

BOARD MEETING OF OCTOBER 14, 2004

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



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

MISSION

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

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

OCTOBER 14, 2004

ROLL CALL

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

_____ Presiding Officer

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, Room 437, Austin, Texas 78701
Thursday, October 14, 2004 9:45 am

A G E N D A

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

Elizabeth Anderson
Chair of Board

PUBLIC COMMENT

The Board of the Texas Department of Housing and Community Affairs will meet to conduct a public hearing on the State Low Income Housing Plan and Consolidated Plan for 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 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.

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, Room 437, Austin, Texas 78701
Thursday, October 14, 2004 10:30 am

A G E N D A

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

Elizabeth Anderson
Chair of Board

PUBLIC COMMENT

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

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

ACTION ITEMS

Item 1 Presentation, Discussion and Possible Approval of Minutes of Board Meetings of August 19, 2004 and September 9, 2004 Elizabeth Anderson

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

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

04444 TownParc at Bastrop, Bastrop Texas
Capital Area Housing Finance Corporation is the Issuer
(Requested Amount of \$420,500 and Recommended Amount of \$411,039)

04446 Villas at Costa Biscaya, San Antonio, Texas
San Antonio Housing Finance Corporation is the Issuer
(Requested Amount of \$862,911 and Recommended Amount of \$862,911)

b) Proposed Housing Tax Credit Amendments for:

02045 Paris Retirement Village Apartments, Paris, Texas
03145 Sterling Spring Villas Apartments, Midland, Texas
03140 Park Meadows Villas Apartments, Lubbock, Texas
04120 Sedona Springs Village Apartments, Odessa, Texas
04004 (fka 03168) Kingsland Village, Kingsland, Texas
04101 Pleasant Hill Apartments, Austin, Texas
04107 Whitefield Place Apartments, San Antonio, Texas
04108 Tamarac Pines Apartments, The Woodlands, Texas

c) Rural Rescue Award:
Issuance of Commitment Notice for 2005 Housing Tax Credits for 05-001, Mountainview Apartments, Alpine, Texas, (Requested Amount of \$62,874 and Recommended Amount of \$62,316)

- d) Interagency Contract Between the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs Concerning The Housing Tax Credit Program
- e) Outside Counsel Contracts for Tax Credit Counsel

Item 3 Presentation, Discussion and Possible Approval of Multifamily Bond Program Inducement Resolutions for:

Vidal Gonzales

- a) Inducement Resolutions 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

2005-001	Aventine at Mesquite
2005-002	Friendship Place*
2005-003	Villas at Henderson Place
2005-004	Lafayette Oaks Apartments
2005-005	Lakecrest Apartments
2005-006	Lafayette Village Apartments
2005-007	Fred L Lander Senior Community
2005-008	Webber Gardens Apartments
2005-009	Portland Contessa Apartments
2005-010	Falfurrias Village
2005-011	Donna Village
2005-012	Church Village Apartments
2005-013	Providence at UT Southwestern
2005-014	Willow Creek Apartments
2005-015	Evergreen at Pecan Hollow Senior Apartment Community
2005-016	Evergreen at Rowlett Senior Apartment Community
2005-017	Evergreen at Murphy Senior Apartment Community
2005-018	Providence Place Apartments
2005-019	Town Square Apartments
2005-020	Arbor Bend Villas*
2005-021	Meadow Oaks Estates
2005-022	Woodland Park Estates
2005-023	Rosemont at Frisco
2005-024	Rosemont at Fossil Creek
2005-025	Rosemont at Lasater
2005-026	Malloy Meadows

* **Withdrawn**

- b) Inducement Resolutions 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 2004

2004-047	Willow Creek Apartments
2004-048	Tower Ridge Apartments
2004-049	Providence at UT Southwestern
2004-050	Kingwood Pines Apartment Homes

2004-051	Flushing Meadows Apartments
2004-052	Rolling Creek Apartments
2004-053	Alta Northgate Apartments
2004-054	Alta Copperfield Apartments
2004-055	Atascocita Pines
2004-056	Canal Street Apartments
2004-057	Creekside Manor Senior Community
2004-058	Langwick Senior Apartments
2004-059	Sphinx at Chenault

Item 4 Presentation, Discussion and Possible Approval of Single Family Residential Mortgage Revenue Bond Program Master Servicer Vidal Gonzalez

Item 5 Presentation, Discussion and Possible Approval of the Fourth Quarter Investment Report Vidal Gonzalez

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

HOME Appeals

- 1) 2004-0205 Futuro Communities Uvalde, Texas
- 2) 2004-0119 Zavala County Zavala County, Texas
- 3) 2004-0165 City of Lorenzo Lorenzo, Texas
- 4) 2004-0151 City of Ralls Ralls, Texas

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

- a) FY 2005 Internal Audit Plan
- b) Discussion of the FY 2004 Annual Internal Audit Report
- c) Discussion of Report to the Office of the Governor regarding Executive Order RP36
- d) Discussion of Risk Assessment Methodology to Implement RP36

EXECUTIVE SESSION

Elizabeth Anderson

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session
 Consultation with Attorney Pursuant to §551.071, Texas Government Code, Concerning the Proposed 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

Elizabeth Anderson

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS

Executive Directors Report

1. Affordable Housing Partnership with the Texas Association of Realtors
2. Department Outreach Activities – Meetings, Trainings, Conferences, Workshops for September, 2004
3. Senate Finance Committee Hearing on October 5, 2004
4. Senate Committee on International Relations and Trade Meeting on October 6, 2004

ADJOURN

Elizabeth Anderson

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EXECUTIVE OFFICE
BOARD ACTION REQUEST
OCTOBER 14, 2004

Action Item

Board Minutes of August 19, 2004 and September 9, 2004.

Required Action

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

Background

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

Recommendation

Approve the minutes with any requested corrections.

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
1100 Congress Avenue, State Capitol Extension Auditorium, Austin, Texas 78701
Thursday, August 19, 2004 **11:00 am**

Summary of Minutes

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

The Board Meeting of the Texas Department of Housing and Community Affairs of August 19, 2004 was called to order by the Chair of the Board Elizabeth Anderson at 11:15 am. It was held at the State Capitol Extension Auditorium, 1100 Congress, Austin, Texas 78701. Roll call certified a quorum was present.

Members present:

Elizabeth Anderson – Chair

C. Kent Conine – Vice Chair

Shadrick Bogany – Member (joined the meeting at 11:20 a.m.)

Vidal Gonzalez – Member

Patrick Gordon – Member

Norberto Salinas – Member

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

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.

Reymundo Ocanas, Executive Director, TACDC, Austin, Texas

Mr. Ocanas stated his organization represents over 250 CDCs, CDFIs and CHDOs that work in housing and economic development throughout the state. He thanked the Board and staff for continuing to support building the capacity of Texas nonprofits. The capacity-building dollars in the Housing Trust Fund are one of the few sources of funding the department has to make a difference with community-based mission-driver organizations. These organizations meet a need where the general marketplace will not go, who are helping to fill gaps with families or neighborhoods that others may feel are not lucrative enough. They all support continued funding for the Housing Trust Fund and will do so in the next legislative session. They are working on proposals to increase the amount available to use for development deals to for-profit developers, nonprofits, and local government and providing additional predevelopment and capacity building in the Trust Fund. He also thanked the Board for putting the rules out for public comment on the different programs. He also invited the Board members to this Policy Summit to be held in September in Austin.

Barbara Erickson, Exec. Assistant, State Senator Craig Estes' Office, Austin, Texas

Ms. Erickson read a letter into the record from Senator Estes on TDHCA Project No. 04-095 which stated:

“Dear Board Members: I am writing in support of the application submitted by SWHP, Wichita Falls, LP for low- to moderate-income tax credit from TDHCA to develop and build a proposed 140-unit multi-family community in Wichita Falls. This project was on the recommended list on June 28, 2004. But after the opinion of the attorney general and subsequent rescoring of applications they were not recommended for awards at the July 28 board meeting. The Wichita Falls City Council is in support of the Greenbriar project.

