			3,915.31	3,915.31	-		
Mutual Fund	1998 M/F (Volente Project)	1.27	11/01/04	12/01/04	1.24	1.24				1.24	1.24	-		
Mutual Fund	1998 M/F (Volente Project)	1.27	11/01/04	12/01/04	60,963.77	60,963.77		(60,952.65)		11.12	11.12	-		
	<b>1998 M/F (Volente Project) Total</b>				153,012.50	153,012.50	246,115.31	(63,104.07)	0.00	0.00	336,023.74	336,023.74	0.00	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	1.27	11/01/04	12/01/04	47,494.20	47,494.20		(44,369.20)		3,125.00	3,125.00	-		
Mutual Fund	1998 M/F (Greens-Hickory Trail)	1.27	11/01/04	12/01/04	261,120.72	261,120.72	132,000.00			393,120.72	393,120.72	-		
Mutual Fund	1998 M/F (Greens-Hickory Trail)	1.27	11/01/04	12/01/04	6,603.39	6,603.39	6,480.65			13,084.04	13,084.04	-		
Mutual Fund	1998 M/F (Greens-Hickory Trail)	1.27	11/01/04	12/01/04			0.24			0.24	0.24	-		
Investment Agreement	1998 M/F (Greens-Hickory Trail)	4.94	03/22/01	09/01/30	90,000.86	90,000.86		(42,499.87)		47,500.99	47,500.99	-		
Mutual Fund	1998 M/F (Greens-Hickory Trail)	1.27	11/01/04	12/01/04			0.85			0.85	0.85	-		
Investment Agreement	1998 M/F (Greens-Hickory Trail)	4.94	09/10/98	09/01/30	347,424.13	347,424.13		(175,066.72)		172,357.41	172,357.41	-		
Mutual Fund	1998 M/F (Greens-Hickory Trail)	1.27	11/01/04	12/01/04			2.84			2.84	2.84	-		
Investment Agreement	1998 M/F (Greens-Hickory Trail)	4.94	03/22/01	09/01/30	43,895.86	43,895.86		(21,782.87)		22,112.99	22,112.99	-		
	<b>1998 M/F (Greens-Hickory Trail) Total</b>				796,539.16	796,539.16	138,484.58	(283,718.66)	0.00	0.00	651,305.08	651,305.08	0.00	0.00
Mutual Fund	1999 M/F (Mayfield Apartments)	1.30	11/01/04	12/01/04	144,954.26	144,954.26	56,727.52			201,681.78	201,681.78	-		
Mutual Fund	1999 M/F (Mayfield Apartments)	1.30	11/01/04	12/01/04	1.78	1.78				1.78	1.78	-		
Mutual Fund	1999 M/F (Mayfield Apartments)	1.30	11/01/04	12/01/04	130,310.37	130,310.37		(16,416.26)		113,894.11	113,894.11	-		
Mutual Fund	1999 M/F (Mayfield Apartments)	1.30	11/01/04	12/01/04	61,812.69	61,812.69	12,091.13			73,903.82	73,903.82	-		
Mutual Fund	1999 M/F (Mayfield Apartments)	1.27	11/01/04	12/01/04	43,563.12	43,563.12		(43,419.94)		143.18	143.18	-		
Mutual Fund	1999 M/F (Mayfield Apartments)	1.30	11/01/04	12/01/04	156,397.17	156,397.17		(156,034.65)		362.52	362.52	-		
Mutual Fund	1999 M/F (Mayfield Apartments)	1.30	11/01/04	12/01/04	0.16	0.16				0.16	0.16	-		
	<b>1999 M/F (Mayfield Apartments) Total</b>				537,039.55	537,039.55	68,818.65	(215,870.85)	0.00	0.00	389,987.35	389,987.35	0.00	0.00
Mutual Fund	1999 M/F (Woodglen Village)				11,529.06	11,529.06		(11,529.06)				-		
Mutual Fund	1999 M/F (Woodglen Village)				44,477.40	44,477.40		(44,477.40)				-		
Mutual Fund	1999 M/F (Woodglen Village)	1.30	11/01/04	12/01/04	82.15	82.15		(82.14)		0.01	0.01	-		
Mutual Fund	1999 M/F (Woodglen Village)				1,302.41	1,302.41		(1,302.41)				-		
Mutual Fund	1999 M/F (Woodglen Village)				215,297.37	215,297.37		(215,297.37)				-		
Mutual Fund	1999 M/F (Woodglen Village)				26,175.03	26,175.03		(26,175.03)				-		
	<b>1999 M/F (Woodglen Village) Total</b>				298,863.42	298,863.42	0.00	(298,863.41)	0.00	0.00	0.01	0.01	0.00	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	1.27	11/01/04	12/01/04	17,592.13	17,592.13		(3,606.81)		13,985.32	13,985.32	-		
Mutual Fund	2000 M/F (Timber Point Apts)	1.27	11/01/04	12/01/04			11,378.63			11,378.63	11,378.63	-		
Mutual Fund	2000 M/F (Timber Point Apts)	1.27	11/01/04	12/01/04	2.33	2.33				2.33	2.33	-		
Mutual Fund	2000 M/F (Timber Point Apts)	1.27	11/01/04	12/01/04	3.53	3.53				3.53	3.53	-		
Mutual Fund	2000 M/F (Timber Point Apts)	1.27	11/01/04	12/01/04	54,421.20	54,421.20	15,759.46			70,180.66	70,180.66	-		
	<b>2000 M/F (Timber Point Apts) Total</b>				72,019.19	72,019.19	27,138.09	(3,606.81)	0.00	0.00	95,550.47	95,550.47	0.00	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	1.27	11/01/04	12/01/04	176,532.78	176,532.78	8,622.94			185,155.72	185,155.72	-		
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	1.27	11/01/04	12/01/04	131,976.21	131,976.21	13,155.07			145,131.28	145,131.28	-		
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	1.27	11/01/04	12/01/04	677.66	677.66	1.69			679.35	679.35	-		
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	1.27	11/01/04	12/01/04	0.04	0.04				0.04	0.04	-		
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	1.27	11/01/04	12/01/04	93,536.28	93,536.28	24.83			93,561.11	93,561.11	-		
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	1.27	11/01/04	12/01/04	17,741.02	17,741.02	2,432.99			20,174.01	20,174.01	-		
	<b>2000 A&amp;B M/F (Oaks at Hampton) Total</b>				420,463.99	420,463.99	24,237.52	0.00	0.00	444,701.51	444,701.51	0.00	0.00	
Mutual Fund	2000 M/F (Deerwood Apts)				6,032.00	6,032.00		(6,032.00)				-		
Mutual Fund	2000 M/F (Deerwood Apts)	1.27	11/01/04	12/01/04	0.02	0.02				0.02	0.02	-		
Mutual Fund	2000 M/F (Deerwood Apts)	1.27	11/01/04	12/01/04	4.76	4.76	527.24			532.00	532.00	-		
Investment Agreement	2000 M/F (Deerwood Apts)	6.15	05/23/00	06/01/32	65,015.82	65,015.82	120,810.91			185,826.73	185,826.73	-		
	<b>2000 M/F (Deerwood Apts) Total</b>				71,052.60	71,052.60	121,338.15	(6,032.00)	0.00	0.00	186,358.75	186,358.75	0.00	0.00

Mutual Fund	2000 M/F (Creek Point Apts)	1.30	11/01/04	12/01/04	15,119.53	15,119.53	5,483.63				20,603.16	20,603.16	-	
Mutual Fund	2000 M/F (Creek Point Apts)	1.30	11/01/04	12/01/04	2.83	2.83	3.91				6.74	6.74	-	
Mutual Fund	2000 M/F (Creek Point Apts)	1.30	11/01/04	12/01/04	225.96	225.96					225.96	225.96	-	
	<b>2000 M/F (Creek Point Apts) Total</b>				<u>15,348.32</u>	<u>15,348.32</u>	<u>5,487.54</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>20,835.86</u>	<u>20,835.86</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 M/F (Parks @ Westmoreld)	1.27	11/01/04	12/01/04	7,664.22	7,664.22	7,463.35				15,127.57	15,127.57	-	
Mutual Fund	2000 M/F (Parks @ Westmoreld)	1.27	11/01/04	12/01/04	129,825.64	129,825.64	13,149.68				142,975.32	142,975.32	-	
Mutual Fund	2000 M/F (Parks @ Westmoreld)	1.27	11/01/04	12/01/04	10.88	10.88	0.03				10.91	10.91	-	
Mutual Fund	2000 M/F (Parks @ Westmoreld)	1.27	11/01/04	12/01/04	260.38	260.38	0.65				261.03	261.03	-	
Mutual Fund	2000 M/F (Parks @ Westmoreld)	1.27	11/01/04	12/01/04	90,983.16	90,983.16	20.61				91,003.77	91,003.77	-	
Mutual Fund	2000 M/F (Parks @ Westmoreld)	1.27	11/01/04	12/01/04	157,234.66	157,234.66	3,825.06				161,059.72	161,059.72	-	
	<b>2000 M/F (Parks @ Westmoreld) Total</b>				<u>385,978.94</u>	<u>385,978.94</u>	<u>24,459.38</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>410,438.32</u>	<u>410,438.32</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 M/F (Honey Creek)				17,443.20	17,443.20					(17,443.20)		-	
Mutual Fund	2000 M/F (Honey Creek)				5.40	5.40					(5.40)		-	
	<b>2000 M/F (Honey Creek) Total</b>				<u>17,448.60</u>	<u>17,448.60</u>	<u>0.00</u>	<u>(17,448.60)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 A-C MF Highland Meadows	1.30	11/01/04	12/01/04	119,952.56	119,952.56	27,014.65				146,967.21	146,967.21	-	
Mutual Fund	2000 A-C MF Highland Meadows	1.30	11/01/04	12/01/04	17,296.88	17,296.88	12,550.21				29,847.09	29,847.09	-	
Mutual Fund	2000 A-C MF Highland Meadows				64,380.24	64,380.24					(64,380.24)		-	
Mutual Fund	2000 A-C MF Highland Meadows				248,863.10	248,863.10					(248,863.10)		-	
	<b>2000 A-C MF Highland Meadows Total</b>				<u>450,492.78</u>	<u>450,492.78</u>	<u>39,564.86</u>	<u>(313,243.34)</u>	<u>0.00</u>	<u>0.00</u>	<u>176,814.30</u>	<u>176,814.30</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 A/B MF Greenbridge	1.27	11/01/04	12/01/04	10,310.46	10,310.46	6,666.66				16,977.12	16,977.12	-	
Mutual Fund	2000 A/B MF Greenbridge	1.27	11/01/04	12/01/04	84.32	84.32	9,441.16				9,525.48	9,525.48	-	
Mutual Fund	2000 A/B MF Greenbridge	1.27	11/01/04	12/01/04			11,770.00				11,770.00	11,770.00	-	
Investment Agreement	2000 A/B MF Greenbridge	6.15	11/09/00	11/01/04	186,505.45	186,505.45					5.45	5.45	-	
	<b>2000 A/B MF Greenbridge Total</b>				<u>196,900.23</u>	<u>196,900.23</u>	<u>27,877.82</u>	<u>(186,500.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>38,278.05</u>	<u>38,278.05</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 A-C MF Collingham Park	1.30	11/01/04	12/01/04	23,648.42	23,648.42	13,004.83				36,653.25	36,653.25	-	
Mutual Fund	2000 A-C MF Collingham Park	1.30	11/01/04	12/01/04	147,892.14	147,892.14	50,743.54				198,635.68	198,635.68	-	
Mutual Fund	2000 A-C MF Collingham Park	1.30	11/01/04	12/01/04	50,059.28	50,059.28					12,922.75	12,922.75	-	
Mutual Fund	2000 A-C MF Collingham Park	1.30	11/01/04	12/01/04	303,788.63	303,788.63					77,214.60	77,214.60	-	
	<b>2000 A-C MF Collingham Park Total</b>				<u>525,388.47</u>	<u>525,388.47</u>	<u>63,748.37</u>	<u>(263,710.56)</u>	<u>0.00</u>	<u>0.00</u>	<u>325,426.28</u>	<u>325,426.28</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 A/B MF Williams Run	1.27	11/01/04	12/01/04	6,013.09	6,013.09	11,000.00				17,013.09	17,013.09	-	
Mutual Fund	2000 A/B MF Williams Run	1.27	11/01/04	12/01/04	14.72	14.72					14.72	14.72	-	
Mutual Fund	2000 A/B MF Williams Run	1.27	11/01/04	12/01/04	12,700.21	12,700.21					(5,382.10)	7,318.11	7,318.11	-
Mutual Fund	2000 A/B MF Williams Run	1.27	11/01/04	12/01/04	1,404.70	1,404.70	3.51				1,408.21	1,408.21	-	
Mutual Fund	2000 A/B MF Williams Run	1.27	11/01/04	12/01/04	0.66	0.66					0.66	0.66	-	
	<b>2000 A/B MF Williams Run Total</b>				<u>20,133.38</u>	<u>20,133.38</u>	<u>11,003.51</u>	<u>(5,382.10)</u>	<u>0.00</u>	<u>0.00</u>	<u>25,754.79</u>	<u>25,754.79</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2000 A/B MF Red Hills Villas	1.27	11/01/04	12/01/04	732,534.44	732,534.44	1,830.55				734,364.99	734,364.99	-	
Mutual Fund	2000 A/B MF Red Hills Villas	1.27	11/01/04	12/01/04	17,250.46	17,250.46	7,041.88				24,292.34	24,292.34	-	
Mutual Fund	2000 A/B MF Red Hills Villas	1.27	11/01/04	12/01/04	75,864.23	75,864.23	9,446.68				85,310.91	85,310.91	-	
Mutual Fund	2000 A/B MF Red Hills Villas	1.27	11/01/04	12/01/04	89,137.50	89,137.50					8.63	8.63	-	
Mutual Fund	2000 A/B MF Red Hills Villas	1.27	11/01/04	12/01/04	177,966.98	177,966.98	50,469.01				228,435.99	228,435.99	-	
	<b>2000 A/B MF Red Hills Villas Total</b>				<u>1,092,753.61</u>	<u>1,092,753.61</u>	<u>68,788.12</u>	<u>(89,128.87)</u>	<u>0.00</u>	<u>0.00</u>	<u>1,072,412.86</u>	<u>1,072,412.86</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2001A MF Bluffview Sr. Apts.				1.33	1.33					(1.33)		-	
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.27	11/01/04	12/01/04	18,700.63	18,700.63	2,879.28				21,579.91	21,579.91	-	
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.27	11/01/04	12/01/04	163,311.41	163,311.41	9,849.00				173,160.41	173,160.41	-	
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.27	11/01/04	12/01/04	79,478.71	79,478.71	13,015.96				92,494.67	92,494.67	-	
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.27	11/01/04	12/01/04	99,135.86	99,135.86	60.28				99,196.14	99,196.14	-	
Mutual Fund	2001A MF Bluffview Sr. Apts.	1.30	11/01/04	12/01/04	37,073.66	37,073.66	92.64				37,166.30	37,166.30	-	
	<b>2001A MF Bluffview Sr. Apts. Total</b>				<u>397,701.60</u>	<u>397,701.60</u>	<u>25,897.16</u>	<u>(1.33)</u>	<u>0.00</u>	<u>0.00</u>	<u>423,597.43</u>	<u>423,597.43</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2001A MF Knollwood Villas Apts	1.27	11/01/04	12/01/04	9,073.94	9,073.94	3,560.53				12,634.47	12,634.47	-	
Mutual Fund	2001A MF Knollwood Villas Apts	1.27	11/01/04	12/01/04	207,972.69	207,972.69	22,467.46				230,440.15	230,440.15	-	
Mutual Fund	2001A MF Knollwood Villas Apts	1.27	11/01/04	12/01/04	83,924.55	83,924.55	13,586.73				97,511.28	97,511.28	-	
Mutual Fund	2001A MF Knollwood Villas Apts	1.27	11/01/04	12/01/04			125,562.47				125,562.47	125,562.47	-	
	<b>2001A MF Knollwood Villas Apts Total</b>				<u>300,971.18</u>	<u>300,971.18</u>	<u>165,177.19</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>466,148.37</u>	<u>466,148.37</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2001A MF Skyway Villas	1.27	11/01/04	12/01/04	37,052.53	37,052.53	11,818.22				48,870.75	48,870.75	-	
Mutual Fund	2001A MF Skyway Villas	1.27	11/01/04	12/01/04	33,333.31	33,333.31	25,000.00				58,333.31	58,333.31	-	
Mutual Fund	2001A MF Skyway Villas	1.27	11/01/04	12/01/04	2,093.60	2,093.60	872.10				2,965.70	2,965.70	-	
Mutual Fund	2001A MF Skyway Villas	1.27	11/01/04	12/01/04	76,999.97	76,999.97					(11,886.97)	65,113.00	65,113.00	-

Mutual Fund	2001A MF Skyway Villas	1.27	11/01/04	12/01/04			15,636.83			15,636.83	15,636.83	-		
Investment Agreement	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	59,635.19	59,635.19		(59,631.66)		3.53	3.53	-		
Mutual Fund	2001A MF Skyway Villas	1.27	11/01/04	12/01/04			25,833.33			25,833.33	25,833.33	-		
Investment Agreement	2001A MF Skyway Villas	5.00	08/30/04	12/01/34	13,333.33	13,333.33	13,333.33			26,666.66	26,666.66	-		
Investment Agreement	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	192,938.30	192,938.30	96,469.16			289,407.46	289,407.46	-		
	<b>2001A MF Skyway Villas Total</b>				415,386.23	415,386.23	188,962.97	(71,518.63)	0.00	0.00	532,830.57	532,830.57	0.00	0.00
Mutual Fund	2001AB MF Cobb Park	1.27	11/01/04	12/01/04	1,967.96	1,967.96	5,912.80			7,880.76	7,880.76	-		
Mutual Fund	2001AB MF Cobb Park	1.27	11/01/04	12/01/04	129,626.20	129,626.20	50,495.95			180,122.15	180,122.15	-		
Mutual Fund	2001AB MF Cobb Park	1.27	11/01/04	12/01/04	51,873.50	51,873.50	8,780.39			60,653.89	60,653.89	-		
Mutual Fund	2001AB MF Cobb Park	1.27	11/01/04	12/01/04			72,346.18			72,346.18	72,346.18	-		
Mutual Fund	2001AB MF Cobb Park	1.27	11/01/04	12/01/04	51,424.29	51,424.29	128.50			51,552.79	51,552.79	-		
	<b>2001AB MF Cobb Park Total</b>				234,891.95	234,891.95	137,663.82	0.00	0.00	372,555.77	372,555.77	0.00	0.00	
Mutual Fund	2001A MF Greens Road Apartment	1.63	11/01/04	12/01/04	374.69	374.69	1.18			375.87	375.87	-		
Mutual Fund	2001A MF Greens Road Apartment	1.63	11/01/04	12/01/04	163,670.72	163,670.72	135,713.44			299,384.16	299,384.16	-		
Investment Agreement	2001A MF Greens Road Apartment	4.01	09/14/01	06/01/34	155.46	155.46	3.12			158.58	158.58	-		
	<b>2001A MF Greens Road Apartment Total</b>				164,200.87	164,200.87	135,717.74	0.00	0.00	299,918.61	299,918.61	0.00	0.00	
Mutual Fund	2001AB MF Meridian Apartments	1.30	11/01/04	12/01/04	145.11	145.11			145.11	145.11	145.11	-		
Mutual Fund	2001AB MF Meridian Apartments	1.30	11/01/04	12/01/04	2.38	2.38			2.38	2.38	2.38	-		
Mutual Fund	2001AB MF Meridian Apartments	1.30	11/01/04	12/01/04	0.01	0.01			0.01	0.01	0.01	-		
Mutual Fund	2001AB MF Meridian Apartments	1.30	11/01/04	12/01/04	5,356.78	5,356.78	335,093.75			340,450.53	340,450.53	-		
	<b>2001AB MF Meridian Apartments Total</b>				5,504.28	5,504.28	335,093.75	0.00	0.00	340,598.03	340,598.03	0.00	0.00	
Mutual Fund	2001AB MF Wildwood Branch	1.30	11/01/04	12/01/04	13,959.43	13,959.43	32.47			13,991.90	13,991.90	-		
Mutual Fund	2001AB MF Wildwood Branch	1.30	11/01/04	12/01/04	9,163.99	9,163.99	21.33			9,185.32	9,185.32	-		
Mutual Fund	2001AB MF Wildwood Branch	1.30	11/01/04	12/01/04	0.02	0.02			0.02	0.02	0.02	-		
Mutual Fund	2001AB MF Wildwood Branch	1.30	11/01/04	12/01/04	179.57	179.57	329,807.98			329,987.55	329,987.55	-		
Mutual Fund	2001AB MF Wildwood Branch	1.30	11/01/04	12/01/04			39,382.01			39,382.01	39,382.01	-		
	<b>2001AB MF Wildwood Branch Total</b>				23,303.01	23,303.01	369,243.79	0.00	0.00	392,546.80	392,546.80	0.00	0.00	
Mutual Fund	2001ABC MF Fallbrook Apts	1.63	11/01/04	12/01/04	59,796.11	59,796.11	139.22			59,935.33	59,935.33	-		
Mutual Fund	2001ABC MF Fallbrook Apts	1.63	11/01/04	12/01/04	17,443.39	17,443.39	79,790.90			97,234.29	97,234.29	-		
Mutual Fund	2001ABC MF Fallbrook Apts	1.63	11/01/04	12/01/04	31.63	31.63			31.63	31.63	31.63	-		
	<b>2001ABC MF Fallbrook Apts Total</b>				77,271.13	77,271.13	79,930.12	0.00	0.00	157,201.25	157,201.25	0.00	0.00	
Mutual Fund	2001 MF Oak Hollow Apts	1.27	11/01/04	12/01/04	429,999.85	429,999.85	0.15			430,000.00	430,000.00	-		
Mutual Fund	2001 MF Oak Hollow Apts	1.27	11/01/04	12/01/04	15,946.58	15,946.58	5,792.83			21,739.41	21,739.41	-		
Mutual Fund	2001 MF Oak Hollow Apts	1.27	11/01/04	12/01/04	43,497.04	43,497.04	7,953.16			51,450.20	51,450.20	-		
Mutual Fund	2001 MF Oak Hollow Apts	1.27	11/01/04	12/01/04	0.11	0.11	77,244.12			77,244.23	77,244.23	-		
Mutual Fund	2001 MF Oak Hollow Apts	1.27	11/01/04	12/01/04	116,847.50	116,847.50	23,819.54			140,667.04	140,667.04	-		
Mutual Fund	2001 MF Oak Hollow Apts	1.27	11/01/04	12/01/04	248.63	248.63	159.40			408.03	408.03	-		
	<b>2001 MF Oak Hollow Apts Total</b>				606,539.71	606,539.71	114,969.20	0.00	0.00	721,508.91	721,508.91	0.00	0.00	
Mutual Fund	2001AB MF Hillside Apts	1.27	11/01/04	12/01/04	99,999.97	99,999.97	0.03			100,000.00	100,000.00	-		
Mutual Fund	2001AB MF Hillside Apts	1.27	11/01/04	12/01/04	20,073.90	20,073.90	7,479.91			27,553.81	27,553.81	-		
Mutual Fund	2001AB MF Hillside Apts	1.27	11/01/04	12/01/04	67,211.49	67,211.49	12,096.68			79,308.17	79,308.17	-		
Mutual Fund	2001AB MF Hillside Apts	1.27	11/01/04	12/01/04	121,789.27	121,789.27	40.21			121,829.48	121,829.48	-		
Mutual Fund	2001AB MF Hillside Apts	1.27	11/01/04	12/01/04	214,387.13	214,387.13	50,087.40			264,474.53	264,474.53	-		
Mutual Fund	2001AB MF Hillside Apts	1.27	11/01/04	12/01/04	57.82	57.82	37.07			94.89	94.89	-		
	<b>2001AB MF Hillside Apts Total</b>				523,519.58	523,519.58	69,741.30	0.00	0.00	593,260.88	593,260.88	0.00	0.00	
Mutual Fund	2002A MF Millstone Apts	0.92	11/01/04	12/01/04	0.10	0.10	27,133.48			27,133.58	27,133.58	-		
Mutual Fund	2002A MF Millstone Apts	0.92	11/01/04	12/01/04	0.98	0.98			0.98	0.98	0.98	-		
Mutual Fund	2002A MF Millstone Apts	0.92	11/01/04	12/01/04	15,015.27	15,015.27	17,590.27			32,605.54	32,605.54	-		
Mutual Fund	2002A MF Millstone Apts	0.92	11/01/04	12/01/04	1.18	1.18	12,408.95			12,410.13	12,410.13	-		
Mutual Fund	2002A MF Millstone Apts	0.92	11/01/04	12/01/04			275,007.48			275,007.48	275,007.48	-		
Mutual Fund	2002A MF Millstone Apts	0.92	11/01/04	12/01/04	2.42	2.42			2.42	2.42	2.42	-		
Mutual Fund	2002A MF Millstone Apts	0.92	11/01/04	12/01/04	13,237.78	13,237.78	20.29			13,258.07	13,258.07	-		
	<b>2002A MF Millstone Apts Total</b>				28,257.73	28,257.73	332,160.47	0.00	0.00	360,418.20	360,418.20	0.00	0.00	
Mutual Fund	2002 MF SugarCreek Apts	0.92	11/01/04	12/01/04	8.67	8.67			8.67	8.67	8.67	-		
Mutual Fund	2002 MF SugarCreek Apts	0.92	11/01/04	12/01/04	1.63	1.63			1.63	1.63	1.63	-		
Mutual Fund	2002 MF SugarCreek Apts	0.92	11/01/04	12/01/04	85,954.18	85,954.18	240,007.94			325,962.12	325,962.12	-		
Mutual Fund	2002 MF SugarCreek Apts	0.92	11/01/04	12/01/04	2,301.27	2,301.27	3.48			2,304.75	2,304.75	-		
Mutual Fund	2002 MF SugarCreek Apts	0.92	11/01/04	12/01/04	73.48	73.48			73.48	73.48	73.48	-		

Mutual Fund	2002 MF SugarCreek Apts	0.92	11/01/04	12/01/04	26.75	26.75				26.75	26.75	-		
	<b>2002 MF SugarCreek Apts Total</b>				88,365.98	88,365.98	240,011.42	0.00	0.00	0.00	328,377.40	328,377.40	0.00	0.00
Mutual Fund	2002 MF West Oaks Apts	1.27	11/01/04	12/01/04	36,491.83	36,491.83	8,844.21			45,336.04	45,336.04	-		
Mutual Fund	2002 MF West Oaks Apts	1.27	11/01/04	12/01/04	87,136.47	87,136.47		(87,128.73)		7.74	7.74	-		
Mutual Fund	2002 MF West Oaks Apts	1.27	11/01/04	12/01/04	12,684.84	12,684.84	5,822.17			18,507.01	18,507.01	-		
Mutual Fund	2002 MF West Oaks Apts	1.27	11/01/04	12/01/04	33,719.64	33,719.64	54,792.64			88,512.28	88,512.28	-		
	<b>2002 MF West Oaks Apts Total</b>				170,032.78	170,032.78	69,459.02	(87,128.73)	0.00	0.00	152,363.07	152,363.07	0.00	0.00
Mutual Fund	2002 MF Park Meadows	1.30	11/01/04	12/01/04	80,624.38	80,624.38	187,907.73			268,532.11	268,532.11	-		
Mutual Fund	2002 MF Park Meadows	1.30	11/01/04	12/01/04	39,060.89	39,060.89	90.97			39,151.86	39,151.86	-		
	<b>2002 MF Park Meadows Total</b>				119,685.27	119,685.27	187,998.70	0.00	0.00	307,683.97	307,683.97	0.00	0.00	
Mutual Fund	2002 MF Clarkridge Villas Apts	1.27	11/01/04	12/01/04			6,044.39			6,044.39	6,044.39	-		
Mutual Fund	2002 MF Clarkridge Villas Apts	1.27	11/01/04	12/01/04			25,638.04			25,638.04	25,638.04	-		
Mutual Fund	2002 MF Clarkridge Villas Apts	1.27	11/01/04	12/01/04			121,750.90			121,750.90	121,750.90	-		
	<b>2002 MF Clarkridge Villas Apts Total</b>				0.00	0.00	153,433.33	0.00	0.00	0.00	153,433.33	153,433.33	0.00	0.00
Mutual Fund	2002 MF Hickory Trace Apts	1.27	11/01/04	12/01/04			4,651.61			4,651.61	4,651.61	-		
Mutual Fund	2002 MF Hickory Trace Apts	1.27	11/01/04	12/01/04			3,011.40			3,011.40	3,011.40	-		
Money Market	2002 MF Hickory Trace Apts	1.27	11/01/04	12/01/04			96,409.07			96,409.07	96,409.07	-		
Mutual Fund	2002 MF Hickory Trace Apts	1.27	11/01/04	12/01/04	191,850.70	191,850.70		(191,850.70)				-		
Mutual Fund	2002 MF Hickory Trace Apts	1.27	11/01/04	12/01/04	185.67	185.67		(173.18)		12.49	12.49	-		
Mutual Fund	2002 MF Hickory Trace Apts	1.27	11/01/04	12/01/04			17,264.72			17,264.72	17,264.72	-		
	<b>2002 MF Hickory Trace Apts Total</b>				192,036.37	192,036.37	121,336.80	(192,023.88)	0.00	0.00	121,349.29	121,349.29	0.00	0.00
Mutual Fund	2002 MF Green Crest Apts	1.27	11/01/04	12/01/04	67,403.63	67,403.63	67,578.47			134,982.10	134,982.10	-		
Mutual Fund	2002 MF Green Crest Apts	1.27	11/01/04	12/01/04	9,605.08	9,605.08	9,629.99			19,235.07	19,235.07	-		
Mutual Fund	2002 MF Green Crest Apts	1.27	11/01/04	12/01/04	37.78	37.78	955,337.00			955,374.78	955,374.78	-		
Inv Agmt	2002 MF Green Crest Apts				952,454.18	952,454.18		(952,454.18)				-		
Mutual Fund	2002 MF Green Crest Apts	1.27	11/01/04	12/01/04	102,602.67	102,602.67		(102,590.48)		12.19	12.19	-		
Mutual Fund	2002 MF Green Crest Apts	1.27	11/01/04	12/01/04	12,096.40	12,096.40		(9,172.23)		2,924.17	2,924.17	-		
	<b>2002 MF Green Crest Apts Total</b>				1,144,199.74	1,144,199.74	1,032,545.46	(1,064,216.89)	0.00	0.00	1,112,528.31	1,112,528.31	0.00	0.00
Mutual Fund	2002 MF Ironwood Crossing Apts	1.27	11/01/04	12/01/04	394.77	394.77	0.99			395.76	395.76	-		
Investment Agreement	2002 MF Ironwood Crossing Apts	1.58	11/22/02	12/31/04	869,933.87	869,933.87	3,440.76			873,374.63	873,374.63	-		
Mutual Fund	2002 MF Ironwood Crossing Apts				558.88	558.88		(558.88)				-		
Mutual Fund	2002 MF Ironwood Crossing Apts				172.23	172.23		(172.23)				-		
Investment Agreement	2002 MF Ironwood Crossing Apts	1.58	11/22/02	12/31/04	7,348,000.64	7,348,000.64		(3,789,601.55)		3,558,399.09	3,558,399.09	-		
Investment Agreement	2002 MF Ironwood Crossing Apts	1.58	11/22/02	12/31/04	468,961.93	468,961.93		(67,315.18)		401,646.75	401,646.75	-		
Mutual Fund	2002 MF Ironwood Crossing Apts	1.27	11/01/04	12/01/04			1.68			1.68	1.68	-		
Investment Agreement	2002 MF Ironwood Crossing Apts	1.58	11/22/02	12/31/04	440,408.26	440,408.26		(323,389.42)		117,018.84	117,018.84	-		
	<b>2002 MF Ironwood Crossing Apts Total</b>				9,128,430.58	9,128,430.58	3,443.43	(4,181,037.26)	0.00	0.00	4,950,836.75	4,950,836.75	0.00	0.00
Mutual Fund	2002 MF Woodway Village	1.27	11/01/04	12/01/04	25.74	25.74	3,033.98			3,059.72	3,059.72	-		
Mutual Fund	2002 MF Woodway Village	1.27	11/01/04	12/01/04	8.20	8.20				8.20	8.20	-		
Mutual Fund	2002 MF Woodway Village	1.27	11/01/04	12/01/04	43,848.60	43,848.60		(34,302.72)		9,545.88	9,545.88	-		
Mutual Fund	2002 MF Woodway Village	1.27	11/01/04	12/01/04	282,246.21	282,246.21	551.27			282,797.48	282,797.48	-		
Mutual Fund	2002 MF Woodway Village	1.27	11/01/04	12/01/04	40.72	40.72		(0.02)		40.70	40.70	-		
	<b>2002 MF Woodway Village Total</b>				326,169.47	326,169.47	3,585.25	(34,302.74)	0.00	0.00	295,451.98	295,451.98	0.00	0.00
Inv Agmt	2003 AB MF Reading Road				91,174.03	91,174.03		(91,174.03)				-		
	<b>2003 AB MF Reading Road Total</b>				91,174.03	91,174.03	0.00	(91,174.03)	0.00	0.00	0.00	0.00	0.00	0.00
Mutual Fund	2003 AB MF North Vista Apts	1.30	11/01/04	12/01/04	706,448.50	706,448.50	2,001.73			708,450.23	708,450.23	-		
Mutual Fund	2003 AB MF North Vista Apts	1.30	11/01/04	12/01/04	505,320.67	505,320.67		(270,086.14)		235,234.53	235,234.53	-		
Mutual Fund	2003 AB MF North Vista Apts	1.30	11/01/04	12/01/04	183,936.97	183,936.97	167,876.77			351,813.74	351,813.74	-		
Mutual Fund	2003 AB MF North Vista Apts				0.00	0.00						-		
Mutual Fund	2003 AB MF North Vista Apts	1.30	11/01/04	12/01/04	69.10	69.10				69.10	69.10	-		
Mutual Fund	2003 AB MF North Vista Apts	1.30	11/01/04	12/01/04	1,406.97	1,406.97	3.88			1,410.85	1,410.85	-		
	<b>2003 AB MF North Vista Apts Total</b>				1,397,182.21	1,397,182.21	169,882.38	(270,086.14)	0.00	0.00	1,296,978.45	1,296,978.45	0.00	0.00
Mutual Fund	2003 AB MF West Virginia Apts	1.27	11/01/04	12/01/04	294,151.98	294,151.98	1,113.41			295,265.39	295,265.39	-		
Mutual Fund	2003 AB MF West Virginia Apts	1.30	11/01/04	12/01/04	179,570.53	179,570.53	73,114.49			252,685.02	252,685.02	-		
Mutual Fund	2003 AB MF West Virginia Apts	1.30	11/01/04	12/01/04	38.64	38.64	1.29			39.93	39.93	-		
Mutual Fund	2003 AB MF West Virginia Apts	1.30	11/01/04	12/01/04	30,563.42	30,563.42	105.93			30,669.35	30,669.35	-		
Mutual Fund	2003 AB MF West Virginia Apts	1.30	11/01/04	12/01/04	6.91	6.91				6.91	6.91	-		

	<b>2003 AB MF West Virginia Apts Total</b>				504,331.48	504,331.48	74,335.12	0.00	0.00	0.00	578,666.60	578,666.60	0.00	0.00
Mutual Fund	2003AB MF Sphinx @ Murdeaux	1.27	11/01/04	12/01/04	7,572.36	7,572.36					7,572.36	7,572.36	-	
Investment Agreement	2003AB MF Sphinx @ Murdeaux	1.22	05/13/03	12/31/04	15,077,827.44	15,077,827.44					15,077,827.44	15,077,827.44	-	
Mutual Fund	2003AB MF Sphinx @ Murdeaux	1.27	11/01/04	12/01/04			14.49				14.49	14.49	-	
Investment Agreement	2003AB MF Sphinx @ Murdeaux	2.51	05/13/03	12/01/42	196,288.43	196,288.43	179,602.35				375,890.78	375,890.78	-	
Mutual Fund	2003AB MF Sphinx @ Murdeaux	1.27	11/01/04	12/01/04	12,235.05	12,235.05	30.57				12,265.62	12,265.62	-	
Investment Agreement	2003AB MF Sphinx @ Murdeaux	1.22	05/13/03	12/31/04	204,631.53	204,631.53		(670.17)			203,961.36	203,961.36	-	
	<b>2003AB MF Sphinx @ Murdeaux Total</b>				15,498,554.81	15,498,554.81	179,647.41	(670.17)	0.00	0.00	15,677,532.05	15,677,532.05	0.00	0.00
Mutual Fund	2003 AB MF Primrose Houston	1.27	11/01/04	12/01/04	62.68	62.68	81,361.83				81,424.51	81,424.51	-	
Mutual Fund	2003 AB MF Primrose Houston	1.27	11/01/04	12/01/04	26.11	26.11		(16.84)			9.27	9.27	-	
Mutual Fund	2003 AB MF Primrose Houston	1.27	11/01/04	12/01/04	0.63	0.63	280.17				280.80	280.80	-	
Mutual Fund	2003 AB MF Primrose Houston	1.27	11/01/04	12/01/04	115.80	115.80		(110.56)			5.24	5.24	-	
Investment Agreement	2003 AB MF Primrose Houston	1.35	05/23/03	04/15/05	624,999.41	624,999.41		(290,322.67)			334,676.74	334,676.74	-	
Mutual Fund	2003 AB MF Primrose Houston				5.19	5.19		(5.19)					-	
Investment Agreement	2003 AB MF Primrose Houston	1.35	05/23/03	04/15/05	24,845.64	24,845.64		(23,232.85)			1,612.79	1,612.79	-	
Mutual Fund	2003 AB MF Primrose Houston	1.27	11/01/04	12/01/04	134.86	134.86	2.04				136.90	136.90	-	
	<b>2003 AB MF Primrose Houston Total</b>				650,190.32	650,190.32	81,644.04	(313,688.11)	0.00	0.00	418,146.25	418,146.25	0.00	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	1.27	11/01/04	12/01/04	96,967.53	96,967.53		(34,173.87)			62,793.66	62,793.66	-	
Investment Agreement	2003 AB MF Timber Oaks Apts	1.10	08/15/03	04/01/05	1,054,363.25	1,054,363.25		(869,754.18)			184,609.07	184,609.07	-	
Mutual Fund	2003 AB MF Timber Oaks Apts	1.27	11/01/04	12/01/04	0.59	0.59	104.67				105.26	105.26	-	
Investment Agreement	2003 AB MF Timber Oaks Apts	1.10	08/15/03	04/01/05	333.00	333.00					333.00	333.00	-	
Mutual Fund	2003 AB MF Timber Oaks Apts	1.27	11/01/04	12/01/04			0.02				0.02	0.02	-	
Mutual Fund	2003 AB MF Timber Oaks Apts	1.27	11/01/04	12/01/04	52,881.25	52,881.25	25,459.42				78,340.67	78,340.67	-	
Inv Agmt	2003 AB MF Timber Oaks Apts				178,477.81	178,477.81		(178,477.81)					-	
	<b>2003 AB MF Timber Oaks Apts Total</b>				1,383,023.43	1,383,023.43	25,564.11	(1,082,405.86)	0.00	0.00	326,181.68	326,181.68	0.00	0.00
Mutual Fund	2003 AB MF Ash Creek	1.27	11/01/04	12/01/04	2,649.05	2,649.05	1,459.47				4,108.52	4,108.52	-	
Investment Agreement	2003 AB MF Ash Creek	1.31	09/17/03	04/15/05	594,274.04	594,274.04		(235,500.01)			358,774.03	358,774.03	-	
Investment Agreement	2003 AB MF Ash Creek	1.31	09/17/03	04/15/05	415,833.77	415,833.77					415,833.77	415,833.77	-	
Mutual Fund	2003 AB MF Ash Creek	1.27	11/01/04	12/01/04	25,607.45	25,607.45		(25,460.45)			147.00	147.00	-	
Mutual Fund	2003 AB MF Ash Creek	1.27	11/01/04	12/01/04	4.64	4.64					4.64	4.64	-	
Mutual Fund	2003 AB MF Ash Creek	1.27	11/01/04	12/01/04	10,746.40	10,746.40	26.85				10,773.25	10,773.25	-	
	<b>2003 AB MF Ash Creek Total</b>				1,049,115.35	1,049,115.35	1,486.32	(260,960.46)	0.00	0.00	789,641.21	789,641.21	0.00	0.00
Mutual Fund	2003 AB MF Peninsula	1.27	11/01/04	12/01/04	31.06	31.06	58,690.72				58,721.78	58,721.78	-	
Mutual Fund	2003 AB MF Peninsula	1.27	11/01/04	12/01/04	8,551.17	8,551.17		(8,499.74)			51.43	51.43	-	
Mutual Fund	2003 AB MF Peninsula	1.27	11/01/04	12/01/04			1,257.65				1,257.65	1,257.65	-	
Investment Agreement	2003 AB MF Peninsula	1.10	10/03/03	01/15/05	754,299.88	754,299.88		(751,703.79)			2,596.09	2,596.09	-	
Mutual Fund	2003 AB MF Peninsula	1.27	11/01/04	12/01/04	119.01	119.01	0.55				119.56	119.56	-	
Investment Agreement	2003 AB MF Peninsula	1.10	10/03/03	01/15/05	50.00	50.00					50.00	50.00	-	
Mutual Fund	2003 AB MF Peninsula	1.27	11/01/04	12/01/04	320,235.75	320,235.75		(162,182.31)			158,053.44	158,053.44	-	
Mutual Fund	2003 AB MF Peninsula	1.27	11/01/04	12/01/04	21,577.91	21,577.91		(4,935.12)			16,642.79	16,642.79	-	
	<b>2003 AB MF Peninsula Total</b>				1,104,864.78	1,104,864.78	59,948.92	(927,320.96)	0.00	0.00	237,492.74	237,492.74	0.00	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	1.27	11/01/04	12/01/04	389.42	389.42	0.97				390.39	390.39	-	
Mutual Fund	2003 A MF Evergreen @ Mesquite	1.27	11/01/04	12/01/04	350,762.59	350,762.59	503,417.27				854,179.86	854,179.86	-	
Mutual Fund	2003 A MF Evergreen @ Mesquite	1.27	11/01/04	12/01/04	93.74	93.74	0.23				93.97	93.97	-	
Mutual Fund	2003 A MF Evergreen @ Mesquite	1.27	11/01/04	12/01/04	559,209.60	559,209.60	71,511.60				630,721.20	630,721.20	-	
Investment Agreement	2003 A MF Evergreen @ Mesquite	7.55	08/29/03	08/27/06	4,593,337.11	4,593,337.11		(2,929,835.16)			1,663,501.95	1,663,501.95	-	
	<b>2003 A MF Evergreen @ Mesquite Total</b>				5,503,792.46	5,503,792.46	574,930.07	(2,929,835.16)	0.00	0.00	3,148,887.37	3,148,887.37	0.00	0.00
Mutual Fund	2003 AB Arlington Villas	1.27	11/01/04	12/01/04	4,039,877.23	4,039,877.23		(1,503,740.02)			2,536,137.21	2,536,137.21	-	
Investment Agreement	2003 AB Arlington Villas	6.45	11/20/03	03/15/05	42.49	42.49					42.49	42.49	-	
Mutual Fund	2003 AB Arlington Villas				87,043.27	87,043.27		(87,043.27)					-	
Investment Agreement	2003 AB Arlington Villas	6.45	11/20/03	03/15/05	1,228,827.70	1,228,827.70		(1,124,632.27)			104,195.43	104,195.43	-	
Mutual Fund	2003 AB Arlington Villas	1.27	11/01/04	12/01/04	8,365.47	8,365.47	2,434.68				10,800.15	10,800.15	-	
Investment Agreement	2003 AB Arlington Villas	6.45	11/20/03	03/15/05	655,230.55	655,230.55		(66,002.22)			589,228.33	589,228.33	-	
Mutual Fund	2003 AB Arlington Villas	1.27	11/01/04	12/01/04	7,089.01	7,089.01	2,151.88				9,240.89	9,240.89	-	
Investment Agreement	2003 AB Arlington Villas	6.45	11/20/03	03/15/05	559,797.66	559,797.66					559,797.66	559,797.66	-	
Mutual Fund	2003 AB Arlington Villas	1.27	11/01/04	12/01/04	8,853.37	8,853.37		(5,977.88)			2,875.49	2,875.49	-	
	<b>2003 AB Arlington Villas Total</b>				6,595,126.75	6,595,126.75	4,586.56	(2,787,395.66)	0.00	0.00	3,812,317.65	3,812,317.65	0.00	0.00
Mutual Fund	2003 AB Parkview Twnhms	1.27	11/01/04	12/01/04	4,486.99	4,486.99	56,509.71				60,996.70	60,996.70	-	
Investment Agreement	2003 AB Parkview Twnhms	1.31	12/23/03	12/01/05	6,376,067.99	6,376,067.99		(5,110,080.69)			1,265,987.30	1,265,987.30	-	



Mutual Fund	2003 AB Parkview Twnhms	1.27	11/01/04	12/01/04	396,222.08	396,222.08		(334,880.11)		61,341.97	61,341.97	-	
Mutual Fund	2003 AB Parkview Twnhms	1.27	11/01/04	12/01/04	30,534.60	30,534.60	6,765.40			37,300.00	37,300.00	-	
Investment Agreement	2003 AB Parkview Twnhms	1.31	12/23/03	12/01/05	524,138.71	524,138.71		(180,252.75)		343,885.96	343,885.96	-	
Investment Agreement	2003 AB Parkview Twnhms	1.31	12/23/03	12/01/05	200,000.00	200,000.00				200,000.00	200,000.00	-	
Mutual Fund	2003 AB Parkview Twnhms	1.27	11/01/04	12/01/04	8.70	8.70	0.03			8.73	8.73	-	
Investment Agreement	2003 AB Parkview Twnhms	1.31	12/23/03	12/01/05	476,210.39	476,210.39		(261,196.15)		215,014.24	215,014.24	-	
	<b>2003 AB Parkview Twnhms Total</b>				<b>8,007,669.46</b>	<b>8,007,669.46</b>	<b>63,275.14</b>	<b>(5,886,409.70)</b>	<b>0.00</b>	<b>2,184,534.90</b>	<b>2,184,534.90</b>	<b>0.00</b>	
Mutual Fund	2003 MF NHP-Asmara-Refunding	1.27	11/01/04	12/01/04	90,339.77	90,339.77	17,291.98			107,631.75	107,631.75	-	
FNMA	2003 MF NHP-Asmara-Rfndg				198,895.00	198,895.00		(198,895.00)				-	
FNMA	2003 MF NHP-Asmara-Rfndg				198,660.67	198,660.67						-	
FNMA	2003 MF NHP-Asmara-Rfndg				199,062.67	199,062.67		(199,062.67)				-	
FNMA	2003 MF NHP-Asmara-Refunding	3.88	01/26/04	02/01/05	205,950.37	205,950.37				205,950.37	205,950.37	-	
FNMA	2003 MF NHP-Asmara-Refunding	3.88	01/26/04	03/15/05	206,662.45	206,662.45				206,662.45	206,662.45	-	
FHLB	2003 MF NHP-Asmara-Refunding	4.63	01/26/04	04/15/05	208,662.88	208,662.88				208,662.88	208,662.88	-	
FHLB	2003 MF NHP-Asmara-Refunding	1.50	01/26/04	05/13/05	201,026.67	201,026.67				201,026.67	201,026.67	-	
FNMA	2003 MF NHP-Asmara-Refunding	0.90	01/26/04	12/10/04	198,497.33	198,497.33				198,497.33	198,497.33	-	
FNMA	2003 MF NHP-Asmara-Refunding	0.90	01/26/04	01/07/05	198,269.44	198,269.44				198,269.44	198,269.44	-	
FHLB	2003 MF NHP-Asmara-Refunding	1.80	01/26/04	06/15/05	200,536.54	200,536.54				200,536.54	200,536.54	-	
FNMA	2003 MF NHP-Asmara-Refunding	7.00	04/07/04	07/15/05	214,448.00	214,448.00				214,448.00	214,448.00	-	
FHLB	2003 MF NHP-Asmara-Refunding	1.50	05/10/04	08/26/05	350,273.00	350,273.00				350,273.00	350,273.00	-	
FNMA	2003 MF NHP-Asmara-Refunding	0.90	06/08/04	12/03/04	348,027.17	348,027.17				348,027.17	348,027.17	-	
FNMA	2003 MF NHP-Asmara-Refunding	1.88	08/01/04	01/15/05	350,993.08	350,993.08				350,993.08	350,993.08	-	
FNMA	2003 MF NHP-Asmara-Refunding	0.00	09/01/04	02/25/05			198,574.17			198,574.17	198,574.17	-	
Mutual Fund	2003 MF NHP-Asmara-Refunding	1.27	11/01/04	12/01/04	548,862.97	548,862.97		(267,962.20)		280,900.77	280,900.77	-	
Mutual Fund	2003 MF NHP-Asmara-Refunding	1.27	11/01/04	12/01/04	17.66	17.66	0.04			17.70	17.70	-	
Treasury Note	2003 MF NHP-Asmara-Refunding	1.36	12/15/03	01/01/05	691,607.00	691,607.00				691,607.00	691,607.00	-	
Treasury Note	2003 MF NHP-Asmara-Refunding	1.73	12/15/03	07/01/05	704,233.00	704,233.00				704,233.00	704,233.00	-	
Treasury Note	2003 MF NHP-Asmara-Refunding	2.07	12/15/03	01/01/06	697,495.00	697,495.00				697,495.00	697,495.00	-	
Treasury Note	2003 MF NHP-Asmara-Refunding	2.35	12/15/03	07/01/06	712,029.00	712,029.00				712,029.00	712,029.00	-	
Treasury Note	2003 MF NHP-Asmara-Refunding	2.59	12/15/03	01/01/07	24,349,975.00	24,349,975.00				24,349,975.00	24,349,975.00	-	
Mutual Fund	2003 MF NHP-Asmara-Refunding	1.27	11/01/04	12/01/04	0.22	0.22				0.22	0.22	-	
Mutual Fund	2003 MF NHP-Asmara-Refunding	1.27	11/01/04	12/01/04	169,939.57	169,939.57		(169,922.98)		16.59	16.59	-	
Mutual Fund	2003 MF NHP-Asmara-Refunding	1.27	11/01/04	12/01/04	83,624.29	83,624.29		(78,541.03)		5,083.26	5,083.26	-	
	<b>2003 MF NHP-Asmara-Refunding Total</b>				<b>31,328,088.75</b>	<b>31,328,088.75</b>	<b>215,866.19</b>	<b>(516,426.21)</b>	<b>(596,618.34)</b>	<b>0.00</b>	<b>30,430,910.39</b>	<b>30,430,910.39</b>	<b>0.00</b>
Mutual Fund	2004 A&B Timber Ridge	1.27	11/01/04	12/01/04	7,593.71	7,593.71	3,271.91			10,865.62	10,865.62	-	
Mutual Fund	2004 A&B Timber Ridge	1.27	11/01/04	12/01/04	63.88	63.88	0.16			64.04	64.04	-	
Mutual Fund	2004 A&B Timber Ridge	1.27	11/01/04	12/01/04	19,556.24	19,556.24		(18,958.18)		598.06	598.06	-	
Investment Agreement	2004 A&B Timber Ridge	0.90	01/28/04	06/01/05	3,576,638.29	3,576,638.29		(3,543,514.71)		33,123.58	33,123.58	-	
Investment Agreement	2004 A&B Timber Ridge	0.90	01/28/04	06/01/05	500,000.00	500,000.00		(107,066.96)		392,933.04	392,933.04	-	
Mutual Fund	2004 A&B Timber Ridge	1.27	11/01/04	12/01/04	0.63	0.63	2.64			3.27	3.27	-	
Mutual Fund	2004 A&B Timber Ridge	1.27	11/01/04	12/01/04	48.87	48.87	17.99			66.86	66.86	-	
Investment Agreement	2004 A&B Timber Ridge	0.90	01/28/04	06/01/05	25,123.18	25,123.18	26,061.02			51,184.20	51,184.20	-	
	<b>2004 A&amp;B Timber Ridge Total</b>				<b>4,129,024.80</b>	<b>4,129,024.80</b>	<b>29,353.72</b>	<b>(3,669,539.85)</b>	<b>0.00</b>	<b>488,838.67</b>	<b>488,838.67</b>	<b>0.00</b>	
Mutual Fund	2004 A&B Century Park	1.27	11/01/04	12/01/04	8,333.45	8,333.45	6,750.05			15,083.50	15,083.50	-	
Mutual Fund	2004 A&B Century Park	1.27	11/01/04	12/01/04	49,833.35	49,833.35		(37,374.97)		12,458.38	12,458.38	-	
Mutual Fund	2004 A&B Century Park	1.27	11/01/04	12/01/04			70,671.82			70,671.82	70,671.82	-	
Investment Agreement	2004 A&B Century Park	0.01	01/13/04	05/01/05	10,966,376.90	10,966,376.90		(5,383,188.87)		5,583,188.03	5,583,188.03	-	
Mutual Fund	2004 A&B Century Park	1.27	11/01/04	12/01/04			898.95			898.95	898.95	-	
Mutual Fund	2004 A&B Century Park				350.62	350.62		(350.62)				-	
Mutual Fund	2004 A&B Century Park	1.27	11/01/04	12/01/04	102,890.67	102,890.67	163,522.72			266,413.39	266,413.39	-	
Mutual Fund	2004 A&B Century Park				9.43	9.43		(9.43)				-	
Investment Agreement	2004 A&B Century Park	0.01	01/13/04	05/01/05	160,085.62	160,085.62		(160,085.40)		0.22	0.22	-	
	<b>2004 A&amp;B Century Park Total</b>				<b>11,287,880.04</b>	<b>11,287,880.04</b>	<b>241,843.54</b>	<b>(5,581,009.29)</b>	<b>0.00</b>	<b>5,948,714.29</b>	<b>5,948,714.29</b>	<b>0.00</b>	
Mutual Fund	2004 A Addison Park	1.27	11/01/04	12/01/04	82.54	82.54	81.57			164.11	164.11	-	
Mutual Fund	2004 A Addison Park	1.27	11/01/04	12/01/04	0.29	0.29				0.29	0.29	-	
Mutual Fund	2004 A Addison Park	1.27	11/01/04	12/01/04	301,088.92	301,088.92		(64,720.52)		236,368.40	236,368.40	-	
Mutual Fund	2004 A Addison Park	1.27	11/01/04	12/01/04	10.56	10.56	0.03			10.59	10.59	-	
	<b>2004 A Addison Park Total</b>				<b>301,182.31</b>	<b>301,182.31</b>	<b>81.60</b>	<b>(64,720.52)</b>	<b>0.00</b>	<b>236,543.39</b>	<b>236,543.39</b>	<b>0.00</b>	
Mutual Fund	2004 A&B MF Veterans Memorial	1.27	11/01/04	12/01/04	1,364.69	1,364.69	52,257.97			53,622.66	53,622.66	-	
Investment Agreement	2004 A&B MF Veterans Memorial	1.27	05/01/04	10/03/05	213,388.00	213,388.00		(78,848.00)		134,540.00	134,540.00	-	
Mutual Fund	2004 A&B MF Veterans Memorial	1.27	11/01/04	12/01/04	74,877.95	74,877.95		(74,877.03)		0.92	0.92	-	
Investment Agreement	2004 A&B MF Veterans Memorial	1.27	02/03/04	11/01/05	10,082,155.77	10,082,155.77		(6,104,114.48)		3,978,041.29	3,978,041.29	-	

Mutual Fund	2004 A&B MF Veterans Memorial	1.27	11/01/04	12/01/04	7,463.43	7,463.43	92,079.42			99,542.85	99,542.85	-		
Investment Agreement	2004 A&B MF Veterans Memorial	1.27	02/03/04	10/03/05	651,845.22	651,845.22		(166,452.00)		485,393.22	485,393.22	-		
Mutual Fund	2004 A&B MF Veterans Memorial	1.27	11/01/04	12/01/04	6,679.16	6,679.16	1,991.50			8,670.66	8,670.66	-		
Investment Agreement	2004 A&B MF Veterans Memorial	1.27	05/03/04	10/03/05	721,441.17	721,441.17		(275,124.99)		446,316.18	446,316.18	-		
	<b>2004 A&amp;B MF Veterans Memorial Total</b>				<b>11,759,215.39</b>	<b>11,759,215.39</b>	<b>146,328.89</b>	<b>(6,699,416.50)</b>	<b>0.00</b>	<b>0.00</b>	<b>5,206,127.78</b>	<b>5,206,127.78</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2004 MF Rush Creek Apts	1.27	11/01/04	12/01/04	6,590,035.20	6,590,035.20		(2,831,910.40)		3,758,124.80	3,758,124.80	-		
Money Market	2004 MF Rush Creek Apts	1.27	11/01/04	12/01/04	44,791.67	44,791.67		(39,119.82)		5,671.85	5,671.85	-		
Money Market	2004 MF Rush Creek Apts	1.27	11/01/04	12/01/04	18,000.01	18,000.01		(0.01)		18,000.00	18,000.00	-		
Mutual Fund	2004 MF Rush Creek Apts	1.27	11/01/04	12/01/04	29,195.81	29,195.81	244,616.47			273,812.28	273,812.28	-		
Money Market	2004 MF Rush Creek Apts	1.27	11/01/04	12/01/04			187,317.79			187,317.79	187,317.79	-		
Money Market	2004 MF Rush Creek Apts	1.27	11/01/04	12/01/04	33,679.03	33,679.03	77,023.80			110,702.83	110,702.83	-		
	<b>2004 MF Rush Creek Apts Total</b>				<b>6,715,701.72</b>	<b>6,715,701.72</b>	<b>508,958.06</b>	<b>(2,871,030.23)</b>	<b>0.00</b>	<b>0.00</b>	<b>4,353,629.55</b>	<b>4,353,629.55</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 MF Humble Parkway				368.25	368.25		(368.25)				-		
Investment Agreement	2004 MF Humble Parkway	1.20	02/05/04	12/31/05	376,525.43	376,525.43		(5,155.87)		371,369.56	371,369.56	-		
Investment Agreement	2004 MF Humble Parkway	1.20	02/05/04	12/31/05	7,907,922.33	7,907,922.33		(2,595,646.03)		5,312,276.30	5,312,276.30	-		
Investment Agreement	2004 MF Humble Parkway	1.20	02/05/04	12/31/05	251,216.66	251,216.66				251,216.66	251,216.66	-		
Investment Agreement	2004 MF Humble Parkway	0.04	04/26/04	02/01/10	132,999.62	132,999.62	193,132.35			326,131.97	326,131.97	-		
Investment Agreement	2004 MF Humble Parkway	1.20	02/19/04	12/31/05	331,150.55	331,150.55		(193,050.00)		138,100.55	138,100.55	-		
Mutual Fund	2004 MF Humble Parkway	1.27	11/01/04	12/01/04	3,683.34	3,683.34	5,525.01			9,208.35	9,208.35	-		
Mutual Fund	2004 MF Humble Parkway	1.27	11/01/04	12/01/04	150,151.90	150,151.90	313.79			150,465.69	150,465.69	-		
	<b>2004 MF Humble Parkway Total</b>				<b>9,154,018.08</b>	<b>9,154,018.08</b>	<b>198,971.15</b>	<b>(2,794,220.15)</b>	<b>0.00</b>	<b>0.00</b>	<b>6,558,769.08</b>	<b>6,558,769.08</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 MF Chisholm Trail Apts	1.50	11/01/04	12/01/04	934.75	934.75	798.91			1,733.66	1,733.66	-		
Money Market	2004 MF Chisholm Trail Apts	1.50	11/01/04	12/01/04	1.86	1.86	1.19			3.05	3.05	-		
Investment Agreement	2004 MF Chisholm Trail Apts	0.60	04/13/04	10/01/05	275,192.01	275,192.01		(12,065.57)		263,126.44	263,126.44	-		
Investment Agreement	2004 MF Chisholm Trail Apts	0.60	04/13/04	10/01/05	718.35	718.35				718.35	718.35	-		
Money Market	2004 MF Chisholm Trail Apts	1.50	11/01/04	12/01/04	34,271.76	34,271.76	29,668.92			63,940.68	63,940.68	-		
Investment Agreement	2004 MF Chisholm Trail Apts	0.60	04/13/04	10/01/05	10,190,786.00	10,190,786.00		(1,874,930.00)		8,315,856.00	8,315,856.00	-		
Money Market	2004 MF Chisholm Trail Apts	1.50	11/01/04	12/01/04	28,593.14	28,593.14	26.87			28,620.01	28,620.01	-		
Money Market	2004 MF Chisholm Trail Apts	1.50	11/01/04	12/01/04	709.79	709.79	579.35			1,289.14	1,289.14	-		
Investment Agreement	2004 MF Chisholm Trail Apts	0.60	04/13/04	10/01/05	199,493.44	199,493.44		(47,275.42)		152,218.02	152,218.02	-		
Money Market	2004 MF Chisholm Trail Apts	1.50	11/01/04	12/01/04	152,717.04	152,717.04	143.51			152,860.55	152,860.55	-		
	<b>2004 MF Chisholm Trail Apts Total</b>				<b>10,883,418.14</b>	<b>10,883,418.14</b>	<b>31,218.75</b>	<b>(1,934,270.99)</b>	<b>0.00</b>	<b>0.00</b>	<b>8,980,365.90</b>	<b>8,980,365.90</b>	<b>0.00</b>	<b>0.00</b>
Money Market	2004 MF Evergreen at Plano	1.27	11/01/04	12/01/04	19,680.15	19,680.15	22.93			19,703.08	19,703.08	-		
Money Market	2004 MF Evergreen at Plano				17,024.05	17,024.05		(17,024.05)				-		
Money Market	2004 MF Evergreen at Plano	1.27	11/01/04	12/01/04	11,624,533.60	11,624,533.60		(1,528,796.77)		10,095,736.83	10,095,736.83	-		
Money Market	2004 MF Evergreen at Plano	1.27	11/01/04	12/01/04	85,161.00	85,161.00				85,161.00	85,161.00	-		
Money Market	2004 MF Evergreen at Plano	1.27	11/01/04	12/01/04	393,592.65	393,592.65		(242,716.04)		150,876.61	150,876.61	-		
	<b>2004 MF Evergreen at Plano Total</b>				<b>12,139,991.45</b>	<b>12,139,991.45</b>	<b>22.93</b>	<b>(1,788,536.86)</b>	<b>0.00</b>	<b>0.00</b>	<b>10,351,477.52</b>	<b>10,351,477.52</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2004 MF Montgomery Pines Apts	1.50	11/01/04	12/01/04	892.01	892.01	978.30			1,870.31	1,870.31	-		
Investment Agreement	2004 MF Montgomery Pines Apts	1.81	05/27/04	12/15/05	216,278.36	216,278.36		(34,581.17)		181,697.19	181,697.19	-		
Mutual Fund	2004 MF Montgomery Pines Apts	1.50	11/01/04	12/01/04	542.61	542.61	15,913.75			16,456.36	16,456.36	-		
Investment Agreement	2004 MF Montgomery Pines Apts	1.81	05/27/04	12/15/05	117,620.90	117,620.90		(36,388.50)		81,232.40	81,232.40	-		
Mutual Fund	2004 MF Montgomery Pines Apts	1.50	11/01/04	12/01/04	200.47	200.47	230.04			430.51	430.51	-		
Investment Agreement	2004 MF Montgomery Pines Apts	1.81	05/27/04	12/15/05	50,864.60	50,864.60				50,864.60	50,864.60	-		
Mutual Fund	2004 MF Montgomery Pines Apts	1.50	11/01/04	12/01/04	43,181.70	43,181.70	46,992.56			90,174.26	90,174.26	-		
Investment Agreement	2004 MF Montgomery Pines Apts	1.81	05/27/04	12/15/05	10,957,028.20	10,957,028.20		(2,080,754.93)		8,876,273.27	8,876,273.27	-		
Money Market	2004 MF Montgomery Pines Apts	1.27	11/01/04	12/01/04	18,993.92	18,993.92	54.28			19,048.20	19,048.20	-		
	<b>2004 MF Montgomery Pines Apts Total</b>				<b>11,405,602.77</b>	<b>11,405,602.77</b>	<b>64,168.93</b>	<b>(2,151,724.60)</b>	<b>0.00</b>	<b>0.00</b>	<b>9,318,047.10</b>	<b>9,318,047.10</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2004 MF Bristol Apts	1.50	11/01/04	12/01/04	1,665.38	1,665.38	1,855.43			3,520.81	3,520.81	-		
Investment Agreement	2004 MF Bristol Apts	1.85	05/28/04	05/15/06	400,836.85	400,836.85		(62,431.64)		338,405.21	338,405.21	-		
Mutual Fund	2004 MF Bristol Apts	1.50	11/01/04	12/01/04	107,112.30	107,112.30	2,214.80			109,327.10	109,327.10	-		
Investment Agreement	2004 MF Bristol Apts	1.85	05/28/04	05/15/06	413,391.25	413,391.25		(32,773.26)		380,617.99	380,617.99	-		
Mutual Fund	2004 MF Bristol Apts	1.50	11/01/04	12/01/04	40,204.96	40,204.96	46,353.46			86,558.42	86,558.42	-		
Investment Agreement	2004 MF Bristol Apts	1.85	05/28/04	05/15/06	10,014,326.89	10,014,326.89		(946,862.82)		9,067,464.07	9,067,464.07	-		
Mutual Fund	2004 MF Bristol Apts	1.50	11/01/04	12/01/04	19,748.57	19,748.57	56.43			19,805.00	19,805.00	-		
	<b>2004 MF Bristol Apts Total</b>				<b>10,997,286.20</b>	<b>10,997,286.20</b>	<b>50,480.12</b>	<b>(1,042,067.72)</b>	<b>0.00</b>	<b>0.00</b>	<b>10,005,698.60</b>	<b>10,005,698.60</b>	<b>0.00</b>	<b>0.00</b>
Mutual Fund	2004 MF Pinnacle Apts	1.50	11/01/04	12/01/04	1,793.09	1,793.09	2,141.22			3,934.31	3,934.31	-		
Investment Agreement	2004 MF Pinnacle Apts	1.81	05/28/04	05/15/06	471,143.03	471,143.03		(71,704.29)		399,438.74	399,438.74	-		
Mutual Fund	2004 MF Pinnacle Apts	1.50	11/01/04	12/01/04	289,559.67	289,559.67		(35,981.48)		253,578.19	253,578.19	-		
Investment Agreement	2004 MF Pinnacle Apts	1.81	05/28/04	05/15/06	121,900.00	121,900.00				121,900.00	121,900.00	-		

Mutual Fund	2004 MF Pinnacle Apts	1.50	11/01/04	12/01/04	42,657.45	42,657.45	52,592.09			95,249.54	95,249.54	-		
Investment Agreement	2004 MF Pinnacle Apts	1.81	05/28/04	05/15/06	11,565,094.73	11,565,094.73		(1,112,233.04)		10,452,861.69	10,452,861.69	-		
Mutual Fund	2004 MF Pinnacle Apts	1.50	11/01/04	12/01/04	19,166.80	19,166.80	54.77			19,221.57	19,221.57	-		
	<b>2004 MF Pinnacle Apts Total</b>				<u>12,511,314.77</u>	<u>12,511,314.77</u>	<u>54,788.08</u>	<u>(1,219,918.81)</u>	<u>0.00</u>	<u>0.00</u>	<u>11,346,184.04</u>	<u>11,346,184.04</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2004 MF Tranquility Bay Apts	1.27	11/01/04	12/01/04	279,965.90	279,965.90		(126,326.00)		153,639.90	153,639.90	-		
Mutual Fund	2004 MF Tranquility Bay Apts	1.27	11/01/04	12/01/04	369,321.00	369,321.00				369,321.00	369,321.00	-		
Mutual Fund	2004 MF Tranquility Bay Apts	1.27	11/01/04	12/01/04	4,566,442.52	4,566,442.52		(2,785,773.50)		1,780,669.02	1,780,669.02	-		
Mutual Fund	2004 MF Tranquility Bay Apts	1.27	11/01/04	12/01/04	100,000.00	100,000.00				100,000.00	100,000.00	-		
Mutual Fund	2004 MF Tranquility Bay Apts	1.27	11/01/04	12/01/04	476,300.67	476,300.67		(72,745.53)		403,555.14	403,555.14	-		
	<b>2004 MF Tranquility Bay Apts Total</b>				<u>5,792,030.09</u>	<u>5,792,030.09</u>	<u>0.00</u>	<u>(2,984,845.03)</u>	<u>0.00</u>	<u>0.00</u>	<u>2,807,185.06</u>	<u>2,807,185.06</u>	<u>0.00</u>	<u>0.00</u>
GNMA	2004 MF Sphinx @ Delafield	5.42	08/12/04	05/15/07	1,158,526.00	1,158,526.00	989,671.00			2,148,197.00	2,148,197.00	-		
Money Market	2004 MF Sphinx @ Delafield				4,962.23	4,962.23		(4,962.23)				-		
Investment Agreement	2004 MF Sphinx @ Delafield	1.90	07/13/04	01/31/06	10,221,744.00	10,221,744.00		(989,941.45)		9,231,802.55	9,231,802.55	-		
Money Market	2004 MF Sphinx @ Delafield	1.27	11/01/04	12/01/04			8,406.57			8,406.57	8,406.57	-		
Investment Agreement	2004 MF Sphinx @ Delafield	3.00	11/22/04	01/20/44			10,795.27			10,795.27	10,795.27	-		
Investment Agreement	2004 MF Sphinx @ Delafield	1.90	07/13/04	01/31/06	323,081.80	323,081.80		(4,077.08)		319,004.72	319,004.72	-		
Mutual Fund	2004 MF Sphinx @ Delafield	1.27	11/01/04	12/01/04	14,348.89	14,348.89		(8,016.14)		6,332.75	6,332.75	-		
	<b>2004 MF Sphinx @ Delafield Total</b>				<u>11,722,662.92</u>	<u>11,722,662.92</u>	<u>1,008,872.84</u>	<u>(1,006,996.90)</u>	<u>0.00</u>	<u>0.00</u>	<u>11,724,538.86</u>	<u>11,724,538.86</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2004 MF Churchill @ Pinnacle	1.27	11/01/04	12/01/04	350,000.00	350,000.00				350,000.00	350,000.00	-		
Mutual Fund	2004 MF Churchill @ Pinnacle	1.27	11/01/04	12/01/04	171,761.98	171,761.98		(72,574.13)		99,187.85	99,187.85	-		
Mutual Fund	2004 MF Churchill @ Pinnacle	1.27	11/01/04	12/01/04	8,642,772.29	8,642,772.29		(1,230,379.88)		7,412,392.41	7,412,392.41	-		
Mutual Fund	2004 MF Churchill @ Pinnacle	1.27	11/01/04	12/01/04	75,000.00	75,000.00				75,000.00	75,000.00	-		
Mutual Fund	2004 MF Churchill @ Pinnacle	1.27	11/01/04	12/01/04	451,277.92	451,277.92		(128,255.62)		323,022.30	323,022.30	-		
	<b>2004 MF Churchill @ Pinnacle Total</b>				<u>9,690,812.19</u>	<u>9,690,812.19</u>	<u>0.00</u>	<u>(1,431,209.63)</u>	<u>0.00</u>	<u>0.00</u>	<u>8,259,602.56</u>	<u>8,259,602.56</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2004 A/B MF Post Oak East Apts	1.50	11/01/04	12/01/04	353.78	353.78	6,965.10			7,318.88	7,318.88	-		
Mutual Fund	2004 A/B MF Post Oak East Apts	1.50	11/01/04	12/01/04	268.39	268.39	1,746.94			2,015.33	2,015.33	-		
Investment Agreement	2004 A/B MF Post Oak East Apts	1.87	08/05/04	07/15/06	500,000.00	500,000.00		(46,533.16)		453,466.84	453,466.84	-		
Investment Agreement	2004 A/B MF Post Oak East Apts	1.87	08/05/04	07/15/06	379,307.35	379,307.35				379,307.35	379,307.35	-		
Mutual Fund	2004 A/B MF Post Oak East Apts	1.50	11/01/04	12/01/04	7,534.10	7,534.10	48,822.76			56,356.86	56,356.86	-		
Investment Agreement	2004 A/B MF Post Oak East Apts	1.87	08/05/04	07/15/06	10,600,725.00	10,600,725.00		(675,704.00)		9,925,021.00	9,925,021.00	-		
Mutual Fund	2004 A/B MF Post Oak East Apts	1.50	11/01/04	12/01/04	26,248.08	26,248.08	53.35			26,301.43	26,301.43	-		
	<b>2004 A/B MF Post Oak East Apts Total</b>				<u>11,514,436.70</u>	<u>11,514,436.70</u>	<u>57,588.15</u>	<u>(722,237.16)</u>	<u>0.00</u>	<u>0.00</u>	<u>10,849,787.69</u>	<u>10,849,787.69</u>	<u>0.00</u>	<u>0.00</u>
	<b>Total Multi-Family Investment Summary</b>				<u>238,060,101.63</u>	<u>238,060,101.63</u>	<u>9,310,821.59</u>	<u>(59,561,565.71)</u>	<u>(596,618.34)</u>	<u>0.00</u>	<u>187,212,739.17</u>	<u>187,212,739.17</u>	<u>0.00</u>	<u>0.00</u>

**Texas Department of Housing and Community Affairs**  
**Single Family Collateralized Home Mortgage Revenue Bonds Series 1993 Investment Summary**  
**For Period Ending November 30, 2004**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/04	Beginning Market Value 08/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/04	Ending Market Value 11/30/04	Change in In Market Value	Recognized Gain
Repurchase Agreement	1993 SF MRB CHMRB	2.06	11/30/04	12/01/04	7,454.45	7,454.45	33.12				7,487.57	7,487.57	-	
Repurchase Agreement	1993 SF MRB CHMRB	2.06	11/30/04	12/01/04	161,452.41	161,452.41	162,888.84				324,341.25	324,341.25	-	
Repurchase Agreement	1993 SF MRB CHMRB	2.06	11/30/04	12/01/04	185,105.50	185,105.50		(99,276.49)			85,829.01	85,829.01	-	
Repurchase Agreement	1993 SF MRB CHMRB	2.06	11/30/04	12/01/04	38,725.13	38,725.13	1,810.77				40,535.90	40,535.90	-	
Repurchase Agreement	1993 SF MRB CHMRB	2.06	11/30/04	12/01/04	380,954.17	380,954.17		(203,503.90)			177,450.27	177,450.27	-	
Repurchase Agreement	1993 SF MRB CHMRB	2.06	11/30/04	12/01/04	200,701.95	200,701.95		(89,318.07)			111,383.88	111,383.88	-	
FNMA	1993 SF MRB CHMRB				218,721.30	231,626.80			(1,214.44)	(217,506.86)			(12,905.50)	
FNMA	1993 SF MRB CHMRB				385,108.75	416,280.77			(39,435.20)	(345,673.55)			(31,172.02)	
FNMA	1993 SF MRB CHMRB				506,449.75	548,452.98			(3,500.92)	(502,948.83)			(42,003.23)	
FNMA	1993 SF MRB CHMRB				321,891.95	346,710.66			(1,407.16)	(320,484.79)			(24,818.71)	
FNMA	1993 SF MRB CHMRB				73,382.03	79,594.90			(273.84)	(73,108.19)			(6,212.87)	
FNMA	1993 SF MRB CHMRB				147,380.84	159,733.42			(2,103.44)	(145,277.40)			(12,352.58)	
GNMA	1993 SF MRB CHMRB				2,611,863.93	2,760,246.35			(55,129.90)	(2,556,734.03)			(148,382.42)	
GNMA	1993 SF MRB CHMRB				2,020,652.19	2,180,262.39			(97,056.28)	(1,923,595.91)			(159,610.20)	
GNMA	1993 SF MRB CHMRB				1,547,080.37	1,671,772.64			(57,576.49)	(1,489,503.88)			(124,692.27)	
GNMA	1993 SF MRB CHMRB				693,743.89	749,795.24			(8,976.37)	(684,767.52)			(56,051.35)	
GNMA	1993 SF MRB CHMRB				403,258.53	426,371.23			(42,294.39)	(360,964.14)			(23,112.70)	
GNMA	1993 SF MRB CHMRB				613,462.32	663,495.62			(2,624.53)	(610,837.79)			(50,033.30)	
GNMA	1993 SF MRB CHMRB				182,533.75	196,955.25			(683.30)	(181,850.45)			(14,421.50)	
GNMA	1993 SF MRB CHMRB				92,723.16	100,264.49			(665.25)	(92,057.91)			(7,541.33)	
GNMA	1993 SF MRB CHMRB				39,742.03	42,975.60			(253.02)	(39,489.01)			(3,233.57)	
GNMA	1993 SF MRB CHMRB				53,595.12	57,864.33			(220.60)	(53,374.52)			(4,269.21)	
GNMA	1993 SF MRB CHMRB				42,911.68	46,390.51			(171.82)	(42,739.86)			(3,478.83)	
GNMA	1993 SF MRB CHMRB				303,183.87	327,680.90			(58,164.19)	(245,019.68)			(24,497.03)	
GNMA	1993 SF MRB CHMRB				35,321.96	38,154.54			(118.21)	(35,203.75)			(2,832.58)	
GNMA	1993 SF MRB CHMRB				644,396.09	696,996.34			(230,103.61)	(414,292.48)			(52,600.25)	
Repurchase Agreement	1993 SF MRB CHMRB	2.06	11/30/04	12/01/04	4.82	4.82					4.82	4.82	-	
Repurchase Agreement	1993 SF MRB CHMRB	2.06	11/30/04	12/01/04	5.78	5.78					5.78	5.78	-	
Repurchase Agreement	1993 SF MRB CHMRB	2.06	11/30/04	12/01/04	357.24	357.24	1.72				358.96	358.96	-	
Repurchase Agreement	1993 SF MRB CHMRB	2.06	11/30/04	12/01/04	3.29	3.29					3.29	3.29	-	
Repurchase Agreement	1993 SF MRB CHMRB	2.06	11/30/04	12/01/04	8.97	8.97					8.97	8.97	-	
<b>1993 SF MRB CHMRB Total</b>					<b>11,912,177.22</b>	<b>12,716,398.67</b>	<b>164,734.45</b>	<b>(392,098.46)</b>	<b>(601,972.96)</b>	<b>(10,335,430.55)</b>	<b>747,409.70</b>	<b>747,409.70</b>	<b>(804,221.45)</b>	<b>0.00</b>
<b>Total 1993 SF MRB CHMRB Investment Summary</b>					<b>11,912,177.22</b>	<b>12,716,398.67</b>	<b>164,734.45</b>	<b>(392,098.46)</b>	<b>(601,972.96)</b>	<b>(10,335,430.55)</b>	<b>747,409.70</b>	<b>747,409.70</b>	<b>(804,221.45)</b>	<b>0.00</b>

**Texas Department of Housing and Community Affairs**  
**Single Family Collateralized Home Mortgage Revenue Bonds Series 1994 and 1995 Investment Summary**  
**For Period Ending November 30, 2004**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/04	Beginning Market Value 08/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/04	Ending Market Value 11/30/04	Change in In Market Value	Recognized Gain
Repurchase Agreement	1994 SF MRB CHMRB	2.06	11/30/04	12/01/04	14,156.24	14,156.24	62.92				14,219.16	14,219.16	-	
Repurchase Agreement	1994 SF MRB CHMRB	2.06	11/30/04	12/01/04	7,163.34	7,163.34	31.78				7,195.12	7,195.12	-	
Repurchase Agreement	1994 SF MRB CHMRB	2.06	11/30/04	12/01/04	392,518.25	392,518.25		(226,300.85)			166,217.40	166,217.40	-	
Repurchase Agreement	1994 SF MRB CHMRB	2.06	11/30/04	12/01/04	50,527.12	50,527.12	3,429.64				53,956.76	53,956.76	-	
Repurchase Agreement	1994 SF MRB CHMRB	2.06	11/30/04	12/01/04	2,483.00	2,483.00		(288.28)			2,194.72	2,194.72	-	
Guarantd Inv Certificates	1994 SF MRB CHMRB	6.42	04/26/95	11/01/26	51,075.98	51,075.98	155,368.39				206,444.37	206,444.37	-	
Guarantd Inv Certificates	1994 SF MRB CHMRB	6.05	06/27/96	11/01/26	170,323.93	170,323.93		(30,507.12)			139,816.81	139,816.81	-	
FNMA	1994 SF MRB CHMRB	7.10	06/29/95	04/01/25	627,788.90	680,216.60			(31,675.27)		596,113.63	644,766.24	(3,775.09)	
FNMA	1994 SF MRB CHMRB	7.10	07/28/95	05/01/25	123,751.86	133,991.10			(955.81)		122,796.05	132,723.62	(311.67)	
FNMA	1994 SF MRB CHMRB	6.70	08/30/95	07/01/25	316,981.43	341,603.51			(1,897.72)		315,083.71	337,382.91	(2,322.88)	
FNMA	1994 SF MRB CHMRB	6.70	09/19/95	08/01/25	410,852.76	442,767.05			(43,758.81)		367,093.95	393,074.58	(5,933.66)	
FNMA	1994 SF MRB CHMRB	7.10	09/28/95	07/01/25	10,551.75	11,439.83			(2,245.58)		8,306.17	8,989.50	(204.75)	
FNMA	1994 SF MRB CHMRB	6.70	01/12/96	11/01/25	441,823.85	476,019.42			(43,888.82)		397,935.03	425,986.99	(6,143.61)	
FNMA	1994 SF MRB CHMRB	7.10	01/30/96	09/01/25	70,145.31	75,928.84			(395.38)		69,749.93	75,368.79	(164.67)	
FNMA	1994 SF MRB CHMRB	7.10	02/28/96	09/01/25	64,617.39	69,625.54			(410.68)		64,206.71	69,062.74	(152.12)	
FNMA	1994 SF MRB CHMRB	7.10	02/28/96	05/01/25	114,417.27	123,722.80			(578.11)		113,839.16	123,023.31	(121.38)	
FNMA	1994 SF MRB CHMRB	6.70	03/28/96	10/01/25	156,571.58	167,693.63			(1,646.88)		154,924.70	164,864.81	(1,181.94)	
FNMA	1994 SF MRB CHMRB	6.70	07/30/96	07/01/25	151,295.13	161,789.08			(896.55)		150,398.58	159,798.13	(1,094.40)	
FNMA	1994 SF MRB CHMRB	7.10	08/29/96	08/01/26	82,220.11	88,484.09			(510.49)		81,709.62	87,701.85	(271.75)	
FNMA	1994 SF MRB CHMRB	6.70	09/16/96	06/01/26	115,372.66	123,173.69			(610.78)		114,761.88	121,735.25	(827.66)	
FNMA	1994 SF MRB CHMRB	6.70	11/14/96	07/01/26	164,729.41	176,262.02			(838.25)		163,891.16	174,281.44	(1,142.33)	
FNMA	1994 SF MRB CHMRB	6.72	02/13/97	11/01/26	50,506.80	54,210.57			(640.46)		49,866.34	53,191.04	(379.07)	
FNMA	1994 SF MRB CHMRB	7.10	03/27/97	01/01/26	64,807.02	69,771.51			(339.88)		64,467.14	69,284.92	(146.71)	
FNMA	1994 SF MRB CHMRB	6.72	05/15/97	12/01/26	179,289.63	193,707.01			(1,299.03)		177,990.60	191,112.30	(1,295.68)	
GNMA	1994 SF MRB CHMRB	7.10	06/29/95	05/20/25	2,356,851.94	2,546,038.30			(213,036.08)		2,143,815.86	2,306,215.21	(26,787.01)	
GNMA	1994 SF MRB CHMRB	7.10	06/29/95	06/20/25	963,807.57	1,041,867.44			(70,282.59)		893,524.98	961,852.66	(9,732.19)	
GNMA	1994 SF MRB CHMRB	7.10	07/28/95	07/20/25	622,497.58	673,073.29			(60,312.71)		562,184.87	605,317.97	(7,442.61)	
GNMA	1994 SF MRB CHMRB	6.70	08/30/95	08/20/25	1,925,777.30	2,066,876.78			(127,450.79)		1,798,326.51	1,919,440.29	(19,985.70)	
GNMA	1994 SF MRB CHMRB	6.70	12/01/99	06/20/25	243,532.03	261,262.53			(2,446.78)		241,085.25	257,210.81	(1,604.94)	
GNMA	1994 SF MRB CHMRB	7.10	08/30/95	07/20/25	712,880.15	771,112.12			(4,480.14)		708,400.01	763,061.04	(3,570.94)	
GNMA	1994 SF MRB CHMRB	6.70	08/30/95	08/20/25	332,553.94	357,088.34			(2,635.42)		329,918.52	352,304.18	(2,148.74)	
GNMA	1994 SF MRB CHMRB	7.10	08/30/95	08/20/25	200,692.74	217,076.25			(1,059.81)		199,632.93	215,026.78	(989.66)	
GNMA	1994 SF MRB CHMRB	7.10	09/19/95	08/20/25	63,662.21	68,835.53			(355.14)		63,307.07	68,165.23	(315.16)	
GNMA	1994 SF MRB CHMRB	6.70	09/19/95	09/20/25	359,886.41	386,734.09			(2,772.11)		357,114.30	381,638.16	(2,323.82)	
GNMA	1994 SF MRB CHMRB	6.70	09/28/95	09/20/25	571,289.74	613,888.05			(3,623.99)		567,665.75	606,628.74	(3,635.32)	
GNMA	1994 SF MRB CHMRB	6.70	07/30/96	06/20/26	48,865.61	52,447.02			(239.82)		48,625.79	51,899.04	(308.16)	
GNMA	1994 SF MRB CHMRB	6.70	01/12/96	11/20/25	620,946.67	666,875.14			(4,759.94)		616,186.73	658,112.44	(4,002.76)	
GNMA	1994 SF MRB CHMRB	7.10	01/30/96	10/20/25	247,264.21	267,195.71			(1,576.60)		245,687.61	264,381.59	(1,237.52)	
GNMA	1994 SF MRB CHMRB	7.10	02/28/96	07/01/25	116,468.36	126,010.24			(581.48)		115,886.88	124,856.71	(572.05)	
GNMA	1994 SF MRB CHMRB	7.10	02/28/96	12/20/25	169,071.53	182,550.78			(1,148.82)		167,922.71	180,552.02	(849.94)	
GNMA	1994 SF MRB CHMRB	6.70	02/28/96	01/20/26	226,044.04	242,617.20			(1,774.15)		224,269.89	239,372.70	(1,470.35)	
GNMA	1994 SF MRB CHMRB	6.70	08/15/96	07/20/26	268,474.47	287,825.15			(1,850.93)		266,623.54	284,249.27	(1,724.95)	
GNMA	1994 SF MRB CHMRB	6.70	05/30/96	11/20/25	336,995.18	361,104.85			(2,206.89)		334,788.29	356,761.04	(2,136.92)	
GNMA	1994 SF MRB CHMRB	7.10	08/15/96	08/20/26	435,568.34	470,360.96			(49,651.72)		385,916.62	414,963.62	(5,745.62)	
GNMA	1994 SF MRB CHMRB	7.10	08/29/96	08/20/26	408,252.41	440,953.53			(48,885.62)		359,366.79	386,494.73	(5,573.18)	
GNMA	1994 SF MRB CHMRB	6.70	09/16/96	08/20/26	288,390.58	309,722.79			(84,782.20)		203,608.38	217,451.72	(7,488.87)	
GNMA	1994 SF MRB CHMRB	6.70	11/14/96	10/20/26	319,252.47	342,867.51			(65,208.37)		254,044.10	271,316.57	(6,342.57)	
GNMA	1994 SF MRB CHMRB	6.70	12/01/99	06/20/26	58,972.54	63,247.79			(281.92)		58,690.62	62,594.96	(370.91)	
GNMA	1994 SF MRB CHMRB	6.72	11/18/96	10/20/26	2,122,233.52	2,277,948.68			(62,381.17)		2,059,852.35	2,198,581.27	(16,986.24)	
GNMA	1994 SF MRB CHMRB	6.72	01/16/97	12/20/26	542,142.32	581,972.91			(2,623.59)		539,518.73	575,906.06	(3,443.26)	
GNMA	1994 SF MRB CHMRB	7.10	01/30/97	12/20/26	223,859.24	242,003.02			(1,116.77)		222,742.47	239,767.51	(1,118.74)	
GNMA	1994 SF MRB CHMRB	7.10	03/27/97	03/20/27	251,950.24	272,060.38			(71,866.93)		180,083.31	193,716.84	(6,476.61)	
GNMA	1994 SF MRB CHMRB	6.72	05/15/97	01/20/27	388,937.48	417,157.16			(53,427.22)		335,510.26	357,706.91	(6,023.03)	
GNMA	1994 SF MRB CHMRB	6.70	07/30/97	06/20/27	418,920.11	449,322.28			(130,684.57)		288,235.54	307,328.98	(11,308.73)	
GNMA	1994 SF MRB CHMRB	6.72	09/18/97	09/20/27	431,071.82	462,276.00			(32,146.79)		398,925.03	425,250.29	(4,878.92)	
Guarantd Inv Certificates	1994 SF MRB CHMRB	6.05	06/27/96	11/01/26	74,426.45	74,426.45					74,426.45	74,426.45	-	
Repurchase Agreement	1994 SF MRB CHMRB	2.06	11/30/04	12/01/04	1,561.35	1,561.35	7.01				1,568.36	1,568.36	-	
Repurchase Agreement	1994 SF MRB CHMRB	2.06	11/30/04	12/01/04	425.06	425.06	1.86				426.92	426.92	-	
Repurchase Agreement	1994 SF MRB CHMRB	2.06	11/30/04	12/01/04	79.90	79.90	0.04				79.94	79.94	-	
<b>1994 SF MRB CHMRB Total</b>					<b>20,187,576.23</b>	<b>21,675,518.73</b>	<b>158,901.64</b>	<b>(257,096.25)</b>	<b>(1,238,239.56)</b>	<b>0.00</b>	<b>18,851,142.06</b>	<b>20,147,019.77</b>	<b>(192,064.79)</b>	<b>0.00</b>

Repurchase Agreement	1995 A/B SF MR Refunding Bonds	2.06	11/30/04	12/01/04	0.01	0.01						0.01	0.01	-	
	<b>1995 A/B SF MR Refunding Bonds Total</b>				0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00
	<b>Total 1994/1995 SF MRB CHMRB Investment Summary</b>				20,187,576.24	21,675,518.74	158,901.64	(257,096.25)	(1,238,239.56)	0.00	18,851,142.07	20,147,019.78	(192,064.79)	0.00	

Texas Department of Housing and Community Affairs  
Commercial Paper Investment Summary  
For Period Ending November 30, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/04	Beginning Market Value 08/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/04	Ending Market Value 11/30/04	Change in In Market Value	Recognized Gain
Repurchase Agreement	Commercial Paper	2.06	11/30/04	12/01/04	176,456.87	176,456.87	65,303.20				241,760.07	241,760.07	-	
Guarantd Inv Certificates	Commercial Paper	2.75	10/29/04	12/16/04	14,225,000.00	14,225,000.00	775,000.00				15,000,000.00	15,000,000.00	-	
Guarantd Inv Certificates	Commercial Paper	2.76	10/29/04	12/16/04	36,552,000.00	36,552,000.00		(775,000.00)			35,777,000.00	35,777,000.00	-	
<b>Commercial Paper Total</b>					50,953,456.87	50,953,456.87	840,303.20	(775,000.00)	0.00	0.00	51,018,760.07	51,018,760.07	0.00	0.00
<b>Total Commercial Paper Investment Summary</b>					50,953,456.87	50,953,456.87	840,303.20	(775,000.00)	0.00	0.00	51,018,760.07	51,018,760.07	0.00	0.00

**Texas Department of Housing and Community Affairs  
General Fund Investment Summary  
For Period Ending November 30, 2004**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/04	Beginning Market Value 08/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/04	Ending Market Value 11/30/04	Change in In Market Value	Recognized Gain
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	2,536,233.49	2,536,233.49	11,261.05				2,547,494.54	2,547,494.54	-	
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	2,557,330.84	2,557,330.84	11,354.73				2,568,685.57	2,568,685.57	-	
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	1,519,046.25	1,519,046.25		(134,423.65)			1,384,622.60	1,384,622.60	-	
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	187,001.18	187,001.18	47,404.25				234,405.43	234,405.43	-	
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	27,777.32	27,777.32	81,845.25				109,622.57	109,622.57	-	
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	310,765.33	310,765.33	1,379.82				312,145.15	312,145.15	-	
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	141,431.14	141,431.14	214,337.97				355,769.11	355,769.11	-	
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	273,489.54	273,489.54		(24,387.35)			249,102.19	249,102.19	-	
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	305,828.56	305,828.56	1,357.92				307,186.48	307,186.48	-	
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	92,293.22	92,293.22	9,971.57				102,264.79	102,264.79	-	
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	625,692.93	625,692.93	2,778.11				628,471.04	628,471.04	-	
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	530,793.81	530,793.81	154,291.72				685,085.53	685,085.53	-	
Repurchase Agreement	General Fund	2.06	11/30/04	12/01/04	399,846.15	399,846.15		(8,418.70)			391,427.45	391,427.45	-	
<b>General Fund Total</b>					9,507,529.76	9,507,529.76	535,982.39	(167,229.70)	0.00	0.00	9,876,282.45	9,876,282.45	0.00	0.00
<b>Total General Fund Investment Summary</b>					9,507,529.76	9,507,529.76	535,982.39	(167,229.70)	0.00	0.00	9,876,282.45	9,876,282.45	0.00	0.00



**Texas Department of Housing and Community Affairs  
Housing Trust Fund Investment Summary  
For Period Ending November 30, 2004**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/04	Beginning Market Value 08/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/04	Ending Market Value 11/30/04	Change in In Market Value	Recognized Gain
Repurchase Agreement	Housing Assistance Fund	2.06	11/30/04	12/01/04	579,409.56	579,409.56	13,834.87				593,244.43	593,244.43	-	
Repurchase Agreement	Housing Trust Fund	2.06	11/30/04	12/01/04	932,787.42	932,787.42		(43,224.19)			889,563.23	889,563.23	-	
Repurchase Agreement	Housing Trust Fund	2.06	11/30/04	12/01/04	175,972.57	175,972.57	11,712.14				187,684.71	187,684.71	-	
Repurchase Agreement	Housing Trust Fund	2.06	11/30/04	12/01/04	1,942,421.30	1,942,421.30	8,496.47				1,950,917.77	1,950,917.77	-	
Repurchase Agreement	Housing Trust Fund	2.06	11/30/04	12/01/04	800,255.87	800,255.87		(190,351.36)			609,904.51	609,904.51	-	
Repurchase Agreement	Housing Trust Fund	2.06	11/30/04	12/01/04	455,025.00	455,025.00	169,521.07				624,546.07	624,546.07	-	
Repurchase Agreement	Housing Trust Fund	2.06	11/30/04	12/01/04	363,952.33	363,952.33	1,567.56				365,519.89	365,519.89	-	
Repurchase Agreement	Housing Trust Fund	2.06	11/30/04	12/01/04	2,018,475.91	2,018,475.91	8,830.31				2,027,306.22	2,027,306.22	-	
<b>Housing Trust Fund Total</b>					<u>7,268,299.96</u>	<u>7,268,299.96</u>	<u>213,962.42</u>	<u>(233,575.55)</u>	<u>0.00</u>	<u>0.00</u>	<u>7,248,686.83</u>	<u>7,248,686.83</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Housing Trust Fund Investment Summary</b>					7,268,299.96	7,268,299.96	213,962.42	(233,575.55)	0.00	0.00	7,248,686.83	7,248,686.83	0.00	0.00

Texas Department of Housing and Community Affairs  
Administration Investment Summary  
For Period Ending November 30, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/04	Beginning Market Value 08/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/04	Ending Market Value 11/30/04	Change in In Market Value	Recognized Gain
Repurchase Agreement	Administration	2.06	11/30/04	12/01/04	135,889.80	135,889.80	566.46				136,456.26	136,456.26	-	0.00
	<b>Administration Total</b>				135,889.80	135,889.80	566.46	0.00	0.00	0.00	136,456.26	136,456.26	0.00	0.00
	<b>Total Administration Investment Summary</b>				135,889.80	135,889.80	566.46	0.00	0.00	0.00	136,456.26	136,456.26	0.00	0.00

Texas Department of Housing and Community Affairs  
 Compliance Investment Summary  
 For Period Ending November 30, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/04	Beginning Market Value 08/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/04	Ending Market Value 11/30/04	Change in In Market Value	Recognized Gain
Repurchase Agreement	RTC	2.06	11/30/04	12/01/04	141,160.30	141,160.30	65,061.28				206,221.58	206,221.58	-	
Repurchase Agreement	Multi Family	2.06	11/30/04	12/01/04	638,272.29	638,272.29		(387,520.20)			250,752.09	250,752.09	-	
Repurchase Agreement	Low Income Tax Credit Prog.	2.06	11/30/04	12/01/04	95,343.72	95,343.72	258,243.12				353,586.84	353,586.84	-	
<b>Compliance Program Total</b>					874,776.31	874,776.31	323,304.40	(387,520.20)	0.00	0.00	810,560.51	810,560.51	0.00	0.00
<b>Total Compliance Investment Summary</b>					874,776.31	874,776.31	323,304.40	(387,520.20)	0.00	0.00	810,560.51	810,560.51	0.00	0.00

**Texas Department of Housing and Community Affairs  
Housing Initiatives Investment Summary  
For Period Ending November 30, 2004**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/04	Beginning Market Value 08/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 11/30/04	Ending Market Value 11/30/04	Change in In Market Value	Recognized Gain
Repurchase Agreement	S/F Interim Construction	2.06	11/30/04	12/01/04	438,403.42	438,403.42	1,894.39				440,297.81	440,297.81	-	
Repurchase Agreement	S/F Interim Construction	2.06	11/30/04	12/01/04	275.33	275.33		(29.27)			246.06	246.06	-	
Repurchase Agreement	S/F Interim Construction	2.06	11/30/04	12/01/04	104.98	104.98		(29.84)			75.14	75.14	-	
Repurchase Agreement	Mtg. Credit Certificate	2.06	11/30/04	12/01/04	66,282.71	66,282.71	290.85				66,573.56	66,573.56	-	
Repurchase Agreement	Low Income Tax Credit Prog.	2.06	11/30/04	12/01/04	734,223.69	734,223.69		(464,304.89)			269,918.80	269,918.80	-	
Repurchase Agreement	Low Income Tax Credit Prog.	2.06	11/30/04	12/01/04	1,710,103.30	1,710,103.30	46,413.91				1,756,517.21	1,756,517.21	-	
Repurchase Agreement	Low Income Tax Credit Prog.	2.06	11/30/04	12/01/04	200,598.90	200,598.90	68,337.82				268,936.72	268,936.72	-	
<b>Housing Initiatives Total</b>					<b>3,149,992.33</b>	<b>3,149,992.33</b>	<b>116,936.97</b>	<b>(464,364.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>2,802,565.30</b>	<b>2,802,565.30</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Housing Initiatives Investment Summary</b>					<b>3,149,992.33</b>	<b>3,149,992.33</b>	<b>116,936.97</b>	<b>(464,364.00)</b>	<b>0.00</b>	<b>0.00</b>	<b>2,802,565.30</b>	<b>2,802,565.30</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Investment Summary</b>					<b>1,353,131,431.67</b>	<b>1,377,190,589.69</b>	<b>330,068,381.47</b>	<b>(206,106,128.85)</b>	<b>(40,684,609.50)</b>	<b>0.00</b>	<b>1,436,409,074.79</b>	<b>1,456,228,198.11</b>	<b>(4,240,034.70)</b>	<b>0.00</b>

**BOND FINANCE DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Item**

The Department's Investment Policy requires the Board to review the policy at least annually and approve any amendments.

**Required Action**

Approve the attached resolution authorizing the adoption of the current Investment Policy.

**Background**

The Public Funds Investment Act (PFIA) requires State Agency Boards, with investments, to develop and maintain an Investment Policy that provides for the following: outlines the purpose of investments, the types of permissible investments, designation of an Investment Officer, selection of a reporting format and frequency, and required training for both Investment Officers and Board Members. TDHCA Staff has reviewed the current policy and considered the changes in the latest revision to the PFIA. At this time, no material changes or amendments to this policy are recommended.

**Recommendation**

Approve the attached resolution authorizing the adoption of the current Investment Policy.

**TEXAS DEPARTMENT OF HOUSING  
AND COMMUNITY AFFAIRS**

**INVESTMENT POLICY**

*As approved by the Board on February 10, 2005*

**2005**

February 10, 2005

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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

## **INVESTMENT POLICY**

### **I. POLICY**

It is the policy of the Texas Department of Housing and Community Affairs (the “Department”) to invest public 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 the Department’s enabling legislation, Texas Government Code, Section 2306, Texas Government Code, Section 2263, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers, and specifically Texas Government Code, Section 2256, the Public Funds Investment Act (the “Act”).

### **II. SCOPE**

This investment policy applies to all investment assets of the Department. These funds are accounted for in the Department’s Comprehensive Annual Financial Report and include the General Fund, Special Revenue Fund, Trust and Agency Fund, and Enterprise Fund.

This investment policy does not apply to hedges, which include but are not limited to, interest rate swaps, caps, floors, futures contracts, forward contracts, etc., that satisfy the eligibility requirements of a “qualified hedge” as defined by Section 1.148-4(h)(2) of the Internal Revenue Code.

The Department has created and adopted a separate Interest Rate Swap Policy for guidance regarding the use and management of interest rate swaps and similar derivative transactions.

### **III. PRUDENCE**

Investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion and intelligence would exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety and liquidity of their capital as well as the probable income to be derived.

The standard of prudence to be used by the investment officer named herein shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. An investment officer acting in accordance with the investment policy and written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### **IV. OBJECTIVES**

The following are the primary objectives of investment activities in order of priority:



1. Safety. Preservation and safety of principal is the foremost objective of the investment program. Investments of the Department shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. In accordance with Section 2256.005(d) of the Act, the first priority is the suitability of the investment. The objective will be to mitigate credit risk and interest rate risk. To achieve this objective, diversification is required so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
  - A. Credit risk is the risk of loss due to the failure of the security issuer or backer, and may be mitigated by:
    - limiting investments to the safest types of securities;
    - pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Department will do business; and
    - diversifying the investment portfolio so that potential losses on individual securities will be minimized.
  - B. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, and may be mitigated by:
    - structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and
    - investing operating funds primarily in shorter-term securities.
2. Liquidity. The Department's investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated cash flow needs. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.
3. Yield. The Department's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow needs of the Department. Return on investment for short-term operating funds is of less importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low-risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:
  - A declining credit security could be sold early to minimize loss of principal;
  - A security swap would improve the quality, yield, or target duration in the portfolio; or
  - Liquidity needs of the portfolio require that the security be sold.

## V. DELEGATION OF AUTHORITY

The Board establishes investment policy and objectives, obtains expert advice and assistance with respect to its actions as is necessary to exercise its responsibilities prudently, and monitors the actions of staff and advisors to ensure compliance with its policy. It is the Board's intention that this policy be carried out by those persons who are qualified and competent in their area of expertise.

Authority to manage the Department's investment program is granted under the provisions of Texas Government Code, Section 2306.052(b) (4) and (5) to the Director of the Department, ("Executive Director"). Responsibility for the operation of the investment program is hereby delegated by the Executive Director of the Department to the Chief of Agency Administration and the Director of Bond Finance acting in those capacities (collectively the "Investment Officer") who shall carry out established written procedures and internal controls for the operation of the investment program consistent with this investment policy. The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Procedures should include reference to safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures may include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer.

## VI. ETHICS AND CONFLICTS OF INTEREST

1. Department employees and Board members must comply with all applicable laws, and should specifically be aware of the following statutes:
  - Texas Government Code, Section 825.211, *Certain Interests in Loans, Investments or Contracts Prohibited*
  - Texas Government Code, Section 572.051, *Standards of Conduct for Public Servants*
  - Texas Government Code, Sections 553.001-003, *Disclosure by Public Servants of Interest in Property Being Acquired by Government*
  - Texas Government Code, Section 552.352, *Distribution of Confidential Information*
  - Texas Government Code, Section 572.054, *Representation by Former Officer or Employee of Regulatory Agency Restricted*
  - Texas Penal Code, Chapter 36, *Bribery, Corrupt Influence and Gifts to Public Servants*
  - Texas Penal Code, Chapter 39, *Abuse of Office, Official Misconduct.*

The omission of any applicable statute from this list does not excuse violation of its provisions.

2. Department employees and Board members must be honest in the exercise of their duties and must not take actions which will discredit the Department.
3. Department employees and Board members should be loyal to the interest of the Department to the extent that such loyalty is not in conflict with other duties which legally have priority, and should avoid personal, employment or business relationships that create conflicts of interest.
  - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.
  - Officers and employees shall disclose to the Executive Director any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the Department's investment portfolio.
  - Officers and employees shall refrain from undertaking personal investment transactions with the same individuals with whom business is conducted on behalf of the Department. Specifically, no employee of the Department is to:

- \* Accept or solicit any gift, favor, or service that might reasonably tend to influence the employee in the discharge of the employee's official duties or that the employee knows or should know is being offered him/her with the intent to influence the employee's official conduct;
- \* Accept other employment or engage in any business or professional activity in which the employee might reasonably expect would require or induce him/her to disclose confidential information acquired by reason of his/her official position;
- \* Accept other employment or compensation which could reasonably be expected to impair the officer's or employee's judgment in the performance of his/her official duties;

*(An employee whose employment is involved in a competitive program of the Department must immediately disclose the acceptance of another job in the same field. The disclosure must be made to either the employee's immediate supervisor or to the Executive Director. The Executive Director must be notified in all cases. Failure to make the required disclosure may result in the employee's immediate termination from the Department.)*

- \* Make personal investments which could reasonably be expected to create a substantial conflict between the officer's or employee's private interest and the public interest; and

*(A Department employee may not purchase Department bonds in the open secondary market for municipal securities.)*

- \* Intentionally or knowingly solicit, accept or agree to accept any benefit for having exercised the employee's official powers or performed his/her official duties in favor of another.

4. Department employees and Board members may not use their relationship with the Department to seek or obtain personal gain beyond agreed compensation and/or any properly authorized expense reimbursement. This should not be interpreted to forbid the use of the Department as a reference or the communication to others of the fact that a relationship with the Department exists, provided that no misrepresentation is involved.

5. Department employees and Board members who have a personal business relationship with a business organization offering to engage in an investment transaction with the Department shall file a statement disclosing that personal business interest. An individual who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the Department shall file a statement disclosing that relationship. A statement required under this section must be filed with the Texas Ethics Commission and the Department's Board. For purposes of this policy, an individual has a personal business relationship with a business organization if:

- the individual owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
- funds received by the Investment Officer from the business organization exceed 10 percent of the individual's gross income from the previous year; or
- the individual has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the individual.

## VII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Department (in conjunction with the State Comptroller) will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by creditworthiness (\$10,000,000 minimum capital requirement and at least five years of operation). These may include “primary” dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state law.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following, as appropriate:

- audited financial statements;
- proof of National Association of Securities Dealers (NASD) certification;
- proof of state registration;
- completed broker/dealer questionnaire; and
- certification of having read the Department’s investment policy and depository contracts.

An annual review of the financial condition and registration of qualified bidders will be conducted by the Investment Officer. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the Department invests.

With respect to investments provided in connection with the issuance of bonds, the above requirements will be deemed met if the investment provider is acceptable to minimum credit ratings by rating agencies and/or by the bond insurer/credit enhancer, if applicable, and if the investment meets the requirements of the applicable bond trust indenture. A broker, engaged solely to secure a qualified investment referred to in this paragraph on behalf of the Department, which will not be providing an investment instrument shall not be subject to the above requirements, and may only be engaged if approved by the Board.

## **VIII. ETHICS AND DISCLOSURE REQUIREMENTS FOR OUTSIDE FINANCIAL ADVISORS AND SERVICE PROVIDERS**

During the 78<sup>th</sup> Legislature, Regular Session, the Texas Legislature passed *Chapter 2263., Ethics And Disclosure Requirements For Outside Financial Advisors And Service Providers* (“Chapter 2263”). Chapter 2263, under Senate Bill 1059, requires certain actions by governing boards of state entities involved in the management and investment of state funds and adds disclosure requirements for outside financial advisors and service providers. Chapter 2263 became effective September 1, 2003. Each state governmental entity required to adopt rules under Chapter 2263, Government Code, as added by this Act, must have adopted its initial rules in time for the rules to take effect not later than January 1, 2004.

Applicability. Chapter 2263 applies in connection with the management or investment of any state funds managed or invested:

- (1) under the Texas Constitution or other law, including Chapter 404, State Treasury Operations of Comptroller, and Chapter 2256, Public Funds Investment; and
- (2) by or for:
  - (A) a public retirement system as defined by Section 802.001 that provides service retirement, disability retirement, or death benefits for officers or employees of the state;

- (B) an institution of higher education as defined by Section 61.003, Education Code; or
- (C) another entity that is part of state government and that manages or invests state funds or for which state funds are managed or invested.

Chapter 2263 applies in connection with the management or investment of state funds without regard to whether the funds are held in the state treasury.

Chapter 2263 does not apply to or in connection with a state governmental entity that does not manage or invest state funds and for which state funds are managed or invested only by the comptroller.

Definition. With respect to this Chapter 2263, "financial advisor or service provider" includes a person or business entity who acts as a financial advisor, financial consultant, money or investment manager, or broker.

Construction With Other Law. To the extent of a conflict between Chapter 2263 and another law, the law that imposes a stricter ethics or disclosure requirement controls.

Ethics Requirements For Outside Financial Advisors Or Service Providers. The governing body of a state governmental entity by rule shall adopt standards of conduct applicable to financial advisors or service providers who are not employees of the state governmental entity, who provide financial services to the state governmental entity or advise the state governmental entity or a member of the governing body of the state governmental entity in connection with the management or investment of state funds, and who:

- (1) may reasonably be expected to receive, directly or indirectly, more than \$10,000 in compensation from the entity during a fiscal year; or
- (2) render important investment or funds management advice to the entity or a member of the governing body of the entity, as determined by the governing body.

A contract under which a financial advisor or service provider renders financial services or advice to a state governmental entity or other person as described immediately above, in regard to compensation or duties, is voidable by the state governmental entity if the financial advisor or service provider violates a standard of conduct adopted under this section.

In addition to the disclosures required by Chapter 2263 and described below, the Department will rely upon financial advisors and service providers' submission of an Acknowledgement of Receipt of Investment Policy and Certificate of Compliance with the Public Funds Investment Act forms to evidence compliance with the Department's code of conduct and procedures as related to investments.

Disclosure Requirements For Outside Financial Advisor Or Service Provider. A financial advisor or service provider described by Section 2263.004 shall disclose in writing to the administrative head of the applicable state governmental entity and to the state auditor:

- (1) any relationship the financial advisor or service provider has with any party to a transaction with the state governmental entity, other than a relationship necessary to the investment or funds management services that the financial advisor or service provider performs for the state governmental entity, if a reasonable person could expect the relationship to diminish the financial advisor's or service provider's independence of judgment in the performance of the person's responsibilities to the state governmental entity; and
- (2) all direct or indirect pecuniary interests the financial advisor or service provider has in any party to a transaction with the state governmental entity, if the transaction is connected with

any financial advice or service the financial advisor or service provider provides to the state governmental entity or to a member of the governing body in connection with the management or investment of state funds.

The financial advisor or service provider shall disclose a relationship described by the immediately preceding subsections (1) or (2) without regard to whether the relationship is a direct, indirect, personal, private, commercial, or business relationship.

A financial advisor or service provider described by Section 2263.004 shall file annually a statement with the administrative head of the applicable state governmental entity and with the state auditor. The statement must disclose each relationship and pecuniary interest described by Subsection (a) or, if no relationship or pecuniary interest described by that subsection existed during the disclosure period, the statement must affirmatively state that fact.

The annual statement must be filed not later than April 15 on a form prescribed by the governmental entity, other than the state auditor, receiving the form. The statement must cover the reporting period of the previous calendar year. The state auditor shall develop and recommend a uniform form that other governmental entities receiving the form may prescribe. The Department's disclosure form is provided as Attachment E.

The financial advisor or service provider shall promptly file a new or amended statement with the administrative head of the applicable state governmental entity and with the state auditor whenever there is new information to report related to the immediately preceding subsections (1) or (2).

Public Information. Chapter 552, Government Code, controls the extent to which information contained in a statement filed under this chapter is subject to required public disclosure or excepted from required public disclosure.

## **IX. AUTHORIZED AND SUITABLE INVESTMENTS**

General, Special Revenue and Trust and Agency Funds, all of which are on deposit with the State Treasury (specifically excluding Enterprise Funds), are invested by the Treasury pursuant to Texas Government Code, Section 404.024 and Article 5221(f), Subsection 13A(d) as amended relating to Manufactured Housing.

### Enterprise Fund

1. Subject to a resolution authorizing issuance of its bonds, the Department is empowered by Texas Government Code, Section 2306.173 to invest its money in bonds, obligations or other securities: or place its money in demand or time deposits, whether or not evidenced by certificates of deposit. A guaranteed investment contract is an authorized investment for bond proceeds. All bond proceeds and revenues subject to the pledge of an Indenture shall be invested in accordance with the applicable law and the provisions of the applicable indenture including "Investment Securities" as listed in such Indenture and so defined.
2. All other enterprise funds (non-bond proceeds) shall be invested pursuant to state law. The following are permitted investments for those funds pursuant to the Act:
  - A. Obligations of, or guaranteed by governmental entities:
    - Obligations of the United States or its agencies and instrumentalities.
    - Direct obligations of this state or its agencies and instrumentalities.

- Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, that have a market value of not less than the principal amount of the certificates.
  - Other obligations the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities.
  - Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.
- B. A Certificate of Deposit is an authorized investment under this policy if the certificate of deposit is issued by a state or national bank domiciled in this state or a savings bank domiciled in this state and is:
- guaranteed or insured by the Federal Deposit Insurance Department (FDIC) or its successor;
  - secured by obligations that are described in subsection 2A above, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates and secured by collateral as described in Section XII of this policy; and
  - secured in any other manner and amount provided by law for deposits of the Department.
- C. A “repurchase agreement” is a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations of the United States or its agencies and instrumentalities at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement. A fully collateralized repurchase agreement is an authorized investment under this policy if the repurchase agreement:
- has a defined termination date;
  - is secured by collateral described in Section XII of this policy;
  - requires the securities being purchased by the Department to be pledged to the Department, held in the Department’s name, and deposited at the time the investment is made with the Department or with a third party selected and approved by the Department;
  - is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state; and
  - in the case of a reverse repurchase agreement, notwithstanding any other law other than the Act, the term of any such reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. In addition, money received by the Department under the terms of a reverse security repurchase agreement may be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.
- D. Commercial Paper is an authorized investment under this policy if the commercial paper:
- has a stated maturity of 270 days or fewer from the date of its issuance; and
  - is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally-recognized credit rating agencies, or one nationally-recognized credit rating agency and

is fully secured, and by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

3. The following are not authorized investments pursuant to the Act:

- Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

## **X. DIVERSIFICATION**

The Department will diversify its investments by security type and institution. With the exception of U. S. Treasury securities, mortgage-backed certificates created as a result of the Department's bond programs, and authorized pools, no more than 50% of the Department's total investment portfolio will be invested in a single security type or with a single financial institution. For purposes of this section, a banking institution and its related investment broker-dealer shall be considered separate financial institutions.

## **XI. PERFORMANCE STANDARDS**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles commensurate with the investment risk constraints and the cash flow needs. The basis used to determine whether market yields are being achieved shall be the three-month U.S. Treasury bill or other appropriate benchmark.

## **XII. EFFECT OF LOSS OF REQUIRED RATING**

An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not meet or exceed the minimum rating. The Department shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not meet or exceed the minimum rating.

## **XIII. MAXIMUM MATURITIES**

The Department shall limit its maximum final stated maturities to, in the case of bond proceeds, the maturity of the bonds, or for non-bond funds five (5) years unless specific authority is given to exceed that maturity by the Board. To the extent possible, the Department will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Department will not directly invest in securities maturing more than five years from the date of purchase. The Department will periodically determine what the appropriate average weighted maturity of the portfolio should be based on anticipated cash flow requirements.



Reserve funds may be invested in securities exceeding five years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of funds.

#### **XIV. COLLATERALIZATION**

Collateralization will be required on certificates of deposit, repurchase and reverse repurchase agreements, and savings and demand deposits if not insured by FDIC. In order to anticipate market changes and provide a level of security for all funds, the collateralization level should be at least 101% of the market value of principal and accrued interest for repurchase and reverse repurchase agreements. Collateralization of 100% will be required for overnight repurchase agreements and bank deposits in excess of FDIC insurance.

The following obligations may be used as collateral under this policy:

1. obligations of the United States or its agencies and instrumentalities;
2. direct obligations of this state or its agencies and instrumentalities;
3. collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
4. other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities; and
5. obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally-recognized investment rating firm not less than A or its equivalent.

Collateral will always be held by an independent third party with whom the Department has a current custodial agreement. A clearly marked evidence of ownership or a safekeeping receipt must be supplied to the Department and retained. The right of collateral substitution is granted subject to prior approval by the Investment Officer.

#### **XV. SAFEKEEPING AND CUSTODY**

All security transactions, including collateral for repurchase agreements, entered into by the Department will be executed by Delivery vs. Payment (DVP). This ensures that securities are deposited in the eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts.

#### **XVI. INTERNAL CONTROL**

The Investment Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. the cost of a control should not exceed the benefits likely to be derived; and
2. the valuation of costs and benefits requires estimates and judgments by management.

Once every two years, the Department, in conjunction with its annual financial audit, shall have external/internal auditors perform a compliance audit of management controls on investments and adherence to the Department's established investment policies. The internal controls shall address the following points:

1. *Control of collusion.* Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. *Separation of transaction authority from accounting and record keeping.* By separating the person who authorizes or performs the transaction from the person who records or otherwise accounts for the transaction, a separation of duties is achieved.
3. *Custodial safekeeping.* Securities purchased from any bank or dealer including appropriate collateral as defined by state law shall be placed with an independent third party for custodial safekeeping.
4. *Avoidance of physical delivery securities.* Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. *Clear delegation of authority to subordinate staff members.* Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. *Written confirmation or telephone transactions for investments and wire transfers.* Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions must be supported by written communications and approved by the appropriate person, as defined by investment internal control procedures. Written communications may be via fax if on letterhead and the safekeeping institution has a list of authorized signatures.
7. *Development of a wire transfer agreement with the lead bank or third party custodian.* This agreement should outline the various controls, security provisions, and delineate responsibilities of each party making and receiving wire transfers.

The Department's external/internal auditors shall report the results of the audit performed under this section to the Office of the State Auditor not later than January 1 of each even-numbered year. The Office of the State Auditor compiles the results of reports received under this subsection and reports those results to the legislative audit committee once every two years.

## **XVII. REPORTING**

### **1. Methods**

Not less than quarterly, the Investment Officer shall prepare and submit to the Director and the Board of the Department a written report of investment transactions for all funds covered by this policy for the preceding reporting period; including a summary that provides a clear picture of the status of the current investment portfolio and transactions made over the previous reporting period. This report will be prepared in a manner which will allow the Department and the Board to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report must:

- A. describe in detail the investment position of the Department on the date of the report;
- B. be prepared jointly by each Investment Officer of the Department;
- C. be signed by each Investment Officer of the Department;
- D. contain a summary statement, prepared in compliance with generally accepted accounting principles for each fund that states the:
  - book value and market value of each separately invested asset at the beginning and end of the reporting period;
  - additions and changes to the market value during the period; and
  - fully accrued interest for the reporting period;
- E. state the maturity date of each separately invested asset that has a maturity date;
- F. state the fund in the Department for which each individual investment was acquired; and
- G. state the compliance of the investment portfolio of the Department as it relates to the investment strategy expressed in the Department's investment policy and relevant provisions of the policy.

The reports prepared by the Investment Officer under this policy shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Board by that auditor.

2. Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. Portfolio performance will be compared to appropriate benchmarks on a regular basis.

3. Marking to Market

A statement of the market value of the portfolio shall be issued at least quarterly. The Investment Officer will obtain market values from recognized published sources or from other qualified professionals as necessary. This will ensure that a review has been performed on the investment portfolio in terms of value and subsequent price volatility.

**XVIII. INVESTMENT POLICY ADOPTION**

The Department's investment policy shall be adopted by resolution of the Board.

1. Exemptions

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Amendment

The policy shall be reviewed at least annually by the Board and any amendments made thereto must be approved by the Board. The Board shall adopt by written resolution a statement that it has reviewed the investment policies and strategies.

**XIV. ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY**

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction related to Department funds. The qualified representative of the business organization shall

execute a written instrument in a form acceptable to the Department and the business organization, substantially to the effect that the offering business organization has:

1. received and reviewed the investment policy of the Department; and
2. acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Department and the business organization that are not authorized by the Department's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Department's entire portfolio or requires an interpretation of subjective investment standards.

The Investment Officer of the Department may not buy any securities from a person who has not delivered to the Department an instrument complying with this investment policy. (See sample documents at Attachments C and D.)

## **XX. TRAINING**

Each member of the Department's Board and the Investment Officer who are in office on September 1, 1996 or who assume such duties after September 1, 1996, shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties. Training under this section is provided by the Texas Higher Education Coordinating Board and must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this policy. The Investment Officer shall attend a training session not less than once in a two-year period and may receive training from any independent source approved by the Department's Board. The Investment Officer shall prepare a report on the training and deliver the report to the Board not later than the 180th day after the last day of each regular session of the legislature.

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

## Attachment A

### STRATEGY

#### SECTION 1

All of the Department's funds as listed below are program / operational in nature, excluding the bond funds which are listed separately in Section 2 below. The following funds are held in the State Treasury and the Department earns interest on those balances at the then applicable rate.

- General Fund
- Trust Funds
- Agency Funds
- Proprietary Funds (excluding Revenue Bond Funds)

#### SECTION 2

The Department's Revenue Bond Funds, including proceeds, are invested in various investments as stipulated by the controlling bond indenture. Certain investments, controlled by indentures prior to the latest revised Public Funds Investment Act, are properly grandfathered from its provisions. Typical investments include: guaranteed investment contracts; agency mortgage-backed securities resulting from the program's loan origination; in some cases, long-term Treasury notes; and bonds used as reserves with maturities that coincide with certain long-term bond maturities.

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

## Attachment B

### POLICY STATEMENTS AND RECOMMENDED PRACTICE

#### Repurchase Agreements

1. Repurchase agreements (“repos”) are the sale by a bank or dealer of government securities with the simultaneous agreement to repurchase the securities on a later date. Repos are commonly used by public entities to secure money market rates of interest.
2. The Department affirms that repurchase agreements are an integral part of its investment program.
3. The Department and its designated Investment Officer should exercise special caution in selecting parties with whom they will conduct repurchase transactions, and be able to identify the parties acting as principals to the transaction.
4. Proper collateralization practices are necessary to protect the public funds invested in repurchase agreements. Risk is significantly reduced by delivery of underlying securities through physical delivery or safekeeping with the purchaser’s custodian. Over-collateralization, commonly called haircut, or marking-to-market practices should be mandatory procedures.
5. To protect public funds the Department should work with securities dealers, banks, and their respective associations to promote improved repurchase agreement procedures through master repurchase agreements that protect purchasers’ interests, universal standards for delivery procedures, and written risk disclosures.
6. Master repurchase agreements should generally be used subject to appropriate legal and technical review. If the prototype agreement developed by the Public Securities Association is used, appropriate supplemental provisions regarding delivery, substitution, margin maintenance, margin amounts, seller representations and governing law should be included.
7. Despite contractual agreements to the contrary, receivers, bankruptcy courts and federal agencies have interfered with the liquidation of repurchase agreement collateral. Therefore, the Department should encourage Congress to eliminate statutory and regulatory obstacles to perfected security interests and liquidation of repurchase collateral in the event of default.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**Attachment C**

**ACKNOWLEDGMENT OF RECEIPT OF INVESTMENT POLICY**

1. I am a qualified representative of \_\_\_\_\_ (the “Business Organization”).
2. The Business Organization proposes to engage in an investment transaction (the “Investments”) with the Texas Department of Housing and Community Affairs (the “Department”).
3. I acknowledge that I have received and reviewed the Department’s investment policy.
4. I acknowledge that the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the business organization and the Department that are not authorized by the Department’s investment policy.
5. The Business Organization makes no representation regarding authorization of the Investments to the extent such authorization is dependent on an analysis of the Department’s entire portfolio and which requires an interpretation of subjective investment standards.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Business Organization: \_\_\_\_\_

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**Attachment D**

**CERTIFICATE OF COMPLIANCE WITH PUBLIC FUNDS INVESTMENT ACT**

I, \_\_\_\_\_, a qualified representative of  
\_\_\_\_\_  
(the “Business  
Organization”)

hereby execute and deliver this certificate in conjunction with the proposed sale of investments to the Texas Department of Housing and Community Affairs (the “Department”). I hereby certify that:

1. I have received and thoroughly reviewed the Investment Policy of the Department, as established by the Department pursuant to Texas Government Code, Chapter 2256;
2. The Business Organization has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of or in any way relating to the sale of the investments to the Department by the Business Organization;
3. The Business Organization has reviewed the terms, conditions and characteristics of the investments and applicable law, and represents that the investments are authorized to be purchased with public funds under the terms of Texas Government Code, Chapter 2256; and
4. The investments comply, in all respects, with the investment policy of the Department.

Business Organization: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



## RESOLUTION NO. 05-011

### RESOLUTION OF THE GOVERNING BOARD REVIEWING THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS' INVESTMENT POLICY

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official governmental agency of the State of Texas (the "Department"), was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, the Governing Board of the Department (the "Board") desires to review the Department's Investment Policy, and the Board has found the Investment Policy in the form presented to the Board to be satisfactory and in proper form and the recitals contained therein to be true, correct and complete, and in compliance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Public Funds Investment Act"), and the Act;

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

Section 1 -- Review of the Department's Investment Policy. The Governing Board has found the Investment Policy in the form presented to the Board to be satisfactory and in proper form and the recitals contained therein to be true, correct and complete, and in compliance the Public Funds Investment Act and the Act.

Section 2 -- Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 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.

PASSED AND APPROVED this 10th day of February, 2005.

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Chair of the Governing Board

ATTEST:

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Secretary to the Board

(SEAL)

**PROGRAMS COMMITTEE MEETING**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
507 Sabine, 4<sup>th</sup> Floor Boardroom, Austin, Texas 78701  
Thursday, February 10, 2005 9:30 a.m.

**A G E N D A**

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

C. Kent Conine  
Committee Chair

**PUBLIC COMMENT**

The Programs Committee of the Board of the Texas Department of Housing and Community Affairs will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by department staff and motions made by the Committee.

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

Item 1 Presentation, Discussion and Possible Approval of Minutes of Programs Committee Meeting of November 12, 2004 C. Kent Conine

Item 2 Discussion on SOPs Regarding Declaration of Events of Default on Multifamily Obligations and the Creation of the New Asset Management Committee c. Kent Conine

**EXECUTIVE SESSION**

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

C. Kent Conine

**OPEN SESSION**

Action in Open Session on Items Discussed in Executive Session

C. Kent Conine

**ADJOURN**

C. Kent Conine

*To access this agenda and details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://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.*

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

**PROGRAMS COMMITTEE MEETING  
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
1100 Congress, State Capitol Extension Senate Finance Committee Room, Austin, Texas 78701  
November 12, 2004 9:30 am**

**Summary of Minutes**

**CALL TO ORDER**

**CERTIFICATION OF QUORUM**

The Programs Committee Meeting of the Board of the Texas Department of Housing and Community Affairs of November 12, 2004 was called to order by Chairman C. Kent Conine at 9:19 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:

C. Kent Conine, Chairman

Vidal Gonzalez, Member

Elizabeth Anderson, Member (joined the meeting in progress)

**PUBLIC COMMENT**

Public comments were requested to be given during the presentation of agenda items.

**ACTION ITEMS**

**(1) Presentation, Discussion and Possible Approval of Minutes of Programs Committee Meeting of August 19, 2004**

Motion made by Vidal Gonzalez and seconded by C. Kent Conine to approve the minutes of the August 19, 2004 Programs Committee Meeting.

Passed Unanimously

**(2) Approval to Rescind General Policy Issuance #04-3.3, Regarding Documentation of Income for 90 days Prior to the Application and Allow Annualization of Income for 30 Days Prior to Application with Regards To the Community Services Block Grant (CSBG), Comprehensive Energy Assistance Program (CEAP) and Weatherization Assistance Program (WAP)**

Ms. Carrington stated the Department changed the policy for verification of income that was used in the weatherization program, CEAP program and CSBG program at the request of the State Auditors Office. The previous policy used prior to the SAO request was to use 30 days prior to the application for documentation of income but the SAO recommended a policy be implemented for 90 days prior to application. The Department did implement the 90 day policy as recommended but since that time there has been public comments given at meetings in June and August requesting that the Department go back to the 30 day policy. After meetings on this topic with a focus group staff is recommending that the Department use the 30 day policy and not the 90 day policy.

Public Comment was taken at this time.

Rhoda Gersch, Executive Director, Combined Community Action Agency, Giddings, Texas

Ms. Gersch stated they provide services to 10 Central Texas Counties of which many are affected by the 90 day ruling. She voiced her support for the recommendation of the TDHCA staff to rescind the 90-day rule and return to the requirement of documentation based on income for the previous 30 days.

Melinda Fariss, Applicant, Giddings, Texas

Ms. Fariss stated she was in favor of the department rescinding the 90 day policy and returning to the 30 day policy for verification of income. She stated her husband lost his job and they needed help but when she called the CAA she was advised they need to furnish income verification for the last 90 days. Since her husband had worked for part of the 90 days they are ineligible to receive assistance under the current policy. She asked the Committee to change the 90 day policy back to the 30 day policy to assist families such as hers.

Stella Rodriguez, Executive Director, Texas Association of CAAs, Austin, Texas

Ms. Rodriguez stated they supported the 30 policy for verification of income and not the 90 day policy. They have given testimony at previous meetings and she asked the Committee to recommend to the Board to use the 30 day verification of income policy.

Motion made by Vidal Gonzalez and seconded by Beth Anderson to recommend to the Board to return to the 30 day verification of income policy for CSBG, CEAP and WAP.  
Passed Unanimously

**(3) Approval of Resolution Concerning Section 8 Payment Standards**

Ms. Carrington stated the Department as a public housing authority needs approval on an annual basis from the Board for approval of Payment Standards for the Housing Choice Voucher Program. The Payment Standards estimates the voucher payments amounts for each of the fair market areas in TDHCA's jurisdiction. HUD allows the Department to develop a standard between levels of 90% and 100% of published fair market rents. Staff is recommending Payment Standards at 90% of FMR for several counties and also 100% of FMR for other areas.

Motion made by Beth Anderson and seconded by Vidal Gonzales to approve the recommended payment standards as recommended by staff and to recommend approval by the full Board with approval of Resolution No. 04-098.

**(4) Discussion on Section 8 Housing Assistance Program as Administered by the Texas Department of Housing and Community Affairs**

Ms. Carrington stated that the staff had provided information to the Committee of an overview of the Section 8 program at past meetings. HUD approved the consolidation of the 3 annual contributions contracts that it has with the Department. Staff had also provided the Committee with information on the impact of eliminating the TDHCA Section 8 Program. The Board also approved the transfer of 576 vouchers to Brazoria County that was approved by the Board.

The Committee heard additional Public Comments at this time.

John Henneberger, Co-Director, Texas Low Income Housing Service, Austin, Texas

Mr. Henneberger expressed his concerns and his opposition to the Department eliminating its Section 8 Program. He stated the control of public housing authorities is one of local control and he supports this. The transfer of Section 8 vouchers to adjacent jurisdictions or adjacent housing authorities is not furthering local control. It might be giving an asset which is available for one community to another community without allowing the community who had the asset originally to have any authority or any representation of the administration of that asset. He felt this would be taking vouchers from one community and moving them to the county administering the program. He would support TDHCA transferring vouchers to a county if they had a public housing authority.

Mr. Conine asked staff to come back in a few months and give a report on a poll on whether some counties would be interested in setting up a public housing authority if they did not currently have one.

**EXECUTIVE SESSION**

If permitted by law, the Committee 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.

**ADJOURN**

Motion made by Vidal Gonzalez and seconded by Beth Anderson to adjourn the meeting.

The meeting adjourned at 9:55 a.m.

Respectfully submitted,

Delores Groneck  
Board Secretary

Dg/p/pcminnov

**REAL ESTATE ANALYSIS DIVISION**  
**BOARD DISCUSSION ITEM**  
February 10, 2005

Discussion Item:

Discuss the creation of the Asset Management Committee and the proposed Standard Operating Procedure (SOP) on Declaration of Events of Default on Multifamily Obligations

Required Action:

None

Background:

Last fall, an ad hoc committee was formed which included senior Department staff from all areas that had responsibilities related to asset management of multifamily developments. Tim Irvine, Executive Director of the Manufactured Housing Division was also included in the group to provide an experienced outside perspective to help facilitate the discussions. Tim was ultimately voted by the group to chair the committee. The group began to provide insightful informal direction to the asset management staff on specific resolution activities and facilitated communication on transactions and risks that previously may not have been fully recognized by all potentially affected divisions of the Department. An example of this is the determination of the severity and recourse available to the Department on identified issues of non-compliance in HOME and Housing Trust Fund (HTF) multifamily developments. The group found that this forum provided a better vehicle for communicating and working through the specific issues of non-compliance and for formally recognizing events of default as a result of these non-compliance issues. The group determined that it would be prudent to formalize its existence and improve upon the current processes for declaring default on any multifamily loan or HOME or HTF grant by developing a new overarching Standard Operating Procedure (SOP).

The Asset Management Committee consists of the Deputy Executive Director, the Chief of Agency Administration, the Director of the Real Estate Services Division, the Director of Portfolio Management and Compliance, the Director of Multifamily Finance Production, the Director of Financial Administration, the Department's primary real estate attorney, and other staff as designated by the Executive Director. The Committee has been meeting twice a month and has, in addition to the development of the SOP already assisted in identification of four previously unidentified developments in need of an asset management review, reviewed proposals for resolution for six transactions, four of which have been completed. The Asset Management Committee will advise and direct the asset management staff within the Real Estate Analysis Division, Legal Division staff and to a lesser degree Portfolio Management and Compliance staff and Loan Servicing staff to act on recommendations presented to the Committee. Final actions in most cases will require Executive Director approval.

### Recommendation

Review and discuss the creation of the Asset Management Committee and the proposed SOP on Declaration of Events of Default on Multifamily Obligations.



**STANDARD OPERATING PROCEDURE FOR**  
**DECLARING EVENTS OF DEFAULT**  
**ON MULTIFAMILY PROJECTS**

**1.0 Policy**

- 1.1 It is the policy of the Texas Department of Housing and Community Affairs (the “Department”) that when and as it identifies matters which would constitute events of default under loan documents, land use restriction agreements, tax credit agreements, or other agreements (other than bond indebtedness) involving obligations to the Department in conjunction with state or federal multi-family housing programs administered by the Department (collectively referred to as “Program Obligations”), the Department will take timely steps to ensure that its rights under the applicable documents are protected. All such matters are referred to in this SOP as “events of default” and each as an “event of default.”

<b>Risks addressed by this SOP</b>	<b>Controls to Address those risks</b>
<ul style="list-style-type: none"><li>1) That the Department, by failing to exercise its rights regarding Program Obligations on a timely basis, will lose those rights or have them otherwise compromised.</li><li>2) That the declaration of an event of default would not be the most prudent way to address the overall situation.</li><li>3) That waiver of an event of default might compromise the right to declare future events of default.</li></ul>	<ul style="list-style-type: none"><li>1) Establish a mechanism where all identified events giving rise to such rights will trigger a process to protect those rights through the declaration and exercise of rights under applicable documents.</li><li>2) Establish a review mechanism so that identified events of default may be assessed by appropriate levels of management and, as deemed prudent, waived.</li><li>3) Require participation of Legal Services to assure that documentation regarding any waiver or communication regarding a waiver of an event of default will not compromise the Department’s right to declare other events of default as they may arise</li></ul>

- 1.2 This policy delineates the methodology for determining who initiates the process to identify and declare events of default, how each such declaration is reviewed, how decisions to waive events of default are made, and how all actions and communications relating to events of default, declared or waived, are to be documented.

**2.0 General**

- 2.1 This policy is adopted under the authority of *Tex. Gov. Code*, Chapter 2306.

### **3.0 Responsibilities**

- 3.1 It is the responsibility of the Executive Director to make all final determinations regarding the declaration or waiver of an event of default, subject to applicable laws and the directives of the Board. He/she may delegate some or all of this responsibility to appropriate directors, managers, supervisors, or team leaders.
- 3.2 It is the responsibility of the Portfolio Management and Compliance Division (“PMC”) to monitor such Program Obligations for compliance with all applicable agreements.
- 3.3 It is the responsibility of the Loan Servicing Division (“Loan Servicing”) to monitor the obligations under the promissory note and the security instrument
- 3.4 It is the responsibility of the Real Estate Analysis Division to provide workouts and asset management solutions for mortgaged properties that are identified as having an event of default.
- 3.5 It is the responsibility of the Asset Management Committee to meet as often as necessary to review reports regarding events of default and to provide recommendations with respect thereto.
- 3.6 It is the responsibility of Legal Services to prepare all legal documentation necessary to carry out the approved action recommended by the Asset Management Team and approved by the Executive Director or his/her designee.
- 3.7 An Asset Management Committee is hereby created. That committee:
- 3.7.1 Is comprised of the Deputy Executive Director, the Chief of Agency Administration, the Director of the Real Estate Services Division, the Director of PMC, the Director of Multifamily Production, the Director of Financial Administration, the attorney in Legal Services primarily responsible for the day-to-day review and preparation of documentation relating to Program Obligations, and such others as the Executive Director may, from time to time, designate. Each designated member of the Asset Management Committee may, when unable to attend, or on a continual basis, designate a substitute;
  - 3.7.2 Shall designate one of its members to act as a chair.
  - 3.7.3 Shall designate a secretary to keep a record of its meeting actions;
  - 3.7.4 Shall have a majority of its members as a quorum for business;
  - 3.7.5 Shall adopt and operate in accordance with rules of order
  - 3.7.6 Shall set regular times for recurring, scheduled meetings and shall also meet upon call of any of its members or the Executive Director;
  - 3.7.7 Shall review the reports and recommendations presented to it;
  - 3.7.8 Shall make recommendations regarding any action to address an event of default with respect to a Program Obligation;
  - 3.7.9 Shall make recommendations regarding any amendment, modification, or other action regarding Program Assets assigned to the Real Estate Service Division for administration; and
  - 3.7.10 Shall provide to the Executive Director its findings as to the results of its review of reports.

### **4.0 Procedures**

- 4.1 PMC will provide to the Asset Management Committee on a monthly basis a report setting forth all Program Obligations for which:
  - 4.1.1 one or more events of default have been identified;
  - 4.1.2 notice of such event(s) of default has been given, setting forth a reasonable opportunity for curative action;
  - 4.1.3 the reasonable time for a cure has lapsed without a cure; and
  - 4.1.4 the resulting default, either:
    - 4.1.4.1 cannot be cured or
    - 4.1.4.2 if curable but not cured will give rise to financial liability on behalf of the Department
- 4.2 PMC will provide the Asset Management Committee with such other reports as it may, from time to time, request.
- 4.3 Loan Servicing will provide to the Asset Management Committee on a monthly basis a report setting forth all Program Obligations for which: are 90 days or more past due as to one or more payments of principal or interest or for which one or more requirements subject to monitoring by Loan Servicing have gone unmet for 90 days or more. All reports to the Asset Management Committee shall simultaneously be provided to the Director of Real Estate Analysis.
- 4.4 The Asset Management Committee shall review all reports received by it and make recommendations with respect to each identified event of default reported to it. To assist in its deliberations the Asset Management Committee shall utilize the Real Estate Analysis Division to provide assessments and analysis.
- 4.5 Any recommendation by the Asset Management Committee to take action with respect to an event of default shall be forwarded by the Secretary of that Committee to the Executive Director or his/her designee for approval, denial, or modification.
- 4.6 Any action to declare an event of default, to waive an event of default, or to amend or modify the documents governing the Program Obligation to address an event of default shall be reviewed and documented by Legal Services.
- 4.7 Subject to applicable laws and the directives of the Board, the Executive Director, or his or her designate may approve the waiver of an event of default or authorize an amendment to applicable agreement as a way to address such a default.
- 4.8 If an event of default has been declared and opportunity to cure has lapsed, and if the event of default has not been cured in the time allowed under the security instrument or in accordance with Texas law if the security instrument is silent as to a cure period, Legal Services will proceed in accordance with the recommendation of the Asset Management Team as approved by the Executive Director and Deputy Executive Director.
- 4.9 In the event that foreclosure, receivership or any other recommended legal action is approved by the Executive Director and Deputy Executive Director, Legal Services shall confer, as appropriate, with the Office of the Attorney General or the party designated under the Department's most current contract for foreclosure services and proceed accordingly.
- 4.10 Legal Services shall advise the Asset Management Team, Deputy General Counsel and the Executive Director of the status of any such legal action via internal Legal Memorandums. In addition to the internal Legal Memorandums,

Legal Services will keep the Executive Director advised of the status of such legal action in the monthly Legal Services Status Report.

- 4.11 In order to assure that appropriate confidentiality is maintained:
  - 4.11.1 All internal memoranda regarding possible or declared events of default shall be treated confidentially and shall be labeled confidential.
  - 4.11.2 Any public information request relating to an asset or obligation that has been or is the subject of a possible or declared event of default shall be handled by Legal Services.

Approval:

\_\_\_\_\_  
Edwina Carrington  
Executive Director

Date:\_\_\_\_\_

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Items**

Adoption of amendment to the Housing Trust Fund Rules.

**Required Action**

Adopt amendment to the Housing Trust Fund Rules, §51.5 Basic Eligible Activities.

**Background and Recommendations**

On November 12, 2004 the Board approved, with amendments, the 2005 Housing Trust Fund Rules. The Board also recommended the following additional amendment, which was posted to the *Texas Register*, and made available for public comment for 30 days. Staff is now requesting the Board adopt the amended language to the rule. No public comment was collected regarding this change. The amended language is underlined below.

§51.5. Basic Eligible Activities.

The Department shall make grants and loans from the Housing Trust Fund to Eligible Applicants for purposes consistent with Section 51.2 of this title and Section 2306.202 of Texas Government Code. Eligible program activities for the Housing Trust Fund include, but are not limited to, housing development activities; predevelopment costs associated with housing development; down-payment assistance; rental assistance; credit enhancements; and technical assistance or other forms of capacity building to nonprofit housing developers.

Staff recommends final adoption of the amended language.

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Items**

Request for forgiveness of repayment for a Housing Trust Fund Predevelopment Loan.

**Required Action**

Reject or grant forgiveness of Housing Trust Fund Predevelopment Loan.

**Background and Recommendations**

**Accessible Communities, Inc. – Loan # 851020-0001**

On March 1, 2002 the Department entered into a loan agreement with Accessible Communities, Inc. to provide \$32,287 in predevelopment costs for a four unit transitional housing development for persons with disabilities. The loan was due upon completion of the development, or March 1, 2004, whichever date came first.

On June 7, 2004 the Department received a request from Accessible Community, Inc. (ACI) regarding a notice sent to them about the delinquency status of their Housing Trust Fund predevelopment loan. The letter noted that the predevelopment loan had been used to develop two units of transitional housing for persons with disabilities. The letter also noted that because the units did not produce income, the repayment of the loan would be limited and that ACI was formally requesting forgiveness of the predevelopment loan.

After further review by staff it was determined that the original predevelopment loan agreement included funding for a two-phased development. The first phase included \$10,080 in predevelopment costs associated with the acquisition and rehabilitation of two transitional units. The second phase included \$22,207 in predevelopment costs associated with the acquisition of land and new construction of two additional transitional units.

ACI was awarded \$104,325 in HOME funds from the City of Corpus Christi for phase one of the development, which has been completed. After reviewing draw requests to the City, it appears that ACI did not request reimbursement for any predevelopment costs, nor were the costs included in the total grant amount from the City's HOME grant. Phase two of the development was not completed due to difficulties in securing permanent financing.

**Recommendation**

While staff is sympathetic to the limited income generated by phase one of the development, and has found no reason to believe that the failure of phase two was due on any part of the applicant, we can not recommend forgiveness of the entire predevelopment loan. It has been the rule and understanding that predevelopment loans

may be forgiven in cases where a development did not reach completion by no fault of the Developer. However, phase one was completed by ACI, and their failure to request reimbursement from the City of Corpus Christi for such expenses is not a justifiable reason to recommend full forgiveness.

Staff recommends that the Board grant forgiveness in the amount of \$22,207 to Accessible Communities, Inc., for phase two of the development given it was unable to progress into development, and give notice of default on the remaining \$10,080, used to complete phase one of the development. If the Board accepts staff's recommendation, the Department will demand payment of the predevelopment loan balance in full.

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Items**

Request consideration and approval on contract amendments for the Estates of Bridgeport, Phases I and II.

**Required Action**

Consider and take action on contract amendments.

**Background and Recommendations**

The Department has received two requests for amendments to contract award amounts totaling \$183,000. Both requests were from Affordable Housing of Parker County for Phase I and II of the Estates of Bridgeport in Bridgeport, Texas. A detailed description of the amendments is included below.

In September 2004 the Department received a request for amendments on Affordable Housing of Parker County's (AHPC's) HOME and Housing Trust Fund Rental Development awards for the Estates of Bridgeport. As planned the development is to include four phases of construction, involving a total of 54 units of housing for Elderly and General Populations.

In July 2003 AHPC was awarded \$477,998 in Housing Trust Funds to develop 10 units for persons who are elderly for Phase I of the Estates of Bridgeport. In September 2003 AHPC was awarded an additional \$484,000 in HOME CHDO funding to develop 10 additional units for persons who are elderly for Phase II of the Estates of Bridgeport. Both developments are currently under construction and AHPC has estimated that Phase I is approaching 90% completion, and Phase II is 80% completed.

AHPC has requested that the Housing Trust Fund award be increased by \$92,174 and their HOME award be increased by \$91,707 due to cost increases related to construction materials. The Real Estate Analysis Division has reviewed these requests and found the cost increases to be reasonable.

The Department has also provided \$50,000 in Housing Trust Fund Predevelopment loan funds to AHPC for the Estates of Bridgeport and related developments. The closing of these contract amendments will be conditional upon repayment of \$40,000 of this predevelopment loan directly related to this development site. AHPC has requested that the remaining \$10,000 in predevelopment loan funds be forgiven.

The remaining \$10,000 in predevelopment costs was drawn for two separate sites in Decatur, and Bridgeport, Texas. Each site was found to be infeasible due to zoning or environmental issues. Staff has researched the request and recommends that the \$10,000 in predevelopment funds used on the Decatur and Bridgeport sites be forgiven because the failure to develop the sites was beyond the control of AHPC.



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

**DATE:** February 1, 2005

**PROGRAM:** HTF

**FILE NUMBER:** 03818

**DEVELOPMENT NAME**

Estates of Bridgeport

**APPLICANT**

**Name:** Affordable Housing of Parker County, Inc. **Type:** Non-Profit  
**Address:** 101 Swan Court **City:** Springtown **State:** TX  
**Zip:** 76082 **Contact:** Al Swan **Phone:** (817) 220-5585 **Fax:** (817) 220-7012

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

**Name:** Affordable Housing of Parker County, Inc **Title:** Managing General Partner  
**Name:** Hunter & Hunter Consultants, Inc. **Title:** Consultant

**PROPERTY LOCATION**

**Location:** 317 Cuba Road  **QCT**  **DDA**  
**City:** Bridgeport **County:** Wise **Zip:** 76426

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$286,799	N/A	N/A	N/A
2) \$191,199	0%	30 yrs	30 yrs

**Other Requested Terms:** a) 60% of the financing to be a forgivable loan  
b) 40% of the financing to be 30 yrs at 0% interest as a repayable loan

**Proposed Use of Funds:** New Construction **Property Type:** Single Family Duplex

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HTF AWARD NOT TO EXCEED \$570,172, STRUCTURED AS TWO LOANS: A 30-YEAR TERM FULLY AMORTIZING LOAN AT ZERO PERCENT INTEREST IN THE AMOUNT OF \$373,856; AND A FIVE YEAR TERM LOAN AT ZERO PERCENT INTEREST IN THE AMOUNT OF \$196,316, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. The \$196,316 term note should be restructured at its maturity to determine the development's capacity for repayment based upon historical performance.

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

**ADDENDUM**

The Applicant on July 2003 was awarded a HOME award not to exceed \$477,998 for the construction of Estates of Bridgeport II in Bridgeport.

The Applicant has requested \$92,174 in additional funds to now total \$570,172 due to increased construction cost. The Applicant feels that the additional costs were due to the rebuilding in Iraq and the hurricanes in Florida which could not have been foreseen.

The original transaction was underwritten and evaluated at a lower than average quality level, however the Underwriter's costs still suggested that the actual costs would be higher than those projected at application by the Applicant. Moreover the Applicant's original budget contained only a 5% combined contractor fee versus a more typical 14%, less than 3% contingency versus a 5% maximum allowed and combined developer fee of less than 6% when 15% is allowed. Thus the Applicant's original budget for this development had very little cushion to absorb any cost overruns. The current increase represents a 19% increase in costs which could have been justified solely by maximizing these contractor, contingency and developer fee limits. In addition adjusting the cost up to full average quality would have similarly justified the higher cost at the time of the original application. The Underwriter has re-evaluated the costs based upon current Marshall and Swifts estimate and using the same quality standards and lower than maximum contractor, contingency and developer fee factors as maintained by the Applicant and by that account the revised development costs can also be justified. The development is less than 60 days from completion, and a site inspection on January 27, 2004 reflected that the quality of this development is not materially less than the average quality standard employed by the Department. Thus the Underwriter believes that the real surprise is that the development is going to be able to be completed for as little as is proposed.

The Applicant had also previously been awarded predevelopment funds through the Department's HTF program operated by ARK-TEX on behalf of the Department. The \$50,000 predevelopment loan was originally proposed for a proposed development in Decatur and \$8K was spent on that sight to determine its infeasibility. The Applicant then used \$2K of the fund for preliminary work on another site in Bridgeport but that site too was found to be infeasible. The remainder of the funds, \$40K were used to evaluate and acquire the site for the subject which includes three phases. The Applicant indicates that Approximately \$10K of these funds were spent on overall site evaluation and closing costs that do not appear in the project specific costs, but \$30K was used strictly for acquisition. Since the \$10K in site costs associated with the subject site can not easily be confirmed the entire \$40K should be repaid out of proceeds for this and the related adjacent phase also currently requesting an increase in funding. Both of these initial two phases are the same size and therefore for each the Applicant should be required to repay \$20K of the predevelopment funds concurrent with the closing of the propose increase in funds currently requested.

Based on a through evaluation of the information provided by the Applicant a recommendation to increase the loan to \$570,172 is recommended.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's estimated income, operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The Underwriter's direct construction costs are based upon *Marshall and Swift's* fair quality costs.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Carl Hoover*

**Date:** February 1, 2005

**Director of Real Estate Analysis:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** February 1, 2005

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Estates of Bridgeport, Bridgeport, HTF #03818, ADDENDUM-2005**

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
HTF (30%)	6	1	1	785	\$313	\$271	\$1,626	\$0.35	\$42.00	\$39.00
HTF (60%)	4	1	1	785	627	\$585	2,340	0.75	42.00	39.00
<b>TOTAL:</b>	<b>10</b>		<b>AVERAGE:</b>	<b>785</b>	<b>\$439</b>	<b>\$397</b>	<b>\$3,966</b>	<b>\$0.51</b>	<b>\$42.00</b>	<b>\$39.00</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	7,850	<b>TDHCA</b>	<b>APPLICANT</b>	Comptroller's Region		
<b>POTENTIAL GROSS RENT</b>						\$47,592		IREM Region		
Secondary Income		Per Unit Per Month:	\$5.00			600		\$0.00	Per Unit Per Month	
Other Support Income: (describe)						0				
<b>POTENTIAL GROSS INCOME</b>						\$48,192	\$0			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(3,614)		#DIV/0!	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions						0				
<b>EFFECTIVE GROSS INCOME</b>						\$44,578	\$0			
<b>EXPENSES</b>				% OF EGI	PER UNIT	PER SQ FT		PER SQ FT	PER UNIT	% OF EGI
General & Administrative		6.28%	\$280	0.36		\$2,799		\$0.00	\$0	#DIV/0!
Management		9.84%	439	0.56		4,386		0.00	0	#DIV/0!
Payroll & Payroll Tax		11.91%	531	0.68		5,310		0.00	0	#DIV/0!
Repairs & Maintenance		10.26%	457	0.58		4,573		0.00	0	#DIV/0!
Utilities		2.83%	126	0.16		1,260		0.00	0	#DIV/0!
Water, Sewer, & Trash		6.85%	305	0.39		3,054		0.00	0	#DIV/0!
Property Insurance		4.40%	196	0.25		1,963		0.00	0	#DIV/0!
Property Tax	2.5	8.41%	375	0.48		3,750		0.00	0	#DIV/0!
Reserve for Replacements		4.49%	200	0.25		2,000		0.00	0	#DIV/0!
Other: compl fees		0.56%	25	0.03		250		0.00	0	#DIV/0!
<b>TOTAL EXPENSES</b>		<b>65.83%</b>	<b>\$2,935</b>	<b>\$3.74</b>		<b>\$29,345</b>	<b>\$0</b>	<b>\$0.00</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>NET OPERATING INC</b>		<b>34.17%</b>	<b>\$1,523</b>	<b>\$1.94</b>		<b>\$15,232</b>	<b>\$0</b>	<b>\$0.00</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>DEBT SERVICE</b>										
First Lien Mortgage		0.00%	\$0	\$0.00		\$0		\$0.00	\$0	#DIV/0!
Additional Financing		0.00%	\$0	\$0.00		0		\$0.00	\$0	#DIV/0!
Additional Financing		0.00%	\$0	\$0.00		0		\$0.00	\$0	#DIV/0!
<b>NET CASH FLOW</b>		<b>34.17%</b>	<b>\$1,523</b>	<b>\$1.94</b>		<b>\$15,232</b>	<b>\$0</b>	<b>\$0.00</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						#DIV/0!	#DIV/0!			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						#DIV/0!				

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT						
Acquisition Cost (site or bldg)		3.88%	\$2,187	\$2.79		\$21,871	\$21,871	\$2.79	\$2,187	3.84%
Off-Sites		1.33%	750	0.96		7,500	7,500	0.96	750	1.32%
Sitework		5.87%	3,310	4.22		33,100	33,100	4.22	3,310	5.81%
Direct Construction		72.51%	40,888	52.09		408,877	417,668	53.21	41,767	73.25%
Contingency	2.45%	1.92%	1,081	1.38		10,808	10,808	1.38	1,081	1.90%
General Req'ts	0.00%	0.00%	0	0.00		0	0	0.00	0	0.00%
Contractor's G & A	2.00%	1.57%	884	1.13		8,840	9,003	1.15	900	1.58%
Contractor's Profit	2.26%	1.77%	1,000	1.27		10,000	10,000	1.27	1,000	1.75%
Indirect Construction		5.21%	2,936	3.74		29,362	29,362	3.74	2,936	5.15%
Ineligible Costs		0.00%	0	0.00		0	0	0.00	0	0.00%
Developer's G & A	4.65%	4.17%	2,350	2.99		23,500	23,500	2.99	2,350	4.12%
Developer's Profit	0.00%	0.00%	0	0.00		0	0	0.00	0	0.00%
Interim Financing		0.77%	436	0.56		4,360	4,360	0.56	436	0.76%
Reserves		1.01%	568	0.72		5,677	3,000	0.38	300	0.53%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$56,389</b>	<b>\$71.83</b>		<b>\$563,895</b>	<b>\$570,172</b>	<b>\$72.63</b>	<b>\$57,017</b>	<b>100.00%</b>
<b>Recap-Hard Construction Costs</b>		<b>83.64%</b>	<b>\$47,162</b>	<b>\$60.08</b>		<b>\$471,625</b>	<b>\$480,579</b>	<b>\$61.22</b>	<b>\$48,058</b>	<b>84.29%</b>

<b>SOURCES OF FUNDS</b>				<b>TDHCA</b>	<b>APPLICANT</b>	<b>RECOMMENDED</b>	
First Lien Mortgage	0.00%	\$0	\$0.00	\$0		\$0	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0		0	\$0
HTC Syndication Proceeds	0.00%	\$0	\$0.00	0		0	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	\$0	\$0.00	0		0	#DIV/0!
Additional (excess) Funds Req'd	100.00%	\$56,389	\$71.83	563,895	570,172	570,172	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$563,895</b>	<b>\$570,172</b>	<b>\$570,172</b>	<b>\$246,794</b>

**MULTIFAMILY COMPARATIVE ANALYSIS**(continued)  
**Estates of Bridgeport, Bridgeport, HTF #03818, ADDENDUM-2005**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook  
 Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$53.05	\$416,443
<b>Adjustments</b>				
Exterior Wall Finish	7.00%		\$3.71	\$29,151
Elderly/9-Ft. Ceilings	3.00%		1.59	12,493
Roofing			0.00	0
Subfloor			(1.99)	(15,622)
Floor Cover			2.53	19,861
Porches/Balconies	\$16.36	240	0.50	3,926
Plumbing	\$730		0.00	0
Built-In Appliances	\$2,175	10	2.77	21,750
Stairs/Fireplaces			0.00	0
Enclosed Corridors	\$43.13		0.00	0
Heating/Cooling			1.96	15,386
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
<b>SUBTOTAL</b>			<b>64.13</b>	<b>503,388</b>
Current Cost Multiplier	1.10		6.41	50,339
Local Multiplier	0.90		(6.41)	(50,339)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$64.13</b>	<b>\$503,388</b>
Plans, specs, survy, bld prm	3.90%		(\$2.50)	(\$19,632)
Interim Construction Interest	3.38%		(2.16)	(16,989)
Contractor's OH & Profit	11.50%		(7.37)	(57,890)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$52.09</b>	<b>\$408,877</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$0	Term	
Int Rate	0.00%	DCR	#DIV/0!

<b>Secondary</b>	\$0	Term	
Int Rate	0.00%	Subtotal DCR	#DIV/0!

<b>Additional</b>	\$0	Term	
Int Rate		Aggregate DCR	#DIV/0!

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$0
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$15,232</b>

<b>Primary</b>	\$0	Term	0
Int Rate	0.00%	DCR	#DIV/0!

<b>Secondary</b>	\$0	Term	0
Int Rate	0.00%	Subtotal DCR	#DIV/0!

<b>Additional</b>	\$0	Term	0
Int Rate	0.00%	Aggregate DCR	#DIV/0!

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$47,592	\$49,020	\$50,490	\$52,005	\$53,565	\$62,097	\$71,987	\$83,453	\$112,154
Secondary Income	600	618	637	656	675	783	908	1,052	1,414
Other Support Income: (describ)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	48,192	49,638	51,127	52,661	54,241	62,880	72,895	84,505	113,568
Vacancy & Collection Loss	(3,614)	(3,723)	(3,835)	(3,950)	(4,068)	(4,716)	(5,467)	(6,338)	(8,518)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$44,578</b>	<b>\$45,915</b>	<b>\$47,292</b>	<b>\$48,711</b>	<b>\$50,172</b>	<b>\$58,164</b>	<b>\$67,428</b>	<b>\$78,167</b>	<b>\$105,050</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$2,799	\$2,911	\$3,028	\$3,149	\$3,275	\$3,984	\$4,847	\$5,897	\$8,729
Management	4,386	4,518	4,653	4,793	4,937	5,723	6,634	7,691	10,336
Payroll & Payroll Tax	5,310	5,523	5,743	5,973	6,212	7,558	9,195	11,188	16,560
Repairs & Maintenance	4,573	4,756	4,946	5,144	5,350	6,509	7,919	9,635	14,262
Utilities	1,260	1,310	1,363	1,417	1,474	1,793	2,182	2,655	3,930
Water, Sewer & Trash	3,054	3,177	3,304	3,436	3,573	4,347	5,289	6,435	9,526
Insurance	1,963	2,041	2,123	2,208	2,296	2,793	3,398	4,135	6,120
Property Tax	3,750	3,900	4,056	4,218	4,387	5,337	6,494	7,901	11,695
Reserve for Replacements	2,000	2,080	2,163	2,250	2,340	2,847	3,463	4,214	6,237
Other	250	260	270	281	292	356	433	527	780
<b>TOTAL EXPENSES</b>	<b>\$29,345</b>	<b>\$30,475</b>	<b>\$31,649</b>	<b>\$32,869</b>	<b>\$34,136</b>	<b>\$41,248</b>	<b>\$49,856</b>	<b>\$60,277</b>	<b>\$88,176</b>
<b>NET OPERATING INCOME</b>	<b>\$15,232</b>	<b>\$15,439</b>	<b>\$15,643</b>	<b>\$15,842</b>	<b>\$16,037</b>	<b>\$16,916</b>	<b>\$17,572</b>	<b>\$17,890</b>	<b>\$16,874</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$15,232</b>	<b>\$15,439</b>	<b>\$15,643</b>	<b>\$15,842</b>	<b>\$16,037</b>	<b>\$16,916</b>	<b>\$17,572</b>	<b>\$17,890</b>	<b>\$16,874</b>
<b>DEBT COVERAGE RATIO</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

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

**DATE:** July 20, 2003

**PROGRAM:** HTF

**FILE NUMBER:** 03818

**DEVELOPMENT NAME**

Estates of Bridgeport

**APPLICANT**

<b>Name:</b>	<u>Affordable Housing of Parker County, Inc.</u>	<b>Type:</b>	<u>Non-Profit</u>
<b>Address:</b>	<u>101 Swan Court</u>	<b>City:</b>	<u>Springtown</u> <b>State:</b> <u>TX</u>
<b>Zip:</b>	<u>76082</u>	<b>Contact:</b>	<u>Al Swan</u>
		<b>Phone:</b>	<u>(817) 220-5585</u>
		<b>Fax:</b>	<u>(817) 220-7012</u>

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b>	<u>Affordable Housing of Parker County, Inc</u>	<b>Title:</b>	<u>Managing General Partner</u>
<b>Name:</b>	<u>Hunter &amp; Hunter Consultants, Inc.</u>	<b>Title:</b>	<u>Consultant</u>

**PROPERTY LOCATION**

**Location:** 317 Cuba Road  **QCT**  **DDA**  
**City:** Bridgeport **County:** Wise **Zip:** 76426

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$286,799	N/A	N/A	N/A
2) \$191,199	0%	30 yrs	30 yrs

**Other Requested Terms:** a) 60% of the financing to be a forgivable loan  
b) 40% of the financing to be 30 yrs at 0% interest as a repayable loan

**Proposed Use of Funds:** New Construction **Property Type:** Single Family Duplex

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HTF AWARD NOT TO EXCEED \$477,998, STRUCTURED AS TWO LOANS: A 30-YEAR TERM FULLY AMORTIZING LOAN AT ZERO PERCENT INTEREST IN THE AMOUNT OF \$373,856; AND A FIVE YEAR TERM LOAN AT ZERO PERCENT INTEREST IN THE AMOUNT OF \$104,142, SUBJECT TO CONDITIONS.

**CONDITIONS**

- The \$104,142 term note should be restructured at its maturity to determine the development's capacity for repayment based upon historical performance.

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

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports. The development has a companion proposal for HOME to fund an additional phase (also 10 units) immediately adjacent to this site.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 10    **# Rental Buildings:** 5    **# Common Area Bldgs:** 0    **# of Floors:** 1    **Age:** N/A yrs  
**Net Rentable SF:** 7,850    **Av Un SF:** 785    **Common Area SF:** 0    **Gross Bldg SF:** 7,850

**STRUCTURAL MATERIALS**

Wood frame on a post-tensioned concrete slab on grade, 100% brick veneer exterior wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing

**APPLIANCES AND INTERIOR FEATURES**

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

**ON-SITE AMENITIES**

**Uncovered Parking:** 20 spaces    **Carports:** N/A spaces    **Garages:** N/A spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Estates of Bridgeport is a moderately dense duplex development with 10 units per acre located in east Bridgeport and targeted toward seniors. The development is comprised of five evenly distributed single story structures as follows:

- (5) Duplexes with two one-bedroom/ one-bath units;

**Supportive Services:** A letter of support has been issued from the Wise County Committee on Aging as well as the Good News Block Nurse Organization has agreed to assist the Corporation's elderly tenants and provide the following services: transportation, meals on wheels, senior center activities, nurse assistants, pharmacy services, housekeeping assistance, lifeline phone service, readily accessible emergency services, section 8 rental assistance for affordable housing, and on-site advocacy services addressing social security, rental assistance and other issues.

**Schedule:** The Applicant anticipates construction to begin in September of 2003, to be completed in February of 2004, to be placed in service in March of 2004, and to be substantially leased-up in February of 2004.

**SITE ISSUES**

**SITE DESCRIPTION**

**Size:** 1.0 acres    43,560 square feet    **Zoning/ Permitted Uses:** Unincorporated Land with no zoning  
**Flood Zone Designation:** Zone X    **Status of Off-Sites:** Partially Improved

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** Bridgeport is located in the western part of Wise County in north central Texas, approximately 50 miles northwest from Fort Worth. The site is an irregularly-shaped parcel located in the far eastern area of Bridgeport. The site is situated on the north side of Cuba Road.

**Adjacent Land Uses:**

- **North:** new high school
- **South:** residential developments
- **East:** vacant land
- **West:** residential developments

**Site Access:** Access to the property is from the east or west along Cuba Road. The development is to have

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

one main entry from the south. Access to highways 380 and 114 provide access to all other major roads serving the Bridgeport area.

**Public Transportation:** The availability of public transportation is unknown.

**Shopping & Services:** The site has immediate access to shopping, churches and medical facilities.

**Special Adverse Site Characteristics:**

- **Zoning:** The property is located adjacent to the City of Bridgeport city limits. As the property is currently in the county and not the city, there is no zoning on the property. After or during construction, the property will be voluntarily annexed into the city of Bridgeport. At that time a zoning request will be made to conform to the development's then existing multi-family duplex use.

**Site Inspection Findings:** TDHCA staff performed a site inspection on May 7, 2003 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 24,, 2003 was prepared by Barnett Engineering, Inc. and contained the following findings and recommendations:

**Findings:** Based on the results of this reconnaissance, we believe that significant surface or subsurface contamination on the subject property is unlikely. A level II survey to further examine this area for contamination is not warranted.

**POPULATIONS TARGETED**

**Income Set-Aside:** AHPC will agree to maintain the rent and income restrictions on the property for an additional 25 years past the 30-year amortization period. All ten of the units (100% of the total) will be reserved for low-income/elderly tenants. Six of the units (60%) will be reserved for households earning 30% or less of AMGI, four units (40%) will be reserved for households earning 60% or less of AMGI.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$22,140	\$25,320	\$28,440	\$31,620	\$34,140	\$36,660

**MARKET HIGHLIGHTS**

A limited market feasibility study dated February 24, 2003 was prepared by Jerry Watson and highlighted the following findings:

**Definition of Market Area:** The city of Bridgeport was used to define the market area.

**Population:** The estimated 1990 population of Bridgeport was 3,581 and to increased by 20% to approximately 4,309 by 2000.

**Total Local Demand for Elderly Rental Units:** "There are no senior citizen facilities in Bridgeport. The nearest city with rental housing specifically designed for the elderly is Springtown which is approximately 18 miles away."

**Local Housing Authority Waiting List Information:** "For the past twenty years, the Springtown Spring Garden Apartments waiting list has averaged between 20 and 55 elderly applicants. The current number of persons on the waiting list is 54."

**Market Rent Comparables:** The Market Analyst states that there is a limited supply of these units available; therefore, market comparables are limited.

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Market</b>	<b>Differential</b>
<b>1-Bedroom (30%)</b>	\$254	\$254	\$0	\$500	-\$246
<b>1-Bedroom (60%)</b>	\$551	\$551	\$0	\$500	+\$51

(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)

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

**Submarket Occupancy Rates:** “When Springtown Spring Garden Apartments Phase II and Phase III opened, the apartments leased out in one day each and the properties have been fully occupied since.”

**Other Relevant Information:** “Based on the owner’s previous twenty plus years of records, few, if any vacancies are expected to occur. In fact, none of the owner’s properties have had any vacancy or collection loss since 1978.”

The Underwriter found the market study to be limited in narratives, but provided sufficient information to make a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** At the time of application, the 2003 rent limits had not been released and thus the Applicant used estimated 2002 rent limits in setting rents. Based on the Applicant’s intention to charge maximum program rents and the Market Analyst’s confirmation that the maximum program rents can be achieved, the Underwriter used the 2003 maximum rents in this analysis, which results in an increase of \$8.7K in potential gross rent. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines.

**Expenses:** The Applicant’s total expense estimate of \$2,419 per unit is within 6% of a TDHCA database-derived estimate of \$2,573 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 payroll (\$6.9K lower), management fee (\$3K lower) repairs and maintenance (\$2K lower), utilities (\$1K lower), water, sewer, and trash (\$2.7K higher) and property insurance (\$2.6K higher). The Underwriter discussed these differences with the Applicant but was unable to reconcile them further with the additional information provided by the Applicant.

**Conclusion:** The Applicant’s estimated income and total estimated operating expense is inconsistent with the Underwriter’s expectations and the Applicant’s net operating income is not within 5% of the Underwriter’s estimate. Therefore, the Underwriter’s NOI will be used to evaluate debt service capacity. Due primarily to the difference in income and total estimated operating expenses, the Underwriter’s estimated debt coverage ratio (DCR) of 2.54 exceeds the program maximum standard of 1.30. This suggests that the project could support additional debt service of \$6,089 annually.

**ACQUISITION VALUATION INFORMATION**

**APPRAISED VALUE**

<b>Total Development: “as completed”</b>	\$524,000	<b>Date of Valuation:</b>	2/	23/	2003
<b>Appraiser:</b> Jerry Watson	<b>City:</b> Decatur	<b>Phone:</b>	(940)	627-6630	

**ASSESSED VALUE**

<b>Land: (6.0) acres</b>	\$30,500	<b>Assessment for the Year of:</b>	2003
<b>1 acre:</b>	\$5,083	<b>Valuation by:</b>	Wise County Appraisal District
		<b>Tax Rate:</b>	2.42842

**EVIDENCE of SITE or PROPERTY CONTROL**

<b>Type of Site Control:</b>	Earnest Money Contract				
<b>Contract Expiration Date:</b>	7/	31/	2003	<b>Anticipated Closing Date:</b>	7/    31/    2003
<b>Acquisition Cost:</b>	\$59,000		<b>Other Terms/Conditions:</b>	Earnest Money \$1,000	
<b>Seller:</b>	John M. Willoughby			<b>Related to Development Team Member:</b>	No
<b>Additional Information:</b>	Contract price covers a total of 6 acres, but only one acre will be used for this development the remaining five acres will be used for future development				





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

**Background & Experience:**

- The General Partner Affordable Housing of Parker County, Inc. formerly known as Springtown Spring Garden Apartments, Inc. has completed three affordable housing developments totaling 53 units since 2001. The entity converted from a for profit to a non-profit community housing development organization in order to better fulfill its organizational mission.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's estimated income, operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The Underwriter's direct construction costs are based upon *Marshall and Swift's* fair quality costs.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Carl Hoover*

**Date:** July 20, 2003  
\_\_\_\_\_

**Director of Real Estate Analysis:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** July 20, 2003  
\_\_\_\_\_

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Estates of Bridgeport, Bridgeport, HTF #03818**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Int Pd Util	Wtr, Swr, Trsh
HTF (30%)	6	1	1	785	\$296	\$254	\$1,524	\$0.32	\$42.00	\$39.00
HTF (60%)	4	1	1	785	593	551	2,204	0.70	42.00	39.00
<b>TOTAL:</b>	<b>10</b>		<b>AVERAGE:</b>	<b>785</b>	<b>\$415</b>	<b>\$373</b>	<b>\$3,728</b>	<b>\$0.47</b>	<b>\$42.00</b>	<b>\$39.00</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	7,850			USS Region	3	
<b>POTENTIAL GROSS RENT</b>						<b>TDHCA</b>	<b>APPLICANT</b>			
Secondary Income		Per Unit Per Month:	\$5.00			\$44,736	\$36,048		IREM Region	
Other Support Income: (describe)						600	0	\$0.00	Per Unit Per Month	
<b>POTENTIAL GROSS INCOME</b>						0				
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			\$45,336	\$36,048			
Employee or Other Non-Rental Units or Concessions						(3,400)	(2,700)	-7.49%	of Potential Gross Rent	
<b>EFFECTIVE GROSS INCOME</b>						0				
						\$41,936	\$33,348			
<b>EXPENSES</b>		% OF EGI	PER UNIT	PER SQ FT				PER SQ FT	PER UNIT	% OF EGI
General & Administrative		2.77%	\$116	0.15		\$1,161	\$1,250	\$0.16	\$125	3.75%
Management		12.58%	527	0.67		5,274	\$2,223	0.28	222	6.67%
Payroll & Payroll Tax		17.68%	741	0.94		7,413	\$500	0.06	50	1.50%
Repairs & Maintenance		7.95%	333	0.42		3,335	\$5,640	0.72	564	16.91%
Utilities		3.06%	129	0.16		1,285	\$300	0.04	30	0.90%
Water, Sewer, & Trash		5.01%	210	0.27		2,101	\$4,800	0.61	480	14.39%
Property Insurance		4.68%	196	0.25		1,963	\$4,528	0.58	453	13.58%
Property Tax	2.03892	0.00%	0	0.00		0	\$0	0.00	0	0.00%
Reserve for Replacements		4.77%	200	0.25		2,000	\$3,750	0.48	375	11.25%
Other Expenses: Security		2.86%	120	0.15		1,200	\$1,200	0.15	120	3.60%
<b>TOTAL EXPENSES</b>		<b>61.36%</b>	<b>\$2,573</b>	<b>\$3.28</b>		<b>\$25,732</b>	<b>\$24,191</b>	<b>\$3.08</b>	<b>\$2,419</b>	<b>72.54%</b>
<b>NET OPERATING INC</b>		<b>38.64%</b>	<b>\$1,620</b>	<b>\$2.06</b>		<b>\$16,204</b>	<b>\$9,157</b>	<b>\$1.17</b>	<b>\$916</b>	<b>27.46%</b>
<b>DEBT SERVICE</b>										
TDHCA-HTF/Term		0.00%	\$0	\$0.00		\$0	\$0	\$0.00	\$0	0.00%
TDHCA-HTF/Amortized		15.20%	\$637	\$0.81		6,373	6,373	\$0.81	\$637	19.11%
TDHCA-HTF/Amortized		0.00%	\$0	\$0.00		0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>		<b>23.44%</b>	<b>\$983</b>	<b>\$1.25</b>		<b>\$9,831</b>	<b>\$2,784</b>	<b>\$0.35</b>	<b>\$278</b>	<b>8.35%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						<b>2.54</b>	<b>1.44</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						<b>1.30</b>				

<b>CONSTRUCTION COST</b>									
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.33%	\$1,133	\$1.44	\$11,333	\$21,500	\$2.74	\$2,150	4.50%
Off-Sites		1.54%	750	0.96	7,500	7,500	0.96	750	1.57%
Sitework		6.80%	3,310	4.22	33,100	33,100	4.22	3,310	6.92%
Direct Construction		73.16%	35,615	45.37	356,151	338,836	43.16	33,884	70.89%
Contingency	2.78%	2.22%	1,081	1.38	10,808	10,808	1.38	1,081	2.26%
General Req'ts	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Contractor's G & A	2.00%	1.60%	779	0.99	7,785	9,003	1.15	900	1.88%
Contractor's Profit	2.57%	2.05%	1,000	1.27	10,000	10,000	1.27	1,000	2.09%
Indirect Construction		3.37%	1,639	2.09	16,391	16,391	2.09	1,639	3.43%
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's G & A	5.36%	4.83%	2,350	2.99	23,500	23,500	2.99	2,350	4.92%
Developer's Profit	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Interim Financing		0.90%	436	0.56	4,360	4,360	0.56	436	0.91%
Reserves		1.21%	591	0.75	5,908	3,000	0.38	300	0.63%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$48,684</b>	<b>\$62.02</b>	<b>\$486,836</b>	<b>\$477,998</b>	<b>\$60.89</b>	<b>\$47,800</b>	<b>100.00%</b>
<b>Recap-Hard Construction Costs</b>		<b>85.83%</b>	<b>\$41,784</b>	<b>\$53.23</b>	<b>\$417,844</b>	<b>\$401,747</b>	<b>\$51.18</b>	<b>\$40,175</b>	<b>84.05%</b>

<b>SOURCES OF FUNDS</b>						<b>RECOMMENDED</b>		
TDHCA-HTF/Term	58.91%	\$28,680	\$36.53	\$286,799	\$286,799	\$104,142	Developer Fee Available	
TDHCA-HTF/Amortized	39.27%	\$19,120	\$24.36	191,199	191,199	373,856	\$0	
	0.00%	\$0	\$0.00	0	0	0	% of Dev. Fee Deferred	
	0.00%	\$0	\$0.00	0	0	0	#DIV/O!	
Additional (excess) Funds Required	1.82%	\$884	\$1.13	8,838	0	0	15-Yr Cumulative Cash Flow	
<b>TOTAL SOURCES</b>				<b>\$486,836</b>	<b>\$477,998</b>	<b>\$477,998</b>	<b>\$83,897.89</b>	

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Estates of Bridgeport, Bridgeport, HTF #03818*

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook  
Fair Quality Duplex Basis

**PAYMENT COMPUTATION**

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$46.46	\$364,711
<b>Adjustments</b>				
Exterior Wall Finish	7.00%		\$3.25	\$25,530
Elderly	5.00%		2.32	18,236
Roofing			0.00	0
Subfloor			2.23	17,506
Floor Cover			2.43	19,076
Porches/Balconies	\$19.43	240	0.59	4,663
Plumbing	\$700	(20)	(1.78)	(14,000)
Built-In Appliances	\$2,100	10	2.68	21,000
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.88	14,758
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
<b>SUBTOTAL</b>			60.06	471,479
Current Cost Multiplier	1.03		1.80	14,144
Local Multiplier	0.90		(6.01)	(47,148)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			\$55.86	\$438,475
Plans, specs, survy, bld prm	3.90%		(\$2.18)	(\$17,101)
Interim Construction Interes	3.38%		(1.89)	(14,799)
Contractor's OH & Profit	11.50%		(6.42)	(50,425)
<b>NET DIRECT CONSTRUCTION COSTS</b>			\$45.37	\$356,151

<b>Primary</b>	\$286,799	Term	0
Int Rate	0.00%	DCR	#DIV/0!

<b>Secondary</b>	\$191,199	Term	360
Int Rate	0.00%	Subtotal DCR	2.54

<b>Additional</b>	\$0	Term	
Int Rate		Aggregate DCR	2.54

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$0
Secondary Debt Service	12,462
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$3,742</b>

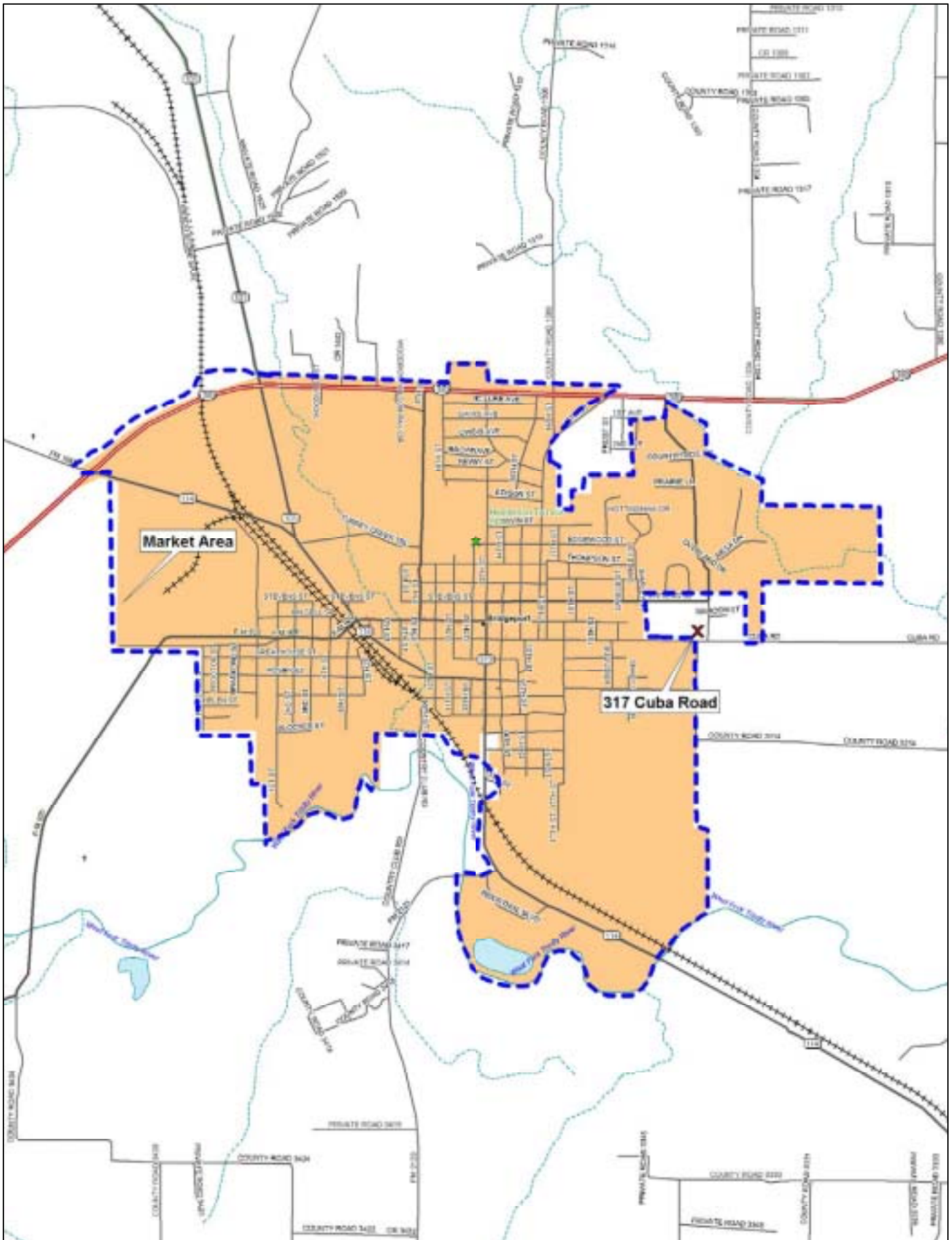
<b>Primary</b>	\$104,142	Term	0
Int Rate	0.00%	DCR	#DIV/0!