In fact, they adopted a resolution expressing their support of the application sent to TDHCA. The city authorized use of \$62,000 of Block Grant money for this project. The need for affordable housing is critical in the Shepherd Air Force Base area of Wichita Falls. The city likes the part of town where the project is located. Randy Stevenson, vice president for the general partner, has completed two projects for the City of Wichita Falls and is well known, respected, and the city has faith in him and his company. I urge you to give strong consideration for forward commitments for 2005 to this project. Signed, Sincerely, Craig Estes”.

The Honorable Jose Menendez, State Representative, Austin, Texas

Representative Menendez stated San Antonio and South Texas regions have been under allocated over the last few years. There have been changes made that are improving the situation. The City of San Antonio is very concerned that the states housing programs, specifically the tax credit program and the bond deals, do not fairly take into account the city’s desire for a quantity of affordable housing to not be limited to only qualified census tracts. San Antonio is a city where underemployment remains to be high. A lot of the development is concentrated in the higher end development and the higher end jobs and the higher paying jobs are concentrated in the northern portion of the city. If you go beyond this area, you find a great deal of working poor and not necessarily unemployed but underemployed. There is an extreme need for affordable housing. He asked the board to do an aggressive forward allocation that would create a period to create healing, dialogue between the agency, the Board, the members of the Legislature and the advocates. The Edgewood School is one of the poorest school districts in the nation and one that needs affordable housing. They need a senior project also.

Mark Zaferro, State Rep. Geanie Morrison’s Office, Victoria, Texas

Mr. Zaferro stated he does special projects and research for the House Committee on Higher Education and was speaking on behalf of Rep. Morrison and the Thomas Ninke Senior Village project. The representative asked him to reiterate the importance of the Thomas Ninke Senior Village project in the Victoria area. There is only one 17-unit complex designated for elderly residents in Victoria and there is no way this one facility can accommodate the numerous seniors in their area who live on small pensions or Social Security and are in need of assistance with affordable housing. The waiting list with over 85 seniors for a facility in Victoria is well over a year in length. They need the help that the Board can provide. This project received a high score and he asked for a forward commitment for this project.

David Clark, Development Director, City of Wichita Falls, Texas

Mr. Clark spoke on Project No. 04-095, Greenbriar in Wichita Falls and asked for a forward commitment. The City of Wichita Falls is in support of this project and they have authorized other funding also for assistance in this project.

Laura Wingfield, American Agape Foundation, San Antonio, Texas

Ms. Wingfield spoke on Alhambra Apartments in San Antonio which is a 140 unit senior new construction development in an area of the city that San Antonio is working to redevelop. It is in a state enterprise zone and has support from local elected officials. She requested a forward allocation of tax credits for this project.

John Garvin, Exec. Director, TAAHP, Austin, Texas

Mr. Garvin thanked the Board and staff for the unending work they have done on this tax credit round. Their organization strongly supported using the forward commitment as a tool to fix the issues associated with the Attorney Generals opinion. He asked the Board to consider looking at Section 42 definition of “allocate” as it relates to 04 and 05 commitments and felt they should not have anything to do with each other regarding the one-mile, one-year prohibition of development.

Roland Segovia, Mayor, Pearsall, Texas

Mayor Segovia asked for consideration of the City of Pearsall under the HOME recommendations. They need assistance for rehab of older homes that are deteriorating in their city.

Albert Uresti, City Manager, Pearsall, Texas

Mr. Uresti stated Pearsall is an impoverished community with a tremendous need for housing. He asked the board to consider an allocation of \$500,000 for these homes.

Miguel Polanco, Converse Village, San Antonio, Texas

Mr. Polanco stated at the last TDHCA Board meeting this project was the last appeal on the agenda and they provided a summary of the Converse Lions Club support letter for QCP. It was determined at that meeting that the Lions Club submission met all the requirements for a scored QCP letter. Another person made a plea for the Board not to approve the appeal for Converse Village because doing so would hurt projects already awarded in Region 9 and set a precedent. The Board rejected the appeal rather than hurt projects in line for 2004 credits. He asked the Board to do a forward commitment to Converse Village and it has local support and strong community support.

Mike Zuniga, Jr., LULAC, Ballinger, Texas

Mr. Zuniga spoke on Riverview Apartments in San Angelo, Texas. There is a tremendous need for help in San Angelo and he asked for 2005 funding.

Don Currie, Exec. Director, Community Development, Brownsville, Texas

Mr. Currie stated he is one of the largest nonprofit lenders under the mortgage revenue bond program. They are the largest-volume lender to families that are earning less than 60% of the state median income under the program. He wanted to address a change that has taken place in the program which is requiring an additional principal payment to be made by assisted homeowners after the first lien mortgage and their 4% assistance has been paid off through the payment of a higher interest rate. He felt this change has made the program uncompetitive in the State and discourages families under 60% of median income from applying. In Bond Program 61, TDHCA is requiring that the assisted borrower to not only pay the higher interest rate over the life of the loan but also requires that they make a one-time payment in full of all principal after the first lien loan has been completely paid off on a second lien loan.

He asked the Board to reconsider the designation of the 4% as a second lien, to rescind the second lien requirement and to return the program for the 4% provided to the borrower as a gift.

J. Anthony Sisk, Churchill Residential, Irving, Texas

Mr. Sisk spoke in favor of Tyler Senior Community as they are the developers of this proposed project. He stated this project was on the June 28 recommended list and was removed one week before the approvals at the July Board Meeting. The underwriting on this project is very strong in terms of capture rate and there is support letters from state and local officials. He asked for a forward commitment for Tyler Senior Community.

Gilbert Ortiz, Colonia Coordinator, Harlingen, Texas

Mr. Ortiz did not give any comments.

Sally Gaskin, Developer, Houston, Texas

Ms. Gaskin stated she is the applicant sponsor for Mesa Seniors Apartments and requested a forward commitment for 2005 for this project that had a competitive score of 143. It would have received an award in the 2004 tax credit awards but the one-mile rule conflict with another application kept it from getting an allocation. She stated that a letter of legislative intent should be issued on this day that provides some legislative intent on the language regarding the allocation of the one-mile, one-year rule. There is a significant need for seniors housing in this community.

Ms. Anderson stated she had several letters that she has been asked to bring into the record for No. 04-258, Vista del Sol, the Rudy C. Perez Senior Apartments and letters were submitted from Julian Castro, Enrique Barrera, Congressman Charles Gonzalez, State Rep. Jose Menendez, Rep. Joaquin Castro, Sen. Leticia Van de Putte; Mayor Edward Garza, Councilwoman Patty Radle.

Other letters received are from State Rep. Carl Isett from Lubbock who is asking that the Board reevaluate the Bethany Gates Apartments that did not receive an award and asked the Board to forward commitment 2005 credits to proposals that would have been awarded under the old rules.

There was a similar letter on Bethany Gates Apartments from Rep. Delwin Jones in Lubbock, and a letter from Sen. Duncan on Bethany Gates.

There was a letter from Rep. Leo Berman in Tyler for the Tyler Senior Community; letter from Sen. Armbrister on the College Street Apartments in Richmond; from Sen. Zafferini on the Converse Village Apartments, Rep. Farabee on forward commitments for the Gardens of Burkburnett; a letter from Mayor Vincent on The Gardens of Burkburnett; another letter from Rep. Farabee on Greenbriar Village Apartments in Wichita Falls; Rep. Thompson in Houston sent a letter of opposition on Mesa Senior Housing Apartments.

Randy Stevenson, Arlington, Texas

Mr. Stevenson stated they had huge support from the city officials and the community for the Greenbriar Village in Wichita Falls. They were also on the list in June to be awarded tax credits but were removed from the recommended list at the July meeting. They were very competitive in the region and felt that the Region 2 allocation went to a project that did not have a building permit. He asked the Board to consider a forward commitment for this project.

Ms. Anderson welcomed several special guests to this meeting who were Rep. Menendez, Jeremy Mazur from Rep. Callegari's office; and Jason Smith who is the committee clerk for the House Urban Affairs Committee. She thanked Senator Kevin Eltife from Tyler who sponsored the use of the Auditorium for this meeting.

Barry Kahn, Developer, Houston, Texas

Mr. Kahn did not give any comments.

ACTION ITEMS

1) Presentation, Discussion and Possible Approval of Minutes of Board Meeting of July 8, 2004

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the Minutes of the Board Meeting of July 8, 2004.
Passed Unanimously

2) Presentation and Discussion of Single Family Marketing Efforts; Introduction of TKO Advertising, Inc.

Ms. Carrington stated in May the Department issued a request for proposals seeking a vendor to perform marketing services for the first-time homebuyer program. The department received nine proposals and TKO Advertising began work on June 1. The length of the contract is for 12 months and there are very specific performance objectives that are built into this contract.

Raul Garza, TKO Advertising, Inc. Austin, Texas

Mr. Garza stated they have assisted the Texas Workforce Commission and the Attorney Generals office in campaigns. Under TDHCA's programs, their specific goal is to help reach some underserved areas and help increase the loan origination to exceed more than 2,000 per year. The first tactic will be to develop a plan to get the message out to all Texans. This campaign will be launched in conjunction with the next Mortgage Revenue Bond release. They will be speaking to lenders, real estate agents, developers and first-time homebuyers.

They are currently in the research phase and profiling the first-time homebuyer.

Mr. Bogany stated there is information at the Texas Real Estate Center at A & M and the National Association of Realtors have completed surveys on first-time homebuyers that is specific to

Texas and Fannie Mae has surveys so he asked that they be contact these groups and use some of the information already charted and not having to re-create the same data.

Ms. Anderson asked for an interim report at a future Board Meeting before the final report is produced.

There was no action taken as this was a report item only.

3) Presentation, Discussion and Possible Preliminary Approval of Single Family Mortgage Revenue Bonds, 2004 Series C, 2004 Series D, 2004 Series E and 2004 Series F (Program 62)

Ms. Carrington stated the Department has \$165 million in the volume cap for 2004 and will be issuing a portion of this amount in mortgage revenue bonds. There will also be \$91 million issued in convertible option bonds which preserves or saves the volume cap and allows the Department to use it next year. The structure being proposed is the preliminary approval and staff will be bringing back the final structure to the Board at the September Board Meeting. Staff is proposing to issue about \$75 million in lendable proceeds with unassisted mortgage funds that will be available for low, very low, and moderate income Texas. A portion of the transaction is proposed to be in the form of variable rate bonds and will involve the swap component. The department is targeting around 4.99% for the interest rate on this program.

Mr. Conine asked Mr. Johnson to furnish documentation to show how bond finance and the investment bankers actually recalculate the repayment histories. If there is several that prepay in two years vs. 14 years, how this affects the principal amount of being able to repay the bonds.

Mr. Byron Johnson replied that their division will provide this information for the Board.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the issuance of Single Family Mortgage Revenue Bonds, 2004 Series C, D, E and F.
Passed Unanimously

4) Presentation, Discussion and Possible Approval of Resolution and Request for Use of Traditional Carry Forward Funds for Multi-Family Bonds

Ms. Carrington stated that any issuer can apply for \$50 million from the multi-family amount that is available from the Texas Bond Review Board. Staff is requesting approval for authorization to apply for an amount up to \$50 million. This is the bond authority that comes back to the Bond Review Board. It is unused authority from the various subceilings that are allocated for private activity bonds.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve Resolution No. 04-060 for the request for use of traditional carry forward funds for multi-family bonds.
Passed Unanimously

Jim Adams, Mayor, City of DeLeon, Texas

Mayor Adams thanked the Board for consideration of funds for housing units in DeLeon. He stated that by buying material at the local area and using local laborers that this will benefit the people who are getting the homes and the entire community. He felt there should be some way to have somebody inspect the homes that as some communities have taken the tax money and built homes but then have no control over what is being done with them. There should be some kind of control over the money that is being given out.

Ms. Carrington stated these funds are coming from HOME funds for substantial reconstruction or almost a rebuild. The department does inspect during the construction phase and ensure that the homes are up to code and meet all the requirements when all of the HOME funds have been used. The department does meet their obligations in allocating funds and ensuring that the homeowner did get a decent safe and sanitary home. After this, the Department looks to code enforcement at the local level.

5) **Presentation, Discussion and Possible Approval of Housing Tax Credit Items:**
a) **Appeals to Board from Housing Tax Credit Applicants on Underwriting Matters:**
04-012 Tyler Square Apartments, Tyler, Texas, Reg. 4

This appeal was withdrawn.

04-018 College Station Terrace Pines, College Station, Texas, Reg. 8

Mr. Tom Gouris, Director of Real Estate Analysis, stated the appeal was not timely filed as the deadline for filing the appeal was July 29 and the appeal was not filed until August 10. Staff does not recommend moving forward with the appeal.

Michael Lankford, Developer, Houston, Texas

Mr. Lankford stated he was attending a conference at the time the appeal needed to be filed and the appeal was not filed on time. He stated that he did not receive a confirmation call on the timing of the appeal for the underwriting criteria.

Mr. Gouris stated the appeal discussed two issues which are expenses and costs. The applicant claimed that the expenses used by the underwriter were high and that led to a debt service reduction. The applicant in the appeal provided additional information in the form of operating expenses. The applicant also provided new information in regards to costs and they submitted a simulated AIA document. This was not certified in any way and they were not able to get corroboration with cost certification information.

Mr. Lankford stated he submitted a document in his application that stated that his expenses were based on actuals from the Veranda at Twin Creek and was based on 2004 numbers or 2003 annual costs. He submitted additional documentation and stated that the IREM does not make the distinction between family and elderly in specific line items. The elderly do not use as high utilities as a family project does and these costs are different along with repairs and maintenance.

Motion made by C. Kent Conine and seconded by Shad Bogany to deny the appeal.

Passed Unanimously

Rep. Menendez at this time spoke on Item 5(a)(b) and (c) and felt that many of the potential projects presented for this year have been adversely affected when they scored extremely low. One application with a score of 149 was knocked out because of the one-mile, one-year rule. He saw a copy of a letter that Chairman Talton wrote to Phil Wilson in Governor Perry's office and carbon copied the speaker on that specifically said that the one-mile, one-year rule was not to apply to forward commitments unless the tax credits were going to be used in that same calendar year. He felt that legally the Board would not be acting to allocate tax credits in the same calendar year, and the one-mile, one-year rule would not apply by doing the forward commitments. He would like to see the forward commitments be excused from the one-mile, one-year rule. This would help in projects in San Antonio and also Los Milagros in Weslaco.

04-032 Los Milagros Apartments, Weslaco, Texas Reg. 11

This appeal was withdrawn.

04-036 Villa Del Sol, Pharr, Texas, Reg. 11

This appeal was withdrawn.

04-079 Baybrook Apartments, Webster, Texas, Reg. 6

This appeal was withdrawn.

04-098 Copperwood Apartments, The Woodlands, Texas, Reg. 6

04-101 Pleasant Hill Apartments, Austin, Texas, Reg. 7

04-107 Whitefield Place Apartments, San Antonio, Texas, Reg. 9

Mr. Gouris stated the issue is the same with these projects and concerns an identity of interest in the acquisition. The general partner, the current owner, is related to the general partner of the

new owner. The development team are all related to the current ownership. The applicant has requested a developer fee for the acquisition portion of the transaction.

Paul Patierno, AIMCO, Los Angeles, Calif.