<b>Secondary</b>	\$373,856	Term	360
Int Rate	0.00%	Subtotal DCR	1.30

<b>Additional</b>	\$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.30

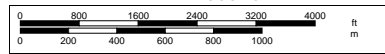
**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$44,736	\$46,078	\$47,460	\$48,884	\$50,351	\$58,370	\$67,667	\$78,445	\$105,423
Secondary Income	600	618	637	656	675	783	908	1,052	1,414
Other Support Income: (descri	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	45,336	46,696	48,097	49,540	51,026	59,153	68,575	79,497	106,837
Vacancy & Collection Loss	(3,400)	(3,502)	(3,607)	(3,715)	(3,827)	(4,436)	(5,143)	(5,962)	(8,013)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$41,936	\$43,194	\$44,490	\$45,824	\$47,199	\$54,717	\$63,432	\$73,535	\$98,824
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$1,161	\$1,207	\$1,255	\$1,306	\$1,358	\$1,652	\$2,010	\$2,445	\$3,620
Management	5,274	5,432	5,595	5,763	5,936	6,881	7,977	9,248	12,428
Payroll & Payroll Tax	7,413	7,710	8,018	8,339	8,673	10,552	12,838	15,619	23,120
Repairs & Maintenance	3,335	3,468	3,607	3,751	3,901	4,746	5,774	7,025	10,399
Utilities	1,285	1,337	1,390	1,446	1,504	1,829	2,226	2,708	4,008
Water, Sewer & Trash	2,101	2,185	2,273	2,364	2,458	2,991	3,639	4,427	6,553
Insurance	1,963	2,041	2,123	2,208	2,296	2,793	3,398	4,135	6,120
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	2,000	2,080	2,163	2,250	2,340	2,847	3,463	4,214	6,237
Other	1,200	1,248	1,298	1,350	1,404	1,708	2,078	2,528	3,742
<b>TOTAL EXPENSES</b>	<b>\$25,732</b>	<b>\$26,708</b>	<b>\$27,722</b>	<b>\$28,775</b>	<b>\$29,868</b>	<b>\$35,999</b>	<b>\$43,403</b>	<b>\$52,349</b>	<b>\$76,228</b>
<b>NET OPERATING INCOME</b>	<b>\$16,204</b>	<b>\$16,486</b>	<b>\$16,768</b>	<b>\$17,049</b>	<b>\$17,331</b>	<b>\$18,718</b>	<b>\$20,028</b>	<b>\$21,186</b>	<b>\$22,596</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Lien	12,462	12,462	12,462	12,462	12,462	12,462	12,462	12,462	12,462
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$3,742</b>	<b>\$4,024</b>	<b>\$4,306</b>	<b>\$4,588</b>	<b>\$4,869</b>	<b>\$6,256</b>	<b>\$7,567</b>	<b>\$8,724</b>	<b>\$10,134</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.30</b>	<b>1.32</b>	<b>1.35</b>	<b>1.37</b>	<b>1.39</b>	<b>1.50</b>	<b>1.61</b>	<b>1.70</b>	<b>1.81</b>



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

**DATE:** February 1, 2005

**PROGRAM:** HOME

**FILE NUMBER:** 2003-0013

**DEVELOPMENT NAME**

Estates of Bridgeport II

**APPLICANT**

<b>Name:</b>	<u>Affordable Housing of Parker County, Inc.</u>	<b>Type:</b>	<u>Non-Profit</u>
<b>Address:</b>	<u>101 Swan Court</u>	<b>City:</b>	<u>Springtown</u> <b>State:</b> <u>TX</u>
<b>Zip:</b>	<u>76082</u>	<b>Contact:</b>	<u>Al Swan</u>
		<b>Phone:</b>	<u>(817) 220-5585</u>
		<b>Fax:</b>	<u>(817) 220-7012</u>

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b>	<u>Affordable Housing of Parker County, Inc</u>	<b>Title:</b>	<u>Managing General Partner</u>
<b>Name:</b>	<u>Hunter &amp; Hunter Consultants, Inc.</u>	<b>Title:</b>	<u>Consultant</u>

**PROPERTY LOCATION**

**Location:** 317 Cuba Road  **QCT**  **DDA**  
**City:** Bridgeport **County:** Wise **Zip:** 76426

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$341,815	N/A	N/A	N/A
2) \$142,185	0%	20 yrs	20 yrs

**Other Requested Terms:** a) 71% of the financing to be a forgivable loan  
b) 29% of the financing to be 20 yrs at 0% interest as a repayable loan

**Proposed Use of Funds:** New Construction **Property Type:** Single Family Duplex

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED \$575,707, STRUCTURED AS TWO LOANS: A FIVE YEAR TERM LOAN FOR \$362,238 AT ZERO PERCENT INTEREST AND A \$213,469 AMORTIZING LOAN BASED ON 30 YEARS AMORTIZATION AT ZERO PERCENT INTEREST WITH THE PROVISION THAT IT WILL BE RESTRUCTURED AT THE END OF 20 YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. The \$362,238 term note should be restructured at its maturity by determining the development's capacity for repayment based upon historical performance.

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

**ADDENDUM**

The Applicant on September 2003 was awarded a HOME award not to exceed \$484,000 for the construction of Estates of Bridgeport II in Bridgeport.

The Applicant has requested \$91,707 in additional funds to now total \$575,707 due to increased construction cost. The Applicant feels that the additional costs were due to the rebuilding in Iraq and the hurricanes in Florida which could not have been foreseen.

The original transaction was underwritten and evaluated at a lower than average quality level, however the Underwriter's costs still suggested that the actual costs would be higher than those projected at application by the Applicant. Moreover the Applicant's original budget contained only a 5% combined contractor fee versus a more typical 14%, less than 3% contingency versus a 5% maximum allowed and combined developer fee of less than 6% when 15% is allowed. Thus the Applicant's original budget for this development had very little cushion to absorb any cost overruns. The current increase represents a 19% increase in costs which could have been justified solely by maximizing these contractor, contingency and developer fee limits. In addition adjusting the cost up to full average quality would have similarly justified the higher cost at the time of the original application. The Underwriter has re-evaluated the costs based upon current Marshall and Swifts estimate and using the same quality standards and lower than maximum contractor, contingency and developer fee factors as maintained by the Applicant and by that account the revised development costs can also be justified. The development is less than 60 days from completion, and a site inspection on January 27, 2004 reflected that the quality of this development is not materially less than the average quality standard employed by the Department. Thus the Underwriter believes that the real surprise is that the development is going to be able to be completed for as little as is proposed.

The Applicant had also previously been awarded predevelopment funds through the Department's HTF program operated by ARK-TEX on behalf of the Department. The \$50,000 predevelopment loan was originally proposed for a proposed development in Decatur and \$8K was spent on that sight to determine its infeasibility. The Applicant then used \$2K of the fund for preliminary work on another site in Bridgeport but that site too was found to be infeasible. The remainder of the funds, \$40K were used to evaluate and acquire the site for the subject which includes three phases. The Applicant indicates that Approximately \$10K of these funds were spent on overall site evaluation and closing costs that do not appear in the project specific costs, but \$30K was used strictly for acquisition. Since the \$10K in site costs associated with the subject site can not easily be confirmed the entire \$40K should be repaid out of proceeds for this and the related adjacent phase also currently requesting an increase in funding. Both of these initial two phases are the same size and therefore for each the Applicant should be required to repay \$20K of the predevelopment funds concurrent with the closing of the propose increase in funds currently requested.

Based on a through evaluation of the information provided by the Applicant a recommendation to increase the loan to \$575,707 is recommended.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's estimated operating proforma is more than 5% outside of the Underwriter's verifiable range.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift* based estimate by more than 5%. The Underwriter's direct construction costs are based on fair rather than average construction costs.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Carl Hoover*

**Date:** February 1, 2005

**Director of Real Estate Analysis:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** February 1, 2005

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Estates of Bridgeport, Bridgeport, HOME #2003-0013, ADDENDUM-2005**

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
LH	2	1	1	785	\$345	\$303	\$606	\$0.39	\$42.00	\$39.00
HH	2	1	1	785	345	\$303	606	0.39	42.00	39.00
HH	6	2	1	995	414	\$347	2,082	0.35	67.00	42.00
<b>TOTAL:</b>	<b>10</b>		<b>AVERAGE:</b>	<b>911</b>	<b>\$386</b>	<b>\$329</b>	<b>\$3,294</b>	<b>\$0.36</b>	<b>\$57.00</b>	<b>\$40.80</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	9,110	<b>TDHCA</b>	<b>APPLICANT</b>	Comptroller's Region		
<b>POTENTIAL GROSS RENT</b>						\$39,528		IREM Region		
Secondary Income		Per Unit Per Month:	\$5.00			600		\$0.00	Per Unit Per Month	
Other Support Income: (describe)						0				
<b>POTENTIAL GROSS INCOME</b>						\$40,128	\$0			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(3,010)		#DIV/0!	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions						0				
<b>EFFECTIVE GROSS INCOME</b>						\$37,118	\$0			
<b>EXPENSES</b>				% OF EGI	PER UNIT	PER SQ FT		PER SQ FT	PER UNIT	% OF EGI
General & Administrative				8.13%	\$302	0.33	\$3,019	\$0.00	\$0	#DIV/0!
Management				12.72%	472	0.52	4,722	0.00	0	#DIV/0!
Payroll & Payroll Tax				15.44%	573	0.63	5,731	0.00	0	#DIV/0!
Repairs & Maintenance				13.35%	495	0.54	4,955	0.00	0	#DIV/0!
Utilities				4.61%	171	0.19	1,710	0.00	0	#DIV/0!
Water, Sewer, & Trash				8.87%	329	0.36	3,293	0.00	0	#DIV/0!
Property Insurance				6.14%	228	0.25	2,278	0.00	0	#DIV/0!
Property Tax	2.5			10.10%	375	0.41	3,750	0.00	0	#DIV/0!
Reserve for Replacements				5.39%	200	0.22	2,000	0.00	0	#DIV/0!
Other: compl fees				0.67%	25	0.03	250	0.00	0	#DIV/0!
<b>TOTAL EXPENSES</b>				<b>85.42%</b>	<b>\$3,171</b>	<b>\$3.48</b>	<b>\$31,706</b>	<b>\$0</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>NET OPERATING INC</b>				<b>14.58%</b>	<b>\$541</b>	<b>\$0.59</b>	<b>\$5,412</b>	<b>\$0</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>DEBT SERVICE</b>										
First Lien Mortgage				0.00%	\$0	\$0.00	\$0	\$0.00	\$0	#DIV/0!
Additional Financing				0.00%	\$0	\$0.00	0	\$0.00	\$0	#DIV/0!
Additional Financing				0.00%	\$0	\$0.00	0	\$0.00	\$0	#DIV/0!
<b>NET CASH FLOW</b>				<b>14.58%</b>	<b>\$541</b>	<b>\$0.59</b>	<b>\$5,412</b>	<b>\$0</b>	<b>\$0</b>	<b>#DIV/0!</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>						#DIV/0!	#DIV/0!			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						#DIV/0!				

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>	<b>APPLICANT</b>	PER SQ FT	PER UNIT	% of TOTAL
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT						
Acquisition Cost (site or bldg)		3.61%	\$2,150	\$2.36	\$21,500	\$21,500	\$2.36	\$2,150	3.73%	
Off-Sites		2.17%	1,296	1.42	12,957	12,957	1.42	1,296	2.25%	
Sitework		7.32%	4,368	4.79	43,676	43,676	4.79	4,368	7.59%	
Direct Construction		69.75%	41,597	45.66	415,969	398,480	43.74	39,848	69.22%	
Contingency	2.35%	1.81%	1,081	1.19	10,808	10,808	1.19	1,081	1.88%	
General Req'ts	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%	
Contractor's G & A	1.96%	1.51%	900	0.99	9,003	9,003	0.99	900	1.56%	
Contractor's Profit	2.18%	1.68%	1,000	1.10	10,000	10,000	1.10	1,000	1.74%	
Indirect Construction		6.38%	3,804	4.18	38,044	38,044	4.18	3,804	6.61%	
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%	
Developer's G & A	4.42%	3.94%	2,350	2.58	23,500	23,500	2.58	2,350	4.08%	
Developer's Profit	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%	
Interim Financing		0.79%	474	0.52	4,739	4,739	0.52	474	0.82%	
Reserves		1.04%	618	0.68	6,184	3,000	0.33	300	0.52%	
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$59,638</b>	<b>\$65.46</b>	<b>\$596,379</b>	<b>\$575,707</b>	<b>\$63.20</b>	<b>\$57,571</b>	<b>100.00%</b>	
<b>Recap-Hard Construction Costs</b>		<b>82.07%</b>	<b>\$48,946</b>	<b>\$53.73</b>	<b>\$489,456</b>	<b>\$471,967</b>	<b>\$51.81</b>	<b>\$47,197</b>	<b>81.98%</b>	

<b>SOURCES OF FUNDS</b>				<b>TDHCA</b>	<b>APPLICANT</b>	<b>RECOMMENDED</b>	
First Lien Mortgage	0.00%	\$0	\$0.00	\$0		\$0	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0		0	\$0
HTC Syndication Proceeds	0.00%	\$0	\$0.00	0		0	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	\$0	\$0.00	0		0	#DIV/0!
Additional (excess) Funds Req'd	100.00%	\$59,638	\$65.46	596,379	575,707	575,707	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$596,379</b>	<b>\$575,707</b>	<b>\$575,707</b>	<b>\$63,085</b>



**MULTIFAMILY COMPARATIVE ANALYSIS**(continued)  
**Estates of Bridgeport, Bridgeport, HOME #2003-0013, ADDENDUM-2005**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$46.70	\$425,417
<b>Adjustments</b>				
Exterior Wall Finish	7.00%		\$3.27	\$29,779
Elderly/9-Ft. Ceilings	3.00%		1.40	12,763
Roofing			0.00	0
Subfloor			(2.03)	(18,493)
Floor Cover			2.53	23,048
Porches/Balconies	\$16.36		0.00	0
Plumbing	\$730		0.00	0
Built-In Appliances	\$2,175	10	2.39	21,750
Stairs/Fireplaces			0.00	0
Enclosed Corridors			0.00	0
Heating/Cooling			1.96	17,856
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
<b>SUBTOTAL</b>			<b>56.22</b>	<b>512,119</b>
Current Cost Multiplier	1.10		5.62	51,212
Local Multiplier	0.90		(5.62)	(51,212)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$56.22</b>	<b>\$512,119</b>
Plans, specs, survy, bld prm	3.90%		(2.19)	(19,973)
Interim Construction Interest	3.38%		(1.90)	(17,284)
Contractor's OH & Profit	11.50%		(6.46)	(58,894)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$45.66</b>	<b>\$415,969</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$0	Term	
Int Rate	0.00%	DCR	#DIV/0!

<b>Secondary</b>	\$0	Term	
Int Rate	0.00%	Subtotal DCR	#DIV/0!

<b>Additional</b>	\$0	Term	
Int Rate		Aggregate DCR	#DIV/0!

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$0
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$5,412</b>

<b>Primary</b>	\$0	Term	0
Int Rate	0.00%	DCR	#DIV/0!

<b>Secondary</b>	\$0	Term	0
Int Rate	0.00%	Subtotal DCR	#DIV/0!

<b>Additional</b>	\$0	Term	0
Int Rate	0.00%	Aggregate DCR	#DIV/0!

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$39,528	\$40,714	\$41,935	\$43,193	\$44,489	\$51,575	\$59,790	\$69,313	\$93,150
Secondary Income	600	618	637	656	675	783	908	1,052	1,414
Other Support Income: (describ)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	40,128	41,332	42,572	43,849	45,164	52,358	60,697	70,365	94,564
Vacancy & Collection Loss	(3,010)	(3,100)	(3,193)	(3,289)	(3,387)	(3,927)	(4,552)	(5,277)	(7,092)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$37,118</b>	<b>\$38,232</b>	<b>\$39,379</b>	<b>\$40,560</b>	<b>\$41,777</b>	<b>\$48,431</b>	<b>\$56,145</b>	<b>\$65,087</b>	<b>\$87,472</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$3,019	\$3,139	\$3,265	\$3,396	\$3,531	\$4,297	\$5,227	\$6,360	\$9,414
Management	4,722	4,863	5,009	5,159	5,314	6,161	7,142	8,279	11,127
Payroll & Payroll Tax	5,731	5,960	6,198	6,446	6,704	8,157	9,924	12,074	17,872
Repairs & Maintenance	4,955	5,153	5,359	5,573	5,796	7,052	8,580	10,439	15,452
Utilities	1,710	1,778	1,850	1,924	2,000	2,434	2,961	3,603	5,333
Water, Sewer & Trash	3,293	3,424	3,561	3,704	3,852	4,686	5,702	6,937	10,268
Insurance	2,278	2,369	2,463	2,562	2,664	3,242	3,944	4,798	7,103
Property Tax	3,750	3,900	4,056	4,218	4,387	5,337	6,494	7,901	11,695
Reserve for Replacements	2,000	2,080	2,163	2,250	2,340	2,847	3,463	4,214	6,237
Other	250	260	270	281	292	356	433	527	780
<b>TOTAL EXPENSES</b>	<b>\$31,706</b>	<b>\$32,927</b>	<b>\$34,195</b>	<b>\$35,513</b>	<b>\$36,882</b>	<b>\$44,568</b>	<b>\$53,870</b>	<b>\$65,131</b>	<b>\$95,281</b>
<b>NET OPERATING INCOME</b>	<b>\$5,412</b>	<b>\$5,305</b>	<b>\$5,184</b>	<b>\$5,047</b>	<b>\$4,895</b>	<b>\$3,863</b>	<b>\$2,275</b>	<b>(\$44)</b>	<b>(\$7,809)</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$5,412</b>	<b>\$5,305</b>	<b>\$5,184</b>	<b>\$5,047</b>	<b>\$4,895</b>	<b>\$3,863</b>	<b>\$2,275</b>	<b>(\$44)</b>	<b>(\$7,809)</b>
<b>DEBT COVERAGE RATIO</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

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

**DATE:** July 20, 2003

**PROGRAM:** HOME

**FILE NUMBER:** 2003-0013

**DEVELOPMENT NAME**

Estates of Bridgeport II

**APPLICANT**

<b>Name:</b>	<u>Affordable Housing of Parker County, Inc.</u>	<b>Type:</b>	<u>Non-Profit</u>
<b>Address:</b>	<u>101 Swan Court</u>	<b>City:</b>	<u>Springtown</u> <b>State:</b> <u>TX</u>
<b>Zip:</b>	<u>76082</u>	<b>Contact:</b>	<u>Al Swan</u>
		<b>Phone:</b>	<u>(817) 220-5585</u>
		<b>Fax:</b>	<u>(817) 220-7012</u>

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b>	<u>Affordable Housing of Parker County, Inc</u>	<b>Title:</b>	<u>Managing General Partner</u>
<b>Name:</b>	<u>Hunter &amp; Hunter Consultants, Inc.</u>	<b>Title:</b>	<u>Consultant</u>

**PROPERTY LOCATION**

**Location:** 317 Cuba Road  **QCT**  **DDA**  
**City:** Bridgeport **County:** Wise **Zip:** 76426

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$341,815	N/A	N/A	N/A
2) \$142,185	0%	20 yrs	20 yrs

**Other Requested Terms:** a) 71% of the financing to be a forgivable loan  
b) 29% of the financing to be 20 yrs at 0% interest as a repayable loan

**Proposed Use of Funds:** New Construction **Property Type:** Single Family Duplex

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED \$484,000, STRUCTURED AS TWO LOANS: A FIVE YEAR TERM LOAN FOR \$213,469 AT ZERO PERCENT INTEREST AND A \$270,531 AMORTIZING LOAN BASED ON 30 YEARS AMORTIZATION AT ZERO PERCENT INTEREST WITH THE PROVISION THAT IT WILL BE RESTRUCTURED AT THE END OF 20 YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. The \$213,469 term note should be restructured at its maturity by determining the development's capacity for repayment based upon historical performance.

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

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports. The development has a companion proposal for HTF funds to develop 10 additional units immediately adjacent to the subject site.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

**Total Units:** 10    **# Rental Buildings:** 5    **# Common Area Bldgs:** 0    **# of Floors:** 1    **Age:** N/A yrs  
**Net Rentable SF:** 9,110    **Av Un SF:** 911    **Common Area SF:** 0    **Gross Bldg SF:** 9,110

**STRUCTURAL MATERIALS**

Wood frame on a post-tensioned concrete slab on grade, 100% brick veneer exterior wall covering with wood trim, drywall interior wall surfaces, composite shingle roofing

**APPLIANCES AND INTERIOR FEATURES**

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

**ON-SITE AMENITIES**

**Uncovered Parking:** 20 spaces    **Carports:** N/A spaces    **Garages:** N/A spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Estates of Bridgeport is a moderately dense duplex development with 12 units per acre located in east Bridgeport and targeted toward seniors. The development is comprised of five evenly distributed single story structures as follows:

- (2) Duplexes with two one-bedroom/ one-bath units,
- (3) Duplexes with two two-bedroom/ one-bath units;

**Supportive Services:** A letter of support has been issued from the Wise County Committee on Aging as well as the Good News Block Nurse Organization has agreed to assist the Corporation's elderly tenants and provide the following services: transportation, meals on wheels, senior center activities, nurse assistants, pharmacy services, housekeeping assistance, lifeline phone service, readily accessible emergency services, section 8 rental assistance for affordable housing, and on-site advocacy services addressing social security, rental assistance and other issues.

**Schedule:** The Applicant anticipates construction to begin in September of 2003, to be completed in February of 2004, to be placed in service in March of 2004, and to be substantially leased-up in February of 2004.

**SITE ISSUES**

**SITE DESCRIPTION**

**Size:** 0.843 acres    36,721 square feet    **Zoning/ Permitted Uses:** Unincorporated Land with no zoning  
**Flood Zone Designation:** Zone X    **Status of Off-Sites:** Partially Improved

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** Bridgeport is located in the western part of Wise County in north central Texas, approximately 50 miles northwest from Fort Worth. The site is an irregularly-shaped parcel located in the far eastern area of Bridgeport. The site is situated on the north side of Cuba Road.

**Adjacent Land Uses:**

- **North:** new high school
- **South:** residential developments
- **East:** vacant land

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

- **West:** residential developments

**Site Access:** Access to the property is from the east or west along Cuba Road. The development is to have one main entry from the south which will connect to the HTF development of five additional structures. Access to highways 380 and 114 provide access to all other major roads serving the Bridgeport area.

**Public Transportation:** The availability of public transportation is unknown.

**Shopping & Services:** The site has immediate access to shopping, churches and medical facilities.

**Special Adverse Site Characteristics:**

- **Zoning:** The property is located adjacent to the City of Bridgeport city limits. As the property is currently in the county and not the city, there is no zoning on the property. After or during construction, the property will be voluntarily annexed into the city of Bridgeport. At that time a zoning request will be made to conform to the development's then existing multi-family duplex use.

**Site Inspection Findings:** TDHCA staff performed a site inspection on May 7, 2003 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 24,, 2003 was prepared by Barnett Engineering, Inc. and contained the following findings and recommendations:

**Findings:** Based on the results of this reconnaissance, we believe that significant surface or subsurface contamination on the subject property is unlikely. A level II survey to further examine this area for contamination is not warranted.

**POPULATIONS TARGETED**

**Income Set-Aside:** AHPC will agree to maintain the rent and income restrictions on the property for an additional 25 years past the 30-year amortization period. All ten of the units (100% of the total) will be reserved for low-income/elderly tenants. Six of the units (60%) will be reserved for households earning 30% or less of AMGI, four units (40%) will be reserved for households earning 60% or less of AMGI.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$22,140	\$25,320	\$28,440	\$31,620	\$34,140	\$36,660

**MARKET HIGHLIGHTS**

A limited market feasibility study dated March 14, 2003 was prepared by Jerry Watson and highlighted the following findings:

**Definition of Market Area:** The city of Bridgeport was used to define the market area.

**Population:** The estimated 1990 population of Bridgeport was 3,581 and to increased by 20% to approximately 4,309 by 2000.

**Total Local Demand for Elderly Rental Units:** "No units are specifically designated and designed for the elderly. The nearest senior housing project other than Springtown Spring Gardens Apartments is located in Azle over 29 miles away."

**Local Housing Authority Waiting List Information:** "For the past twenty years, the Springtown Spring Garden Apartments waiting list has averaged between 20 and 55 elderly applicants. The current number of persons on the waiting list is 54."

**Market Rent Comparables:** The Market Analyst states that there is a limited supply of these units available; therefore, market comparables are limited.

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Market</b>	<b>Differential</b>
<b>1-Bedroom (LH)</b>	\$303	\$303	\$0	\$500	-\$197

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

<b>1-Bedroom (HH)</b>	\$303	\$303	\$0	\$500	-\$197
<b>2-Bedroom (HH)</b>	\$347	\$347	\$0	\$500	-\$153

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

**Submarket Vacancy Rates:** “The overall rental vacancy rate is 4%, however, the rental rate for specifically elderly housing is 0%.”

**Other Relevant Information:** “The percentage of population that is over the age of 65 is almost 25% and can be expected to rise as the general population ages. The only housing dedicated to and restricted to senior citizens and the handicapped in Bridgeport will be the Estates of Bridgeport.”

The Underwriter found the market study to be limited in narratives, but provided sufficient information to make a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** The 2003 rent limits were used by the Applicant in setting the rents. No secondary income was indicated and the vacancy and collection losses are below the TDHCA underwriting guidelines.

**Expenses:** The Applicant’s total expense estimate of \$2,819 per unit is within 1% of a TDHCA database-derived estimate of \$2,787 per unit for comparably-sized developments. The Applicant’s budget shows several line item estimates, however, that deviate significantly when compared to the database averages, particularly payroll (\$3.9K lower), management fee (\$3.4K lower), repairs and maintenance (\$2.4K higher), utilities (\$1.4K lower), water, sewer, and trash (\$2.5K higher), insurance (\$2.3K higher). The Underwriter discussed these differences with the Applicant but was unable to reconcile them further with the additional information provided by the Applicant.

**Conclusion:** The Applicant’s net operating income is not within 5% of the Underwriter’s estimate. Therefore, the Underwriter’s NOI will be used to evaluate debt service capacity. Due primarily to the difference in total estimated operating expenses, the Underwriter’s estimated debt coverage ratio (DCR) of 0.60 is below the program minimum standard of 1.10. This suggests that the project can not support the proposed debt service of \$15,327 annually, thus the debt service should be lowered to \$7,116 annually.

**ACQUISITION VALUATION INFORMATION**

**APPRAISED VALUE**

**Total Development: “as completed”** \$524,000 **Date of Valuation:** 3/ 17/ 2003  
**Appraiser:** Jerry Watson **City:** Decatur **Phone:** (940) 627-6630

**ASSESSED VALUE**

**Land: (6.0) acres** \$30,500 **Assessment for the Year of:** 2003  
**1 acre:** \$5,083 **Valuation by:** Wise County Appraisal District  
**Tax Rate:** 2.42842

**EVIDENCE of SITE or PROPERTY CONTROL**

**Type of Site Control:** Earnest Money Contract  
**Contract Expiration Date:** 7/ 31/ 2003 **Anticipated Closing Date:** 7/ 31/ 2003  
**Acquisition Cost:** \$59,000 **Other Terms/Conditions:** Earnest Money \$1,000  
**Seller:** John M. Willoughby **Related to Development Team Member:** No  
**Additional Information:** Contract price covers a total of 6 acres, but only one acre will be used for this development the remaining five acres will be used for future development

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The overall acquisition price is assumed to be reasonable since the acquisition is an

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

arm's-length transaction even though the Applicant is purchasing a total of 6.0 acres for \$59,000 and will only be developing 0.843 acre of this acreage for this development. If a prorata amount is used the Applicant's overall costs are still less than the Underwriter's costs. Also, the Applicant has requested a minimum 5.5% or \$23.5K developer fee. Thus, the additional land acquisition cost could be allowed as developer fee without additional documentation.

**Off-Site Costs:** The Applicant claimed off-site costs of \$7,500 for storm drains, water and fire hydrant, and off site utilities and provided sufficient third party certification through a registered engineer to justify these costs.

**Sitework Cost:** The Applicant's claimed sitework costs of \$3,310 per unit are considered reasonable compared to historical sitework costs for multifamily projects.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$24.6K or 6.7% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate using the fair quality costs. The Applicant's costs are more than 5% different than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate after all of the Applicant's additional justifications were considered. This would suggest that the Applicant's direct construction costs are understated. Moreover, fair quality is lower than the typical standard for multifamily construction funded by the Department. The lower standard was used due to the development's simple design and limited ornamentation. In addition, the Director of the Applicant also operates the general contractor and has experience with the Department in developing similar styled units in the area at lower than Marshall and Swift overage costs.

**Conclusion:** The Underwriter regards total costs to be understated by \$29.2K or 5.7%. This percentage exceeds the acceptable 5% margin of tolerance, and therefore the Underwriter's cost estimate is used to size the awards for the development.

**FINANCING STRUCTURE**

**INTERIM CONSTRUCTION or GAP FINANCING**

<b>Source:</b> North Star Bank of Texas	<b>Contact:</b> Lee Shanklin
<b>Principal Amount:</b> \$400,000	<b>Interest Rate:</b> 7.0%
<b>Amortization:</b> N/A yrs	<b>Term:</b> 2 yrs
<b>Commitment:</b> <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional	

**FINANCING STRUCTURE ANALYSIS**

**Permanent Financing:** The HOME funds will replace the interim funds and fund contractor and developer fees, housing consulting fees and indirect costs initially funded by the developer. Based upon the low debt coverage ratio of 0.60 the repayable debt amount has been lowered to \$213,465 and the initially non-amortizing amount increased to \$270,531 thus allowing an initial debt coverage ratio of 1.30. The amortizing loan should mature and be evaluated after 20 years due to the very low expense to income ratio causing the 30 year proforma to reflect a positive NOI but negative DCR in year 30. The initial amortization should be based upon a full 30 years. The non-amortizing loan should be structured as a five year term loan. This portion of the debt should be restructured at maturity based upon the operating performance history of the development at that time. Both pieces of the HOME debt should carry a zero percent interest rate.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant, Developer, General Contractor and Property Manager firms are all related entities. These are common relationships for rural multifamily developments.

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

**Financial Highlights:**

- The Applicant, Affordable Housing of Parker County, Inc., submitted an unaudited financial statement as of October 31, 2002 reporting total assets of \$1.4M and consisting of \$92K in cash, \$7K in receivables, and \$1.3M in property, plant and equipment. Liabilities totaled \$1.3M, resulting in a net worth of \$57K.

**Background & Experience:**

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- The General Partner Affordable Housing of Parker County, Inc. formerly known as Springtown Spring Garden Apartments, Inc. has completed three affordable housing developments totaling 53 units since 2001. The entity converted from a for-profit to a nonprofit community housing development organization in order to better fulfill its organizational mission.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's estimated operating proforma is more than 5% outside of the Underwriter's verifiable range.
- The Applicant's direct construction costs differ from the Underwriter's *Marshall and Swift* based estimate by more than 5%. The Underwriter's direct construction costs are based on fair rather than average construction costs.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Carl Hoover*

**Date:** July 20, 2003

**Director of Real Estate Analysis:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** July 20, 2003

MULTIFAMILY COMPARATIVE ANALYSIS

Estates of Bridgeport II, Bridgeport, HOME #2003-0013

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Int Pd Util	Wtr, Swr, Trsh
LH	2	1	1	785	\$345	\$303	\$606	\$0.39	\$42.00	\$39.00
HH	2	1	1	785	345	\$303	606	0.39	42.00	39.00
HH	6	2	1	995	414	\$347	2,082	0.35	67.00	42.00
<b>TOTAL:</b>	<b>10</b>		<b>AVERAGE:</b>	<b>911</b>	<b>\$386</b>	<b>\$329</b>	<b>\$3,294</b>	<b>\$0.36</b>	<b>\$57.00</b>	<b>\$40.80</b>

**INCOME** Total Net Rentable Sq Ft: 9,110

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$5.00

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	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	3.37%	\$125	0.14	\$1,251	\$1,250	\$0.14	\$125	3.28%
Management	15.18%	563	0.62	5,634	\$2,223	0.24	222	5.83%
Payroll & Payroll Tax	21.27%	789	0.87	7,894	\$4,012	0.44	401	10.52%
Repairs & Maintenance	9.70%	360	0.40	3,600	\$6,040	0.66	604	15.84%
Utilities	4.70%	174	0.19	1,744	\$300	0.03	30	0.79%
Water, Sewer, & Trash	6.12%	227	0.25	2,273	\$4,800	0.53	480	12.59%
Property Insurance	6.14%	228	0.25	2,278	\$4,528	0.50	453	11.87%
Property Tax 2.03892	0.00%	0	0.00	0	\$0	0.00	0	0.00%
Reserve for Replacements	5.39%	200	0.22	2,000	\$3,833	0.42	383	10.05%
Other Expenses: Security	3.23%	120	0.13	1,200	\$1,200	0.13	120	3.15%
<b>TOTAL EXPENSES</b>	<b>75.09%</b>	<b>\$2,787</b>	<b>\$3.06</b>	<b>\$27,874</b>	<b>\$28,186</b>	<b>\$3.09</b>	<b>\$2,819</b>	<b>73.91%</b>
<b>NET OPERATING INC</b>	<b>24.91%</b>	<b>\$924</b>	<b>\$1.01</b>	<b>\$9,244</b>	<b>\$9,950</b>	<b>\$1.09</b>	<b>\$995</b>	<b>26.09%</b>

**DEBT SERVICE**

TDHCA-HOME/Term	0.00%	\$0	\$0.00	\$0	\$0	\$0.00	\$0	0.00%
TDHCA-HOME/Amortized	41.29%	\$1,533	\$1.68	15,327	15,327	\$1.68	\$1,533	40.19%
	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>-16.39%</b>	<b>(\$608)</b>	<b>(\$0.67)</b>	<b>(\$6,082)</b>	<b>(\$5,377)</b>	<b>(\$0.59)</b>	<b>(\$538)</b>	<b>-14.10%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>0.60</b>	<b>0.65</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>1.30</b>				

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
ACQUISITION COST (site or bldg)		2.25%	\$1,133	\$1.24	\$11,333	\$21,500	\$2.36	\$2,150	4.44%
Off-Sites		1.49%	750	0.82	7,500	7,500	0.82	750	1.55%
Sitework		6.58%	3,310	3.63	33,100	33,100	3.63	3,310	6.84%
Direct Construction		73.44%	36,942	40.55	369,418	344,838	37.85	34,484	71.25%
Contingency	2.69%	2.15%	1,081	1.19	10,808	10,808	1.19	1,081	2.23%
General Req'ts	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Contractor's G & A	2.00%	1.60%	805	0.88	8,050	9,003	0.99	900	1.86%
Contractor's Profit	2.48%	1.99%	1,000	1.10	10,000	10,000	1.10	1,000	2.07%
Indirect Construction		3.26%	1,640	1.80	16,401	16,401	1.80	1,640	3.39%
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's G & A	5.20%	4.67%	2,350	2.58	23,500	23,500	2.58	2,350	4.86%
Developer's Profit	0.00%	0.00%	0	0.00	0	0	0.00	0	0.00%
Interim Financing		0.86%	435	0.48	4,350	4,350	0.48	435	0.90%
Reserves		1.71%	859	0.94	8,592	3,000	0.33	300	0.62%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$50,305</b>	<b>\$55.22</b>	<b>\$503,053</b>	<b>\$484,000</b>	<b>\$53.13</b>	<b>\$48,400</b>	<b>100.00%</b>
<b>Recap-Hard Construction Costs</b>		<b>85.75%</b>	<b>\$43,138</b>	<b>\$47.35</b>	<b>\$431,377</b>	<b>\$407,749</b>	<b>\$44.76</b>	<b>\$40,775</b>	<b>84.25%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
TDHCA-HOME/Term	4.81%	\$2,420	\$2.66	\$24,200	\$24,200	\$270,531	Developer Fee Available
TDHCA-HOME/Amortized	91.40%	\$45,980	\$50.47	459,800	459,800	213,469	\$0
		\$0	\$0.00	0	0	0	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	\$0	\$0.00	0	0	0	#DIV/0!
Additional (excess) Funds Required	3.79%	\$1,905	\$2.09	19,053	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$503,053</b>	<b>\$484,000</b>	<b>\$484,000</b>	<b>\$33,412.30</b>



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Estates of Bridgeport II, Bridgeport, HOME #2003-0013*

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook  
Fair Quality Duplex residence basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$44.93	\$409,312
<b>Adjustments</b>				
Exterior Wall Finish	7.00%		\$3.15	\$28,652
Elderly	5.00%		2.25	20,466
Roofing			0.00	0
Subfloor			(2.23)	(20,315)
Floor Cover			2.43	22,137
Porches/Balconies	\$19.43	240	0.51	4,663
Plumbing	\$700	(20)	(1.54)	(14,000)
Built-In Appliances	\$2,100	10	2.31	21,000
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.88	17,127
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs			0.00	0
Other:			0.00	0
<b>SUBTOTAL</b>			<b>53.68</b>	<b>489,042</b>
Current Cost Multiplier	1.03		1.61	14,671
Local Multiplier	0.90		(5.37)	(48,904)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$49.92</b>	<b>\$454,809</b>
Plans, specs, survy, bld prnt	3.90%		(\$1.95)	(\$17,738)
Interim Construction Interest	3.38%		(1.68)	(15,350)
Contractor's OH & Profit	11.50%		(5.74)	(52,303)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$40.55</b>	<b>\$369,418</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$24,200	Term	0
Int Rate	0.00%	DCR	#DIV/0!

<b>Secondary</b>	\$459,800	Term	360
Int Rate	0.00%	Subtotal DCR	0.60

<b>Additional</b>	\$0	Term	
Int Rate		Aggregate DCR	0.60

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$0
Secondary Debt Service	7,116
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$2,129</b>

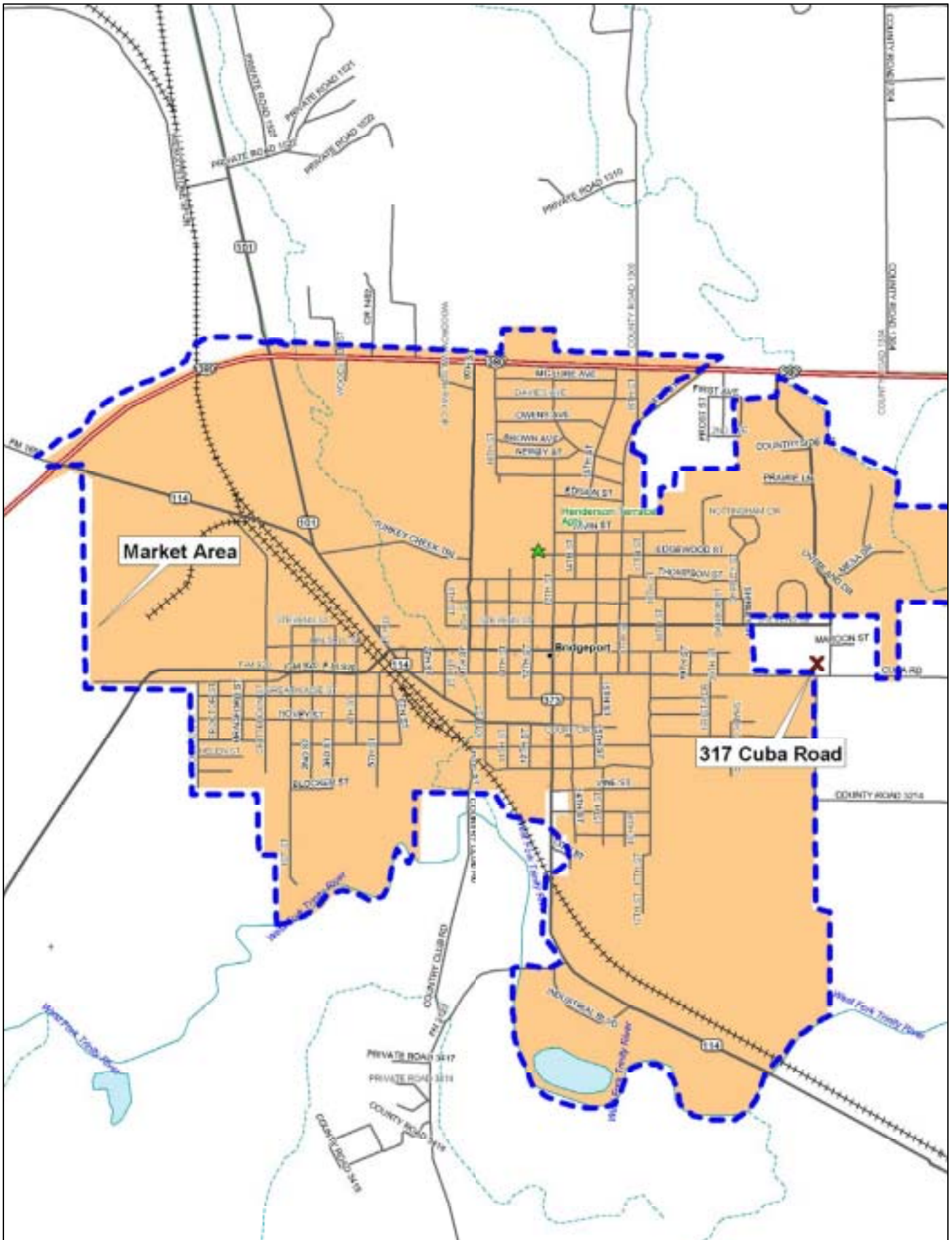
<b>Primary</b>	\$270,531	Term	0
Int Rate	0.00%	DCR	#DIV/0!

<b>Secondary</b>	\$213,469	Term	360
Int Rate	0.00%	Subtotal DCR	1.30

<b>Additional</b>	\$0	Term	0
Int Rate	0.00%	Aggregate DCR	1.30

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$39,528	\$40,714	\$41,935	\$43,193	\$44,489	\$51,575	\$59,790	\$69,313	\$93,150
Secondary Income	600	618	637	656	675	783	908	1,052	1,414
Other Support Income: (descrip)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	40,128	41,332	42,572	43,849	45,164	52,358	60,697	70,365	94,564
Vacancy & Collection Loss	(3,010)	(3,100)	(3,193)	(3,289)	(3,387)	(3,927)	(4,552)	(5,277)	(7,092)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$37,118	\$38,232	\$39,379	\$40,560	\$41,777	\$48,431	\$56,145	\$65,087	\$87,472
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$1,251	\$1,302	\$1,354	\$1,408	\$1,464	\$1,781	\$2,167	\$2,637	\$3,903
Management	5,634	5,803	5,978	6,157	6,342	7,352	8,523	9,880	13,278
Payroll & Payroll Tax	7,894	8,210	8,538	8,880	9,235	11,236	13,670	16,631	24,619
Repairs & Maintenance	3,600	3,744	3,893	4,049	4,211	5,123	6,233	7,584	11,226
Utilities	1,744	1,814	1,887	1,962	2,040	2,483	3,020	3,675	5,440
Water, Sewer & Trash	2,273	2,364	2,458	2,557	2,659	3,235	3,936	4,788	7,088
Insurance	2,278	2,369	2,463	2,562	2,664	3,242	3,944	4,798	7,103
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	2,000	2,080	2,163	2,250	2,340	2,847	3,463	4,214	6,237
Other	1,200	1,248	1,298	1,350	1,404	1,708	2,078	2,528	3,742
TOTAL EXPENSES	\$27,874	\$28,933	\$30,032	\$31,173	\$32,359	\$39,005	\$47,034	\$56,735	\$82,635
NET OPERATING INCOME	\$9,244	\$9,299	\$9,347	\$9,387	\$9,418	\$9,426	\$9,111	\$8,352	\$4,837
<b>DEBT SERVICE</b>									
First Lien Financing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Lien	7,116	7,116	7,116	7,116	7,116	7,116	7,116	7,116	7,116
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$2,129	\$2,184	\$2,231	\$2,271	\$2,303	\$2,310	\$1,995	\$1,236	(\$2,279)
DEBT COVERAGE RATIO	1.30	1.31	1.31	1.32	1.32	1.32	1.28	1.17	0.68



Market Area

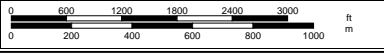
317 Cuba Road

Bridgeport



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 Zoom Level: 13-0 Datum: WGS84

Scale 1 : 25 000  
 1" = 2080 ft



**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**February 10, 2005**

**Action Items**

Request consideration and approval of HOME CHDO Rental Development Award

**Required Action**

Approve HOME CHDO Rental Development Award to Community Partnership for the Homeless

**Background**

The Department received an application for HOME CHDO Rental Development funds from Community Partnership for the Homeless in October 2004, under the 2004 HOME CHDO Open Cycle NOFA for Rental Development. The application has been reviewed for CHDO certification, threshold criteria and underwriting. Staff is now recommending this development to the Board for funding.

The Development is located on the Northeast edge of Austin, Texas on approximately 7.3 acres of land adjacent to Walnut Creek. The development will include 30 units of single family rental housing targeted to low-income single head of household families and persons with disabilities who were formerly homeless. The unit mix includes two, three and four-bedroom units with both one and two story floor plans. The site will also include a community building with space for educational and after school programs, supportive services, childcare and onsite management. Primary access to the development will be through a residential street that connects to Dessau Road, a major traffic corridor.

The Development includes funding from public and private foundation grants, Compass Bank, The Austin Housing Finance Corporation, Federal Home Loan Bank of Atlanta, and the U.S. Department of Housing and Urban Development. The total development costs are estimated at \$3,435,815. The Department has been asked to provide \$1,500,000 in HOME CHDO funds for construction and long-term financing, and an additional \$144,000 over two years for CHDO Operating Expenses.

Staff reviewed the application for consistency with the Department's Integrated Housing Rule, consistency with the allocation of HOME funds in a local Participating Jurisdiction, and the involvement of HUD Supportive Housing Program funds. Staff has collected all the necessary back ground documentation and has confirmed the application's consistency with all of our threshold criteria.

**Recommendation**

Staff recommends that the Board award \$1,500,000 in HOME CHDO Rental Development funds, and \$144,000 in CHDO Operating Expense funds to Community Partnership for the Homeless for the Cottage Community Development. The Real Estate Analysis Division recommends that the Rental Development Funds be awarded as a second lien loan with the terms

of 0% interest over 30 years, fully amortized. Additional conditions are detailed in the underwriting report. The award of CHDO Operating Expenses will be in the form of a grant, which is consistent with HUD's HOME regulations.

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

**DATE:** February 2, 2005

**PROGRAM:** HOME

**FILE NUMBER:** 047-0005

**DEVELOPMENT NAME**

Cottage Community

**APPLICANT**

<b>Name:</b>	Community Partnership for the Homeless, Inc.	<b>Type:</b>	Non-profit CHDO		
<b>Address:</b>	P.O. Box 985065	<b>City:</b>	Austin	<b>State:</b>	TX
<b>Zip:</b>	78768	<b>Contact:</b>	Alison Schmidt	<b>Phone:</b>	(512) 469-9130
				<b>Fax:</b>	(512) 469-0724

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b>	Community Partnership for the Homeless, Inc. (CPH)	<b>(%):</b>	N/A	<b>Title:</b>	Developer
<b>Name:</b>	Alison Schmidt	<b>(%):</b>	N/A	<b>Title:</b>	Executive Director of CPH
<b>Name:</b>	Vacri Development	<b>(%):</b>	N/A	<b>Title:</b>	Consultant & Co-Developer
<b>Name:</b>	Becca Bruce	<b>(%):</b>	N/A	<b>Title:</b>	Owner of Co-Developer

**PROPERTY LOCATION**

**Location:** 10620 Dessau Road  **QCT**  **DDA**  
**City:** In Austin's extraterritorial jurisdiction **County:** Travis **Zip:** 78753

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$1,500,000	0%	30 yrs	30 yrs
<b>Other Requested Terms:</b>	Grant or forgivable loan of HOME Program funds		
<b>Proposed Use of Funds:</b>	New construction	<b>Property Type:</b>	Multifamily/Single-family rental
<b>Special Purpose (s):</b>	Transitional, non-profit		

**RECOMMENDATION**

RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED \$1,500,000, STRUCTURED AS A 30-YEAR TERM LOAN, FULLY AMORTIZING OVER 30 YEARS AT 0% INTEREST, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Receipt, review, and acceptance, by closing, of a firm financing commitment for at least \$500,000 in soft funds from the City of Austin or another source;
2. Should the terms and rates of the proposed debt change or total development costs exceed \$3,435,815, the transaction should be re-evaluated and adjustment to the amounts described in these conditions may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

- Cottage Community was submitted and partially underwritten in the 2001 HOME cycle (#2001-0161), but the underwriting analysis was not completed due to the termination of the application due in part to

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

insufficient documentation of the proposal.

- The subject was submitted and underwritten again in the 2003 HOME cycle (#2003-0116) but was not recommended due to a lack of readiness to proceed, as evidenced by incomplete construction planning and a lack of confirmed financing sufficient to complete the development, rendering the development infeasible as presented. The underwriting analysis recommended that any approval of funding be subject to the following conditions:
  1. Receipt, review, and acceptance of a finalized and approved site plan, architectural drawings, construction specifications, a revised and certified project cost schedule, a certified off-site cost budget, a consistent sources and uses of funds statement, and a development proforma reflecting the finalized specifications.
  2. A HOME allocation, if overruled by the Board, should not exceed \$1,000,000, structured as a \$178,954 30-year term loan, fully amortizing over 30 years at 0% interest, and a \$821,046 non-amortizing five year loan at 0% interest. At the end of the five year loan term, the performance of the project should be reviewed and the potential for repayment should be re-evaluated;
  3. Receipt, review, and acceptance of firm financing commitments for at least \$1,107,087;
  4. Should the terms and rates of the proposed debt change or total development costs exceed \$2,603,670, the transaction should be re-evaluated and adjustment to the amounts described in these conditions may be warranted.

The current application reflects that many of the uncertainties associated with the previous proposals have been eliminated.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

<b>Total Units:</b>	30	<b># Rental Buildings</b>	30	<b># Common Area Bldgs</b>	1	<b># of Floors</b>	1&2	<b>Age:</b>	0 yrs	<b>Vacant:</b>	N/A	at / /
<b>Net Rentable SF:</b>		29,341		<b>Av Un SF:</b>	978	<b>Common Area SF:</b>	3,940	<b>Gross Bldg SF:</b>	33,281			

**STRUCTURAL MATERIALS**

The structures will be wood frame on both pier & beam & concrete slabs on grade foundations. According to the plans provided in the application, the exterior will be comprised of 100% cement fiber siding. The interior wall surfaces will be drywall and the pitched roofs will be finished with galvanized metal roofing.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be a combination of carpeting & finished concrete. Each unit will include: range & oven, hood & fan, refrigerator, microwave oven, fiberglass tub/shower, ceiling fans, laminated counter tops, individual water heaters, & high-speed internet access.

**ON-SITE AMENITIES**

A 3,940-SF community building will include space for child daycare services, community space for case management and other supportive services, management offices, a kitchen, & restrooms. The community building is to be located at the southern end of the improved portion of the property. In addition, a walking trail & basketball court are also planned for the site.

**Uncovered Parking:** 76 spaces    **Carpools:** 0 spaces    **Garages:** 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Cottage Community is a four-unit per acre, single-family rental, new construction development of 30 units of affordable housing located just north of the Austin city limits in Austin's limited purpose jurisdiction. The development is to be comprised of 30 one- and two-story single-family houses. The Applicant proposes not to subdivide the property into individual lots but to place the buildings throughout the unified site. Based on the site plan the houses are arranged along an internal access road on the northern and central portions of the site, with the community building located near the center of the property and the greenbelt area on the southern portion which slopes down into a creekbed.

**Architectural Review:** The house elevations appear simple and traditional, with pitched roofs, double-hung

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windows, and covered front and rear porches.

**SITE ISSUES**

**SITE DESCRIPTION**

<b>Size:</b>	7.337 acres	319,600 square feet	<b>Zoning/ Permitted Uses:</b>	SF-6-CO, Townhouse & Condominium Residence Conditional Overlay combining district
<b>Flood Zone Designation:</b>	Zone X	<b>Status of Off-Sites:</b>	Partially improved	

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The site is an irregularly-shaped parcel located just north of the Austin city limits, approximately five miles from the central business district. The site is situated on the west side of Dessau Road.

**Adjacent Land Uses:**

- **North:** A vacant parcel apparently under development immediately adjacent, followed by single-family residential
- **South:** Vacant land with a major stream valley, and single-family residential beyond
- **East:** Dessau Road with vacant land beyond
- **West:** Single-family residential

**Site Access:** Access to the property is from the north or south from Dessau Road or from the west from Claywood Drive; the development is to have an entry from each. Access to Interstate Highway 35 is one-half mile west, which provides connections to all other major roads serving the Austin area.

**Public Transportation:** Public transportation to the area is provided by the Capital Metro bus system, with the nearest stop located approximately one-half mile north on Dessau Road.

**Shopping & Services:** The site is within two miles of two major grocery/pharmacies, neighborhood shopping centers, and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

**Special Adverse Site Characteristics:** The southern portion of the site slopes steeply into a creekbed, which should be fenced to prevent access by resident children.

**Site Inspection Findings:** TDHCA staff performed a site inspection on December 16, 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, 2003 and an Environmental Site Assessment Update Report dated June 24, 2004 were prepared by HBC/Terracon and contained the following findings and recommendations: "Based on the scope of services and limitations of this assessment, HBC/Terracon did not identify recognized environmental conditions in connection with the site which, in our opinion, require additional investigation at this time." (p. 9)

**POPULATIONS TARGETED**

**Income Set-Aside:** All of the units (100% of the total) will be reserved for low-income families headed by a single parent, legal guardian, or grandparent with school-age or younger children. One unit (3%) will be reserved for households earning 30% or less of AMGI, four of the units (13%) will be reserved for households earning 40% or less of AMGI, and the remaining 25 units (84%) will be reserved for households earning 50% or less of AMGI. Six of the units (20%) will be reserved for tenants with disabilities who also meet the definition of homeless. Only 16 units will be Low HOME-restricted, while the remainder of the unit restrictions will be based on restrictions from other funding sources

**MAXIMUM ELIGIBLE INCOMES**

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
<b>50% of AMI</b>	\$24,900	\$28,450	\$32,000	\$35,550	\$38,400	\$41,250

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**MARKET HIGHLIGHTS**

A market feasibility study report dated November 4, 2004 was prepared by The Siegel Group (“Market Analyst”) and highlighted the following findings:

**Definition of Primary Market Area (PMA):**

- The Analyst defined the PMA as 14 census tracts in Travis County. “This is an area generally bordered by Yager Lane to the north, Sprinkle Cutoff Road to the east, 51<sup>st</sup> Street to the south, and Lamar Boulevard to the west...However, it should be noted that due to the highly specialized population served by the subject, tenants may come from throughout the Austin area.”
- The Analyst defined the secondary market area as 29 census tracts (including the 14 in the PMA) in Travis County. “This is an area generally bordered by Yager Lane to the north, Sprinkle Cutoff Road to the east, MLK Boulevard to the south, and Burnet Road to the west...Again, due to the highly specialized population served by the subject, tenants may come from outside this area.” (p. 32)

**Population:** The estimated 2004 population of the PMA was 71,570 and is expected to increase by 2.6% to approximately 80,958 by 2009. Within the primary market area there were estimated to be 27,726 households in 2009. (p. 25)

**Total Primary Market Demand for Rental Units:**

- The Market Analyst calculated a total demand of 595 qualified households in the PMA, based on the current estimate of 27,726 households, the projected annual household growth rate of 2.4%, renter households estimated at 67% of the population, income-qualified households estimated at 36%, size-appropriate (two to six persons) households estimated at 66% of the total, single-parent households estimated at 12%, and an annual renter turnover rate of 66% (p. 63). The Market Analyst used an income band of \$16,650 to \$41,250, and used a housing cost as a percentage of income of 40% rather than the HUD standard of 35%, which has the effect of lowering the floor of the income band and increasing demand. The Underwriter used an income band of \$21,943 to \$41,250, which yielded an income-qualified household percentage of 25%.
- The Analyst also noted: “Although a penetration and capture rate analysis has been provided, it is anticipated that tenants will come predominantly from social service agency referrals. SafePlace currently operates transitional housing for some of its clients and is expected to provide many referrals to Cottage Community. Additional referrals are expected from Big Brothers/Big Sisters and Marywood, a nonprofit transitional housing facility for teenage mothers, and from the City of Austin through the homeless services department.” (p. 63)

<b>ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY</b>				
<b>Type of Demand</b>	<b>Market Analyst</b>		<b>Underwriter</b>	
	<b>Units of Demand</b>	<b>% of Total Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	240	45%	117	32%
Resident Turnover	355	55%	244	68%
Other Sources:	0	0%	0	%
<b>TOTAL ANNUAL DEMAND</b>	<b>595</b>	<b>100%</b>	<b>362</b>	<b>100%</b>

Ref: Summary

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 5% based upon 595 units of demand and 30 unstabilized affordable housing units in the PMA (the subject). The Underwriter calculated an inclusive capture rate of 8.3% based upon a lower demand estimate of 362 households.

**Local Housing Authority Waiting List Information:** “According to the Housing Authority of the City of Austin, the waiting list for housing vouchers is closed and will not be reopened until 2005. As of



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September, there are approximately 4,500 households on the waiting list for housing choice vouchers.” (p. 66)

**Market Rent Comparables:** The market analyst surveyed four single-family houses and six comparable apartment properties totaling 1,109 units in the market area. “Cottage Community will be competitive with other market rate properties with respect to unit amenities. In addition, Cottage Community will provide its tenants with a wide variety of social services.” (p. 35)

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
Unit Type	Proposed	Program Max	Differential	Est. Market	Differential
<b>2-Bedroom (40%)</b>	\$508	\$508	\$0	\$700	-\$192
<b>2-Bedroom (50%)</b>	\$650	\$668	-\$18	\$700	-\$50
<b>3-Bedroom (30%)</b>	\$384	\$384	\$0	\$870	-\$486
<b>3-Bedroom (40%)</b>	\$568	\$568	\$0	\$870	-\$302
<b>3-Bedroom (50%)</b>	\$725	\$753	-\$28	\$870	-\$145
<b>4-Bedroom (40%)</b>	\$613	\$613	\$0	\$900	-\$287
<b>4-Bedroom (50%)</b>	\$800	\$819	-\$19	\$900	-\$100

Ref: p. 19

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

**Primary Market Occupancy Rates:** “The weighted average occupancy for the surveyed units in the primary and secondary market areas is approximately 90.5%, which is consistent throughout the Austin area. The property most comparable to the subject, The Timbers, reports a 100% occupancy rate.” (p. 65)

**Absorption Projections:** “There is a lack of precedent for absorption for this type of housing. Based on the commitment of local social service and homeless advocacy organizations to finding permanent housing solutions for working poor families, it is the analyst’s opinion that through referrals and promotion of the community to families most in need of this housing, a lease-up rate of five units per month (six months) is projected.” (p. 65)

**Known Planned Development:** No information provided. The Underwriter found no comparable unstabilized properties in the PMA targeting the same demand segment.

**Effect on Existing Housing Stock:** Although the Analyst did not opine specifically on this subject, the report noted that, “Currently, there are no income-restricted developments offering single-family design and extensive social support services located in Austin...There is only one income-restricted property within one mile of the subject, Village at Collinwood. This project is restricted to seniors...” (p. 5) Due to the small number of proposed units and the narrow target population, the Underwriter believes that the subject would not have a significant detrimental effect on existing properties.

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 for the 30% and 40% AMI units are set at the maximum calculated rents for those income levels, but the 50% AMI unit rents are from \$11-\$28 lower than the maximum rents allowed under HOME guidelines, reflecting the Applicant’s desire to maintain the affordability of the units. There is the potential for additional income (approximately \$6.3K) if the Applicant chooses to increase rents to the maximum allowed, and the market study information suggests that the market could support rents at the rent limit maximums. Therefore the Underwriter has used the maximum 50% HOME rents in this analysis. The Applicant stated that tenants will pay all utilities in this development, and rents and expenses were calculated accordingly. The Applicant included no secondary income, but the Underwriter used the minimum TDHCA underwriting guideline of \$5/unit/month. The Applicant’s vacancy

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and collection losses estimate is in line with TDHCA underwriting guidelines. As a result of these differences the Underwriter's effective gross income estimate is \$7,479 or 3.3% higher than the Applicant's estimate.

**Expenses:** The Applicant's total expense estimate of \$5,358 per unit is 24% higher than the Underwriter's adjusted database-derived estimate of \$4,328 per unit for comparably-sized developments in this area. The Applicant's budget shows several line item estimates that deviate significantly when compared to the database averages, particularly repairs and maintenance (\$10.1K higher), utilities (\$3.5K lower), insurance (\$15K higher), and property tax (\$13.7K higher). The Applicant provided preliminary insurance coverage indications of \$25K-\$40K from a broker, but the Underwriter's estimate of \$14K is based on information received from another broker. The Applicant indicated that their property tax estimate of \$24K or \$800/unit/year is based on a 50% CHDO exemption (and included an attorney's opinion that the applicant is entitled to the exemption), and although the Underwriter has also assumed a 50% exemption would be likely the Underwriter's estimate of \$10.3K or \$342/unit/year is based on a unit valuation of \$30K

NOTE: Although an extensive array of supportive services are planned for this development, the Applicant included no expense for these services and stated that, "All supportive services provided to the project are accessed through collaborative partnerships. Community Partnership for the Homeless is partnering with organizations that are providing services at no cost to the owner. Community Partnership will provide space for programming free of charge to the supportive service providers" (1/14/2005 Vacri Development memo). If service providers find it necessary to start charging for services in future years the financial viability of the development may be adversely affected or the Applicant may be required to reduce services.

**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 difference in operating expense estimates, the Underwriter's estimated debt coverage ratio (DCR) of 2.09 significantly exceeds the TDHCA maximum standard of 1.30. This suggests that the development could support additional debt service and enable repayment of the TDHCA HOME funds.

ACQUISITION VALUATION INFORMATION			
ASSESSED VALUE			
Land: 7.337 acres	\$0 (tax-exempt)	Assessment for the Year of:	2004
Building:	N/A	Valuation by:	Travis County Appraisal District
Total Assessed Value:	\$0	Tax Rate:	2.2826
EVIDENCE of SITE or PROPERTY CONTROL			
Type of Site Control:	Special warranty deed		
Closing Date:	3/ 7/ 2003		
Acquisition Cost:	\$150,363	Other Terms/Conditions:	
Seller:	Travis County Emergency Services District #4	Related to Development Team Member:	No

CONSTRUCTION COST ESTIMATE EVALUATION	
<b>Acquisition Value:</b>	The site cost of \$150,363 (\$0.47/SF or \$20,494/acre) is assumed to be reasonable since the acquisition is an arm's-length transaction.
<b>Off-Site Costs:</b>	The Applicant claimed offsite costs of \$16,560 for water and wastewater lines and provided sufficient third party certification through an engineer's cost estimate to justify these costs.
<b>Sitework Cost:</b>	The Applicant claimed sitework costs of over \$20K per unit and provided sufficient third party certification through a detailed certified cost estimate by an engineer to justify these costs.
<b>Direct Construction Cost:</b>	The Applicant's direct construction cost estimate is \$72,820 or 4.7% lower than the Underwriter's Marshall & Swift <i>Residential Cost Handbook</i> -derived estimate, and is therefore regarded

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as reasonable as submitted. The Applicant's contingency allowance slightly exceeds the 5% TDHCA maximum (by \$545), but as the Applicant's contractor's and developer's fees are less than the maximum allowed the Underwriter has not reduced this allowance.

**Interim Financing Fees:** The Applicant did not include any interim financing interest or fees, without explanation since they would clearly be part of the conventional financing proposed.

**Fees:** The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

**Conclusion:** The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost estimate is used to size the total sources of funds needed for the development. The Applicant's per unit subsidy request is within the HUD 221(d)(3) limits.

FINANCING STRUCTURE									
INTERIM FINANCING									
<b>Source:</b> <u>Stratus Properties Operating Companies, L.P.</u>			<b>Contact:</b> <u>Beau Armstrong</u>						
<b>Principal Amount:</b> <u>\$150,363</u>		<b>Interest Rate:</b> <u>5%</u>							
<b>Additional Information:</b> <u>Used for site acquisition, quarterly interest-only payments from cash flow to begin 6/15/05, matures on 3/6/08</u>									
<b>Amortization:</b> <u>N/A</u> yrs		<b>Term:</b> <u>5</u> yrs		<b>Commitment:</b> <input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional					
<b>Annual Payment:</b> <u>\$30,073 (soft)</u>		<b>Lien Priority:</b> <u>1st</u>		<b>Commitment Date</b> <u>3/ 7/ 2003</u>					
INTERIM to PERMANENT FINANCING									
<b>Source:</b> <u>Compass Bank</u>			<b>Contact:</b> <u>Terry Muzurek</u>						
<b>Principal Amount:</b> <u>\$513,600</u>		<b>Interest Rate:</b> <u>7% (fixed)</u>							
<b>Additional Information:</b> <u>Interest-only line of credit during construction phase, 1.25 DCR requirement</u>									
<b>Amortization:</b> <u>20</u> yrs		<b>Term:</b> <u>20</u> yrs		<b>Commitment:</b> <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional					
<b>Annual Payment:</b> <u>\$47,783</u>		<b>Lien Priority:</b> <u>1st</u>		<b>Commitment Date</b> <u>9/ 30/ 2004</u>					
GRANT									
<b>Source:</b> <u>HUD (Supportive Housing Program)</u>			<b>Contact:</b> <u>Elva Garcia</u>						
<b>Principal Amount:</b> <u>\$332,720 (award in amount of \$443,570, \$110,850 allocated for operating expenses)</u>		<b>Commitment:</b> <input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional							
<b>Additional Information:</b> _____			<b>Commitment Date</b> <u>3/ 18/ 2003</u>						
GRANT									
<b>Source:</b> <u>Federal Home Loan Bank of Atlanta (Affordable Housing Program)</u>			<b>Contact:</b> <u>Toni Koonce</u>						
<b>Principal Amount:</b> <u>\$500,000</u>		<b>Commitment:</b> <input type="checkbox"/> None <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional							
<b>Additional Information:</b> _____									
GRANT									
<b>Source:</b> <u>Austin Housing Finance Corporation</u>			<b>Contact:</b> <u>Gary Adrian</u>						
<b>Principal Amount:</b> <u>\$500,000</u>		<b>Commitment:</b> <input checked="" type="checkbox"/> None <input type="checkbox"/> Firm <input type="checkbox"/> Conditional							
<b>Additional Information:</b> <u>Application pending</u>									

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GRANT			
<b>Source:</b>	U.S. Department of Health & Human Services Compassion Fund	<b>Contact:</b>	Barbara Ziegler Johnson
<b>Principal Amount:</b>	\$50,000	<b>Commitment:</b>	<input type="checkbox"/> None <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional
<b>Additional Information:</b>	Application pending		

GRANT			
<b>Source:</b>	The Enterprise Foundation	<b>Contact:</b>	Faith Thomas
<b>Principal Amount:</b>	\$15,175	<b>Commitment:</b>	<input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional
<b>Additional Information:</b>	3 commitments totaling \$26,250 provided <b>Commitment Date</b> (Undated)		

GRANT			
<b>Source:</b>	The Enterprise Foundation (MetLife Award)	<b>Contact:</b>	Faith Thomas
<b>Principal Amount:</b>	\$10,000	<b>Commitment:</b>	<input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional
<b>Additional Information:</b>	<b>Commitment Date</b> 9/ 23/ 2004		

GRANT			
<b>Source:</b>	The Morse Family Foundation	<b>Contact:</b>	Cynthia Scovel
<b>Principal Amount:</b>	\$3,500	<b>Commitment:</b>	<input type="checkbox"/> LOI <input checked="" type="checkbox"/> Firm <input type="checkbox"/> Conditional
<b>Additional Information:</b>	For unspecified use <b>Commitment Date</b> 8/11/2003		

APPLICANT EQUITY	
<b>Amount:</b>	(None)
<b>Source:</b>	

**FINANCING STRUCTURE ANALYSIS**

**Conventional Loans:**

- Stratus Properties Operating Company, L.P. has loaned \$150,363 to the Applicant for the purpose of site acquisition, which has been completed. The terms call for quarterly interest-only payments commencing on June 15, 2005 and terminating on March 6, 2008, at which time the entire outstanding balance will be payable. The interest rate is specified as 0% until March 7, 2005 and 5% thereafter until repayment is complete. Payments are to be made as the property's cash flow permits, and the loan is secured with a deed of trust on the subject property. The Applicant anticipates paying off this loan with the proceeds of the Compass Bank loan discussed below at conversion to permanent.
- The Applicant submitted a loan approval from Compass Bank for interim to permanent financing in the amount of \$513,600, with a nine-month interest-only construction period followed by a 20-year permanent term and amortization schedule. The loan is non-recourse and is conditioned on a minimum DCR of 1.25. TDHCA underwriting guidelines generally require an amortization period of not less than 30 years.

**City of Austin Housing Trust Fund Funds:** The Applicant listed a 30-year term forgivable loan of \$500,000 from the Austin Housing Finance Corporation's Rental Housing Assistance Program as a source of funds but provided only an acknowledgement of application receipt from the HFC instead of a commitment. The Applicant provided a letter from the City of Austin Neighborhood Housing and Community Development office which states, "The City of Austin fully supports the proposed 30-unit Cottage Community project...the project is eligible, and has been approved, for substantial development fee waivers through the City's S.M.A.R.T. Housing Program. Additionally, the project is potentially eligible for up to \$500,000 in assistance from the City's Housing Trust Fund (HTF). Please be aware that HTF assistance is contingent upon funding availability, the successful review of a completed application, compliance with applicable environmental review requirements, and approval by the Board of Directors of the Austin Housing Finance Corporation [the city council]." The HFC verbally informed the Underwriter that funds are

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still available, the award would be subject to the city council's approval, and that funding terms would be dependent upon the city's evaluation of debt service capacity (which would in turn depend upon the terms of the subject TDHCA HOME award). Accordingly, this source of funds must be regarded as unconfirmed, and receipt, review, and acceptance, by closing, of a commitment for these funds is a condition of this report..

**Grants:**

- The Applicant received a grant in the amount of \$443,570 under the 2001 McKinney-Vento Act homeless assistance competition, of which \$110,850 was allocated for operating costs and the remaining \$332,720 is being used for funding of the subject development. It appears from the documentation provided, however, that fund disbursement is pending completion of several conditions.
- The Applicant also provided an Affordable Housing Program grant commitment for \$500,000 from the Federal Home Loan Bank of Atlanta, which requires that rents for all 30 housing units be restricted to at or below 50% of AMGI, and also that six units be reserved for homeless households. The commitment also states that, "In order to ensure that the approved level of subsidy from the Bank is still warranted at the actual funding date...the Bank will reevaluate the subsidy level and will only fund that portion of the subsidy deemed necessary by the Bank to fund the project." For this analysis the Underwriter has assumed the full grant amount will be funded.
- The Applicant claimed \$89,495 in private grants and provided commitments in the amount of \$89,750.
- The Applicant has also applied to TDHCA for \$50K in grant funds for CHDO operating expenses, but these funds are not included in the development financing.

**Deferred Developer's Fees:** The Applicant is not proposing any deferral of developer fees.

**Financing Conclusions:** With the exception of the unconfirmed \$500K in funding from City of Austin Housing Trust Fund, sufficient confirmed funding sources are in place to permit completion of the proposed development based on the Applicant's estimated costs. Using an amortization of 30 years for the Compass Bank loan allows sufficient estimated debt service to allow repayment of the \$1.5M in TDHCA HOME funds in 30 years at 0% interest, and the Applicant should be encouraged to request such a restructuring from the lender. The TDHCA loan should be structured as a cash flow second lien loan, which will allow deeper rent targeting or payment of additional supportive services expenses without risking a default. The Department's lien and repayment thereof should be subordinate only to the Compass Bank first lien loan. The entire amount of developer fee remains available to fund unforeseen development cost overruns.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant is also the Developer, Owner, and Property Manager. These are acceptable relationships.

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

**Financial Highlights:** The Applicant submitted an audited financial statement as of April 30, 2004 reporting total assets of \$861K and consisting of \$114K in cash, \$147K in prepaids and receivables, \$588K in real property, \$10K in furniture and equipment, and \$1K in other assets. Liabilities totaled \$249K, resulting in a net worth of \$614K.

**Background & Experience:** The Applicant was founded in 1990 for the purpose of assisting homeless individuals and those at risk of homelessness and currently owns and manages eight three- and four-bedroom houses in the Austin area for residency by low-income tenants. The Applicant has no previous experience in developing affordable or conventional housing.

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**SUMMARY OF SALIENT RISKS AND ISSUES**

- The \$500,000 in requested funds from the City of Austin Housing Trust Fund has not been awarded and insufficient additional sources exist to substitute for this source of funds.
- The Applicant's estimated total operating expenses are more than 5% outside of the Underwriter's verifiable range.
- Supportive services providers may not renew no-cost partnerships, requiring a reduction in services or endangering the financial feasibility of the development.
- The principals of the Applicant have no previous development experience.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**

\_\_\_\_\_  
*Jim Anderson*

**Date:** February 2, 2005

**Director of Real Estate Analysis:**

\_\_\_\_\_  
*Tom Gouris*

**Date:** February 2, 2005

**MULTIFAMILY COMPARATIVE ANALYSIS**

*Cottage Community, Austin, HOME #047-0005*

Type of Unit	Number	Bedrooms	No. of Baths	Size in Sf	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per Sf	Int-Pd Util	P-Wr, Swr, Trs
OT (40%)	1	2	1	821	\$640	\$508	\$508	\$0.62	\$84.00	\$48.00
OT (50%)	7	2	1	821	\$800	\$668	4,676	0.81	\$84.00	\$48.00
LH (50%)	7	2	1	821	800	\$668	4,676	0.81	84.00	48.00
OT (30%)	1	3	2	1,045	555	\$384	384	0.37	98.00	73.00
OT (40%)	2	3	2	1,045	739	\$568	1,136	0.54	98.00	73.00
LH (50%)	5	3	2	1,045	924	\$753	3,765	0.72	98.00	73.00
LH (50%)	2	3	2	1,093	924	\$753	1,506	0.69	98.00	73.00
OT (40%)	1	4	2	1,296	825	\$613	613	0.47	126.00	86.00
LH (50%)	4	4	2	1,296	1,031	\$819	3,276	0.63	126.00	86.00
<b>TOTAL:</b>	<b>30</b>		<b>AVERAGE:</b>	<b>978</b>	<b>\$843</b>	<b>\$685</b>	<b>\$20,540</b>	<b>\$0.70</b>	<b>\$95.67</b>	<b>\$62.67</b>

**INCOME**

Total Net Rentable Sq Ft: 29,341

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$5.00

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.74%	\$363	0.37
Management	5.77%	442	0.45
Payroll & Payroll Tax	16.55%	1,267	1.30
Repairs & Maintenance	6.47%	495	0.51
Utilities	3.45%	264	0.27
Water, Sewer, & Trash	2.46%	188	0.19
Property Insurance	6.10%	467	0.48
Property Tax 2.2826	4.47%	342	0.35
Reserve for Replacements	2.61%	200	0.20
Other: Internet access	3.92%	300	0.31
<b>TOTAL EXPENSES</b>	<b>56.54%</b>	<b>\$4,328</b>	<b>\$4.43</b>
<b>NET OPERATING INC</b>	<b>43.46%</b>	<b>\$3,327</b>	<b>\$3.40</b>

**DEBT SERVICE**

First Lien Mortgage (Compass)	20.81%	\$1,593	\$1.63
TDHCA HOME Funds	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>22.65%</b>	<b>\$1,734</b>	<b>\$1.77</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		4.29%	\$5,012	\$5.12
Off-Sites		0.47%	552	0.56
Sitework		17.16%	20,072	20.52
Direct Construction		44.17%	51,658	52.82
Contingency	4.86%	2.98%	3,483	3.56
General Req'ts	5.25%	3.22%	3,763	3.85
Contractor's G & A	1.86%	1.14%	1,333	1.36
Contractor's Profit	5.70%	3.50%	4,091	4.18
Indirect Construction		13.03%	15,243	15.59
Ineligible Costs		0.00%	0	0.00
Developer's G & A	3.17%	2.71%	3,167	3.24
Developer's Profit	7.01%	5.99%	7,000	7.16
Permanent Financing		0.15%	179	0.18
Reserves		1.20%	1,400	1.43
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$116,955</b>	<b>\$119.58</b>

**Recap-Hard Construction Costs**

	<b>72.17%</b>	<b>\$84,402</b>	<b>\$86.30</b>
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**SOURCES OF FUNDS**

First Lien Mortgage (Compass)	14.64%	\$17,120	\$17.50
TDHCA HOME Funds	42.75%	\$50,000	\$51.12
Austin HFC Loan Grant/Loan	14.25%	\$16,667	\$17.04
FHLB Atlanta Grant			
HUD Grant			
Grants & Fundraising			
Deferred Developer Fees	0.00%	\$0	\$0.00
Additional (excess) Funds Req'd	2.08%	\$2,427	\$2.48
<b>TOTAL SOURCES</b>			

	TDHCA	APPLICANT
	\$246,480	\$240,192
	1,800	0
	0	0
	\$248,280	\$240,192
	(18,621)	(18,012)
	0	0
	\$229,659	\$222,180
	\$10,889	\$9,550
	13,259	10,900
	38,000	38,000
	14,861	25,000
	7,932	4,400
	5,640	4,900
	14,000	29,000
	10,272	24,000
	6,000	6,000
	9,000	9,000
	\$129,853	\$160,750
	\$99,806	\$61,430
	\$47,783	\$47,783
	0	0
	0	0
	\$52,023	\$13,647
	2.09	1.29
	1.10	

	PER SQ FT	PER UNIT	% OF EGI
	\$0.33	\$318	4.30%
	0.37	363	4.91%
	1.30	1,267	17.10%
	0.85	833	11.25%
	0.15	147	1.98%
	0.17	163	2.21%
	0.99	967	13.05%
	0.82	800	10.80%
	0.20	200	2.70%
	0.31	300	4.05%
	\$5.48	\$5,358	72.35%
	\$2.09	\$2,048	27.65%
	\$1.63	\$1,593	21.51%
	\$0.00	\$0	0.00%
	\$0.00	\$0	0.00%
	\$0.47	\$455	6.14%

	TDHCA	APPLICANT
	\$150,363	\$150,363
	16,560	16,560
	602,171	602,171
	1,549,743	1,476,923
	104,500	104,500
	112,900	112,900
	40,000	40,000
	122,740	122,740
	457,290	457,290
	0	0
	95,000	95,000
	210,000	210,000
	5,368	5,368
	42,000	42,000
	\$3,508,635	\$3,435,815
	\$2,532,054	\$2,459,234

	PER SQ FT	PER UNIT	% OF TOTAL
	\$5.12	\$5,012	4.38%
	0.56	552	0.48%
	20.52	20,072	17.53%
	50.34	49,231	42.99%
	3.56	3,483	3.04%
	3.85	3,763	3.29%
	1.36	1,333	1.16%
	4.18	4,091	3.57%
	15.59	15,243	13.31%
	0.00	0	0.00%
	3.24	3,167	2.76%
	7.16	7,000	6.11%
	0.18	179	0.16%
	1.43	1,400	1.22%
	\$117.10	\$114,527	100.00%
	\$83.82	\$81,974	71.58%

**RECOMMENDED**

	\$513,600	\$513,600	\$513,600	Developer Fee Available
	1,500,000	1,500,000	1,500,000	\$305,000
	500,000	500,000	500,000	% of Dev. Fee Deferred
	500,000	500,000	500,000	
	332,720	332,720	332,720	
	89,495	89,495	89,495	
	0	0	0	0%
	72,820	0	0	15-Yr Cumulative Cash Flow
	\$3,508,635	\$3,435,815	\$3,435,815	\$315,799



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Cottage Community, Austin, HOME #047-0005*

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Lost Handbook

(SEE ATTACHED SINGLE-FAMILY COST SHEET)

**PAYMENT COMPUTATION**

<b>Primary</b>	\$513,600	Term	240
Int Rate	7.00%	DCR	2.09

<b>Secondary</b>	\$1,500,000	Term	
Int Rate	0.00%	Subtotal DCR	2.09

<b>Additional</b>	\$500,000	Term	
Int Rate		Aggregate DCR	2.09

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$41,004
Secondary Debt Service	50,000
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$8,802</b>

<b>Primary</b>	\$513,600	Term	360
Int Rate	7.00%	DCR	2.43

<b>Secondary</b>	\$1,500,000	Term	360
Int Rate	0.00%	Subtotal DCR	1.10

<b>Additional</b>	\$500,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$246,480	\$253,874	\$261,491	\$269,335	\$277,415	\$321,600	\$372,823	\$432,204	\$580,846
Secondary Income	1,800	1,854	1,910	1,967	2,026	2,349	2,723	3,156	4,242
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	248,280	255,728	263,400	271,302	279,441	323,949	375,546	435,360	585,088
Vacancy & Collection Loss	(18,621)	(19,180)	(19,755)	(20,348)	(20,958)	(24,296)	(28,166)	(32,652)	(43,882)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$229,659	\$236,549	\$243,645	\$250,955	\$258,483	\$299,653	\$347,380	\$402,708	\$541,206
EXPENSES at 4.00%									
General & Administrative	\$10,889	\$11,324	\$11,777	\$12,248	\$12,738	\$15,498	\$18,856	\$22,941	\$33,958
Management	13,259	13,657	14,067	14,489	14,923	17,300	20,056	23,250	31,246
Payroll & Payroll Tax	38,000	39,520	41,101	42,745	44,455	54,086	65,804	80,060	118,509
Repairs & Maintenance	14,861	15,456	16,074	16,717	17,386	21,152	25,735	31,311	46,347
Utilities	7,932	8,250	8,580	8,923	9,280	11,290	13,736	16,712	24,738
Water, Sewer & Trash	5,640	5,866	6,100	6,344	6,598	8,027	9,767	11,883	17,589
Insurance	14,000	14,560	15,142	15,748	16,378	19,926	24,243	29,496	43,661
Property Tax	10,272	10,683	11,110	11,554	12,016	14,620	17,787	21,641	32,034
Reserve for Replacements	6,000	6,240	6,490	6,749	7,019	8,540	10,390	12,641	18,712
Other	9,000	9,360	9,734	10,124	10,529	12,810	15,585	18,962	28,068
TOTAL EXPENSES	\$129,853	\$134,915	\$140,175	\$145,641	\$151,322	\$183,250	\$221,959	\$268,896	\$394,862
NET OPERATING INCOME	\$99,806	\$101,634	\$103,471	\$105,314	\$107,161	\$116,403	\$125,421	\$133,812	\$146,344
DEBT SERVICE									
First Lien Financing	\$41,004	\$41,004	\$41,004	\$41,004	\$41,004	\$41,004	\$41,004	\$41,004	\$41,004
Second Lien	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$8,802	\$10,630	\$12,467	\$14,310	\$16,158	\$25,399	\$34,417	\$42,809	\$55,340
DEBT COVERAGE RATIO	1.10	1.12	1.14	1.16	1.18	1.28	1.38	1.47	1.61

**Cottage Community, Austin, HOME #047-0005**

FLOOR PLAN NUMBER	A	B	C	D	Total
NUMBER PLOTTED	15	8	2	5	30
SQUARE FOOTAGE	821	1,045	1,093	1,296	29,341
DESCRIPTION	2-BR/1-BA	3-BR/2-BA	3-BR/2-BA	4-BR/2-BA	\$22,861
	\$608,304	\$416,629	\$108,182	\$257,979	\$1,549,743
				30	0

**Plan A (1-story)**

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		821	\$63.70	\$52,302
<b>Adjustments</b>				
Roofing			\$0.93	\$764
Subfloor			(2.04)	(1,675)
Floor Cover			2.59	2,126
Plumbing	\$845	-2	(2.06)	(1,690)
Built-In Appliances	\$2,350	1	2.86	2,350
Central Heating/Cooling			1.61	1,322
Stairs	\$1,000	0	0.00	0
9' Ceilings	3%		1.91	1,569
Subdivision Discount	20.00%		(12.74)	(10,460)
Porch/Patio	\$17.76	144	3.10	2,549
<b>SUBTOTAL</b>			\$59.87	\$49,156
Current Cost Multiplier	1.14		68.26	56,038
Local Multiplier	0.86		(8.38)	(6,882)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			\$59.87	\$49,156
Plans/specs, svy, prmts	3.40%		(\$2.04)	(1,671)
Interim Construction Int.	1.50%		(\$0.90)	(737)
Contractor's OH & Profit	12.60%		(\$7.54)	(6,194)
<b>NET DIRECT CONSTRUCTION COSTS</b>			\$49.40	\$40,554

**Plan B (2-story)**

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,045	\$60.89	\$63,634
<b>Adjustments</b>				
Roofing			\$0.93	\$972
Subfloor			(1.02)	(1,066)
Floor Cover			2.59	2,707
Plumbing	\$845	0	0.00	0
Built-In Appliances	\$2,350	1	2.25	2,350
Central Heating/Cooling			1.61	1,682
Stairs	\$1,000	1	0.96	1,000
9' Ceilings	3%		1.83	1,909
Subdivision Discount	20.00%		(12.18)	(12,727)
Porch/Patio	\$17.76	150	2.55	2,664
<b>SUBTOTAL</b>			\$60.41	\$63,126
Current Cost Multiplier	1.14		68.86	71,963
Local Multiplier	0.86		(8.46)	(8,838)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			\$60.41	\$63,126
Plans/specs, svy, prmts	3.40%		(\$2.05)	(2,146)
Interim Construction Int.	1.50%		(\$0.91)	(947)
Contractor's OH & Profit	12.60%		(\$7.61)	(7,954)
<b>NET DIRECT CONSTRUCTION COSTS</b>			\$49.84	\$52,079

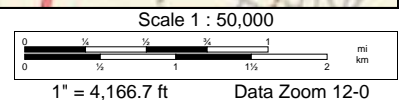
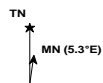
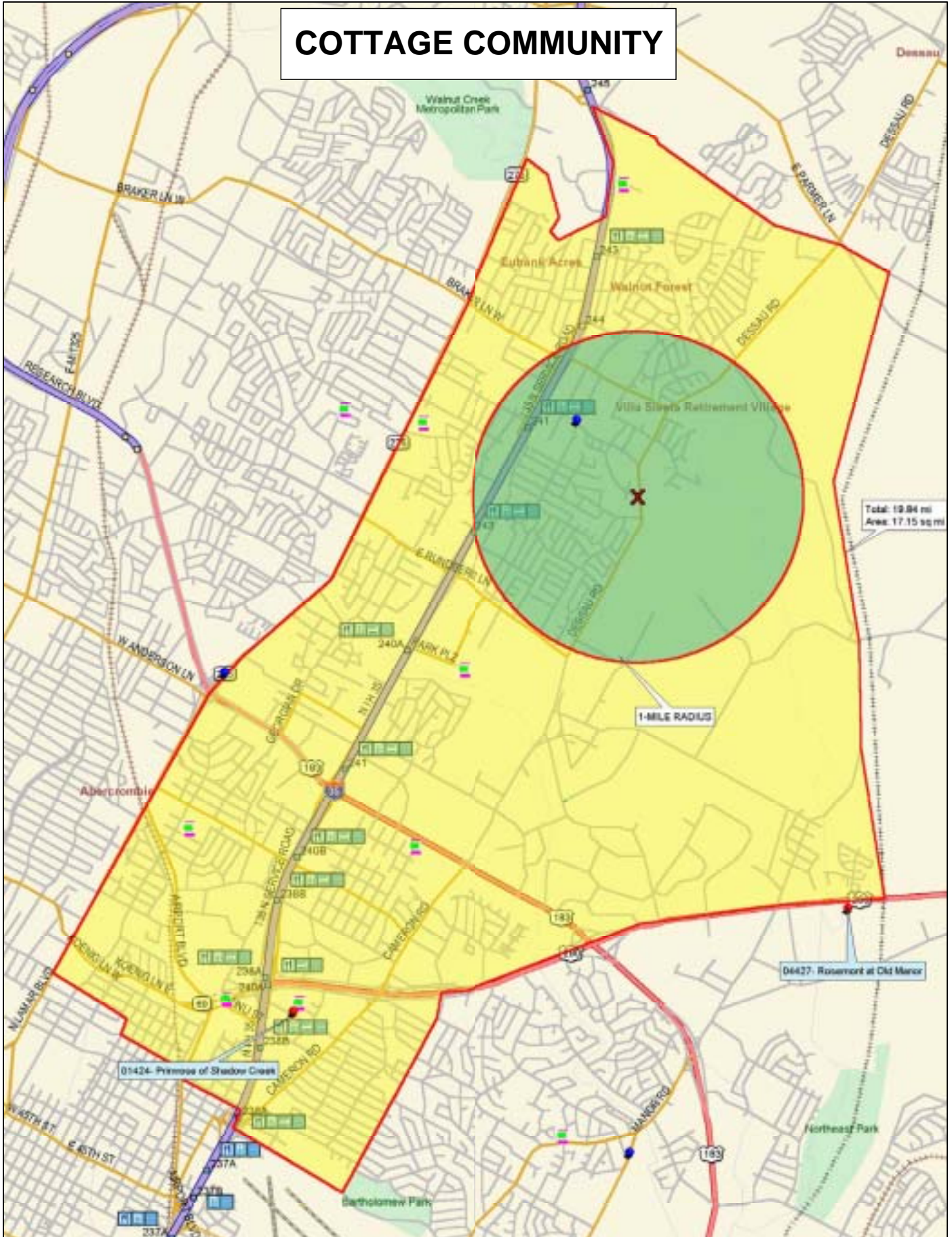
**Plan C (2-story)**

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,093	\$60.40	\$66,014
<b>Adjustments</b>				
Roofing			\$0.93	\$1,016
Subfloor			(1.02)	(1,115)
Floor Cover			2.59	2,831
Plumbing	\$845	0	0.00	0
Built-In Appliances	\$2,350	1	2.15	2,350
Central Heating/Cooling			1.61	1,760
Stairs	\$1,000	1	0.91	1,000
9' Ceilings	3%		1.81	1,980
Subdivision Discount	20.00%		(12.08)	(13,203)
Porch/Patio	\$17.76	165	2.68	2,930
<b>SUBTOTAL</b>			\$59.99	\$65,565
Current Cost Multiplier	1.14		68.38	74,744
Local Multiplier	0.86		(8.40)	(9,179)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			\$59.99	\$65,565
Plans/specs, svy, prmts	3.40%		(\$2.04)	(2,229)
Interim Construction Int.	1.50%		(\$0.90)	(983)
Contractor's OH & Profit	12.60%		(\$7.56)	(8,261)
<b>NET DIRECT CONSTRUCTION COSTS</b>			\$49.49	\$54,091

**Plan D (2-story)**

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,296	\$58.45	\$75,745
<b>Adjustments</b>				
Roofing			\$0.00	\$0
Subfloor			(1.02)	(1,115)
Floor Cover			2.59	2,831
Plumbing	\$845	1	0.77	845
Built-In Appliances	\$2,350	1	1.81	2,350
Central Heating/Cooling			1.61	1,760
Stairs	\$1,000	1	0.91	1,000
9' Ceilings	3%		1.75	2,272
Subdivision Discount	20.00%		(11.69)	(12,776)
Porch/Patio	\$17.76	148	2.03	2,628
<b>SUBTOTAL</b>			\$57.22	\$62,540
Current Cost Multiplier	1.14		65.23	71,296
Local Multiplier	0.86		(8.01)	(8,756)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			\$57.22	\$62,540
Plans/specs, svy, prmts	3.40%		(\$1.95)	(2,126)
Interim Construction Int.	1.50%		(\$0.86)	(938)
Contractor's OH & Profit	12.60%		(\$7.21)	(7,880)
<b>NET DIRECT CONSTRUCTION COSTS</b>			\$47.21	\$51,596

# COTTAGE COMMUNITY



# **SINGLE FAMILY FINANCE PRODUCTION DIVISION**

## **BOARD ACTION REQUEST**

**February 10, 2005**

### **Action Items**

Request approval of three (3) 2004 HOME Investment Partnerships (HOME) Program Award Recommendations for Tenant Based Rental Assistance under the Olmstead Set Aside, totaling \$749,372.