Mr. Patierno stated the department's underwriting analysis recommends that the developer fee associated with the acquisition cost of the building be disallowed from eligible basis. This disallowance results in a reduction of the annual credits calculated on this portion of the developer fee. In Pleasant Hill, AIMCO has 5% and the unaffiliated partners have 95%; Copperwood is 25% AIMCO and 75% unaffiliated; Whitefield is 20% AIMCO and 80% unaffiliated partners. As a publicly held company AIMCO is subject to many fiduciary and regulatory requirements imposed on the purchase of a property where an affiliation exists. The majority of the consent of the selling partners must be obtained, and the property must be acquired at its fair. The transactional activity associated with the sale/purchase will be performed by AIMCO. The net sale proceeds will be distributed among the partners based on their relative ownership percentage. He requested the Department to reconsider its recommendation of considering the acquisition-related development fee as fully ineligible.

Motion made by Shad Bogany and seconded by Norberto Salinas to deny the appeals for the three projects.

Passed Unanimously

04-147 Shiloh Village, Dallas, Texas, Reg. 9

Mr. Gouris stated Shiloh Village submitted an appeal to the Executive Director and this appeal was granted as it had to do with the costs associated with the property condition assessment. The second piece of the appeal had to do with the developer fee. This is a third-party acquisition and the new owner had no interest in the property prior to acquiring it this year. They would like to account for this developer fee under the new construction piece of the basis and account for it at 9% instead of 4%. The department has always used the 4% costs and is recommending that the full developer fee be under the 4% and the new rehab under the 9% costs.

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

Passed Unanimously

04-149 Seton Home Center for Teen Moms, San Antonio, Texas, Reg. 9

This appeal was withdrawn.

04-160 The Village Hobbs Road, League City, Reg. 6

This appeal was withdrawn.

04-194 Lexington Court, Kilgore, Texas, Reg. 4

This appeal was withdrawn as it has been reconciled.

04-228 Stone Hearst, Beaumont, Texas, Reg. 5

Mr. Gouris stated this appeal was granted partial relief by the Executive Director. The Department increased the credit recommendation from \$622,615 to \$633,496 however the applicant is requesting \$685,739. The applicant requesting additional credits based on the fact that they felt the project was not appropriately underwritten and should have been underwritten at the higher amount. Staff is not recommending approval of the appeal.

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

Passed Unanimously

04-246 Wildwood Trails, Brownwood, Texas, Reg. 2

This appeal was withdrawn as it has been resolved.

04-268 Lansborough Apartments, Houston, Texas, Reg. 6

Mr. Gouris stated this appeal is based on the loss of credits due to the property's ability or underwriters anticipation the property has the ability to service additional debt and based on the ability to charge and collect the maximum 30%, 40%, 50% and 60% rents. The applicant has provided documentation to suggest that this maximum tax credit rents are not achievable. The applicant did provide three comparables that were included in the market study suggesting that maximum rents are not achievable. Mr. Gouris stated he reviewed the utility allowance and stated the department is using the right ones for this transaction.

Margie Bingham, Houston, Texas

Ms. Bingham stated she agrees with the staff in that the difference between the Lansborough numbers and the numbers in the tax credit comparables is the utility allowance. The comparables are allowed a higher utility allowance than the Lansborough. The Lansborough utility allowance was reduced by staff by \$15 per unit.

Motion made by C. Kent Conine and seconded by Norberto Salinas to deny the appeal.
Passed Unanimously

Any Other Appeals Timely Filed

Ms. Carrington stated there were no other appeals filed with the department.

Mr. Conine stated he heard a lot of comments about the housing tax credit program and asked that everyone to give the Department input to help modify and to be able to do what the public is asking.

b) Information from the 2004 Housing Tax Credit Cycle on Applications Likely Impacted by the Emergency Qualified Allocation Plan and by Successful Appeals Related to Quantifiable Community Participation

Ms. Carrington stated this is an informational item for the Board. Staff completed an analysis of the 2004 Housing Tax Credit applications that would likely have been recommended for an award of tax credits under two specific circumstances. These applications are the impacted applications. The first is those applications that would have been recommended to the Board for an allocation of credits had the Department not implemented the scoring under the emergency Qualified Allocation Plan. The second one is one that would have been recommended had the successful quantifiable community participation appeals not been granted by the Board.

Ms. Brooke Boston stated they went through the database and looked for applications that would have been recommended if the Attorney Generals Opinion had never occurred. The second one was for applications that were affected by the granting of appeals by the Board.

Danette Dunlap, Secretary for City of Tye, Texas

Ms. Dunlap thanked the Board for hearing their comments today and felt like their project was negatively impacted by the Attorney Generals decision. It is their hope that the Board would consider a forward commitment for Tye. Their community with a population of 1158 does not have a seniors housing project and they are in desperate need of affordable housing. They have 26 families on a waiting list.

Vada Childers, Tye City Council, Tye, Texas

Ms. Childers stated senior housing has been on the top list of city planning and five-yea goals. They have been looking forward to this for years. She asked for a forward commitment for this project.

Mark Feaster, Continental Reality, Topeka, Kansas

Mr. Feaster stated they agreed with staff's assessment that the two developments have been impacted by the Emergency QAP and two communities have been impacted. They are prepared to begin construction immediately and ask that they be given a forward commitment.

There was no action taken on this item.

c) Consideration and Possible Approval of Issuance of 2005 Housing Tax Credits as Forward Commitments to 2004 Housing Tax Credit Applications

Ms. Carrington stated the Board is authorized to use its discretion in determining the reasons for making forward commitments considering score and discretionary factors. When the Board is awarding these tax credits the Board is required to document the reasons for each application selection, including any discretionary factors used in making its determination. There is a long list of items that the Board can use as discretionary factors in determining forward commitments.

Jay Brown, Senator Troy Fraser's Office, Belton, Texas

Mr. Brown stated the Country Lane Seniors Project in Temple has a great need in this county. Bell County is one of the fastest growing areas in the country. It has incredible medical facilities and a major VA facility with a growing customer base. The location for the project is an underdeveloped area of the city which has community support.

Kenneth Friesenhann, Rep. Ken Mercer's Office, Austin, Texas

Mr. Friesenhann, Rep. Ken Mercer's Office, did not give any comments.

At this time Board Member Patrick Gordon recused himself from any discussions and/or actions on the Cedar Oak project and he left the room.

Ike Monty, Investment Buildings, El Paso, Texas

Mr. Monty requested a forward commitment of tax credits for Cedar Oak Townhomes in El Paso, Texas as this commitment is important because the tax credit awards made in July have left this region under funded by about \$600,000 which is the highest under funding in the State. This is a town home development with tenant amenities that have been very well received in similar developments in El Paso. It is to be located in a prime infill area near retail centers and employers. There were problems with underwriting and they ran out of time trying to meet all the requirements and concerns of the underwriting department. He asked for a forward commitment for Cedar Oaks.

Cynthia Bast, Attorney, Locke Liddell & Sapp, Austin, Texas

Ms. Bast stated Cedar Oak Townhomes fits within the discretionary criteria that have been highlighted today. The location is an opportunity to develop on an infill tract that is near commercial activity. The project is a town home configuration that has been popular in other sites in El Paso and the tenant amenities present an attractive feature. The applicant went beyond the notice requirements of the QAP and held two open meetings and sent out about 5,000 invitations to the neighbors and elected officials.

Corinne Vonberg, Investment Builders, El Paso, Texas

Ms. Vonberg asked the board for a forward commitment for Cedar Oak Townhomes.

Paul Peschka, Investment Builders, El Paso, Texas

Mr. Peschka gave his time to Mr. Puhlman.

Keith Puhlman, Investment Builders, El Paso, Texas

Mr. Puhlman stated he was in support of the forward commitment for Cedar Oak town homes. They have submitted all the information needed to verify the financial feasibility and addressing any other concerns that underwriting has had.

Debra Guerrero, NRP Group, San Antonio, Texas

Ms. Guerrero asked for a forward commitment for the Villas at Costa Almadena in Region 9. This project received a near perfect score and has tremendous community and neighborhood support. It is in a satellite enterprise zone. It was knocked out by the one-mile rule and others have spoken about this rule.

Jack Dill, President, CDC, Saginaw, Texas

Mr. Dill spoke on Spring Creek Station Apartments in Saginaw and stated the appeal has been denied by the Executive Director and the Board. Since this denial they have had an opportunity to communicate

with staff and it is their belief that staff will now concur that the development is ready to proceed and is capable of meeting the typical challenges of a new development. He asked for a forward commitment for this project.

Les Kilday, Kilday Realty Corp., Houston, Texas

Mr. Kilday asked for a forward commitment for Gruene Oaks in New Braunfels. There is strong community support for this development along with support from the city council, the zoning commission, the Chamber of Commerce and the elected state officials. There is a strong need for affordable elderly units in New Braunfels. The cost of living is rising in this area and there is a huge need for elderly developments that are affordable.

Bennie Bock II, Attorney, New Braunfels, Texas

Mr. Bock stated they worked countless hours on this application within the community and spent hours before the planning and zoning commission, the city council and the Chamber of Commerce. This kind of project falls within the master plan of New Braunfels. The senior population in New Braunfels is growing and thorough no fault of their own, the applicants who were scheduled to receive funding had something that happened to them that happens a lot.

Bert Magill, Developer, Houston, Texas

Mr. Magill did not give any comments.

Dick Kilday, Kilday Realty Corp., Houston, Texas

Mr. Kilday did not give any comments.

Mr. Gordon returned to the room at this time.

William A. Jones III, Mayor, City of Temple, Texas

Mayor Jones stated spoke on the Country Lane Seniors Temple project and stated it was previously recommended by staff for tax credits but was removed due to the AG opinion. The City of Temple feel this project is extremely important for as they have committed \$110,000 to assist with bringing this project to the community to pay utilities cost. This will be in a great location with many amenities. He asked for a forward commitment for this project.

Mark Watson, City Manager, Temple, Texas

Mr. Watson stated that one area lacking in Temple has been the area of senior citizen housing. He stated this is very important for their city and asked for favorable consideration of a forward commitment.

David Vela, Asst. City Manager, City of Alice, Texas

Mr. Vela spoke 9on San Diego Creek and read a letter into the record from their Mayor Pro Tem Michael Esparza which stated:

"Dear Committee Members, please consider this support letter as a final request for consideration for the forward commitment for San Diego Apartments in Alice, Texas, application number 04-050. The development team, elected official from the City of Alice, elected county and state officials, community organization, and city staff has spent a substantial amount of time working on bringing this much needed project to the citizens of this community. This community has supported this project, which is evidenced by the number of support letter, as well as speakers that appeared in the San Antonio and Corpus Christi public hearings, and the July 28 TDHCA Board meeting.

As noted by TDHCA staff, this project was impacted by the Attorney General ruling. It would most likely have been recommended to the Board had the emergency Qualified Allocation Plan not been implemented. We feel that the Board and staff would be hard pressed to find a community in rural areas that has given more support for a project than the community of Alice has given for San Diego Creek. Again, we encourage you to consider this worthwhile project for a forward commitment. Thank you in advance for your consideration and recommendation. Sincerely, Michael Esparza, Mayor Pro Tem, City of Alice.

Yolanda Moran, City of Alice, Texas

Ms. Moran stated the San Diego Creek Apartments has huge support and asked for a forward commitment for this project. Economic dollars have been put into this area where the project is proposed to be built and they have built a new elementary school.

William L. Brown, Brownstone Aff. Housing, Houston, Texas

Mr. Brown stated they held meetings with the community about a year ago and have been working to bring this project to the community. He asked for a forward commitment for this project.

Kenneth H. Mitchell, Developer, Benbrook, Texas

Mr. Mitchell spoke on Country Lane Seniors Temple and stated they were recommended by staff at the June 28th meeting but they have been removed from the list due to the Attorney Generals Opinion and he asked for a forward commitment for his project.

Bill Ruddock, Victoria Housing Authority, Victoria, Texas

Mr. Ruddock stated the Thomas Ninke Senior Village, an 80 unit project for low and very low elderly residents in Victoria is much needed and he asked for a forward commitment for the project. There is great support by the City of Victoria along by elected state and local officials.

Brad Forslund, Churchill Residential, Irving, Texas

Mr. Forslund stated he represented Churchill at Commerce and was present to request a forward commitment for 2005 tax credits. There is very strong political support for this project and Region 3 had all their allocation going to a USDA application. They have a grant commitment from the Federal Home Loan Bank of \$150,000 and their city has not had a new tax credit development in 7 years though their study shows a very strong need for affordable housing.

Granger MacDonald, Developer, Kerrville, Texas

Mr. Macdonald stated about 10 meetings ago he came to the Board about a shortage in Region 9 in its allocation. He asked that funds be put back into the region and the Board to fund a forward commitment for Friendship Place in Fredericksburg, Texas. They have tremendous community support and no one is opposing them.

Barry Palmer, Developer, Houston, Texas

Mr. Palmer stated he was speaking in favor of Tyler Senior Communities as it was the highest scoring application in Region 4 and was recommended by staff at the June 28th meeting but it has not received a commitment. There will be no new construction in this region as the at-risk deal has taken all the funding. He asked for a forward commitment for this project.

James F. Shearer, Capital Consultants, Austin, Texas

Mr. Shearer stated they have been directly involved in regards to affordable housing for the last eight years. He stated the project in Katy has issues with qualified community participation. The legislative intent driving community participation was to engage the community in the process and make them a partner. The applicant of this project pulled down a multi-family application and reapplied as an elderly development at the request of the community. After he did this, the applicant was originally denied points for support, his denial was reversed by the Board but the city of Katy is still not being recommended. He asked for forward commitments for all projects that were impacted by various rulings, etc.

Mike Dunn, Capital Consultants, Austin, Texas

Mr. Dunn stated he took the lists that were presented by the staff at the June 28th meeting, the July lists and the August 10 lists and reviewed them and asked for forward commitments for the projects that were impacted.

Manuel D. Garza, Edgewood Neighborhood, San Antonio, Texas

Mr. Garza stated he represented the Edgewood Neighborhood Association and was speaking on behalf of Vista del So. Rudy . Perez Apartments and asked for a forward commitment of this project. They were

on the first recommended list but were removed due to the AG opinion. There is a great need in the community for affordable housing.

Bill Brown, Brownstone Affordable Housing, Houston, Texas

Mr. Brown stated he was speaking for the Vista del Sol Rudy C. Perez Apartments and was as stated on the recommended list but was removed by the AG opinion. They started extremely early in the process and met with faith-based organizations and community organizations to get support. There is state and local elected officials support for the project.

Brian Cogburn, Essex Gardens Partners, Houston, Texas

Mr. Cogburn stated he was requesting a forward commitment for the Essex Garden Apartments as it was also on the June recommended list but removed by the AG opinion. He stated Sealy is a growing area that has strong economic and population growth but it is not serving its housing needs. Sealy has major employers that are not able to accommodate their employees housing needs and these people are looking for housing.

Chris Richardson, Developer, Houston, Texas

Mr. Richardson stated Providence Place was hurt this year due to the fact that the support for neighborhood participation was not awarded but then were awarded the points on appeal. The AG opinion was issued and points were awarded to other projects so this project is not now being recommended. This community has tremendous need for housing and Providence Place can be a unique, high quality development for seniors in Katy, Texas and asked the Board to award a forward commitment for this project.

David Marquez, Developer, Houston, Texas

Mr. Marquez stated he represented Las Palmas Garden Apartments. There was support from the elected officials and residents have been involved. He appealed to the Board that this project is worth doing and they have held meetings with residents and these families need this project and asked for a forward commitment.

Mayor Salinas stated that his concerns are for the people who were knocked off the list by the AG opinion and there are so many good projects. His concerns about San Diego Creek, Los Milagros and La Villita as he received many calls on these projects.