### **Required Action**

Approve the HOME Program Award Recommendations.

### **Background and Recommendations**

#### **Summary**

In an effort to address the Supreme Court Olmstead Decision, related to the de-institutionalization of persons with disabilities, the Department allocated a total of \$4 million in program years 2003 and 2004 toward those populations outlined in §531.055, Texas Government Code. In addition, Governor Rick Perry released an Executive Order on Community Based Alternatives for People with Disabilities (RP-13) in April of 2002, requiring the Department and the Texas Health and Human Service Commission to work together to assure accessible, affordable and integrated housing for people with disabilities.

In order to insure appropriateness and affectability, Department staff worked closely with a focus group, composed of various disability advocates, in the creation of the application for this set-aside in early 2003. In August of 2003, a Notice of Funding Availability (NOFA) announcing the initial \$2 million was released. Under this NOFA, a total of four applications were received and awarded a funding recommendation. The \$2 million released was not fully allocated, and a balance of \$1,557,319 remained. A NOFA in the amount of \$3,557,319 was published in the *Texas Register*, and was posted on the Department's website on January 30, 2004. The figure released included the \$1,557,319 that was not allocated in program year 2003, and the \$2 million dollars set aside for program year 2004. Department staff held seven application workshops across the state in February of 2004 to promote the availability of these funds. Eligible applicants include units of general local government, public housing agencies, and nonprofits. The funds recommended for award are used for Tenant-Based Rental Assistance (TBRA), providing security and utility deposits, as well as, utility allowances for rental of dwelling units.

As of December 13, 2004, the Department had received, and the Board had awarded, a total of four applications under the second NOFA, totaling \$1,670,227. A balance of \$1,887,092 remains eligible to award applicants that submitted an application prior to December 31, 2004. Three applications were received the last week of December and are being recommended for funding at this time. The applicants and recommended funding is summarized as follows:

<b>Application Number</b>	<b>Applicant</b>	<b>Region</b>	<b>Counties Serving</b>	<b>Project Funds Requested</b>	<b>Admin. Funds Requested</b>	<b>Units Requested</b>
2004-0289	Valley Association for Independent Living, Inc.	11	Hidalgo and Cameron Counties	\$115,800.00	\$6,948.00	15
2004-0290	Dallas Housing Authority	3	Dallas	\$465,000.00	27,900.00	25
2004-0291	Lifetime Independence for Everyone, Inc.	1	Lubbock, Hale, Terry, Potter, and Randall Counties	\$168,572.00	\$10,114.00	20
				<b>\$749,372.00</b>	<b>\$44,962.00</b>	<b>55</b>

Upon Board approval of the three applicants listed above, a balance of \$1,137,720 will remain. Applicants were informed that this funding cycle was deemed open until the end of the calendar year. The Department will no longer be accepting applications for these funds. The remaining dollars will be included in the 2005 HOME Single Family Funding Cycle, and will no longer be set aside specifically for the Olmstead population.

**Recommendation**

Staff recommends approval of the above three (3) applications for Tenant Based Rental Assistance for awards utilizing HOME Investment Partnerships Program funds for the Olmstead Set Aside. Staff also recommends and requests approval of 6% administrative funds to each applicant, based on the amount of project dollars recommended.

# Applicant Evaluation

Project ID # **2004-0289** Name: **Valley Association for Independent** 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

Yes  No

Projects zero to nine: 0  
 grouped ten to nineteen: 0  
 by score twenty to twenty-nine: 0

# monitored with a score less than thirty: 0

Projects not reported Yes   
 in application No

# not yet monitored or pending review: 1

# of projects not reported 0

### Portfolio Monitoring

### Single Audit

### Contract Administration

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 Patricia Murphy

Date 1/20/2005

### 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 1/13/2005

### 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 1/18/2005

### 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 1/21/2005

**Executive Director:** Edwina Carrington

**Executed:** Friday, January 28, 2005



# Applicant Evaluation

Project ID # **2004-0290**      Name: **Dallas Housing Authority**      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    
 grouped ten to nineteen:   0    
 by score twenty to twenty-nine:   0  

Yes       No

# monitored with a score less than thirty:   0  

Projects not reported Yes   
 in application No

# not yet monitored or pending review:   0  

# of projects not reported   0  

### Portfolio Monitoring

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification (Comments attached)

### Single Audit

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)

### Contract Administration

Not applicable   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification (Comments attached)

Reviewed by   Patricia Murphy  

Date   1/20/2005  

### 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   1/13/2005  

### 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   1/18/2005  

### 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   1/21/2005  

**Executive Director:**   Edwina Carrington  

**Executed:**   Friday, January 28, 2005

# Applicant Evaluation

Project ID # **2004-0291** Name: **Lifetime Independence for Everyon** 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

Yes  No

Projects zero to nine: 0  
grouped ten to nineteen: 0  
by score twenty to twenty-nine: 0

# monitored with a score less than thirty: 0

Projects not reported Yes   
in application No

# not yet monitored or pending review: 2

# of projects not reported 0

### Portfolio Monitoring

### Single Audit

### Contract Administration

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 Patricia Murphy

Date 1/20/2005

### 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 1/13/2005

### 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 1/18/2005

### 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 1/21/2005

**Executive Director:** Edwina Carrington

**Executed:** Friday, January 28, 2005



**AUDIT COMMITTEE MEETING**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**507 Sabine, Room 437, Austin, Texas 78701**  
**Thursday, February 10, 2005                      8:30 am**

**AGENDA**

**CALL TO ORDER, ROLL CALL**

Shad

Bogany

**CERTIFICATION OF QUORUM**

Chair

**PUBLIC COMMENT**

The Audit Committee of the Board of the Texas Department of Housing and Community Affairs will solicit Public Comment at the beginning of the meeting and will also provide for Public Comment on each agenda item after the presentation made by the department staff and motions made by the Committee.

The Audit Committee of 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 Audit Committee Meeting of October 14, 2004                     | Shad Bogany  |
| Item 2 | Discussion of Board Resolutions Relating to Audit Committee Responsibilities and Possible Approval of Additional Resolutions | David Gaines |
| Item 3 | Discussion and Confirmation of Internal Audit Charter  | David Gaines |

**REPORT ITEMS**

- |        |  |              |
|--------|--|--------------|
| Item 4 | Presentation and Discussion of Audit Results from the Deloitte, CPAs, FYE 8/31/04 Reports: <ul style="list-style-type: none"><li>• Communications with Audit Committee Letter</li><li>• Opinion Audit on FY 2004 Basic Financial Statements</li><li>• Opinion Audit on FY 2004 Revenue Bond Program Financial Statements</li><li>• Opinion Audit on FY 2004 Computation of Unencumbered Fund Balances</li><li>• Report to Management (Management Letter)</li></ul> | David Gaines |
| Item 5 | Discussion of Section 8 Rental Integrity Monitoring Review   | David Gaines |
| Item 6 | Discussion of State Energy Conservation Office Monitoring Review (contingent upon release of final report)   | David Gaines |
| Item 7 | Status of Prior Audit Issues   | David Gaines |
| Item 8 | Status of Central Database   | David Gaines |
| Item 9 | Status of Internal/External Audits   | David Gaines |

**EXECUTIVE SESSION**

Shad Bogany

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

**OPEN SESSION**

Shad Bogany

Action in Open Session on Items Discussed in Executive Session

**ADJOURN**

Shad Bogany

*To access this agenda and details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://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.*

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

**AUDIT COMMITTEE MEETING**  
**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
507 Sabine, Room 437, Austin, Texas 78701  
Thursday, October 14, 2004                      8:30 am

**Summary of Minutes**

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

The Audit Committee Meeting of the Texas Department of Housing and Community Affairs of October 14, 2004 was called to order by Chair Shad Bogany at 8:40 a.m. It was held at the Texas Department of Housing and Community Affairs Boardroom, 507 Sabine, Austin, Texas. Roll Call certified a quorum was present.

Members present:

Shad Bogany – Chair

Patrick Gordon – Member

Norberto Salinas – Member (joined the meeting in progress)

**PUBLIC COMMENT**

The Committee 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 Committee.

Mr. Bogany called for public comment and no one wished to give comments.

**ACTION ITEMS**

**(1) Presentation, discussion and possible approval of Minutes of Audit Committee Meeting of August 19, 2004**

Motion made by Patrick Gordon and seconded by Shad Bogany to approve the minutes of the August 19, 2004 Audit Committee Meeting.

Passed Unanimously

**(2) Presentation, discussion and possible approval of the FY 2005 Internal Audit Plan**

Mr. David Gaines, Director of Internal Auditing, stated this is proposed for the year and there were carried over from 2004. The first one related to the subrecipient monitoring function. There is an obligation for our internal audit resources to contribute hours to the peer review function throughout the state and to go out and perform quality assurance reviews of other internal audit shops. Other external audit shops come and review the internal audit division and assess whether they are following professional standards or in compliance with Texas Internal Auditing Act. Likewise the internal audit division needs to contribute resources to reciprocate.

Mr. Gaines stated that the Texas Internal Auditing Act requires that an annual plan be developed based on an annual risk assessment. In accumulating information for the risk assessment, the department solicited information from management and staff and the executive team and the Department's external auditors, including Deloitte & Touche, KPMG, and the State Auditor's Office, as well as soliciting input from the Board members.

In working through this and developing the plan they met with the Executive Director and Deputy Executive Director and Chief of Agency Administration to solicit their ideals and input and sat down with their risk ranking. It was decided that the best use of internal audit

resources for the current year is to facilitate Department's consideration of RP36. The purpose will be to provide expertise, knowledge, experience, objective, independent input in the Department's risk management program.

They will facilitate the risk assessment process in various areas of the Department with the intent of satisfying the purpose of the risk assessment for those areas, but also to develop expertise throughout the building for staff to carry on risk assessment process on a forward-going basis. They will work with management staff, as well as Mr. Spearman, to: help ensure that meaningful information results from this risk management program that will be useable to management in improving their operations and managing their risk; providing executive management with information reports so that they can be satisfied that risks are being adequately addressed and controlled and for oversight purposes.

Closely related to developing this project and our risk assessment in soliciting information, the department received a comment from Ms. Anderson, Chair of the Board, and a request from Mr. Conine and from Mr. Bogany, regarding the audit plan. Ms. Anderson suggested that the Internal Auditor I use management's risk assessment, in connection with the annual risk assessment that's required in developing a plan.

The RP36 project will provide management the tools whereby they can assess risk in a formal, standardized manner and that output will be very useful, not only for management but also for audit in the manner suggested by Ms. Anderson. Mr. Conine suggested inclusion of a review of the Compliance Division in the annual audit plan.

Mr. Bogany provided the input regarding timeliness of getting projects done. This will help create more timeliness on projects and will help management.

The next project in the plan is a review of the Department's Whistle Blower Process. This came out of RP36. This project came out of the risk assessment that for RP36, the high-level overview, and it is one of the action items referred to earlier in that right-hand column of that questionnaire, one of the action items being internal audit review: the whistleblower process. The project will determine if the department has viable process in place, if it's formalized in compliance with applicable laws, and if employees have been actively informed of their rights, responsibilities, and protections under the act.

The remaining projects are ongoing projects that take up a considerable amount of time, including follow up and reporting on prioritized issues, internal audit's contributions to the central database, coordinating and assisting external auditors, and the annual audit report discussed earlier and the annual audit plan.

Motion made by Patrick Gordon and seconded by Norberto Salinas to approve the 2005 Internal Audit Plan.

Passed Unanimously

## REPORT ITEMS

- (3) **Discussion of the FY 2004 Annual Internal Audit Report**  
Mr. Gaines stated this report is required by the Texas Internal Audit Act and its report format is prescribed by the State Auditors Office. This report is a summary of the fiscal year internal audit activities, with comparison of the audit plan for the year, and explanations of variances. Mr. Gaines stated that over budget in the central database project meant that he spent more hours on the project than he had originally anticipated. This is on time spent and not spending money on over budget.
- (4) **Discussion of Report to the Office of the Governor Regarding Executive Order RP36**  
Mr. Gaines stated this is an unexpected project that was requested by the Office of the

Governor. He stated each agency must designate a contact person for its fraud prevention/elimination activities. This person shall report directly to the Executive Director. Ms. Carrington has designated Leonard Spearman as the Department's contact person. Each agency shall also develop a fraud prevention program that includes recommended common components developed by a work group that the Governor's office put together, an interagency work group, to come up with common components of what a fraud prevention program should look like. Each agency shall review its existing rules, policies, organization structure and statute to identify changes needed to better detect and fight fraud. Included in the report to the Governor's office is a discussion of the Department's consideration of statutes and recommended changes in statutes to enable the Department to better prevent and detect fraud. The Executive Order also requires that the department reports progress to date and the plans on implementing a fraud prevention program to the Governor's Office by October 1.

Mr. Gaines stated that besides the report required there were several attachments which included: (1) Recommended statutory changes; (2) High-level risk assessment; (3) A description of significant controls over some of the key areas of the Department; and (4) A copy of the Department's initial impact ranking of its major processes, with a copy of the project plan to finalize the Department's fraud prevention program.

Mr. Gordon stated the section on removal of a board member needs to be scoped down and there should be varying levels for indictments. It should be scaled down to more issues that would involve someone's ability to act as a board member.

Mayor Salinas stated he thought it was a felony for any indictments of a board member and asked the Legal division to check on state laws regarding indictments of board members.

**(5) Discussion of Risk Assessment Methodology to Implement RP36**

Mr. Gaines stated the risk assessment and methodology that the Department is in the process of adopting was included in the Board book and the basis of the methodology was a small agency methodology recommended by the State Auditors Office and the methodology that has been adopted by the Comptrollers Office. The methodology is designed to: identify and prioritize the Department's activities; identify and risk-rank the risk associated with those activities; identify the controls in place and operating to minimize those risks; identify any accountabilities or unacceptable risks that are not being controlled; developing strategies to control those unacceptable risks; and prescribing the appropriate levels of monitoring for the various levels of risk.

**ADJOURN**

Motion made by Norberto Salinas and seconded by Patrick Gordon to adjourn the meeting.  
Passed Unanimously

The meeting adjourned at 9:25 a.m.

Respectfully submitted,

Board Secretary

P:dg/audmact

*Texas Department of Housing and Community Affairs*

*Board Resolutions  
relating to Audit Committee Responsibilities*

## Texas Department of Housing and Community Affairs

### Discussion and Possible Revisions/Amendments to Board Resolutions dated March 3, 1997 Relating to Audit Committee Responsibilities

February 10, 2005

**Substantive changes to the Board Resolutions approved March 3, 1997 are highlighted below:**

WHEREAS the original Audit Committee (the Committee) was established by the Chairman of the Governing Board (the Board) in April, 1992, pursuant to section 2306.056, Texas Government Code, “Committees,” and whereas the Committee members’ authority and composition has been specified, and whereas the Committee members’ duties and responsibilities have been previously enumerated, ~~the Board hereby resolves the following: and whereas the Governor’s Office released Executive Order RP36 dated July 12, 2004 relating to preventing, detecting, and eliminating fraud, waste and abuse and whereas the executive order requires that each agency shall develop a fraud prevention program that includes, at a minimum, the recommended common components developed by the state agency workgroup (Workgroup), and whereas the Workgroup identified three key component area that a fraud prevention and detection program should encompass, and whereas one of the three key component areas relates to establishing an appropriate oversight process, which includes establishing a systematic and periodic process by which the audit committee evaluates management’s efforts in developing its fraud prevention program, and whereas the Texas Department of Housing and Community Affairs (the Department) has established a program referred to as its Risk Management Program, the Board hereby resolves the following:~~

RESOLVED, that the Audit Committee shall have the authority to investigate any organizational activity as it deems necessary and appropriate, and shall have unrestricted access to all information, including documents and personnel, and shall have adequate resources in order to fulfill its oversight responsibilities it conducts on behalf of the Board, including full cooperation of Department employees.

RESOLVED, that the Committee shall be composed of three board members appointed by the Board’s chairperson who shall serve for two year terms each or until their respective successor shall be duly appointed and qualified. Audit Committee members shall be free of any relation that would interfere with the exercise of independent judgment as a member of the Committee.

RESOLVED, that a chairperson of the Committee shall be appointed by the Board’s chairperson.

RESOLVED, that the Committee shall meet ~~a minimum of three times annually or at such additional or special meetings~~ as may be called as needed by the Board chairperson, the Committee chairperson, or the executive director; and that the Committee shall report on its proceedings and actions to the Board with such recommendations as the Committee deems appropriate.

RESOLVED, that the Audit Committee’s primary function is to assist the Board in carrying out its oversight responsibilities as they relate to financial and other reporting practices, internal control, and compliance with Board and ethics policies, and to ensure the independence of the internal auditing function.

RESOLVED, that in fulfilling its function, the Committee’s responsibility for (I) financial and other reporting practices is to provide assurance to the Board that financial and other reporting information reported by management reasonably portrays the circumstances or plans reported; (ii) internal control is to

## AUDIT COMMITTEE - BOARD RESOLUTIONS

### Page 2

monitor the effectiveness of control systems and processes through the results of internal and external audits and reviews; (iii) compliance with Board and ethics policies is to periodically inquire of management, the internal audit director, and the independent accountant about significant risks or exposures and assess the steps management has taken to minimize such risk; (iv) the internal auditing function is to support the internal audit division so the internal auditors can gain the cooperation of auditees and perform their work independently and free from interference and to provide reasonable assurance that the internal auditors perform their responsibilities.

RESOLVED, that the Committee in fulfilling its responsibilities, shall (1) systematically and periodically evaluate management's identification of risks, the implementation of prevention and detection measures, and the creation of an appropriate "tone at the top" by requesting periodic reports of management on the status of its Risk Management Program and (2) inquire of significant risks not considered in the annual audit plans.



*Texas Department of Housing and Community Affairs*

*Internal Audit Charter*

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

## **INTERNAL AUDITING DIVISION**

### **CHARTER**

**(As Amended and Approved by the  
Department's Governing Board on April 10, 2003)**

### **P U R P O S E**

Internal auditing is an independent appraisal activity within the Texas Department of Housing and Community Affairs (Department) for the review of various operations and systems of control to determine whether management information is reliable, acceptable policies and procedures are followed, established standards are met, resources are safeguarded and used efficiently and economically, planned missions are accomplished effectively, and the Department's objectives are being achieved. The Internal Auditing Division shall assist management in its responsibilities by furnishing analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed. However, the auditing review and appraisal of an area shall in no way relieve management of its assigned responsibilities.

### **A U T H O R I T Y**

The Internal Auditing Act (Chapter 2102, Government Code) and the Department's enabling legislation (Chapter 2306, Government Code) authorizes the establishment of an internal auditing program. Internal auditors shall have full access to all of the Department's records, facilities, properties and personnel relevant to a subject under review, and are free to review and appraise policies, plans, procedures and records. However, internal auditors shall have no direct responsibility for, or authority over, any of the activities reviewed.

Department management shall respond to all information requests by the internal auditor or internal audit staff pursuant to this authority within two business days of such requests, including requests of information considered confidential by its nature or due to pending or actual litigation. The internal audit staff shall use discretion in its review of records and assure confidentiality of all matters that come to its attention.

The Director of Internal Auditing or designated representative will be included in exit conferences conducted by external or State auditors and shall receive copies of the audit reports along with management's written response. The Internal Auditing Division shall be available to assist management in clearing exceptions, preparing responses to reports and examinations, and subsequently reviewing the progress made to correct the deficiencies reported.

Internal auditors shall not develop or install procedures, prepare records, perform internal control functions, or engage in any other activity which they would normally review and appraise and which could reasonably be construed to compromise the independence of the Internal Auditing Division. However, the independence of the Internal Auditing Division shall not be deemed adversely affected by determining and recommending standards of control to be applied to the development of the systems and procedures being reviewed. The

Texas Department Of Housing And Community Affairs  
Internal Auditing Division  
Charter

Internal Auditing Division shall be responsive to requests for assistance from management, provided that the subject of the request is related to auditing or internal controls. The Internal Auditing Division shall not assume operating responsibilities.

The Director of Internal Auditing shall report directly to the Audit Committee of the governing Board of the Department and administratively to the Executive Director of the Department. The Director of Internal Auditing shall furnish copies of all audit reports to the Audit Committee in accordance with the criteria established by the Committee. The Director of Internal Auditing shall appear before the Committee at its meetings to report on audit findings and the operations of the Internal Auditing Division.

The Audit Committee and Board shall periodically assess whether resources allocated to the Internal Auditing Division are adequate to implement an effective program of internal auditing. To facilitate the Board's consideration of the adequacy of internal auditing resources, the Audit Director will emphasize significant risks to the agency that are not being addressed in annual audit plans that are proposed to the Board for approval.

## **RESPONSIBILITIES**

The Internal Auditing Division shall

- € comply with the Texas Internal Auditing Act.
- € execute a comprehensive audit program to insure all activities of the Department are reviewed at appropriate intervals as determined by the Director of Internal Auditing and as approved by the Audit Committee.
- € review and evaluate systems of control and the quality of ongoing operations, recommend actions to correct any deficiencies and follow-up on management's response to assure that corrective action is taken on a timely basis.
- € appraise the quality of management performance in terms of compliance with policies, plans, procedures, laws and regulations.
- € review the control aspects of significant new systems and subsequent revisions before they are implemented. In addition, the environmental, operational and security controls of the Department's data processing center shall be reviewed.
- € verify the existence of Department assets and assure that proper safeguards are maintained to protect them from losses of all kinds.
- € audit the reliability and operation of the accounting and reporting system.

Texas Department Of Housing And Community Affairs  
Internal Auditing Division  
Charter

- € conduct or participate in internal investigations of suspected defalcations or mysterious disappearances, and provide advice relating to internal fraud and security.
- € identify operational opportunities for performance improvement by appraising functional effectiveness against Department and industry standards. From time to time other divisions and individuals may also be engaged in this or similar functions.
- € coordinate its audit efforts with those of the Department's external, State, and Federal auditors. In this regard, the Internal Auditing Division shall participate in the planning and coordination of all audits and examinations undertaken by these auditors.
- € evaluate the adequacy of management's corrective action and perform necessary follow-up procedures to ensure that the corrective action has been implemented.

The Director of Internal Auditing shall

- € ensure that written reports are prepared for every internal audit and that such reports are furnished to the director responsible for the audited activity. Copies of each audit report and response thereto shall be provided to the Audit Committee in accordance with the criteria established by the Committee. Management is responsible for providing the Internal Auditing Division with a detailed written response to reported deficient conditions. Such response, stating corrective action taken or planned, including a target date for completion, should be received by the Director of Internal Auditing within five (5) business days after management has received the report draft disclosing deficient conditions.
- € prepare and distribute a summary report of audit activities to members of the Audit Committee at least three times annually. Each summary report will include comments about major audit findings and an opinion of the adequacy of management's response to each audit report. In addition, the Director of Internal Auditing will meet, as needed, with the Executive Director and/or the Audit Committee to discuss the status of the audit plan, the status of management's resolution of audit recommendations, and other significant issues involving the internal auditing function.
- € prepare an annual summary report of audit activities, including an opinion of the overall condition of the Department's controls and operations.
- € coordinate with the Directors of the Compliance and Underwriting Divisions to enable those Directors to provide periodic reports on the results of their division activities to the Audit Committee of the Board of Directors, in an effort to support, encourage and facilitate the oversight and control functions of these areas.

Texas Department Of Housing And Community Affairs  
Internal Auditing Division  
Charter

- € promote and encourage advancement of audit and control knowledge through the dissemination of related information and the active participation in professional groups and organizations.

## **S T A N D A R D S**

As a means of assuring the quality and performance of the Internal Auditing Division, it is the desire of the Audit Committee that the Division conform to the Standards for the Professional Practice of Internal Auditing and the Code of Ethics prescribed by the Institute of Internal Auditors and generally accepted governmental auditing standards, as may be periodically amended . It is also the desire of the Audit Committee that the Internal Auditing Division obtain an external review of the Division to appraise the quality of its operations at least once every three years.

Effective Date, as approved by the Department's Governing Board: October 17, 2001

*Texas Department of Housing and Community Affairs*

*Communications with Audit Committee Letter*

December 17, 2004

The Audit Committee of Board of Trustees  
Texas Department of Housing and Community Affairs

We have audited the basic financial statements of the Texas Department of Housing and Community Affairs (the "Department") for the year ended August 31, 2004 and have issued our report thereon dated December 17, 2004.

Our professional standards require that we communicate with you concerning certain matters that may be of interest to you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Department is responsible. We have prepared the following comments to assist you in fulfilling that obligation.

#### OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND GOVERNMENT AUDITING STANDARDS

Our responsibility under auditing standards generally accepted in the United States of America ("generally accepted auditing standards") and *Government Auditing Standards* issued by the Comptroller General of the United States has been described to you in our engagement letter. As described in that letter, those standards require, among other things, that we obtain an understanding of the Department's internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. We have issued a separate report to you, dated December 17, 2004, containing our comments on the Department's internal control.

#### MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the Department's 2004 financial statements include the allowance for doubtful accounts and accumulated depreciation.

#### AUDIT ADJUSTMENTS

Our audit was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. In addition, we are obligated by generally accepted auditing standards to inform you of any adjustments arising from the audit that could, in our judgment, either individually or the aggregate, have a significant effect on the Department's financial reporting process.

In addition, we are obligated by generally accepted auditing standards to inform you about uncorrected misstatements (regardless of whether they have a significant effect on the financial reporting process) aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. There are no such uncorrected misstatements, as all misstatements detected in our audit have been corrected by management.

#### SIGNIFICANT ACCOUNTING POLICIES

The Department's significant accounting policies are set forth in Note 1 to the Department's 2004 basic financial statements.

#### ALTERNATIVE ACCOUNTING TREATMENTS

We had no discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices related to material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, related the year ended, August 31, 2004.

#### OTHER INFORMATION IN THE BASIC FINANCIAL STATEMENTS

When audited financial statements are included in documents containing other information such as the schedules included with the basic financial statements, generally accepted auditing standards require that we read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. We have read the other information in the schedules and have inquired as to the methods of measurement and presentation of such information. If we had noted a material inconsistency, or if we had obtained any knowledge of a material misstatement of fact in the other information, we would have discussed this matter with management.

#### DISAGREEMENTS WITH MANAGEMENT

We have not had any disagreements with management related to matters that are material to the Department's 2004 financial statements. We received the full cooperation of management during our audit.

#### CONSULTATION WITH OTHER ACCOUNTANTS

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during 2004.

#### MAJOR ISSUES DISCUSSED WITH MANAGEMENT PRIOR TO RETENTION

Throughout the year, routine discussions regarding the application of accounting principles or auditing standards were held with management in connection with transactions that have occurred, transactions that are contemplated or reassessment of current circumstances. In our judgment, such discussions were not held in connection with our retention as auditors.



## DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

In our judgment, we received the full cooperation of the Department's management and staff and had unrestricted access to the Department's senior management in the performance of our audit.

## OTHER MATERIAL WRITTEN COMMUNICATIONS

Items that we believe constitute other material written communications between management and us related to the audit for the year ended August 31, 2004 are the following:

- Engagement Letter – June 27, 2004
- Management Representation Letter – December 17, 2004

We would be pleased to provide you copies of these communications should you so desire.

This report is intended solely for the information and use of the Board of Trustees, management and others within the Department and is not intended to be and should not be used by anyone other than these specified parties.

We will be pleased to discuss this report with you further at your convenience.

Yours truly,

*Deloitte + Touche LLP*

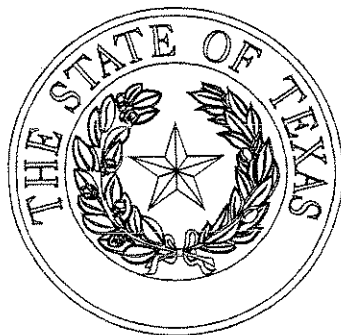
*Texas Department of Housing and Community Affairs*

*Opinion Audit on FY 2004 Basic Financial Statements*

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

**BASIC FINANCIAL STATEMENTS**  
for the year ended August 31, 2004

*(With Independent Auditors' Report Thereon)*



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**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**Basic Financial Statements**  
for the year ended August 31, 2004

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## INDEPENDENT AUDITORS' REPORT

The Honorable Rick Perry, Governor, and the Board of Directors  
Texas Department of Housing and Community Affairs

We have audited the accompanying financial statements of the governmental activities, business-type activities, major funds, remaining fund information and supporting schedules 1A through 1D of the Texas Department of Housing and Community Affairs (the "Department") as of and for the year ended August 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements and supporting schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the financial statements, the financial statements of the Department are intended to present the financial position and results of operations and cash flows of only that portion of the funds of the State of Texas which are attributable to the transactions of the Department.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, major funds and remaining fund information of the Department, as of August 31, 2004, and the results of its operations and cash flows (where applicable) for the year then ended in conformity with accounting standards generally accepted in the United States of America. Also, in our opinion, schedules 1A through 1D, as listed in the table of contents, present fairly, in all material respects, the information set forth therein.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplementary schedules 1 and 2, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Department.

These financial statements and schedules are also the responsibility of Department management. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2004, on our consideration of Department's internal control over financial reporting and our tests of its compliance and other matters. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

*Deloitte + Touche LLP*

December 17, 2004



MANAGEMENT'S

DISCUSSION AND ANALYSIS

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## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Texas Department of Housing and Community Affairs' (Department) annual financial report presents management's discussion and analysis of the Department's financial performance during the fiscal year that ended on August 31, 2004. Please read it in conjunction with the Department's financial statements, which follow this section.

### Financial Highlights

- The Department's business-type activity net assets decreased by \$1.3 million and a decrease of \$2.1 million in governmental activities.
- The Department's proprietary fund went from an Operating (Loss) of \$9.4 million to an Operating Income of \$1.2 million. This was a combination of a larger increase in revenues than an increase in expenses. The change in fair value of investments reversed itself from an unrealized (loss) of \$6.2 million in fiscal year 2003 to an unrealized gain of \$5.4 million in fiscal year 2004 or \$11.6 million; this accounted for 95% of the increase in operating income. There was an increase in expenses, specifically bond interest expense of \$1.8 million to \$99.7 million due to an increase in bonds outstanding.
- Net Assets in the Department's Governmental Funds decreased from \$11.1 million to \$9.0 million. The change is a combination of decreased revenues and expenditures. In addition, the decrease can be attributed to the transfer out of Earned Federal Funds collected in excess of appropriation authority and the transfer out of an unspent balance in the System Benefit Fund (SBF) due to close-out of the program.
- The Department's proprietary fund debt increased \$174.1 million to \$1.9 billion. Debt issuances and debt retirements totaled \$434.7 million and \$260.6 million, respectively.
- Loan originations for the year totaled \$263 million and \$13.3 million in the Department's proprietary and governmental funds, respectively.

### Overview of the Financial Statements

The financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two types of statements that present different views of the Department.

- The first two statements are Government wide financial statements that provide information about the Department's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Assets and the Statement of Activities.
- The remaining statements are fund financial statements of the Department's governmental funds and proprietary fund. The governmental funds' activities are funded primarily from Federal funds but also include General Revenue appropriations for which the Department follows a modified accrual basis of accounting. The Department's

proprietary fund operates similar to business activities and follows an accrual basis of accounting.

- The basic financial statements also include a “Notes to Financial Statements” section which explains some of the information presented in the Department-wide and fund financial statements and provides additional detailed data.
- The “Notes to the Financial Statements” section is followed by the “Supplementary Bond Schedules” section.

The remainder of this overview section of the management’s discussion and analysis explains the structure and contents of each of these statements.

### **Government Wide Financial Statements**

The Statement of Net Assets shows Governmental Activities and Business-type Activities consolidated on a full accrual basis. The Statement of Activities presents a government wide format of expenses, charges for services, operating grants and contributions and net expenses by both Governmental Activities and Business-type Activities. Both activities are further broken down by function and programs. The second section of the Statement of Activities shows general revenues not associated with a particular program but provides resources for the Department’s programs and operations. The fiduciary activity is not included in the government wide statements.

## Statement of Net Assets

The following tables show a summary of changes from prior year amounts by fund type.

Texas Department of Housing and Community Affairs Condensed Statement of Net Assets – Governmental Activities As of August 31, 2004				
	Governmental Activities		Increase / (Decrease)	
	2004	2003	Amount	%
<b>Assets</b>				
Cash & Investments	\$ 3,340,628	\$ 10,611,463	\$ (7,270,835)	(68.5)
Legislative Appropriations	10,659,878	11,749,954	(1,090,076)	(9.3)
Federal Receivable	4,909,188	3,931,559	977,629	24.9
Other Intergovernmental Receivables	1,423,187	2,223,298	(800,111)	(36.0)
Accounts Receivable	-	377,928	(377,928)	(100.0)
Interfund Receivables	106,338	291,387	(185,049)	(63.5)
Loans and Contracts	99,001,587	82,989,269	16,012,318	19.3
Capital Assets	137,885	192,435	(54,550)	(28.3)
Due from Other Agencies	160,462	507,893	(347,431)	(68.4)
Other Assets	160,541	74,845	85,696	114.5
<b>Total Assets</b>	<b>119,899,694</b>	<b>112,950,031</b>	<b>6,949,663</b>	<b>6.2</b>
<b>Liabilities</b>				
Accounts Payable	8,306,095	16,753,503	(8,447,408)	(50.4)
Payroll Payable	849,105	861,242	(12,137)	(1.4)
Deferred Revenue	100,461,077	80,705,770	19,755,307	24.5
Due to Other Agencies	-	2,768,810	(2,768,810)	(100.0)
Other Liabilities	1,272,803	734,016	538,787	73.4
<b>Total Liabilities</b>	<b>110,889,080</b>	<b>101,823,341</b>	<b>9,065,739</b>	<b>8.9</b>
<b>Net Assets</b>				
Invested in Capital Assets	137,885	192,435	(54,550)	(28.3)
Restricted by Grantor	311,148	275,970	35,178	12.7
Unrestricted	8,561,581	10,658,285	(2,096,704)	(19.7)
<b>Total Net Assets</b>	<b>\$ 9,010,614</b>	<b>\$ 11,126,690</b>	<b>\$ (2,116,076)</b>	<b>(19.0)</b>

Net assets of the Department's governmental funds decreased by 19%.

Cash and Investments decreased 68% due to the closure of the SBF and the transfer to Texas Workforce Commission (TWC) a deposit which was erroneously wired to our account at end of the fiscal year 2003.

The Department experienced a decrease of payment activities at year-end for the Low Income Home Energy Assistance Program (LIHEAP) and Housing Trust Fund (HTF). It is reflected in the decrease of Other Intergovernmental Receivables, Due from Other Agencies, and Accounts Payable. Accounts Payable was further decreased because of the closure of SBF during the fiscal year.

The Department experienced increases of Loans and Contracts as well as Deferred Revenue. This \$16 million increase occurred primarily because of the increase of current and non-current

program loans, which are funded by state and federal funds. These loans consist of HOME (\$87 million) and HTF (\$12 million) program activities.

Due to Other Agencies in 2003 represents a deposit of the TWC which was erroneously wired to our account in the State Treasury. This deposit was transferred back to TWC through the State Treasury in 2004.

Included in the Other Liabilities are Employees' Compensable Leave and the Department's contingent liabilities. The Department's management has recorded \$483,115 as an estimate of potential settlement of disallowed costs pursuant to the administration of the HOME program. The Department is currently seeking a waiver of the disallowed costs. There has not been a final determination as of the date of this report.

<b>Texas Department of Housing and Community Affairs</b>				
<b>Business-Type Activities – Condensed Statement of Net Assets as of August 31, 2004</b>				
	<b>Business-Type Activities</b>		<b>Increase / (Decrease)</b>	
	2004	2003	Amount	%
<b>Assets</b>				
Cash & Investments	\$ 1,382,370,290	\$1,320,233,438	\$ 62,136,852	4.7
Loans and Contracts	940,023,428	771,706,169	168,317,259	21.8
Interest Receivable	10,971,487	10,041,796	929,691	9.3
Capital Assets	261,918	307,981	(46,063)	(15.0)
Real Estate Owned	552,282	756,360	(204,078)	(27.0)
Deferred Issuance Cost	11,236,074	11,379,321	(143,247)	(1.3)
Other Assets	1,463,813	1,022,084	441,729	43.2
<b>Total Assets</b>	<b>2,346,879,292</b>	<b>2,115,447,149</b>	<b>231,432,143</b>	<b>11.0</b>
<b>Liabilities</b>				
Bonds/Notes Payable	1,957,777,506	1,794,838,720	162,938,786	9.1
Interest Payable	23,839,835	23,317,030	522,805	2.2
Deferred Revenue	10,091,146	10,562,494	(471,348)	(4.5)
Other Liabilities	247,603,554	177,903,040	69,700,514	39.1
<b>Total Liabilities</b>	<b>2,239,312,041</b>	<b>2,006,621,284</b>	<b>232,690,757</b>	<b>14.1</b>
<b>Net Assets</b>				
Invested in Capital Assets	261,918	307,981	(46,063)	(15.0)
Restricted	82,716,596	84,064,184	(1,347,588)	(1.6)
Unrestricted	24,588,737	24,453,700	135,037	0.6
<b>Total Net Assets</b>	<b>\$ 107,567,251</b>	<b>\$ 108,825,865</b>	<b>\$ (1,258,614)</b>	<b>(1.2)</b>

Net assets of the Department's proprietary fund decreased \$1,258,614, or 1.2% to \$107,567,251. The decrease resulted primarily from a decline in earnings from the Department's investments, loans, and other programs and an increase in expenses. Restricted net assets of the Department's proprietary fund decreased \$1,347,588 or 1.6%. Unrestricted net assets increased \$135,037 or 0.6%.

Cash and investments increased \$62,136,852, or 4.7% to \$1,382,370,290, as funds were generated from debt issuances, reinvestment of loan repayments, and interest earnings. Current

and non-current loans and contracts increased \$168,317,259 or 21.8% to \$940,023,428, primarily as a result from the origination of \$253,955,000 and \$73,210,000 in payoffs of mortgage loans under the Department's Multifamily Program. Current and non-current bonds and notes payable increased \$162,938,786, or 9.1% due to new debt issuances associated with the Department's Single Family and Multifamily Programs.

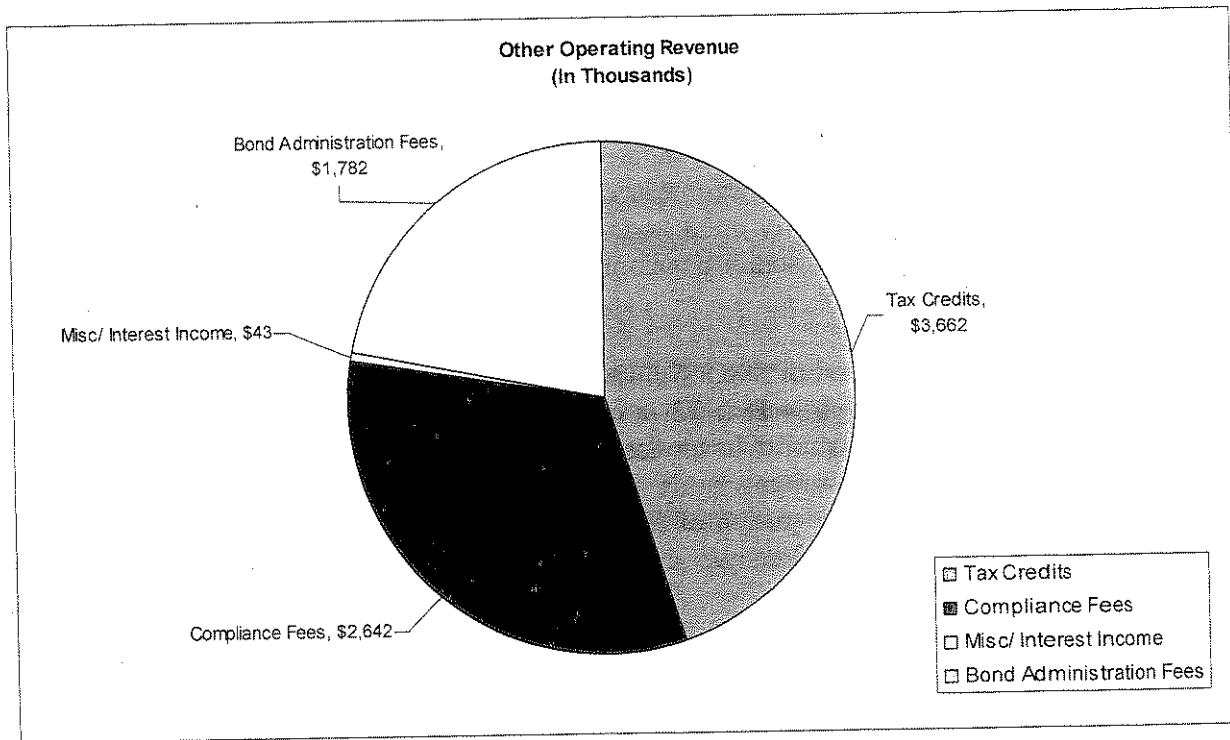
Earnings within the Department's various funds were \$114,920,455 of which \$106,449,220 is classified as restricted and \$8,471,235 as unrestricted. Restricted funds consist of bond proceeds from Single Family and Multifamily bond issuances. Unrestricted funds consist of funds for Single Family housing and Multifamily development loans from the Housing Trust Fund and Housing Initiative Programs.

Restricted earnings are composed of \$96,887,640 in interest and investment income, \$5,373,407 in fair value of investments, and \$4,188,173 in other revenue. Interest and investment income are restricted per bond covenants for debt service. Fair value of investments is an unrealized gain due to the fact that the Department holds investments until maturity. Other revenue is predominantly an accounting recognition of fees received in previous years that were deferred when received and are being amortized over a period of time.

Unrestricted earnings are composed of \$342,398 in interest and investment income and \$8,128,837 in other operating revenue. Interest and investment income earned from unrestricted investments are used to support various housing initiative programs such as HTF and the Bootstrap Program. Sources for other operating revenue are fees from the Tax Credit Program, compliance fees, bond administrative fees, and miscellaneous interest earned from funds held by the Comptroller.

Fees earned under the Tax Credit Program are application fees, commitment fees, and inspection fees. Yearly compliance fees are generated from the Department's portfolio of multifamily properties. The department performs on site visits and desk reviews to ensure that the properties are in compliance with the various housing regulations. Bond administrative fees are generated yearly from the various bond issuances to support the Department's administrative expenses.

The graph below illustrates the composition of the \$8,128,837 in other operating revenue, classified as unrestricted earnings, according to the different housing programs.



**Statement of Activities**

The Statement of Activities reflects the sources of the Department’s changes in net assets as they arise through its various programs and functions. Single Family, Multifamily, and Housing Trust Fund are shown as business-type activities, and eight major programs are shown as governmental activities. Federal and state assistance activities allocate various subsidy funds to local governments, nonprofit organizations, or individuals.

A condensed Statement of Activities for the fiscal year ended August 31, 2004 and 2003 is shown in the table below.

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Program Revenues:						
Charges for Services	\$ 3,544	\$ 2,207	\$ 109,205	\$ 108,409	\$ 112,749	\$ 110,616
Operating Grants and Contributions	126,181	126,490	-	-	126,181	126,490
General Revenues	6,553	9,481	3,281	(7,638)	9,834	1,843
<b>Total Revenue</b>	<b>136,278</b>	<b>138,178</b>	<b>112,486</b>	<b>100,771</b>	<b>248,764</b>	<b>238,949</b>
Total Expenses	138,396	150,919	113,744	112,146	252,140	263,065
Excess before Transfers	(2,118)	(12,741)	(1,258)	(11,375)	(3,376)	(24,116)
Transfers	2	1,429	-	-	2	1,429
<b>Change in Net Assets</b>	<b>\$ (2,116)</b>	<b>\$ (11,312)</b>	<b>\$ (1,258)</b>	<b>\$ (11,375)</b>	<b>\$ (3,374)</b>	<b>\$ (22,687)</b>



## **Governmental Fund Activities**

Revenues of the Department's Governmental Activities were primarily from Operating Grants and Contributions. The majority of the revenues were from U.S. Department of Housing and Urban Development and U.S. Department of Health and Human Services. General Revenues are revenues appropriated to the Department in accordance with legislative acts and regulations.

Expenses of the Department's Governmental Activities consist primarily of Intergovernmental Payments and Public Assistance Payments. The Department distributes program funds to local providers, including local governmental, nonprofit and for-profit organizations, community based organizations, and real estate developers. The decrease in expenses is primarily due to decreased activities in the HOME program.

## **Business-Type Activities**

Revenues of the Department's business-type activities were primarily from charges for services of \$109,204,650 and an increase of fair value of investments of \$5,373,407. Charges for services consist primarily of earned interest income on loans for the three housing programs. It also includes program investment income which is earned within the Department's bond programs, the investments and the income of which are restricted to those programs by a pledge to the respective bond indentures. Total revenue increased \$11,714,315 which consisted primarily of the increase in fair value of investments from an unrealized loss of \$6,195,744 in fiscal year 2003 to an unrealized gain of \$5,373,407 in fiscal year 2004.

Expenses of the Department's business-type activities consist primarily of interest expense of \$99,720,640, which increased \$1,768,020. The increase in interest expense is a result of an increase in the Department's debt issued to fund its various Single Family and Multifamily lending programs. The direct expenses also include Administrative Funds and allocations of expenses of Department programs that directly involve the production or monitoring activities associated with the housing programs, as well as certain costs incurred, both internally and externally. Administrative expenses increased \$14,006 to \$11,524,944 which was incurred within the Department's Administrative Funds including all other administrative and supportive functions and overhead expenses.

The Department's business-type activities expenses of \$113,743,866 exceeded charges for services of \$109,204,650 by \$4,539,216. Charges for services, primarily interest income on loans and investment income, are intended to cover bond principal and interest expense. The other direct expenses were covered and the difference was covered by prior year available net assets. This income, plus interest earned on loans, produces an adequate amount to pay Department obligations as required by the bond indentures covenants.

The Department's business-type activities also generated \$342,398 of unrestricted investment income, which was used primarily to pay administrative costs.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the Department's most significant funds and the Department as a whole. The Department has two types of funds:

- Governmental funds – The Department has a General Revenue Fund and a Special Revenue Fund. The General Revenue Fund is the principal operating fund used to account for the Department's general activities. The financing for this fund is authorized through state legislative appropriations either as committed or collected revenues. Federal and state programs are also reported within this fund. The Special Revenue Fund is used to account for the System Benefit Fund which has been closed out during fiscal year 2004.
- Proprietary fund – The Department's activities in its proprietary fund are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuance of taxable and tax-exempt bonds whose proceeds are used to fund various types of loans to finance low and moderate-income housing. This fund also receives fee income from the Multifamily Tax Credit Program and compliance fees collected for the purpose of covering the operating costs of the Department. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes or debt service.

## Governmental Funds

**Texas Department of Housing and Community Affairs**  
**Governmental Funds Activities**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**

			<u>Increase / (Decrease)</u>	
	2004	2003	Amount	%
<b>OPERATING REVENUES</b>				
Legislative Appropriations	\$ 5,956,505	\$ 11,612,582	\$ (5,656,077)	(48.7)
Federal Revenues	122,624,178	123,257,880	(633,702)	(0.5)
Federal Grant Pass-Through	395,441	10,000	385,441	3854.4
State Grant Pass-Through	966,170	1,021,269	(55,099)	(5.4)
Licenses, Fees and Permits	2,837,929	1,853,255	984,674	53.1
Interest and Investment Income	162,777	212,548	(49,771)	(23.4)
Sales of Goods and Services	706,088	353,952	352,136	99.5
Other Revenue	3,947,227	3,307,200	640,027	19.4
Total Operating Revenues	<u>137,596,315</u>	<u>141,628,686</u>	<u>(4,032,371)</u>	<u>(2.8)</u>
<b>OPERATING EXPENDITURES</b>				
Salaries and Wages	7,734,512	8,793,150	(1,058,638)	(12.0)
Payroll Related Costs	1,901,866	2,000,751	(98,885)	(4.9)
Professional Fees and Services	675,767	611,015	64,752	10.6
Travel	425,940	522,021	(96,081)	(18.4)
Materials and Supplies	224,148	332,190	(108,042)	(32.5)
Communications and Utilities	248,402	254,028	(5,626)	(2.2)
Repairs and Maintenance	71,188	74,624	(3,436)	(4.6)
Rentals and Leases	1,051,186	1,045,934	5,252	0.5
Printing and Reproduction	63,561	69,688	(6,127)	(8.8)
Claims and Judgments	979,864	365,460	614,404	168.1
Other Operating Expenditures	332,769	228,870	103,899	45.4
Capital Outlay	26,535	74,317	(47,782)	(64.3)
Federal Pass-Through Expenditures	-	15,995	(15,995)	(100.0)
Intergovernmental Payments	23,763,732	32,511,942	(8,748,210)	(26.9)
Public Assistance Payments	100,810,395	104,118,513	(3,308,118)	(3.2)
Total Operating Expenditures	<u>138,309,865</u>	<u>151,018,498</u>	<u>(12,708,633)</u>	<u>(8.4)</u>
Excess of Revenues over Expenditures	(713,550)	(9,389,812)	8,676,262	(92.4)
Other Financing Sources (Uses)	(2,195,495)	(49,213)	(2,146,282)	4361.2
<b>CHANGE IN FUND BALANCE</b>	(2,909,045)	(9,439,025)	6,529,980	(69.2)
Beginning Fund Balance	11,668,271	23,078,979	(11,410,708)	(49.4)
Appropriations Reinstated (Lapsed)	903,191	(1,971,683)	2,874,874	(145.8)
Ending Fund Balance	<u>\$ 9,662,417</u>	<u>\$ 11,668,271</u>	<u>\$ (2,005,854)</u>	<u>(17.2)</u>

Revenues of the Department's governmental activities totaled \$137.6 million and were generated by grants and contributions primarily from LIHEAP, Community Services, and HOME programs. Expenses of \$138.3 million consisted primarily of Intergovernmental and Public Assistance Payments.

Operating revenues from governmental activities decreased by \$4 million in 2004. The majority of the decrease was attributed to the decrease in Legislative Appropriations in the CDBG and HTF strategies.

The change to licenses, fees, and permits was a result of increased charges for various license fees by the Manufactured Housing Division. Sales of Goods and Services also increased due to increased fees collected from HUD for floor plans produced and shipped by the Division.

The Department experienced a decrease in expenses. It consisted of a decrease in Intergovernmental Payments by 27% primarily for the HOME Program and a net decrease in the Public Assistance Payments by 3%. Public Assistance Payments were increased in the LIHEAP program but the increase was offset by decrease in the HTF and Investor Owned Utilities (IOU) programs.

Salaries and Wages decreased 12% due to workforce reduction in the Manufactured Housing Division and retirement incentive payments provided by the Seventy-eighth Legislature.

Other Financing Sources (Uses) is composed of reclassification of prior year Appropriations Reinstated (Lapsed) and Transfers Out of earned federal revenues collected in excess of appropriation authority and an unspent balance in SBF.

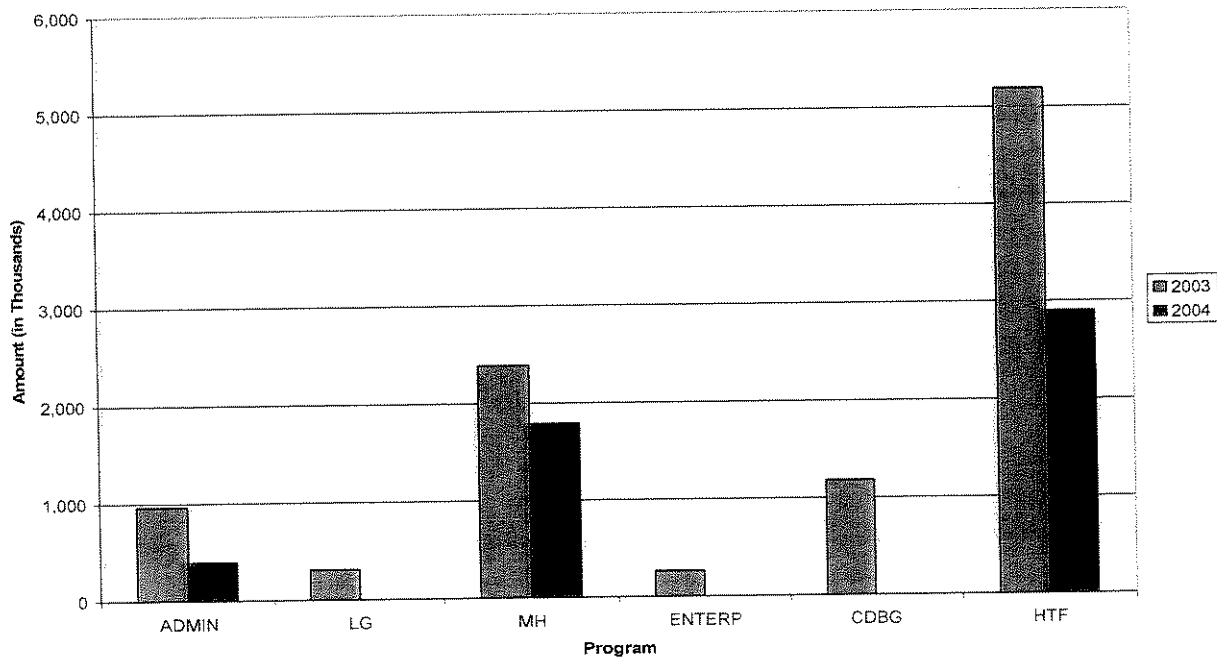
The following graphs illustrate a comparison between fiscal year 2004 and 2003 for Legislative Appropriations, Federal Revenues, Intergovernmental Payments, and Public Assistance Payments.

The acronyms used in the graphs are defined as following:

CDBG	Community Development Block Grant
CSBG	Community Services Block Grant
DOE	Department of Energy Weatherization Assistance for Low-Income Persons
ESGP	Emergency Shelter Grants Program
HOME	HOME Investment Partnerships Program
LIHEAP	Low-Income Home Energy Assistance Program
SEC 8	Section 8 Housing Choice Vouchers
HTF	Housing Trust Fund
IOU	Investor Owned Utilities
MH	Manufactured Housing
LG	Local Government Activities
ENTERP	Emergency Nutrition/ Temporary Emergency Relief Program
ADMIN	Department Administrative Costs

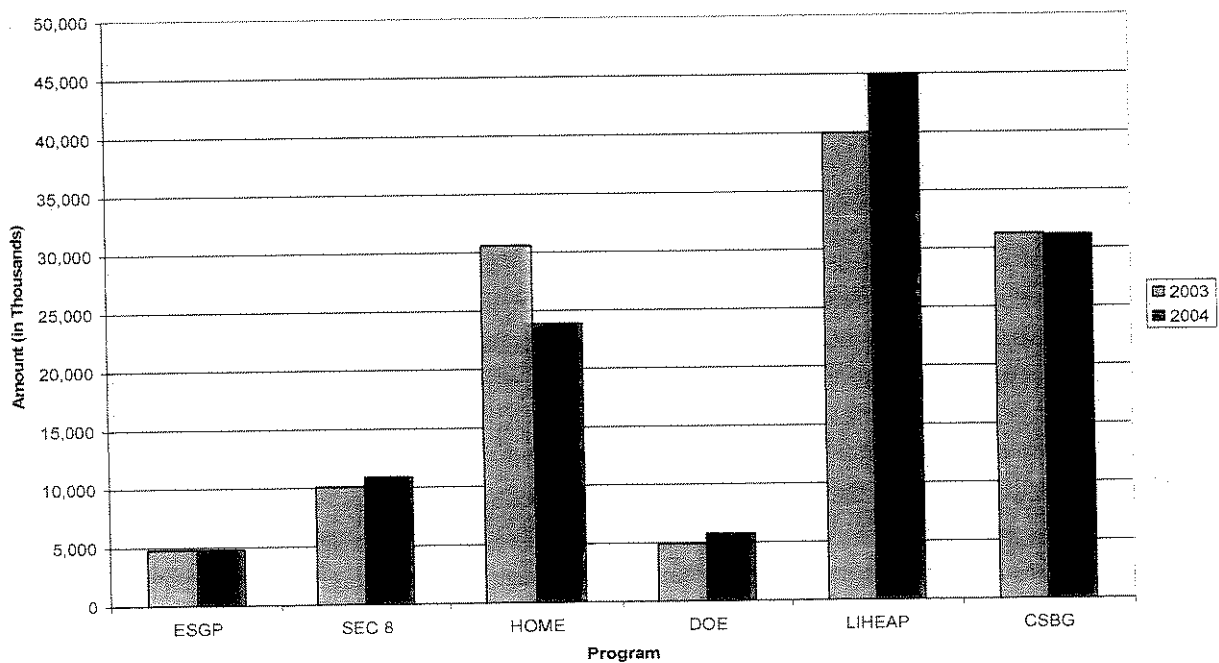
Legislative Appropriations: Dedicated General Revenues established by the Comptroller's Office to account for specific activities or the attainment of certain objectives in accordance with legislative acts or regulations.

Legislative Appropriations

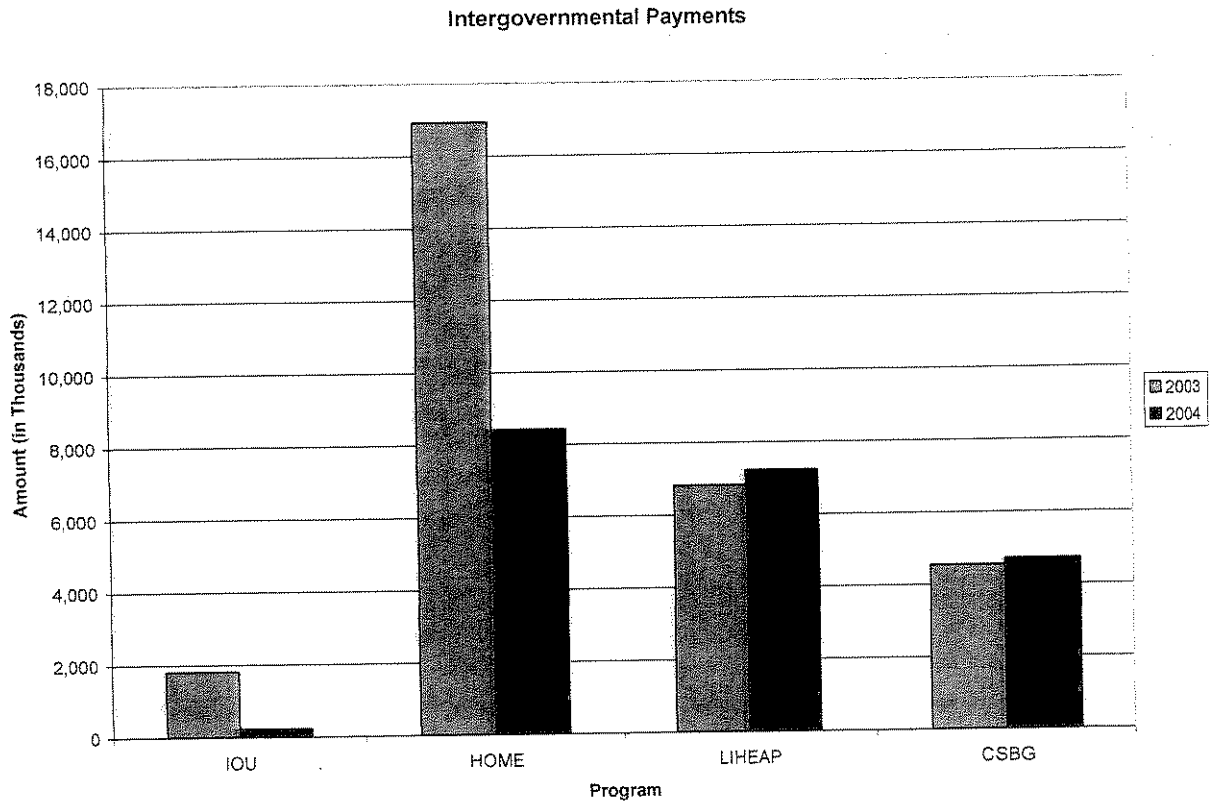


Federal Revenues: Receipts from the State's participation in programs financed with federal funds.

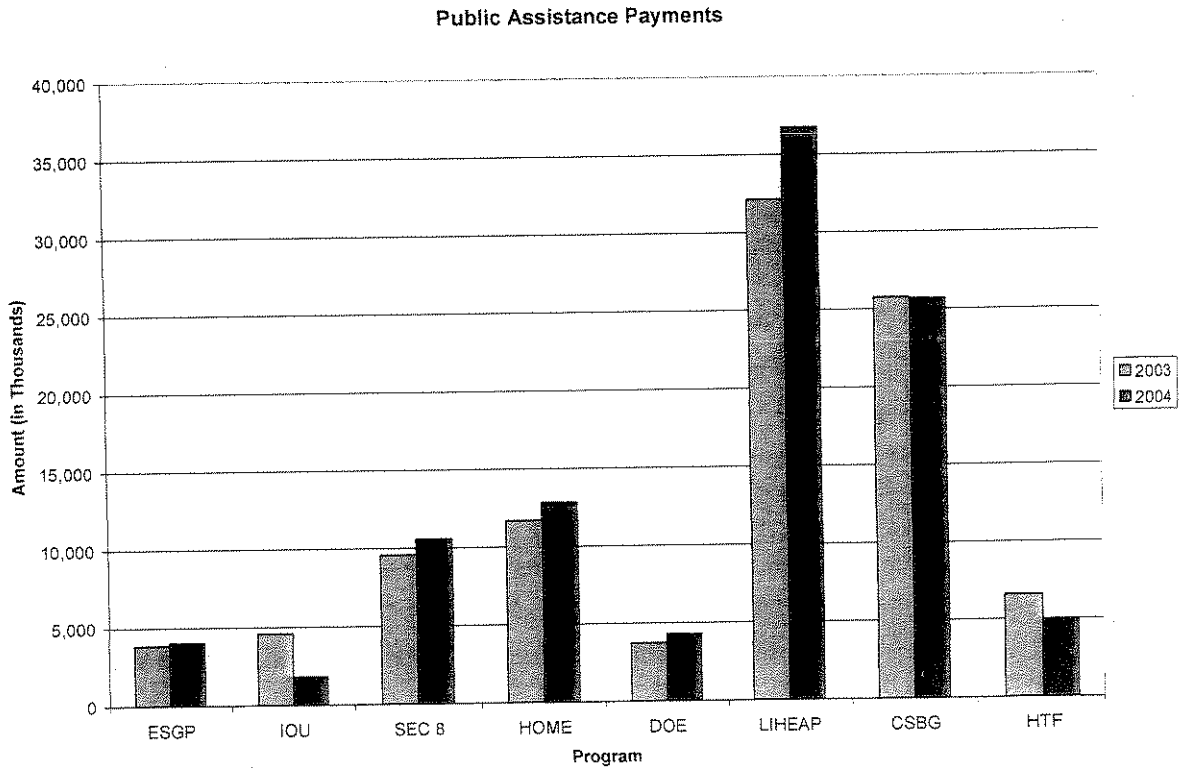
Federal Revenues



Intergovernmental Payments: Payment of grants to cities, counties, councils of government or other governmental entities.



Public Assistance Payments: Payment of grants to community action groups and organizations for community service programs.



**Proprietary fund**

Net assets of the Department's proprietary fund decreased from the August 31, 2003 figures by \$1,258,614 or 1.2% to \$107,567,251. The following table summarizes the Statement of Revenues, Expenses and Changes in Net Assets of the Department's proprietary fund for the fiscal years ended August 31, 2004 and August 31, 2003.

Texas Department of Housing and Community Affairs Business-Type Activities Statement of Revenues, Expenses and Changes in Net Assets				
			Increase / (Decrease)	
	2004	2003	Amount	%
<b>OPERATING REVENUES</b>				
Interest and Investment Income	\$ 97,230,038	\$ 99,245,827	\$ (2,015,789)	(2.0)
Net Increase (Decrease) in Fair Value	5,373,407	(6,195,744)	11,569,151	186.7
Other Operating Revenues	12,317,010	9,678,880	2,638,130	27.3
<b>Total Operating Revenues</b>	<b>114,920,455</b>	<b>102,728,963</b>	<b>12,191,492</b>	<b>11.9</b>
<b>OPERATING EXPENSES</b>				
Salaries and Wages	6,374,118	6,344,583	29,535	0.5
Payroll Related Costs	1,673,378	1,637,196	36,182	2.2
Professional Fees and Services	1,135,033	1,174,212	(39,179)	(3.3)
Travel	207,373	215,641	(8,268)	(3.8)
Materials and Supplies	198,353	282,657	(84,304)	(29.8)
Communications and Utilities	107,777	137,745	(29,968)	(21.8)
Repairs and Maintenance	144,247	132,623	11,624	8.8
Rentals and Leases	923,690	944,944	(21,254)	(2.2)
Printing and Reproduction	14,750	46,541	(31,791)	(68.3)
Depreciation Expense	638,903	665,757	(26,854)	(4.0)
Interest	99,720,640	97,952,620	1,768,020	1.8
Other Operating Expenses	2,605,604	2,611,610	(6,006)	(0.2)
<b>Total Operating Expenses</b>	<b>113,743,866</b>	<b>112,146,129</b>	<b>1,597,737</b>	<b>1.4</b>
<b>Operating Income (Loss)</b>	<b>1,176,589</b>	<b>(9,417,166)</b>	<b>10,593,755</b>	<b>112.5</b>
<b>NONOPERATING REVENUES (EXPENSES) &amp; EXTRAORDINARY ITEMS</b>	<b>(2,435,203)</b>	<b>(1,958,026)</b>	<b>477,177</b>	<b>24.4</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,258,614)</b>	<b>(11,375,192)</b>	<b>10,116,578</b>	<b>88.9</b>
Beginning Net Assets,	108,825,865	120,202,156	(11,376,291)	(9.5)
Restatements	-	(1,099)	1,099	100.0
<b>Net Assets, as Restated</b>	<b>108,825,865</b>	<b>120,201,057</b>	<b>(11,375,192)</b>	<b>(9.5)</b>
<b>Ending Net Assets</b>	<b>\$ 107,567,251</b>	<b>\$ 108,825,865</b>	<b>\$ (1,258,614)</b>	<b>(1.2)</b>

Interest earned on program loans increased by \$4,973,779, or 11.5% due primarily to an increase of \$6,967,707 or 19.0% within the Department's Multifamily Bond Program, due to higher loan amounts outstanding. The increase was offset by a decrease of \$1,934,173 or 31.0% within the Single Family Bond Program, due to decreasing balances of higher interest rate loans paid off by consumers.

Investment income decreased \$6,853,514 or 12.3% and reflected lower investment yields for the market overall. The primary decrease in investment income was within the Single Family Bond Program funds, which declined \$3,785,921 or 18.1% and the Residential Mortgage Revenue Bond Program funds, which declined \$664,145 or 2.6%.

Interest expense increased \$1,768,020, or 1.8% due to increased debt within the Single Family and Multifamily Bond Funds.

The following table illustrates the changes in net assets by program of the Department's business-type activities for the fiscal years 2004 and 2003.

Texas Department of Housing and Community Affairs Business-Type Activities Changes in Net Assets by Fund Groups (amounts in thousands)					
Fund		2004	2003	Increase / (Decrease)	
				Amount	%
Single Family	\$	57,077	\$ 58,538	\$ (1,461)	(2.5)
RMRB		19,192	17,463	1,729	9.9
CHMRB		2,288	2,191	97	4.4
Multifamily		629	1,632	(1,003)	(61.5)
1993 SF CHMRB		1,190	1,390	(200)	(14.4)
1994 / 1995 SF CHMRB		2,272	2,823	(551)	(19.5)
Commercial Paper		68	28	40	142.9
General Funds		13,944	13,004	940	7.2
Housing Trust Fund		11,527	11,392	135	1.2
Administration Fund		(47)	117	(164)	(140.2)
Compliance Programs		(85)	1,205	(1,290)	(107.1)
Housing Initiatives		(488)	(957)	469	49.0
Total	\$	107,567	\$ 108,826	\$ (1,259)	(1.2)

The fiscal year 2004 net assets of the Compliance Programs decreased \$1,290,914 or 107.1% due to operating transfers to the Administration funds, which are primarily used to offset administrative costs. The net assets in the Housing Initiatives increased \$468,392 or 49.0% as a result of surplus equity after the operating transfers to offset administrative costs.

The net assets of the Single Family Bond Program decreased by \$1,460,582 or 2.5%, primarily due to a decrease in interest and investment income and increase in interest expense. The net assets of the Residential Mortgage Revenue Bonds (RMRB) increased by \$1,729,265 due to the

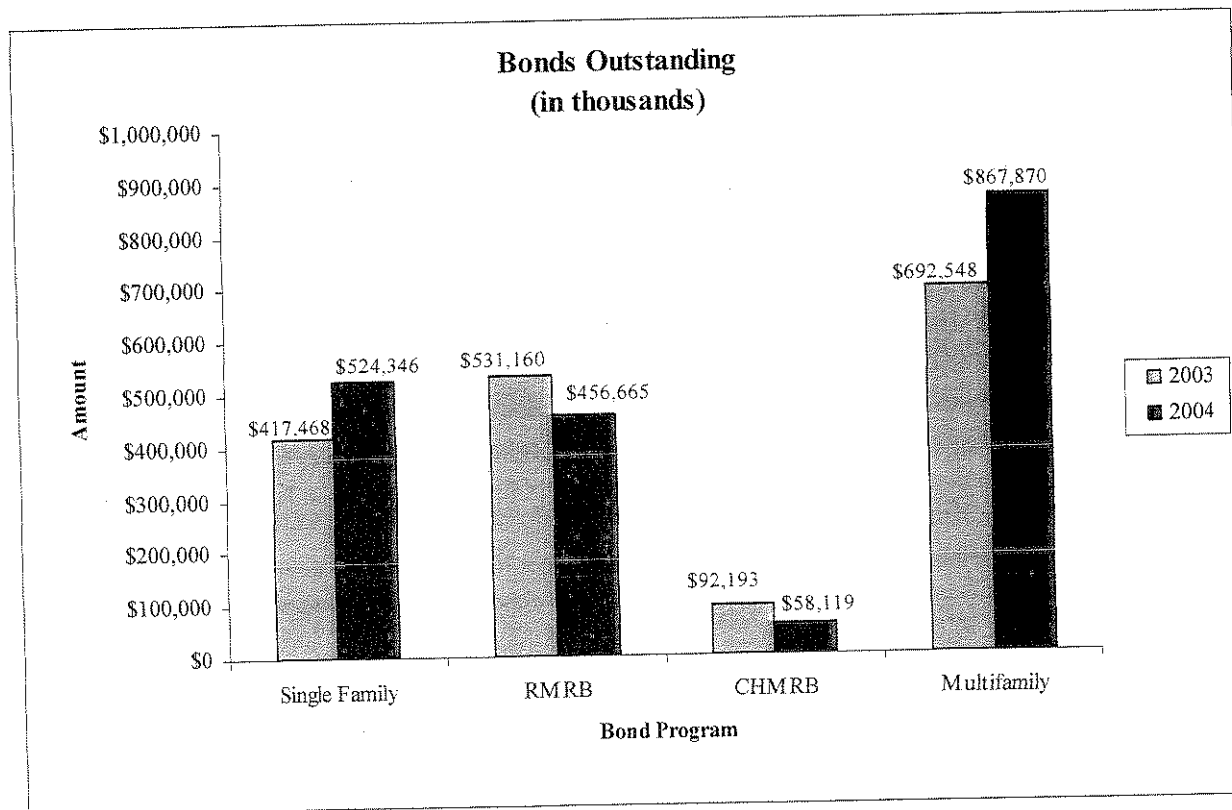


net effect of a \$4,101,084 adjustment to fair value of investments, a decrease in investment income, and an increase in interest expense.

### Department Debt

The Department's new debt issuances during fiscal year 2004 totaled \$434,705,000. The Single Family program issued \$180,750,000 in bonds and the Multifamily Bond Program issued \$253,955,000. The Department also had \$260,606,840 in debt retirement during the year primarily due to consumer refinancing and paying off original loans. The net result was an increase in bonds payable of \$174,098,160 to \$1,907,005,439 of which \$26,133,000 is due within one year. For additional information, see Note 12, Bond Indebtedness, and supplementary bond schedules.

The following graph will illustrate a comparison of bonds outstanding between fiscal year 2004 and 2003 per bond program.



### Request for Information

This financial report is designed to provide a general overview of the Texas Department of Housing and Community Affairs' (TDHCA) operations for all parties interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Texas Department of Housing and Community Affairs, Director of Financial Administration, 507 Sabine Street, Austin, Texas, 78701.

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BASIC

FINANCIAL STATEMENTS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I  
STATEMENT OF NET ASSETS - GOVERNMENT WIDE

As of August 31, 2004

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents (Note 3):			
Cash on Hand	\$ -	\$ 200	\$ 200
Cash in Bank	20,000	776,217	796,217
Cash in State Treasury	1,459,490	1,704,342	3,163,832
Cash Equivalents	-	20,936,488	20,936,488
Restricted:			
Cash and Cash Equivalents (Note 3):			
Cash in Bank	-	2,698,944	2,698,944
Cash in State Treasury	1,861,138	-	1,861,138
Cash Equivalents	-	174,449,858	174,449,858
Restricted Short-term Investments (Note 3)	-	137,859,497	137,859,497
Loans and Contracts	-	7,134,370	7,134,370
Interest Receivable	-	10,903,667	10,903,667
Federal Receivable	4,909,188	-	4,909,188
Legislative Appropriations	10,659,878	-	10,659,878
Receivables From:			
Interest Receivable	152,330	67,820	220,150
Accounts Receivable	-	587,422	587,422
Other Intergovernmental	1,423,187	-	1,423,187
Interfund Receivable (Note 7)	106,338	-	106,338
Due From Other Agencies (Note 7)	160,462	-	160,462
Consumable Inventories	8,211	8,211	16,422
Loans and Contracts	2,352,463	176,014	2,528,477
Other Current Assets	-	868,180	868,180
Total Current Assets	<u>23,112,685</u>	<u>358,171,230</u>	<u>381,283,915</u>
Non-Current Assets:			
Loans and Contracts	-	4,590,380	4,590,380
Capital Assets (Note 2):			
Non-Depreciable:			
Other Capital Assets	3,184	3,273	6,457
Depreciable:			
Furniture & Equipment	1,653,428	1,349,686	3,003,114
Accumulated Depreciation	(1,518,727)	(1,091,041)	(2,609,768)
Restricted Assets:			
Investments (Note 3)	-	1,043,944,744	1,043,944,744
Loans and Contracts	96,649,124	928,122,664	1,024,771,788
Other Non-Current Assets:			
Deferred Issuance Cost, net (Note 12)	-	11,236,074	11,236,074
Real Estate Owned, net	-	552,282	552,282
Total Non-Current Assets	<u>96,787,009</u>	<u>1,988,708,062</u>	<u>2,085,495,071</u>
Total Assets	<u>\$ 119,899,694</u>	<u>\$ 2,346,879,292</u>	<u>\$ 2,466,778,986</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT I (Continued)

STATEMENT OF NET ASSETS - GOVERNMENT WIDE

As of August 31, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current Liabilities:			
Payables:			
Accounts Payable	\$ 8,306,095	\$ 901,763	\$ 9,207,858
Accrued Bond Interest Payable	-	23,839,835	23,839,835
Payroll Payable	849,105	-	849,105
Interfund Payable (Note 7)	-	106,338	106,338
Claims and Judgments Payable (Note 8)	483,115	-	483,115
Deferred Revenues	100,461,077	10,091,146	110,552,223
Employees Compensable Leave (Note 5)	586,554	476,918	1,063,472
Notes and Loans Payable (Note 4)	-	50,777,000	50,777,000
Revenue Bonds Payable (Notes 5 & 12)	-	26,133,000	26,133,000
Other Current Liabilities	-	5,946,083	5,946,083
Total Current Liabilities	<u>110,685,946</u>	<u>118,272,083</u>	<u>228,958,029</u>
Non-Current Liabilities:			
Employee Compensable Leave (Note 5)	203,134	127,954	331,088
Revenue Bonds Payable (Notes 5 & 12)	-	1,880,867,506	1,880,867,506
Other Non-Current Liabilities	-	240,044,498	240,044,498
Total Non-Current Liabilities	<u>203,134</u>	<u>2,121,039,958</u>	<u>2,121,243,092</u>
Total Liabilities	<u>110,889,080</u>	<u>2,239,312,041</u>	<u>2,350,201,121</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	137,885	261,918	399,803
Restricted:			
For Single Family Bonds	-	82,087,709	82,087,709
For MultiFamily Bonds	-	628,887	628,887
By Grantor	311,148	-	311,148
Unrestricted	8,561,581	24,588,737	33,150,318
Total Net Assets	<u>\$ 9,010,614</u>	<u>\$ 107,567,251</u>	<u>\$ 116,577,865</u>

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT II  
STATEMENT OF ACTIVITIES - GOVERNMENT WIDE  
For the Year Ended August 31, 2004

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	2004 Total
<b>Primary Government</b>						
<b>Governmental Activities:</b>						
Manufactured Housing	\$ 5,277,605	\$ 3,411,345	\$ -	\$ (1,866,260)	\$ -	\$ (1,866,260)
HOME Investment in Affordable Housing	24,528,587	-	23,849,278	(679,309)	-	(679,309)
Energy Assistance	53,034,967	-	52,821,512	(213,455)	-	(213,455)
Community Services	36,488,088	14,060	36,378,073	(95,955)	-	(95,955)
Section 8	11,347,523	-	10,987,065	(360,458)	-	(360,458)
Housing Trust Fund Administration	5,613,824	-	1,074,388	(4,539,436)	-	(4,539,436)
	2,105,381	118,612	1,070,518	(916,251)	-	(916,251)
<b>Total Governmental Activities</b>	<b>138,395,975</b>	<b>3,544,017</b>	<b>126,180,834</b>	<b>(8,671,124)</b>	<b>-</b>	<b>(8,671,124)</b>
<b>Business-type Activities:</b>						
Single Family Bonds	58,483,384	56,358,534	-	-	(2,124,850)	(2,124,850)
Multifamily Bonds	43,710,507	44,717,279	-	-	1,006,772	1,006,772
Housing Trust Fund Program Administration	25,031	42,263	-	-	17,232	17,232
	11,524,944	8,086,574	-	-	(3,438,370)	(3,438,370)
<b>Total Business-type Activities</b>	<b>113,743,866</b>	<b>109,204,650</b>	<b>-</b>	<b>-</b>	<b>(4,539,216)</b>	<b>(4,539,216)</b>
<b>Total Primary Government</b>	<b>\$ 252,139,841</b>	<b>\$ 112,748,667</b>	<b>\$ 126,180,834</b>	<b>\$ (8,671,124)</b>	<b>\$ (4,539,216)</b>	<b>\$ (13,210,340)</b>

**General Revenues:**

Original Appropriations	\$ 5,075,322	\$ -	\$ 5,075,322
Additional Appropriations	881,183	-	881,183
Interest & Other Investment Income	54,558	342,398	396,956
Other Revenues	1,860,400	-	1,860,400
Appropriations Reinstated (Lapsed)	903,191	-	903,191
Net Increase in Fair Value of Investments	-	5,373,407	5,373,407
Legislative Transfers in	1,521	-	1,521
Transfers (Out)	(2,197,016)	(431)	(2,197,447)
Special item-gain (loss) on sales of capital assets	(24,111)	-	(24,111)
Extraordinary item (loss on early extinguishment of debt)	-	(2,434,772)	(2,434,772)
<b>Total General Revenues and Transfers</b>	<b>6,555,048</b>	<b>3,280,602</b>	<b>9,835,650</b>
Change in Net Assets	(2,116,076)	(1,258,614)	(3,374,690)
Net Assets, September 1, 2003	11,134,596	108,825,865	119,960,461
	(7,906)	-	(7,906)
Restatement (Note 14)	11,126,690	108,825,865	119,952,555
Net Assets, September 1, 2003, as Restated	\$ 9,010,614	\$ 107,567,251	\$ 116,577,865
Net Assets - August 31, 2004			

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT III  
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS  
As of August 31, 2004 with comparative totals for 2003

	General Fund	Special Revenue Fund	2004 Total	2003 Total
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents (Note 3):				
Cash in Bank	\$ 20,000	\$ -	\$ 20,000	\$ 20,000
Cash in State Treasury	1,459,490	-	1,459,490	8,624,252
Restricted:				
Cash and Cash Equivalents (Note 3):				
Cash in State Treasury	1,861,138	-	1,861,138	1,967,211
Federal Receivable	4,909,188	-	4,909,188	3,931,559
Legislative Appropriations	10,659,878	-	10,659,878	11,749,954
Accounts Receivable	-	-	-	377,928
Receivables From:				
Other Intergovernmental	1,423,187	-	1,423,187	2,223,298
Interest	152,330	-	152,330	63,537
Interfund Receivable (Note 7)	407,360	-	407,360	291,387
Due From Other Agencies (Note 7)	160,462	-	160,462	507,893
Consumable Inventories	8,211	-	8,211	11,308
Restricted - Loans and Contracts	2,352,463	-	2,352,463	2,171,214
Total Current Assets	<u>23,413,707</u>	<u>-</u>	<u>23,413,707</u>	<u>31,939,541</u>
Non-Current Assets:				
Restricted - Loans and Contracts	96,649,124	-	96,649,124	80,818,055
Total Non-Current Assets	<u>96,649,124</u>	<u>-</u>	<u>96,649,124</u>	<u>80,818,055</u>
Total Assets	<u>120,062,831</u>	<u>-</u>	<u>120,062,831</u>	<u>112,757,596</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Payables From:				
Accounts Payable	8,306,095	-	8,306,095	16,753,503
Payroll Payable	849,105	-	849,105	861,242
Claims and Judgments Payable (Note 8)	483,115	-	483,115	-
Interfund Payable (Note 7)	301,022	-	301,022	-
Due To Other Agencies	-	-	-	2,768,810
Deferred Revenues	100,461,077	-	100,461,077	80,705,770
Total Liabilities	<u>110,400,414</u>	<u>-</u>	<u>110,400,414</u>	<u>101,089,325</u>
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>				
Fund Balances:				
Reserved for:				
Encumbrances	9,487,602	-	9,487,602	9,979,114
Inventories	8,211	-	8,211	11,308
Imprest	20,000	-	20,000	20,000
Undesignated	146,604	-	146,604	1,657,849
Total Fund Balances as of August 31	<u>9,662,417</u>	<u>-</u>	<u>9,662,417</u>	<u>11,668,271</u>
NOTE: Amounts reported for governmental activities in the statement of net assets are different because:				
Capital net assets net of accumulated depreciation used in governmental activities are not financial resources and therefore not reported in the funds.	137,885	-	137,885	192,435
Long term liabilities relating to employees compensable leave are not due and payable in the current year therefore are not reported in the funds.	(789,688)	-	(789,688)	(734,016)
Eliminate within the Governmental Funds:				
Interfund Receivables	(301,022)	-	(301,022)	-
Interfund Payables	301,022	-	301,022	-
NET ASSETS AS OF AUGUST 31	<u>\$ 9,010,614</u>	<u>\$ -</u>	<u>\$ 9,010,614</u>	<u>\$ 11,126,690</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT IV  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 - GOVERNMENTAL FUNDS

Year Ended August 31, 2004 with comparative totals for 2003

	General Fund	Special Revenue Fund	2004 Total	2003 Total
<b>REVENUES</b>				
Legislative Appropriations:				
Original Appropriations (GR)	\$ 5,075,322	\$ -	\$ 5,075,322	\$ 10,287,250
Additional Appropriations (GR)	881,183	-	881,183	1,325,332
Federal Revenue (PR-OP G/C)	122,624,178	-	122,624,178	123,257,880
Federal Revenue Grant Pass-Thru Revenue(PR-OP G/C)	395,441	-	395,441	10,000
State Grant Pass-Through Revenue (PR-OP G/C)	966,170	-	966,170	1,021,269
Licenses, Fees & Permits (PR-C/S)	2,837,929	-	2,837,929	1,853,255
Interest and Other Investment Income (GR)	162,777	-	162,777	212,548
Sales of Goods and Services (PR-C/S)	706,088	-	706,088	353,952
Other (PR-OP G/C)	2,086,827	-	2,086,827	2,108,052
Other (GR)	1,860,400	-	1,860,400	1,199,148
Total Revenues	<u>137,596,315</u>	<u>-</u>	<u>137,596,315</u>	<u>141,628,686</u>
<b>EXPENDITURES</b>				
Salaries and Wages	7,734,512	-	7,734,512	8,793,150
Payroll Related Costs	1,901,866	-	1,901,866	2,000,751
Professional Fees and Services	675,767	-	675,767	611,015
Travel	425,940	-	425,940	522,021
Materials and Supplies	224,148	-	224,148	332,190
Communication and Utilities	248,402	-	248,402	254,028
Repairs and Maintenance	71,188	-	71,188	74,624
Rentals & Leases	1,051,186	-	1,051,186	1,045,934
Printing and Reproduction	63,561	-	63,561	69,688
Claims and Judgments	979,864	-	979,864	365,460
Federal Pass-Through Expenditures	-	-	-	15,995
Intergovernmental Payments	23,276,740	486,992	23,763,732	32,511,942
Public Assistance Payments	101,250,157	(439,762)	100,810,395	104,118,513
Other Expenditures	332,769	-	332,769	228,870
Capital Outlay	26,535	-	26,535	74,317
Total Expenditures	<u>138,262,635</u>	<u>47,230</u>	<u>138,309,865</u>	<u>151,018,498</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(666,320)</u>	<u>(47,230)</u>	<u>(713,550)</u>	<u>(9,389,812)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				6,728,566
Transfers Out	(1,551,420)	(645,596)	(2,197,016)	(5,299,624)
Legislative Transfers in (Note 7)	1,521	-	1,521	-
Legislative Transfers Out	-	-	-	(1,478,155)
Total Other Financing Sources (Uses)	<u>(1,549,899)</u>	<u>(645,596)</u>	<u>(2,195,495)</u>	<u>(49,213)</u>
Net Change in Fund Balances	(2,216,219)	(692,826)	(2,909,045)	(9,439,025)
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>				
Fund Balances--Beginning	10,975,445	692,826	11,668,271	23,078,979
Appropriations Reinstated (Lapsed)	903,191	-	903,191	(1,971,683)
Fund Balances - August 31	<u>\$ 9,662,417</u>	<u>\$ -</u>	<u>\$ 9,662,417</u>	<u>\$ 11,668,271</u>

EXHIBIT IV (Continued)  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 - GOVERNMENTAL FUNDS  
 Year Ended August 31, 2004 with comparative totals for 2003

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to the statement of activities for the year ended August 31, 2004.

	<u>2004</u> Total	<u>2003</u> Total
Net Change in Fund Balances (Exhibit IV)	\$ (2,909,045)	\$ (9,439,025)
Appropriations Reinstated (Lapsed) (Exhibit IV)	903,191	(1,971,683)
Changes in Fund Balances	<u>(2,005,854)</u>	<u>(11,410,708)</u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because of the adjustments to:		
- capital outlay expense	26,535	74,317
- capital asset contribution	504	-
- depreciation expense	(57,478)	(64,010)
- payroll expense due to Compensable Leave	(55,672)	89,539
- interagency transfer of assets	(24,111)	(1,038)
Changes in Net Assets, August 31 (Exhibit II)	<u>\$ (2,116,076)</u>	<u>\$ (11,311,900)</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V  
STATEMENT OF NET ASSETS - PROPRIETARY FUND

As of August 31, 2004 with comparative totals for 2003

	2004 Total	2003 Total
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents (Note 3)		
Cash on Hand	\$ 200	\$ 200
Cash in Bank	776,217	150,258
Cash in State Treasury	1,704,342	2,008,486
Cash Equivalents	20,936,488	22,913,420
Restricted Assets:		
Cash and Cash Equivalents (Note 3)		
Cash in Bank	2,698,944	904,173
Cash Equivalents	174,449,858	164,488,833
Short-term Investments (Note 3)	137,859,497	125,757,201
Loans and Contracts	7,134,370	7,149,873
Interest Receivable	10,903,667	9,971,983
Receivable:		
Interest Receivable	67,820	69,813
Accounts Receivable	587,422	456,705
Consumable Inventories	8,211	11,308
Loans and Contracts	176,014	87,423
Other Current Assets	868,180	554,071
Total Current Assets	<u>358,171,230</u>	<u>334,523,747</u>
Non-Current Assets		
Loans and Contracts	4,590,380	3,668,200
Capital Assets: (Note 2)		
Non-Depreciable		
Other Capital Assets	3,273	3,273
Depreciable		
Furniture and Equipment	1,349,686	1,346,885
Less: Accumulated Depreciation	(1,091,041)	(1,042,177)
Restricted Assets:		
Investments (Note 3)	1,043,944,744	1,004,010,867
Loans and Contracts	928,122,664	760,800,673
Other Non-current Assets		
Deferred Issuance Cost, net (Note 12)	11,236,074	11,379,321
Real Estate Owned, net	552,282	756,360
Total Non-Current Assets	<u>1,988,708,062</u>	<u>1,780,923,402</u>
<b>Total Assets</b>	<u>\$ 2,346,879,292</u>	<u>\$ 2,115,447,149</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT V (Continued)

STATEMENT OF NET ASSETS - PROPRIETARY FUND

As of August 31, 2004 with comparative totals for 2003

	2004 Total	2003 Total
<b>LIABILITIES</b>		
Current Liabilities		
Payables:		
Accounts Payable	\$ 901,763	\$ 991,236
Accrued Bond Interest Payable	23,839,835	23,317,030
Interfund Payable (Note 7)	106,338	291,387
Deferred Revenues	10,091,146	10,562,494
Employee's Compensable Leave (Note 5)	476,918	508,821
Notes and Loans Payable (Note 4)	50,777,000	61,470,000
Revenue Bonds Payable (Notes 5 & 12)	26,133,000	12,766,000
Other Current Liabilities	5,946,083	4,838,114
Total Current Liabilities	<u>118,272,083</u>	<u>114,745,082</u>
Non-Current Liabilities		
Employee's Compensable Leave (Note 5)	127,954	137,621
Revenue Bonds Payable (Notes 5 & 12)	1,880,867,506	1,720,602,720
Other Non-Current Liabilities	240,044,498	171,135,861
Total Non-Current Liabilities	<u>2,121,039,958</u>	<u>1,891,876,202</u>
Total Liabilities	<u>2,239,312,041</u>	<u>2,006,621,284</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	261,918	307,981
Restricted:		
For Single Family Bonds	82,087,709	82,432,040
For Multifamily Bonds	628,887	1,632,144
Unrestricted	24,588,737	24,453,700
Total Net Assets	<u>\$ 107,567,251</u>	<u>\$ 108,825,865</u>

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VI  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
PROPRIETARY FUND

Year Ended August 31, 2004 with comparative totals for 2003

	2004 Total	2003 Total
<b>OPERATING REVENUES</b>		
Interest and Investment Income	\$ 97,230,038	\$ 99,245,827
Net Increase (Decrease) in Fair Value	5,373,407	(6,195,744)
Other Operating Revenues	12,317,010	9,678,880
Total Operating Revenues	<u>114,920,455</u>	<u>102,728,965</u>
<b>OPERATING EXPENSES</b>		
Salaries and Wages	6,374,118	6,344,583
Payroll Related Costs	1,673,378	1,637,196
Professional Fees and Services	1,135,033	1,174,212
Travel	207,373	215,641
Materials and Supplies	198,353	282,657
Communications and Utilities	182,777	137,745
Repairs and Maintenance	144,247	132,623
Rentals and Leases	923,690	944,944
Printing and Reproduction	14,750	46,541
Depreciation and Amortization	638,903	665,757
Interest	99,720,640	97,952,620
Other Operating Expenses	2,605,604	2,611,610
Total Operating Expenses	<u>113,743,866</u>	<u>112,146,129</u>
Operating Income/ (Loss)	<u>1,176,589</u>	<u>(9,417,166)</u>
<b>OTHER REVENUES, EXPENSES, GAINS</b>		
<b>LOSSES AND TRANSFERS</b>		
Extraordinary Items (Note 15)	(2,434,772)	(1,958,026)
Transfers (Out)	(431)	-
	<u>(1,258,614)</u>	<u>(11,375,192)</u>
<b>CHANGE IN NET ASSETS</b>		
Net Assets, Beginning of Year	108,825,865	120,202,156
Restatements	-	(1,099)
Net Assets, Beginning of Year, as Restated	<u>108,825,865</u>	<u>120,201,057</u>
<b>NET ASSETS, As of Year End</b>	<u>\$ 107,567,251</u>	<u>\$ 108,825,865</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII  
 STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
 Year Ended August 31, 2004 with comparative totals for 2003

	2004 Total	2003 Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from Loan Programs	\$ 205,314,209	\$ 140,534,118
Proceeds from Other Revenues	11,092,005	11,392,153
Payments to Suppliers for Goods/Services	(6,333,512)	(6,550,186)
Payments to Employees	(8,093,986)	(7,915,799)
Payments for Loans Provided	(262,976,971)	(189,632,260)
	<u>(60,998,255)</u>	<u>(52,171,974)</u>
Net Cash (Used for) Operating Activities		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from Debt Issuance	605,884,675	427,482,921
Proceeds (Payments) from Transfers from (to) Other Funds	(431)	-
Payments to/from Other Funds	(186,308)	(992)
Payments of Principal on Debt Issuance	(439,710,840)	(251,534,464)
Payments of Interest	(99,257,471)	(97,131,803)
Payments for Other Cost of Debt	(2,388,612)	(1,541,661)
	<u>64,341,013</u>	<u>77,274,001</u>
Net Cash Provided by Noncapital Financing Activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments for Additions to Capital Assets	(47,987)	(20,902)
	<u>(47,987)</u>	<u>(20,902)</u>
Net Cash (Used for) Capital Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales of Investments	1,212,202,194	836,355,380
Proceeds from Interest/Invest. Income	54,097,105	61,071,203
Payments to Acquire Investments	(1,259,493,391)	(836,510,389)
	<u>6,805,908</u>	<u>60,916,194</u>
Net Cash Provided from Investing Activities		
Increase in Cash/Cash Equivalents	10,100,679	85,997,319
Cash/Cash Equivalents, Beginning of Year	190,465,370	104,468,051
	<u>\$ 200,566,049</u>	<u>\$ 190,465,370</u>
Cash/Cash Equivalents, End of Year		



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VII (Continued)

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year Ended August 31, 2004 with comparative totals for 2003

	2004 Total	2003 Total
Cash and Cash Equivalents and Short-Term Investments/ Restricted Cash and Cash Equivalents and Short-Term Investments	\$ 338,425,546	\$ 316,222,571
Short-Term Investments not considered Cash Equivalents	(137,859,497)	(125,757,201)
Cash and Cash Equivalents, End of Year	<u>\$ 200,566,049</u>	<u>\$ 190,465,370</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	<u>\$ 1,176,589</u>	<u>\$ (9,417,166)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Amortization and Depreciation	638,903	665,757
Provision for Uncollectibles	(1,114,556)	340,896
Operating Income and Cash Flow Categories Classification Differences	37,893,289	41,732,060
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	(130,717)	316,006
(Increase) in Accrued Interest Receivable	(929,691)	(2,725)
(Increase) in Loans / Contracts	(168,317,259)	(158,726,082)
(Increase) Decrease in Property Owned	204,078	(266,561)
Decrease in Acquisition Costs	143,247	1,038,771
Change in Other Assets and Liabilities, net	69,386,405	70,399,939
Increase (Decrease) in Deferred Revenues	(471,348)	1,060,781
Increase in Accrued Interest Payable	522,805	686,350
Total Adjustments	<u>(62,174,844)</u>	<u>(42,754,808)</u>
Net Cash (Used for) Operating Activities	<u>\$ (60,998,255)</u>	<u>\$ (52,171,974)</u>

NON CASH TRANSACTIONS

Increase (Decrease) in Fair Value of Investments for 2004  
was \$5,373,407 and (\$6,195,744) for 2003

Loans and the related properties acquired were transferred  
to real estate owned in the amount of \$208,397 for 2004 and \$569,798 for 2003

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

EXHIBIT VIII  
 COMBINED STATEMENT OF FIDUCIARY NET ASSETS  
 As of August 31, 2004 with comparative totals for 2003

AGENCY FUND	2004 Total	2003 Total
<b>ASSETS</b>		
Current Assets:		
Restricted:		
Cash in State Treasury	\$ 11,868	\$ 11,636
Accounts Receivable	-	1,125
Total Current Assets	<u>11,868</u>	<u>12,761</u>
<b>Total Assets</b>	<u>\$ 11,868</u>	<u>\$ 12,761</u>
 <b>LIABILITIES</b>		
Current Liabilities:		
Funds Held for Others	\$ 11,868	\$ 12,761
Total Current Liabilities	<u>11,868</u>	<u>12,761</u>
<b>Total Liabilities</b>	<u>\$ 11,868</u>	<u>\$ 12,761</u>
 <b>Total Net Assets</b>	 <u>\$ -</u>	 <u>\$ -</u>

NOTES TO THE  
FINANCIAL STATEMENTS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ENTITY

Effective September 1, 1991, the Texas Department of Housing and Community Affairs (Department) was created to assist local governments in helping residents overcome financial, social and environmental problems; to address very low to moderate income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the legislature in coordinating federal and state programs affecting local governments; and to continually inform the state and the public about the needs of local government (*Texas Government Code Ann., Chapter 2306*). The Department was created by merging two former agencies, the Texas Housing Agency and the Texas Department of Community Affairs.

The regulation of manufactured housing was transferred from the Texas Department of Licensing and Regulation to the Department on September 1, 1995. The Manufactured Housing Division is administratively attached to the Department and is responsible for establishing standards and requirements for the construction and installation of manufactured housing that are reasonably necessary to protect the health, safety and welfare of the occupants of such housing and the general public. The Manufactured Housing Division has a governing Board of five members appointed by the Governor.

The Department is governed by a Board, composed of seven members, all of whom are appointed by the Governor with the advice and consent of the Texas Senate. The Board then appoints the Executive Director, with the approval of the Governor.

The accompanying financial statements of the Department have been prepared to conform with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

During fiscal year 2004, the Department implemented Government Accounting Standards Board Statement No. 39 "Determining Whether Certain Organizations are Component Units" (GASB 39). It was determined that there were no component units as defined in GASB 39, therefore, there was no effect on the financial statements of the Department.

FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

Government Wide Statements

The Statement of Net Assets shows Governmental Activities and Business-type Activities consolidated on a full accrual basis. The Statement of Activities presents a government wide format of expenses, charges for services, operating grants and contributions and net expenses by both Governmental activities and Business-type activities. Both activities are further broken down by function and programs. The second section of the Statement of Activities shows general revenues not associated with a particular program but provides resources for the Department's programs and operations. The fiduciary activity is not included in the government wide statements.

Program revenues include charges for services in Manufactured Housing such as fees for titles, licenses, inspections, and training. Single Family and Multifamily Bonds collect revenues from loan repayments of principal and interest used for the repayment of the bonds issued. Federal Program Grants from the Housing and Urban Development (HUD), the Department of Energy (DOE), and Health and Human Services (HHS) provide funds for the HOME, Community Services, Comprehensive Energy Assistance, Weatherization Assistance, and Section 8 programs.

The State of Texas provides general revenue and oil overcharge funds for the Housing Trust Fund program and the System Benefit Fund, which finances the Department's Energy Assistance program. Additionally, the Department receives funds from Investor Owned Utilities which also supports the Energy Assistance program. The Department

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the fiscal year ended August 31, 2004**

collects applications, commitments, and compliance fees related to the administration of the Low Income Tax Credit and Multifamily bond development programs. These programs have administrative costs during application intake and evaluation, through construction, and compliance monitoring (15 to 30 years) for tenant eligibility.

The Department has one non-operating loss in the Proprietary funds. It is a loss on the early extinguishment of debt and is the result of expensing capitalized costs related to the original issuance of bonds since the redemption of bonds occurred earlier than originally intended. This occurs due to early payoff of Single Family loans, which has increased in this historically low interest environment over the last year.

**Governmental Funds**

General Fund

The General Fund is the principal operating fund used to account for most of the Department's general activities. It accounts for all financial resources except those accounted for in other funds.

Special Revenue Fund

The Department determined to present the Special Revenue Fund as a major fund. It was previously accounted for as a Private-Purpose Trust Fund administered by the Public Utility Commission. The Texas Comptroller changed its status to a Special Revenue Fund during fiscal year 2003. All remaining cash balances were transferred in from the Private-Purpose Trust Fund. The Department no longer administers this fund.

**Proprietary Fund**

Enterprise Funds (Business-Type Activity)

Proprietary Fund accounts for operations financed and operated in a manner similar to private business. The intent is to recover costs through user charges and where a periodic determination of revenues earned, expenses incurred, and net income are appropriate for management control, accountability, contractual obligations, and other purposes.

**Fiduciary Funds**

Private-Purpose Trust Funds

Private-Purpose Trust Funds are used to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments. The System Benefit Fund was accounted for in this fund established by the Legislature as part of the State Electric Deregulation. It was reclassified as a Special Revenue Fund and cash balances were transferred to the newly created fund during fiscal year 2003.

Agency Funds

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

**Basis of Accounting**

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental funds that build the fund financial statements are accounted for using the modified accrual method basis of accounting. Under the modified accrual method, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified basis of accrual. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

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The government wide financial statements, proprietary funds, and private-purpose trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Proprietary Funds distinguish operating from non-operating items. Operating revenues and expenses result from providing services or producing and delivering goods in connection with the proprietary funds principal ongoing operations. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The Department has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989 as allowed by GASB Statement No. 20.

### BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). The state monitors its statewide budget by establishing the legal level of control at the agency level to ensure that expenditures are not made in excess of budgetary authority. Within the Department, procedures are used to ensure that expenditures do not exceed their total budget at the division level, but the State Comptroller ultimately ensures that each total authorized agency budget is not exceeded.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

### ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

#### Assets

##### Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

##### Investments

Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, (GASB Statement 31). The Department utilizes established quoted market prices for determining the fair value of its debt securities in reserve funds. Fair value of the Department's securitized mortgage loans (GNMA/FNMA) has been established by each bond issue's trustee using a pricing service.

The Department has reported all investment securities at fair value as of August 31, 2004, with exception of some money market investments and nonparticipating interest-earning investments contracts which are reported at amortized cost provided that the fair value of these investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

Changes in the fair value are reported in the Combined Statement of Revenues, Expenses, and Changes in Net Assets as "Net Increase (Decrease) in the Fair Value of Investments."

##### Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets in the General Fund include federal grants which are restricted by the grantor for specific program purposes established by the State Legislature. The Proprietary Fund includes certain assets pledged to respective bond indentures, the use of which is restricted by those same bond covenants.

##### Consumable Inventories

Consumable inventories consist of postage on hand at year-end. Inventories for governmental fund types and proprietary fund types are accounted for using the consumption method of accounting. The cost of these items is expensed when the items are consumed.

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost or, if any purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all "exhaustible" assets. Assets are depreciated over the estimated useful life of the asset (3, 5 or 6 years) using the straight-line method.

All capital assets acquired by proprietary funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each asset lives, using the straight-line method.

Loans and Contracts

Loans and contracts consist of loans in the General Fund made from state and federal funds for the purpose of Single Family loans and Multifamily development loans from the Housing Trust Fund and the HOME Program.

Restricted loans and contracts in proprietary funds consist of mortgage loans made from Single Family and Multifamily bond proceeds. Unrestricted loans and contracts consist of Multifamily development loans from the Housing Trust Fund and other Housing Initiative Programs. Loans receivable are carried at the unpaid principal balance outstanding, net of the allowance for estimated losses. Deferred commitment fees relating to the Single Family, Residential Mortgage Revenue Bonds (RMRB) Series 1987A, and certain Multifamily programs are included as a reduction of loans receivable. Interest on loans is credited to income as earned. Loans are generally placed on nonaccrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when they are past due 90 days as to either principal or interest or when payment in full of principal and interest is not expected. Deferred commitment fees are recognized using the interest method over the estimated lives of the loans.

Real Estate Owned

Real estate owned are properties acquired through foreclosure that are carried at the unpaid principal balance on the related property plus accrued interest and reimbursable expenses through the date of foreclosure, less any sales proceeds, reimbursements received from mortgage insurers and an allowance for estimated losses on such properties, which approximates the net realizable value of the property at foreclosure.

Loans secured by Single Family properties on which there is an indication that the borrower no longer has the ability to repay the loan and that foreclosure is likely are considered in-substance foreclosures and are classified as real estate owned in the accompanying balance sheet. Interest on real estate owned is credited to income as earned based on a calculation of interest recoverable in accordance with the Department's agreements with its mortgage insurers.

Allowance for Estimated Losses on Loans and Foreclosed Properties

The allowance for estimated losses on loans is available for future charge-offs on Single Family and Multifamily loans. The allowance for estimated losses on real estate owned is available for future charge-offs on foreclosed Single Family loans.

All losses are charged to the allowance when the loss actually occurs or when a determination is made that a loss is likely to occur. During the year, management estimates the level of future losses to determine whether the allowances for estimated losses are adequate to absorb anticipated losses in the existing loan and real estate owned portfolios. Based on these estimates, a provision for estimated losses on loans and real estate owned is credited to the allowances in order to adjust the allowances to levels estimated to be adequate to absorb reasonably foreseeable losses.

While management uses available information to recognize losses in the loan and real estate owned portfolios, future additions may be necessary based on changes in economic conditions. However, it is the judgment of management that allowances are currently adequate to absorb reasonably foreseeable losses in the existing loan and real estate owned portfolios.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

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Commitment Fees

Commitment fees received in connection with the origination of loans are deferred and recognized using the interest method over the estimated lives of the related loans and mortgage-backed securities, or if the commitment expires unexercised it is credited to income upon expiration of the commitment.

Deferred Issuance Costs

Deferred issuance costs on bonds are amortized using the interest method over the contractual life of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of deferred issuance costs.

Discounts and Premiums on Debt

Discounts and premiums on debt are recognized using the interest method over the lives of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of discounts and premiums on debt.

**Liabilities**

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that become "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

Bonds Payable – Revenue Bonds

Revenue bonds are accounted for in the proprietary funds. The bonds payable are reported at par less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis, with amortization of discount or premium. Payables are reported separately as either current or noncurrent in the statement of net assets.

Other Non-current Liabilities

Other non-current liabilities primarily account for funds due to Developers as a result of Multifamily bond proceeds. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the various variables related to the balance, the current portion cannot be reasonably estimated.

**Fund Balance/Net Assets**

The difference between fund assets and liabilities is "Net Assets" on the Government-wide, Proprietary, and Fiduciary Fund Statements, and the "Fund Balance" is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.



NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

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Reserved for Consumable Inventories

This represents the amount of postage to be used in the next fiscal year.

Reserve for Imprest Accounts

This represents reserves for travel and imprest cash in amounts equal to the assets.

Unreserved/Undesignated

Unreserved represents the unappropriated balance at year-end.

Net Assets

Invested in Capital Assets consists of capital assets including restricted capital assets, net of accumulated depreciation. The Department reports net assets as restricted when constraints placed on net assets are externally imposed by bond covenants and federal grants. Unrestricted Net Assets consist of net assets that do not meet the definition of Invested in Capital Assets or Restricted Net Assets.

**Interfund Transactions and Balances**

The Department may have the following types of transactions among funds:

1. Transfers - Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.
2. Legislative Sources/Uses - Budget transfers between agencies within the General Revenue Fund (0001).
3. Quasi-External Transactions - Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

**NOTE 2: CAPITAL ASSETS**

A summary of changes in Capital Assets for the year ended August 31, 2004, is presented below:

	PRIMARY GOVERNMENT				Balance 08/31/04
	Balance 09/01/03	* Adjustments	Additions	Deletions	
<b>Governmental Activities:</b>					
Non-Depreciable Assets:					
Other Capital Assets, Net	\$ 3,184	\$ -	\$ -	\$ -	\$ 3,184
Depreciable Assets:					
Furniture and Equipment	1,841,902	(10,125)	27,040	(205,389)	1,653,428
Less Accumulated Depreciation for:					
Furniture and Equipment	(1,644,746)	2,219	(57,478)	181,278	(1,518,727)
Depreciable Assets, Net	197,156	(7,906)	(30,439)	(24,110)	134,701
Governmental Activities Capital Assets, Net:	\$ 200,340	\$ (7,906)	\$ (30,439)	\$ (24,110)	\$ 137,885

	PRIMARY GOVERNMENT				Balance 08/31/04
	Balance 09/01/03	** Adjustments	Additions	Deletions	
<b>Business-Type Activities:</b>					
Non-Depreciable Assets:					
Other Capital Assets, Net	\$ 3,273	\$ -	\$ -	\$ -	\$ 3,273
Depreciable Assets:					
Furniture and Equipment	1,346,885	(4,717)	47,987	(40,469)	1,349,686
Less Accumulated Depreciation for:					
Furniture and Equipment	(1,042,177)	4,717	(94,006)	40,425	(1,091,041)
Depreciable Assets, Net	304,708	-	(46,019)	(44)	258,645
Business-Type Activities Capital Assets, Net:	\$ 307,981	\$ -	\$ (46,019)	\$ (44)	\$ 261,918

\*For the fiscal year ending August 31, 2003, the Department previously reported Governmental Activities Capital Assets, net at \$192,434. However, the State Comprehensive Annual Financial Report (CAFR) used a balance of \$200,340 from State Property Accounting (SPA) which did not reflect the adjustment for a fully depreciated transferred asset. This schedule begins with the SPA balance followed by an adjustment in SPA records to reflect the Department's balance in the prior period. During current fiscal year, the asset was deleted in SPA as a restatement of the beginning balance. The beginning balance as restated in Governmental Activities Capital Assets, net is \$192,434.

\*\*Adjustment for an asset that was previously disposed of, but not properly adjusted in SPA records.

Depreciation expense was allocated wholly to the administrative function in both the governmental and business-type activities.

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

**NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS**

The Department is authorized by statute to make investments following the "prudent person rule" and based upon provisions within the master bond indentures and its Investment Policy adopted by the Board in accordance with the Public Funds Investment Act. There were no significant violations of legal provisions during the period.

**Deposits of Cash in Bank**

A. The carrying amount of \$3,495,161 for Cash in Bank (includes restricted assets) is presented below.

B. The bank balance of the Department has been classified according to the following risk categories.

1. Category 1 - Insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity.
2. Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the governmental entity's name.
3. Category 3 - Uncollateralized (which would include any deposits collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the governmental entity's name).

Category 1	Category 2	Category 3	Bank Balance	Carrying Amount
\$ 3,491,797	\$ -	\$ -	\$ 3,491,797	\$ 3,495,161

	Carrying Amount
<b>Consisting of the following:</b>	
Governmental Funds Demand Deposits (Exhibit I & III)	\$ 20,000
Proprietary Funds (Exhibit I & V):	
Texas Treasury Safekeeping Trust Company	776,217
Restricted (Exhibit I & V):	
Texas Treasury Safekeeping Trust Company	1,799,736
Demand Deposits	899,208
<b>Total Deposits Carrying Amounts</b>	<b>\$ 3,495,161</b>

At August 31, 2004, the Department's cash and deposits in the State Treasury amounted to \$5,024,970. This amount was fully collateralized by securities held with a trustee in the State's name, as reported to the Department by the Comptroller of Public Accounts of the State of Texas.

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd.

**Investments**

The types of investments in which the Department may invest are restricted by the provisions of the master bond indentures and the Department's Investment Policy adopted by its Board in accordance with the Public Funds Investment Act. The indentures allow for investments in direct obligations of or guaranteed by the U.S. Government; obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by agencies or intermediaries of the U.S. Government; obligations issued by public agencies or municipalities; obligations and general obligations of or guaranteed by the state; demand deposits, interest-bearing time deposits or certificates of deposit; repurchase agreements in U.S. Government securities; direct or general obligations of any state within the territorial U.S.; investment agreements with any bank or financial institution; commercial paper; and guaranteed investment contracts. Certain trust indentures restrict the Department from investing in certain of the aforementioned investments.

The fair values of investments as of the balance sheet date (including both short-term and long-term) are shown below. Investments are categorized to give an indication of the level of risk assumed by the Department at year-end. The three categories are:

- **Category 1** - Investments that are insured or registered, or for which the securities are held by the Department, or its agent in the Department's name.
- **Category 2** - Uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Department's name.
- **Category 3** - Uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Department's name.

A summary of investments by type and category at August 31, 2004, is as follows:

Type of Security	Category			Fair Value
	1	2	* 3	
Government Investments	\$ 34,131,110	\$	\$	\$ 34,131,110
Mortgage Backed Securities	683,636,646			683,636,646
Guaranteed Investment Contracts/Investment Agreements	3,548,198		460,488,287	464,036,485
Repurchase Agreements - TX Treasury Safekeeping Trust	140,253,948			140,253,948
<b>Totals</b>	<b>\$ 861,569,902</b>	<b>\$ -</b>	<b>\$ 460,488,287</b>	<b>\$ 1,322,058,189</b>

\*The Department's Enterprise Fund includes investments in Category 3 that are comprised of Investment Agreements/Contracts entered into by the Department with Providers whose rating on long-term, unsecured, unsubordinated debt obligations must be maintained at "AAA" by Standard & Poor's, "Aaa" by Moody's, and/or other comparable high rating during the term of the Agreement/Contract. Should the rating fall below the requirement, the Provider shall substitute an acceptable Replacement Guarantor, deliver Collateral, or repay the principal of and accrued but unpaid interest on the investment.

Additionally, at August 31, 2004, the Department held uncategorized investments of \$55,132,398 in constant-dollar money market mutual funds that are not subject to collateralization.

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS Cont'd.

A summary of investments as they are classified on the Statement of Net Assets (Exhibit I) as follows:

	Fair Value
<b>Consisting of the following in the Proprietary Funds:</b>	\$ 20,936,488
Cash Equivalents/Unrestricted	174,449,858
Cash Equivalents/Restricted	137,859,497
Restricted Short-Term Investments	1,043,944,744
Non-Current Restricted Investments	
	\$ 1,377,190,587
<b>Total Investments per Financial Statements</b>	

Repurchase agreements and other qualified investment agreements with a carrying amount of \$604,290,433 at August 31, 2004, are generally secured by U.S. Government obligations or other marketable securities with market values in excess of the cost. At August 31, 2004, the agreements were with the following counterparties:

Counterparty	Carrying Amount
AEGON	\$ 1,818,223
AIG Matched Funding Corporation	8,723,183
American International Group	12,737,249
Bayerishone Landesbank	70,581,773
Berkshire Hathaway	1,366,526
CDC Funding Corporation	12,803,315
Core States Bank	345,904
Financial Guaranty Insurance Corporation	24,819,562
FSA Capital Management	90,012,972
Lehman Brothers	1,041,915
MBIA Investment	1,898,849
Morgan Stanley	1,010,108
Paribas Corporation	140,253,948
Transamerica Life	227,278,090
Trinity Funding Company	1,457,282
VR Municipal Mortgage	4,593,337
Westdeutsche Bank	3,548,197
<b>Total Counterparty Agreements</b>	\$ 604,290,433

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

**NOTE 4: SHORT-TERM DEBT**

Business-Type Activities	Balance 9/1/03	Additions	Deletions	Balance 8/31/04
Commercial Paper	\$ 61,470,000	168,411,000	179,104,000	\$ 50,777,000

The Department is authorized to issue the Notes in an aggregate principal amount not to exceed \$75,000,000 outstanding. Proceeds of the initial issuance of the Notes and of future issues not issued to refund outstanding Notes will be used to redeem certain of the Department's single-family mortgage revenue bonds (the "Refunded Bonds"), which are subject to redemption as a result of the receipt by the Department of prepayments of the related underlying mortgage loans. Such prepayments may, at a future date, be recycled into new mortgage loans by the Department. On November 14, 2003, the Department was temporarily authorized to increase in the aggregate principal amount of the notes to \$200,000,000 from \$75,000,000 for the purpose of warehousing new volume cap. The authorization expires December 31, 2004.

**NOTE 5: SUMMARY OF LONG TERM LIABILITIES**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2004, the following changes occurred in liabilities.

Governmental Activities	Balance 9/1/03	Additions	Reductions	Balance 8/31/04	Amounts Due Within One Year
Compensable Leave	\$ 734,016	586,554	530,882	\$ 789,688	\$ 586,554
<b>Total Governmental Activities</b>	<b>\$ 734,016</b>	<b>586,554</b>	<b>530,882</b>	<b>\$ 789,688</b>	<b>\$ 586,554</b>
Business-Type Activities					
Revenue Bonds Payable	\$1,733,368,720	433,091,812	259,460,026	\$1,907,000,506	\$ 26,133,000
Compensable Leave	646,442	476,919	518,489	604,872	476,918
<b>Total Business-Type Activities</b>	<b>\$1,734,015,162</b>	<b>433,568,731</b>	<b>259,978,515</b>	<b>\$1,907,605,378</b>	<b>\$ 26,609,918</b>

**Employees' Compensable Leave**

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**Other Non-current Liabilities**

Other non-current liabilities totaling \$240,044,498 primarily account for funds due to Developers as a result of Multifamily bond proceeds. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee. Due to the various variables related to the balance, the current portion cannot be reasonably estimated.

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

**NOTE 6: OPERATING LEASE OBLIGATIONS**

The Department has a five-year operating lease on its office space at its home office in Austin, through December 31, 2005. The lease does have a contingency clause on continued funding; however, that possibility is remote.

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows:

Year Ending August 31	Governmental Activities	Business-Type Activities	Total
2005 (Future Year 1)	\$ 816,641	\$ 884,695	\$ 1,701,336
2006 (Future Year 2)	274,005	296,838	570,843
<b>Total Minimum Future Lease Rental Payments</b>	<b>\$ 1,090,646</b>	<b>\$ 1,181,533</b>	<b>\$ 2,272,179</b>

**NOTE 7: INTERFUND BALANCES / ACTIVITIES**

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end, amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due From Other Agencies or Due To Other Agencies
- Legislative Transfers In or Transfers Out

The Department experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

Individual balances and activity at August 31, 2004, follows:

Fund	Current Interfund Receivables	Current Interfund Payables
General Fund (01, 0127)		
General Revenue (0001) (a)	\$ 407,360	\$ -
Consolidated Federal (0127) (a)	-	(301,022)
Enterprise Fund (05, 0896)	-	(106,338)
<b>Total Interfund Receivable/ Payable (Exhibit I &amp; Exhibit III)</b>	<b>\$ 407,360</b>	<b>\$ (407,360)</b>

(a) Interfund Receivables was offset with Interfund Payables within the Governmental Activities.

The Department has no Non-Current Interfund Receivables or Interfund Payables.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

**NOTE 7: INTERFUND BALANCES / ACTIVITIES Cont'd**

Fund	Due From Other Agencies	Due To Other Agencies	Source
General Fund (01)			
Appd Fund 0001, D23 Fund 0077 (Agency 907, D23 Fund 0515)	\$ 16,500		State P-T
Appd Fund 0127, D23 Fund 0127 (Agency 405, D23 Fund 0092)		143,962	Federal P-T
<b>Total Due From Other Agencies (Exh I &amp; Exh III)</b>	<b>\$ 160,462</b>		

Fund	Legislative Transfers In	Legislative Transfers Out
General Fund (01)		
Appd Fund 0001, D23 Fund 0001	\$ (81,291)	
Appd Fund 0001, D23 Fund 0066	46,347	
Appd Fund 0001, D23 Fund 0088	36,465	
<b>Total Legislative Transfers (Exh IV)</b>	<b>\$ 1,521</b>	

**NOTE 8: CONTINGENT LIABILITIES**

The Department is a defendant in legal actions arising from transactions and activities conducted in the ordinary course of business. Management, after consultation with legal counsel, believes that the aggregate liabilities, if any, will not be material to the basic financial statements.

The Department receives federal grants that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The Department's management has recorded \$483,115 as an estimate of potential settlement of disallowed costs pursuant to administration of federal programs. This contingent liability created a negative fund balance of \$211,807 in the Consolidated Account, Fund 0127. The Department is currently seeking a waiver of repayment provisions which is under review by the federal grantor agency.

**NOTE 9: CONTINUANCE SUBJECT TO REVIEW**

Under the Texas Sunset Act, the Department will be abolished effective September 1, 2011 unless continued in existence as provided by the Act. If abolished, the Department may continue until September 1, 2012 to close out its operations.

**NOTE 10: RISK FINANCING AND RELATED INSURANCE**

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the Department's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Department assumes substantially all risks associated with the performance of its duties. Currently there is no purchase of commercial insurance, nor is the Department involved in any risk pools with other government entities. The Department carries Public Official Liabilities Insurance coverage in the amount of \$10,000,000; errors and omissions insurance of \$300,000 related to loan servicing for others and a \$350,000 Public Employee Fidelity Bond.

The Department's liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. There have been no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. The Department incurred no claims liability during fiscal years 2003 and 2004.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

**NOTE 11: SEGMENT INFORMATION FOR ENTERPRISE FUND**

The Segment information below is for the Department's direct debt associated with the issuance of Single Family bonds only and does not include the Multifamily bonds where the Department is only a conduit issuer. Therefore, this note represents less than what is reported in the Enterprise Fund as a whole. Each grouping consists of separate indentures that have one or more bonds outstanding with the revenue stream and assets exclusively pledged in support of that debt. Each indenture imposes the requirement of separate accounting of the revenues, expenses, gains, losses, assets, and liabilities.

**CONDENSED STATEMENT OF NET ASSETS**

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized, Home Mortgage Revenue Funds	Single Family CHMRB Series 1993 Funds	Single Family CHMRB 1994 & 1995 Funds
<b>Restricted Assets:</b>					
Current Assets	\$ 97,109,214	\$ 62,598,442	\$ 1,020,298	\$ 1,036,091	\$ 581,101
Other Assets	500,275,430	423,806,299	29,104,011	11,828,711	21,304,353
Total Assets	597,384,644	486,404,741	30,124,309	12,864,802	21,885,454
<b>Liabilities:</b>					
Current Liabilities	19,676,638	28,057,830	822,653	74,353	108,028
Long Term Liabilities	520,630,979	439,154,800	27,013,995	11,600,000	19,505,000
Total Liabilities	540,307,617	467,212,630	27,836,648	11,674,353	19,613,028
<b>Net Assets:</b>					
Total Restricted Net Assets	\$ 57,077,027	\$ 19,192,111	\$ 2,287,661	\$ 1,190,449	\$ 2,272,426

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

<b>Operating Revenues:</b>					
Interest and Investment Income	\$ 21,432,510	\$ 25,433,922	\$ 2,511,219	\$ 923,341	\$ 1,778,590
Net Increase (Decrease) in Fair Value	2,142,876	4,101,084	(385,951)	(149,430)	(335,172)
Other Operating Revenues	2,081,857	893,811	201,358	-	-
Operating Expenses	(24,340,124)	(27,476,457)	(2,456,466)	(901,652)	(1,643,687)
Depreciation and Amortization	(234,708)	(278,791)	(6,648)	(4,627)	(5,117)
Operating Income (Loss)	1,082,411	2,673,569	(136,488)	(132,368)	(205,386)
<b>Nonoperating Revenues (Expenses):</b>					
Special and Extraordinary Items	(1,496,405)	(704,113)	234,835	(47,544)	(54,994)
Transfer (Out)	(1,046,588)	(240,191)	(1,592)	(19,755)	(289,915)
Changes in Net Assets	(1,460,582)	1,729,265	96,755	(199,667)	(550,295)
Net Assets, September 1, 2003	58,537,609	17,462,846	2,190,906	1,390,116	2,822,721
Net Assets, August 31, 2004	\$ 57,077,027	\$ 19,192,111	\$ 2,287,661	\$ 1,190,449	\$ 2,272,426

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

**NOTE 11: SEGMENT INFORMATION FOR ENTERPRISE FUND Cont'd.**

CONDENSED STATEMENT OF CASH FLOWS

	Single Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Single Family CHMRB Series 1993 Funds	Single Family CHMRB 1994 & 1995 Funds
Net Cash Provided (Used) By:					
Operating Activities	\$ 14,683,764	\$ 1,227,535	\$ (46,164)	\$ (1,035)	\$ (46,633)
Noncapital Financing Activities	79,814,318	(102,103,017)	(18,204,461)	(7,318,163)	(13,464,780)
Investing Activities					
Net Increase (Decrease)	(67,950,672)	111,977,689	18,665,696	6,309,695	13,092,013
Beginning Cash and Cash Equivalents	65,605,603	14,486,621	449,879	1,984,278	888,318
Ending Cash and Cash Equivalents	\$ 92,153,013	\$ 25,588,828	\$ 864,950	\$ 974,775	\$ 468,918

**NOTE 12: BONDED INDEBTEDNESS**

The Department has 91 bond issues outstanding at August 31, 2004. All series are revenue bonds backed by the pledged revenue sources and restricted funds specified in the bond resolutions. Each series is designed to be self-supporting with no repayment nor obligation from the State's General Revenue. The Department issues bonds to assist in financing the purchase of homes by or the construction of rental housing for families with very low to moderate incomes. Loan payments provide the revenues for debt service payments. (Detailed supplemental bond schedules are disclosed in Schedules 1-A, 1-B, 1-C, 1-D, 1-E and 1-F.)

Proceeds from the issuance of bonds under the Single Family and Residential Mortgage Revenue Bonds (RMRB) Series 1987A Programs were used to acquire loans. Proceeds from Collateralized Home Mortgage Revenue Bond (CHMRB) and the remaining RMRB programs were used to acquire pass-through certificates backed by mortgage loans. Proceeds from the remaining Multifamily bond issues were used to finance mortgage loans.

Interest on bonds and collateralized mortgage obligations is payable periodically, except for capital appreciation bonds, on which interest is compounded semiannually and payable at maturity or upon redemption.

The Single Family, RMRB, and CHMRB bonds are collateralized by the revenues and assets pledged under the trust indentures, primarily Single Family mortgage loans, mortgage-backed securities and investments. The Multifamily bonds are collateralized by varying methods, including, but not limited to, the mortgage loans on the applicable housing developments, certificates of deposit, letters of credit, guarantees provided by third parties, and collateralized mortgage obligations issued by federally chartered, privately owned corporations.

The trust indentures contain positive and negative covenants. Events of default include the following: failure to make timely payment of both principal and interest on any outstanding bond; failure to make timely payment of any other monies required to be paid to the Trustee; and non-performance or non-observance of any other covenants, agreements, or conditions contained in the indentures. Management believes they are in compliance with the covenants of the indentures.

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

NOTE 12: BONDED INDEBTEDNESS Cont'd

Bond contractual maturities (principal only) at August 31, 2004, are as follows (in thousands):

Description	2005	2006	2007	2008	2009	2010 to 2014	2015 to 2019
Single-family	\$ 3,715	\$ 3,880	\$ 5,695	\$ 7,565	\$ 8,445	\$ 49,305	\$ 81,195
RMRB	18,945	7,265	7,565	7,915	8,285	36,190	52,365
CHMRB							
Multifamily	<u>3,473</u>	<u>4,293</u>	<u>6,646</u>	<u>7,612</u>	<u>8,326</u>	<u>50,070</u>	<u>77,306</u>
Total	<u>\$ 26,133</u>	<u>\$ 15,438</u>	<u>\$ 19,906</u>	<u>\$ 23,092</u>	<u>\$ 25,056</u>	<u>\$ 135,565</u>	<u>\$ 210,866</u>

Description	2020 to 2024	2025 to 2029	2030 to 2034	2035 to 2039	2040 to 2044	Total
Single-family	\$ 47,720	\$168,105	\$128,735	\$ 18,825	\$ -	\$ 523,185
RMRB	73,480	53,085	189,635			454,730
CHMRB	26,400	31,105				57,505
Multifamily	<u>119,314</u>	<u>163,987</u>	<u>152,210</u>	<u>168,969</u>	<u>109,379</u>	<u>871,585</u>
Total	<u>\$266,914</u>	<u>\$416,282</u>	<u>\$470,580</u>	<u>\$187,794</u>	<u>\$ 109,379</u>	<u>\$ 1,907,005</u>

Actual maturities will differ from contractual maturities since the Department has the right to call or prepay obligations with or without call or prepayment penalties as the related loans and mortgage-backed securities mature or prepay.

Bond maturities (principal and interest) at August 31, 2004, are as follows (in thousands):

Description	2005	2006	2007	2008	2009	2010 to 2014	2015 to 2019
Single-family	\$ 29,709	\$ 29,825	\$ 31,422	\$ 33,012	\$ 33,568	\$ 169,115	\$ 184,185
RMRB	43,248	30,695	30,678	30,683	30,683	142,961	150,012
CHMRB	3,824	3,824	3,824	3,824	3,824	19,120	19,120
Multifamily	<u>65,156</u>	<u>66,154</u>	<u>68,575</u>	<u>68,324</u>	<u>68,791</u>	<u>342,298</u>	<u>340,378</u>
Total	<u>\$141,937</u>	<u>\$130,498</u>	<u>\$134,499</u>	<u>\$135,843</u>	<u>\$136,866</u>	<u>\$ 673,494</u>	<u>\$ 693,695</u>

Description	2020 to 2024	2025 to 2029	2030 to 2034	2035 to 2039	2040 to 2044	Total
Single-family	\$134,528	\$231,463	\$139,453	\$ 19,349	\$ -	\$ 1,035,629
RMRB	151,004	114,756	215,297			940,017
CHMRB	45,511	34,747				137,618
Multifamily	<u>346,339</u>	<u>336,218</u>	<u>266,695</u>	<u>229,681</u>	<u>126,683</u>	<u>2,325,292</u>
Total	<u>\$677,382</u>	<u>\$717,184</u>	<u>\$621,445</u>	<u>\$249,030</u>	<u>\$126,683</u>	<u>\$ 4,438,556</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

NOTE 12: BONDED INDEBTEDNESS Cont'd

Deferred issuance costs at August 31, 2004, consist of the following:

	Amount
Deferred Issuance Costs at August 31, 2004	\$ 33,130,242
Less Accumulated Amortization	(21,894,168)
Deferred Issuance Costs, net	<u>\$ 11,236,074</u>

CHANGES IN BONDS PAYABLE (amounts in thousands)

Description	Bonds Outstanding 9/1/03	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/04	Amounts Due Within One Year
Single Family	\$ 419,570	180,750	2,730	74,405	\$ 523,185	\$ 3,715
RMRB	529,165	-	5,730	68,705	454,730	18,945
CHMRB	42,200	-	-	15,800	26,400	-
SF CHMRB	48,990	-	-	17,885	31,105	-
Multifamily	692,982	253,955	2,232	73,120	871,585	3,473
<b>Total Principal</b>	<u>\$ 1,732,907</u>	<u>434,705</u>	<u>10,692</u>	<u>249,915</u>	\$ 1,907,005	\$ 26,133
Net Deferred Amt due to Refund					(3,112)	
Unamortized Premium	6,618				7,703	
Unamortized Refunding (Loss)	(6,156)				(4,595)	
<b>Total</b>	<u>\$ 1,733,369</u>				<u>\$ 1,907,001</u>	

ADVANCE REFUNDING BONDS

On December 15, 2003, the Department issued \$31,500,000 in variable rate revenue bonds (2003 SERIES A (NHP-ASMARA REFUNDING) with a maximum rate of 12% to advance refund \$25,015,000 of outstanding 1996 MF Series A/B (NHP Foundation) with an average rate of 6.33%. The net bond proceeds of \$28,845,613 (after a discount of \$275,625, cost of issuance expenses, and repair and replacements) were used to purchase U.S. Government Securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the 1996 bonds. As a result, the 1996 bonds are considered to be defeased and the liability for those bonds has been removed from the Department's financial statements.

The Department advance refunded the 1996 MF Series A/B (NHP Foundation) to reduce its total debt service payments over the next 30 years by \$32,161,629 and to obtain an economic gain of \$31,436,148. Because the new debt is variable rate debt, the economic and cash flow differences were calculated using the current rate as of August 31, 2004 which is 1.35%. The cash flow and economic impact will fluctuate with the prevailing interest rates. Using the maximum rate allowable by the trust indenture of 12%, the department could incur a maximum of additional \$34,793,411 in debt service payments as a result of the advance refunding and an economic loss of \$2,662,977.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
For the fiscal year ended August 31, 2004

**NOTE 13: SUBSEQUENT EVENTS**

On October 28, 2004, the Department issued \$175,972,700 in single family revenue bonds made up as follows:

\$ 42,147,700	SF 2004 Series C
\$ 35,000,000	SF 2004 Series D
\$ 10,825,000	SF 2004 Series E
\$ 88,000,000	SF 2004 Series F

The Series 2004C, Series 2004D, Series 2004E, and Series 2004F Bonds were issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates backed by qualifying FHA-insured or VA- or RHS-guaranteed mortgage loans, or conventional loans made to eligible borrowers for single-family residences located in the State of Texas. The proceeds of the Series 2004E were issued for the purpose of redeeming \$10,825,000 of Series 1993 SF MRB CHMRB A/B/C/D/E. The redemption of the 1993 SF MRB CHMRB A/B/C/D/E will occur on November 1, 2004. The trustee will then transfer all Series 1993 SF MRB CHMRB A/B/C/D/E mortgage certificates to the SFMRB 2004 Series C/D/E Mortgage Loan Account. All remaining funds will remain in the 1993 SF MRB CHMRB A/B/C/D/E revenue accounts.

**NOTE 14: RESTATEMENT OF FUND BALANCES / NET ASSETS**

During fiscal year 2004, one adjustment was made which required the restatement of the amounts in net assets and as shown and discussed below:

	General Revenue	Totals
Net Assets August 31, 2003	\$533,675	\$533,675
Restatements:		
(a)	7,906	7,906
<b>Net Restatements</b>	<b>7,906</b>	<b>7,906</b>
<b>Net Assets Sept. 1, 2003 as Restated</b>	<b>\$541,581</b>	<b>\$541,581</b>

(a) Reversal of prior period state CAFR adjustments to the Depreciation Expenditures and Accumulated Depreciation (see Note 2).

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

NOTES TO THE FINANCIAL STATEMENTS  
 For the fiscal year ended August 31, 2004

**NOTE 15: SPECIAL OR EXTRAORDINARY ITEMS**

The Department recognized a \$2,434,772 loss due to accelerated amortization of deferred bond expenses as a result of early extinguishment of debt. This was primarily due to mortgage prepayments and the related bonds that were subsequently called.

Description of Issue	(Gain)Loss on Early Extinguishment of Debt
1995 Single Family Series AB	\$156,262
1995 Single Family Series C	198,762
1996 Single Family Series ABC	196,503
1996 Single Family Series DE	575,814
1997 Single Family Series ABC	152,213
1997 Single Family Series DEF	193,136
2002 Single Family Series A (Jr. Lien)	1,704
2002 Single Family Series ABCD	22,011
1998 RMRB Series AB	99,705
1999 RMRB Series A	125,780
1999 RMRB Series BCDE	15,007
2000 RMRB Series A	243,439
2000 RMRB Series BCDE	122,217
2001 RMRB Series ABCDE	113,390
2002 RMRB Series A	(15,836)
2003 RMRB Series A	411
1992 Coll Home Mtg Rev Bonds, Series C	(234,835)
1993 SF MRB CHMRB Series ABCDE	47,545
1994 SF MRB CHMRB Series ABC	54,480
1995 SF MRRB CHMRB Series A	513
1993 Res Ren Project Revenue Bonds	279,300
1996 MF Series A-D (DFW Pool)	87,251
Total Loss on Early Extinguishment of Debt	<u>\$ 2,434,772</u>

SUPPLEMENTARY BOND

SCHEDULES

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules

SCHEDULE 1-A

MISCELLANEOUS BOND INFORMATION

For the fiscal year ended August 31, 2004

(Amounts in Thousands)

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat.		First Call Date
				First Year	Last Year	
1995 Single Family Series A	\$ 85,760	4.15%	6.15%	1997	2027	09/01/2005
1995 Single Family Series C	71,760	6.44%	7.76%	2006	2017	09/01/2005
1996 Single Family Series A	15,000	4.50%	6.30%	2001	2028	09/01/2006
1996 Single Family Series B	42,140	5.50%	6.00%	2011	2017	09/01/2006
1996 Single Family Series D	70,760	5.45%	6.25%	2021	2028	09/01/2006
1996 Single Family Series E	98,730	3.90%	6.00%	1997	2017	09/01/2006
1997 Single Family Series A	44,465	5.25%	5.80%	2013	2029	09/01/2007
1997 Single Family Series B	9,510	5.45%	5.45%	2019	2019	09/01/2007
1997 Single Family Series C	25,525	6.80%	6.80%	2029	2029	09/01/2007
1997 Single Family Series D	44,795	5.65%	5.70%	2029	2029	09/01/2007
1997 Single Family Series F	20,000	6.77%	6.77%	2029	2029	09/01/2007
2002 Single Family Series A (Jr. Lien)	10,000	7.01%	7.01%	2025	2026	09/01/2012
2002 Single Family Series A	38,750	5.45%	5.55%	2023	2034	03/01/2012
2002 Single Family Series B	52,695	5.35%	5.55%	2033	2033	03/01/2012
2002 Single Family Series C	12,950	2.80%	5.20%	2004	2017	03/01/2012
2002 Single Family Series D	13,605	2.00%	4.50%	2003	2012	03/01/2012
2004 Single Family Series A	123,610	2.00%	4.70%	2006	2035	03/01/2013
2004 Single Family Series B	53,000	VAR - Weekly		2015	2034	03/01/2015 (h)
2004 Single Family Series A (Jr. Lien)	4,140	VAR - Weekly		2036	2036	09/01/2036 (h)
1998 RMRB Series A	102,055	4.05%	5.35%	2002	2031	01/01/2009
1998 RMRB Series B	14,300	5.30%	5.30%	2022	2022	01/01/2009
1999 RMRB Series A	25,615	4.80%	5.50%	2018	2021	01/01/2009
1999 RMRB Series B-1	52,260	6.32%	7.10%	2021	2032	07/01/2009
1999 RMRB Series C	12,150	5.05%	6.25%	2003	2024	07/01/2009
1999 RMRB Series D	26,355	4.30%	6.25%	2000	2021	07/01/2009
2000 RMRB Series A	50,000	5.10%	6.30%	2003	2031	07/01/2010
2000 RMRB Series B	82,975	5.70%	5.70%	2005	2033	07/01/2010
2000 RMRB Series C	13,675	5.82%	5.85%	2011	2025	07/01/2010
2000 RMRB Series D	18,265	4.55%	5.85%	2003	2020	07/01/2010
2000 RMRB Series E	10,000	7.45%	7.45%	2033	2033	07/01/2010
2001 RMRB Series A	52,715	3.15%	5.70%	2004	2033	07/01/2011
2001 RMRB Series B	15,585	5.00%	5.25%	2011	2022	07/01/2011
2001 RMRB Series C	32,225	2.55%	4.63%	2003	2015	07/01/2011
2001 RMRB Series D	300	5.35%	5.35%	2008	2033	07/01/2011
2002 RMRB Series A	42,310	2.25%	5.35%	2004	2034	07/01/2012
2003 RMRB Series A	73,630	1.70%	5.00%	2005	2034	01/01/2013
1992 Coll Home Mtg Rev Bonds, Series C	72,700	3.48%	10.27%	2024	2024	05/04/1995
1993 SF MRB CHMRB Series A	11,695	5.85%	5.85%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series B	15,000	6.62%	6.62%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series C	15,000	6.68%	6.68%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series D	8,000	6.76%	6.76%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series E	8,780	6.85%	6.85%	2025	2025	11/01/2004
1994 SF MRB CHMRB Series A	35,395	6.85%	6.85%	2026	2026	02/22/2005
1994 SF MRB CHMRB Series B	33,385	6.40%	6.40%	2026	2026	04/26/2005
1994 SF MRB CHMRB Series C	15,360	6.25%	6.25%	2026	2026	06/27/2005
1995 SF MRRB CHMRB Series A	5,825	6.26%	6.26%	2015	2015	02/22/2005
<b>TOTAL SINGLE FAMILY &amp; RMRB BONDS</b>	<b>\$ 1,682,750</b>					



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules

SCHEDULE 1-A (Continued)

MISCELLANEOUS BOND INFORMATION

For the fiscal year ended August 31, 2004

(Amounts in Thousands)

Description of Issue	Bonds Issued To Date	Range Of Interest Rates	Scheduled Mat.		First Call Date	
			First Year	Last Year		
1984 MF Private Placement (Summerbend)	5	10,100	VAR - Weekly	1985	2022	09/01/1986
1987 MF Series (South Texas Rental Housing)		1,400	9.50% 9.50%	1988	2012	02/01/1988
1993 MF Series A/B (RemHill/HighPt)		26,370	VAR - Weekly	2023	2023	02/01/2000
1993 Res Ren Project Revenue Bonds		16,775	3.30% 5.80%	1994	2024	01/01/2004
1996 MF Series A/B (Brighton's Mark)		10,174	6.13% 6.13%	2026	2026	01/01/2003
1996 MF Series A/B (Las Colinas)		15,469	5.65% 5.65%	2026	2026	01/01/2003
1996 MF Series A/B (Braxton's Mark)		14,867	5.81% 5.81%	2026	2026	01/01/2003
1996 MF Series A-D (DFW Pool)		22,150	6.00% 10.00%	1997	2026	07/01/2006
1996 MF Series A-D (Harbors/Plumtree)		13,050	5.90% 10.00%	1997	2026	07/01/2006
1996 MF Series A/B (NHP Foundation)		27,560	5.50% 6.40%	1997	2027	07/01/2007
1997 MF Series A (Meadow Ridge)		13,575	5.05% 5.55%	2001	2030	02/01/2001
1998 MF Series A (Pebble Brook)		10,900	4.95% 5.60%	2001	2030	06/01/2001
1998 MF Series A-C (Residence Oaks)		8,200	5.98% 7.18%	2001	2030	05/01/2001
1998 MF Series A (Volente Project)		10,850	5.00% 5.63%	2001	2031	07/01/2001
1998 MF Series A (Dallas Oxford Refndg)		10,300	7.25% 7.25%	2018	2018	01/01/2004
1998 MF Series A/B (Greens of Hickory Trail)		13,500	5.20% 6.03%	2001	2030	09/01/2008
1999 MF Series A-C (Mayfield)		11,445	5.70% 7.25%	2001	2031	05/01/2002
1999 MF Series A (Woodglen Village)		10,660	7.38% 8.25%	2002	2039	12/01/2016
2000 MF Series A (Timber Point Apts)		8,100	VAR - Weekly	2003	2032	07/01/2000 (b)
2000 MF Series A/B (Oaks at Hampton)		10,060	7.20% 9.00%	2002	2040	03/01/2017 (b)
2000 MF Series A (Deerwood Apts)		6,435	5.25% 6.40%	2003	2032	06/01/2010
2000 MF Series A (Creek Point Apts)		7,200	VAR - Weekly	2004	2032	07/01/2000 (b)
2000 MF Series A/B (Parks @ Westmoreland)		9,990	7.20% 9.00%	2002	2040	07/01/2017 (b)
2000 MF Series A (Honeycreek)		20,485	7.63% 8.15%	2004	2035	06/30/2007
2000 MF Series A-C (Highland Meadow Apts)		13,500	6.75% 8.00%	2004	2033	05/01/2019
2000 MF Series A/B (Greenbridge)		20,085	7.40% 10.00%	2003	2040	03/01/2014
2000 MF Series A-C (Collingham Park)		13,500	6.72% 7.72%	2004	2033	05/01/2019
2000 MF Series A/B (Williams Run)		12,850	7.65% 9.25%	2002	2040	01/01/2011
2000 MF Series A/B (Red Hills Villas)		10,300	8.40% 9.50%	2003	2040	12/01/2017
2001 MF Series A (Bluffview Senior Apts)		10,700	7.65% 7.65%	2003	2041	05/01/2018
2001 MF Series A (Knollwood Villas Apts)		13,750	7.65% 7.65%	2003	2041	05/01/2018
2001 MF Series A (Skyway Villas)		13,250	6.00% 6.50%	2005	2034	12/01/2011
2001 MF Series A/B (Cobb Park)		7,785	6.77% 6.77%	2003	2041	07/01/2018
2001 MF Series A (Greens Road Apts.)		8,375	5.30% 5.40%	2004	2034	12/01/2011
2001 MF Series A/B (Meridian Apts.)		14,310	5.45% 6.85%	2004	2034	12/01/2011
2001 MF Series A/B (Wildwood Apts.)		14,365	5.45% 6.75%	2004	2034	12/01/2011
2001 MF Series A-C (Fallbrook Apts.)		14,700	6.06% 6.78%	2005	2034	01/01/2012
2001 MF Series A (Oak Hollow Apts.)		8,625	7.00% 7.90%	2003	2041	11/01/2018
2001 MF Series A/B (Hillside Apts.)		12,900	7.00% 9.25%	2003	2041	11/01/2018
2002 MF Series A (Millstone Apts.)		12,700	5.35% 5.86%	2005	2035	06/01/2012
2002 MF Series A (Sugar Creek Apts.)		11,950	6.00% 6.00%	2004	2042	01/01/2016
2002 MF Series A (West Oaks Apts.)		10,150	7.15% 7.50%	2004	2042	12/01/2018
2002 MF Series A (Park Meadows Apts)		4,600	6.53% 6.53%	2004	2034	05/01/2012
2002 MF Series A (Clarkridge Villas Apts)		14,600	7.00% 7.00%	2004	2042	08/01/2019
2002 MF Series A (Hickory Trace Apts)		11,920	7.00% 7.00%	2004	2042	12/01/2019
2002 MF Series A (Green Crest Apts)		12,500	7.00% 7.00%	2004	2042	11/01/2019
2002 MF Series A/B (Ironwood Crossing)		16,970	5.50% 8.75%	2005	2042	10/01/2027
2002 MF Series A (Woodway Village Apts)		9,100	4.95% 5.20%	2006	2023	01/01/2013
2003 MF Series A/B (Reading Road)		12,200	VAR - Weekly	2007	2036	01/01/2004 (b)
2003 MF Series A/B (North Vista Apts)		14,000	4.10% 5.41%	2006	2036	06/01/2013
2003 MF Series A/B (West Virginia Apts)		9,450	4.15% 5.41%	2006	2036	06/01/2013
2003 MF Series A/B (Sphinx @ Murdeaux)		15,085	3.55% 5.00%	2005	2042	06/20/2013
2003 MF Series A/B (Primrose Houston School)		16,900	5.50% 8.00%	2006	2036	07/01/2003 (b)
2003 MF Series A/B (Timber Oaks Apts)		13,200	6.75% 8.75%	2005	2043	06/01/2020
2003 MF Series A/B (Ash Creek Apts)		16,375	5.60% 15.00%	2006	2036	10/01/2003 (b)
2003 MF Series A/B (Peninsula Apts)		12,400	4.25% 5.30%	2007	2024	10/01/2013
2003 MF Series A (Evergreen @ Mesquite)		11,000	6.60% 8.00%	2006	2043	09/01/2020
2003 MF Series A/B (Arlington Villas)		17,100	VAR - Weekly (d)	2007	2036	01/01/2007 (b)
2003 MF Series A/B (Parkview Twnhms)		16,600	6.60% 8.50%	2006	2043	12/01/2020
2003 MF Series A (NHP-Asmara) Refunding		31,500	VAR - Weekly	2007	2033	07/01/2007 (b)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules

SCHEDULE I-A (Continued)

MISCELLANEOUS BOND INFORMATION

For the fiscal year ended August 31, 2004

(Amounts in Thousands)

Description of Issue	Bonds Issued To Date	Range Of Interest Rates		Scheduled Mat		First Call Date
				First Year	Last Year	
2004 MF Series A/B (Timber Ridge)	7,500	5.75%	8.00%	2007	2037	03/01/2007 (b)
2004 MF Series A/B (Century Park)	13,000	VAR - Weekly (e)		2007	2037	05/01/2007 (b)
2004 MF Series A (Addison Park)	14,000	VAR - Weekly (d)		2007	2044	01/01/2007 (b)
2004 MF Series A/B (Veterans Memorial)	16,300	6.60%	8.50%	2006	2044	03/01/2006 (b)
2004 MF Series A (Rush Creek)	10,000	5.38%	6.70%	2006	2044	03/01/2021
2004 MF Series A (Humble Park)	11,700	6.60%	6.60%	2007	2041	07/01/2021
2004 MF Series A (Chisholm Trail)	12,000	VAR - Weekly (c)		2006	2037	10/15/2006 (b)
2004 MF Series A (Evergreen @ Plano)	14,750	5.25%	6.55%	2007	2044	06/1/2021
2004 MF Series A (Montgomery Pines)	12,300	VAR - Weekly		2006	2037	12/15/2006 (b)
2004 MF Series A (Bristol)	12,625	VAR - Weekly		2007	2037	06/15/2007 (b)
2004 MF Series A (Pinnacle)	14,500	VAR - Weekly (d)		2007	2044	09/01/2007 (b)
2004 MF Series A (Tranquility Bay)	14,350	VAR - Weekly (d)		2007	2044	06/01/2021 (g)
2004 MF Series A (Sphinx @ Delafield)	11,380	5.05%	5.35%	2006	2044	07/20/2014
2004 MF Series A (Churchill @ Pinnacle)	10,750	5.25%	6.55%	2007	2044	9/1/2021 (g)
2004 MF Series A/B (Post Oak East)	13,600	VAR - Weekly		(f)	2037	(f)
<b>TOTAL MULTIFAMILY BONDS</b>	<b>\$ 977,665</b>					
<b>TOTAL BONDS ISSUED</b>	<b>\$ 2,660,415</b>					

FOOTNOTES:

- (a) Variable rate equal to 80% of the trustee bank's prime rate, subject to a maximum (15%) and minimum (8%) yield.
- (b) The taxable bonds shall be subject to redemption prior to maturity in whole or any part on any interest payment date after the completion date from the proceeds of an optional prepayment of the loan by the borrower.
- (c) Variable rate not to exceed the maximum rate permitted by applicable law, currently 12% per annum.
- (d) Variable rate could change to fixed rate provided the conversion option is exercised.
- (e) Variable rate series and fixed rate series-variable rate could change to fixed rate provided the conversion option is exercised.
- (f) No set amortization, per trustee, amortization will occur in \$100,000 denominations when the amount in the principal reserve fund exceeds 20% of the issue.
- (g) 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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules

SCHEDULE 1-B

MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS

For the fiscal year ended August 31, 2004

Description of Issue	Bonds Outstanding 9/1/03	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/04	Amounts Due Within One Year
1995 Single Family Series A	\$ 54,770,000	\$ -	\$ -	\$ 15,570,000	\$ 39,200,000	\$ -
1995 Single Family Series C	20,485,000			5,805,000	14,680,000	
1996 Single Family Series A	9,975,000				9,975,000	
1996 Single Family Series B	9,210,000			6,880,000	2,330,000	
1996 Single Family Series D	47,685,000			12,635,000	35,050,000	
1996 Single Family Series E	40,570,000		1,800,000	10,695,000	28,075,000	1,465,000
1997 Single Family Series A	42,090,000			810,000	41,280,000	
1997 Single Family Series B	9,510,000				9,510,000	
1997 Single Family Series C	11,435,000			9,365,000	2,070,000	
1997 Single Family Series D	36,755,000			7,350,000	29,405,000	
1997 Single Family Series F	10,835,000			2,680,000	8,155,000	
2002 Single Family Series A (Jr. Lien)	10,000,000			55,000	9,945,000	
2002 Single Family Series A	38,750,000			340,000	38,410,000	
2002 Single Family Series B	52,695,000			1,090,000	51,605,000	860,000
2002 Single Family Series C	12,950,000			120,000	12,830,000	430,000
2002 Single Family Series D	11,855,000		930,000	1,010,000	9,915,000	960,000
2004 Single Family Series A		123,610,000			123,610,000	
2004 Single Family Series B		53,000,000			53,000,000	
2004 Single Family Series A (Jr. Lien)		4,140,000			4,140,000	
1998 RMRB Series A	82,180,000		1,800,000	9,210,000	71,170,000	1,745,000
1998 RMRB Series B	13,110,000			1,180,000	11,930,000	
1999 RMRB Series A	12,600,000			2,870,000	9,730,000	
1999 RMRB Series B-1	47,450,000			10,405,000	37,045,000	
1999 RMRB Series C	11,965,000			6,380,000	5,585,000	
1999 RMRB Series D	375,000			375,000	-	340,000
2000 RMRB Series A	38,665,000		415,000	10,495,000	27,755,000	
2000 RMRB Series B	78,775,000			8,170,000	70,605,000	12,000,000
2000 RMRB Series C	12,790,000			1,885,000	10,905,000	
2000 RMRB Series D	16,270,000		790,000	3,225,000	12,255,000	705,000
2000 RMRB Series E	5,875,000			3,360,000	2,515,000	
2001 RMRB Series A	51,250,000		680,000	4,025,000	46,545,000	795,000
2001 RMRB Series B	15,065,000			1,140,000	13,925,000	
2001 RMRB Series C	26,625,000		1,820,000	5,265,000	19,540,000	1,480,000
2001 RMRB Series D	235,000				235,000	
2002 RMRB Series A	42,305,000		225,000	695,000	41,385,000	690,000
2003 RMRB Series A	73,630,000			25,000	73,605,000	1,190,000
1992 Coll Home Mtg Rev Bonds, Series C	42,200,000			15,800,000	26,400,000	
1993 SF MRB CHMRB Series A	4,090,000			755,000	3,335,000	
1993 SF MRB CHMRB Series B	4,655,000			1,595,000	3,060,000	
1993 SF MRB CHMRB Series C	4,750,000			1,980,000	2,770,000	
1993 SF MRB CHMRB Series D	2,435,000			1,235,000	1,200,000	
1993 SF MRB CHMRB Series E	2,040,000			805,000	1,235,000	
1994 SF MRB CHMRB Series A	12,355,000			4,395,000	7,960,000	
1994 SF MRB CHMRB Series B	12,840,000			5,100,000	7,740,000	
1994 SF MRB CHMRB Series C	5,735,000			1,930,000	3,805,000	
1995 SF MRB CHMRB Series A	90,000			90,000	-	
<b>Total Single Family Bonds</b>	<b>\$ 1,039,925,000</b>	<b>\$ 180,750,000</b>	<b>\$ 8,460,000</b>	<b>\$ 176,795,000</b>	<b>\$ 1,035,420,000</b>	<b>\$ 22,660,000</b>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules  
 SCHEDULE I-B (Continued)  
 MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS (Continued)  
 For the fiscal year ended August 31, 2004

Description of Issue	Bonds Outstanding 9/1/03	Bonds Issued and Accretions	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding 8/31/04	Amounts Due Within One Year
1984 MF Private Placement (Summerbend)	\$ 8,120,000				\$ 8,120,000	
1987 MF Series (South Texas Rental Housing)	906,233		63,402		842,831	70,000
1993 MF Series A/B (Rem Hill/High Pt)	12,490,000				12,490,000	
1993 Res Ren Project Revenue Bonds	14,145,000		180,000	13,965,000	--	
1996 MF Series A/B (Brighton's Mark)	8,075,000				8,075,000	
1996 MF Series A/B (Las Colinas)	14,869,512				14,869,512	
1996 MF Series A/B (Braxton's Mark)	14,273,700		160,000	20,070,000	--	
1996 MF Series A-D (DFW Pool)	20,230,000		225,000		11,600,000	240,000
1996 MF Series A-D (Harbors/Plumtree)	11,825,000			25,015,000	--	
1996 MF Series A/B (NHP Foundation)	25,015,000			12,855,000	--	
1997 MF Series A (Meadow Ridge Apartments)	12,950,000		95,000		10,405,000	160,000
1998 MF Series A (Pebble Brook Apartments)	10,555,000		150,000		7,811,000	128,000
1998 MF Series A-C (Residence at the Oaks)	7,929,000		118,000		10,330,000	160,000
1998 MF Series A (Volente Project)	10,495,000		150,000	15,000	10,300,000	
1998 MF Series A (Dallas Oxford Rfdg)	10,300,000				12,940,000	185,000
1998 MF Series A/B (Greens of Hickory Trail)	13,130,000		190,000		10,970,000	177,000
1999 MF Series A-C (Mayfield)	11,137,000		167,000		10,558,084	53,000
1999 MF Series A (Woodglen Village)	10,607,144		49,060		8,000,000	100,000
2000 MF Series A (Timber Point Apts)	8,100,000			100,000	9,941,531	57,000
2000 MF Series A/B (Oaks @ Hampton)	9,993,682		52,151		6,320,000	75,000
2000 MF Series A (Deerwood Apts)	6,395,000		75,000		7,100,000	100,000
2000 MF Series A (Creek Point Apts)	7,200,000			100,000	9,888,432	56,000
2000 MF Series A/B (Parks @ Westmoreland)	9,939,553		51,121		20,475,980	113,000
2000 MF Series A (Honeycreek)	20,485,000		9,020		12,500,000	
2000 MF Series A-C (Highland Meadow Apts)	13,500,000			1,000,000	19,972,362	83,000
2000 MF Series A/B (Greenbridge)	20,047,193		74,830		13,428,000	151,000
2000 MF Series A-C (Collingham Park)	13,500,000		72,000		12,620,262	83,000
2000 MF Series A/B (Williams Run)	12,671,136		50,874		10,231,786	44,000
2000 MF Series A/B (Red Hills Villas)	10,272,142		40,356		10,642,284	47,000
2001 MF Series A (Bluffview Senior Apts)	10,686,112		43,828		13,675,833	61,000
2001 MF Series A (Knollwood Villas Apts)	13,732,155		56,322		13,250,000	135,000
2001 MF Series A (Skyway Villas)	13,250,000				7,753,877	32,000
2001 MF Series A/B (Cobb Park)	7,782,717		28,840		8,375,000	100,000
2001 MF Series A (Greens Road Apts.)	8,375,000				14,310,000	150,000
2001 MF Series A/B (Meridian Apts.)	14,310,000				14,365,000	245,000
2001 MF Series A/B (Wildwood Apts.)	14,365,000				14,700,000	86,000
2001 MF Series A-C (Fallbrook Apts.)	14,700,000		30,273		8,594,727	43,000
2001 MF Series A (Oak Hollow Apts.)	8,625,000		39,480		12,860,520	57,000
2001 MF Series A/B (Hillside Apts.)	12,900,000				12,700,000	80,000
2002 MF Series A (Millstone Apts.)	12,700,000		30,000		11,920,000	65,000
2002 MF Series A (Sugar Creek Apts.)	11,950,000		30,282		10,119,718	48,000
2002 MF Series A (West Oaks Apts.)	10,150,000				4,600,000	50,000
2002 MF Series A (Park Meadows Apts.)	4,600,000				14,600,000	69,000
2002 MF Series A (Clarkridge Villas Apts)	14,600,000				11,920,000	47,000
2002 MF Series A (Hickory Trace Apts)	11,920,000				12,500,000	49,000
2002 MF Series A (Green Crest Apts)	12,500,000				16,970,000	
2002 MF Series A/B (Iron Wood Crossing)	16,970,000				9,100,000	
2002 MF Series A (Woodway Village Apts)	9,100,000				12,200,000	
2003 MF Series A/B (Reading Road)	12,200,000				14,000,000	
2003 MF Series A/B (North Vista Apts)	14,000,000				9,450,000	
2003 MF Series A/B (West Virginia Apts)	9,450,000				15,085,000	70,000
2003 MF Series A/B (Sphinx@Murdeaux)	15,085,000				16,900,000	
2003 MF Series A/B (Primrose Houston)	16,900,000				13,200,000	4,000
2003 MF Series A/B (Timber Oaks Apts)	13,200,000				16,375,000	
2003 MF Series A/B (Ash Creek Apts)	16,375,000				12,400,000	
2003 MF Series A/B (Peninsula Apts)	12,400,000				11,000,000	
2003 MF Series A (Evergreen @ Mesquite)	11,000,000				17,100,000	
2003 MF Series A/B (Arlington Villas)		17,100,000			16,600,000	
2003 MF Series A/B (Parkview Townhms)		16,600,000			31,500,000	
2003 MF Series A (NHP-Asmara) Refunding		31,500,000			7,500,000	
2004 MF Series A/B (Timber Ridge)		7,500,000			13,000,000	
2004 MF Series A/B (Century Park)		13,000,000			14,000,000	
2004 MF Series A (Addison Park)		14,000,000			16,300,000	
2004 MF Series A/B (Veterans Memorial)		16,300,000			10,000,000	
2004 MF Series A (Rush Creek)		10,000,000			11,700,000	
2004 MF Series A (Humble Park)		11,700,000			12,000,000	
2004 MF Series A (Chisholm Trail)		12,000,000			14,750,000	
2004 MF Series A (Evergreen @ Plano)		14,750,000			12,300,000	
2004 MF Series A (Montgomery Pines)		12,300,000			12,625,000	
2004 MF Series A (Bristol)		12,625,000			14,500,000	
2004 MF Series A (Pinnacle)		14,500,000			14,350,000	
2004 MF Series A (Tranquility Bay)		14,350,000			11,380,000	
2004 MF Series A (Sphinx @ Delafield)		11,380,000			10,750,000	
2004 MF Series A (Churchill @ Pinnacle)		10,750,000			13,600,000	
2004 MF Series A/B (Post Oak East)		13,600,000				
Total Multi-Family Bonds	\$ 692,982,279	\$ 253,955,000	\$ 2,231,840	\$ 73,120,000	\$ 871,585,439	\$ 3,473,000
Total Bonds	\$ 1,732,907,279	\$ 434,705,000	\$ 10,691,840	\$ 249,915,000	\$ 1,907,005,439	(a) \$ 26,133,000

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules  
 SCHEDULE 1-B (Continued)  
 MISCELLANEOUS BOND INFORMATION - CHANGES IN BOND INDEBTEDNESS (Continued)  
 For the fiscal year ended August 31, 2004

FOOTNOTES:

(a) Bonds Outstanding balance at 8/31/04 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	\$ 1,907,005,439
Unamortized (Discount)/Premium:	
Single Family	3,827,170
RMRB	3,864,334
CHMRB	613,995
Multi-Family	(602,665)
Unamortized Deferred Gain/(Loss) on Refunding:	
Single Family	(2,666,191)
RMRB	(1,929,202)
Deferred Amount on Refunding	(3,112,373)
Bonds Outstanding per Exhibit III	<u>\$ 1,907,000,566</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules  
 SCHEDULE 1-C  
 DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)  
 For the fiscal year ended August 31, 2004  
 (Amounts in Thousands)

DESCRIPTION		2005	2006	2007	2008	2009
1995 SINGLE FAMILY, SERIES A 1995 SINGLE FAMILY, SERIES A	Principal Interest	2,411	2,411	2,411	2,411	2,411
1995 SINGLE FAMILY, SERIES C 1995 SINGLE FAMILY, SERIES C	Principal Interest	1,139	1,139	1,139	1,139	1,139
1996 SINGLE FAMILY, SERIES A 1996 SINGLE FAMILY, SERIES A	Principal Interest	628	628	628	628	628
1996 SINGLE FAMILY, SERIES B 1996 SINGLE FAMILY, SERIES B	Principal Interest	140	140	140	140	140
1996 SINGLE FAMILY, SERIES D 1996 SINGLE FAMILY, SERIES D	Principal Interest	2,186	2,186	2,186	2,186	2,186
1996 SINGLE FAMILY, SERIES E 1996 SINGLE FAMILY, SERIES E	Principal Interest	1,465 1,573	1,535 1,493	1,595 1,408	1,650 1,318	1,745 1,222
1997 SINGLE FAMILY, SERIES A 1997 SINGLE FAMILY, SERIES A	Principal Interest	2,333	2,333	2,333	2,333	2,333
1997 SINGLE FAMILY, SERIES B 1997 SINGLE FAMILY, SERIES B	Principal Interest	518	518	518	518	518
1997 SINGLE FAMILY, SERIES C 1997 SINGLE FAMILY, SERIES C	Principal Interest	141	141	141	141	141
1997 SINGLE FAMILY, SERIES D 1997 SINGLE FAMILY, SERIES D	Principal Interest	1,669	1,669	1,669	1,669	1,669
1997 SINGLE FAMILY, SERIES F 1997 SINGLE FAMILY, SERIES F	Principal Interest	552	552	552	552	552
2002 SINGLE FAMILY SERIES A (Jr. Lien) 2002 SINGLE FAMILY SERIES A (Jr. Lien)	Principal Interest	697	697	697	697	697
2002 SINGLE FAMILY SERIES A 2002 SINGLE FAMILY SERIES A	Principal Interest	2,114	2,114	2,114	2,114	2,114
2002 SINGLE FAMILY SERIES B 2002 SINGLE FAMILY SERIES B	Principal Interest	860 2,767	905 2,720	960 2,669	1,015 2,616	1,080 2,560
2002 SINGLE FAMILY SERIES C 2002 SINGLE FAMILY SERIES C	Principal Interest	430 602	455 587	480 570	510 550	535 528
2002 SINGLE FAMILY SERIES D 2002 SINGLE FAMILY SERIES D	Principal Interest	960 352	985 322	1,020 289	1,050 251	1,085 209
2004 SINGLE FAMILY SERIES A 2004 SINGLE FAMILY SERIES A	Principal Interest	5,515	5,514	5,482	5,403	4,000 5,295
2004 SINGLE FAMILY SERIES B 2004 SINGLE FAMILY SERIES B	Principal Interest	602	716	716	716	716
2004 SINGLE FAMILY SERIES A (JR Lien) 2004 SINGLE FAMILY SERIES A (JR Lien)	Principal Interest	55	65	65	65	65
Total Single Family Bonds		29,709	29,825	31,422	33,012	33,568
1998 RMRB SERIES A 1998 RMRB SERIES A	Principal Interest	1,745 3,591	1,830 3,513	1,910 3,430	1,985 3,340	2,085 3,245
1998 RMRB SERIES B 1998 RMRB SERIES B	Principal Interest	632	632	632	632	632
1999 RMRB SERIES A 1999 RMRB SERIES A	Principal Interest	494	494	494	494	494
1999 RMRB SERIES B-1 1999 RMRB SERIES B-1	Principal Interest	2,443	2,443	2,443	2,443	2,443
1999 RMRB SERIES C 1999 RMRB SERIES C	Principal Interest	349	349	349	349	349
1999 RMRB SERIES D 1999 RMRB SERIES D	Principal Interest					
2000 RMRB SERIES A 2000 RMRB SERIES A	Principal Interest	340 1,720	360 1,701	380 1,681	395 1,659	420 1,637
2000 RMRB SERIES B 2000 RMRB SERIES B	Principal Interest	12,000 3,979	3,397	3,397	3,397	3,397

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules  
 SCHEDULE 1-C (Continued)  
 DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)  
 For the fiscal year ended August 31, 2004  
 (Amounts in Thousands)

2010-14	2015-19	2020-24	2025-29	2030-34	2035-39	2040-44	TOTAL REQUIRED
			39,200				39,200
			6,023				54,243
12,055	12,055	12,055					14,680
	14,680						13,447
5,695	2,057						9,975
			9,975				15,082
3,140	3,140	3,140	2,522				2,330
	2,330						1,748
700	348						35,050
		630	34,420				51,962
10,930	10,930	10,807	8,365				28,075
2,785	17,300						14,909
5,271	2,624						41,280
11,105				30,175			49,001
11,082	8,750	8,750	8,754				9,510
	9,510						7,515
2,590	2,335						2,070
				2,070			3,519
705	705	705	699				29,405
			14,705	14,700			41,303
8,345	8,345	8,345	7,923				8,155
				8,155			13,802
2,760	2,760	2,760	2,762				9,945
			9,945				14,817
3,485	3,485	3,485	877				38,410
	3,060	12,435	11,660	11,255			45,301
10,570	10,405	7,950	4,372	1,434			51,605
5,080	4,275	5,395	12,765	19,270			54,807
11,897	10,719	9,429	7,215	2,215			12,830
	5,775						5,436
4,645	462						9,915
2,137							1,754
4,815							123,610
331							106,058
20,875	15,585	17,730	21,480	26,155	12,805		53,000
24,212	20,195	16,404	11,717	5,968	353		15,638
	8,680	11,530	13,955	16,955	1,880		4,140
3,580	3,350	2,653	1,804	776	9		2,102
					4,140		162
325	325	325	325	325	162		1,033,629
169,115	184,185	134,528	231,463	139,453	19,349		
			8,315	36,820			71,170
2,190	14,290		11,581	1,767			72,119
15,467	14,530	11,655					11,930
		11,930					11,069
3,160	3,160	1,589					9,730
	5,925	3,805					7,352
2,470	2,137	275					37,045
		13,080		23,965			57,789
12,215	12,215	9,276	7,575	4,293			5,585
		5,585					6,923
1,745	1,745	1,688					
	6,600			19,260			27,755
8,115	7,891	6,063	6,065	2,224			38,758
				58,605			70,605
16,985	16,985	16,985	16,985	10,556			96,063

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules  
 SCHEDULE 1-C  
 DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)  
 For the fiscal year ended August 31, 2004  
 (Amounts in Thousands)

DESCRIPTION		2005	2006	2007	2008	2009
2000 RMRB SERIES C	Principal					
2000 RMRB SERIES C	Interest	637	637	637	637	637
2000 RMRB SERIES D	Principal	705	755	785	845	895
2000 RMRB SERIES D	Interest	628	594	557	517	474
2000 RMRB SERIES E	Principal	187	187	187	187	187
2000 RMRB SERIES E	Interest					
2001 RMRB SERIES A	Principal	795	840	900	960	1,005
2001 RMRB SERIES A	Interest	2,506	2,466	2,423	2,375	2,324
2001 RMRB SERIES B	Principal	717	717	717	717	717
2001 RMRB SERIES B	Interest					
2001 RMRB SERIES C	Principal	1,480	1,545	1,605	1,675	1,755
2001 RMRB SERIES C	Interest	779	728	670	606	536
2001 RMRB SERIES D	Principal				5	10
2001 RMRB SERIES D	Interest	13	13	13	13	12
2002 RMRB SERIES A	Principal	690	720	740	770	800
2002 RMRB SERIES A	Interest	2,141	2,111	2,078	2,043	2,006
2003 RMRB SERIES A	Principal	1,190	1,215	1,245	1,280	1,315
2003 RMRB SERIES A	Interest	3,487	3,448	3,405	3,359	3,308
Total Residential Mtg Revenue Bonds		43,248	30,695	30,678	30,683	30,683
1992 COLL HOME MTG REV BONDS, SERIES C	Principal					
1992 COLL HOME MTG REV BONDS, SERIES C	Interest	1,797	1,797	1,797	1,797	1,797
Total Coll Home Mtg Revenue Bonds		1,797	1,797	1,797	1,797	1,797
1993 SF MRB CHMRB, SERIES A	Principal					
1993 SF MRB CHMRB, SERIES A	Interest	195	195	195	195	195
1993 SF MRB CHMRB, SERIES B	Principal					
1993 SF MRB CHMRB, SERIES B	Interest	203	203	203	203	203
1993 SF MRB CHMRB, SERIES C	Principal					
1993 SF MRB CHMRB, SERIES C	Interest	185	185	185	185	185
1993 SF MRB CHMRB, SERIES D	Principal					
1993 SF MRB CHMRB, SERIES D	Interest	81	81	81	81	81
1993 SF MRB CHMRB, SERIES E	Principal					
1993 SF MRB CHMRB, SERIES E	Interest	85	85	85	85	85
Total Single Family MRB 1993 CHMRB		749	749	749	749	749
1994 SF MRB CHMRB, SERIES A	Principal					
1994 SF MRB CHMRB, SERIES A	Interest	545	545	545	545	545
1994 SF MRB CHMRB, SERIES B	Principal					
1994 SF MRB CHMRB, SERIES B	Interest	495	495	495	495	495
1994 SF MRB CHMRB, SERIES C	Principal					
1994 SF MRB CHMRB, SERIES C	Interest	238	238	238	238	238
Total Single Family MRB 1994 CHMRB		1,278	1,278	1,278	1,278	1,278
1995 SF MRRB CHMRB, SERIES A	Principal					
1995 SF MRRB CHMRB, SERIES A	Interest					
Total Single Family MRB 1995 CHMRB						
1984 MF PRIVATE PLACEMENT (SUMMERBEND)	Principal					
1984 MF PRIVATE PLACEMENT (SUMMERBEND)	Interest	735	735	735	735	735
1987 MF SERIES (SOUTH TEXAS RENTAL HOUSING)	Principal	70	77	84	93	102
1987 MF SERIES (SOUTH TEXAS RENTAL HOUSING)	Interest	77	70	63	54	45
1993 MF SERIES A/B (REM HILL/HIGH PT)	Principal					
1993 MF SERIES A/B (REM HILL/HIGH PT)	Interest	500	500	500	500	500



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules

SCHEDULE 1-C (Continued)

DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)

For the fiscal year ended August 31, 2004

(Amounts in Thousands)

2010-14	2015-19	2020-24	2025-29	2030-34	2035-39	2040-44	TOTAL REQUIRED
		7,230	3,675				10,905
3,185	3,185	1,422	69				11,046
5,460	1,325	1,485					12,255
1,592	478	27					4,867
				2,515			2,515
935	935	935	935	634			5,309
2,495	2,305	6,490	14,920	15,835			46,545
11,068	10,468	9,558	6,479	1,861			51,528
3,580	5,845	4,500					13,925
3,257	2,009	383					9,234
							19,540
10,555	925						4,803
1,463	21						
45	45	40	45	45			235
54	41	29	18	4			210
4,560	5,715	7,150	9,265	10,975			41,385
9,396	8,081	6,410	4,295	1,421			39,982
							73,605
7,305	9,390	12,185	16,865	21,615			68,235
15,664	13,766	11,227	7,669	2,902			940,017
142,961	150,012	151,004	114,756	215,297			
		26,400					26,400
8,985	8,985	8,976					35,931
8,985	8,985	35,376					62,331
				3,335			3,335
975	975	975	230				4,130
				3,060			3,060
1,015	1,015	1,015	228				4,288
				2,770			2,770
925	925	925	217				3,917
				1,200			1,200
405	405	405	97				1,717
				1,235			1,235
425	425	425	91				1,791
3,745	3,745	3,745	12,463				27,443
				7,960			7,960
2,725	2,725	2,725	1,187				12,087
				7,740			7,740
2,475	2,475	2,475	1,080				10,980
				3,805			3,805
1,190	1,190	1,190	512				5,272
6,390	6,390	6,390	22,284				47,844
							8,120
3,675	3,675	2,458					13,483
417							843
72							381
							12,490
2,500	2,500	1,991					9,491

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules  
 SCHEDULE 1-C  
 DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)  
 For the fiscal year ended August 31, 2004  
 (Amounts in Thousands)

DESCRIPTION		2005	2006	2007	2008	2009
1993 MF RES REN PROJECT REVENUE BONDS	Principal					
1993 MF RES REN PROJECT REVENUE BONDS	Interest					
1996 MF SERIES A/B (BRIGHTON'S MARK)	Principal					
1996 MF SERIES A/B (BRIGHTON'S MARK)	Interest	495	495	495	495	495
1996 MF SERIES A/B (MARKS OF LAS COLINAS)	Principal					
1996 MF SERIES A/B (MARKS OF LAS COLINAS)	Interest	840	840	840	840	840
1996 MF SERIES A/B (BRAXTON'S MARK)	Principal					
1996 MF SERIES A/B (BRAXTON'S MARK)	Interest	829	829	829	829	829
1996 MF SERIES A-D (DALLAS-FT WORTH POOL)	Principal					
1996 MF SERIES A-D (DALLAS-FT WORTH POOL)	Interest					
1996 MF SERIES A-D (HARBORS/PLUMTREE)	Principal	240	255	275	295	315
1996 MF SERIES A-D (HARBORS/PLUMTREE)	Interest	807	791	774	755	734
1996 MF SERIES A/B (NHP FOUNDATION)	Principal					
1996 MF SERIES A/B (NHP FOUNDATION)	Interest					
1997 MF SERIES A (MEADOW RIDGE APARTMENTS)	Principal					
1997 MF SERIES A (MEADOW RIDGE APARTMENTS)	Interest					
1998 MF SERIES A (PEBBLE BROOK APARTMENTS)	Principal	160	170	180	190	205
1998 MF SERIES A (PEBBLE BROOK APARTMENTS)	Interest	570	562	553	544	535
1998 MF SERIES A-C (RESIDENCE AT THE OAKS)	Principal	128	134	141	151	159
1998 MF SERIES A-C (RESIDENCE AT THE OAKS)	Interest	464	457	448	440	430
1998 MF SERIES A (VOLENTE PROJECT)	Principal	160	165	175	185	190
1998 MF SERIES A (VOLENTE PROJECT)	Interest	571	563	554	545	536
1998 MF SERIES A (DALLAS-OXFORD RFDG)	Principal					
1998 MF SERIES A (DALLAS-OXFORD RFDG)	Interest	747	747	747	747	747
1998 MF SERIES A/B (GREENS OF HICKORY TRAIL)	Principal	185	210	220	240	250
1998 MF SERIES A/B (GREENS OF HICKORY TRAIL)	Interest	692	681	668	654	640
1999 MF SERIES A-C (MAYFIELD)	Principal	177	187	199	209	222
1999 MF SERIES A-C (MAYFIELD)	Interest	620	607	599	587	575
1999 MF SERIES A (WOODGLEN VILLAGE)	Principal	53	57	61	66	71
1999 MF SERIES A (WOODGLEN VILLAGE)	Interest	777	773	769	764	759
2000 MF SERIES A (TIMBER POINT APTS)	Principal	100	100	100	100	100
2000 MF SERIES A (TIMBER POINT APTS)	Interest	4,268	4,214	4,493	3,745	4,024
2000 MF SERIES A/B (OAKS AT HAMPTON)	Principal	57	62	68	75	82
2000 MF SERIES A/B (OAKS AT HAMPTON)	Interest	721	715	710	703	696
2000 MF SERIES A (DEERWOOD APTS)	Principal	75	85	85	95	95
2000 MF SERIES A (DEERWOOD APTS)	Interest	396	392	387	383	377
2000 MF SERIES A (CREEK POINT APTS)	Principal	100	100	100	100	100
2000 MF SERIES A (CREEK POINT APTS)	Interest	3,605	3,563	3,511	3,460	3,405
2000 MF SERIES A/B (PARKS AT WESTMORELAND)	Principal	56	61	67	73	80
2000 MF SERIES A/B (PARKS AT WESTMORELAND)	Interest	840	835	829	823	816
2000 MF SERIES A (HONEY CREEK)	Principal	113	122	131	142	153
2000 MF SERIES A (HONEY CREEK)	Interest	1,557	1,548	1,539	1,529	1,517
2000 MF SERIES A-C (HIGHLAND MEADOWS)	Principal				82	202
2000 MF SERIES A-C (HIGHLAND MEADOWS)	Interest	844	844	844	842	830
2000 MF SERIES A/B (GREENBRIDGE)	Principal	83	92	119	109	127
2000 MF SERIES A/B (GREENBRIDGE)	Interest	1,479	1,469	1,459	1,451	1,441
2000 MF SERIES A-C (COLLINGHAM PARK)	Principal	151	162	172	182	208
2000 MF SERIES A-C (COLLINGHAM PARK)	Interest	902	896	877	864	850
2000 MF SERIES A/B (WILLIAMS RUN)	Principal	83	72	78	84	91
2000 MF SERIES A/B (WILLIAMS RUN)	Interest	962	956	950	944	937
2000 MF SERIES A/B (RED HILLS VILLAS)	Principal	44	49	54	59	65
2000 MF SERIES A/B (RED HILLS VILLAS)	Interest	861	857	852	847	841
2001 MF SERIES A (BLUFFVIEW SR. APTS.)	Principal	47	51	55	59	64
2001 MF SERIES A (BLUFFVIEW SR. APTS.)	Interest	913	909	905	900	894

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules  
 SCHEDULE 1-C (Continued)  
 DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)  
 For the fiscal year ended August 31, 2004  
 (Amounts in Thousands)

2010-14	2015-19	2020-24	2025-29	2030-34	2035-39	2040-44	TOTAL REQUIRED
			8,075				8,075
			990				10,890
2,475	2,475	2,475					14,870
			14,870				18,483
4,200	4,200	4,200	1,683				14,274
			14,274				18,246
4,145	4,145	4,145	1,666				
							11,600
1,910	2,665	3,735	1,910				11,337
3,312	2,542	1,448	174				
							10,405
1,215	1,675	2,295	3,155	1,160			9,845
2,497	2,110	1,574	834	66			7,811
					6,358		10,429
740					478		
1,997	1,905	1,905	1,905				10,330
							9,770
1,210	1,670	2,285	3,145	1,145			
2,492	2,098	1,554	803	54			
							10,300
	10,300						10,952
3,735	3,482						
							12,940
1,560	2,120	2,880	3,875	1,400			11,583
2,946	2,459	1,820	953	70			
							10,970
1,319	1,750	2,323	3,084	1,500			10,509
2,664	2,228	1,653	887	89			
							10,558
443	642	925	1,337	1,932	2,791	2,180	20,706
3,704	3,507	3,221	2,810	2,216	1,358	48	
							8,000
800	1,200	1,600	2,200	1,700			77,353
18,882	16,291	12,641	7,535	1,260			
							9,942
520	744	1,067	1,528	2,187	3,132	420	17,712
3,369	3,145	2,823	2,362	1,702	758	8	
							6,320
340		1,305		4,240			9,254
1,804	1,770	1,438	1,355	952			
							7,100
700	1,000	1,400	2,000	1,500			65,895
16,018	13,858	10,820	6,518	1,137			
							9,888
506	724	1,037	1,484	2,124	3,040	636	20,986
3,961	3,702	3,334	2,805	2,048	967	26	
							20,476
966	1,412	2,066	3,021	4,417	7,933		37,960
7,380	6,929	6,272	5,312	3,905	472		
							12,500
1,242	1,736	2,427	3,395	3,416			16,428
3,918	3,418	2,717	1,739	432			
							19,972
799	1,156	1,671	2,418	3,495	5,053	4,850	40,035
7,044	6,686	6,167	5,416	4,332	2,763	328	
							13,428
1,298	1,745	2,368	3,234	3,908			18,248
4,341	3,790	3,046	2,033	655			
							12,620
576	843	1,236	1,809	2,648	3,877	1,223	24,620
4,566	4,296	3,902	3,326	2,480	1,243	58	
							10,230
417	605	875	1,266	1,830	2,646	2,320	23,269
4,103	3,892	3,585	3,142	2,501	1,574	214	
							10,642
403	591	861	1,258	1,838	2,685	2,730	25,209
4,378	4,167	3,859	3,409	2,753	1,797	325	