Mr. Conine stated in the situation that has been presented to the Board, he does not think they can add or grant a forward commitment to anybody without making a wrong decision to someone else. Normally he would find what area and what region was shorted and try to grant something that would make sense going forward. In the way the AG opinion came out, with so many people affected by what happened that there are about 20 or 30 projects that he felt were worth funding. They are great deals. He felt the Board would do more harm than good if they granted any forward commitments in this particular year.

Mayor Salinas stated he agreed with Mr. Conine but it is not fair to the developers that are here who have worked so hard for a forward commitment. They should have been told this a month ago and not make them come and ask for commitments at this meeting.

Mr. Bogany stated he looked at the list and tried to see which projects should be awarded forward commitments and at the ones who were bumped and he came in with a very open mind. After hearing the testimony, he felt there is no win-win situation and there is no compromising in this.

Motion made by Norberto Salinas to approve forward commitments for San Diego Creek, La Villita and Los Milagros.

Motion died from a lack of a second.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to deny any forward commitments.
Passed Unanimously

d) Extension Requests on Closing Deadline for 2003 Housing Tax Credit Awards

03-001 Heritage Pointe Apts. Austin
03-016 Amarillo Gardens Amarillo
03-081 Wright Senior Apts. Grand Prairie
03-159 Summit Senior Village Gainesville
03-245 Meadows Place Senior Village Meadows Place

Ms. Carrington stated staff is recommending approval of these extensions for the closing of construction loans. All fees have been paid.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the extension requests for 2003 housing tax credit awards for: Heritage Pointe Apts.; Amarillo Gardens; Wright Senior Apartments; Summit Senior Village and Meadows Place Senior Village.
Passed Unanimously

**e) Issuance of Determination Notices on Tax Exempt Bond Transactions with Other Issuers:
04-435 Aventine Tarrant Parkway Apartments, Fort Worth, Texas Tarrant County Housing Finance Corporation is the Issuer (Requested Amount of \$751,233 and Recommended Amount of \$0)**

Ms. Carrington stated this is the 4% tax credit allocation with other issuers than TDHCA.

Aventine Parkway is in Ft. Worth and the Tarrant County Housing Finance Corporation is the Issuer. The Board is asked to waive the 60-day rule for receiving information and the credit recommendation from staff would be \$713,590.

Motion made by Norberto Salinas and seconded by C. Kent Conine to waive the 60-day requirement and approve the determination notice for Aventine Tarrant Parkway Apartments, Ft. Worth in the amount of \$713,590.

Steve Ford, Developer, Houston, Texas

Mr. Ford stated he did have a support letter for this project from a very large neighborhood association.

Jerry Wright, Investment Banker, Houston, Texas

Mr. Wright did not give any comments.

Granger MacDonald, Developer, Kerrville, Texas

Mr. MacDonald did not give any comments.

T. Justin MacDonald, Developer, Kerrville, Texas

Mr. MacDonald did not give any comments.

John Ford, Developer, Houston, Texas

Mr. Ford did not give any comments.

Steve Ford, Developer, Houston, Texas

Mr. Ford did not give any comments.

Mark Wolcott, Developer, Houston, Texas

Mr. Wolcott did not give any comments.

04-429 Uvalde Ranch, Houston, Texas Victory Street Public Facility Corporation is the Issuer

(Requested Amount of \$604,806 and Recommended Amount of \$604,806)

Ms. Carrington stated Uvalde Ranch Limited is in Houston and staff is recommending an allocation of \$604,806 in credits for this transaction.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the determination notice for Uvalde Ranch in Houston for \$604,806.

Passed Unanimously

6) Presentation and Discussion of Report from Programs Committee:

a) Update and Discussion on Section 8 Program

Mr. Conine stated the Programs Committee held a discussion on the Section 8 program and the idea of permitting Brazoria County to have the Section 8 vouchers the department administers in that area. Staff will put this on next month's board agenda for the entire board to review the transfer of vouchers to Brazoria County.

b) Presentation and Discussion of 30-90 Day Rule Relating to the Weatherization Assistance Program (WAP), Comprehensive Energy Assistance Program (CEAP) and Community Services Block Grant (CSBG)

The committee also dealt with the discussion of the entire Section 8 program and the validity of keeping it or letting it go to some of the local PHAs. That will also be on the agenda for next month's Board discussion. The 30-390 rule on the Weatherization Assistance Program was discussed and staff has put together a focus group discussion scheduled for September 15 to try to come up with a creative solution to the problem.

7) Presentation, Discussion and Possible Approval of Programmatic Items:

a) Board Action on Staff Recommendations For the 2004 Housing Trust Fund Capacity Building Awards From the List of All Applications Submitted

Application	Organization	Regi	City	Amount Requested	Amount Recommended
04901	Opportunity Center for the Homeless	13	El Paso	\$30,000	\$30,000
04902	FUTURO Communities, Inc.	11	Uvalde	\$25,500	\$25,500
04903	Habitat for Humanity of Wichita Falls	2	Wichita Falls	\$30,000	\$30,000
04904	Alianza Para El Desarrollo Comunitario	13	San Elizario	\$30,000	\$30,000
04905	The Marvellous Light Corporation	13	El Paso	\$30,000	\$30,000
04906	United Cerebral Palsy of Texas	7	Austin	\$30,000	\$30,000
04907	Montgomery County Women's Center	6	The Woodlands	\$30,000	\$30,000
04908	South East Texas Economic Dev. District	5	Beaumont	\$30,000	\$0
04909	Affordable Housing of Parker County	3	Springtown	\$30,000	\$30,000
04910	Midland Community Development Corp.	12	Midland	\$30,000	\$30,000
04911	South Plains Community Action Assoc.	1	Levelland	\$30,000	\$30,000
04912	Denton Affordable Housing Corporation	3	Denton	\$30,000	\$30,000
04913	Ability Resources Inc.	3	Fort Worth	\$30,000	\$30,000
04914	Austin Revitalization Authority	7	Austin	\$25,150	\$25,150
04915	Accessible Communities Inc.	10	Corpus Christi	\$29,480	\$0
04916	Habitat for Humanity of Denton County	3	Denton	\$34,500	\$30,000

Ms. Carrington stated this was deferred from the previous month's agenda and is a request to fund 14 Housing Trust Fund Capacity Building Awards. Staff is recommending \$410,650. There were 16 applications submitted but 2 were not eligible.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez by to approve the 14 Housing Trust Fund Awards.

Passed Unanimously

b) Board Action on Staff Recommendations For FY 2004 HOME Program Awards: Homebuyer Assistance (HBA); Owner Occupied (OCC); and Tenant Based Rental Assistance (TBRA)