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules  
 SCHEDULE 1-C  
 DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)  
 For the fiscal year ended August 31, 2004  
 (Amounts in Thousands)

DESCRIPTION		2005	2006	2007	2008	2009
2001 MF SERIES A (KNOLLWOOD VILLAS APTS)	Principal	61	66	71	77	82
2001 MF SERIES A (KNOLLWOOD VILLAS APTS)	Interest	1,179	1,174	1,168	1,162	1,156
2001 MF SERIES A (SKYWAY VILLAS)	Principal	135	185	195	205	215
2001 MF SERIES A (SKYWAY VILLAS)	Interest	734	725	715	705	694
2001 MF SERIES A/B (COBB PARK)	Principal	32	35	38	42	46
2001 MF SERIES A/B (COBB PARK)	Interest	614	611	608	604	599
2001 MF SERIES A (GREENS ROAD APTS.)	Principal	100	105	110	120	130
2001 MF SERIES A (GREENS ROAD APTS.)	Interest	446	441	435	429	422
2001 MF SERIES A/B (MERIDIAN APTS.)	Principal	150	165	175	185	195
2001 MF SERIES A/B (MERIDIAN APTS.)	Interest	833	822	811	799	787
2001 MF SERIES A/B (WILDWOOD APTS.)	Principal	245	170	175	190	200
2001 MF SERIES A/B (WILDWOOD APTS.)	Interest	818	807	796	783	771
2001 MF SERIES A-C (FALLBROOK APTS.)	Principal	86	180	193	206	220
2001 MF SERIES A-C (FALLBROOK APTS.)	Interest	898	887	875	861	847
2001 MF SERIES A (OAK HOLLOW APTS.)	Principal	43	46	49	53	57
2001 MF SERIES A (OAK HOLLOW APTS.)	Interest	677	673	670	666	661
2001 MF SERIES A/B (HILLSIDE APTS.)	Principal	57	63	69	75	83
2001 MF SERIES A/B (HILLSIDE APTS.)	Interest	1,018	1,012	1,006	1,000	992
2002 MF SERIES A (MILLSTONE APTS.)	Principal	80	165	180	195	205
2002 MF SERIES A (MILLSTONE APTS.)	Interest	698	690	680	670	659
2002 MF SERIES A (SUGAR CREEK APTS.)	Principal	65	70	70	80	85
2002 MF SERIES A (SUGAR CREEK APTS.)	Interest	714	710	705	701	696
2002 MF SERIES A (WEST OAKS APTS.)	Principal	48	52	56	60	64
2002 MF SERIES A (WEST OAKS APTS.)	Interest	757	753	749	745	740
2002 MF SERIES A (PARK MEADOWS APTS.)	Principal	50	55	60	60	70
2002 MF SERIES A (PARK MEADOWS APTS.)	Interest	299	295	292	288	283
2002 SERIES A (CLARKKRIDGE VILLAS APTS)	Principal	69	74	79	85	91
2002 SERIES A (CLARKKRIDGE VILLAS APTS)	Interest	1,019	1,014	1,009	1,003	997
2002 SERIES A (HICKORY TRACE APTS)	Principal	47	60	64	69	74
2002 SERIES A (HICKORY TRACE APTS)	Interest	833	829	825	820	815
2002 SERIES A (GREEN CREST APTS)	Principal	49	63	67	72	77
2002 SERIES A (GREEN CREST APTS)	Interest	873	869	865	860	855
2002 SERIES A/B (IRON WOOD CROSSING)	Principal		51	67	73	79
2002 SERIES A/B (IRON WOOD CROSSING)	Interest	1,222	1,220	1,215	1,209	1,202
2002 SERIES A (WOODWAY VILLAGE APTS)	Principal		105	115	125	135
2002 SERIES A (WOODWAY VILLAGE APTS)	Interest	469	466	461	455	449
2003 SERIES A/B (READING ROAD)	Principal			120	120	220
2003 SERIES A/B (READING ROAD)	Interest	651	651	650	644	635
2003 SERIES A/B (NORTH VISTA)	Principal			200	210	215
2003 SERIES A/B (NORTH VISTA)	Interest	699	699	694	685	676
2003 SERIES A/B (WEST VIRGINIA)	Principal			135	145	150
2003 SERIES A/B (WEST VIRGINIA)	Interest	472	472	469	463	456
2003 SERIES A/B (SPHINX @ MURDEAUX)	Principal	70	140	160	165	170
2003 SERIES A/B (SPHINX @ MURDEAUX)	Interest	1,982	1,987	1,993	1,998	2,005
2003 SERIES A/B (PRIMROSE HOUSTON)	Principal		11	71	77	83
2003 SERIES A/B (PRIMROSE HOUSTON)	Interest	1,164	1,164	1,161	1,155	1,148
2003 SERIES A/B (TIMBER OAKS)	Principal	4	47	51	56	61
2003 SERIES A/B (TIMBER OAKS)	Interest	937	934	930	925	920
2003 SERIES A/B (ASH CREEK APTS)	Principal			59	76	83
2003 SERIES A/B (ASH CREEK APTS)	Interest	1,100	1,100	1,098	1,092	1,086
2003 SERIES A/B (PENINSULA APTS)	Principal			80	160	170
2003 SERIES A/B (PENINSULA APTS)	Interest	647	647	645	639	632
2003 SERIES A (EVERGREEN @ MESQUITE)	Principal		41	103	110	117
2003 SERIES A (EVERGREEN @ MESQUITE)	Interest	757	756	751	744	737

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules  
 SCHEDULE I-C (Continued)  
 DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)  
 For the fiscal year ended August 31, 2004  
 (Amounts in Thousands)

2010-14	2015-19	2020-24	2025-29	2030-34	2035-39	2040-44	TOTAL REQUIRED
519	759	1,107	1,617	2,364	3,450	3,503	13,676
5,667	5,417	5,050	4,516	3,735	2,593	490	33,307
1,275	1,665	2,200	2,900	3,835	440		13,250
3,278	2,875	2,341	1,629	684	6		14,386
300	435	618	909	1,316	1,904	2,079	7,754
2,926	2,782	2,575	2,275	1,839	1,209	243	16,885
775	1,045	1,420	1,930	2,640			8,375
1,996	1,756	1,432	986	374			8,717
1,230	1,735	2,400	3,225	4,340	510		14,310
3,707	3,218	2,583	1,803	766	7		16,136
1,250	1,750	2,380	3,200	4,300	505		14,365
3,626	3,144	2,556	1,789	760	7		15,857
1,339	1,808	2,437	3,285	4,427	519		14,700
3,994	3,518	2,882	2,020	860	8		17,650
352	497	707	1,003	1,419	2,011	2,358	8,595
3,231	3,063	2,827	2,493	2,018	1,345	315	18,639
517	732	1,040	1,472	2,088	2,959	3,706	12,861
4,844	4,600	4,254	3,761	3,063	2,073	505	28,128
1,205	1,570	2,045	2,690	3,535	830		12,700
3,110	2,733	2,243	1,592	736	22		13,833
525	345					10,680	11,920
3,394	3,232	3,205	3,205	3,205	3,205	1,496	24,468
399	570	814	1,162	1,661	2,371	2,863	10,120
3,618	3,437	3,181	2,813	2,288	1,537	375	20,993
410	565	775	1,075	1,480			4,600
1,342	1,184	968	668	254			5,873
564	801	1,135	1,608	2,281	3,232	4,581	14,600
4,876	4,639	4,303	3,827	3,150	2,193	696	28,726
456	647	915	1,298	1,840	2,608	3,842	11,920
3,987	3,794	3,523	3,139	2,594	1,823	610	23,592
478	678	960	1,361	1,930	2,735	4,030	12,500
4,181	3,980	3,695	3,292	2,720	1,910	640	24,740
521	804	1,218	1,737	2,461	3,490	6,469	16,970
5,887	5,601	5,183	4,663	3,933	2,899	1,113	35,347
780	1,050	6,790					9,100
2,135	1,910	1,257					7,602
950	1,410	1,885	2,500	3,365	1,630		12,200
3,026	2,717	2,297	1,733	969	113		14,086
1,270	1,630	2,160	2,820	3,700	1,795		14,000
3,223	2,875	2,397	1,768	944	90		14,750
855	1,095	1,450	1,905	2,500	1,215		9,450
2,175	1,941	1,621	1,195	638	59		9,961
980	1,240	1,575	1,990	2,550	3,245	2,800	15,085
10,158	3,174	2,841	2,415	1,869	1,162	288	31,872
533	798	1,178	1,666	2,348	10,135		16,900
5,625	5,362	4,986	4,506	3,833	1,135		31,239
402	620	959	1,418	1,988	2,782	4,812	13,200
4,508	4,285	3,944	3,483	2,911	2,112	883	26,772
531	795	1,137	1,591	2,227	9,876		16,375
5,312	5,050	4,714	4,267	3,640	1,274		29,733
1,010	1,355	1,835	7,790				12,400
3,021	2,726	2,304	33				11,294
712	979	1,347	1,852	2,549	1,744	1,446	11,000
3,552	3,277	2,898	2,376	1,657	835	304	18,644

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules  
 SCHEDULE 1-C  
 DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)  
 For the fiscal year ended August 31, 2004  
 (Amounts in Thousands)

DESCRIPTION		2005	2006	2007	2008	2009
2003 SERIES A/B (ARLINGTON VILLAS)	Principal			46	74	80
2003 SERIES A/B (ARLINGTON VILLAS)	Interest	618	1,040	1,179	1,174	1,168
2003 SERIES A/B (PARKVIEW TWNHMS)	Principal		45	73	79	86
2003 SERIES A/B (PARKVIEW TWNHMS)	Interest	1,126	1,125	1,119	1,112	1,105
2003 SERIES A (NHP-ASMARA) REFUNDING	Principal			490	520	555
2003 SERIES A (NHP-ASMARA) REFUNDING	Interest	945	945	945	930	915
2004 SERIES A/B (TIMBER RIDGE)	Principal			18	37	40
2004 SERIES A/B (TIMBER RIDGE)	Interest	483	513	512	510	507
2004 SERIES A/B (CENTURY PARK)	Principal			65	150	160
2004 SERIES A/B (CENTURY PARK)	Interest	774	774	774	767	758
2004 SERIES A (ADDISON PARK)	Principal			60	70	75
2004 SERIES A (ADDISON PARK)	Interest	840	840	839	835	831
2004 SERIES A/B (VETERANS MEMORIAL)	Principal		34	73	79	86
2004 SERIES A/B (VETERANS MEMORIAL)	Interest	1,101	1,100	1,094	1,088	1,081
2004 SERIES A (RUSH CREEK)	Principal		4	52	55	59
2004 SERIES A (RUSH CREEK)	Interest	670	670	668	664	660
2004 SERIES A (HUMBLE PARK)	Principal			90	100	110
2004 SERIES A (HUMBLE PARK)	Interest	772	772	770	764	757
2004 SERIES A (CHISHOLM TRAIL)	Principal			130	135	145
2004 SERIES A (CHISHOLM TRAIL)	Interest	775	775	773	764	755
2004 SERIES A (EVERGREEN @ PLANO)	Principal			13	80	85
2004 SERIES A (EVERGREEN @ PLANO)	Interest	966	966	966	962	957
2004 SERIES A (MONTGOMERY PINES)	Principal			145	155	160
2004 SERIES A (MONTGOMERY PINES)	Interest	734	734	732	723	713
2004 SERIES A (BRISTOL)	Principal			75	160	170
2004 SERIES A (BRISTOL)	Interest	734	734	734	727	718
2004 SERIES A (PINNACLE)	Principal					202
2004 SERIES A (PINNACLE)	Interest	202	202	202	202	202
2004 SERIES A (TRANQUILITY BAY)	Principal			45	81	86
2004 SERIES A (TRANQUILITY BAY)	Interest	929	929	928	924	918
2004 SERIES A (SPHINX @ DELAFIELD)	Principal		50	95	100	110
2004 SERIES A (SPHINX @ DELAFIELD)	Interest	537	597	593	588	583
2004 SERIES A (CHURCHILL @ PINNACLE)	Principal				57	61
2004 SERIES A (CHURCHILL @ PINNACLE)	Interest	704	704	704	702	698
2004 SERIES A/B (POST OAK EAST)	Principal					191
2004 SERIES A/B (POST OAK EAST)	Interest	191	191	191	191	191
Total Multi-Family Bonds		65,156	66,154	68,575	68,324	68,791
Total		141,937	130,498	134,499	135,843	136,866
Less interest		115,804	115,060	114,593	112,751	111,810
Total Principal		26,133	15,438	19,906	23,092	25,056

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules

SCHEDULE 1-C (Continued)

DEBT SERVICE REQUIREMENTS (PRINCIPAL & INTEREST)

For the fiscal year ended August 31, 2004

(Amounts in Thousands)

2010-14	2015-19	2020-24	2025-29	2030-34	2035-39	2040-44	TOTAL REQUIRED
515	770	1,144	1,628	2,297	10,546		17,100
5,727	5,474	5,104	4,629	3,975	1,562		31,650
560	856	1,235	1,717	2,385	3,315	6,249	16,600
5,396	5,100	4,720	4,236	3,564	2,630	1,231	32,464
3,310	4,435	5,940	7,965	8,285			31,500
4,304	3,744	2,993	1,988	638			18,347
245	346	491	694	985	4,644		7,500
2,479	2,365	2,222	2,026	1,746	732		14,095
975	1,330	1,830	2,495	3,400	2,595		13,000
3,633	3,298	2,841	2,211	1,355	274		17,459
475	705	1,040	1,540	2,275	3,370	4,390	14,000
4,079	3,907	3,655	3,278	2,726	1,905	695	24,430
560	847	1,196	1,661	2,310	3,209	6,245	16,300
5,275	4,986	4,635	4,167	3,516	2,611	1,259	31,913
361	506	705	985	1,376	1,922	3,975	10,000
3,234	3,091	2,889	2,607	2,215	1,666	836	19,870
640	895	1,245	1,730	2,375	3,290	1,225	11,700
3,666	3,416	3,069	2,584	1,915	994	68	19,547
880	1,205	1,675	2,280	3,135	2,415		12,000
3,621	3,292	2,839	2,215	1,362	278		17,449
519	719	997	1,384	1,918	2,658	6,377	14,750
4,691	4,489	4,209	3,822	3,286	2,539	1,446	29,299
965	1,300	1,730	2,340	3,130	2,375		12,300
3,409	3,078	2,637	2,043	1,244	253		16,300
1,015	1,355	1,815	2,410	3,210	2,415		12,625
3,426	3,090	2,639	2,038	1,238	254		16,332
					14,500		14,500
1,010	1,010	1,010	1,010	1,010	558		6,618
526	727	1,004	1,389	1,919	2,655	5,918	14,350
4,497	4,296	4,018	3,634	3,102	2,368	1,313	27,856
630	835	1,095	1,430	1,885	2,400	2,750	11,380
2,826	2,644	2,406	2,087	1,660	1,102	384	16,007
375	519	719	997	1,383	1,917	4,722	10,750
3,423	3,277	3,076	2,797	2,408	1,871	1,107	21,471
					13,600		13,600
955	955	955	955	955	566		6,296
342,298	340,378	346,339	336,218	266,695	229,681	126,683	2,325,292
673,494	693,695	677,382	717,184	621,445	249,030	126,683	4,438,556
537,929	482,829	410,468	300,902	150,865	61,236	17,304	2,531,551
135,565	210,866	266,914	416,282	470,580	187,794	109,379	1,907,005

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules  
 Schedule 1D - Analysis of Funds Available for Debt Service - Revenue Bonds  
 For the Fiscal Year Ended August 31, 2004  
 (Amounts in Thousands)

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2004			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
1995 Single Family Series A	18,560	51		2,626
1995 Single Family Series C	5,814	29		1,283
1996 Single Family Series A	1,203	50		628
1996 Single Family Series B	7,162	12		240
1996 Single Family Series D	14,968	72		2,359
1996 Single Family Series E	12,566	58	1,800	1,791
1997 Single Family Series A	3,587	49		2,344
1997 Single Family Series B	637	11		518
1997 Single Family Series C	9,511	3		315
1997 Single Family Series D	9,920	37		1,784
1997 Single Family Series F	3,396	10		597
2002 Single Family Series A (Jr. Lien)	151	129		700
2002 Single Family Series A	1,224	111		2,122
2002 Single Family Series B	2,278	149		2,818
2002 Single Family Series C	414	37		617
2002 Single Family Series D	1,244	29	930	388
2004 Single Family Series A	596			1,884
2004 Single Family Series B	257			203
2004 Single Family Series A (Jr. Lien)	18	15		18
<b>Total Single Family Bonds</b>	<b>93,306</b>	<b>852</b>	<b>2,730</b>	<b>23,235</b>
1998 RMRB Series A	13,646	59	1,800	3,919
1998 RMRB Series B	1,926	10		667
1999 RMRB Series A	3,859	19		568
1999 RMRB Series B-1	13,510	28		2,859
1999 RMRB Series C	6,885	5		514
1999 RMRB Series D	375			8
2000 RMRB Series A	12,778	29	415	2,107
2000 RMRB Series B	12,976	65		4,376
2000 RMRB Series C	2,626	10		699
2000 RMRB Series D	4,058	11	790	758
2000 RMRB Series E	3,537	2		340
2001 RMRB Series A	6,906	100	680	2,678
2001 RMRB Series B	1,996	30		753
2001 RMRB Series C	6,468	42	1,820	946
2001 RMRB Series D	10			13
2002 RMRB Series A	2,138	345	225	2,182
2002 RMRB Series A	1,320	202		3,306
2003 RMRB Series A				
<b>Total Residential Mtg Revenue Bonds</b>	<b>95,014</b>	<b>957</b>	<b>5,730</b>	<b>26,893</b>
1992 Coll Home Mtg Rev Bonds Series C	18,508	52		2,429
<b>Total Coll Home Mtg Revenue Bonds</b>	<b>18,508</b>	<b>52</b>		<b>2,429</b>
1993 SF MRB-CHMRB Series A	1,023	4		212
1993 SF MRB-CHMRB Series B	1,838	3		233
1993 SF MRB-CHMRB Series C	2,200	3		237
1993 SF MRB-CHMRB Series D	1,330	1		108
1993 SF MRB-CHMRB Series E	903	1		103
<b>Total Single Family MRB 1993 CHMRB Bonds</b>	<b>7,294</b>	<b>12</b>		<b>893</b>
1994 SF MRB-CHMRB Series A	5,103	21		680
1994 SF MRB-CHMRB Series B	5,786	20		629
1994 SF MRB-CHMRB Series C	2,268	10		288
<b>Total Single Family MRB 1994 CHMRB Bonds</b>	<b>13,157</b>	<b>51</b>		<b>1,597</b>
1995 SF MRB-CHMRB Series A	137			1
<b>Total Single Family MRB 1995 CHMRB Bonds</b>	<b>137</b>			<b>1</b>
1984 MF Private Placement (Summerbend)	401	1		368
1987 South Texas Rental Housing	93		63	83
1993 MF Series A/B (RemHill/High Pt)	175	5		126
1993 Res Ren Project Revenue Bonds	14,318		180	336
1996 MF Series A/B (Braxton's Mark)	866	3		843
1996 MF Series A/B (Las Colinas)	1,393	6		1,357
1996 MF Series A-D (DFW Pool)	21,112		160	904
1996 MF Series A-D (Harbors/Plumtree)	848		225	819
1996 MF Series A/B (NHP Foundation)	25,498		95	466
1997 MF Series A (Meadow Ridge)	13,496			593

\*Totals may not add due to rounding.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
 Supplementary Bond Schedules  
 Schedule 1D - Analysis of Funds Available for Debt Service - Revenue Bonds (Continued)  
 For the Fiscal Year Ended August 31, 2004  
 (Amounts in Thousands)

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2004			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/Expenditures and Capital Outlay	Principal	Interest
1998 MF Series A (Pebble Brook)	611		150	576
1998 MF Series A-C (Residence Oaks)	481		118	471
1998 MF Series A (Volente Project)	604		150	579
1998 MF Series A (Dallias Oxford Refndg)	773			747
1998 MF Series A/B (Greens of Hickory Trail)	704		190	698
1999 MF Series A-C (Mayfield)	640		167	629
1999 MF Series A (Woodglen Village)	793		49	782
2000 MF Series A (Timber Point Apts)	195			87
2000 MF Series A/B (Oaks at Hampton)	735		52	725
2000 MF Series A (Deerwood Apts)	405		75	399
2000 MF Series A (Creek Point Apts)	184			78
2000 MF Series A/B (Parks @ Westmoreland)	730		51	720
2000 MF Series A (Honeycreek)	1,582		9	1,562
2000 MF Series A-C (Highland Meadow Apts)	1,901			888
2000 MF Series A/B (Greenbridge)	1,533		75	1,513
2000 MF Series A-C (Collingham Park)	926		72	913
2000 MF Series A/B (Williams Run)	980		51	967
2000 MF Series A/B (Red Hills Villas)	776		40	766
2001 MF Series A (Bluffview Senior Apts)	821		44	810
2001 MF Series A (Knollwood Villas Apts)	1,056		56	1,042
2001 MF Series A (Skyway Villas)	750			737
2001 MF Series A/B (Cobb Park)	588		29	580
2001 MF Series A (Greens Road Apts.)	457			449
2001 MF Series A/B (Meridian Apts.)	852			838
2001 MF Series A/B (Wildwood Apts.)	842			828
2001 MF Series A-C (Fallbrook Apts.)	914			899
2001 MF Series A (Oak Hollow Apts.)	612		30	603
2001 MF Series A/B (Hillside Apts.)	923		39	910
2002 MF Series A (Millstone Apts.)	712			699
2002 MF Series A (Sugar Creek Apts.)	738		30	726
2002 MF Series A (West Oaks Apts.)	735		30	725
2002 MF Series A (Park Meadows Apts)	300			300
2002 MF Series A (Clarkridge Villas Apts)	1,037			1,022
2002 MF Series A (Hickory Trace Apts)	846			834
2002 MF Series A (Green Crest Apts)	888			875
2002 MF Series A/B (Ironwood Crossing)	1,014			997
2002 MF Series A (Woodway Village Apts)	478			469
2003 MF Series A/B (Reading Road)	260			248
2003 MF Series A/B (North Vista Apts)	713			699
2003 MF Series A/B (West Virginia Apts)	481			472
2003 MF Series A/B (Sphinx @ Murdeaux)	718			703
2003 MF Series A/B (Primrose Houston School)	994			977
2003 MF Series A/B (Timber Oaks Apts)	950			937
2003 MF Series A/B (Ash Creek Apts)	953			950
2003 MF Series A/B (Peninsula Apts)	648			647
2003 MF Series A (Evergreen @ Mesquite)	832			831
2003 MF Series A/B (Arlington Villas)	181			166
2003 MF Series A/B (Parkview Townhomes)	787			776
2003 MF Series A (NHP-Asmara/Refunding)	257			244
2004 MF Series A/B (Timber Ridge)	294			289
2004 MF Series A/B (Century Park)	245			237
2004 MF Series A (Addison Park)	138			129
2004 MF Series A (Veterans Memorial)	665			654
2004 MF Series A (Rush Creek)	322			315
2004 MF Series A (Humble Park)	442			442
2004 MF Series A (Chisholm Trail)	56			56
2004 MF Series A (Evergreen @ Plano)	204			204
2004 MF Series A (Montgomery Pines)	37			36
2004 MF Series A (Bristol)	36			36
2004 MF Series A (Pinnacle)	42			42
2004 MF Series A (Tranquility Bay)	98			98
2004 MF Series A (Sphinx @ Delafield)	78			78
2004 MF Series A (Churchill @ Pinnacle)	74			74
2004 MF Series A/B (Post Oak East)	16			16
Total Multifamily Bonds	117,837	15	2,230	43,694
Total*	345,453	1,939	10,690	98,742

\*Totals may not add due to rounding.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)  
Supplementary Bond Schedules

SCHEDULE 1-E  
MISCELLANEOUS BOND INFORMATION - DEFEASED BONDS OUTSTANDING  
For the fiscal year ended August 31, 2004

Description of Issue	Year Refunded	Par Value Outstanding
Business-Type Activities		
1996 MF SERIES A/B (NHP FOUNDATION)	2003	<u>24,525,000</u>
Total Business-Type Activities		<u>24,525,000</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)

Supplementary Bond Schedules

SCHEDULE 1-F

MISCELLANEOUS BOND INFORMATION - EARLY EXTINGUISHMENT AND REFUNDING

For the fiscal year ended August 31, 2004

Description of Issue	Category	Amount Extinguished or Refunded	For Refunding Only		
			Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Business-Type Activities					
1995 Single Family Series A	Early Extinguishment	15,570,000			
1995 Single Family Series C	Early Extinguishment	5,805,000			
1996 Single Family Series B	Early Extinguishment	6,880,000			
1996 Single Family Series D	Early Extinguishment	12,635,000			
1996 Single Family Series E	Early Extinguishment	10,695,000			
1997 Single Family Series A	Early Extinguishment	810,000			
1997 Single Family Series C	Early Extinguishment	9,365,000			
1997 Single Family Series D	Early Extinguishment	7,350,000			
1997 Single Family Series F	Early Extinguishment	2,680,000			
2002 Single Family Series A (Jr. Lien)	Early Extinguishment	55,000			
2002 Single Family Series A	Early Extinguishment	340,000			
2002 Single Family Series B	Early Extinguishment	1,090,000			
2002 Single Family Series C	Early Extinguishment	120,000			
2002 Single Family Series D	Early Extinguishment	1,010,000			
1998 RMRB Series A	Early Extinguishment	9,210,000			
1998 RMRB Series B	Early Extinguishment	1,180,000			
1999 RMRB Series A	Early Extinguishment	2,870,000			
1999 RMRB Series B-1	Early Extinguishment	10,405,000			
1999 RMRB Series C	Early Extinguishment	6,380,000			
1999 RMRB Series D	Early Extinguishment	375,000			
2000 RMRB Series A	Early Extinguishment	10,495,000			
2000 RMRB Series B	Early Extinguishment	8,170,000			
2000 RMRB Series C	Early Extinguishment	1,885,000			
2000 RMRB Series D	Early Extinguishment	3,225,000			
2000 RMRB Series E	Early Extinguishment	3,360,000			
2001 RMRB Series A	Early Extinguishment	4,025,000			
2001 RMRB Series B	Early Extinguishment	1,140,000			
2001 RMRB Series C	Early Extinguishment	5,265,000			
2002 RMRB Series A	Early Extinguishment	695,000			
2003 RMRB Series A	Early Extinguishment	25,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	15,800,000			
1993 SF MRB CHMRB Series A	Early Extinguishment	755,000			
1993 SF MRB CHMRB Series B	Early Extinguishment	1,595,000			
1993 SF MRB CHMRB Series C	Early Extinguishment	1,980,000			
1993 SF MRB CHMRB Series D	Early Extinguishment	1,235,000			
1993 SF MRB CHMRB Series E	Early Extinguishment	805,000			
1994 SF MRB CHMRB Series A	Early Extinguishment	4,395,000			
1994 SF MRB CHMRB Series B	Early Extinguishment	5,100,000			
1994 SF MRB CHMRB Series C	Early Extinguishment	1,930,000			
1995 SF MRB CHMRB Series A	Early Extinguishment	90,000			
1993 Res Ren Project Revenue Bonds	Early Extinguishment	13,965,000			
1996 MF Series A-D (DFW Pool)	Early Extinguishment	20,070,000			
1996 MF SERIES A/B (NHP Foundation)	Advance Refunding	25,015,000	31,500,000	32,161,629	31,436,148
1997 MF Series A (Meadow Ridge Apartmen	Early Extinguishment	12,855,000			
1998 MF Series A (Volente Project)	Early Extinguishment	15,000			
2000 MF Series A (Timber Point Apts)	Early Extinguishment	100,000			
2000 MF Series A (Creek Point Apts)	Early Extinguishment	100,000			
2000 MF Series A-C (Highland Meadow Apt	Early Extinguishment	1,000,000			
Total Business-Type Activities		249,915,000	31,500,000	32,161,629	31,436,148

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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Rick Perry, Governor, and the Board of Directors  
Texas Department of Housing and Community Affairs

We have audited the basic financial statements of the Texas Department of Housing and Community Affairs (the "Department") as of and for the year ended August 31, 2004 and have issued our report thereon dated December 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated December 17, 2004.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, including the Public Funds Investment Act (§2256, Texas Government Code), regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte + Touche LLP*

December 17, 2004

*Texas Department of Housing and Community Affairs*

*Opinion Audit on FY 2004  
Revenue Bond Program Financial Statements*

***Texas Department of  
Housing and Community  
Affairs—Revenue Bond  
Program***

*Financial Statements  
Year Ended August 31, 2004 and  
Independent Auditors' Report*

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS— REVENUE BOND PROGRAM

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## INDEPENDENT AUDITORS' REPORT

The Honorable Rick Perry, Governor, and the Board of Directors  
Texas Department of Housing and Community Affairs

We have audited the accompanying statement of net assets of Texas Department of Housing and Community Affairs—Revenue Bond Enterprise Fund (the “Fund”) as of August 31, 2004 and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended and supporting schedules 3 through 8 (supplementary information on pages 31 to 56). These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements and schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Revenue Bond Enterprise Fund of the Texas Department of Housing and Community Affairs (the “Department”) and are not intended to present fairly the financial position of the Department or the results of its operations and the cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Texas Department of Housing and Community Affairs—Revenue Bond Enterprise Fund at August 31, 2004 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, schedules 3 through 8 (supplementary information on pages 31 to 56) present fairly, in all material respects, the information set forth therein.

Management’s Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information by bond program, included as Schedules 1 and 2, listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements. These schedules are also the responsibility of the Fund's management. Such schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly presented in all material respects when considered in relation to the financial statements taken as a whole.

*Deloitte + Touche LLP*

December 17, 2004

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Texas Department of Housing and Community Affairs' Revenue Bond Program ("Bond Program") annual financial report presents management's discussion and analysis of the Department's financial performance during the fiscal year that ended on August 31, 2004. Please read it in conjunction with the Department's Bond Program financial statements, which follow this section.

### Financial Highlights

- The Bond Program's net assets decreased by \$408 thousand.
- The Bond Program had an increase in Operating Income of \$10.0 million to \$502 thousand. This was the result of an increase in revenues. The change in fair value of investments increased from a loss of \$6.2 million in fiscal year 2003 to a gain of \$5.4 in fiscal year 2004, or \$11.6 million, which accounted for 1.16% of the increase in operating income. There was an increase in expenses, particularly bond interest expense, of \$1.8 million to \$100 million.
- The Bond Program's debt outstanding of \$1.9 billion as of August 31, 2004 increased \$174.0 million. Debt issuances and debt retirements totaled \$434.7 million and \$260.6 million, respectively.
- Loan originations for the year totaled \$262 million in the Bond Program.

### Financial Statements

The financial statements provide more detailed information about the Bond Program's funds. The Bond Program has only one type of fund, the proprietary fund, which is as follows:

- **Proprietary Fund**—The Bond Program's activities in its proprietary fund are accounted for in a manner similar to businesses operating in the private sector. Funding has primarily arisen through the issuances of taxable and tax-exempt bonds whose proceeds are used primarily to fund various types of loans to finance low- and moderate-income housing. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes or debt service.

## Financial Analysis of the Revenue Bond Program

### Bond Program—Condensed Statement of Net Assets

	Bond Program		Increase (Decrease)	
	2004	2003	Amount	Percentage
<b>ASSETS:</b>				
Cash and investments	\$ 1,369,930,499	\$ 1,306,353,080	\$ 63,577,419	4.9 %
Loans, contracts and notes receivable	935,257,034	767,950,546	167,306,488	21.8
Interest receivable	10,919,756	9,986,771	932,985	9.3
Capital assets	219,983	271,130	(51,147)	(18.9)
Real estate owned	552,282	756,360	(204,078)	(27.0)
Deferred issuance cost	11,236,074	11,379,321	(143,247)	(1.3)
Other assets	871,391	551,526	319,865	58.0
<b>Total assets</b>	<b>2,328,987,019</b>	<b>2,097,248,734</b>	<b>231,738,285</b>	<b>11.0</b>
<b>LIABILITIES:</b>				
Bonds/notes payable	1,957,777,506	1,794,838,720	162,938,786	9.1
Interest payable	23,839,835	23,317,030	522,805	2.2
Deferred revenue	3,858,362	4,935,046	(1,076,684)	(21.8)
Other liabilities	246,850,870	177,089,370	69,761,500	39.4
<b>Total liabilities</b>	<b>2,232,326,573</b>	<b>2,000,180,166</b>	<b>232,146,407</b>	<b>11.6</b>
<b>NET ASSETS:</b>				
Invested in capital assets	219,983	271,130	(51,147)	(18.9)
Restricted	82,716,596	84,064,184	(1,347,588)	(1.6)
Unrestricted	13,723,867	12,733,254	990,613	7.8
<b>Total net assets</b>	<b>\$ 96,660,446</b>	<b>\$ 97,068,568</b>	<b>\$ (408,122)</b>	<b>(0.4)%</b>

Net assets of the Bond Program decreased \$408,122, or 0.4%, to \$96,660,446. The decrease primarily resulted from a decrease in earnings of the Bond Program's investments, loans, and other programs and an increase in expenses. Restricted net assets of the Bond Program decreased \$1,347,588, or 1.6%. Unrestricted net assets increased \$990,613, or 7.8%.

Cash and investments increased \$63,577,419, or 4.9%, to \$1,369,930,499, since funds were generated from debt issuances, reinvestment of loan repayments and interest earnings. The Bond Program loans receivable (current and noncurrent) increased \$167,306,488, or 21.8%, to \$935,257,034, due primarily to \$253,955,000 worth of mortgage loans originated under the Multi-Family Program. Total bonds and notes payable (current and noncurrent) increased \$162,938,786, or 9.1%, due to new debt issuances associated with the Bond Program's Single Family and Multi-Family Programs.

The following table illustrates a comparison between fiscal 2004 and 2003 for the Statement of Revenues, Expenses and Changes in Net Assets:

Statement of Revenues, Expenses and Changes in Net Assets

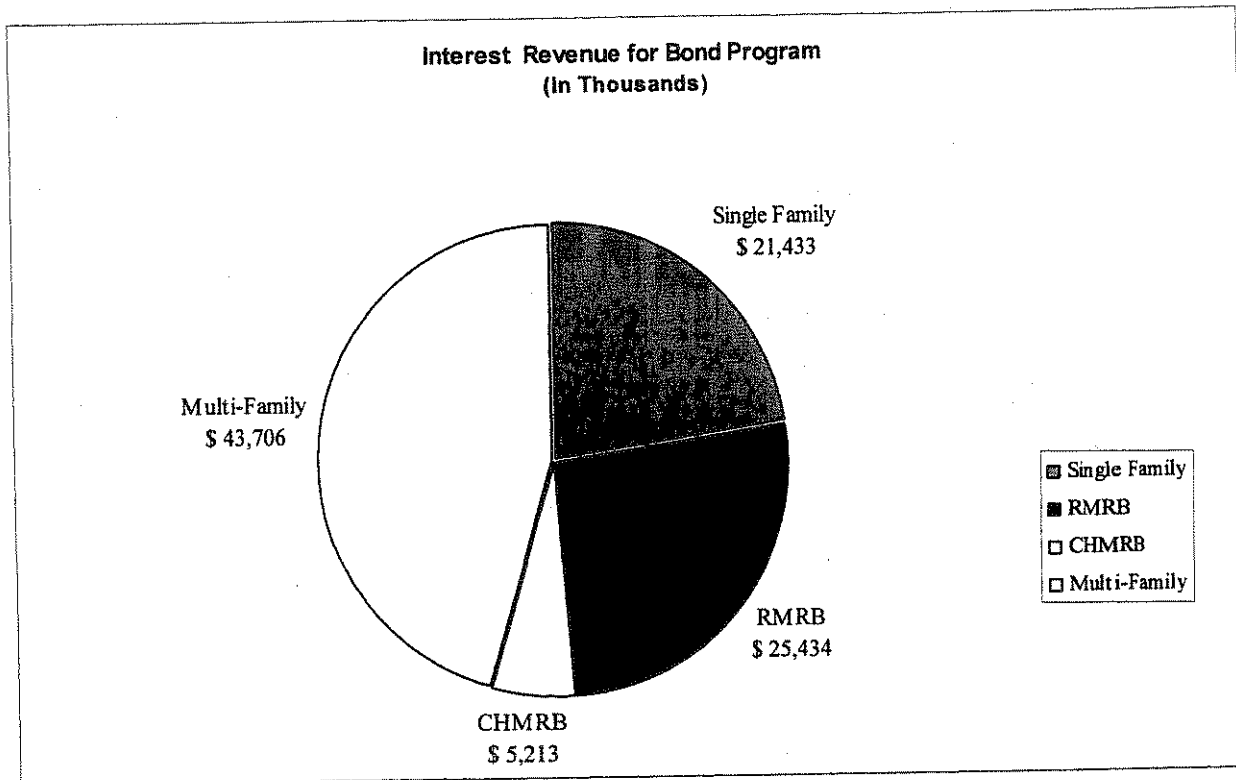
	2004	2003	Increase (Decrease)	
			Amount	Percentage
<b>OPERATING REVENUES:</b>				
Interest and investment income	\$ 97,075,800	\$ 98,952,871	\$ (1,877,071)	(1.9)%
Net increase (decrease) in fair value	5,373,407	(6,195,744)	11,569,151	186.7
Other operating revenues	<u>5,970,560</u>	<u>4,308,633</u>	<u>1,661,927</u>	38.6
Total operating revenues	<u>108,419,767</u>	<u>97,065,760</u>	<u>11,354,007</u>	11.7
<b>OPERATING EXPENSES:</b>				
Salaries and wages	3,262,641	3,279,480	(16,839)	(0.5)
Payroll-related costs	983,865	987,588	(3,723)	(0.4)
Professional fees and services	372,314	343,399	28,915	8.4
Travel	86,936	79,749	7,187	9.0
Materials and supplies	108,647	153,195	(44,548)	(29.1)
Communications and utilities	58,143	93,357	(35,214)	(37.7)
Repairs and maintenance	100,024	110,744	(10,720)	(9.7)
Rentals and leases	406,854	538,687	(131,833)	(24.5)
Printing and reproduction	7,403	30,639	(23,236)	(75.8)
Depreciation expense	628,532	654,117	(25,585)	(3.9)
Interest	99,720,640	97,952,620	1,768,020	1.8
Other operating expenses	<u>2,182,175</u>	<u>2,348,752</u>	<u>(166,577)</u>	(7.1)
Total operating expenses	<u>107,918,174</u>	<u>106,572,327</u>	<u>1,345,847</u>	1.3
OPERATING INCOME (LOSS)	501,593	(9,506,567)	10,008,160	105.3
<b>NONOPERATING REVENUES (EXPENSES) AND EXTRAORDINARY ITEMS</b>				
	<u>(909,715)</u>	<u>1,804,390</u>	<u>(2,714,105)</u>	(150.4)
CHANGE IN NET ASSETS	(408,122)	(7,702,177)	7,294,055	94.7
BEGINNING NET ASSETS	97,068,568	104,771,844	(7,703,276)	(7.4)
RESTATEMENTS		(1,099)	1,099	100.0
NET ASSETS—as restated	<u>97,068,568</u>	<u>104,770,745</u>	<u>(7,702,177)</u>	(7.4)
ENDING NET ASSETS	<u>\$ 96,660,446</u>	<u>\$ 97,068,568</u>	<u>\$ (408,122)</u>	(0.4)%

Net assets of the Bond Program decreased from the August 31, 2003 amount by \$408,122, or 0.4 %, to \$96,660,446.

Earnings within the Bond Program's various bond indentures were \$108,419,767, of which \$106,449,220 is classified as restricted and \$1,970,547, as unrestricted. Restricted earnings are composed of \$96,887,640, in interest and investment income, \$5,373,407, in fair value of investments and \$4,188,173, in other revenue. Interest and investment income is restricted per bond covenants for debt service, fair value in investments is

an unrealized gain due to the fact that the Bond Program holds investments until maturity, and other revenue is predominantly an accounting recognition of fees received in previous years that were deferred when received and are being amortized over a period of time. Unrestricted earnings are composed of \$188,160, in interest and investment income and \$1,732,387 in other operating revenue.

The graph below will illustrate the composition of interest revenue for the various bond indentures that make up the Bond Program:



Revenues of the Bond Program were interest and investment income of \$97,075,800 and an increase in fair value of investments of \$5,373,407. Earned interest income consists primarily of interest earned on loans under the various lending programs within the Bond Program. Investment income consists of earned interest on the various investments held within the different bond indentures of the Bond Program. Interest and investment income are restricted to the specific bond indentures to pay debt service. Total revenue increased \$11,354,007, which consisted primarily of the increase in fair value of investments from a loss of \$6,195,744 in fiscal year 2003 to a gain of \$5,373,407 in fiscal year 2004.

Interest earned on program loans increased by \$4,981,549, or 11.5%, due primarily to an increase of \$6,967,707, or 19.0%, within the Bond Program's Multi-Family Program, due to higher loan amounts outstanding. The increase was offset by a decrease of \$1,934,173, or 31.0%, within the Single Family Bond Program, due to decreasing balances of higher interest rate loans.

Investment income decreased \$6,807,180, or 12.3%, and reflected lower investment yields. The primary decrease in investment income was within the Single Family Bond Program funds, which declined \$3,785,921, or 18.1%, and the Residential Mortgage Revenue Bond Program funds, which declined \$664,145, or 2.6%.

Expenses of the Bond Program consist primarily of interest expense of \$99,720,640, which increased \$1,768,020, or 1.8%, on the Bond Program's debt incurred to fund its various lending programs.

The Bond Program also generated \$188,160 of unrestricted investment income, which was used primarily to partially offset its administrative costs.

The following table shows the changes in net assets by bond indenture for the Bond Program for fiscal years 2004 and 2003:

**Changes in Net Assets by Fund Groups  
(Amounts in thousands)**

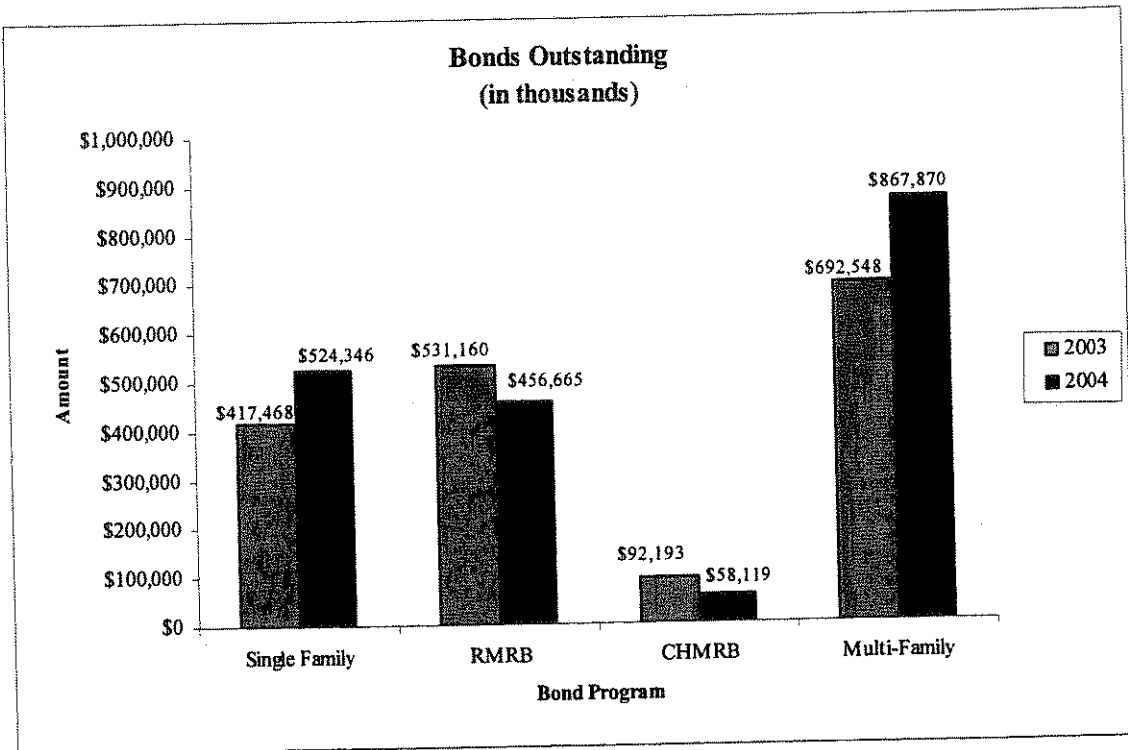
Fund	2004	2003	Increase (Decrease)	
			Amount	Percentage
Single Family	\$57,077	\$ 58,538	\$ (1,461)	(2.5)%
RMRB	19,192	17,463	1,729	9.9
CHMRB	2,288	2,191	97	4.4
Multifamily	629	1,632	(1,003)	(61.5)
1993 SF CHMRB	1,190	1,390	(200)	(14.4)
1994/1995 SF CHMRB	2,272	2,823	(551)	(19.5)
Commercial paper	68	28	40	142.9
General funds	<u>13,944</u>	<u>13,004</u>	<u>940</u>	7.2
Total	<u>\$96,660</u>	<u>\$ 97,069</u>	<u>\$ (409)</u>	(0.4)%

Net assets of the Single Family Bond Programs decreased by \$1,460,582, or 2.5%, primarily due to a \$2,142,876 adjustment to the fair value of investments. In the same manner, the net assets of the Residential Mortgage Revenue Bonds ("RMRB") decreased by \$1,729,265 due to a \$4,101,084 adjustment to fair value of investments and a decrease in investment income.

**Bond Program Debt**

The Bond Program's new debt issuances during fiscal year 2004 totaled \$434,705,000. The Single Family Program issued \$180,750,000 in bonds, and the Multi-Family Bond Program issued \$253,955,000. The Bond Program also had \$260,606,840 in debt retirement during the year primarily due to consumer refinancing and paying off original loans. The net result was an increase in bonds payable of \$174,098,160 to \$1,907,005,439 of which \$26,133,000 is due within one year. For additional information, see Note 6, Bonds Payable, and supplementary bond information schedules.

The following graph will illustrate a comparison of bonds outstanding between fiscal year 2004 and 2003 per bond program:



### Request for Information

This financial report is designed to provide a general overview of the Texas Department of Housing and Community Affairs' ("TDHCA") operations for all parties interested in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Texas Department of Housing and Community Affairs, Director of Financial Administration, 507 Sabine Street, Austin, Texas, 78701.



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**STATEMENT OF NET ASSETS  
AUGUST 31, 2004**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents:	
Cash on hand	\$ 200
Cash in bank	66,272
Cash in state treasury	1,403,454
Cash equivalents	9,507,530
Restricted assets:	
Cash and cash equivalents:	
Cash in bank	2,698,944
Cash equivalents	174,449,858
Short-term investments	137,859,497
Loans and contracts	7,134,370
Interest receivable	10,919,756
Consumable inventories	8,211
Other current assets	863,180
	<u>344,911,272</u>
Total current assets	

**NONCURRENT ASSETS:**

Capital assets—Nondepreciable—other capital assets	3,273
Depreciable:	
Furniture and equipment	1,225,750
Less accumulated depreciation	(1,009,040)
Restricted assets:	
Investments	1,043,944,744
Loans and contracts	927,122,664
Notes receivable	1,000,000
Other noncurrent assets:	
Deferred bond issuance cost—net	11,236,074
Real estate owned—net	552,282
	<u>1,984,075,747</u>
Total noncurrent assets	

**TOTAL ASSETS**

\$ 2,328,987,019

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**STATEMENT OF NET ASSETS  
AUGUST 31, 2004**

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**LIABILITIES**

**CURRENT LIABILITIES:**

Payables:

Accounts payable	\$ 315,158
Accrued bond interest payable	23,839,835
Interfund payables	105,078
Deferred revenues	3,858,362
Employees' compensable leave	381,535
Notes and loans payable	50,777,000
Revenue bonds payable	26,133,000
Other current liabilities	<u>5,916,089</u>

Total current liabilities 111,326,057

**NONCURRENT LIABILITIES:**

Employees' compensable leave	102,363
Revenue bonds payable	1,880,867,506
Other noncurrent liabilities	<u>240,030,647</u>

Total noncurrent liabilities 2,121,000,516

**TOTAL LIABILITIES**

2,232,326,573

**NET ASSETS:**

Invested in capital assets	219,983
Restricted	82,716,596
Unrestricted	<u>13,723,867</u>

**TOTAL NET ASSETS**

\$ 96,660,446

See accompanying notes to the financial statements.

(Concluded)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEAR ENDED AUGUST 31, 2004**

OPERATING REVENUES:	
Interest and investment income	\$ 97,075,800
Net decrease in fair value of investments	5,373,407
Other operating revenues	<u>5,970,560</u>
Total operating revenues	<u>108,419,767</u>
OPERATING EXPENSES:	
Salaries and wages	3,262,641
Payroll-related costs	983,865
Professional fees and services	372,314
Travel	86,936
Materials and supplies	108,647
Communications and utilities	58,143
Repairs and maintenance	100,024
Rentals and leases	406,854
Printing and reproduction	7,403
Depreciation and amortization	628,532
Interest	99,720,640
Other operating expenses	<u>2,182,175</u>
Total operating expenses	<u>107,918,174</u>
OPERATING INCOME	<u>501,593</u>
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS:	
Extraordinary items (loss on early extinguishment of debt)	(2,434,772)
Transfers in	<u>1,525,057</u>
Total other revenues, expenses, gains, losses and transfers	<u>(909,715)</u>
CHANGE IN NET ASSETS	(408,122)
NET ASSETS—September 1, 2003	<u>97,068,568</u>
NET ASSETS—August 31, 2004	<u>\$ 96,660,446</u>

See accompanying notes to the financial statements.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 2004**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Proceeds from loan programs	\$ 205,155,003
Proceeds from other revenues	4,296,365
Payments to suppliers for goods/services	(4,305,713)
Payments to employees	(4,279,761)
Payments for loans provided	<u>(261,841,348)</u>
Net cash used in operating activities	<u>(60,975,454)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Proceeds from debt issuance	605,884,675
Payments for other costs of debt	1,525,057
Transfers from other funds	(186,308)
Payments to other funds	(439,710,840)
Payments of principal on debt	(99,257,471)
Payments of interest	<u>(2,388,612)</u>
Net cash provided by noncapital financing activities	<u>65,866,501</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES—Payments for additions to capital assets</b>	<u>(32,532)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from sales and maturities of investments	1,212,202,194
Proceeds from interest and investment income	53,973,928
Payments to acquire investments	<u>(1,259,493,391)</u>
Net cash provided by investing activities	<u>6,682,731</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	11,541,246
<b>CASH AND CASH EQUIVALENTS—Beginning of year</b>	<u>176,585,012</u>
<b>CASH AND CASH EQUIVALENTS—End of year</b>	<u>\$ 188,126,258</u>

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 2004**

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CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS/ RESTRICTED CASH AND CASH EQUIVALENTS AND SHORT-TERM TERM INVESTMENTS	\$ 325,985,755
SHORT-TERM INVESTMENTS NOT CONSIDERED CASH EQUIVALENTS	<u>(137,859,497)</u>
CASH AND CASH EQUIVALENTS—August 31, 2004	<u>\$ 188,126,258</u>
 RECONCILIATION OF CASH FROM OPERATING ACTIVITIES TO OPERATING INCOME:	
Operating income	\$ 501,593
Adjustments to reconcile operating income to net cash used in operating activities:	
Amortization and depreciation	628,532
Provision for estimated losses	(1,114,556)
Operating income and cash flow categories—classification differences	38,016,466
Changes in assets and liabilities:	
Increase in accrued interest receivable	(932,985)
Increase in loans	(167,306,488)
Increase in property owned	204,078
Decrease in mortgage loan acquisition costs	143,247
Decrease in deferred revenues	(1,076,684)
Increase in other assets and liabilities—net	69,438,538
Increase in accrued interest payable	<u>522,805</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (60,975,454)</u>

During 2004, loans totaling \$208,397 were foreclosed, and the related properties acquired were transferred to real estate owned.

See accompanying notes to the financial statements.

(Concluded)

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS— REVENUE BOND PROGRAM

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED AUGUST 31, 2004

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### 1. GENERAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES

**General Statement**—The Texas Department of Housing and Community Affairs (the “Department”), was created effective September 1, 1991 by an act of the 72nd Texas Legislature, pursuant to Senate Bill 546 (codified as Article 4413 (501), Texas Revised Civil Statutes) (the “Department Act”), passed by the Texas Legislature on May 24, 1991 and signed by the Governor of the State of Texas. Effective September 1, 1991, the Department was established to assist local governments in helping residents overcome financial, social and environmental problems; to address low- to moderate-income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the Legislature in coordinating federal and state programs affecting local governments; and to continually inform the State and the public about the needs of local government. The Department was created by merging two former agencies: the Texas Housing Agency and the Texas Department of Community Affairs.

The accompanying financial statements represent the financial status of the Revenue Bond Program (the “Program”), which is included in the enterprise fund of the Department, and are not intended to present the financial position of the Department or its results of operations or cash flows. The Department is governed by a Governing Board composed of seven members appointed by the Governor with advice and consent of the Senate. The Department is administered by an Executive Director appointed by the Governor with advice and consent of the Senate. The Department is authorized to issue tax-exempt or taxable bonds, notes or other obligations to finance or refinance multifamily housing developments and single-family residential housing. Bonds and notes of the Department do not constitute a debt of the State or any political subdivision thereof. The Department Act specifically provides for the assumption by the Department of the outstanding indebtedness of the former agencies. The Department is required to continue to carry out all covenants with respect to any bonds outstanding, including the payments of any bonds from the sources provided in the proceedings authorizing such bonds. For financial reporting purposes, the Department is an agency of the State and is included in its reporting entity.

The Program operates several bond programs under separate trust indentures, as follows:

- *Single-Family Bond Program (“Single-Family”)*—These bonds are limited obligations of the Department. Bond proceeds were used to originate below-market rate loans for eligible low- and moderate-income residents who were purchasing a residence. These bonds were issued pursuant to a Single-Family Mortgage Revenue Bond Trust Indenture, dated October 1, 1980, and indentures supplemental thereto, and are secured on an equal and ratable basis by the trust estate established by such trust indentures.
- *Residential Mortgage Revenue Bond Program (“RMRB”)*—Eleven series (three of which have been refunded) of these bonds have been issued pursuant to the RMRB master indenture and ten separate Series Supplements, and are secured on an equal and ratable basis by the trust estates established by such trust indentures. Proceeds from the 1987 A Bonds were used to purchase single-family loans, while proceeds from the remaining RMRB bond issues were used to purchase pass-through certificates created through the origination of single-family loans.

- *Collateralized Home Mortgage Revenue Bond Program ("CHMRB")*—The Department issued six series of bonds pursuant to the CHMRB Trust Indenture with separate supplements for each series. The bonds are secured on an equal and ratable basis. Proceeds from the bonds are being used to purchase pass-through certificates created through the funding of loans made to finance the purchase by eligible borrowers of new and existing single-family residences in the state.
- *Multifamily Housing Revenue Bond Programs ("Multifamily")*—These bonds were issued pursuant to separate trust indentures and are secured by individual trust estates, which are not on an equal and ratable basis with each other. The bonds are limited obligations of the Department and are payable solely from the payments received from the assets and guarantors, which secure the individual trust indentures. Under these programs, the proceeds were either provided to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing or used to refund other multifamily bonds issued for the same purposes.
- *Collateralized Home Mortgage Revenue Bond Program—Series 1994 and 1995 ("COBs")*—On November 1, 1994, the Department issued Single-Family Mortgage Revenue Bonds (Collateralized Home Mortgage Revenue Bond Program), Series 1994, in the amount of \$84,140,000. This bond program was issued as a Private Placement Memorandum with Federal National Mortgage Association ("FNMA"). The Series 1994 and 1995 COBs were issued to provide funds for the purchase of mortgage-backed, pass-through certificates backed by qualifying FHA-insured, VA-guaranteed, FMHA-guaranteed mortgage loans, or conventional mortgage loans acceptable for pooling by FNMA, made to eligible borrowers for single-family residences.
- *Commercial Paper Notes*—By resolution adopted November 10, 1994, the Department's Board has authorized the issuance of two series of commercial paper notes: its Single-Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series A, and its Single-Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series B (collectively, the "Notes"). Pursuant to the resolution, the Department is authorized to issue the Notes in an aggregate principal amount not to exceed \$75,000,000 outstanding. Proceeds of the initial issuance of the Notes and of future issues not issued to refund outstanding Notes will be used to redeem certain of the Department's single-family mortgage revenue bonds (the "Refunded Bonds"), which are subject to redemption as a result of the receipt by the Department of prepayments of the related underlying mortgage loans. Such prepayments may, at a future date, be recycled into new mortgage loans by the Department. The Notes are being issued in anticipation of the issuance of refunding bonds that will refund the Notes.
- *Housing Trust Fund*—The Department Act provided for a transfer of a portion of the unencumbered fund balance from the bond programs for use in the Housing Trust Fund. The Housing Trust Fund will be used to provide assistance for low- and very-low-income persons and families in financing, acquiring, rehabilitating and developing affordable, decent and safe housing. The Housing Trust Fund will be made available to local units of government, public housing authorities, the Department, community housing development organizations and nonprofit organizations, as well as eligible low- and very-low-income individuals and families.
- *Continuance Subject to Review*—Under the Texas Sunset Act, the Department will be abolished effective September 1, 2011, unless it is continued in existence as provided in the Texas Sunset Act. If abolished, the Department may continue in existence until September 1, 2012, to close out its operations.

**Significant Accounting Policies**—The significant accounting policies of the Fund are as follows:

- a. *Fund Accounting*—The Program’s financial statements have been prepared on the basis of the governmental proprietary fund concept as set forth by the Governmental Accounting Standards Board (“GASB”). The governmental proprietary fund concept provides that financial activities operated similarly to private business enterprises and financed through fees and charges assessed primarily to users of the services are presented as a proprietary fund. Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the liability is incurred. The Program has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989, as allowed by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.
- b. *Investments*—The Program follows the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. GASB Statement No. 31 requires certain types of investments to be reported at fair value on the balance sheet. The Program utilizes established quoted market prices for determining the fair value of its debt securities in reserve funds. Fair value of the Program’s securitized mortgage loans (“GNMA/FNMA”) has been estimated by each bond issue’s trustee using a pricing service.

The Program has reported all investment securities at fair value as of August 31, 2004, with the exception of certain money market investments and nonparticipating interest-earning investment contracts, which are reported at amortized cost (historical cost adjusted for amortization of premiums and accretion of discounts), provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors (see Note 2).

In accordance with GASB Statement No. 31, changes in the fair value of investments are reported in the statement of revenues, expenses and changes in net assets as net increase in fair value of investments.

- c. *Mortgage-Backed Securities*—The Program’s portfolio of mortgage-backed securities consists of pools of mortgage loans exchanged for mortgage-backed securities or mortgage pass-through certificates.
- d. *Note Receivable*—The note receivable represents a long-term receivable from a third party. It is due and payable in 2005.
- e. *Loans Receivable*—Loans receivable are carried at the unpaid principal balance outstanding less the allowance for estimated loan losses and deferred commitment fees. Interest on loans is credited to income as earned. Loans are generally placed on nonaccrual status when the Department becomes aware that the borrower has entered bankruptcy proceedings or when the loans are 90 days past due as to either principal or interest or when payment in full of principal and interest is not expected. Deferred commitment fees are recognized using the interest method over the estimated lives of the single-family loans and the contractual lives, adjusted for actual repayments, of the multifamily loans.



- f. *Real Estate Owned*—Properties acquired through foreclosure are carried at the unpaid principal balance on the related property plus accrued interest and reimbursable expenses through the date of foreclosure, less any sales proceeds, reimbursements received from mortgage insurers and an allowance for estimated losses on such properties. After foreclosure, foreclosed assets are carried at lower of cost or fair value minus selling costs.

Interest on real estate owned is credited to income as earned based on a calculation of interest recoverable in accordance with the Department's agreements with its mortgage insurers.

- g. *Allowance for Estimated Losses on Loans and Foreclosed Properties*—The allowance for estimated losses on loans is available for future chargeoffs on single-family and multifamily loans. The allowance for estimated losses on real estate owned is available for future chargeoffs on foreclosed single-family loans.

All losses are charged to the allowance when the loss actually occurs or when a determination is made that a loss is likely to occur. Periodically, management estimates the likely level of future losses to determine whether the allowances for estimated losses are adequate to absorb anticipated losses in the existing loan and real estate owned portfolios. Based on these estimates, a provision for estimated losses on loans and real estate owned is made to the allowances in order to adjust the allowances to levels estimated to be adequate to absorb reasonably foreseeable losses.

While management uses available information to recognize losses in the loan and real estate owned portfolios, future adjustments may be necessary based on changes in economic conditions. However, it is the judgment of management that the allowances are currently adequate to absorb reasonably foreseeable losses in the existing loan and real estate owned portfolios.

- h. *Commitment Fees*—Commitment fees received in connection with the origination of loans are deferred and recognized using the interest method over the estimated life of the related loans and mortgage-backed securities, or if the commitment expires unexercised, it is credited to income upon expiration of the commitment.
- i. *Deferred Issuance Costs*—Deferred issuance costs on bonds are amortized using the interest method over the contractual life of the bonds to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of deferred issuance costs.
- j. *Discounts and Premiums on Debt*—Discounts and premiums on debt are recognized using the interest method over the life of the bonds or collateralized mortgage obligations to which they relate. Prepayments on the bonds result in the proportionate amortization during the current year of the remaining balance of discounts and premiums on debt.
- k. *Restricted Net Assets*—The net assets of the Program are restricted for various purposes of the bond trust indentures.
- l. *Invested in Capital Assets*—This component of net assets consists of capital assets, net of accumulated depreciation.
- m. *Cash Flows*—For purposes of reporting cash flows, cash and cash equivalents consist of cash and short-term investments with a maturity at the date of purchase of three months or less, which are highly liquid and are readily exchanged for cash at amounts equal to their stated value.

- n. *Interfund Transactions*—The Program has transactions between and with other funds of the Department. Quasi-external transactions are charges for services rendered by one fund to another, and they are accounted for as revenue or expense. All other interfund transactions are reported as transfers.
- o. *Gain/Loss on Refundings of Debt*—Any gain/loss on refunding of bonds is deferred and amortized as a component of interest expense using the interest method.
- p. *Loss on Early Extinguishment of Debt*—Any loss on extinguishment of debt prior to its stated maturity is recorded in the period the debt is retired.
- q. *Estimates*—In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheet and the reported revenues and expenses for the period. Actual results could differ significantly from those estimates. Management judgments and accounting estimates are made in the evaluation of the allowance for estimated losses on loans and real estate owned and in determination of the assumptions with respect to prepayments on loans and mortgage-backed securities in the recognition of deferred commitment fees to income.

**2. CASH AND CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES**

At August 31, 2004, the Program had cash and cash equivalents, investments and mortgage-backed securities as follows (in thousands):

	<b>Fair Value</b>
<b>Cash and cash equivalents:</b>	
Cash	\$ 4,168
Money market accounts	12,545
Mutual funds	42,588
Repurchase agreements	<u>128,825</u>
	<u>\$ 188,126</u>
<b>Investments:</b>	
Guaranteed investment contracts	\$ 464,036
U.S. Treasury securities	34,131
Mortgage-backed securities	<u>683,637</u>
	<u>\$ 1,181,804</u>

At August 31, 2004, the Program's bank deposits amounted to \$2,765,216, with bank balances of \$2,765,216. The entire amount was in a depository fully collateralized by securities held with a Trustee in the Department's name or covered by Federal Deposit Insurance Corporation ("FDIC") insurance coverage. Collateralized cash held by and in the name of paying agents, trustees, and depositories amounted to zero. At August 31, 2004, the Program's cash and deposits in the State Treasury amounted to \$1,403,454. This amount was fully collateralized by securities held with a trustee in the State's name, as reported to the Department of Comptroller of Public Accounts of the State of Texas.

The types of investments in which the Department may invest are restricted by the provisions of the master bond indentures. The indentures generally allow for investments in direct obligations of or

guaranteed by the U.S. government, obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by agencies or intermediaries of the U.S. government, obligations issued by public agencies or municipalities, obligations and general obligations of or guaranteed by the State, demand deposits, interest-bearing time deposits or certificates of deposit, repurchase agreements in U.S. government securities, direct or general obligations of any state within the territorial U.S., investment agreements with any bank or financial institution, commercial paper and guaranteed investment contracts. Certain trust indentures restrict the Department from investing in certain of the aforementioned investments.

All investments are registered or are securities held by the Department or its agent in the Department's name (Category 1), except for \$460,488,287 of investment agreements/contracts at August 31, 2004, which are unsecured. Additionally, the Department held uncategorized investments of approximately \$55,132,398 in constant-dollar money market mutual funds that are not subject to collateralization. The Department considers these investment agreements/contracts to be Category 3. Under an agreement with the Department, the counterparty must maintain a rating on long-term, unsecured, unsubordinated debt obligations at "AAA" by Standard & Poor's, "Aaa" by Moody's and/or other comparable high rating during the term of the agreement/contract. Should the rating fall below the requirement, the counterparty shall either substitute an acceptable replacement guarantor, deliver collateral or repay the principal of and accrued but unpaid interest on the investment. A summary of investments by type at August 31, 2004 is as follows (in thousands):

	Fair Value
Repurchase and other investment agreements	\$ 592,861
Pass-through certificates	683,637
Other U.S. government securities	34,131
Mutual funds*	<u>55,133</u>
Total investments	<u>\$1,365,762</u>

\*These constant-dollar money market mutual funds are not subject to categorization.

Repurchase agreements and other qualified investment agreements with a carrying amount of \$592,861,477 at August 31, 2004 are generally secured by U.S. government obligations or other marketable securities with market values in excess of the cost. At August 31, 2004, the agreements were with the following counterparties (amounts in thousands):

Counterparty	\$
AEGON	1,818
AIG Matched Funding Corporation	8,723
American International Group	12,737
Bayerishone Landesbank	70,582
Berkshire Hathaway	1,367
CDC Funding Corporation	12,803
Core States Bank	346
Financial Guaranty Insurance Corporation	24,820
FSA Capital Management	90,013
Lehman Brothers	1,042
MBIA Investment	1,899
Morgan Stanley	1,010
Paribas Corporation	128,825
Transamerica Life	227,278
Trinity Funding Company	1,457
VR Municipal Mortgage	4,593
Westdeutsche Bank	3,548
	<u>\$ 592,861</u>

### 3. RESTRICTED ASSETS

Cash in bank, cash equivalents, short-term investments, loans and contracts, interest receivable and investments (which include mortgage-backed securities) totaling \$2,316,107 are restricted by the trust indentures of the related bonds and collateralized mortgage obligations. The trust indentures of the Department also require the establishing of accounts for the segregation of assets and restricting the use of bond proceeds and other funds in connection with each bond program. Such restricted assets, primarily investments, are as follows at August 31, 2004 (in thousands):

Program	Mortgage and Debt Service Reserve	Unspent Bond Proceeds	Revenue Account	Self- Insurance	Rebate Account
Single-family	\$ 1,706	\$ 241,150	\$ 43,369	\$ 1,788	\$ 302
RMRB		53,621	21,933	401	1,908
CHMRB			1,059		
Multifamily	2,234	169,672	3,509		
93 SF CHMRB			967		7
94/95 SF CHMRB			667		21
Commercial Paper					176
Total	<u>\$ 3,940</u>	<u>\$ 464,443</u>	<u>\$ 71,504</u>	<u>\$ 2,189</u>	<u>\$ 2,414</u>

Additionally, deferred issuance costs and real estate owned totaling \$11,236 and \$552, respectively, are also restricted.

#### 4. LOANS RECEIVABLE

Loans receivable as of August 31, 2004 consisted of the following (in thousands):

Single-family loans	\$ 65,510
Multifamily loans	868,143
RMRB (1987 Series A) single-family loans	2,273
Miscellaneous loans	<u>2,658</u>
Total loans	938,584
Deferred commitment fees, net of accumulated amortization of \$280,472 in 2004	(1,734)
Allowance for estimated loan losses	<u>(2,593)</u>
Total	<u>\$ 934,257</u>

All of the loans made directly by the Department are secured by real estate properties located in the state.

Single-family loans are collateralized by first-lien mortgages on the applicable real estate and (i) are federally insured or guaranteed or (ii) are insured by a private mortgage insurer approved by the Department for the amount by which the loan exceeds 80% of the original appraised value.

Certain properties acquired through foreclosure are covered by mortgage pool insurance. The mortgage pool insurance covers the unpaid principal balance of the loan at the ultimate date of sale, delinquent interest up to the claim settlement date and certain other expenses.

The single-family trust indenture requires the Department to obtain and maintain mortgage pool insurance on loans collateralizing each series of bonds issued under that trust indenture. Except with respect to four series, the requirement has been satisfied by purchasing and maintaining a mortgage pool insurance policy for each bond series. For loans collateralizing the other four series of bonds, the Department has entered into Mortgage Pool Self-Insurance Fund Agreements ("Agreements") with the trustee. The funding requirements of these Agreements have been met as of August 31, 2004.

Multifamily mortgage and lender loans are collateralized by first-lien mortgages on the applicable housing developments, letters of credit, guarantees provided by third parties and collateralized mortgage obligations issued by federally chartered, privately owned corporations.

The activity in the allowance for estimated loan losses is as follows (in thousands):

Balance at beginning of year	\$ 3,711
Provision for estimated losses on loans	<u>(1,118)</u>
Balance at end of year	<u>\$ 2,593</u>

## 5. REAL ESTATE OWNED

Real estate owned for the Program was as follows (in thousands):

Real estate owned	\$ 526
Allowance for estimated losses	<u>26</u>
Real estate owned—net	<u>\$ 552</u>

The activity in the allowance for estimated losses follows (in thousands):

Balance at beginning of year	\$ 42
Amounts charged off	(21)
Provision for losses on real estate owned	<u>5</u>
Balance at end of year	<u>\$ 26</u>

The provision for loss on real estate owned was recorded to adjust real estate owned to the estimated fair value less estimated costs of disposal.

## 6. BONDS PAYABLE

Bonds payable activity for the year ended August 31, 2004 consisted of the following (in thousands):

	Original Face Amount	Balance September 1, 2003	Additions/ Accretions	Maturities/ Prepayments	Balance August 31, 2004	Final Maturity Date	Amounts Due Within One Year
Single-family:							
1995 Series A—4.15% to 6.15%	\$ 85,760	\$ 54,770	\$	\$15,570	\$ 39,200	2027	
1995 Series C—6.44% to 7.76%	71,760	20,485		5,805	14,680	2017	
1996 Series A—4.5% to 6.3%	15,000	9,975			9,975	2028	
1996 Series B—5.5% to 6%	42,140	9,210		6,880	2,330	2017	
1996 Series D—5.45% to 6.25%	70,760	47,685		12,635	35,050	2028	
1996 Series E—3.9% to 6%	98,730	40,570		12,495	28,075	2017	\$1,465
1997 Series A—5.25% to 5.80%	44,465	42,090		810	41,280	2029	
1997 Series B—5.45%	9,510	9,510			9,510	2019	
1997 Series C—6.80%	25,525	11,435		9,365	2,070	2029	
1997 Series D—5.65% to 5.70%	44,795	36,755		7,350	29,405	2029	
1997 Series F—6.77%	20,000	10,835		2,680	8,155	2029	
2002 Series A—7.01%	10,000	10,000		55	9,945	2026	
2002 Series A—5.45% to 5.55%	38,750	38,750		340	38,410	2034	
2002 Series B—5.35% to 5.55%	52,695	52,695		1,090	51,605	2033	860
2002 Series C—2.80% to 5.20%	12,950	12,950		120	12,830	2017	430
2002 Series D—2.0% to 4.5%	13,605	11,855		1,940	9,915	2012	960
2004 Series A—2.0% to 4.7%	123,610		123,610		123,610	2035	
2004 Series B—variable rate	53,000		53,000		53,000	2034	
2004 Series A—variable rate	4,140		4,140		4,140	2036	
Total principal amount		419,570	\$180,750	\$77,135	523,185		\$3,715
Unamortized premium		1,492			3,827		
Unamortized discount and losses on refundings		(3,594)			(2,666)		
Total single-family		\$ 417,468			\$524,346		

	Original Face Amount	Balance September 1, 2003	Additions Accretions	Maturities/ Prepayment	Balance August 31, 2004	Final Maturity Date	Amounts Due Within One Year
<b>RMRB:</b>							
1998 Series A—4.05% to 5.35%	\$102,055	\$ 82,180		\$ 11,010	\$ 71,170	2031	1,745
1998 Series B—5.30%	14,300	13,110		1,180	11,930	2022	
1999 Series A—4.80% to 5.50%	25,615	12,600		2,870	9,730	2021	
1999 Series B-1—6.32% to 5.50%	52,260	47,450		10,405	37,045	2032	
1999 Series C—5.05% to 6.25%	12,150	11,965		6,380	5,585	2024	
1999 Series D—4.30% to 6.25%	26,355	375		375		2021	
2000 Series A—5.10% to 6.30%	50,000	38,665		10,910	27,755	2031	340
2000 Series B—5.70%	82,975	78,775		8,170	70,605	2033	12,000
2000 Series C—5.85% to 5.82%	13,675	12,790		1,885	10,905	2025	
2000 Series D—4.55% to 5.85%	18,265	16,270		4,015	12,255	2020	705
2000 Series E—7.45%	10,000	5,875		3,360	2,515	2033	
2001 Series A—3.15% to 5.70%	52,715	51,250		4,705	46,545	2033	795
2001 Series B—5.0% to 5.25%	15,585	15,065		1,140	13,925	2022	
2001 Series C—2.55% to 4.63%	32,225	26,625		7,085	19,540	2015	1,480
2001 Series D—5.35%	300	235			235	2033	
2002 Series A—2.25% to 5.35%	42,310	42,305		920	41,385	2034	690
2003 Series A—1.70% to 5.00%	73,630	73,630		25	73,605	2034	1,190
Total principal amount		529,165	\$	\$ 74,435	454,730		\$18,945
Unamortized premium		4,558			3,864		
Unamortized discount and loss on refundings		(2,562)			(1,929)		
Total RMRB		\$531,161			\$456,665		
<b>CHMRB:</b>							
1992 Series C—linked rate averaging 6.90%	\$ 72,700	\$42,200		\$ 15,800	\$ 26,400	2024	
Total principal		42,200		\$ 15,800	26,400		
Plus unamortized premium		1,003			614		
Total CHMRB		\$ 43,203			\$ 27,014		
<b>SF MRB CHMRB:</b>							
1993 Series A—5.85%	\$ 11,695	\$ 4,090		\$ 755	\$ 3,335	2025	
1993 Series B—6.62%	15,000	4,655		1,595	3,060	2025	
1993 Series C—6.68%	15,000	4,750		1,980	2,770	2025	
1993 Series D—6.76%	8,000	2,435		1,235	1,200	2025	
1993 Series E—6.85%	8,780	2,040		805	1,235	2025	
1994 Series A—6.85%	35,395	12,355		4,395	7,960	2026	
1994 Series B—6.4%	33,385	12,840		5,100	7,740	2026	
1994 Series C—6.25%	15,360	5,735		1,930	3,805	2026	
1995 MRRB Series A—6.26%	5,825	90		90		2015	
Total SF MRB CHMRB		\$ 48,990		\$ 17,885	\$ 31,105		

	Original Face Amount	Balance September 1, 2003	Additions Accretions	Maturities/ Prepayment	Balance August 31, 2004	Final Maturity Date	Amounts Due Within One Year
Multifamily:							
1984 Series (Allied Bank Private Placement—Summer Bend at Las Colinas)—variable rate currently at 8%	\$10,100	\$ 8,120	\$	\$	\$ 8,120	2022	\$
1987 Series (South Texas Rental Housing)—9.5%	1,400	906		63	843	2012	70
1993 Series A and B Refunding (High Point III Development/ Remington Hill Development)	26,370	12,490			12,490	2023	
1993 Residential Rental (National Center)—3.3% to 5.89%	16,775	14,145		14,145		2024	
1996 Series A and B (Brighton's Mark)—6.13%	9,748	8,075			8,075	2026	
1996 Series A and B (Marks of Las Colinas)—5.56%	14,870	14,870			14,870	2026	
1996 Series A and B (Braxton's Mark)—5.81%	14,274	14,274			14,274	2026	
1996 Series A, B, C and D (Dallas-Fort Worth)—6% to 10%	22,150	20,230		20,230		2026	
1996 Series A, B, C and D (Harbors and Plumtree)—5.9% to 10%	13,050	11,825		225	11,600	2026	240
1996 Series A and B (NHP Foundation)—5.50% to 6.4%	27,560	25,015		25,015		2027	
1997 Series (Meadow Ridge) 5.05% to 5.55%	13,575	12,950		12,950		2030	
1998 Series (Pebble Brook)—4.95% to 5.60%	10,900	10,555		150	10,405	2030	160
1998 Series A, B and C (Residence Oaks)—5.98% to 7.18%	8,200	7,929		118	7,811	2030	128
1998 Series (Volente)—5.00% to 5.63%	10,850	10,495		165	10,330	2031	160
1998 Series (Dallas—Oxford Rfdg.)—7.25%	10,300	10,300			10,300	2018	
1998 Series (Greens)—5.2% to 6.03%	13,500	13,130		190	12,940	2030	185
1999 Series (Mayfield)—5.7% to 7.25%	11,445	11,137		167	10,970	2031	177
1999 Series (Woodglen Village)—7.38% to 8.25%	10,660	10,607		49	10,558	2039	53
2000 Series (Timber Point)—variable rate	8,100	8,100		100	8,000	2032	100
2000 Series (Oaks @ Hampton)—7.20% to 9.00%	10,060	9,993		51	9,942	2040	57
2000 Series (Deerwood)—5.25% to 6.40%	6,435	6,395		75	6,320	2032	75
2000 Series (Creek Point)—variable rate	7,200	7,200		100	7,100	2032	100
2000 Series A/B (Parks @ Westmoreland)—7.20% to 9.00%	9,990	9,939		51	9,888	2040	56
2000 Series (Honeycreek)—7.63% to 8.15%	20,485	20,485		9	20,476	2035	113
2000 MF Series A-C (Highland Meadow Apts)—6.75% to 8%	13,500	13,500		1,000	12,500	2033	
2000 MF Series A/B (Greenbridge)—7.4% to 10%	20,085	20,047		75	19,972	2040	83
2000 MF Series A-C (Collingham Park)—6.72% to 7.72%	13,500	13,500		72	13,428	2,033	151
2000 MF Series A/B (Williams Run)—7.65% to 9.25%	12,850	12,671		51	12,620	2040	83

(Continued)



	Original Face Amount	Balance September 1, 2003	Additions Maturities/ Accretions	Prepayment	Balance August 31, 2004	Final Maturity Date	Amounts Due Within One Year
2000 MF Series A/B (Red Hills Villas) - 8.4% to 9.5%	\$10,300	\$ 10,272	\$	\$ 40	\$ 10,232	2040	\$ 44
2001 MF Series (Bluffview Senior Apts)—7.65%	10,700	10,686		44	10,642	2041	47
2001 MF Series (Knollwood Villas Apts)—7.65%	13,750	13,732		56	13,676	2041	61
2001 MF Series (Skyway Villas)—6.0% to 6.5%	13,250	13,250			13,250	2034	135
2001 MF Series A/B (Cobb Park)—6.77%	7,785	7,783		29	7,754	2041	32
2001 MF Series A (Greens Road Apts)—5.3% to 5.4%	8,375	8,375			8,375	2034	100
2001 MF Series A (Meridian Apts)—5.45% to 6.85%	14,310	14,310			14,310	2034	150
2001 MF Series A (Wildwood Apts)—5.45% to 6.75%	14,365	14,365			14,365	2034	245
2001 MF Series A-C (Fallbrook Apts)—6.06% to 6.78%	14,700	14,700			14,700	2034	86
2001 MF Series A (Oak Hollow Apts)—7.0% to 7.9%	8,625	8,625		30	8,595	2041	43
2001 MF Series A/B (Hillside Apts)—7.0% to 9.25%	12,900	12,900		39	12,861	2041	57
2002 MF Series A (Millstone Apts)—5.35% to 5.86%	12,700	12,700			12,700	2035	80
2002 MF Series A (Sugar Creek Apts)—6.0%	11,950	11,950		30	11,920	2042	65
2002 MF Series A (West Oaks Apts)—7.15% to 7.5%	10,150	10,150		30	10,120	2042	48
2002 MF Series A (Park Meadows Apts)—6.53%	4,600	4,600			4,600	2034	50
2002 MF Series A (Clarkridge Villas Apts)—7.0%	14,600	14,600			14,600	2042	69
2002 MF Series A (Hickory Trace Apts)—7.0%	11,920	11,920			11,920	2042	47
2002 MF Series A (Green Crest Apts)—7.0%	12,500	12,500			12,500	2042	49
2002 MF Series A/B (Ironwood Crossing)—5.5% to 8.75%	16,970	16,970			16,970	2042	
2002 MF Series A/B (Woodway Village Apts)—4.9% to 5.2%	9,100	9,100			9,100	2023	
2003 MF Series A/B (Reading Road Apts)—Variable not to exceed 12%	12,200	12,200			12,200	2036	
2003 MF Series A/B (North Vista Apts)—4.1% to 5.41%	14,000	14,000			14,000	2036	
2003 MF Series A/B (West Virginia Apts)—4.15% to 5.41%	9,450	9,450			9,450	2036	
2003 MF Series A/B (Sphinx @ Murdeaux)—3.55% to 5.0%	15,085	15,085			15,085	2042	70
2003 MF Series A/B (Primrose Houston School)—5.5% to 8.0%	16,900	16,900			16,900	2036	
2003 MF Series A/B (Timber Oaks Apts)—6.75 to 8.75%	13,200	13,200			13,200	2043	4

(Continued)

	Original Face Amount	Balance September 1, 2003	Additions Accretions	Maturities/ Prepayment	Balance August 31, 2004	Final Maturity Date	Amounts Due Within One Year
2003 MF Series A/B (Ash Creek Apts)—5.6% to 15.0%	\$16,375	\$ 16,375		\$	\$ 16,375	2036	\$
2003 MF Series A/B (Peninsula Apts)—4.25 to 5.3%	12,400	12,400			12,400	2024	
2003 MF Series A/B (Evergreen @ Mesquite)—6.6% to 8.0%	11,000	11,000			11,000	2043	
2003 MF Series A/B (Arlington Villas Apts)—Variable rate	17,100		17,100		17,100	2036	
2003 MF Series A/B (Parkview Twnhms Apts)—6.6% to 8.5%	16,600		16,600		16,600	2043	
2003 MF Series A (NHP-Asmara Apts) Refunding—Variable rate	31,500		31,500		31,500	2033	
2004 MF Series A/B (Timber Ridge Apts)—5.75% to 8.0%	7,500		7,500		7,500	2037	
2004 MF Series A/B (Century Park Apts)—Variable rate	13,000		13,000		13,000	2037	
2004 MF Series A (Addison Park Apts)—Variable rate	14,000		14,000		14,000	2044	
2004 MF Series A/B (Veterans Memorial Apts)—6.6% to 8.5%	16,300		16,300		16,300	2044	
2004 MF Series A (Rush Creek Apts)—5.38% to 6.7%	10,000		10,000		10,000	2044	
2004 MF Series A (Humble Park Apts)—5.38% to 6.7%	11,700		11,700		11,700	2041	
2004 MF Series A (Chisholm Trail Apts)—Variable rate	12,000		12,000		12,000	2037	
2004 MF Series A (Evergreen @ Plano Apts)—5.25% to 6.55%	14,750		14,750		14,750	2044	
2004 MF Series A (Montgomery Pines Apts)—Variable rate	12,300		12,300		12,300	2037	
2004 MF Series A (Bristol Apts)—Variable rate	12,625		12,625		12,625	2037	
2004 MF Series A (Pinnacle Apts)—Variable rate	14,500		14,500		14,500	2044	
2004 MF Series A (Tranquility Bay Apts)—Variable rate	14,350		14,350		14,350	2044	
2004 MF Series A (Sphinx @ Delafield Apts)—5.05% to 5.35%	11,380		11,380		11,380	2044	
2004 MF Series A (Churchill @ Pinnacle Apts)—5.25% to 6.55%	10,750		10,750		10,750	2044	
2004 MF Series A/B (Post Oak East Apts)—Variable rate	13,600		13,600		13,600	2037	
Total principal amount		692,981	<u>\$253,955</u>	75,349	871,587		<u>\$3,473</u>
Net deferred amount on refunding					(3,112)		
Unamortized discount		(435)			(603)		
Total multifamily		<u>692,546</u>			<u>867,872</u>		
Total		<u>\$ 1,733,369</u>			<u>\$1,907,001</u>		

(Concluded)

Proceeds from the issuance of bonds under the single-family and RMRB Series 1987A programs were used to acquire loans. Proceeds from the issuance of bonds under CHMRB and remaining RMRB programs were used to acquire pass-through certificates backed by mortgage loans. Pass-through certificates were purchased with proceeds from the multifamily 1985 Series G. Proceeds from the remaining multifamily bond issues were used to finance mortgage loans. Interest on bonds is payable periodically.

The single-family, RMRB and CHMRB bonds are collateralized by the revenues and assets pledged under the trust indentures, primarily single-family mortgage loans, mortgage-backed securities and investments. The multifamily bonds are collateralized by varying methods, including, but not limited to, the mortgage loans on the applicable housing developments, certificates of deposit, letters of credit, guarantees provided by third parties and collateralized mortgage obligations issued by federally chartered, privately owned corporations.

The trust indentures contain positive and negative covenants. Events of default include failure to make timely payment of both principal and interest on any outstanding bond; failure to make timely payment of any other monies required to be paid to the trustee; and nonperformance or nonobservance of any other covenants, agreements or conditions contained in the indentures. Management believes that it is in compliance with the covenants of the indentures.

Bond contractual maturities (principal only) at August 31, 2004 are as follows (in thousands):

Description	2005	2006	2007	2008	2009	2010 to 2014	2015 to 2019
Single-family	\$ 3,715	\$ 3,880	\$ 5,695	\$ 7,565	\$ 8,445	\$ 49,305	\$ 81,195
RMRB	18,945	7,265	7,565	7,915	8,285	36,190	52,365
CHMRB							
Multifamily	<u>3,473</u>	<u>4,293</u>	<u>6,646</u>	<u>7,612</u>	<u>8,326</u>	<u>50,070</u>	<u>77,306</u>
Total	<u>\$ 26,133</u>	<u>\$ 15,438</u>	<u>\$ 19,906</u>	<u>\$ 23,092</u>	<u>\$ 25,056</u>	<u>\$ 135,565</u>	<u>\$ 210,866</u>
Description	2020 to 2024	2025 to 2029	2030 to 2034	2035 to 2039	2040 to 2044	Total	
Single-family	\$ 47,720	\$168,105	\$128,735	\$ 18,825	\$ -	\$ 523,185	
RMRB	73,480	53,085	189,635			454,730	
CHMRB	26,400	31,105				57,505	
Multifamily	<u>119,314</u>	<u>163,987</u>	<u>152,210</u>	<u>168,969</u>	<u>109,379</u>	<u>871,585</u>	
Total	<u>\$266,914</u>	<u>\$416,282</u>	<u>\$470,580</u>	<u>\$187,794</u>	<u>\$ 109,379</u>	<u>\$1,907,005</u>	

Actual maturities will differ from contractual maturities since the Department has the right to call or prepay obligations with or without call or prepayment penalties as the related loans and mortgage-backed securities mature or prepay.

Bond maturities (principal and interest) at August 31, 2004 are as follows (in thousands):

Description	2005	2006	2007	2008	2009	2010 to 2014	2015 to 2019
Single-family	\$ 29,709	\$ 29,825	\$ 31,422	\$ 33,012	\$ 33,568	\$ 169,115	\$ 184,185
RMRB	43,248	30,695	30,678	30,683	30,683	142,961	150,012
CHMRB	3,824	3,824	3,824	3,824	3,824	19,120	19,120
Multifamily	65,156	66,154	68,575	68,324	68,791	342,298	340,378
Total	<u>\$141,937</u>	<u>\$130,498</u>	<u>\$134,499</u>	<u>\$135,843</u>	<u>\$136,866</u>	<u>\$ 673,494</u>	<u>\$ 693,695</u>

Description	2020 to 2024	2025 to 2029	2030 to 2034	2035 to 2039	2040 to 2044	Total
Single-family	\$134,528	\$231,463	\$139,453	\$ 19,349	\$	\$ 1,035,629
RMRB	151,004	114,756	215,297			940,017
CHMRB	45,511	34,747				137,618
Multifamily	346,339	336,218	266,695	229,681	126,683	2,325,292
Total	<u>\$677,382</u>	<u>\$717,184</u>	<u>\$621,445</u>	<u>\$249,030</u>	<u>\$126,683</u>	<u>\$ 4,438,556</u>

Deferred issuance costs at August 31, 2004 consist of the following (in thousands):

Deferred issuance costs	\$ 33,130
Less accumulated amortization	<u>(21,894)</u>
	<u>\$ 11,236</u>

## 7. EMPLOYEE BENEFITS

**Plan Description**—The Department contributes to the Employees Retirement System of Texas (the “System”), a cost-sharing, multiple-employer, defined benefit plan. The Department has implemented GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, which standardizes financial reporting for pensions by state and local government employers. The System provides service retirement, disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Subtitle B, which is subject to amendment by the Texas Legislature. The System’s annual financial report and other required disclosure information are available by writing the Employees Retirement System of Texas, P.O. Box 13207, Austin, Texas, 78711-3207 or by calling (512) 476-6431.

**Funding Policy**—Under provisions in State law, plan members are required to contribute 6% of their annual covered salary, and the Department contributes an amount equal to 6% of the Department’s covered payroll. The Department and the employees’ contributions to the System for the years ending August 31, 2004, 2003 and 2002 were \$775,708, \$882,122 and \$891,391, respectively, equal to the required contributions for each year.

## 8. SEGMENT FINANCIAL DATA

Segment financial data of the Program's direct-debt activities at August 31, 2004 and for the year then ended are follows (in thousands):

	Single-Family Program Funds	Residential Mortgage Revenue Bond Funds	Collateralized Home Mortgage Revenue Funds	Single-Family CHMRB Series 1993 Funds	Single-Family CHMRB 1994 and 1995 Funds
<b>CONDENSED STATEMENT OF NET ASSETS:</b>					
Restricted assets:					
Current assets	\$ 97,109	\$ 62,599	\$ 1,020	\$ 1,036	\$ 581
Other assets	<u>500,276</u>	<u>423,806</u>	<u>29,104</u>	<u>11,829</u>	<u>21,304</u>
Total assets	<u>597,385</u>	<u>486,405</u>	<u>30,124</u>	<u>12,865</u>	<u>21,885</u>
Liabilities:					
Current liabilities	19,677	28,058	823	74	108
Long-term liabilities	<u>520,631</u>	<u>439,155</u>	<u>27,014</u>	<u>11,600</u>	<u>19,505</u>
Total liabilities	<u>540,308</u>	<u>467,213</u>	<u>27,837</u>	<u>11,674</u>	<u>19,613</u>
NET ASSETS—Restricted net assets	<u>\$ 57,077</u>	<u>\$ 19,192</u>	<u>\$ 2,287</u>	<u>\$ 1,191</u>	<u>\$ 2,272</u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS:</b>					
Operating revenues:					
Interest and investment income	\$ 21,433	\$ 25,434	\$ 2,511	\$ 923	\$ 1,778
Net increase (decrease) in fair value	2,143	4,101	(386)	(149)	(335)
Other operating revenues	2,081	894	202		
Operating expenses	(24,340)	(27,477)	(2,456)	(902)	(1,644)
Depreciation and amortization	<u>(235)</u>	<u>(279)</u>	<u>(7)</u>	<u>(4)</u>	<u>(5)</u>
Operating income (loss)	1,082	2,673	(136)	(132)	(206)
Non-operating revenues (expenses)— other non-operating revenues (expenses):					
Special and extraordinary items	(1,496)	(704)	235	(48)	(55)
Transfers out	<u>(1,047)</u>	<u>(240)</u>	<u>(2)</u>	<u>(20)</u>	<u>(290)</u>
Change in net assets	(1,461)	1,729	97	(200)	(551)
Net assets—September 1, 2003	<u>58,538</u>	<u>17,463</u>	<u>2,191</u>	<u>1,390</u>	<u>2,823</u>
Net assets—August 31, 2004	<u>\$ 57,077</u>	<u>\$ 19,192</u>	<u>\$ 2,288</u>	<u>\$ 1,190</u>	<u>\$ 2,272</u>
<b>CONDENSED STATEMENT OF CASH FLOWS:</b>					
Net cash provided by (used in):					
Operating activities	\$ 14,684	\$ 1,228	\$ (46)	\$ (1)	\$ (47)
Noncapital financing activities	79,814	(102,103)	(18,205)	(7,318)	(13,464)
Investing activities	(67,951)	111,977	18,666	6,310	13,092
Cash and cash equivalents— September 1, 2003	<u>65,606</u>	<u>14,487</u>	<u>450</u>	<u>1,984</u>	<u>888</u>
Cash and cash equivalents— August 31, 2004	<u>\$ 92,153</u>	<u>\$ 25,589</u>	<u>\$ 865</u>	<u>\$ 975</u>	<u>\$ 469</u>

**9. COMMITMENTS AND CONTINGENCIES**

The Department is a defendant in legal actions arising from transactions and activities conducted in the ordinary course of business. Management, after consultation with legal counsel, believes that the aggregate liabilities, if any, will not be material to the financial statements.

**10. RISK FINANCING AND RELATED INSURANCE ISSUES**

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; efforts and omissions; and natural disasters. It is the Department's policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The Department assumes substantially all risks associated with the performance of its duties. Currently, there is no purchase of commercial insurance, nor is the Department involved in any risk pools with other government entities. The Department carries Public Official Liabilities Insurance coverage in the amount of \$10,000,000, errors and omissions insurance of \$300,000 related to loan servicing for others and a \$350,000 public employee fidelity bond.

**11. SUBSEQUENT EVENTS**

On October 28, 2004, the Department issued \$175,972,700 in single family revenue bonds made up as follows:

\$42,147,700	SF 2004 Series C
\$35,000,000	SF 2004 Series D
\$10,825,000	SF 2004 Series E
\$88,000,000	SF 2004 Series F

The Series 2004C, Series 2004D, Series 2004E and Series 2004F Bonds were issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates backed by qualifying FHA-insured or VA- or RHS-guaranteed loans, or conventional loans made to eligible borrowers for single-family residences located in the State of Texas. The proceeds of the Series 2004E were issued for the purpose of redeeming \$10,825,000 of Series 1993 SF MRB CHMRB A/B/C/D/E. The redemption of the 1993 SF MRB CHMRB A/B/C/D/E will occur on November 1, 2004. The trustee will then transfer all Series 1993 SF MRB CHMRB A/B/C/D/E mortgage certificates to the SFMRB 2004 Series C/D/E Mortgage Loan Account. All remaining funds will remain in the 1993 SF MRB CHMRB A/B/C/D/E revenue accounts.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SUPPLEMENTAL SCHEDULE—STATEMENT OF NET ASSETS INFORMATION BY INDIVIDUAL ACTIVITY  
AUGUST 31, 2004

ASSETS	Single-Family Program	RMRB Program	CHMRB Program	Multifamily Program	1993 CHMRB Program	1994/1995 CHMRB Program	Commercial Paper Program	Operating Fund	Total
<b>CURRENT ASSETS:</b>									
Cash and cash equivalents:									
Cash on hand	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ 200
Cash in bank								66,272	66,272
Cash in state treasury								1,403,454	1,403,454
Cash equivalents								9,507,530	9,507,530
<b>Restricted assets:</b>									
Cash and cash equivalents:									
Cash in bank	1,770,965	73,542	4,547	827,717	1	4	22,168	16,089	2,698,944
Cash equivalents	90,382,048	25,515,286	860,403	56,071,976	974,774	468,914	176,457	8,211	174,449,858
Short-term investments		34,531,342		52,551,155			50,777,000	41,338	137,859,497
Loans and contracts	3,448,854	94,880		3,473,000				117,636	7,134,370
Interest receivable	1,500,420	2,383,392	155,348	6,588,867	59,579	112,186	103,875		10,903,667
<b>Receivable:</b>									
Interest receivable								16,089	16,089
Consumable inventories								8,211	8,211
Other current assets	6,927			813,181	1,737	(3)		41,338	863,180
<b>Total current assets</b>	<u>97,109,214</u>	<u>62,598,442</u>	<u>1,020,298</u>	<u>120,325,896</u>	<u>1,036,091</u>	<u>581,101</u>	<u>51,079,500</u>	<u>11,160,730</u>	<u>344,911,272</u>
<b>NONCURRENT ASSETS:</b>									
Other receivables									
<b>Capital assets:</b>									
Nondepreciable:									
Other capital assets								3,273	3,273
<b>Depreciable:</b>									
Furniture and equipment									
Less accumulated depreciation									
<b>Restricted assets:</b>									
Investments	435,396,917	417,283,942	28,878,685	129,436,971	11,741,625	21,206,604		1,225,750	1,225,750
Loans, contracts and notes receivable	58,606,170	2,125,461		863,850,959				(1,009,040)	(1,009,040)
Other noncurrent assets:									
Deferred issuance cost—net	5,731,831	4,385,126	225,326	708,956	87,086	97,749		3,540,074	1,043,944,744
Real estate owned—net	540,512	11,770							552,282
<b>Total noncurrent assets</b>	<u>500,275,430</u>	<u>423,806,299</u>	<u>29,104,011</u>	<u>993,996,886</u>	<u>11,828,711</u>	<u>21,304,353</u>	<u>-</u>	<u>3,760,057</u>	<u>1,984,075,747</u>
<b>TOTAL ASSETS</b>	<u>\$ 597,384,644</u>	<u>\$ 486,404,741</u>	<u>\$ 30,124,309</u>	<u>\$ 1,114,322,782</u>	<u>\$ 12,864,802</u>	<u>\$ 21,885,454</u>	<u>\$ 51,079,500</u>	<u>\$ 14,920,787</u>	<u>\$ 2,328,987,019</u>

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 1

SUPPLEMENTAL SCHEDULE—STATEMENT OF NET ASSETS INFORMATION BY INDIVIDUAL ACTIVITY  
AUGUST 31, 2004

LIABILITIES	Single-Family Program	RMRB Program	CHMRB Program	Multifamily Program	1993 CHMRB Program	1994/1995 CHMRB Program	Commercial Paper Program	Operating Fund	Total
<b>CURRENT LIABILITIES:</b>									
Payables:									
Accounts payable	\$ 10,219	\$ 840	\$ -	\$ 691	\$ -	\$ -	\$ 58,008	\$ 303,408	\$ 315,158
Accrued bond interest payable	12,077,453	4,091,547	169,675	7,274,242	62,374	106,536		105,078	23,839,835
Due to other funds									105,078
Due to other agencies	1,583,867	1,621,517	652,978						3,858,362
Deferred revenues								381,535	381,535
Employee's compensable leave							50,777,000		50,777,000
Notes and loans payable	3,715,000	18,945,000		3,473,000		1,492			26,133,000
Revenue bonds payable	2,290,099	3,398,926			11,979		176,457	37,136	5,916,089
Other current liabilities									
Total current liabilities	19,676,638	28,057,830	822,653	10,747,933	74,353	108,028	51,011,465	827,157	111,326,057
<b>NONCURRENT LIABILITIES:</b>									
Employee's compensable leave								102,363	102,363
Revenue bonds payable	520,630,979	437,720,132	27,013,995	864,397,400	11,600,000	19,505,000		47,417	1,880,867,506
Other noncurrent liabilities		1,434,668		238,348,562					240,030,647
Total noncurrent liabilities	520,630,979	439,154,800	27,013,995	1,102,945,962	11,600,000	19,505,000		149,780	2,121,000,516
<b>TOTAL LIABILITIES</b>	\$ 540,307,617	\$ 467,212,630	\$ 27,836,648	\$ 1,113,693,895	\$ 11,674,353	\$ 19,613,028	\$ 51,011,465	\$ 976,937	\$ 2,232,326,573
<b>NET ASSETS</b>									
INVESTED IN CAPITAL ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 219,983	\$ 219,983
RESTRICTED	57,077,027	19,192,111	2,287,661	628,887	1,190,449	2,272,426	68,035	13,723,867	82,716,596
UNRESTRICTED									13,723,867
<b>TOTAL NET ASSETS</b>	\$ 57,077,027	\$ 19,192,111	\$ 2,287,661	\$ 628,887	\$ 1,190,449	\$ 2,272,426	\$ 68,035	\$ 13,943,850	\$ 96,660,446

See accompanying independent auditors' report.

(Concluded)



SCHEDULE 2

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SUPPLEMENTAL SCHEDULE—STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS INFORMATION BY INDIVIDUAL ACTIVITY  
YEAR ENDED AUGUST 31, 2004

	Single-Family Program	RMRB Program	CHMRB Program	Multifamily Program	1993 CHMRB Program	1994/1995 CHMRB Program	Commercial Paper Program	Operating Fund	Total
<b>OPERATING REVENUES:</b>									
Interest and investment income	\$21,432,510	\$25,433,922	\$2,511,219	\$43,706,132	\$ 923,341	\$1,778,590	\$1,101,926	\$ 188,160	\$ 97,075,800
Net increase (decrease) in fair value	2,142,876	4,101,084	(385,951)	1,011,147	(149,430)	(335,172)		1,782,387	5,373,407
Other operating revenues	2,081,857	893,811	201,358						5,970,560
Total operating revenues	25,657,243	30,428,817	2,326,626	44,717,279	773,911	1,443,418	1,101,926	1,970,547	108,419,767
<b>OPERATING EXPENSES:</b>									
Salaries and wages								3,262,641	3,262,641
Payroll related costs								983,865	983,865
Professional fees and services	18,000	17,500	1,000		5,000	3,000	101,233	226,581	372,314
Travel								86,936	86,936
Materials and supplies								108,647	108,647
Communications and utilities								58,143	58,143
Repairs and maintenance								100,024	100,024
Rentals and leases								406,854	406,854
Printing and reproduction	234,708	278,791	6,648	14,963	4,627	5,117		7,403	7,403
Depreciation and amortization	23,306,059	26,798,231	2,411,134	43,694,772	893,354	1,597,055	1,020,035	83,678	99,720,640
Interest	1,016,065	660,726	44,332	772	3,298	43,632	13,839	399,511	2,182,175
Other operating expenses									
Total operating expenses	24,574,832	27,755,248	2,463,114	43,710,507	906,279	1,648,804	1,135,107	5,724,283	107,918,174
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS</b>	1,082,411	2,673,569	(136,488)	1,006,772	(132,368)	(205,386)	(33,181)	(3,753,736)	501,593
<b>OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS:</b>									
Extraordinary items	(1,496,405)	(704,113)	234,835	(366,551)	(47,544)	(54,994)	73,374	4,693,202	(2,434,772)
Transfers in (out)	(1,046,588)	(240,191)	(1,592)	(1,643,478)	(19,755)	(289,915)			1,525,057
CHANGE IN NET ASSETS	(1,460,582)	1,729,265	96,755	(1,003,257)	(199,667)	(550,295)	40,193	939,466	(408,122)
<b>NET ASSETS—September 1, 2003</b>	58,537,609	17,462,846	2,190,906	1,632,144	1,390,116	2,822,721	27,842	13,004,384	97,068,568
<b>NET ASSETS—August 31, 2004</b>	\$57,077,027	\$19,192,111	\$2,287,661	\$ 628,887	\$1,190,449	\$2,272,426	\$ 68,035	\$13,943,850	\$ 96,660,446

See accompanying independent auditors' report.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 3

MISCELLANEOUS BOND INFORMATION

AUGUST 31, 2004

(Amounts in thousands)

Description of Issue	Original Principal Bonds Issued to Date	Range of		Schedule Maturities		First Call Date
		Interest	Rates	First Year	Last Year	
1995 Single Family Series A	\$ 85,760	4.15%	6.15%	1997	2027	09/01/2005
1995 Single Family Series C	71,760	6.44%	7.76%	2006	2017	09/01/2005
1996 Single Family Series A	15,000	4.50%	6.30%	2001	2028	09/01/2006
1996 Single Family Series B	42,140	5.50%	6.00%	2011	2017	09/01/2006
1996 Single Family Series D	70,760	5.45%	6.25%	2021	2028	09/01/2006
1996 Single Family Series E	98,730	3.90%	6.00%	1997	2017	09/01/2006
1997 Single Family Series A	44,465	5.25%	5.80%	2013	2029	09/01/2007
1997 Single Family Series B	9,510	5.45%	5.45%	2019	2019	09/01/2007
1997 Single Family Series C	25,525	6.80%	6.80%	2029	2029	09/01/2007
1997 Single Family Series D	44,795	5.65%	5.70%	2029	2029	09/01/2007
1997 Single Family Series F	20,000	6.77%	6.77%	2029	2029	09/01/2007
2002 Single Family Series A (Jr. Lien)	10,000	7.01%	7.01%	2025	2026	09/01/2012
2002 Single Family Series A	38,750	5.45%	5.55%	2023	2034	03/01/2012
2002 Single Family Series B	52,695	5.35%	5.55%	2033	2033	03/01/2012
2002 Single Family Series C	12,950	2.80%	5.20%	2004	2017	03/01/2012
2002 Single Family Series D	13,605	2.00%	4.50%	2003	2012	03/01/2012
2004 Single Family Series A	123,610	2.00%	4.70%	2006	2035	03/01/2013
2004 Single Family Series B	53,000	VAR - Weekly		2015	2034	03/01/2015 (h)
2004 Single Family Series A (Jr. Lien)	4,140	VAR - Weekly		2036	2036	09/01/2036 (h)
1998 RMRB Series A	102,055	4.05%	5.35%	2002	2031	01/01/2009
1998 RMRB Series B	14,300	5.30%	5.30%	2022	2022	01/01/2009
1999 RMRB Series A	25,615	4.80%	5.50%	2018	2021	01/01/2009
1999 RMRB Series B-1	52,260	6.32%	7.10%	2021	2032	07/01/2009
1999 RMRB Series C	12,150	5.05%	6.25%	2003	2024	07/01/2009
1999 RMRB Series D	26,355	4.30%	6.25%	2000	2021	07/01/2009
2000 RMRB Series A	50,000	5.10%	6.30%	2003	2031	07/01/2010
2000 RMRB Series B	82,975	5.70%	5.70%	2005	2033	07/01/2010
2000 RMRB Series C	13,675	5.82%	5.85%	2011	2025	07/01/2010
2000 RMRB Series D	18,265	4.55%	5.85%	2003	2020	07/01/2010
2000 RMRB Series E	10,000	7.45%	7.45%	2033	2033	07/01/2010
2001 RMRB Series A	52,715	3.15%	5.70%	2004	2033	07/01/2011
2001 RMRB Series B	15,585	5.00%	5.25%	2011	2022	07/01/2011
2001 RMRB Series C	32,225	2.55%	4.63%	2003	2015	07/01/2011
2001 RMRB Series D	300	5.35%	5.35%	2008	2033	07/01/2011
2002 RMRB Series A	42,310	2.25%	5.35%	2004	2034	07/01/2012
2003 RMRB Series A	73,630	1.70%	5.00%	2005	2034	01/01/2013
1992 Coll Home Mtg Rev Bonds, Series C	72,700	3.48%	10.27%	2024	2024	05/04/1995
1993 SF MRB CHMRB Series A	11,695	5.85%	5.85%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series B	15,000	6.62%	6.62%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series C	15,000	6.68%	6.68%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series D	8,000	6.76%	6.76%	2025	2025	11/01/2004
1993 SF MRB CHMRB Series E	8,780	6.85%	6.85%	2025	2025	11/01/2004
1994 SF MRB CHMRB Series A	35,395	6.85%	6.85%	2026	2026	02/22/2005
1994 SF MRB CHMRB Series B	33,385	6.40%	6.40%	2026	2026	04/26/2005
1994 SF MRB CHMRB Series C	15,360	6.25%	6.25%	2026	2026	06/27/2005
1995 SF MRRB CHMRB Series A	5,825	6.26%	6.26%	2015	2015	02/22/2005
TOTAL SINGLE FAMILY & RMRB BONDS	\$1,682,750					(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 3

MISCELLANEOUS BOND INFORMATION

AUGUST 31, 2004

(Amounts in thousands)

Description of Issue	Original Principal Bonds Issued to Date	Range of		Schedule Maturities		First Call Date
		Interest	Rates	First Year	Last Year	
1984 MF Private Placement (Summerbend)	\$ 10,100	VAR - Weekly		1985	2022	09/01/1986
1987 MF Series (South Texas Rental Housing)	1,400	9.50%	9.50%	1988	2012	02/01/1988
1993 MF Series A/B (RemHill/HighPt)	26,370	VAR - Weekly		2023	2023	02/01/2000
1993 Res Ren Project Revenue Bonds	16,775	3.30%	5.80%	1994	2024	01/01/2004
1996 MF Series A/B (Brighton's Mark)	10,174	6.13%	6.13%	2026	2026	01/01/2003
1996 MF Series A/B (Las Colinas)	15,469	5.65%	5.65%	2026	2026	01/01/2003
1996 MF Series A/B (Braxton's Mark)	14,867	5.81%	5.81%	2026	2026	01/01/2003
1996 MF Series A-D (DFW Pool)	22,150	6.00%	10.00%	1997	2026	07/01/2006
1996 MF Series A-D (Harbors/Plumtree)	13,050	5.90%	10.00%	1997	2026	07/01/2006
1996 MF Series A/B (NHP Foundation)	27,560	5.50%	6.40%	1997	2027	07/01/2007
1997 MF Series A (Meadow Ridge)	13,575	5.05%	5.55%	2001	2030	02/01/2001
1998 MF Series A (Pebble Brook)	10,900	4.95%	5.60%	2001	2030	06/01/2001
1998 MF Series A-C (Residence Oaks)	8,200	5.98%	7.18%	2001	2030	05/01/2001
1998 MF Series A (Volente Project)	10,850	5.00%	5.63%	2001	2031	07/01/2001
1998 MF Series A (Dallas Oxford Refndg)	10,300	7.25%	7.25%	2018	2018	01/01/2004
1998 MF Series A/B (Greens of Hickory Trial)	13,500	5.20%	6.03%	2001	2030	09/01/2008
1999 MF Series A-C (Mayfield)	11,445	5.70%	7.25%	2001	2031	05/01/2002
1999 MF Series A (Woodglen Village)	10,660	7.38%	8.25%	2002	2039	12/01/2016
2000 MF Series A (Timber Point Apts)	8,100	VAR - Weekly		2003	2032	07/01/2000 (b)
2000 MF Series A/B (Oaks at Hampton)	10,060	7.20%	9.00%	2002	2040	03/01/2017 (b)
2000 MF Series A (Deerwood Apts)	6,435	5.25%	6.40%	2003	2032	06/01/2010
2000 MF Series A (Creek Point Apts)	7,200	VAR - Weekly		2004	2032	07/01/2000 (b)
2000 MF Series A/B (Parks @ Westmoreland)	9,990	7.20%	9.00%	2002	2040	07/01/2017 (b)
2000 MF Series A (Honeycreek)	20,485	7.63%	8.15%	2004	2035	06/30/2007
2000 MF Series A-C (Highland Meadow Apts)	13,500	6.75%	8.00%	2004	2033	05/01/2019
2000 MF Series A/B (Greenbridge)	20,085	7.40%	10.00%	2003	2040	03/01/2014
2000 MF Series A-C (Collingham Park)	13,500	6.72%	7.72%	2004	2033	05/01/2019
2000 MF Series A/B (Williams Run)	12,850	7.65%	9.25%	2002	2040	01/01/2011
2000 MF Series A/B (Red Hills Villas)	10,300	8.40%	9.50%	2003	2040	12/01/2017
2001 MF Series A (Bluffview Senior Apts)	10,700	7.65%	7.65%	2003	2041	05/01/2018
2001 MF Series A (Knollwood Villas Apts)	13,750	7.65%	7.65%	2003	2041	05/01/2018
2001 MF Series A (Skyway Villas)	13,250	6.00%	6.50%	2005	2034	12/01/2011
2001 MF Series A/B (Cobb Park)	7,785	6.77%	6.77%	2003	2041	07/01/2018
2001 MF Series A (Greens Road Apts.)	8,375	5.30%	5.40%	2004	2034	12/01/2011
2001 MF Series A/B (Meridian Apts.)	14,310	5.45%	6.85%	2004	2034	12/01/2011
2001 MF Series A/B (Wildwood Apts.)	14,365	5.45%	6.75%	2004	2034	12/01/2011
2001 MF Series A-C (Fallbrook Apts.)	14,700	6.06%	6.78%	2005	2034	01/01/2012
2001 MF Series A (Oak Hollow Apts.)	8,625	7.00%	7.90%	2003	2041	11/01/2018
2001 MF Series A/B (Hillside Apts.)	12,900	7.00%	9.25%	2003	2041	11/01/2018
2002 MF Series A (Millstone Apts.)	12,700	5.35%	5.86%	2005	2035	06/01/2012
2002 MF Series A (Sugar Creek Apts.)	11,950	6.00%	6.00%	2004	2042	01/01/2016
2002 MF Series A (West Oaks Apts.)	10,150	7.15%	7.50%	2004	2042	12/01/2018
2002 MF Series A (Park Meadows Apts)	4,600	6.53%	6.53%	2004	2034	05/01/2012
2002 MF Series A (Clarkridge Villas Apts)	14,600	7.00%	7.00%	2004	2042	08/01/2019
2002 MF Series A (Hickory Trace Apts)	11,920	7.00%	7.00%	2004	2042	12/01/2019
2002 MF Series A (Green Crest Apts)	12,500	7.00%	7.00%	2004	2042	11/01/2019
2002 MF Series A/B (Ironwood Crossing)	16,970	5.50%	8.75%	2005	2042	10/01/2027
2002 MF Series A (Woodway Village Apts)	9,100	4.95%	5.20%	2006	2023	01/01/2013
2003 MF Series A/B (Reading Road)	12,200	VAR - Weekly		2007	2036	01/01/2004 (b)
2003 MF Series A/B (North Vista Apts)	14,000	4.10%	5.41%	2006	2036	06/01/2013
2003 MF Series A/B (West Virginia Apts)	9,450	4.15%	5.41%	2006	2036	06/01/2013

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM**

**SCHEDULE 3**

**MISCELLANEOUS BOND INFORMATION  
AUGUST 31, 2004  
(Amounts in thousands)**

Description of Issue	Original Principal Bonds Issued to Date	Range of		Schedule Maturities		First Call Date	
		Interest	Rates	First Year	Last Year		
2003 MF Series A/B (Sphinx @ Murdeaux)	\$ 15,085	3.55%	5.00%	2005	2042	06/20/2013	
2003 MF Series A/B (Primrose Houston School)	16,900	5.50%	8.00%	2006	2036	07/01/2003	(b)
2003 MF Series A/B (Timber Oaks Apts)	13,200	6.75%	8.75%	2005	2043	06/01/2020	
2003 MF Series A/B (Ash Creek Apts)	16,375	5.60%	15.00%	2006	2036	10/01/2003	(b)
2003 MF Series A/B (Peninsula Apts)	12,400	4.25%	5.30%	2007	2024	10/01/2013	
2003 MF Series A (Evergreen @ Mesquite)	11,000	6.60%	8.00%	2006	2043	09/01/2020	
2003 MF Series A/B (Arlington Villas)	17,100	VAR - Weekly (d)		2007	2036	01/01/2007	(b)
2003 MF Series A/B (Parkview Twnhms)	16,600	6.60%	8.50%	2006	2043	12/01/2020	
2003 MF Series A (NHP-Asmara) Refunding	31,500	VAR - Weekly		2007	2033	07/01/2007	(b)
2004 MF Series A/B (Timber Ridge)	7,500	5.75%	8.00%	2007	2037	03/01/2007	(b)
2004 MF Series A/B (Century Park)	13,000	VAR - Weekly (e)		2007	2037	05/01/2007	(b)
2004 MF Series A (Addison Park)	14,000	VAR - Weekly (d)		2007	2044	01/01/2007	(b)
2004 MF Series A/B (Veterans Memorial)	16,300	6.60%	8.50%	2006	2044	03/01/2006	(b)
2004 MF Series A (Rush Creek)	10,000	5.38%	6.70%	2006	2044	03/01/2021	
2004 MF Series A (Humble Park)	11,700	6.60%	6.60%	2007	2041	07/01/2021	
2004 MF Series A (Chisholm Trail)	12,000	VAR - Weekly (c)		2006	2037	10/15/2006	(b)
2004 MF Series A (Evergreen @ Plano)	14,750	5.25%	6.55%	2007	2044	06/01/2021	
2004 MF Series A (Montgomery Pines)	12,300	VAR - Weekly		2006	2037	10/15/2006	(b)
2004 MF Series A (Bristol)	12,625	VAR - Weekly		2007	2037	06/15/2007	(b)
2004 MF Series A (Pinnacle)	14,500	VAR - Weekly (d)		2007	2044	09/01/2007	(b)
2004 MF Series A (Tranquility Bay)	14,350	VAR - Weekly (d)		2007	2044	06/01/2021	(g)
2004 MF Series A (Sphinx @ Delafield)	11,380	5.05%	5.35%	2006	2044	07/20/2014	
2004 MF Series A (Churchill @ Pinnacle)	10,750	5.25%	6.55%	2007	2044	09/01/2021	(g)
2004 MF Series A/B (Post Oak East)	13,600	VAR - Weekly		(f)	2037	(f)	
<b>TOTAL MULTIFAMILY BONDS</b>	<u>977,665</u>						
<b>TOTAL BONDS ISSUED</b>	<u>\$2,660,415</u>						(Concluded)

**FOOTNOTES:**

- a. Variable rate equal to 80% of the trustee bank's prime rate, subject to a maximum (15%) and minimum (8%) yield.
- b. The taxable bonds shall be subject to redemption prior to maturity in whole or any part on any interest payment date after the completion date from the proceeds of an optional prepayment of the loan by the borrower.
- c. Variable rate not to exceed the maximum rate permitted by applicable law, currently 12% per annum.
- d. Variable rate could change to fixed rate provided the conversion option is exercised.
- e. Variable rate series and fixed rate series-variable rate could change to fixed rate provided the conversion option is exercised.
- f. No set amortization, per trustee; amortization will occur in \$100,000 denominations when the amount in the principal reserve fund exceeds 20% of the issue.
- g. 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.
- h. The Bonds shall be subject to redemption prior to maturity, after giving the required notice, as follows: During the variable interest rate period, the bonds shall be subject to optional redemption by the Department, in whole or in part on any business day, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 4

CHANGES IN BOND INDEBTEDNESS  
AUGUST 31, 2004

Description of Issue	Bonds Outstanding September 1, 2003	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding August 31, 2004	Amounts Due Within One Year
1995 Single Family Series A	\$ 54,770,000	\$ -	\$ -	\$ 15,570,000	\$ 39,200,000	\$ -
1995 Single Family Series C	20,485,000			5,805,000	14,680,000	
1996 Single Family Series A	9,975,000				9,975,000	
1996 Single Family Series B	9,210,000			6,880,000	2,330,000	
1996 Single Family Series D	47,685,000			12,635,000	35,050,000	
1996 Single Family Series E	40,570,000		1,800,000	10,695,000	28,075,000	1,465,000
1997 Single Family Series A	42,090,000			810,000	41,280,000	
1997 Single Family Series B	9,510,000				9,510,000	
1997 Single Family Series C	11,435,000			9,365,000	2,070,000	
1997 Single Family Series D	36,755,000			7,350,000	29,405,000	
1997 Single Family Series F	10,835,000			2,680,000	8,155,000	
2002 Single Family Series A (Jr. Lien)	10,000,000			55,000	9,945,000	
2002 Single Family Series A	38,750,000			340,000	38,410,000	
2002 Single Family Series B	52,695,000			1,090,000	51,605,000	860,000
2002 Single Family Series C	12,950,000			120,000	12,830,000	430,000
2002 Single Family Series D	11,855,000		930,000	1,010,000	9,915,000	960,000
2004 Single Family Series A		123,610,000			123,610,000	
2004 Single Family Series B		53,000,000			53,000,000	
2004 Single Family Series A (Jr. Lien)		4,140,000			4,140,000	
1998 RMRB Series A	82,180,000		1,800,000	9,210,000	71,170,000	1,745,000
1998 RMRB Series B	13,110,000			1,180,000	11,930,000	
1999 RMRB Series A	12,600,000			2,870,000	9,730,000	
1999 RMRB Series B-1	47,450,000			10,405,000	37,045,000	
1999 RMRB Series C	11,965,000			6,380,000	5,585,000	
1999 RMRB Series D	375,000			375,000	-	
2000 RMRB Series A	38,665,000		415,000	10,495,000	27,755,000	340,000
2000 RMRB Series B	78,775,000			8,170,000	70,605,000	12,000,000
2000 RMRB Series C	12,790,000			1,885,000	10,905,000	
2000 RMRB Series D	16,270,000		790,000	3,225,000	12,255,000	705,000
2000 RMRB Series E	5,875,000			3,360,000	2,515,000	
2001 RMRB Series A	51,250,000		680,000	4,025,000	46,545,000	795,000
2001 RMRB Series B	15,065,000			1,140,000	13,925,000	
2001 RMRB Series C	26,625,000		1,820,000	5,265,000	19,540,000	1,480,000
2001 RMRB Series D	235,000				235,000	
2002 RMRB Series A	42,305,000		225,000	695,000	41,385,000	690,000
2003 RMRB Series A	73,630,000			25,000	73,605,000	1,190,000
1992 Coll Home Mtg Rev Bonds, Series C	42,200,000			15,800,000	26,400,000	
1993 SF MRB CHMRB Series A	4,090,000			755,000	3,335,000	
1993 SF MRB CHMRB Series B	4,655,000			1,595,000	3,060,000	
1993 SF MRB CHMRB Series C	4,750,000			1,980,000	2,770,000	
1993 SF MRB CHMRB Series D	2,435,000			1,235,000	1,200,000	
1993 SF MRB CHMRB Series E	2,040,000			805,000	1,235,000	
1994 SF MRB CHMRB Series A	12,355,000			4,395,000	7,960,000	
1994 SF MRB CHMRB Series B	12,840,000			5,100,000	7,740,000	
1994 SF MRB CHMRB Series C	5,735,000			1,930,000	3,805,000	
1995 SF MRRB CHMRB Series A	90,000			90,000	-	
<b>Total Single Family Bonds</b>	<b>\$1,039,925,000</b>	<b>\$180,750,000</b>	<b>\$ 8,460,000</b>	<b>\$176,795,000</b>	<b>\$1,035,420,000</b>	<b>\$22,660,000</b>

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 4

CHANGES IN BOND INDEBTEDNESS  
AUGUST 31, 2004

Description of Issue	Bonds Outstanding September 1, 2003	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding August 31, 2004	Amounts Due Within One Year
1984 MF Private Placement (Summerbend)	\$ 8,120,000	\$ -	\$ -	\$ -	\$ 8,120,000	\$ -
1987 MF Series (South Texas Rental Housing)	906,233		63,402		842,831	70,000
1993 MF Series A/B (Rem Hill/High Pt)	12,490,000				12,490,000	
1993 Res Ren Project Revenue Bonds	14,145,000		180,000	13,965,000	-	
1996 MF Series A/B (Brighton's Mark)	8,075,000				8,075,000	
1996 MF Series A/B (Las Colinas)	14,869,512				14,869,512	
1996 MF Series A/B (Braxton's Mark)	14,273,700				14,273,700	
1996 MF Series A-D (DFW Pool)	20,230,000		160,000	20,070,000	-	
1996 MF Series A-D (Harbors/Plumtree)	11,825,000		225,000		11,600,000	240,000
1996 MF Series A/B (NHP Foundation)	25,015,000			25,015,000	-	
1997 MF Series A (Meadow Ridge Apartments)	12,950,000		95,000	12,855,000	-	
1998 MF Series A (Pebble Brook Apartments)	10,555,000		150,000		10,405,000	160,000
1998 MF Series A-C (Residence at the Oaks)	7,929,000		118,000		7,811,000	128,000
1998 MF Series A (Volente Project)	10,495,000		150,000	15,000	10,330,000	160,000
1998 MF Series A (Dallas Oxford Rfdg)	10,300,000				10,300,000	
1998 MF Series A/B (Greens of Hickory Trail)	13,130,000		190,000		12,940,000	185,000
1999 MF Series A-C (Mayfield)	11,137,000		167,000		10,970,000	177,000
1999 MF Series A (Woodglen Village)	10,607,144		49,060		10,558,084	53,000
2000 MF Series A (Timber Point Apts)	8,100,000			100,000	8,000,000	100,000
2000 MF Series A/B (Oaks @ Hampton)	9,993,682		52,151		9,941,531	57,000
2000 MF Series A (Deerwood Apts)	6,395,000		75,000		6,320,000	75,000
2000 MF Series A (Creek Point Apts)	7,200,000			100,000	7,100,000	100,000
2000 MF Series A/B (Parks @ Westmoreland)	9,939,553		51,121		9,888,432	56,000
2000 MF Series A (Honeycreek)	20,485,000		9,020		20,475,980	113,000
2000 MF Series A-C (Highland Meadow Apts)	13,500,000			1,000,000	12,500,000	
2000 MF Series A/B (Greenbridge)	20,047,193		74,830		19,972,362	83,000
2000 MF Series A-C (Collingham Park)	13,500,000		72,000		13,428,000	151,000
2000 MF Series A/B (Williams Run)	12,671,136		50,874		12,620,262	83,000
2000 MF Series A/B (Red Hills Villas)	10,272,142		40,356		10,231,786	44,000
2001 MF Series A (Bluffview Senior Apts)	10,686,112		43,828		10,642,284	47,000
2001 MF Series A (Knollwood Villas Apts)	13,732,155		56,322		13,675,833	61,000
2001 MF Series A (Skyway Villas)	13,250,000				13,250,000	135,000
2001 MF Series A/B (Cobb Park)	7,782,717		28,840		7,753,877	32,000
2001 MF Series A (Greens Road Apts.)	8,375,000				8,375,000	100,000
2001 MF Series A/B (Meridian Apts.)	14,310,000				14,310,000	150,000
2001 MF Series A/B (Wildwood Apts.)	14,365,000				14,365,000	245,000
2001 MF Series A-C (Fallbrook Apts.)	14,700,000				14,700,000	86,000
2001 MF Series A (Oak Hollow Apts.)	8,625,000		30,273		8,594,727	43,000
2001 MF Series A/B (Hillside Apts.)	12,900,000		39,480		12,860,520	57,000
2002 MF Series A (Millstone Apts.)	12,700,000				12,700,000	80,000
2002 MF Series A (Sugar Creek Apts.)	11,950,000		30,000		11,920,000	65,000
2002 MF Series A (West Oaks Apts.)	10,150,000		30,282		10,119,718	48,000
2002 MF Series A (Park Meadows Apts.)	4,600,000				4,600,000	50,000
2002 MF Series A (Clarkridge Villas Apts)	14,600,000				14,600,000	69,000
2002 MF Series A (Hickory Trace Apts)	11,920,000				11,920,000	47,000
2002 MF Series A (Green Crest Apts)	12,500,000				12,500,000	49,000
2002 MF Series A/B (Iron Wood Crossing)	16,970,000				16,970,000	
2002 MF Series A (Woodway Village Apts)	9,100,000				9,100,000	
2003 MF Series A/B (Reading Road)	12,200,000				12,200,000	
2003 MF Series A/B (North Vista Apts)	14,000,000				14,000,000	

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 4

CHANGES IN BOND INDEBTEDNESS  
AUGUST 31, 2004

Description of Issue	Bonds Outstanding September 1, 2003	Bonds Issued	Bonds Matured or Retired	Bonds Refunded or Extinguished	Bonds Outstanding August 31, 2004	Amounts Due Within One Year
2003 MF Series A/B (West Virginia Apts)	\$ 9,450,000	\$ -	\$ -	\$ -	\$ 9,450,000	
2003 MF Series A/B (Sphinx@Murdeaux)	15,085,000				15,085,000	\$ 70,000
2003 MF Series A/B (Primrose Houston)	16,900,000				16,900,000	
2003 MF Series A/B (Timber Oaks Apts)	13,200,000				13,200,000	4,000
2003 MF Series A/B (Ash Creek Apts)	16,375,000				16,375,000	
2003 MF Series A/B (Peninsula Apts)	12,400,000				12,400,000	
2003 MF Series A (Evergreen @ Mesquite)	11,000,000				11,000,000	
2003 MF Series A/B (Arlington Villas)		17,100,000			17,100,000	
2003 MF Series A/B (Parkview Twnhms)		16,600,000			16,600,000	
2003 MF Series A (NHP-Asmara) Refunding		31,500,000			31,500,000	
2004 MF Series A/B (Timber Ridge)		7,500,000			7,500,000	
2004 MF Series A/B (Century Park)		13,000,000			13,000,000	
2004 MF Series A (Addison Park)		14,000,000			14,000,000	
2004 MF Series A/B (Veterans Memorial)		16,300,000			16,300,000	
2004 MF Series A (Rush Creek)		10,000,000			10,000,000	
2004 MF Series A (Humble Park)		11,700,000			11,700,000	
2004 MF Series A (Chisholm Trail)		12,000,000			12,000,000	
2004 MF Series A (Evergreen @ Plano)		14,750,000			14,750,000	
2004 MF Series A (Montgomery Pines)		12,300,000			12,300,000	
2004 MF Series A (Bristol)		12,625,000			12,625,000	
2004 MF Series A (Pinnacle)		14,500,000			14,500,000	
2004 MF Series A (Tranquility Bay)		14,350,000			14,350,000	
2004 MF Series A (Sphinx @ Delafield)		11,380,000			11,380,000	
2004 MF Series A (Churchill @ Pinnacle)		10,750,000			10,750,000	
2004 MF Series A/B (Post Oak East)		13,600,000			13,600,000	
<b>Total Multi-Family Bonds</b>	<u>692,982,279</u>	<u>253,955,000</u>	<u>2,231,840</u>	<u>73,120,000</u>	<u>871,585,439</u>	<u>3,473,000</u>
<b>TOTAL BONDS OUTSTANDING</b>	<u>\$1,732,907,279</u>	<u>\$434,705,000</u>	<u>\$ 10,691,840</u>	<u>\$249,915,000</u>	<u>\$1,907,005,439</u>	<u>\$26,133,000</u>

FOOTNOTES:

- (a) Bond Accretions  
(b) Bonds Outstanding balance at August 31, 2004 does not include unamortized premium or discounts.

Bonds Outstanding per schedule	\$1,907,005,439
Unamortized (Discount) Premium:	
Single Family	3,827,170
RMRB	3,864,334
CHMRB	613,995
Multi-Family	(602,665)
Unamortized Deferred Gain (Loss) on Refunding:	
Single Family	(2,666,191)
RMRB	(1,929,202)
Deferred Amount on Refunding	<u>(3,112,373)</u>
 Bonds Outstanding per Exhibit I	 <u>\$1,907,000,506</u>

(Concluded)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)—  
REVENUE BOND PROGRAM**

**DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)  
AUGUST 31, 2004  
(Amounts in thousands)**

Description		2005	2006	2007	2008	2009
1995 Single Family, Series A 1995 Single Family, Series A	Principal Interest	\$ 2,411	\$ 2,411	\$ 2,411	\$ 2,411	\$ 2,411
1995 Single Family, Series C 1995 Single Family, Series C	Principal Interest	1,139	1,139	1,139	1,139	1,139
1996 Single Family, Series A 1996 Single Family, Series A	Principal Interest	628	628	628	628	628
1996 Single Family, Series B 1996 Single Family, Series B	Principal Interest	140	140	140	140	140
1996 Single Family, Series D 1996 Single Family, Series D	Principal Interest	2,186	2,186	2,186	2,186	2,186
1996 Single Family, Series E 1996 Single Family, Series E	Principal Interest	1,465 1,573	1,535 1,493	1,595 1,408	1,650 1,318	1,745 1,222
1997 Single Family, Series A 1997 Single Family, Series A	Principal Interest	2,333	2,333	2,333	2,333	2,333
1997 Single Family, Series B 1997 Single Family, Series B	Principal Interest	518	518	518	518	518
1997 Single Family, Series C 1997 Single Family, Series C	Principal Interest	141	141	141	141	141
1997 Single Family, Series D 1997 Single Family, Series D	Principal Interest	1,669	1,669	1,669	1,669	1,669
1997 Single Family, Series F 1997 Single Family, Series F	Principal Interest	552	552	552	552	552
2002 Single Family Series A (Jr. Lien) 2002 Single Family Series A (Jr. Lien)	Principal Interest	697	697	697	697	697
2002 Single Family Series A 2002 Single Family Series A	Principal Interest	2,114	2,114	2,114	2,114	2,114
2002 Single Family Series B 2002 Single Family Series B	Principal Interest	860 2,767	905 2,720	960 2,669	1,015 2,616	1,080 2,560
2002 Single Family Series C 2002 Single Family Series C	Principal Interest	430 602	455 587	480 570	510 550	535 528
2002 Single Family Series D 2002 Single Family Series D	Principal Interest	960 352	985 322	1,020 289	1,050 251	1,085 209
2004 Single Family Series A 2004 Single Family Series A	Principal Interest	5,515	5,514	5,482	5,403	4,000 5,295
2004 Single Family Series B 2004 Single Family Series B	Principal Interest	602	716	716	716	716
2004 Single Family Series A (Jr Lien) 2004 Single Family Series A (Jr Lien)	Principal Interest	55	65	65	65	65
<b>Total Single Family</b>		<u>29,709</u>	<u>29,825</u>	<u>31,422</u>	<u>33,012</u>	<u>33,568</u>
1998 RMRB Series A 1998 RMRB SERIES A	Principal Interest	1,745 3,591	1,830 3,513	1,910 3,430	1,985 3,340	2,085 3,245
1998 RMRB Series B 1998 RMRB Series B	Principal Interest	632	632	632	632	632



SCHEDULE 5

2010-14	2015-19	2020-24	2025-29	2030-34	2035-39	2040-2044	Total Required
			\$ 39,200				\$ 39,200
\$ 12,055	\$ 12,055	\$ 12,055	6,023				54,243
	14,680						14,680
5,695	2,057						13,447
			9,975				9,975
3,140	3,140	3,140	2,522				15,082
	2,330						2,330
700	348						1,748
		630	34,420				35,050
10,930	10,930	10,807	8,365				51,962
2,785	17,300						28,075
5,271	2,624						14,909
11,105				\$ 30,175			41,280
11,082	8,750	8,750	8,754				49,001
	9,510						9,510
2,590	2,335						7,515
				2,070			2,070
705	705	705	699				3,519
			14,705	14,700			29,405
8,345	8,345	8,345	7,923				41,303
				8,155			8,155
2,760	2,760	2,760	2,762				13,802
			9,945				9,945
3,485	3,485	3,485	877				14,817
0	3,060	12,435	11,660	11,255			38,410
10,570	10,405	7,950	4,372	1,434			45,301
5,080	4,275	5,395	12,765	19,270			51,605
11,897	10,719	9,429	7,215	2,215			54,807
4,645	5,775						12,830
2,137	462						5,436
4,815							9,915
331							1,754
20,875	15,585	17,730	21,480	26,155	\$ 12,805		123,610
24,212	20,195	16,404	11,717	5,968	353		106,058
	8,680	11,530	13,955	16,955	1,880		53,000
3,580	3,350	2,653	1,804	776	9		15,638
					4,140		4,140
325	325	325	325	325	162		2,102
<u>169,115</u>	<u>184,185</u>	<u>134,528</u>	<u>231,463</u>	<u>139,453</u>	<u>19,349</u>		<u>1,035,629</u>
2,190	14,290		8,315	36,820			71,170
15,467	14,530	11,655	11,581	1,767			72,119
		11,930					11,930
3,160	3,160	1,589					11,069

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)—  
REVENUE BOND PROGRAM**

**DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)  
AUGUST 31, 2004  
(Amounts in thousands)**

Description		2005	2006	2007	2008	2009
1999 RMRB Series A	Principal	\$ 494	\$ 494	\$ 494	\$ 494	\$ 494
1999 RMRB Series A	Interest					
1999 RMRB Series B-1	Principal	2,443	2,443	2,443	2,443	2,443
1999 RMRB Series B-1	Interest					
1999 RMRB Series C	Principal	349	349	349	349	349
1999 RMRB Series C	Interest					
2000 RMRB Series A	Principal	340	360	380	395	420
2000 RMRB Series A	Interest	1,720	1,701	1,681	1,659	1,637
2000 RMRB Series B	Principal	12,000				
2000 RMRB Series B	Interest	3,979	3,397	3,397	3,397	3,397
2000 RMRB Series C	Principal					
2000 RMRB Series C	Interest	637	637	637	637	637
2000 RMRB Series D	Principal	705	755	785	845	895
2000 RMRB Series D	Interest	628	594	557	517	474
2000 RMRB Series E	Principal					
2000 RMRB Series E	Interest	187	187	187	187	187
2001 RMRB Series A	Principal	795	840	900	960	1,005
2001 RMRB Series A	Interest	2,506	2,466	2,423	2,375	2,324
2001 RMRB Series B	Principal					
2001 RMRB Series B	Interest	717	717	717	717	717
2001 RMRB Series C	Principal	1,480	1,545	1,605	1,675	1,755
2001 RMRB Series C	Interest	779	728	670	606	536
2001 RMRB Series D	Principal				5	10
2001 RMRB Series D	Interest	13	13	13	13	12
2002 RMRB Series A	Principal	690	720	740	770	800
2002 RMRB Series A	Interest	2,141	2,111	2,078	2,043	2,006
2003 RMRB Series A	Principal	1,190	1,215	1,245	1,280	1,315
2003 RMRB Series A	Interest	3,487	3,448	3,405	3,359	3,308
<b>Total Residential Mtg Revenue Bonds</b>		<u>43,248</u>	<u>30,695</u>	<u>30,678</u>	<u>30,683</u>	<u>30,683</u>
1992 Coll Home Mtg Rev Bonds, Series C	Principal					
1992 Coll Home Mtg Rev Bonds, Series C	Interest	1,797	1,797	1,797	1,797	1,797
<b>Total Coll Home Mtg Revenue Bonds</b>		<u>1,797</u>	<u>1,797</u>	<u>1,797</u>	<u>1,797</u>	<u>1,797</u>
1993 SF MRB CHMRB, Series A	Principal					
1993 SF MRB CHMRB, Series A	Interest	195	195	195	195	195
1993 SF MRB CHMRB, Series B	Principal					
1993 SF MRB CHMRB, Series B	Interest	203	203	203	203	203
1993 SF MRB CHMRB, Series C	Principal					
1993 SF MRB CHMRB, Series C	Interest	185	185	185	185	185
1993 SF MRB CHMRB, Series D	Principal					
1993 SF MRB CHMRB, Series D	Interest	81	81	81	81	81
1993 SF MRB CHMRB, Series E	Principal					
1993 SF MRB CHMRB, Series E	Interest	85	85	85	85	85
<b>Total Single Family MRB 1993 CHMRB</b>		<u>749</u>	<u>749</u>	<u>749</u>	<u>749</u>	<u>749</u>

SCHEDULE 5

2010-14	2015-19	2020-24	2025-29	2030-34	2035-39	2040-2044	Total Required
							\$ 9,730
\$ 2,470	\$ 5,925 2,137	\$ 3,805 275					7,352
		13,080		\$ 23,965			37,045
12,215	12,215	9,276	\$ 7,575	4,293			57,789
		5,585					5,585
1,745	1,745	1,688					6,923
	6,600			19,260			27,755
8,115	7,891	6,065	6,065	2,224			38,758
				58,605			70,605
16,985	16,985	16,985	16,985	10,556			96,063
		7,230	3,675				10,905
3,185	3,185	1,422	69				11,046
		1,485					12,255
5,460	1,325	27					4,867
1,592	478						
				2,515			2,515
935	935	935	935	634			5,309
		6,490	14,920	15,835			46,545
2,495	2,305	9,558	6,479	1,861			51,528
11,068	10,468						
		4,500					13,925
3,580	5,845	383					9,234
3,257	2,009						
							19,540
10,555	925						4,803
1,463	21						
		40	45	45			235
45	45	29	18	4			210
54	41						
		7,150	9,265	10,975			41,385
4,560	5,715	6,410	4,295	1,421			39,982
9,396	8,081						
		12,185	16,865	21,615			73,605
7,305	9,390	11,227	7,669	2,902			68,235
15,664	13,766						
<u>142,961</u>	<u>150,012</u>	<u>151,004</u>	<u>114,756</u>	<u>215,297</u>			<u>940,017</u>
		26,400					26,400
<u>8,985</u>	<u>8,985</u>	<u>8,976</u>					<u>35,931</u>
							62,331
<u>8,985</u>	<u>8,985</u>	<u>35,376</u>					
			3,335				3,335
			230				4,130
975	975	975					
			3,060				3,060
			228				4,288
1,015	1,015	1,015					
			2,770				2,770
			217				3,917
925	925	925					
			1,200				1,200
			97				1,717
405	405	405					
			1,235				1,235
			91				1,791
425	425	425					
<u>3,745</u>	<u>3,745</u>	<u>3,745</u>	<u>12,463</u>				<u>27,443</u>

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)—  
REVENUE BOND PROGRAM**

**DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)**

**AUGUST 31, 2004**

**(Amounts in thousands)**

Description		2005	2006	2007	2008	2009
1994 SF MRB CHMRB, Series A	Principal					
1994 SF MRB CHMRB, Series A	Interest	\$ 545	\$ 545	\$ 545	\$ 545	\$ 545
1994 SF MRB CHMRB, Series B	Principal					
1994 SF MRB CHMRB, Series B	Interest	495	495	495	495	495
1994 SF MRB CHMRB, Series C	Principal					
1994 SF MRB CHMRB, Series C	Interest	238	238	238	238	238
Total Single Family MRB 1994 CHMRB		<u>1,278</u>	<u>1,278</u>	<u>1,278</u>	<u>1,278</u>	<u>1,278</u>
1984 MF Private Placement (Summerbend)	Principal					
1984 MF Private Placement (Summerbend)	Interest	735	735	735	735	735
1987 MF Series (South Texas Rental Housing)	Principal	70	77	84	93	102
1987 MF Series (South Texas Rental Housing)	Interest	77	70	63	54	45
1993 MF Series A/B (Rem Hill/High Pt)	Principal					
1993 MF Series A/B (Rem Hill/High Pt)	Interest	500	500	500	500	500
1996 MF Series A/B (Brighton's Mark)	Principal					
1996 MF Series A/B (Brighton's Mark)	Interest	495	495	495	495	495
1996 MF Series A/B (Marks Of Las Colinas)	Principal					
1996 MF Series A/B (Marks Of Las Colinas)	Interest	840	840	840	840	840
1996 MF Series A/B (Braxton's Mark)	Principal					
1996 MF Series A/B (Braxton's Mark)	Interest	829	829	829	829	829
1996 MF Series A-D (Harbors/Plumtree)	Principal	240	255	275	295	315
1996 MF Series A-D (Harbors/Plumtree)	Interest	807	791	774	755	734
1998 MF Series A (Pebble Brook Apartments)	Principal	160	170	180	190	205
1998 MF Series A (Pebble Brook Apartments)	Interest	570	562	553	544	535
1998 MF Series A-C (Residence At The Oaks)	Principal	128	134	141	151	159
1998 MF Series A-C (Residence At The Oaks)	Interest	464	457	448	440	430
1998 MF Series A (Volente Project)	Principal	160	165	175	185	190
1998 MF Series A (Volente Project)	Interest	571	563	554	545	536
1998 MF Series A (Dallas-Oxford Rfdg)	Principal					
1998 MF Series A (Dallas-Oxford Rfdg)	Interest	747	747	747	747	747
1998 MF Series A/B (Greens Of Hickory Trail)	Principal	185	210	220	240	250
1998 MF Series A/B (Greens Of Hickory Trail)	Interest	692	681	668	654	640
1999 MF Series A-C (Mayfield)	Principal	177	187	199	209	222
1999 MF Series A-C (Mayfield)	Interest	620	607	599	587	575
1999 MF Series A (Woodglen Village)	Principal	53	57	61	66	71
1999 MF Series A (Woodglen Village)	Interest	777	773	769	764	759
2000 MF Series A (Timber Point Apts)	Principal	100	100	100	100	100
2000 MF Series A (Timber Point Apts)	Interest	4,268	4,214	4,493	3,745	4,024
2000 MF Series A/B (Oaks At Hampton)	Principal	57	62	68	75	82
2000 MF Series A/B (Oaks At Hampton)	Interest	721	715	710	703	696
2000 MF Series A (Deerwood Apts)	Principal	75	85	85	95	95
2000 MF Series A (Deerwood Apts)	Interest	396	392	387	383	377
2000 MF Series A (Creek Point Apts)	Principal	100	100	100	100	100
2000 MF Series A (Creek Point Apts)	Interest	3,605	3,563	3,511	3,460	3,405

SCHEDULE 5

2010-14	2015-19	2020-24	2025-29	2030-34	2035-39	2040-2044	Total Required
			\$ 7,960				\$ 7,960
\$ 2,725	\$ 2,725	\$ 2,725	1,187				12,087
			7,740				7,740
2,475	2,475	2,475	1,080				10,980
			3,805				3,805
<u>1,190</u>	<u>1,190</u>	<u>1,190</u>	<u>512</u>				<u>5,272</u>
<u>6,390</u>	<u>6,390</u>	<u>6,390</u>	<u>22,284</u>				<u>47,844</u>
		8,120					8,120
3,675	3,675	2,458					13,483
417							843
72							381
		12,490					12,490
2,500	2,500	1,991					9,491
			8,075				8,075
2,475	2,475	2,475	990				10,890
			14,870				14,870
4,200	4,200	4,200	1,683				18,483
			14,274				14,274
4,145	4,145	4,145	1,666				18,246
1,910	2,665	3,735	1,910				11,600
3,312	2,542	1,448	174				11,337
1,215	1,675	2,295	3,155	\$ 1,160			10,405
2,497	2,110	1,574	834	66			9,845
740				6,358			7,811
1,997	1,905	1,905	1,905	478			10,429
1,210	1,670	2,285	3,145	1,145			10,330
2,492	2,098	1,554	803	54			9,770
	10,300						10,300
3,735	3,482						10,952
1,560	2,120	2,880	3,875	1,400			12,940
2,946	2,459	1,820	953	70			11,583
1,319	1,750	2,323	3,084	1,500			10,970
2,664	2,228	1,653	887	89			10,509
443	642	925	1,337	1,932	\$ 2,791	\$ 2,180	10,558
3,704	3,507	3,221	2,810	2,216	1,358	48	20,706
800	1,200	1,600	2,200	1,700			8,000
18,882	16,291	12,641	7,535	1,260			77,353
520	744	1,067	1,528	2,187	3,132	420	9,942
3,369	3,145	2,823	2,362	1,702	758	8	17,712
340		1,305		4,240			6,320
1,804	1,770	1,438	1,355	952			9,254
700	1,000	1,400	2,000	1,500			7,100
16,018	13,858	10,820	6,518	1,137			65,895

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)—  
REVENUE BOND PROGRAM**

**DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)  
AUGUST 31, 2004  
(Amounts in thousands)**

Description		2005	2006	2007	2008	2009
2000 MF Series A/B (Parks At Westmoreland)	Principal	\$ 56	\$ 61	\$ 67	\$ 73	\$ 80
2000 MF Series A/B (Parks At Westmoreland)	Interest	840	835	829	823	816
2000 MF Series A (Honey Creek)	Principal	113	122	131	142	153
2000 MF Series A (Honey Creek)	Interest	1,557	1,548	1,539	1,529	1,517
2000 MF Series A-C (Highland Meadows)	Principal				82	202
2000 MF Series A-C (Highland Meadows)	Interest	844	844	844	842	830
2000 MF Series A/B (Greenbridge)	Principal	83	92	119	109	127
2000 MF Series A/B (Greenbridge)	Interest	1,479	1,469	1,459	1,451	1,441
2000 MF Series A-C (Collingham Park)	Principal	151	162	172	182	208
2000 MF Series A-C (Collingham Park)	Interest	902	890	877	864	850
2000 MF Series A/B (Williams Run)	Principal	83	72	78	84	91
2000 MF Series A/B (Williams Run)	Interest	962	956	950	944	937
2000 MF Series A/B (Red Hills Villas)	Principal	44	49	54	59	65
2000 MF Series A/B (Red Hills Villas)	Interest	861	857	852	847	841
2001 MF Series A (Bluffview Sr. Apts.)	Principal	47	51	55	59	64
2001 MF Series A (Bluffview Sr. Apts.)	Interest	913	909	905	900	894
2001 MF Series A (Knollwood Villas Apts)	Principal	61	66	71	77	82
2001 MF Series A (Knollwood Villas Apts)	Interest	1,179	1,174	1,168	1,162	1,156
2001 MF Series A (Skyway Villas)	Principal	135	185	195	205	215
2001 MF Series A (Skyway Villas)	Interest	734	725	715	705	694
2001 MF Series A/B (Cobb Park)	Principal	32	35	38	42	46
2001 MF Series A/B (Cobb Park)	Interest	614	611	608	604	599
2001 MF Series A (Greens Road Apts.)	Principal	100	105	110	120	130
2001 MF Series A (Greens Road Apts.)	Interest	446	441	435	429	422
2001 MF Series A/B (Meridian Apts.)	Principal	150	165	175	185	195
2001 MF Series A/B (Meridian Apts.)	Interest	833	822	811	799	787
2001 MF Series A/B (Wildwood Apts.)	Principal	245	170	175	190	200
2001 MF Series A/B (Wildwood Apts.)	Interest	818	807	796	783	771
2001 MF Series A-C (Fallbrook Apts.)	Principal	86	180	193	206	220
2001 MF Series A-C (Fallbrook Apts.)	Interest	898	887	875	861	847
2001 MF Series A (Oak Hollow Apts.)	Principal	43	46	49	53	57
2001 MF Series A (Oak Hollow Apts.)	Interest	677	673	670	666	661
2001 MF Series A/B (Hillside Apts.)	Principal	57	63	69	75	83
2001 MF Series A/B (Hillside Apts.)	Interest	1,018	1,012	1,006	1,000	992
2002 MF Series A (Millstone Apts.)	Principal	80	165	180	195	205
2002 MF Series A (Millstone Apts.)	Interest	698	690	680	670	659
2002 MF Series A (Sugar Creek Apts.)	Principal	65	70	70	80	85
2002 MF Series A (Sugar Creek Apts.)	Interest	714	710	705	701	696
2002 MF Series A (West Oaks Apts.)	Principal	48	52	56	60	64
2002 MF Series A (West Oaks Apts.)	Interest	757	753	749	745	740
2002 MF Series A (Park Meadows Apts.)	Principal	50	55	60	60	70
2002 MF Series A (Park Meadows Apts.)	Interest	299	295	292	288	283
2002 Series A (Clarkridge Villas Apts)	Principal	69	74	79	85	91
2002 Series A (Clarkridge Villas Apts)	Interest	1,019	1,014	1,009	1,003	997

SCHEDULE 5

2010-14	2015-19	2020-24	2025-29	2030-34	2035-39	2040-2044	Total Required
\$ 506 3,961	\$ 724 3,702	\$ 1,037 3,334	\$ 1,484 2,805	\$ 2,124 2,048	\$ 3,040 967	\$ 636 26	\$ 9,888 20,986
966 7,380	1,412 6,929	2,066 6,272	3,021 5,312	4,417 3,905	7,933 472		20,476 37,960
1,242 3,918	1,736 3,418	2,427 2,717	3,395 1,739	3,416 432			12,500 16,428
799 7,044	1,156 6,686	1,671 6,167	2,418 5,416	3,495 4,332	5,053 2,763	4,850 328	19,972 40,035
1,298 4,341	1,745 3,790	2,368 3,046	3,234 2,033	3,908 655			13,428 18,248
576 4,566	843 4,296	1,236 3,902	1,809 3,326	2,648 2,480	3,877 1,243	1,223 58	12,620 24,620
417 4,103	605 3,892	875 3,585	1,266 3,142	1,830 2,501	2,646 1,574	2,320 214	10,230 23,269
403 4,378	591 4,167	861 3,859	1,258 3,409	1,838 2,753	2,685 1,797	2,730 325	10,642 25,209
519 5,667	759 5,417	1,107 5,050	1,617 4,516	2,364 3,735	3,450 2,593	3,503 490	13,676 33,307
1,275 3,278	1,665 2,875	2,200 2,341	2,900 1,629	3,835 684	440 6		13,250 14,386
300 2,926	435 2,782	618 2,575	909 2,275	1,316 1,839	1,904 1,209	2,079 243	7,754 16,885
775 1,996	1,045 1,756	1,420 1,432	1,930 986	2,640 374			8,375 8,717
1,230 3,707	1,735 3,218	2,400 2,583	3,225 1,803	4,340 766	510 7		14,310 16,136
1,250 3,626	1,750 3,144	2,380 2,556	3,200 1,789	4,300 760	505 7		14,365 15,857
1,339 3,994	1,808 3,518	2,437 2,882	3,285 2,020	4,427 860	519 8		14,700 17,650
352 3,231	497 3,063	707 2,827	1,003 2,493	1,419 2,018	2,011 1,345	2,358 315	8,595 18,639
517 4,844	732 4,600	1,040 4,254	1,472 3,761	2,088 3,063	2,959 2,073	3,706 505	12,861 28,128
1,205 3,110	1,570 2,733	2,045 2,243	2,690 1,592	3,535 736	830 22		12,700 13,833
525 3,394	345 3,232	3,205	3,205	3,205	3,205	10,680 1,496	11,920 24,468
399 3,618	570 3,437	814 3,181	1,162 2,813	1,661 2,288	2,371 1,537	2,863 375	10,120 20,993
410 1,342	565 1,184	775 968	1,075 668	1,480 254			4,600 5,873
564 4,876	801 4,639	1,135 4,303	1,608 3,827	2,281 3,150	3,232 2,193	4,581 696	14,600 28,726

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)—  
REVENUE BOND PROGRAM**

**DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)**

**AUGUST 31, 2004**

**(Amounts in thousands)**

Description		2005	2006	2007	2008	2009
2002 Series A (Hickory Trace Apts)	Principal	\$ 47	\$ 60	\$ 64	\$ 69	\$ 74
2002 Series A (Hickory Trace Apts)	Interest	833	829	825	820	815
2002 Series A (Green Crest Apts)	Principal	49	63	67	72	77
2002 Series A (Green Crest Apts)	Interest	873	869	865	860	855
2002 Series A/B (Iron Wood Crossing)	Principal		51	67	73	79
2002 Series A/B (Iron Wood Crossing)	Interest	1,222	1,220	1,215	1,209	1,202
2002 Series A (Woodway Village Apts)	Principal		105	115	125	135
2002 Series A (Woodway Village Apts)	Interest	469	466	461	455	449
2003 Series A/B (Reading Road)	Principal			120	120	220
2003 Series A/B (Reading Road)	Interest	651	651	650	644	635
2003 Series A/B (North Vista)	Principal			200	210	215
2003 Series A/B (North Vista)	Interest	699	699	694	685	676
2003 Series A/B (West Virginia)	Principal			135	145	150
2003 Series A/B (West Virginia)	Interest	472	472	469	463	456
2003 Series A/B (Sphinx @ Murdeaux)	Principal	70	140	160	165	170
2003 Series A/B (Sphinx @ Murdeaux)	Interest	1,982	1,987	1,993	1,998	2,005
2003 Series A/B (Primrose Houston)	Principal		11	71	77	83
2003 Series A/B (Primrose Houston)	Interest	1,164	1,164	1,161	1,155	1,148
2003 Series A/B (Timber Oaks)	Principal	4	47	51	56	61
2003 Series A/B (Timber Oaks)	Interest	937	934	930	925	920
2003 Series A/B (Ash Creek Apts)	Principal			59	76	83
2003 Series A/B (Ash Creek Apts)	Interest	1,100	1,100	1,098	1,092	1,086
2003 Series A/B (Peninsula Apts)	Principal			80	160	170
2003 Series A/B (Peninsula Apts)	Interest	647	647	645	639	632
2003 Series A (Evergreen @ Mesquite)	Principal		41	103	110	117
2003 Series A (Evergreen @ Mesquite)	Interest	757	756	751	744	737
2003 Series A/B (Arlington Villas)	Principal			46	74	80
2003 Series A/B (Arlington Villas)	Interest	618	1,040	1,179	1,174	1,168
2003 Series A/B (Parkview Twnhms)	Principal		45	73	79	86
2003 Series A/B (Parkview Twnhms)	Interest	1,126	1,125	1,119	1,112	1,105
2003 Series A (NHP-Asmara) Refunding	Principal			490	520	555
2003 Series A (NHP-Asmara) Refunding	Interest	945	945	945	930	915
2004 Series A/B (Timber Ridge)	Principal			18	37	40
2004 Series A/B (Timber Ridge)	Interest	483	513	512	510	507
2004 Series A/B (Century Park)	Principal			65	150	160
2004 Series A/B (Century Park)	Interest	774	774	774	767	758
2004 Series A (Addison Park)	Principal			60	70	75
2004 Series A (Addison Park)	Interest	840	840	839	835	831
2004 Series A/B (Veterans Memorial)	Principal		34	73	79	86
2004 Series A/B (Veterans Memorial)	Interest	1,101	1,100	1,094	1,088	1,081
2004 Series A (Rush Creek)	Principal		4	52	55	59
2004 Series A (Rush Creek)	Interest	670	670	668	664	660
2004 Series A (Humble Park)	Principal			90	100	110
2004 Series A (Humble Park)	Interest	772	772	770	764	757



SCHEDULE 5

2010-14	2015-19	2020-24	2025-29	2030-34	2035-39	2040-2044	Total Required
\$ 456	\$ 647	\$ 915	\$ 1,298	\$ 1,840	\$ 2,608	\$ 3,842	\$ 11,920
3,987	3,794	3,523	3,139	2,594	1,823	610	23,592
478	678	960	1,361	1,930	2,735	4,030	12,500
4,181	3,980	3,695	3,292	2,720	1,910	640	24,740
521	804	1,218	1,737	2,461	3,490	6,469	16,970
5,887	5,601	5,183	4,663	3,933	2,899	1,113	35,347
780	1,050	6,790					9,100
2,135	1,910	1,257					7,602
950	1,410	1,885	2,500	3,365	1,630		12,200
3,026	2,717	2,297	1,733	969	113		14,086
1,270	1,630	2,160	2,820	3,700	1,795		14,000
3,223	2,875	2,397	1,768	944	90		14,750
855	1,095	1,450	1,905	2,500	1,215		9,450
2,175	1,941	1,621	1,195	638	59		9,961
980	1,240	1,575	1,990	2,550	3,245	2,800	15,085
10,158	3,174	2,841	2,415	1,869	1,162	288	31,872
533	798	1,178	1,666	2,348	10,135		16,900
5,625	5,362	4,986	4,506	3,833	1,135		31,239
402	620	959	1,418	1,988	2,782	4,812	13,200
4,508	4,285	3,944	3,483	2,911	2,112	883	26,772
531	795	1,137	1,591	2,227	9,876		16,375
5,312	5,050	4,714	4,267	3,640	1,274		29,733
1,010	1,355	1,835	7,790				12,400
3,021	2,726	2,304	33				11,294
712	979	1,347	1,852	2,549	1,744	1,446	11,000
3,552	3,277	2,898	2,376	1,657	835	304	18,644
515	770	1,144	1,628	2,297	10,546		17,100
5,727	5,474	5,104	4,629	3,975	1,562		31,650
560	856	1,235	1,717	2,385	3,315	6,249	16,600
5,396	5,100	4,720	4,236	3,564	2,630	1,231	32,464
3,310	4,435	5,940	7,965	8,285			31,500
4,304	3,744	2,993	1,988	638			18,347
245	346	491	694	985	4,644		7,500
2,479	2,365	2,222	2,026	1,746	732		14,095
975	1,330	1,830	2,495	3,400	2,595		13,000
3,633	3,298	2,841	2,211	1,355	274		17,459
475	705	1,040	1,540	2,275	3,370	4,390	14,000
4,079	3,907	3,655	3,278	2,726	1,905	695	24,430
560	847	1,196	1,661	2,310	3,209	6,245	16,300
5,275	4,986	4,635	4,167	3,516	2,611	1,259	31,913
361	506	705	985	1,376	1,922	3,975	10,000
3,234	3,091	2,889	2,607	2,215	1,666	836	19,870
640	895	1,245	1,730	2,375	3,290	1,225	11,700
3,666	3,416	3,069	2,584	1,915	994	68	19,547

(Continued)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (332)—  
REVENUE BOND PROGRAM**

**DEBT SERVICE REQUIREMENTS (PRINCIPAL AND INTEREST)**

**AUGUST 31, 2004**

**(Amounts in thousands)**

Description		2005	2006	2007	2008	2009
2004 Series A (Chisholm Trail)	Principal			\$ 130	\$ 135	\$ 145
2004 Series A (Chisholm Trail)	Interest	\$ 775	\$ 775	773	764	755
2004 Series A (Evergreen @ Plano)	Principal			13	80	85
2004 Series A (Evergreen @ Plano)	Interest	966	966	966	962	957
2004 Series A (Montgomery Pines)	Principal			145	155	160
2004 Series A (Montgomery Pines)	Interest	734	734	732	723	713
2004 Series A (Bristol)	Principal			75	160	170
2004 Series A (Bristol)	Interest	734	734	734	727	718
2004 Series A (Pinnacle)	Principal					
2004 Series A (Pinnacle)	Interest	202	202	202	202	202
2004 Series A (Tranquility Bay)	Principal			45	81	86
2004 Series A (Tranquility Bay)	Interest	929	929	928	924	918
2004 Series A (Sphinx @ Delafield)	Principal		50	95	100	110
2004 Series A (Sphinx @ Delafield)	Interest	537	597	593	588	583
2004 Series A (Churchill @ Pinnacle)	Principal				57	61
2004 Series A (Churchill @ Pinnacle)	Interest	704	704	704	702	698
2004 Series A/B (Post Oak East)	Principal					
2004 Series A/B (Post Oak East)	Interest	191	191	191	191	191
Total Multi-Family		<u>65,156</u>	<u>66,154</u>	<u>68,575</u>	<u>68,324</u>	<u>68,791</u>
Total		141,937	130,498	134,499	135,843	136,866
Less Interest		<u>115,804</u>	<u>115,060</u>	<u>114,593</u>	<u>112,751</u>	<u>111,810</u>
Total Principal		<u>\$ 26,133</u>	<u>\$ 15,438</u>	<u>\$ 19,906</u>	<u>\$ 23,092</u>	<u>\$ 25,056</u>

Notes: The actual maturity of any class of bonds may be shorter than its stated maturity as a result of prepayments on the mortgage certificates or loans. No assurance can be given as to the rates of prepayments that actually will occur. Interest does not include accretions on capital appreciation bonds or amortization of premium/discount on bonds.

**SCHEDULE 5**

	2010-14	2015-19	2020-24	2025-29	2030-34	2035-39	2040-2044	Total Required
\$	880	\$ 1,205	\$ 1,675	\$ 2,280	\$ 3,135	\$ 2,415		\$ 12,000
	3,621	3,292	2,839	2,215	1,362	278		17,449
	519	719	997	1,384	1,918	2,658	\$ 6,377	14,750
	4,691	4,489	4,209	3,822	3,286	2,539	1,446	29,299
	965	1,300	1,730	2,340	3,130	2,375		12,300
	3,409	3,078	2,637	2,043	1,244	253		16,300
	1,015	1,355	1,815	2,410	3,210	2,415		12,625
	3,426	3,090	2,639	2,038	1,238	254		16,332
	0	0	0	0	0	14,500		14,500
	1,010	1,010	1,010	1,010	1,010	558		6,618
	526	727	1,004	1,389	1,919	2,655	5,918	14,350
	4,497	4,296	4,018	3,634	3,102	2,368	1,313	27,856
	630	835	1,095	1,430	1,885	2,400	2,750	11,380
	2,826	2,644	2,406	2,087	1,660	1,102	384	16,007
	375	519	719	997	1,383	1,917	4,722	10,750
	3,423	3,277	3,076	2,797	2,408	1,871	1,107	21,471
						13,600		13,600
	955	955	955	955	955	566		6,296
	<u>342,298</u>	<u>340,378</u>	<u>346,339</u>	<u>336,218</u>	<u>266,695</u>	<u>229,681</u>	<u>126,683</u>	<u>2,325,292</u>
	673,494	693,695	677,382	717,184	621,445	249,030	126,683	4,438,556
	<u>537,929</u>	<u>482,829</u>	<u>410,468</u>	<u>300,902</u>	<u>150,865</u>	<u>61,236</u>	<u>17,304</u>	<u>2,531,551</u>
	<u>\$ 135,565</u>	<u>\$ 210,866</u>	<u>\$ 266,914</u>	<u>\$ 416,282</u>	<u>\$ 470,580</u>	<u>\$ 187,794</u>	<u>\$ 109,379</u>	<u>\$ 1,907,005</u>

(Concluded)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 6

ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE—REVENUE BONDS  
AUGUST 31, 2004  
(Amounts in thousands)

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2004			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
1995 Single Family Series A	\$ 18,560	\$ 51		\$ 2,626
1995 Single Family Series C	5,814	29		1,283
1996 Single Family Series A	1,203	50		628
1996 Single Family Series B	7,162	12		240
1996 Single Family Series D	14,968	72		2,359
1996 Single Family Series E	12,566	58	\$ 1,800	1,791
1997 Single Family Series A	3,587	49		2,344
1997 Single Family Series B	637	11		518
1997 Single Family Series C	9,511	3		315
1997 Single Family Series D	9,920	37		1,784
1997 Single Family Series F	3,396	10		597
2002 Single Family Series A (Jr. Lien)	151	129		700
2002 Single Family Series A	1,224	111		2,122
2002 Single Family Series B	2,278	149		2,818
2002 Single Family Series C	414	37		617
2002 Single Family Series D	1,244	29	930	388
2004 Single Family Series A	596			1,884
2004 Single Family Series B	257			203
2004 Single Family Series A (Jr. Lien)	18	15		18
Total Single Family Bonds	93,506	852	2,730	23,235
1998 RMRB Series A	13,646	59	1,800	3,919
1998 RMRB Series B	1,926	10		667
1999 RMRB Series A	3,859	19		568
1999 RMRB Series B-1	13,510	28		2,859
1999 RMRB Series C	6,885	5		514
1999 RMRB Series D	375			8
2000 RMRB Series A	12,778	29	415	2,107
2000 RMRB Series B	12,976	65		4,376
2000 RMRB Series C	2,626	10		699
2000 RMRB Series D	4,058	11	790	758
2000 RMRB Series E	3,537	2		340
2001 RMRB Series A	6,906	100	680	2,678
2001 RMRB Series B	1,996	30		753
2001 RMRB Series C	6,468	42	1,820	946
2001 RMRB Series D	10			13
2002 RMRB Series A	2,138	345	225	2,182
2003 RMRB Series A	1,320	202		3,506
Total Residential Mtg Revenue Bonds	95,014	957	5,730	26,893
1992 Coll Home Mtg Rev Bonds Series C	18,508	52		2,429
Total Coll Home Mtg Revenue Bonds	18,508	52		2,429

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 6

ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE—REVENUE BONDS

AUGUST 31, 2004

(Amounts in thousands)

Description of issue	Pledged and Other Sources and Related Expenditures for FY 2004			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
1993 SF MRB CHMRB Series A	\$ 1,023	\$ 4		\$ 212
1993 SF MRB CHMRB Series B	1,838	3		233
1993 SF MRB CHMRB Series C	2,200	3		237
1993 SF MRB CHMRB Series D	1,330	1		108
1993 SF MRB CHMRB Series E	903	1		103
Total Single Family MRB 1993 CHMRB Bonds	7,294	12		893
1994 SF MRB CHMRB Series A	5,103	21		680
1994 SF MRB CHMRB Series B	5,786	20		629
1994 SF MRB CHMRB Series C	2,268	10		288
Total Single Family MRB 1994 CHMRB Bonds	13,157	51		1,597
1995 SF MRRB CHMRB Series A	137			1
Total Single Family MRB 1995 CHMRB Bonds	137			1
1984 MF Private Placement (Summerbend)	401	1		368
1987 South Texas Rental Housing	93		\$ 63	83
1993 MF Series A/B (RemHill/High Pt)	175	5		126
1993 Res Ren Project Revenue Bonds	14,318		180	336
1996 MF Series A/B (Braxton's Mark)	866	3		843
1996 MF Series A/B (Las Colinas)	1,393	6		1,357
1996 MF Series A-D (DFW Pool)	21,112		160	904
1996 MF Series A-D (Harbors/Plumtree)	848		225	819
1996 MF Series A/B (NHP Foundation)	25,498			466
1997 MF Series A (Meadow Ridge)	13,496		95	593
1998 MF Series A (Pebble Brook)	611		150	576
1998 MF Series A-C (Residence Oaks)	481		118	471
1998 MF Series A (Volente Project)	604		150	579
1998 MF Series A (Dallas Oxford Refndg)	773			747
1998 MF Series A/B (Greens of Hickory Trail)	704		190	698
1999 MF Series A-C (Mayfield)	640		167	629
1999 MF Series A (Woodglen Village)	793		49	782
2000 MF Series A (Timber Point Apts)	195			87
2000 MF Series A/B (Oaks at Hampton)	735		52	725
2000 MF Series A (Deerwood Apts)	405		75	399
2000 MF Series A (Creek Point Apts)	184			78
2000 MF Series A/B (Parks @ Westmoreland)	730		51	720
2000 MF Series A (Honeycreek)	1,582		9	1,562
2000 MF Series A-C (Highland Meadow Apts)	1,901			888
2000 MF Series A/B (Greenbridge)	1,533		75	1,513
2000 MF Series A-C (Collingham Park)	926		72	913
2000 MF Series A/B (Williams Run)	980		51	967
2000 MF Series A/B (Red Hills Villas)	776		40	766
2001 MF Series A (Bluffview Senior Apts)	821		44	810
2001 MF Series A (Knollwood Villas Apts)	1,056		56	1,042

(Continued)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 6

ANALYSIS OF FUNDS AVAILABLE FOR DEBT SERVICE—REVENUE BONDS  
AUGUST 31, 2004  
(Amounts in thousands)

Description of Issue	Pledged and Other Sources and Related Expenditures for FY 2004			
	Net Available for Debt Service		Debt Service	
	Total Pledged and Other Sources	Operating Expenses/ Expenditures and Capital Outlay	Principal	Interest
2001 MF Series A (Skyway Villas)	\$ 750			\$ 737
2001 MF Series A/B (Cobb Park)	588		\$ 29	580
2001 MF Series A (Greens Road Apts.)	457			449
2001 MF Series A/B (Meridian Apts.)	852			838
2001 MF Series A/B (Wildwood Apts.)	842			828
2001 MF Series A-C (Fallbrook Apts.)	914			899
2001 MF Series A (Oak Hollow Apts.)	612		30	603
2001 MF Series A/B (Hillside Apts.)	923		39	910
2002 MF Series A (Millstone Apts.)	712			699
2002 MF Series A (Sugar Creek Apts.)	738		30	726
2002 MF Series A (West Oaks Apts.)	735		30	725
2002 MF Series A (Park Meadows Apts)	300			300
2002 MF Series A (Clarkridge Villas Apts)	1,037			1,022
2002 MF Series A (Hickory Trace Apts)	846			834
2002 MF Series A (Green Crest Apts)	888			875
2002 MF Series A/B (Ironwood Crossing)	1,014			997
2002 MF Series A (Woodway Village Apts)	478			469
2003 MF Series A/B (Reading Road)	260			248
2003 MF Series A/B (North Vista Apts)	713			699
2003 MF Series A/B (West Virginia Apts)	481			472
2003 MF Series A/B (Sphinx @ Murdeaux)	718			703
2003 MF Series A/B (Primrose Houston School)	994			977
2003 MF Series A/B (Timber Oaks Apts)	950			937
2003 MF Series A/B (Ash Creek Apts)	953			950
2003 MF Series A/B (Peninsula Apts)	648			647
2003 MF Series A (Evergreen @ Mesquite)	832			831
2003 MF Series A/B (Arlington Villas)	181			166
2003 MF Series A/B (Parkview Townhomes)	787			776
2003 MF Series A (NHP-Asmara/Refunding)	257			244
2004 MF Series A/B (Timber Ridge)	294			289
2004 MF Series A/B (Century Park)	245			237
2004 MF Series A (Addison Park)	138			129
2004 MF Series A/B (Veterans Memorial)	665			654
2004 MF Series A (Rush Creek)	322			315
2004 MF Series A (Humble Park)	442			442
2004 MF Series A (Chisholm Trail)	56			56
2004 MF Series A (Evergreen @ Plano)	204			204
2004 MF Series A (Montgomery Pines)	37			36
2004 MF Series A (Bristol)	36			36
2004 MF Series A (Pinnacle)	42			42
2004 MF Series A (Tranquility Bay)	98			98
2004 MF Series A (Sphinx @ Delafield)	78			78
2004 MF Series A (Churchill @ Pinnacle)	74			74
2004 MF Series A/B (Post Oak East)	16			16
Total Multifamily Bonds	<u>117,837</u>	<u>15</u>	<u>2,230</u>	<u>43,694</u>
Total*	<u>\$ 345,453</u>	<u>\$ 1,939</u>	<u>\$ 10,690</u>	<u>\$ 98,742</u>

(Concluded)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 7

MISCELLANEOUS BOND INFORMATION—DEFEASED BONDS OUTSTANDING  
AUGUST 31, 2004  
(Amounts in thousands)

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Description of Issue	Year Refunded	Par Value Outstanding
Business-Type Activities		
1996 MF SERIES A/B (NHP FOUNDATION)	2003	<u>\$24,525,000</u>
Total Business-Type Activities		<u>\$24,525,000</u>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS—  
REVENUE BOND PROGRAM

SCHEDULE 8

MISCELLANEOUS BOND INFORMATION—EARLY EXTINGUISHMENT AND REFUNDING

AUGUST 31, 2004

(Amounts in thousands)

Description of Issue	Category	Amount Extinguished or Refunded	For Refunding Only		
			Refunding Issue Par Value	Cash Flow Increase (Decrease)	Economic Gain/ (Loss)
Business-Type Activities:					
1995 Single Family Series A	Early Extinguishment	\$ 15,570,000			
1995 Single Family Series C	Early Extinguishment	5,805,000			
1996 Single Family Series B	Early Extinguishment	6,880,000			
1996 Single Family Series D	Early Extinguishment	12,635,000			
1996 Single Family Series E	Early Extinguishment	10,695,000			
1997 Single Family Series A	Early Extinguishment	810,000			
1997 Single Family Series C	Early Extinguishment	9,365,000			
1997 Single Family Series D	Early Extinguishment	7,350,000			
1997 Single Family Series F	Early Extinguishment	2,680,000			
2002 Single Family Series A (Jr. Lien)	Early Extinguishment	55,000			
2002 Single Family Series A	Early Extinguishment	340,000			
2002 Single Family Series B	Early Extinguishment	1,090,000			
2002 Single Family Series C	Early Extinguishment	120,000			
2002 Single Family Series D	Early Extinguishment	1,010,000			
1998 RMRB Series A	Early Extinguishment	9,210,000			
1998 RMRB Series B	Early Extinguishment	1,180,000			
1999 RMRB Series A	Early Extinguishment	2,870,000			
1999 RMRB Series B-1	Early Extinguishment	10,405,000			
1999 RMRB Series C	Early Extinguishment	6,380,000			
1999 RMRB Series D	Early Extinguishment	375,000			
2000 RMRB Series A	Early Extinguishment	10,495,000			
2000 RMRB Series B	Early Extinguishment	8,170,000			
2000 RMRB Series C	Early Extinguishment	1,885,000			
2000 RMRB Series D	Early Extinguishment	3,225,000			
2000 RMRB Series E	Early Extinguishment	3,360,000			
2001 RMRB Series A	Early Extinguishment	4,025,000			
2001 RMRB Series B	Early Extinguishment	1,140,000			
2001 RMRB Series C	Early Extinguishment	5,265,000			
2002 RMRB Series A	Early Extinguishment	695,000			
2003 RMRB Series A	Early Extinguishment	25,000			
1992 Coll Home Mtg Rev Bonds, Series C	Early Extinguishment	15,800,000			
1993 SF MRB CHMRB Series A	Early Extinguishment	755,000			
1993 SF MRB CHMRB Series B	Early Extinguishment	1,595,000			
1993 SF MRB CHMRB Series C	Early Extinguishment	1,980,000			
1993 SF MRB CHMRB Series D	Early Extinguishment	1,235,000			
1993 SF MRB CHMRB Series E	Early Extinguishment	805,000			
1994 SF MRB CHMRB Series A	Early Extinguishment	4,395,000			
1994 SF MRB CHMRB Series B	Early Extinguishment	5,100,000			
1994 SF MRB CHMRB Series C	Early Extinguishment	1,930,000			
1995 SF MRRB CHMRB Series A	Early Extinguishment	90,000			
1993 Res Ren Project Revenue Bonds	Early Extinguishment	13,965,000			
1996 MF Series A-D (DFW Pool)	Early Extinguishment	20,070,000			
1996 MF SERIES A/B (NHP Foundation)	Advance Refunding	25,015,000	\$31,500,000	\$32,161,629	\$31,436,148
1997 MF Series A (Meadow Ridge Apartments)	Early Extinguishment	12,855,000			
1998 MF Series A (Volente Project)	Early Extinguishment	15,000			
2000 MF Series A (Timber Point Apts)	Early Extinguishment	100,000			
2000 MF Series A (Creek Point Apts)	Early Extinguishment	100,000			
2000 MF Series A-C (Highland Meadow Apts)	Early Extinguishment	1,000,000			
<b>Total Business-Type Activities</b>		<b>\$249,915,000</b>	<b>\$31,500,000</b>	<b>\$32,161,629</b>	<b>\$31,436,148</b>



*Texas Department of Housing and Community Affairs*

*Opinion Audit on FY 2004  
Computation of Unencumbered Fund Balances*

***Texas Department of Housing  
and Community Affairs—  
Housing Finance Division***

***Computation of Unencumbered Fund Balances  
August 31, 2004 and  
Independent Auditors' Report***



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## INDEPENDENT AUDITORS' REPORT

Governing Board  
Texas Department of Housing and Community Affairs

We have audited the accompanying Computation of Unencumbered Fund Balances (the "Computation") of the Texas Department of Housing and Community Affairs—Housing Finance Division (the "Division") as of August 31, 2004. The Computation is the responsibility of Division management. Our responsibility is to express an opinion based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Computation is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Computation. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Computation. We believe that our audit provides a reasonable basis for our opinion.

The Computation is presented on the basis of criteria described in Note 2 to the Computation for compliance with the provisions of Chapter 2306, Texas Government Code, Sections 2306.204 and 2306.205. The Computation is not intended to present unencumbered fund balances in accordance with accounting principles generally accepted in the United States of America. Unencumbered fund balances determined under the basis of presentation described in Note 2 may materially differ from those determined under accounting principles generally accepted in the United States of America.

In our opinion, the aforementioned Computation presents fairly, in all material respects, the unencumbered fund balances of the Division as of August 31, 2004, in conformity with the criteria specified by management of the Division for compliance with the computations described in the Texas Government Code, Sections 2306.204 and 2306.205, as set forth in Note 2 to the Computation.

This report is intended solely for the information and use of the Division's management and the Governing Board in accordance with the Texas Government Code, Sections 2306.204 and 2306.205, and is not intended to be and should not be used by anyone other than these specific parties.

*Deloitte + Touche LLP*

December 10, 2004

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION

COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2004 (Dollars in thousands)

	SFMRB Program	RMRB Program	CHMRB Program	M/F Program	1993 SF CHMRB Program	1994/1995 SF CHMRB Program	Commercial Paper Program	Operating Fund
<b>BOND LIABILITIES:</b>								
Bonds payable/commercial paper notes payable	\$523,185	\$454,730	\$26,400	\$ 871,585	\$11,600	\$19,505	\$50,777	-
Accrued interest payable on bonds	12,077	4,092	170	7,274	62	107	58	-
Total	\$535,262	\$458,822	\$26,570	\$ 878,859	\$11,662	\$19,612	\$50,835	-
ASSET TEST RATIO	102.00%	102.00%	102.00%	100.00%	100.00%	100.00%	100.00%	
<b>QUALIFYING ASSETS:</b>								
Cash and temporary investments	\$ 92,153	\$ 25,589	\$ 865	\$ 56,900	\$ 975	\$ 469	\$ 199	\$10,977
Investments at fair value	210,076	57,887	1,367	180,829		296	50,777	
Mortgage-backed securities at fair value	225,321	393,928	27,512	1,159	11,742	20,911		
Less fair value adjustment	(8,847)	(10,884)	(2,036)	(30)	(804)	(1,488)		
Unamortized premium/discout	631	1,753	201	(30)	96	169		3,658
Loans/notes receivable—net	62,918	2,273		871,500				16
Real estate owned—net	541	12		6,589	60	112	104	
Accrued interest receivable	1,500	2,383	155	1,116,947	12,069	20,469	51,080	14,651
Subtotal	584,293	472,941	28,064	1,116,947	12,069	20,469	51,080	14,651
<b>LESS RESTRICTIONS:</b>								
Self-insurance fund	1,500	401						105
Operating reserve fund	3,936	233	11	463	2	37	29	34
Debt service fund	1,603	75		3,042				
Rebate payable	496	2,285			12	1	176	47
Due to lenders/other departments				238,549				
Housing assistance programs	19,808	4,514					40	9,502
Board/department restrictions								
Amounts reserved for special redemptions subsequent to August 31, 2004	4,009							
Subtotal	31,352	7,508	11	242,054	14	38	245	9,688
Total qualifying assets less restrictions	552,941	465,433	28,053	874,893	12,055	20,431	50,835	4,963
LESS ASSET TEST REQUIREMENT	545,967	467,998	27,101	878,859	11,662	19,612	50,835	
AMOUNT NEEDED TO MEET ASSET TEST REQUIREMENT		2,564		3,966				(4,963)
UNENCUMBERED FUND BALANCES	\$ 6,974	\$	\$ 952	\$	\$ 393	\$ 819	\$	\$ 9,137

See accompanying independent auditors' report and accompanying notes to the Computation.