Applicant	Region	Project Funds Rec	Project Fund Recommend
City of Lorenzo	1	\$100,000.00	\$100,000.00
City of Abernathy	1	\$495,000.00	\$495,000.00
South Plains Community Action Association, Inc.	1	\$500,000.00	\$444,279.00
City of Crosbyton	1	\$250,000.00	\$250,000.00
City of Ropesville	1	\$500,000.00	\$500,000.00
City of De Leon	2	\$495,000.00	\$231,623.00
City of Ranger	2	\$495,000.00	\$495,000.00
City of Cisco	2	\$500,000.00	\$500,000.00
Central Texas Mental Health Mental Retardation	2	\$240,000.00	\$240,000.00
City of McKinney	3	\$150,000.00	\$150,000.00
City of Bonham	3	\$100,000.00	\$100,000.00
Habitat for Humanity Council of North Central Texas	3	\$100,000.00	\$100,000.00
City of Alvarado	3	\$434,000.00	\$434,000.00
City of Commerce	3	\$495,000.00	\$240,569.00
City of Mesquite	3	\$500,000.00	\$500,000.00
Cornerstone Community Development Corporation	3	\$10,000.00	\$10,000.00
City of Terrell	3	\$500,000.00	\$500,000.00
City of Lewisville	3	\$416,000.00	\$416,000.00
City of Boyd	3	\$495,000.00	\$240,569.00
City of Josephine	3	\$495,000.00	\$495,000.00
City of Wolfe City	3	\$495,000.00	\$495,000.00
City of Bridgeport	3	\$275,000.00	\$275,000.00
City of Whitesboro	3	\$495,000.00	\$495,000.00
Affordable Housing of Parker County, Inc.	3	\$131,160.00	\$131,160.00
Texas Neighborhood Services	3	\$492,216.00	\$492,216.00
The Harrison County Housing Finance Corporation	4	\$100,000.00	\$100,000.00
City of Jacksonville	4	\$250,000.00	\$250,000.00
City of Wake Village	4	\$275,000.00	\$275,000.00
City of Roxton	4	\$385,000.00	\$385,000.00
City of Trinidad	4	\$495,000.00	\$495,000.00
City of Cooper	4	\$495,000.00	\$275,928.00
City of Texarkana	4	\$500,000.00	\$81,389.00
City of Caney City	4	\$495,000.00	\$275,928.00
City of Waskom	4	\$495,000.00	\$495,000.00
City of Jacksonville	4	\$300,000.00	\$300,000.00
Special Health Resources for Texas, Incorporated	4	\$500,000.00	\$500,000.00
Affordable Caring Housing, Inc.	4	\$268,992.00	\$233,311.00
Alpha Concepts, Inc.	5	\$350,000.00	\$350,000.00
Faith Temple COGIC - Silsbee, Inc.	5	\$75,000.00	\$75,000.00
City of Corrigan	5	\$495,000.00	\$335,343.00
Corrigan Housing Authority	5	\$495,000.00	\$335,342.00
City of Nacogdoches	5	\$500,000.00	\$500,000.00
Buckner Children & Family Svs. Inc. dba Buckner Family Place	5	\$425,000.00	\$398,921.00

Spindletop Mental Health Mental Retardation Services	5	\$163,700.00	\$163,700.00
Dayton Housing Authority	6	\$30,000.00	\$30,000.00
The Southeast Texas Housing Finance Corporation	6	\$250,000.00	\$250,000.00
The Southeast Texas Housing Finance Corporation	6	\$250,000.00	\$250,000.00
City of Huntsville	6	\$500,000.00	\$500,000.00
City of La Marque	6	\$500,000.00	\$411,511.00
City of Cleveland	6	\$500,000.00	\$496,378.00
Affordable Caring Housing, Inc.	6	\$174,048.00	\$174,048.00
City of Wharton	6	\$495,000.00	\$347,657.00
City of Dayton	6	\$500,000.00	\$500,000.00
San Marcos Reinvestment Corporation	7	\$100,000.00	\$100,000.00
City of Jonestown	7	\$495,000.00	\$408,167.00
City of Martindale	7	\$495,000.00	\$408,167.00
City of Thrall	7	\$275,000.00	\$275,000.00
City of San Marcos	7	\$500,000.00	\$453,868.00
City of Granger	7	\$220,000.00	\$181,407.00
Combined Community Action, Inc.	7	\$80,000.00	\$80,000.00
Temple Housing Residential Corporation	8	\$60,000.00	\$60,000.00
Temple Housing Residential Corporation	8	\$365,000.00	\$236,640.00
City of Hamilton	8	\$162,000.00	\$162,000.00
City of Bellmead	8	\$500,000.00	\$51,992.00
City of Lacy Lakeview	8	\$220,000.00	\$220,000.00
City of Lometa	8	\$495,000.00	\$495,000.00
City of Temple	8	\$500,000.00	\$51,991.00
Temple Housing Authority	8	\$189,000.00	\$189,000.00
City of New Braunfels	9	\$100,000.00	\$18,809.00
City of Dilley	9	\$495,000.00	\$159,375.00
Housing Authority of City of Dilley	9	\$495,000.00	\$159,375.00
Frio County	9	\$500,000.00	\$500,000.00
City of Pearsall	9	\$500,000.00	\$500,000.00
Comal County Housing Authority	9	\$400,000.00	\$334,390.00
Catholic Charities	10	\$500,000.00	\$500,000.00
Housing Authority of the City of Beeville	10	\$150,000.00	\$150,000.00
Institute of Rural Development	10	\$495,000.00	\$234,425.00
City of Premont	10	\$495,000.00	\$214,171.00
City of Hallettsville	10	\$500,000.00	\$500,000.00
Community Action Corporation of South Texas	10	\$448,000.00	\$448,000.00
The Latino Education Project (LEP)	10	\$300,000.00	\$300,000.00
City of Mathis	10	\$495,000.00	\$347,656.00
City of San Benito	11	\$400,000.00	\$167,516.00
Community Development Corporation of Brownsville	11	\$500,000.00	\$500,000.00
Southern Rio Services, Inc.	11	\$350,000.00	\$350,000.00
Community Colonias Organization, Inc.	11	\$500,000.00	\$122,050.00
Community Colonias Organization	11	\$245,000.00	\$245,000.00
City of Santa Rosa	11	\$500,000.00	\$500,000.00
Zapata County	11	\$500,000.00	\$500,000.00
Town of Combes	11	\$500,000.00	\$220,156.00
Willacy County Housing Authority	11	\$200,000.00	\$200,000.00
Edinburg Housing Authority	11	\$500,000.00	\$451,180.00

City of Midland	12	\$75,000.00	\$75,000.00
City of Midland	12	\$240,000.00	\$240,000.00
City of Grandfalls	12	\$495,000.00	\$495,000.00
City of Junction	12	\$250,000.00	\$112,565.00
City of Lamesa	12	\$250,000.00	\$112,564.00
City of Balmorhea	12	\$500,000.00	\$500,000.00
Buckner Children & Family Services, Inc. dba Family Place at Hearthstone	12	\$78,156.00	\$78,156.00
Sparks Housing Development Corporation	13	\$450,000.00	\$338,790.00
Town of Anthony	13	\$500,000.00	\$180,333.00
City of Presidio	13	\$500,000.00	\$448,848.00
El Paso Community Mental Health Mental Retardation Center	13	\$404,040.00	\$404,040.00

Ms. Carrington stated this is a request for approval of 103 2004 single family home investment partnership program awards. This total awarded today will be \$31,095,503. There were 266 applications received and these were asking for funds from homebuyer assistance, owner occupied and tenant based rental assistance. The HOME funds are allocated on a regional basis.

Mr. Eric Pike noted that 67% of the funds being awarded are for the special needs communities or special needs projects.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the HOME Program awards.

Passed Unanimously

- 8) **Presentation, Discussion and Possible Approval of Rules to be Published in *Texas Register*:**
- a) **Housing Tax Credit Program Rules: Proposed Repeal of Title 10, Part 1, Chapter 49 – 2003 Low Income Housing Tax Credit Program Qualified Allocation Plan and Rules; and Proposed New Title 10, Part 1, Chapter 49 – 2005 Housing Tax Credit Program Qualified Allocation Plan and Rules**
 - b) **Home Investment Partnerships Program (HOME) Rules: Proposed Amendment to Title 10, Part 1, Chapter 53 – Home Investment Partnerships Program**
 - c) **Housing Trust Fund Rules: Proposed Amendment to Title 10, Part 1 Chapter 51 – Housing Trust Fund Rules**
 - d) **Real Estate Analysis Rules: Proposed Amendment to Title 10, Part 1 Chapter 1, Subchapter B - Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, and Property Condition Assessment Rules And Guidelines and Proposed New § 1.37 Reserve for Replacement Rules and Guidelines**
 - e) **Compliance Monitoring and Asset Management Rules: Proposed Amendment to Title 10, Part 1, Chapter 60, Subchapter A – Compliance Monitoring and Asset Management, Section 60.1 Compliance Monitoring Policies and Procedures**

Ms. Carrington stated these are 5 very substantive set of rules that staff is presenting to the Board. She stated the approval of these rules could be postponed until the September 9 Board meeting and still meet all of the various statutory requirements to get them approved.

The information would be filed two weeks before the first hearing but would not be published until the Friday before the first hearing.

Mr. Conine stated that each board member could visit with staff on these rules and give the staff their ideas.