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS— HOUSING FINANCE DIVISION

## NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES AUGUST 31, 2004 (IN THOUSANDS)

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### 1. BACKGROUND OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

**General Statement**—The Texas Department of Housing and Community Affairs (the “Department”), was created effective September 1, 1991 by an act of the 72nd Texas Legislature, pursuant to Senate Bill 546 (subsequently codified as Chapter 2306, Texas Government Code) (the “Department Act”), passed by the Texas Legislature on May 24, 1991 and signed by the Governor of the State of Texas. Effective September 1, 1991, the Department was established to assist local governments in helping residents overcome financial, social and environmental problems; to address low- to moderate-income housing needs; to contribute to the preservation and redevelopment of neighborhoods and communities; to assist the Governor and the Legislature in coordinating federal and state programs affecting local governments; and to continually inform the State and the public about the needs of local government. The Department was created by merging two former agencies: the Texas Housing Agency and the Texas Department of Community Affairs.

The Department is governed by a Governing Board composed of seven members appointed by the Governor with advice and consent of the Senate. The Department is administered by an Executive Director to be employed by the Board with the approval of the Governor. The Department is authorized to issue tax-exempt or taxable bonds, notes or other obligations to finance or refinance multifamily housing developments and single-family residential housing. Bonds and notes of the Department do not constitute a debt of the State or any political subdivision thereof. The Department Act specifically provides for the assumption by the Department of the outstanding indebtedness of the former agencies. The Housing Finance Division (the “Division”) of the Department is required to continue to carry out all covenants with respect to any bonds outstanding, including the payments of any bonds from the sources provided in the proceedings authorizing such bonds. The Department Act requires a portion of the unencumbered fund balances, as defined, of the Division of the Department to be transferred to the Housing Trust Fund from the bond programs should certain conditions be met.

The Division operates several bond programs under separate trust indentures, as follows:

- **General—Single-Family**—Since 1979, the year of creation of the Texas Housing Agency (the “Agency”), a predecessor to the Department, through August 31, 2004, the Agency or the Department has issued 27 series of Residential Mortgage Revenue Bonds, 33 series of Single-Family Mortgage Revenue Bonds, four series of Junior Lien Single-Family Mortgage Revenue Refunding Bonds, 10 series of GNMA/FNMA Collateralized Home Mortgage Revenue Bonds, 11 series of Collateralized Home Mortgage Revenue Bonds and two series of Government National Mortgage Association (“GNMA”) Collateralized Home Mortgage Revenue Bonds. As of August 31, 2004, the outstanding principal amount of bonded indebtedness of the Department for single-family housing purposes was \$523,185.

**NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2004 (IN THOUSANDS) (CONTINUED)**

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- *General—Multifamily*—The Department and the Agency have issued 146 multifamily housing revenue bonds, which have been issued pursuant to separate trust indentures and are secured by individual trust estates, which are separate and distinct from each other. As of August 31, 2004, 71 series were outstanding, with an aggregate outstanding principal amount of \$871,585.
- *Single-Family Mortgage Revenue Bonds (“SFMRBs”)*—The Department has issued 33 series of Single-Family Mortgage Revenue and Refunding Bonds under a Single-Family Mortgage Revenue Bond Trust Indenture, dated as of October 1, 1980, and 37 indentures supplemental thereto, which are secured on an equal and ratable basis by the trust estate established by the SFMRB Indenture. As of August 31, 2004, 17 series were outstanding, with an aggregate outstanding principal amount totaling \$509,100.
- *Junior Lien Bonds*—The Department has issued four series of its Junior Lien Single-Family Mortgage Revenue Refunding Bonds (the “Junior Lien Bonds”) pursuant to a Junior Lien Trust Indenture, as supplemented by the First Supplemental Junior Lien Trust Indenture and the Second Supplemental Junior Lien Trust Indenture, each dated as of May 1, 1994, the Third Supplemental Junior Lien Trust Indenture dated as of March 27, 2002, and the Fourth Supplemental Junior Lien Trust Indenture dated as of April 1, 2004, by and between the Department and J.P. Morgan Trust Company, Texas, NA, as trustee. The Junior Lien Bonds are secured on an equal and ratable basis with each other and on a subordinated basis to the SFMRBs by the trust estate held under the SFMRB Indenture. As of August 31, 2004, two series are outstanding, with an aggregate outstanding principal of \$14,085.
- *Residential Mortgage Revenue Bonds (“RMRBs”)*—As of August 31, 2004, the Department has issued 27 series of Residential Mortgage Revenue and Refunding Bonds pursuant to the Residential Mortgage Revenue Bond Trust Indenture and 24 separate Series Supplements, which are secured on an equal and ratable basis by the trust estate established by the RMRB Indenture. As of August 31, 2004, 16 series were outstanding, with an aggregate outstanding principal amount of \$454,730.
- *Collateralized Home Mortgage Revenue Bonds (“CHMRBs”)*—The Department has issued 11 series of Collateralized Home Mortgage Revenue Bonds pursuant to the Collateralized Home Mortgage Revenue Bond Master Indenture and six separate Series Supplements, which are secured on an equal and ratable basis by the trust estate established by such trust indentures. As of August 31, 2004, one series of CHMRBs was outstanding, with an aggregate outstanding principal amount of \$26,400.
- *Single-Family Collateralized Home Mortgage Revenue Bonds—1993 (“SFCHMRB—1993”)*—The Department has issued five series of Single-Family Mortgage Revenue Bonds under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture dated as of November 1, 1993, amended as of February 1, 1995, by and between the Department and J.P. Morgan Trust Company, Texas, NA, as trustee. As of August 31, 2004, five series of the SFCHMRB—1993s were outstanding, with an aggregate outstanding principal amount of \$11,600.

**NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2004 (IN THOUSANDS) (CONTINUED)**

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- *Single-Family Collateralized Home Mortgage Revenue Bonds—1994 (“SFCHMRB—1994”)*—The Department has issued three series of Single-Family Mortgage Revenue Bonds in 1994 and 1995 under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Master Trust Indenture dated as of November 1, 1994, supplemented by a First Supplemental GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture dated as of November 1, 1994, as amended as of February 1, 1995, by and between the Department and J.P. Morgan Trust Company, Texas, NA, as trustee. As of August 31, 2004, three series of the SFCHMRB—1994s were outstanding, with an aggregate outstanding principal amount of \$19,505.
- *Single-Family Collateralized Home Mortgage Revenue Bonds—1995 (“SFCHMRB—1995”)*—The Department has issued two series of single family mortgage revenue refunding bonds in 1995 for the purpose of refunding certain notes that previously refunded certain bonds outstanding, under a GNMA/FNMA Collateralized Home Mortgage Revenue Bond Master Trust Indenture, First Supplemental GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture and Second Supplemental GNMA/FNMA Collateralized Home Mortgage Revenue Bond Trust Indenture, each dated as of November 1, 1994, each amended as of February 1, 1995, and each by and between the Department and J.P. Morgan Trust Company, Texas, NA, as trustee. As of August 31, 2004, no series of SFCHMRB—1995s was outstanding.
- *Housing Trust Fund*—The Department Act provided for a transfer of a portion of the unencumbered fund balance from the bond programs for use in the Housing Trust Fund. The fund will be used to provide assistance for low- and very-low-income persons and families in financing, acquiring, rehabilitating and developing affordable, decent and safe housing. The fund will be made available to local units of government, public housing authorities, the Department, community housing development organizations and nonprofit organizations, as well as eligible low- and very-low-income individuals and families.
- *Commercial Paper Notes*—By resolution adopted November 10, 1994, the Department’s Governing Board has authorized the issuance of two series of commercial paper notes, its Single-Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series A, and its Single-Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes, Series B (the “Notes”). Pursuant to the resolution, the Department is authorized to issue the Notes in an aggregate principal amount not to exceed \$75,000 outstanding. Proceeds of the initial issuance of the Notes and of future issues not issued to refund outstanding Notes will be used to redeem certain of the Department’s single-family mortgage revenue bonds, which are subject to redemption as a result of the receipt by the Department of prepayments of the related underlying mortgage loans. Such prepayments may, at a future date, be recycled into new mortgage loans by the Department. The Notes are being issued in anticipation of the issuance of refunding bonds that will refund the Notes.

**NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2004 (IN THOUSANDS) (CONTINUED)**

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**2. BASIS OF PRESENTATION**

Management of the Department has determined the following criteria and definitions should be used in the computation of unencumbered fund balances specified by the Department Act, Texas Government Code, Sections 2306.204 and 2306.205. These criteria and definitions were determined based on the requirements of the bond trust indentures, the Department Governing Board's designated purposes and financial advisors' recommendations for credit rating purposes.

**Definition of Unencumbered Fund Balance**—The bond trust indentures of the Department include certain restrictions and encumbrances on Department assets for the benefit, protection and security of the owners of the outstanding Department bonds. In addition, the Department's financial advisor has recommended that additional restrictions be maintained in the determination of unencumbered fund balance for ensuring the maintenance of parity over the immediate future.

The unencumbered fund balances of the Department represent qualifying assets less restrictions in excess of a percentage (the "Asset Test Ratio") of the total bond liabilities specified in the respective bond trust indentures. Unencumbered fund balances cannot be less than zero.

Generally, the unencumbered fund balances cannot be distributed or utilized except when certain conditions have been met within the bond trust indentures, including filing of a statement of projected revenues that projects that anticipated cash flows will be sufficient to pay Department expenses of the Division—Revenue Bond Enterprise Fund and aggregate debt service through the maturity of the bonds and to maintain all other reserve fund requirements of the respective bond trust indentures.

**Total Bond Liabilities**—The following represents the amounts included in determination of total bond liabilities:

- The bonds and commercial paper notes payable represent the contractual balance of bonds and commercial paper notes outstanding at August 31, 2004. Where the bonds are concerned, the amount excludes unamortized bond premiums or discounts.
- Accrued interest on bonds and commercial paper notes payable represents contractual interest due on outstanding balances at August 31, 2004.

**Asset Test Ratio**—This represents the ratio in excess of total bond liabilities considered necessary by the respective bond trust indentures.

**Asset Test Requirement**—This represents the encumbered qualifying assets considered necessary by the respective bond trust indentures. These amounts are calculated by multiplying the total bond liabilities by the Asset Test Ratio for the related programs.

**Qualifying Assets**—Qualifying assets exclude deferred issuance costs, deferred commitment fees, other assets and the interfund receivables (payables). The following is a summary of amounts considered to be qualifying assets in determination of unencumbered fund balance by the respective bond trust indentures and the Bond Rating Agencies:

- Cash, cash equivalents and investments are included at fair value.



**NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2004 (IN THOUSANDS) (CONTINUED)**

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- Fair value adjustment represents the adjustment to eliminate the unrealized gain or loss in investments marked to fair value, since these funds are not currently available.
- Mortgage-backed securities are included at fair value. Deferred commitment fees are excluded.
- Unamortized premium/discount represents adjustment to value investments at par.
- Loans are included at their current contractual balances outstanding, net of the estimated allowance for estimated loan losses. Deferred commitment fees are excluded.
- Real estate owned is included at the carrying amount, net of the estimated allowance for estimated losses.
- Accrued interest receivable is included at the contractual balances of accrued interest on investments, mortgage-backed securities and loans.

***Restrictions***—The restrictions represent amounts to be deducted from qualifying assets for amounts required by the respective bond trust indentures, other Governing Board-designated purposes, or recommendations by the Department's financial advisors in the determination of unencumbered fund balance. The restrictions consist of the following:

- Self-insurance fund represents a required fund within the single-family and RMRB programs that is restricted for losses on self-insured loan pool programs.
- Operating reserve fund represents a restriction of approximately six months' operating expenses of the related bond programs. The single-family operating reserve also includes an estimate for 2005 cost of issuance.
- Debt service fund represents qualifying assets restricted for debt service requirements by the respective bond trust indentures.
- Rebate payable represents a restriction for amounts calculated to be payable under the rebate rules of the U.S. Treasury.
- Amounts due to lenders/other funds represents qualifying assets that are due to lenders under the bond trust indentures, as well as due to other Department funds, and are not available for any other purposes.
- Amounts reserved for Housing Assistance Programs represent amounts that are restricted for certain Department programs as designated by the Governing Board and respective bond trust indentures and therefore are not available for any other purpose as of August 31, 2004.
- Board/Department restrictions represent funds designated for a specific purpose by either Board action or management decision.
- Amounts reserved for special redemptions subsequent to August 31, 2004 represent amounts calculated for the redemption of bonds (debt service) according to provisions stipulated in each bond series' respective supplemental indenture.

**NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2004 (IN THOUSANDS) (CONTINUED)**

A summary of the restrictions within the Housing Assistance Programs follows:

	<b>Single- Family Program</b>
Mortgage/housing development:	
Down Payment Assistance Program	\$ 213
REO Foreclosure Expense for Special Loan Programs	42
1991 Series A:	
Self-help/HCA&IL Prog	208
1994 Series A Jr. Lien Mortgage Loan Revenue (designated for future DPAP)	677
1994 Series A Jr. Lien Acquisition:	
Down Payment Assistance	346
Mortgage Loan Rate Buydown Prog	810
1994 Series B Jr. Lien Acquisition:	
Contract for Deed Conversion Program	77
1996 Series A-C Special Mortgage Loan Fund (designated for P57A)	978
1996 Series D&E Special Mortgage Loan Fund (designated for P57A)	2,962
1997 Series D-F Special Mortgage Loan Fund (designated for P57A)	883
2002 Jr. Lien Acquisition Fund Account	219
2002 Jr. Lien Preservation Program	796
2002 Jr. Lien Bootstrap	1,746
2002 Jr. Lien Down Payment Assistance	116
2002 A-C Special Mortgage Loan Fund	1,169
2002 A-C Servicing Release Premium Fund (designated for SF Debt Service)	236
2002 A-C Down Payment Assistance Program	3,293
2002 Series A-C Buydown Account	683
2002 Series A-C Lender Incentive	99
2004 Jr. Lien Acquisition Fund Account	4,004
2004 Series AB SRP Fund (designated for SF Debt Service)	251
	<u>\$ 19,808</u>
	<b>RMRB Program</b>
1998 A/B RMRB Special Mortgage Loan Fund	\$ 1,221
2000 B-E Servicing Release Premium Fund (designated for RMRB Debt Service)	486
2000 B-E Buydown Fund (designated for P56)	498
2001 A-C RMRB Servicing Release Premium Fund (designated for RMRB Debt Service)	78
2001 DE RMRB Servicing Release Premium Fund (designated for RMRB Debt Service)	3
2001 ABC Down Payment Assistance Program	25
2001 ABC Special Mortgage Loan Fund (designated for P59)	508
2001 DE Special Mortgage Loan Fund (designated for P59)	128
2002 A Down Payment Assistance	284
2002 A Servicing Release Premium Fund (designated for RMRB Debt Service)	14
2003 A Down Payment Assistance	900
2003 A Servicing Release Program Fund (designated for RMRB Debt Service)	369
	<u>\$ 4,514</u>

**NOTES TO THE COMPUTATION OF UNENCUMBERED FUND BALANCES  
AUGUST 31, 2004 (IN THOUSANDS) (CONTINUED)**

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As of 2004, the following additional restrictions existed:

	Commercial Paper	Operating Fund
Pending arbitrage computation	\$ 40	\$ -
Residual—CMO Defeasance		626
90 CHMRB/Colonias Contract for Deed		187
90 CHMRB/Colonias Contract for Deed—Interest		92
90 CHMRB/Colonias Contract for Deed (SB 867 Reserve)		141
91 CHMRB Residual/Bootstrap FY03		273
Arkansas Development Finance Authority/Below Market Interest Rate Program		1,519
Multi-Family Housing Preservation		306
Bond Programs/COI		400
Colonias project/bond contingency reserve		2,557
Future operating and general contingencies		2,536
2003 Mortgage Credit Certificate Program		28
M/F bond issuance fees reserved for HTF and/or other program use		837
	<u>\$ 40</u>	<u>\$9,502</u>

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*Texas Department of Housing and Community Affairs*

*Report to Management  
(Management Letter)*

***Texas Department of  
Housing and  
Community Affairs***

*Report to Management  
Year Ended August 31, 2004*



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Dallas, TX 75201-6778  
USA

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Board of Directors  
Texas Department of Housing and Community Affairs

In planning and performing our audit of the basic financial statements of the Texas Department of Housing and Community Affairs ("TDHCA") for the year ended August 31, 2004 (on which we have issued our report dated December 17, 2004), we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on TDHCA's internal control. Our consideration of the internal control would not necessarily disclose all matters in TDHCA's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A description of the responsibility of management for establishing and maintaining the internal control, and the objectives of and inherent limitations in such a structure, is set forth in the attached Appendix and should be read in conjunction with this report. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving TDHCA's internal control and its operations that we consider to be material weaknesses as defined above.

The recommendations included in the Exhibit concern administrative and operating matters that resulted from our observations during our audit and are not based on a special study.

This report is intended for the information and use of the Board of Directors and is not intended to be and should not be used by anyone other than those specified parties. We would be pleased to discuss these observations with you and to assist you in implementing them.

*Deloitte + Touche LLP*

December 17, 2004

**ADMINISTRATIVE AND OPERATING MATTERS**

**NEW ACCOUNTING PRONOUNCEMENTS**

**GASB 40: DEPOSIT AND INVESTMENT RISK DISCLOSURE**

Observation

The Government Accounting Standards Board ("GASB") has issued Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), which will be effective for TDHCA in fiscal year 2005. GASB 40 establishes more comprehensive disclosure requirements regarding state and local governments' deposit of investment risk related to credit risk, interest rate risk and foreign policy risk.

**GASB 42: CAPITAL ASSET IMPAIRMENT**

Observation

The GASB has also issued Statement No. 42, "*Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*" ("GASB 42"), which will be effective for TDHCA in the fiscal year 2006. GASB 42 requires that state and local governments report the effects of capital asset impairments in the financial statements when impairments, which are determined to be other than temporary, occur. Impairments of capital assets can occur under the following circumstances: changes in the utility of the asset, physical damage, and changes in legal or environmental laws and regulations, technological changes or obsolescence, changes in the manner or duration of use, or construction stoppages.

Recommendation

Begin reviewing GASB Statements No. 40 and 42 and their implications to determine the potential impact on the TDHCA's financial statements.

Management's Response

Management will proactively review GASB Statements No. 40 and 42 for their potential implications for TDHCA's financial statements.

**UPDATE OF PRIOR-YEAR COMMENTS**

**RESERVE FOR UNCOLLECTIBLE MORTGAGE LOANS**

Observation

TDHCA has used a set rate of 40% to determine reserves for uncollectible mortgage loans that are offset against loans receivable. Based on examination of delinquency rate reports prepared in the current year, the historical rate exceeds the delinquency rates of loans currently outstanding. Since current delinquency rates are actually lower than the historical reserve rate, TDHCA would benefit by updating the reserve rate to more appropriately represent amounts currently at risk of default.

### Recommendation

Implement procedures to review the reserve calculation on mortgage loans annually to ensure that the rates used to record reserves in delinquent accounts are reasonable.

### Management Response

TDHCA has revised the current-year loan schedule to include a reserve calculation based on the average monthly delinquency rates of loans outstanding at August 31, 2004. Analysis to determine reasonableness of reserve percentages will also be performed annually or more frequently if factors present themselves to deem it necessary.

### Status

TDHCA has incorporated recommendations when calculating reserves in the current year. TDHCA has formalized the policy for the calculations and is making efforts to remain consistent and conservative.



**MANAGEMENT'S RESPONSIBILITY FOR AND THE  
OBJECTIVES AND LIMITATIONS OF THE INTERNAL CONTROL**

The following comments concerning management's responsibility for internal control and the objectives of and the inherent limitations in the internal control are adapted from the Statements on Auditing Standards of the American Institute of Certified Public Accountants.

**Management's Responsibility**

Management is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control, policies and procedures.

**Objectives**

The objectives of internal control are to provide management with reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

**Limitations**

Because of inherent limitations in any internal control, errors or fraud nevertheless may occur and not be detected. Also, projection of any evaluation of the internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

*Texas Department of Housing and Community Affairs*

*Section 8 Rental Integrity Monitoring Review*

*[Handwritten notes and stamps]*



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
Fort Worth Regional Office, Region VI  
Office of Public Housing  
801 Cherry Street  
Post Office Box 2905  
Fort Worth, Texas 76113-2905

October 12, 2004

Edwina Carrington, Interim Executive Director  
Texas Department of Housing  
and Community Affairs  
P.O. Box 13941  
Austin, TX 78711

Dear Ms. Carrington:

Subject: Rental Integrity Monitoring (RIM) Re-Review

The enclosed report outlines the results of a Rental Integrity Monitoring (RIM) re-review conducted on September 27, 2004 for the Section 8 administered by Texas Department of Housing and Community Affairs (TDHCA). The initial RIM review was conducted July 27, 2003. The report provides the results of the RIM re-review in the following format:

**Section I** – A detailed discussion indicating whether or not the PHA has implemented all corrective actions based on the approved corrective action plan (CAP) from the initial RIM review; and

**Section II** – A list of findings, observations/recommendations, and required corrective actions identified in the review of the new tenant file sample.

The HUD Fort Worth Texas State Office extends their appreciation of your staff's cooperation and courtesy during the review process as well as their receptiveness to suggestions and recommendations.

Based on the review no response or corrective action is necessary from your office. All findings were addressed and corrected on-site. We congratulate you on your continued efforts to administer a successful Section 8 program.

Should you have any questions regarding this report please contact Louis Bell, Revitalization Specialist at (817) 978-5693 or via Email at [Louis.J.Bell@hud.gov](mailto:Louis.J.Bell@hud.gov)

Sincerely,

Steve Brewer  
Acting Director of Operations Division  
Office of Public Housing

Enclosures

cc.

Elizabeth Anderson, Chairperson  
Board of Commissioner

TDHCA

## **RENTAL INTEGRITY MONITORING**

**General** - RIM reviews are one strategy in a larger, HUD-wide initiative designed to reduce income and rent errors in the administration of federally assisted housing programs – known as the Rental Housing Integrity Improvement Project (RHIIP). RHIIP supports the Presidential mandate that requires federal agencies to reduce costly program errors. The purpose of a RIM review is to assess whether and to what extent a public housing agency (PHA) is accurately, thoroughly and clearly determining family income and rent in the Public Housing and /or Section 8 Housing Choice Voucher (HCV) programs in compliance with statutory, regulatory and HUD administrative requirements. In addition to identifying and correcting existing errors in income and rent determinations, RIM reviews afford HUD the opportunity to provide guidance and technical assistance to PHAs on strengthening income and rent policies/procedures and reducing future errors.

As part of the overall RHIIP Project, HUD will also conduct RIM re-reviews. The purpose of the re-review is to determine the status of the PHA approved corrective action plan (CAP) and to determine if the errors identified in the initial review were corrected by the PHA. Two methods are utilized during the follow-up review. The first is to re-review the initial sample of tenant files to confirm that the PHA has corrected specific errors identified in those files. The second is to conduct a review of a new sample of tenant files to determine if systemic errors have been reduced or eliminated.

### **SECTION I – STATUS OF CORRECTIVE ACTION PLAN**

The results of the initial RIM review for the TDHCA were provided to the Authority in a letter from HUD dated August 28, 2003. The initial review consisted of 35 files and 4 identified systemic errors. The PHA's approved CAP addressed 32 of these original files and provided detailed comments of the PHA's corrective action plan. Based on the re-review of the files identified as having systemic errors during the initial review and/or a review of newly selected tenant files, our office will conclude that the housing authority has satisfactorily implemented corrective actions based on the approved CAP.

### **SECTION II – NEW SAMPLE REVIEW RESULTS**

A new file sample consisting of 17 files were reviewed to determine the status and progress of systemic errors identified in the initial RIM review. This sample was provided by through a random selection of TDHCA program participants. A data collection form (RIM Appendix A) was prepared for each file reviewed; comparing the PHA reported data on the most recent 50058 transaction, against the documentation found in the file by the HUD reviewer. Of the 17 files reviewed, 3 were found to contain one or more errors, resulting in an error rate of 17%. These errors are described in the summary report.

**OBSERVATIONS/RECOMMENDATION:**

Observation: PHA's Income Verification Form listed both "Semi-monthly and Bi-monthly" for employers to select from. This resulted in some employers selecting the wrong payment frequency.

Recommendation: Form need to be revised with "Semi-monthly and Bi-weekly". PHA revised on-site and provided a copy for our files.

6APHO: BELL 10/7/04 FN: a: RIM Re-review Texas Department of Housing and  
Community Affairs (TDHCA)

6APHO Office file/TDHCA RIM Re-review 2004  
Chronic File  
Bell  
Brockington

Bell, L.  
10/7/2004



Becky, K.

BK  
10-12-04

cc. Board of Commissioners  
Elizabeth Anderson, Chairman  
3612 Asbury  
Dallas, Texas 75205

*Texas Department of Housing and Community Affairs*

*State Energy Conservation Office  
Monitoring Review*

**Texas Department of Housing and Community Affairs  
Summary of On-Site Monitoring Review of the Department's Administration of the  
State Energy Conservation Office (SECO) Contract**

**SECO Contract and Purpose:**

The Department administers SECO funds on behalf of the State Energy Conservation Office of the Texas Comptroller of Public Accounts. The objective of the contract is to provide incremental funding to selected projects through competitive grants that require higher-than-code levels of energy efficiency in low-income housing units. This funding is to be used for energy efficient measures and requires a dollar for dollar match.

The Texas Department of Housing and Community Affairs (TDHCA) utilizes these funds to contract with developers to install prescribed levels of energy efficient measures, appliances, and equipment in low-income housing units.

Contract Term: May 15, 1998 – August 31, 2005  
Funding Amounts: \$5,564,782.71 Contractor Match: \$5,560,282.71

**Monitoring Review:**

**Purpose of Review** - The monitoring review was conducted to determine the Department's effectiveness in accomplishing the prescribed objectives of programs funded by SECO and focused on three specific areas:

1. Project Administration
2. Financial Administration
3. Equal Employment Opportunity

**Overall Conclusions** – The monitor concluded the following:

- Ø Project Administration – Considering the administrative problems reported last year, it appears that the Department has solved some of their internal problems and the program seems to be running smoothly.
- Ø Financial Administration - The monitor commented that the Department's records of funds received to date match exactly with the SECO Contract Accounting Report. Variances noted in the Contractor Match to date were explained and while the explanations were considered reasonable, a reconciliation process between SECO and TDHCA records should be performed to ensure completeness and accuracy.
- Ø Equal Employment Opportunity (EEO) - The monitor noted that TDHCA had a well documented Personnel Policies and Procedures manual to ensure EEO compliance.
- Ø Final Comments, Observations or Recommendations - TDHCA management personnel rely totally on inspector reports and do not go to the field to verify/monitor installations and, accordingly, field monitoring of the program should be conducted.

**Date of Site Visit:** August 3, 2004

**Conducted by:** Frank Kinsman, K&A on behalf of the State Energy Conservation Office of the Texas Comptroller of Public Accounts



*Texas Department of Housing and Community Affairs*

*Status of Prior Audit Issues*

# *Texas Department of Housing and Community Affairs - Summary Report of Prior Audit Issues (except those prior audit issues previously reported as implemented or otherwise resolved)*

<i>Ref. #</i>	<i>Report Date Auditors</i>	<i>Report Name Audit Scope</i>	<i>Status</i>		<i>Target Date</i>
			<i>Codes*</i>	<i>Date</i>	
268	02/12/02	Compliance with Requirements & IC Over Compliance - A-133.	Px	04/22/02	08/01/02
	KPMG	Statewide Federal Single Audit for FYE August 31, 2001 (SAO contract with KPMG).	Px	07/31/02	10/31/02
<b>Division:</b> Portfolio Management & Compliance			Px	10/02/02	NR
<b>Issue:</b> There is a lack of documentation to support soft costs incurred by subrecipients. Known questioned costs - \$29,400. Estimated questioned costs - \$2,314,574.			Px	10/25/02	NR
Corrective Action: Pursuant to HUD letter dated 05/03/04, the required corrective action on this audit issue is to provide (1) the number of contracts that included soft costs for the 1999, 2000 and 2001 program years to establish the universe for each separate year, and (2) the number of projects that included soft costs which were monitored from the respective years that contained sufficient documentation in support of the soft costs.			Px	01/31/03	NR
<b>Status:</b> 07/01/04 – The Department responded by its letter dated 7/1/04 to the HUD 5/3/04 letter. The Department provided the number of contracts that drew funds for soft costs during 1999, 2000, 2001 and provided the number of contracts that were monitored from those years. Additionally, the Department submitted supporting documentation for soft costs for 16 subrecipients, including support documentation for 5 subrecipients that were included in the known questioned costs related to contracts that drew funds for soft costs during these fiscal years.			lxx	02/24/03	07/01/04
			Pxx	03/26/04	
			Dx	04/22/04	
			Pxx	04/28/04	
			Tx	07/26/04	
The Department anticipates that the response will be sufficient to clear this audit finding.					

Ref. #	<u>Report Date</u>	<u>Report Name</u>	<u>Status</u>		<u>Target</u>
	<u>Auditors</u>	<u>Audit Scope</u>	<u>Codes*</u>	<u>Date</u>	<u>Date</u>
330	08/29/03	Construction of Housing Tax Credit Developments	Px	08/29/03	
	IA	Controls in place prior to the effective date of the Department's reorganization, March 1, 2003, over the construction of HTC developments providing reasonable assurance that the developments actually delivered under the program conform to the specifications relied upon by the Board in its award decisions.	Px	11/25/03	03/01/04
			Px	02/26/04	03/31/04
			Px	04/28/04	09/24/04
			Dx	08/09/04	08/31/07
			Pxx	12/16/04	08/31/07

**Division:** Portfolio Management & Compliance

**Issue:** All requirements and information needs relating to the tax credit program, especially the construction function, should be thoroughly identified and considered in the requirement definition of the fully integrated management information system currently in development by the Department. All tax credit related functional areas, including housing tax credit production, underwriting, compliance and asset management staff should work together with the development team to ensure that the system's requirements adequately define all functional and informational needs of the program. Informational needs of other users such as other program areas that may contract with the same parties that apply for or receive tax credits, executive management, the Board and oversight agencies, including the U.S. Treasury and Internal Revenue Service, should also be considered in the requirement definition.

**Status:** 12/16/04 - Construction inspection processes are under review and process improvement and, accordingly, improvements continue to be made to the spreadsheet database. Information System's staff will be requested to attend some of the review sessions that relate to improvements to the spreadsheet/database and be involved in the process mapping/requirements definition for the Central Database project.

08/09/04 - Design specifications for the multifamily module have been completed and final user approval and sign-off are expected in October 2004. As of August 6, 2004, the Central Database Steering Committee scheduled development of the construction module to tentatively begin in September 2005. Due to concurrent work activities the tentative anticipated completion date is currently expected to be August 31, 2007. While the Department has created an internal spreadsheet that will function for interim use, it needs revisions and updates. Those revisions are in progress.

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Ref. #	<u>Report Date</u>	<u>Report Name</u>	<u>Status</u>		<u>Target</u>
	<u>Auditors</u>	<u>Audit Scope</u>	<u>Codes*</u>	<u>Date</u>	<u>Date</u>
335	02/23/04	Compliance with Requirements & IC over Compliance - A-133	Pxx	02/23/04	03/31/05
	KPMG	Statewide Federal Single Audit for FYE August 31, 2003 (SAO contract with KPMG)	Px	07/27/04	03/31/05
			Dxx	12/16/04	7/01/05

**Division:** Community Affairs - Section 8

**Issue:** Instances of noncompliance with Section 8 reporting requirements were noted. The HUD Section 8 Management Report dated September 19, 2000 noted the Department had not implemented a family self-sufficiency (FSS) program and required the Department to provide an FSS program or apply for a waiver from HUD. Correspondence from HUD dated June 26, 2003, indicated that the Department received a waiver for all areas outside of Houston, Texas. The correspondence also indicated that the Department should submit an FSS action plan for the Houston area for HUD approval within 30 days. Additionally, lines 2k and 17a, Family's participating in the Family Self-Sufficiency Program, and line 17k(2), FSS account, were not completed on the HUD-50058-Family Report (OMB No. 2577-0083) for the families in the Houston area since the program was not implemented during fiscal year 2003.

Submit the Family Self-Sufficiency Program Action Plan for the Houston area. Once the action plan is approved by HUD, ensure that accurate FSS information is reported on the HUD 50058 Family Reports.

**Status:** 12/16/04 - Section 8 is currently waiting on a response from HUD concerning the decision of turning over vouchers to Brazoria County Housing Authority. If Brazoria County HA receives vouchers from TDHCA they will also receive the FSS vouchers assigned to that area. The Department will request an exemption from providing a FSS program if HUD approves the transfer to Brazoria County HA.

07/27/04 - Progress report based on timetable implementation: Sr. Regional Coordinator, Cecelia Arvallo has assumed duties of FSS Coordinator. Cecelia attended FSS training on May 10-12, 2004 in Denver, CO. Flyer for participant interest was completed and mailed by June 30, 2004. As of July 27, 2004, program has received 187 responses. Further action pending TDHCA Board review on August 19, 2004 of Brazoria County's request to release it from its Local Operating Contracts with the Department and relinquish the related Section 8 vouchers.

02/23/04 - Although management reported in its response that it considers the recommendation implemented since TDHCA's Family Self-Sufficiency Program (FSSP) Action Plan for the Houston area was approved by HUD letter dated January 12, 2004, the approved timetable for program implementation is April 1, 2004 through March 31, 2005. Section 8 management anticipates implementing FSSP contracts no later than March 2005, at which time TDHCA will have processes in place to ensure that FSSP information reported on the HUD 50058 Family Reports is accurate. Accordingly, the status has been reclassified by Internal Audit as in progress of implementation.

Ref. #	<u>Report Date</u>	<u>Report Name</u>	<u>Status</u>		<u>Target</u>
	<u>Auditors</u>	<u>Audit Scope</u>	<u>Codes*</u>	<u>Date</u>	<u>Date</u>
342	02/23/04	Compliance with Requirements & IC over Compliance - A-133	Px	04/22/04	06/30/04
	KPMG	Statewide Federal Single Audit for FYE August 31, 2003 (SAO contract with KPMG)	Pxx	07/27/04	09/30/04
			Pxx	12/16/04	01/31/05

**Division:** Financial Administration - Accounting Operations

**Issue:** The Department did not comply with the allowable costs/cost principles compliance requirements for HOME. The Department continued to use an indirect cost rate approved by the U.S Department of Health and Human Services beyond 8/31/2000; the date HHS ceased to be the designated Federal cognizant agency for the Department. Questioned Cost: \$1,422,826 due to lack of current indirect cost rate agreement with cognizant agent.

Contact Health and Human Services (HHS), the cognizant agent as of August 31, 2003, and obtain a current indirect cost rate agreement, or amend the grant agreements for each program to include a stated indirect cost rate.

**Status:** 12/16/04 - HUD has agreed to act as the Department's cognizant agency and is currently reviewing our proposal. Negotiation of an indirect cost rate is in progress.

07/27/04 - The Department submitted a request for an Indirect Cost Rate with supporting documentation to Henry Williams, Director of Cost Allocation in the Dallas Field Office. Our request was declined pending submission of documentation of the Department's largest federal funding source and a grant notice requiring an indirect cost rate. The Department will send the funding information and then contact Federal grantors; HUD, DOE, DHHS, requesting an indirect cost rate notice.

04/22/04 - The Department continues its discussions with Federal Agencies concerning the negotiation of an indirect cost rate agreement. The Department has compiled and is prepared to submit its proposal to a federal sponsor.

343	06/21/04	A Post Payment Audit of Certain Transactions 2/1/03-1/31/04	Ix	10/04/04
	CPA	A post-payment audit of certain payroll, purchase, and travel transactions processed during the period beginning February 1, 2003, through January 31, 2004.		

**Division:** Financial Administration - Accounting Operations

**Issue:** Underpayment of Benefit Replacement Pay: two employees were identified that did not receive benefit replacement pay (BPR) even though they were eligible.

The Department must compensate the employees for the amount of BPR that should have been paid to them and recommend that the Department verify all prior state service information in USPS to ensure the accuracy of BRP payments and other entitlements based on length of service.

**Status:**

<i>Ref. #</i>	<i>Report Date</i>	<i>Report Name</i>	<i>Status</i>		<i>Target</i>
	<i>Auditors</i>	<i>Audit Scope</i>	<i>Codes*</i>	<i>Date</i>	<i>Date</i>
344	06/21/04 CPA	A Post Payment Audit of Certain Transactions 2/1/03-1/31/04 A post-payment audit of certain payroll, purchase, and travel transactions processed during the period beginning February 1, 2003, through January 31, 2004.	lx	10/04/04	

**Division:** Financial Administration - Accounting Operations

**Issue:** Incorrect Longevity Payment Amounts: Auditor identified nine instances where employees were underpaid longevity pay and one instance where an eligible employee was overpaid longevity pay.

The Department should consider recovering the erroneous longevity payments in accordance with Chapter 666, Government Code. The Department must compensate the employees who were underpaid longevity pay. We recommend that the agency enhance its personnel procedures to ensure proper calculation of lifetime service credit.

**Status:** \_\_\_\_\_

*Texas Department of Housing and Community Affairs*

*Status of Central Database*

- € *Summary Project Plan/Status as of January 20, 2005*
- € *Issues/Risk Management as of January 31, 2005*
- € *Status of Funds as of January 31, 2005*
- € *Central Database Systems Maintenance Details as of January 20, 2005*

**TDHCA Central Database  
Summary Project Plan/Status  
As of January 20, 2005**

ID	Task Name	Start	Finish	% Complete	Q1 '04		Q2 '04		Q3 '04		Q4 '04		Q1 '05		Q2 '05		Q3 '05		Q4 '05					
					J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A
1	<b>FY 2004 CMTS ENHANCEMENTS CONTRACTED SERVI</b>	Mon 11/3/03	Fri 8/13/04	100%																				
5																								
6	<b>FY 2005 CMTS ENHANCEMENTS CONTRACTED SERVI</b>	Mon 10/25/04	Wed 8/31/05	11%																				
7	<b>Enhanced Housing Sponsor Report</b>	Mon 10/25/04	Fri 2/4/05	89%																				
8	Functional Planning	Mon 10/25/04	Wed 11/3/04	100%																				
9	HSR Requirements and Design	Mon 10/25/04	Thu 11/11/04	100%																				
10	Functional Review and Acceptance	Fri 11/12/04	Mon 11/15/04	100%																				
11	Development	Tue 11/16/04	Mon 1/31/05	95%																				
12	Final Review and Acceptance	Thu 1/27/05	Mon 1/31/05	0%																				
13	Deployment & Rollout	Tue 2/1/05	Fri 2/4/05	0%																				
14	Plan, Substantial Construction, & 8609 Reviews	Thu 2/10/05	Fri 4/15/05	0%																				
15	Vacancy Clearinghouse Enhancements	Mon 4/18/05	Wed 8/31/05	0%																				
16	Master Screen	Mon 4/18/05	Wed 8/31/05	0%																				
17	Address Search Enhancements	Mon 4/18/05	Wed 8/31/05	0%																				
18	Email Notification	Mon 4/18/05	Wed 8/31/05	0%																				
19	8823 Functionality	Mon 4/18/05	Wed 8/31/05	0%																				
20	Housing Occupancy Screen Enhancements	Mon 4/18/05	Wed 8/31/05	0%																				
21																								
22	<b>PROGRAM MONITORING MODULE</b>	Mon 11/3/03	Wed 8/31/05	9%																				
23	Program Monitoring Specifications	Mon 11/3/03	Fri 12/5/03	100%	/5																			
24	Development	Thu 1/20/05	Wed 8/31/05	0%																				
25	Functional Planning and Deployment	Mon 4/4/05	Wed 8/31/05	0%																				
26																								
27	<b>MULTIFAMILY MODULE</b>	Mon 12/8/03	Thu 8/31/06	22%																				
28	Multifamily Module Requirements and Design	Mon 12/8/03	Mon 4/19/04	100%																				
29	Functional Review and Acceptance	Fri 8/20/04	Tue 1/18/05	100%																				
30	Module Release 1 Development	Tue 2/1/05	Wed 8/24/05	0%																				
31	Functional Planning and Deployment (Release 1)	Mon 5/30/05	Wed 8/31/05	0%																				

Project: Central Database  
Save Date: Tue 2/1/05

Module Duration

Rolled-up Task

Progress

\* If asterisked (\*), the detailed plans identifying tasks and resources are pending finalization of design requirements. Accordingly, start/end dates are general estimates. After design review, more reliable time estimates can be established.








**TDHCA Central Database  
Summary Project Plan/Status  
As of January 20, 2005**

ID	Task Name	Start	Finish	% Complete	Q1 '04		Q2 '04		Q3 '04		Q4 '04		Q1 '05		Q2 '05		Q3 '05		Q4 '05					
					J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A
64	CONTRACT SYSTEM	Fri 5/10/02	Wed 12/3/03	100%																				
67	POST IMPLEMENTATION REVIEW (PIR)	Tue 2/17/04	Wed 3/31/04	100%																				
72	CONTRACT SYSTEM PHASE 2	Mon 10/4/04	Wed 8/31/05	100%																				

Project: Central Database  
Save Date: Tue 2/1/05

Module Duration  Rolled-up Task  Progress 

\* If asterisked (\*), the detailed plans identifying tasks and resources are pending finalization of design requirements. Accordingly, start/end dates are general estimates. After design review, more reliable time estimates can be established. 3

**TDHCA Central Database**  
**Summary Project Plan/Status**  
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**1 FY 2004 CMTS ENHANCEMENTS CONTRACTED SERVICES**

8/31/2004 - All FY 2004 CMTS Enhancements were completed as of 8/31/2004. The subprojects included: 1) Enhanced Compliance Testing, 2) CMTS Reports, 3) Technical Knowledge Transfer, and 4) Design Specifications (described in the 11/20/2003 note). These subprojects were described in detail in the last CDB status report (as of 7/15/2004).

11/20/2003 - The CMTS Enhancements relate to contracted services to develop design specifications for added functionality, including single audit, program monitoring, 8609 inspections, and screen and report enhancements. Development of this functionality will be planned as resources are identified and as modules are prioritized. Planned target date for task time estimates and prioritization of modules is March 31, 2004. Further deliverables include business process improvement and design specifications for entering and maintaining multifamily post-award data.

Capital expenditures for CMTS Enhancements Contracted Services: FY 04-05 \$129,610

**6 FY 2005 CMTS ENHANCEMENTS CONTRACTED SERVICES**

1/20/2005 - FY 2005 CMTS Enhancements Contracted Services is funded through the FY 2004-2005 capital budget project Enhancements to Compliance System. \$110,000 is appropriated for FY 2005.

FY 2005 CMTS Enhancements Contracted Services consists of the following projects and system changes:

- €# Enhanced Housing Sponsor Report (HSR)
- €# Plan, Substantial Construction, & 8609 Reviews
- €# Finalization of the Vacancy Clearinghouse information and search capability for unit availability, including units designed for persons with disabilities
- €# Master Screen
- €# Address Search Enhancements
- €# Email Notification
- €# 8823 Functionality
- €# Automatic generation of onsite notification letter and email notification
- €# Housing Occupancy Screen Enhancements

Capital Expenditures: FY 05 \$22,295

**7 Enhanced Housing Sponsor Report**

1/20/2005 - The project is on schedule. Software development of the Enhanced HSR is nearly complete. Walkthroughs and design reviews have been performed, and appropriate stakeholder approvals have been received. A final review is scheduled for 1/27/05. Final system acceptance, training, and deployment rollout remain.

Currently CMTS allows property managers to perform online reporting of household unit information via the Housing Sponsor Report (HSR). The proposed enhancements to the HSR will further integrate information provided and will also provide the following capabilities:

- €# Update property and owner information required by Compliance to complete monitoring activities prior to the allocation file being transferred to the division for long term compliance monitoring.
- €# Update and maintain financial information from the properties for the Real Estate Analysis Division.
- €# Collect data concerning the Tenant Services that are provided by properties for the betterment of the tenants. This is a requirement of the LURA and this information is

**TDHCA Central Database  
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reported to the Legislature.

€# Collect information required by the Owners Certification of Continued Compliance--an HTC Federal reporting requirement of section 42 of the IRS code.

€# Update current demographics served by our portfolio each year as of December 31<sup>st</sup>.

€# Update the 8609 record to indicate if it has been filed and update part 2 of the 8609 record. This information is required to accurately determine the affordability period for a Housing Tax Credit Property.

This project started on 10/25/2004 and is scheduled to be completed by 2/4/2005.

**14 Plan, Substantial Construction, & 8609 Reviews**

1/20/2005 - The Plan, Substantial Construction & 8609 Reviews will enable TDHCA to verify the receipt of substantial construction certification and the recording of due dates, tracking of issues and findings and tracking any corrections as they relate to plan reviews, mid-construction reviews, and 8609 reviews.

**15 Vacancy Clearinghouse Enhancements**

1/20/2005 - Add enhanced unit availability search capabilities to the vacancy clearinghouse.

**16 Master Screen**

1/20/2005 - A Master Screen will provide the capability to view and update property owner, management company, and other property information via one screen and will increase user productivity by not having to go to multiple screens. This enhancement has been requested by both external and internal users.

**17 Address Search Enhancements**

1/20/2005 - These enhancements will provide the ability to enter an address and get a list of all properties, persons, and organizations associated with that address.

**18 Email Notification**

1/20/2005 - Email notification will allow the system to provide notification to both internal and external personnel of required reports that need to be sent to the agency and notification to the internal personnel that a report has been received.

**19 8823 Functionality**

1/20/2005 - Currently the issuing of findings related to the compliance testing and any other findings that may be entered into the system are not related to the 8823 records that will eventually be issued using the system. This leads to monitors having to track findings and issue corrections of the 8823 independently of each other.

This 8823 functionality will allow for the automatic update of 8823 records based on the correction of individual findings and will provide the capability to track the compliance of a property in one place.

**20 Housing Occupancy Screen Enhancements**

1/20/2005 - Currently the occupancy link in the CMTS module leads to a report screen developed to show the occupancy at the time a review and compliance testing takes place. The problem lies in the fact that the system displays all of the testing that has occurred without a way to indicate which review the occupancy results are related to. Occupancy results need to be displayed and tied to specific reviews. This enhancement will address this requirement.

**22 PROGRAM MONITORING MODULE**

1/20/2005 - Software development has begun on this project. Technical analysis of functional requirements, design specifications, process flows, business rules, and database entity relationship diagrams is being performed.

\* If asterisked (\*), the detailed plans identifying tasks and resources are pending finalization of design requirements. Accordingly, start/end dates are general estimates. After design review, more reliable time estimates can be established.

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7/15/2004 - At a July 9, 2004 meeting, the steering committee approved commencement of Program Monitoring Module development, using the approved design specifications delivered by AIMS as part of CMTS Enhancements Contracted Services. The Program Monitoring Module will provide Portfolio Management staff with a CDB system to track program monitoring risk assessment, scheduling, and review functions, as well as single audits.

ISD estimates that Program Monitoring Module development will take 1,675 hours. This estimate includes software development of screens, SQL queries, database modifications and integration, development of report output as specified in the design specification, technical testing, user acceptance testing, and bug fixes. Developing end user documentation and training is not included in the 1,675 hours.

**23 Program Monitoring Specifications**

12/16/2003 - Received the design specification. It has been reviewed and signed off by compliance staff. The contracted deliverables for this item have been met.

11/20/2003 - Contract services related to developing and documenting the specifications necessary to incorporate Single Audit, program monitoring, and 8609 and construction inspections.

**27 MULTIFAMILY MODULE**

1/20/2005 - The Multifamily Module business sponsors approved design specifications on January 18, 2005. However, two of the sponsors provided a list of concerns and questions that the project team agreed needed to be addressed before beginning development on the significant portions of the design specifications.

Because of the outstanding concerns, the Multifamily Module project manager worked with the technical team to 1) estimate the amount of business team time that would be required to resolve the concerns and 2) present the business sponsors with options for moving forward with the project. From January 18 through January 27, the project team worked through the pros and cons of each option, enlisted the decision making authority of the executive project sponsor and the steering committee, and agreed upon the option which is summarized in this status update.

The technical team will immediately begin development on the components of the Multifamily Module that are completely agreed upon. These components, which can be rolled out as a usable unit (Module Release 1), include advanced, improved data entry screens for previous participation, disclosures, ownership structure, organizations, persons, and address and contact information. The project team has completed a detailed project schedule for Module Release 1 with a projected completion date of 8/31/2005. The schedule accounts for business staff availability and technical resource allocation.

The project team has scheduled two work sessions in late February to address as much of the business sponsors' concerns about the remainder of the design specifications as can be accomplished within a limited time frame (16 hours). The technical team estimates a full 80 hours are necessary to address all concerns. Based on these meetings, we plan to begin the detailed project schedule for Module Release 2, which will include functionality for entering post-award Multifamily data through screens that mirror the Uniform Application, capturing data at different phases (such as Award, Carryover, and Cost Certification), setting up Property Profiles which automatically create Building and Units, and tracking Rent, Cost, and Expense Schedule data.

The key factors the project team took into consideration when making this decision included: 1) CDB capital budget funding, which ends on August 31, 2005, 2) business team staff availability, and 3) the concerns expressed over the design specifications.

11/22/2004 - The project team conducted five design review meetings in September through November 6, 2004. The design specifications were updated as a result of the

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design review meetings, and the technical team distributed the Multifamily Module Design Specifications Scope Agreement form to the three business sponsors on November 22, 2004.

07/15/2004 - In June and July 2004, the technical team and the contractor performed a technical review of the Multifamily Module design specifications. AIMS has completed its contract with TDHCA, and the contractor has accepted another position; however, he may be available to assist us for a limited time (one or two week time period in September) in completing the functional design review. The impact on the project has been minimized because ISD staff participated in the Multifamily JAD sessions in January and February 2004 and because of the technical review.

The primary project risk is caused by the complexity of the design (270 page specification with over 100 screens) coupled with the likelihood of significant changes to the design during the requirements confirmation meetings in late August through October 2004. The technical team has performed an estimate of development and testing time needed to build the Multifamily Module per specifications as they currently exist; this estimate is 4,356 hours. However, the project team will not be able to complete the Multifamily Module project plan until requirements confirmation is complete in October because of the dependencies between development milestones and functional staff availability. Accordingly, the projected end date of 8/31/06 is preliminary and tentative.

To ensure the three business areas sponsoring the Multifamily Module (Compliance, Multifamily Production, and Real Estate Analysis) are in agreement in the scope of the module, we anticipate that the confirmation of the specifications will not be complete until October 2004. The additional time spent in ensuring accurate system specifications will result in greater gains long-term through a reduction of change requests.

2/20/2004 - Commencement of Multifamily Module development is dependent on the review and approval of the design specifications by Multifamily, Real Estate Analysis, and Compliance staff and directors.

11/20/2003 - In October 2003, Management decided the best strategy was to develop a Multifamily Module that would suffice for each of the Department's multifamily programs rather than separate modules for each of the programs.

The major program in the Multifamily Module will be the Housing Tax Credit Program. The program is the primary means of directing private capital towards the creation of affordable rental housing. The tax credits provide developers of low income rental housing with a benefit that is used to offset a portion of their federal tax liability in exchange for the production of affordable rental housing. The value associated with the tax credits allows residences in HTC developments to be leased to qualified families at below market rate rents.

The Multifamily Module of the Central Database will provide the ability to:

- €# track credit allotments to the state
- €# track the allotment of credits to the individual setasides and subsequent allocation to projects and their respective buildings
- €# track the allocation of credits to the properties
- €# identify applicable fraction for each of the buildings receiving tax credits
- €# identify the purpose of the allocation (acquisition, rehab, new construction)
- €# capture the necessary information to issue 8609s
- €# capture the necessary information to effectively manage the cost certification process
- €# automatically assign the applicable PV rate and provide the ability to lock in the rate

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€# track the tax credit from initial allocation, carryover to final issuance

Application and scoring are preaward and will be considered in the Application Module design.

Capital Expenditures: FY 02-03 \$2,600 (contract services)

Capital Expenditures: FY 05 \$12,234 (contract services)

**28 Multifamily Module Requirements and Design**

4/20/2004 - The multifamily module design specifications, previously referred to as HTC/CMTS Process Improvements - Specifications, were delivered by AIMS, Inc. on 4/19/2004. Module development will begin after functional review sessions have been completed, and Multifamily, Real Estate Analysis, and Compliance staff have provided written approval of the specifications.

3/20/2004 - Multifamily module (including HTC) functional requirements review feedback is being incorporated into the original functional requirements. Focus of work is on the design specifications and prototype screens. Prototype screens are approximately 90% complete. Delay is due to the intricacies of the business process and the complexity of integration into the existing architecture. Anticipated delivery date of the design specifications from the contract is 4/16/2004. The 4/16/2004 delivery date does not include review, modifications based on review, reexamination of the specifications after making the modifications, and sign-off. This activity is covered under task item 26, Functional Review and Acceptance.

2/20/2004 - Multifamily module (including HTC) functional requirements have been delivered. The first version has been reviewed by the business team. The consultant has also delivered approximately 50% of the prototype screens. Remaining deliverables include design specifications and completing prototype screens.

11/20/2003 - Contract services related to:

€# analysis of the Housing Tax Credit (HTC) Microsoft Access database currently in use to determine the best recommended process for transferring application and award information to CMTS and to provide specification, as necessary.

€# analysis of business processes to design business rules for handling and processing HTC records until the Multifamily Production module is developed. Deliverables will include recommended processes for a smooth transition of paper and electronic records from Multifamily Production to the Portfolio Monitoring and Compliance Division, including the necessary quality control points and measures.

**29 Functional Review and Acceptance**

1/20/2005 - The Multifamily Module business sponsors approved design specifications on January 18, 2005. However, two of the sponsors provided a list of concerns and questions that the project team agreed needed to be addressed before beginning development on the significant portions of the design specifications. Refer to the 1/20/2005 update under the main Multifamily Module heading for more information.

4/20/2004 - The Multifamily Module design specifications were delivered by AIMS, Inc. on 4/19/2004. Module development will begin after functional review sessions have been completed, and Multifamily, Real Estate Analysis, and Compliance staff have provided written approval of the specifications. Because production-related work associated with the tax credit cycle is the agency's priority, the functional design review sessions are scheduled to begin August 13, 2004. To allow for changes that will result from the functional design review, ISD has targeted September 24, 2004 for final sign-off on Multifamily Module specifications.

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**35 \* APPLICATION AND CONSTRUCTION MODULE**

This module will provide the ability to create and store application guidelines, threshold information, scoring criteria, and templates to be used in the application scoring process. The system will allow the applicant to enter and submit the application online and submit any supporting documentation via hardcopy and electronic means. Where possible, automated scoring will be invoked but regardless, all scoring will be performed in the system and summarized automatically.

This module will also coordinate and manage the construction monitoring activities performed at projects, subrecipients, etc. The system will provide the ability to capture pertinent information regarding construction monitoring activity and consolidate the results of all construction monitoring activities at the entity in a common location for operational, risk assessment and reporting purposes.

Capital Expenditures: FY 02-03 \$5,000 (contract services)

**37 MODULES REMOVED FROM CDB PROJECT**

8/6/2004 - The steering committee met on 8/6/2004 to discuss each of the remaining modules to be prioritized and evaluate each module's need in context of the CDB business goals and then to arrive at a decision about which modules are critical to CDB project completion.

The steering committee approved the following prioritization of remaining CDB modules and reporting specifications:

1. Implement Reporting Specifications delivered by AIMS as part of its FY 2004 contract with TDHCA.
2. Contract System Phase 2.
3. Program Monitoring Module and Multifamily Module.
4. Application and Construction Module.

The steering committee removed the following modules from the CDB project at the 8/6/2004 meeting:

1. Asset Management Module
2. Bond Finance Module
3. Credit Underwriting Module
4. OCI Module
5. Program Module

8/4/2003 - The Central Database Steering Committee met on 8/4/03 and prioritized the remaining modules. Factors considered in the prioritization included the following:

- ⊘ The need for global performance measures.
- ⊘ The current Community Affairs' program systems are mature and can continue to function.
- ⊘ Time necessary for post-implementation enhancements for the TDHCA Contract System (including "Phase 2" HOME enhancement change requests and HTF enhancements, the remaining Program Module, and fixes on bugs as they are identified with system usage).
- ⊘ Delay the Application Module - Single and Multi-family staff will need to continue to use Genesis to enter applications; however, contracts will be entered and maintained in the new TDHCA Contract System. General consensus was to delay the Application module until after the remaining program modules are incorporated in the Contract system.



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The remaining modules were prioritized as follows:

- ⊘ The Program Module, HTF enhancements, other HOME post-implementation enhancements were prioritized at the 8/4/03 meeting and, subsequently, at the 9/24/03 Steering Committee, it was agreed that associated needs and work will be reassessed prior to proceeding.
- ⊘ LIHTC Module (including Cost Certification). Note - Management decided in October 2003 that the best strategy was to develop a Multifamily Module for all of the Department's multifamily programs rather than separate modules for each of the programs. See the discussion of the Multifamily Module for more information.
- ⊘ OCI Module. The Department will determine if OCI contracts can be incorporated into the Contract System with a limited amount of design work and programming changes. If so, the priority of this component will be bumped up. OCI, Compliance, and ISD staff will participate in this meeting.
- ⊘ Community Services/Energy Assistance Module
- ⊘ Section 8 Module

The remaining modules and other enhancements were not prioritized because the development and implementation time associated with the modules prioritized above is significant. The prioritization of the remaining modules and enhancements will be assessed as the time to apply resources to those modules and enhancements approaches. The Department will have a better appreciation for the prioritized needs of the Department and the resources available to apply at that time. The remaining modules and enhancements to prioritize are the:

- ⊘ Application Module,
- ⊘ Asset Management Module,
- ⊘ Construction Monitoring Module,
- ⊘ Credit Underwriting and Cost Certification Module,
- ⊘ Bond Finance Module,
- ⊘ Program Module,
- ⊘ Contract System - HTF enhancements, and
- ⊘ Contract System - HOME enhancements.

**38 ASSET MANAGEMENT MODULE**

8/6/2004 - This module was dropped from the scope of the CDB project at the 8/6/04 Steering Committee meeting. Most of the data fields proposed to be collected in the Multifamily Module design specifications are largely the same as needed for asset management functions. For this reason, adding asset management functionality will not need to be handled as a separate complete module; instead, it can be addressed as an extension of/enhancement to the Multifamily Module after CDB project completion.

**39 BOND FINANCE MODULE**

8/6/2004 - This module was dropped from the scope of the CDB project at the 8/6/04 Steering Committee meeting. This proposed module has never been considered a high priority. The Director of Bond Finance discussed that the spreadsheets and software used by Bond Finance are adequate for handling its business, and committee members discussed that there are few to no central operating and reporting needs that require CDB integration of Bond Finance.

11/20/2003 - The Bond Finance module will capture all relevant commercial paper, single family and multifamily bond data and information for retrieval and reporting purposes. The Bond Finance module will provide this data and information in a readily accessible manner through user defined reports to provide information to other state agencies. Financial concerns, such as rating agencies, bond insurers, investors, investment banks, etc. also will use these reports. The Bond Finance module will

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consolidate current report preparation processes, thereby increasing Bond Finance's efficiency and productivity with the issuance of new bonds and the management of outstanding bonds.

**40 CREDIT UNDERWRITING**

8/6/2004 - This module was dropped from the scope of the CDB project at the 8/6/04 Steering Committee meeting. Most of the data fields proposed to be collected in the Multifamily Module design specifications are largely the same as needed for credit underwriting functions. For this reason, adding credit underwriting functionality will not need to be handled as a separate complete module; instead, it can be addressed as an extension of/enhancement to the Multifamily Module after CDB project completion.

11/20/2003 - This module will provide the ability to capture and track underwriting details and apply pre-established thresholds and tolerances to determine eligibility or compliance with established standards.

**41 OCI MODULE**

8/6/2004 - This module was dropped from the scope of the CDB project at the 8/6/04 Steering Committee meeting. Committee members discussed the need for contracts supporting OCI programs (as well as miscellaneous "boutique" contracts) to be tracked in CDB. Most of the OCI's funding sources are other Department programs and the CDB can already handle multiple funding sources through the Program Activity type and Fund Source/Program Source functionality. New Program Activity types and funding sources can be handled through the change request process; there is no need to approach these requirements as a separate module.

11/20/2003 - This module will provide the capability to track its programs (Texas Bootstrap Loan Program, Contract for Deed Conversion Loan Programs, Builder Incentive Partnership Program, Contract for Deed Conversion Loan Guarantee Program, Colonia Self-Help Center Program, and Colonia Consumer Education Programs) through the database. This will enable the creation of various reports regarding the colonias and these programs. There will also be a capability to search on the database for other funding activities in the colonias by other programs within the Department.

Plans include determining whether the OCI contracts can be incorporated into the Contract System with a limited amount of design work and programming changes.

**42 PROGRAM MODULE**

8/6/2004 - This module was dropped from the scope of the CDB project at the 8/6/04 Steering Committee meeting. The driving concept behind the Program Module was to allow users to change Program Activity types through a user interface, instead of requesting changes from IS. Although the Program Module could result in increased efficiency, it would not directly support any CDB business goals and is not critical to project completion.

11/20/2003 - The Program Module will provide the ability to store online program level information. The information to be stored includes: Program name, the type of program (multi family or single family), program activities with each activity's specific strategies, targets (income targets, geographic, special needs, non-profit participation etc.) and requirements.

Capital Expenditures: FY 02-03 \$3,250 (contract services)

8/31/2003 - The 11% reported is rolled forward from the last status report to the Department's Governing Board, April 30, 2003, and relates to requirement and design work that has been completed.

**43 COMMUNITY SERVICES/ENERGY ASSISTANCE MODULE**

7/15/2004 - At a June 22 meeting, the CDB Steering Committee approved a change in strategy to accommodate the information technology needs of Community Services

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and Energy Assistance (CS/EA) programs. Instead of completely integrating CS/EA contract systems into the CDB framework, which would mean rebuilding all CS/EA systems in Java, some of which are already web-enabled and written in PL/SQL, ISD recommended the approach of building on existing systems and creating CDB reporting tables to handle integration of housing and community affairs contracts for agency wide operating and reporting purposes. With this approach, the CS/EA systems on TDHCA's legacy platform, APPX, will be ported to PL/SQL.

The primary benefit of this approach is faster development at a lower cost, because less development will be required and the programmers most familiar with CS/EA programs have a high skill level in PL/SQL.

11/20/2003 - The Community Services/Energy Assistance Module will extend the Contract System functionality of the TDHCA Contract System to the CS and EA programs. The module will allow funds to be tracked from source through award and contract closeout for the following fund sources: General Revenue, US Dept. of Health and Human Services, HUD, HHS Community Food and Nutrition Program, ENTERP, DOE, and Investor Owned Utilities. The module will incorporate the contract and program rules of the CS and EA program activity types: ESG, CSBG, CFNP, ENTERP, Weatherization, LIHEAP-CEAP, LIHEAP-WAP, SBF, and IOU. Monthly reporting functions for program activity types will be incorporated. The module will also allow for the tracking of budgets, draws, and expenditures. Existing historical and financial data will be converted to the new database as appropriate.

**44 SECTION 8 MODULE**

7/15/2004 - In May 2004, Community Affairs Division-Section 8 (CAS8), Financial Administration Division-Accounting Operations (FAAO), and Information Systems Division (ISD) identified the need to review current Section 8 processes and systems with the goals of determining if systems upgrades or software purchases are required and if so recommending a course of action. This need was identified in meetings where CAS8 and FAAO staff discussed difficulties in using the current Section 8 systems to project program expenses and develop accurate budgets, and the planning project was supported by Executive. A Section 8 Systems Planning team was formed to accomplish the following goals: 1) document system requirements through a series of work sessions with CAS8, FS, and ISD; 2) investigate the Section 8 systems in use at a sample of other state housing agencies; and 3) determine if a) upgrading existing systems, b) internally managing the development of new systems, or c) purchasing a commercial off-the-shelf product is required for Section 8.

If needed, the team would recommend an FY 2006-2007 Biennial Operating Plan (BOP) capital budget project.

The team is nearing completion of this planning project and will have a recommendation in August. The recommendation will be presented to the CDB Steering Committee for approval.

11/20/2003 - The Section 8 module will consist of 4 major components. They are Family Reports, Contracts, Payments and Contract Tracking. The Family Reporting System (i.e., application system) is modeled after HUD's automated Form 50058 application process which is used to collect, store and generate reports on families who participate in the Section 8 rental subsidy program. Once a family's application has been submitted and processed by HUD, it is ready to become a contract in TDHCA's Section 8 program. The Contract System is almost an exact mirror of the Family Reporting System except that it abstracts the information to a higher level and presents it in a more summarized form to agency users. A contract then provides the Section 8 Payment System with the information it needs to process payments for local operators, landlords and tenants. This system then feeds the information to Accounting's CSAS System which, in turn, gives accounting the information they need to produce their monthly checks for the aforementioned groups. Lastly, the Section 8 Contract Tracking System is used to help the program area "keep track" of which contracts have received their payments and/or have reimbursed the agency for the services rendered.

**46 COMPLETED/ACCOMPLISHED**

Capital Expenditures Not Associated with Individual Milestones FY 02-03:

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Java Training, \$7,640  
Server Hardware, \$42,987  
Software and Misc., \$4,620

**47 Software Dev Environ Infrastructure & Arch Plng**

The software development environment was restructured and a more refined process that accommodated both existing and new programming languages, databases and standards were put into place. This includes the development of a project charter, the creation of a detailed project plan, selection of a source code control tool, the addition of a modified QA process that involves more user participation, the creation of web and graphical user interface standards, Java coding standards, database naming convention standards, Java software development platform standard, and software change control, management and deployment process improvements.

Capital Expenditures: FY 02-03 \$11,700 (contract services)

**48 Main Menu and Login Process**

The Central Database Main Menu for navigation through the system. The Login Process entailed developing the interface and preliminary security mechanisms for internal users. This also included development of a standardized interface stylesheet for use in the application.

Capital Expenditures: FY 02-03 \$14,000 (contract services)

**49 LIHTC Microsoft Outlook Contact Log Solution**

Provided an immediate Microsoft Outlook solution to a SB322 item where oral (phone) or written communication can be logged for the LIHTC program. This is the short-term solution to the SB322 item. The longer-term solution will be in the form of the LIHTC Contact Log.

**50 Housing Sponsor Report**

The Housing Sponsor Report is used by the property owners and property managers to report property and unit information into the Central Database. The Housing Sponsor Report is required to be submitted to TDHCA on an annual basis for any properties where program participation was involved.

Capital Expenditures: FY 02-03 \$650 (contract services)

**51 HRC Information Clearinghouse**

The Housing Resource Center Information Clearinghouse provides the citizens of Texas easy access to information on homebuyer assistance, rental housing assistance, home repair, and other community services throughout the state. A brief description of several programs offered by TDHCA and other state and federal programs, including hyperlinks, is also available.

Capital Expenditures: FY 02-03 \$51,034 (contract services)

**52 Data Migration and Population**

Capital Expenditures: FY 02-03 \$22,885 (contract services)

**57 Software Architecture**

The software infrastructure required for current and future projects which included the design, technical design and software development of data access routines, object model development and user interface framework.

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Capital Expenditures: FY 02-03 \$18,750 (contract services)

**58 Housing Sponsor Report - Historical**

The Housing Sponsor Report - Historical information is used to query for property and unit information that has been provided in prior Housing Sponsor Report reporting years. The Housing Sponsor Report is required to be submitted to TDHCA on an annual basis for any properties where program participation was involved. This portion of the system is specific to historical information as previously reported by prior Housing Sponsor Reports entered by property owners and property managers.

**59 COMPL. MONITORING & TRACKING SYSTEM (CMTS)**

CMTS was Phase I of the Central Database Project. The goal of Phase I was to develop a fully integrated system to address the compliance monitoring needs for all multifamily housing programs. The system was designed to provide full integration and reporting, provide automated compliance functions for the LIHTC, AHDP, HOME, HTF, and Tax Exempt Bond programs during the affordability period, allow remote property managers to access and update tenant information through the Internet, and improve productivity through the use of a sound business process design, a graphical user interface, and improved access to data.

Capital expenditures for AIMS Contract: \$309,038 (\$262,955 paid in FY 01; \$46,083 paid in FY 02)

Capital Expenditures for External Property Owner's Interface: FY 02-03 \$8,375 (contract services)

Capital Expenditures for Functional Planning and Deployment: FY 02-03 \$12,900 (contract services)

Capital Expenditures for FY 03 Post Implementation Enhancements (\$44,355)

**64 CONTRACT SYSTEM**

*The Contract System was moved into production (go-live) on December 2, 2003 for internal users and December 3, 2003 for external users.*

The Fund Allocation portion of this module allows each of the program areas to distribute and track funds from the original fund source (HUD, General Revenue, and others) to programs, regions, and activities ( Rental Housing Development, Owner Occupied, SECO, and others) and specific setasides (CHDO, Special Needs, and others). The tracking of the funds includes source of the funds and expiration dates (Federal and State) for each of the source types to the contract level. Program Income, Deobligated Funds and Administration Funds are also tracked at a detail level from source to final use. Balances are automatically maintained in each of the funds.

A history of all transactions against any of the funds is maintained. The transaction history contains the type of transaction, date, amount, by whom and comments.

The Contract and Draw portion of this module is inclusive of budgets and draws. This segment of the module provides the ability for program areas to set up a contract in the system; associate the contract to organizations and persons involved in the development and execution of the contract; track the use of leveraging and matching funds for individual contracts; provide the ability to create contract activities associated with the contract; create and maintain the budget including balances as funds get drawn, deobligated or refunded; track the application of program income to contracts and maintain the balances of deobligated funds to ensure deobligated funds are used immediately upon availability; and provide the ability to track the receipt of Program Income as well as tracking the program income proceeds at the contract level.

The System also provides the ability for the subrecipients to create and manage their own detail budget online. Management of the budget by the subrecipient includes the transfer of funds between budget items but not changes to the overall budget, which requires a formal amendment. Balances are maintained by the system as funds are drawn, refunded, etc.

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The initial release of this module accommodates the functional needs of the HOME and Housing Trust Fund programs. While the timelines planned incorporate the design work for the Energy Assistance (EA) and Community Services (CS) programs, the development, testing and acceptance of work for these programs is not anticipated until subsequent releases not currently scheduled. Additionally, any functionality offered by the Contract System applicable to the LIHTC, OCI and Bond programs will not be fully designed, developed, tested and accepted until consideration of those program modules.

Capital Expenditures: \$210,095 (contract services)

**67 POST IMPLEMENTATION REVIEW (PIR)**

7/15/2004 - A revised project charter was approved by the Steering Committee on May 7, 2004.

4/20/2004 - The results/lessons of the review have been incorporated into the draft project charter pending completion and final review.

3/31/2004 - Post implementation review completed; PIR report distributed to project team, steering committee, and management.

02/17/2004 - The post implementation review kickoff meeting took place. In this meeting ISD discussed the steps in the review and handed out a survey. This survey will be used to collect information from participants.

11/20/2003 - The post implementation review involves all individuals associated with the development of the CMTS and Contract Systems with the goal of identifying opportunities to improve the development process and governance procedures. The Project Charter will be revisited and modified as necessary to ensure that the composition and the roles and responsibilities of the following are well defined:

- \* the steering committee,
- \* the project sponsor,
- \* the project manager,
- \* the project team leaders, and
- \* the project team members.

The project charter will be enhanced, as necessary, to clearly define project management and reporting tools and reports, the frequency of reporting, to whom reports are to be provided, and responsibilities associated with preparing, reviewing and approving the reports. Accountability will be clearly established with approval points at well defined milestones.

**72 CONTRACT SYSTEM PHASE 2**

12/15/2004 - The Contract System Phase Two is 100% complete. A detailed functional review by the Business Team concluded that the functionality defined in the original specifications and previously marked as Contract System Phase Two is no longer relevant to their business needs. Any further functionality added to the system will follow the change request process.

7/15/2004 - In March 2003, prior to the December 2003 Contract System roll-out, the project team with consensus of the steering committee made a group decision to

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***Summary Project Plan/Status***  
**As of January 20, 2005**

scale back on some planned functionality from the design specifications that while important was not critical to timely implementation. The project team intended to readdress this functionality after Contract System implementation and after receiving steering committee approval.

On July 9, 2004, the steering committee approved that the technical team should move forward with this postponed functionality, which includes 1) contract and activity amendments, 2) contract schedules, and 3) document tracking. ISD has not yet performed a revised time estimate for this work. Accordingly, the projected end date of 8/31/05 is preliminary and tentative.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
CENTRAL DATABASE PROJECT - ISSUES/RISKS MANAGEMENT  
As of January 31, 2005**

The following issues have been prioritized for resolution.

Iss. Ref.	Issues/Risks	Impact/Potential Impact	Status
1	2001 – 2003 multifamily data has not been entered (Housing Tax Credits, HTF, and HOME properties); duplicate records such as organizations, persons and addresses in the system.	Incomplete/unreliable reporting and operating information, e.g. Compliance does not have information readily available that is necessary to perform their job duties; business processing delays resulting from cleaning or correcting data.	<p>12/17/04:</p> <ul style="list-style-type: none"> <li>€ The project to enter 2001 – 2003 multifamily data is 98% complete. The Housing Tax Credit component, the largest portfolio of properties, is 100% complete; a project to review records entered for HTF and Bond is assigned and in progress. That project will identify incomplete or missing records. Several efforts to eliminate duplicate records have been completed. The Project Manager believes he needs to reconcile the system’s data to the Multifamily Inventory records to ensure completeness.</li> <li>€ In addition to the business processes referred to in the 7/31/04 status update, business processes are also necessary to eliminate duplicates on an ongoing basis.</li> </ul> <p>7/31/04 - Business processes have not been developed to update changes in data that occur over the life of an award.</p>
2	Formal standardized processes, policies and procedures have not been developed for current and future entry of multifamily data for new awards (Housing Tax Credits, HTF, and HOME properties).	Incomplete, inaccurate reporting information. Confusion relating to roles and responsibilities. Data not being controlled and entered efficiently. Lack of quality assurance and accountability.	<p>1/15/05 - The past month has seen little progress due to holidays, vacation time and other Department priorities. The project manager has neared completion of the draft data entry SOP and plans to release the draft for director input and commentary by 1/25/05.</p> <p>12/17/04 – The Issue Manager reports that the Committee established to resolve the issue has slowed down for recent public meetings and board meetings. A business process map was developed in November to figure out easy ways to migrate multifamily data into CMTS. The map still needs to be confirmed by the applicable Directors.</p> <p>7/31/04:</p> <ul style="list-style-type: none"> <li>€ Plan identifying necessary tasks and budgets developed. However, necessary staff resources for relevant tasks not identified in full, which may adversely affect budgets. Final plan pending appropriate director approval.</li> <li>€ The Issue Manager has expressed concerns about team members indicating workloads are high and that additional tasks may be burdensome.</li> </ul>
4	Training for the Contract System and CMTS has not been sufficient.	Inefficient and ineffective use of the system; frustration on behalf of users.	<p>1/31/05:</p> <ul style="list-style-type: none"> <li>€ The Director of Information Systems has taken on the role of Acting Issue Manager; the Issue Owner(s) are the Directors of Multifamily Finance Production, Real Estate Analysis, and Portfolio Management &amp; Compliance divisions.</li> <li>€ Two significant dependencies are (1) the completion of the CDB User Manual for internal staff (external CMTS and Contract System user manuals are available on the</li> </ul>



**TDHCA**  
**CENTRAL DATABASE PROJECT - ISSUES/RISKS MANAGEMENT**  
**As of January 31, 2005**

Iss. Ref.	Issues/Risks	Impact/Potential Impact	Status
			<p>agency website) and (2) formalization of business processes (see Issue Ref. #2).</p> <ul style="list-style-type: none"> <li>€ In November, the Department hired a contract technical writer/trainer through the Texas Department of Information Resources. ISD is managing the work of the technical writer/trainer. A project plan is in place for completion of the CDB User Manual, which will be distributed for final review at the end of February. In December, the Department identified staff to participate in the review process from December through completion of the manual in March. The manual is currently at 85% completion.</li> <li>€ The technical writer/trainer will begin development of a formal CDB training class in March, pending completion of Issue Ref. #2. In the interim, ISD management and PMC staff continue to provide CDB training as requested. ISD/PMC provided Contract System training to OCI and Multifamily staff on October 14 and CMTS training to REA and Multifamily staff on December 3. ISD provided a CDB overview for directors and managers on December 14 and 16.</li> </ul>
10	IDIS, HUDs Accounting and Management Information System, is not in alignment, in agreement, or reconciled with the Contract System (Dept.'s program system) and CSAS (Dept.'s Accounting System).	Incomplete and/or inaccurate data in any of the three systems; possible loss of funds' non-recognition of funds that should be deobligated/reobligated.	<p>1/26/2005 – It was reported that the Issue Manager and Owner for reconciling IDIS with the Contract System considered the issue fully resolved as per a 1/26/2005 issue status report.</p> <p>12/17/04:</p> <ul style="list-style-type: none"> <li>€ It was reported that the Issue Manager and Owner for reconciling IDIS with CSAS considered the issue fully resolved at the 12/17/04 Central Database Steering Committee meeting.</li> <li>€ A status update on the portion of the issue relating to reconciling the IDIS with the Contract System is pending.</li> </ul> <p>11/23/04:</p> <ul style="list-style-type: none"> <li>€ These issues were reported as adequately resolved considering the system(s) limitations at the 11/23/04 Central Database Steering Committee meeting; although not resolved to the extent the issue managers would be fully satisfied with.</li> <li>€ The Issue Managers were requested to reduce to writing (1) a final status report that discusses the limitations of the reconciliations that are being performed, (2) the potential impact or risks relating to these limitations, if any, and (3) a discussion of additional procedures necessary, if any, to reduce the potential impact or risks to an acceptable level. The Issue Managers were also requested to obtain concurrence from the Issue Owners that they are satisfied that these issues are adequately resolved.</li> </ul>

**Texas Department of Housing and Community Affairs**  
**Status of Funds as of January 31, 2005**  
**Centralized Database Project/Enhancements to Compliance System**

	<b>Central Database Project</b>		
	<b>2004</b>	<b>2005</b>	<b>Biennium</b>
Approved Appropriations	\$ 135,000	\$ 125,000	\$ 260,000
Unexpended Balance Forward	(135,000)	135,000	-
Cash Expenditures by Object of Expense:			
Computer Programming Services	-	(15,219)	(15,219)
Subtotal	-	(15,219)	(15,219)
Payables - Programming	-	(20,599)	(20,599)
Total Expenditures	-	(35,818)	(35,818)
 Total, Appropriation Balance	 \$135,000	 \$ 224,182	 \$224,182

	<b>Enhancements to Compliance System</b>		
	<b>2004</b>	<b>2005</b>	<b>Biennium</b>
Approved Appropriations	\$ 135,000	\$ 110,000	\$ 245,000
Cash Expenditures by Object of Expense:			
Computer Programming Services	(134,875)	(12,394)	(147,269)
Subtotal	(134,875)	(12,394)	(147,269)
Payables - Programming		(9,902)	(9,902)
Total Expenditures	(134,875)	(22,296)	(157,171)
Lapsed Appropriations	(125)		(125)
Total, Appropriation Balance	\$ -	\$87,704	\$87,829

Planned use of Appropriated Balances:

2 contract programmers in FY 05 for reports development, the Program Monitoring and Multifamily modules, and CDB maintenance.

1 contract programmer in FY 05 dedicated to CMTS reports and maintenance.

1 technical writer in FY 05 to complete the CDB internal user manual and develop and provide training to staff and external system users.

**TEXAS DEPARTMENT OF HOUSING  
AND COMMUNITY AFFAIRS  
CENTRAL DATABASE SYSTEMS MAINTENANCE DETAIL  
As of January 20, 2005**

The table below summarizes CDB maintenance work completed and in progress by technical staff from **July 16, 2004 through January 20, 2005**. The maintenance work is divided into four categories and covers the three production CDB systems: CMTS, the TDHCA Contract System, and the Housing Resource Center Information Clearinghouse (HRC-IC).

Technical time spent on tasks and activities which are not directly related to software maintenance of production CDB systems is not included in the table. These additional tasks and activities include: 1) orientation of two contract programmers and one technical writer in November, 2) end-user CDB system support, 3) database performance tuning, 4) Multifamily Module design review, and 5) responding to SAO audit requests.

A total of \$16,507 has been expended in contract programming services for maintenance, and a total of \$7,185 has been expended for the Technical Writer.

<b>Maintenance Category</b>	<b>Requests Completed</b>	<b>Requests In Progress</b>	<b>Summary</b>
<b>Enhancements</b> – Change requests approved by the steering committee.	9 (350 hours)	2 (142 hours)	<ul style="list-style-type: none"> <li>€ 6 Contract System change requests completed totaling 208 hours</li> <li>€ 2 CMTS change request completed totaling 102 hours</li> <li>€ 1 HRC-IC change requests completed totaling 40 hours</li> <li>€ 1 Contract System change request totaling 60 hours – Pending completion, 24 hours worked</li> <li>€ 1 CMTS change request totaling 82 hours – Pending completion, 42 hours worked</li> </ul>
<b>Bug Fixes</b> – Completed CDB system problems, reported by business staff or the technical team.	144 (1099 hours)	31	<ul style="list-style-type: none"> <li>€ 144 bugs completed totaling 1099 hours</li> <li>€ 31 work orders in progress</li> </ul>
<b>Data Management</b> – Work performed by the agency database administrator, consisting of data migration, mass changes, and corrections that cannot be performed through user interfaces.	202 (263 hours)	15	<ul style="list-style-type: none"> <li>€ 155 work orders completed totaling 263 hours</li> <li>€ 15 work orders in progress</li> </ul>
<b>Reports</b> – Completed report requests or views that facilitate <b>adhoc reporting</b> .	30 (45 hours)	2	<ul style="list-style-type: none"> <li>€ 4 hours on Match reporting</li> <li>€ 10 hours on Activity Fund Detail reporting</li> <li>€ 45 hours creating reporting views to support ad hoc queries</li> </ul>

*Texas Department of Housing and Community Affairs*

*Status of Internal/External Audits*

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
INTERNAL AUDIT DIVISION - STATUS OF INTERNAL/EXTERNAL AUDITS  
February 10, 2004**

Internal Audits/Reviews	Scope	Stage	Estimated Time Frame / Completion Date
Subrecipient Monitoring	<p>€ <b>Subrecipient Monitoring Processes</b> - To assess the adequacy of the Department's subrecipient monitoring functions by risk ranking the programs' monitoring functions and activities to identify areas for coverage. A review of high risk areas will be conducted to determine whether adequate monitoring policies and procedures are in place to provide reasonable assurance that the Department's subrecipients comply with applicable Federal regulations, program rules and contract terms. See below for specific areas of review.</p> <p>€ Technical Assistance</p> <p>€ Risk Assessment</p> <p>€ Single Audit</p> <p>€ Draws Processes</p> <p>€ Field Visits</p> <p>€ Set-ups</p> <p>€ Desk Review</p>	<p>Reporting/in process</p> <p>Reporting/in process</p> <p>Planning/in process</p> <p>Fieldwork/pending</p> <p>Reporting/pending</p>	<p></p> <p>03/15/05</p> <p>03/15/05</p> <p>03/30/05</p> <p>04/01/05-05/15/05</p> <p>05/16/05-06/30/05</p>
Review Whistle Blower Process	To determine if the process is formalized, in compliance with applicable laws, and if employees have been adequately informed of their rights, responsibilities and protections.	Reporting/in process	02/28/05
Executive Order RP36	To provide expertise, knowledge, experience and objective, independent input into the Department's Fraud, Waste and Abuse Detection and Prevention Program.	<p>Planning/complete</p> <p>Agency Roll-Out/complete</p> <p>Risk Assessments/ongoing</p> <p>Reporting/pending</p>	<p>01/27/05</p> <p>01/27/05</p> <p>On-going</p> <p>10/01/05</p>
Central Database Steering Committee	To serve as non-voting Chair of the Central Database Steering Committee charged with directing and monitoring the development of the Department's Central Database.	Ongoing	Ongoing
Peer Review	To conduct Peer Review pursuant to Texas Government Code §2107.007 as arranged through the State Agency Internal Audit Forum (SAIAF) QAR program to fulfill obligation of reciprocation for Peer Review received by TDHCA in the 2002 Fiscal Year	Scheduled	04/01/05-05/31/05
Annual Audit Plan	To develop an annual audit plan for FY 2006 pursuant to the Texas Internal Auditing Act.	Pending	07/01/05-09/15/05
FY2005 Internal Auditing Report	To prepare an annual internal auditing report for FY 2004 pursuant to the Texas Internal Auditing Act.	Pending	09/01/05-09/15/05
External Auditors	To coordinate and assist external auditors.	Ongoing	Ongoing
Follow-up on Prior Audit Issues	To prioritize prior audit issues previously reported as implemented and independently verify implementation status and adequacy of related policies and procedures (as related to current audit objectives).	Ongoing	Ongoing
Tracking Status of Prior Audit Issues	To track the status of prior audit issues for management/board report purposes.	Ongoing	Ongoing

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
INTERNAL AUDIT DIVISION - STATUS OF INTERNAL/EXTERNAL AUDITS  
February 10, 2004**

External Audits/Reviews	Scope	Stage	Estimated Time Frame / Completion Date
State Auditor's Office	Planned Audit of Selected Housing Programs; HOME Investment Partnership Program (HOME) and Housing Trust Fund Program (HTF)	Planning/in process	02/28/05
		Fieldwork/pending	03/01/05-05/31/05
		Reporting/pending	06/01/05-06/30/05
Deloitte & Touche	Annual Opinion Audits: <ul style="list-style-type: none"> <li>- Consolidated Financial Statements for the FYE August 31, 2004</li> <li>- Revenue Bond Enterprise Fund for the FYE August 31, 2004</li> </ul>	Complete	12/17/04
KPMG	Statewide Federal Single Audit for FYE August 31, 2004 (SAO contract with KPMG)	Reporting	02/28/05
State Energy Conservation Office (SECO) Audit	Program Monitoring review of SECO/Housing Trust Fund by Comptroller of Public Accounts	Complete	08/5/04
U.S. Dept. of Housing and Urban Development	Section 8 Rental Integrity Monitoring Review	Complete	10/12/04

## **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

## **REPORT ITEMS**

Executive Directors Report

1. Department Outreach Activities – Meetings, Trainings, Conferences, Workshops for January, 2005
2. Senate Finance Committee Meeting, February 3, 2005
3. Composition of House Committee on Urban Affairs
4. House Committee Meeting on Urban Affairs Organizational Meeting, February 8, 2005
5. Outstanding Women in Texas Government Award, March 18, 2005
6. Senate Intergovernmental Relations Committee Organizational Meeting, February 2, 2005

## **ADJOURN**

*To access this agenda and details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://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.*

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

## TDHCA Outreach Activities, January 2005

*A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public*

<b>Event</b>	<b>Location</b>	<b>Date</b>	<b>Division</b>	<b>Purpose</b>
Disability Advisory Committee meeting	Austin	January 4	Policy & Public Affairs	Participant
Legislative briefing/ Tax Credit, Bond Program	Austin	January 5	Multifamily Finance, Policy & Public Affairs	Legislative Briefing
Weatherization Assistance Program subgrantee workshop	Austin	January 5	Community Affairs	Program Briefing
Legislative meeting with Lt. Governor Dewhurst	Austin	January 5	Policy & Public Affairs	Legislative Meeting
GAO Study	Austin	January 7	Policy & Public Affairs	Participant
NCSHA Workshops	Washington, D.C.	January 9 – 13	Portfolio Management & Compliance, Community Affairs, Multifamily, Single Family, Real Estate Analysis, Legal	Presentation, Participant
TDHCA Manufactured Housing Board meeting	Fort Worth	January 12	Manufactured Housing	Meeting
Promoting Independence Advisory Board	Austin	January 12	Policy & Public Affairs	Participant
Legislative Session staff briefing	Austin	January 18	Policy & Public Affairs	Training
Promoting Independence Advisory Board	Austin	January 18	Policy & Public Affairs	Participant
Legislative Session staff briefing	Austin	January 20	Policy & Public Affairs	Training
Multifamily Finance Production staff training	Austin	January 21	Multifamily Finance	Training
Legislative Budget Board meeting	Austin	January 24	Policy & Public Affairs	Participant
Fiscal Note Cost Estimate staff training	Austin	January 24	Policy & Public Affairs	Training
HOME/Property Compliance Training	Austin	January 26	Portfolio Management & Compliance	Training
Fiscal Note Cost Estimate staff training	Austin	January 26	Policy & Public Affairs	Training
PIAB Summit planning meeting	Austin	January 28	Policy & Public Affairs	Participant
PHA/PAC meeting	Austin	January 28	Policy & Public Affairs	Participant
Legislative meeting with Representative Alonzo	Austin	January 31	Community Affairs, Policy & Public Affairs	Legislative Briefing



**SENATE FINANCE COMMITTEE MEETING  
FEBRUARY 3, 2005**

Article VII

Housing and Community Affairs  
Office of Rural Community Affairs  
Department of Transportation  
Workforce Commission  
Reimbursements to the Unemployment Compensation Benefit Amount  
Lottery Commission

**COMPOSITION OF HOUSE COMMITTEE ON URBAN AFFAIRS**

Chair: Robert Talton  
Vice-Chair: Martha Wong

Jose Menendez  
Alma Allen  
Kevin Bailey  
Roy Blake  
Eddie Rodriguez

**HOUSE COMMITTEE ON URBAN AFFAIRS ORGANIZATIONAL MEETING**

This committee will hold an organizational meeting on February 8, 2005.

## **OUTSTANDING WOMEN IN TEXAS GOVERNMENT AWARD**

### **Winners of the 2005 Outstanding Women in Texas Government Awards:**

#### Management

Edwina Carrington  
Texas Department of Housing and Community Affairs

#### Community Involvement

Velia Saenz Williams  
Commission on State Emergency Communications

#### Leadership

Terri Dollar Woods  
Commission on Jail Standards

#### Professional Development

Sue Shanahan  
Texas Engineering Extension Service

#### Contributions to Other Women in State Government

Shirley Jones  
Texas Parks and Wildlife Department

The State Agency Council will hold a luncheon ceremony on Friday, March 18, 2005, from 11:00 am – 1:00 pm to honor the winners.

### **SENATE INTERGOVERNMENTAL RELATIONS COMMITTEE ORGANIZATIONAL MEETING, FEBRUARY 2, 2005**

This committee will hold an organizational meeting on February 2, 2005.