Mr. Bogany stated that it the department circulates the QAP then get public comment and then take that in consideration and then vote on it rather than the way it is being done now by voting

on it to send out, have public comment and then have to make changes and come back to the board. He suggested having public comment first on what was developed and then come back in and vote on it once it has these changes incorporated in it.

Mr. Bogany stated he had a couple of concerns on the elimination of the HUD points and there was no solutions of how e can better it and make it work. He would like in the public comment time that somebody will provide solutions that may help it or make it work.

Ms. Anderson stated she was frustrated and shared Mr. Bogany's concern by that section by the implication that there were abuses in that system.

Motion made by C. Kent Conine to table these rules until the next meeting.

Motion was withdrawn by Mr. Conine for further discussions.

Mr. Bogany stated he would like to clean up the wording on abuses and not just eliminate it from the QAP until next year. He would also like to have funds for rehabilitation. He suggested instead of saying that it never had any rent limitations or when it was never set aside for affordable housing, to say "if it was existing housing and contributes to revitalization" which needs to be quantified how they could prove that.

Elizabeth Julian, Attorney and Fair Housing Consultant, Dallas, Texas

Ms. Julian stated she served on the Department's community input working group last year and she was pleased to be invited to participate as a member of the 2005 QAP working group. She was in support of the staff's recommendation for inclusion of affirmatively further Fair Housing scoring criteria in the proposed draft of the 2005 QAP. The Department certifies it will affirmatively further Fair Housing in the administration of its housing and community development programs. To date the board has not made any specific provision for doing so or otherwise indicated to the public or the development community under what circumstances it will do so. She urged the Board to endorse this important step toward giving families served by the tax credit program all of the opportunities that truly fair and open housing policies provide.

Ms. Anderson asked that the Board be given information on the issues of the Department obligations.

Neal Sox Johnson, Exec. Director, RRHA, Temple, Texas

Mr. Johnson stated he served as facilitator of the definitions group of the working group of the QAP and they spent many hours discussing the urban, exurban and rural only to find that staff ignored all of the work they did and did not define urban, exurban and left the whole definition of rural in which is legislatively mandated. He stated these two, urban and exurban, should be defined in the QAP.

Mr. Bogany stated he liked the idea of adding the definition of urban, exurban and Ms. Carrington stated that the definition will be added.

Mr. Bogany would also like to clear up any misconceptions on the neighborhood organizations and the quantifiable community participation.

Motion made by C. Kent Conine and seconded by Shad Bogany to defer all considerations of the rules until the October Board Meeting.
Passed Unanimously

- 9) **Presentation and Discussion of Report from Audit Committee Meeting:**
 - a) **HUD Annual Assessment for Program Year 2003**
 - b) **SAO Audit Report on Compliance with Benefits Proportional by Fund Requirements in Fiscal Years 2002 and 2003**

- c) **Comptroller of Public Accounts Post-Payment Audit of Certain Disbursement Transaction Types**
- d) **Status of Prior Audit Issues**
- e) **Status of Internal/External Audits**
- f) **Status of Central Database**
- g) **Report on Personnel Evaluation of Internal Auditor**

Mr. Bogany stated the Audit Committee met earlier in the day and on the prior audit issues have been reduced from 20 items down to about 4-6 items. He stated staff, David Gaines and the Internal Audit Group is doing an excellent job.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve a 3.4% increase in pay for David Gaines, Internal Auditor.
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 an Investigation by the Brazoria County Criminal District Attorney on Forged Letters Concerning Tranquility Bay Apartments

Consultation with Attorney Pursuant to §551.071, Texas Government Code, Concerning Pending or Contemplated Litigation

Personnel Matters – Discussion Under Sec. 551.074, Texas Government Code, of Performance Evaluation for Internal Auditor

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

There was no Executive Session held.

REPORT ITEMS

Executive Directors Report

1. National Award for Excellence in Community Action for Community Action Council of South Texas
2. Department Outreach Activities – Meetings, Trainings, Conferences, Workshops for July, 2004
3. Special Recognition Award from Community Affairs Division
4. Draft Legislative Appropriations Request

ADJOURN

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

The meeting adjourned at 5:00 p.m.

Respectfully submitted,

Delores Groneck
Board Secretary

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BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, TDHCA Boardroom, Austin, Texas 78701
Thursday, September 9, 2004 9:00 am

Summary of Minutes

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

The Board Meeting of the Texas Department of Housing and Community Affairs of September 9, 2004 was called to order by the Chair of the Board Elizabeth Anderson at 9:10 a.m. It was held at the Boardroom of the Texas Department of Housing and Community Affairs, 507 Sabine, Austin, Texas 78701. Roll call certified a quorum was present. Shad Bogany was absent.

Members present:

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

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

Ms. Anderson stated she was opening this meeting with sad news. One of the members of the TDHCA family lost his life in a traffic accident in the early morning hours on Saturday. Michael Villela worked in the Manufactured Housing Division and his mother is employed in the Information Systems Division. The department is assisting in setting up a trust fund for his young son.

Ms. Anderson congratulated John Garvin on his birthday.

Ms. Anderson welcomed Scott Sims of the Speakers Office and Jason Smith from the House Urban Affairs Committee to the 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.

Susan Maxwell, Texas Council of Developmental Disabilities, Austin, Texas

Ms. Maxwell stated on the tenant based general assistance for the Olmstead population, TDHCA has done their part of the bridge to get people out of institutions but the Health & Human Services is reorganizing and they have not come to the table to support the other part of the bridge. There is a lot of learning going on for nonprofit agencies to do housing. She asked the department to try to find a way to get funds out the door and make an improvement in the lives of people who are in institutions.

She was in support of the open cycle concept and the 5% that is used in teaching for people with disabilities. That set-aside is very helpful and people who have moved from nursing homes would be staying in the urban areas as there is better ground transportation. She also supported TDHCA staying as a PHA and offering Section 8 and being the conduit for the Project Access Vouchers from HUD. She

was also in support of the fair housing issues in the QAP. She asked to also keep the funding for the HOYO program that has been in the Consolidated Plan for a number of years.

Mark Bower, Developer, Corpus Christi, Texas

Mr. Bower spoke about an application called Willow Creek Apartments and asked the Board to grant a waiver just for the private activity bonds for the filing date of August 9 for notifying the county or city clerks on projects. They are new to Texas and they missed that deadline by a week. They called the city clerks office in Harris County they was told that it did not matter because they do not handle the neighborhood associations.

Gene Watkins, Developer, Austin, Texas

Mr. Watkins requested a forward commitment for two small senior developments in the Austin area which are 04182 and 04183. The projects are ready to go and have the support of the community and public officials and financing is in place.

ACTION ITEMS

1) Presentation, Discussion and Possible Approval of Minutes of Board Meeting of July 28, 2004

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the Minutes of the Board Meeting of July 28, 2004.

Passed Unanimously

2) Presentation, Discussion and Possible Approval of Rules to be Published in Texas Register for Public Comment:

a) Housing Tax Credit Program Rules: Proposed Repeal of Title 10, Part 1, Chapter 49, Tex. Admin. Code – 2003 Low Income Housing Tax Credit Program Qualified Allocation Plan and Rules; and Proposed New Title 10, Part 1, Chapter 49, Tex. Admin. Code – 2005 Housing Tax Credit Program Qualified Allocation Plan and Rules

Ms. Carrington stated this is the Qualified Allocation Plan for the Housing Tax Credit Program. Staff is proposing the repeal of Title 10 Part 1, Chapter 49 which is the 2003 QAP and Rules and proposing a new Chapter 49, 2005 Housing Tax Credit Program Allocation Plan. The first part of the document explains the item and informs the Board on what revisions have been made since the August 19 meeting.

Ms. Brooke Boston stated one of the big items is streamlining of the threshold submission requirements. The deadlines which placed a strain on staff have been changed and the March 1 deadline has been moved to April 1. The applicants now have to have full zoning in place when they submit their applications. Applicants can put a sign up notifying people about the proposed project or use mailing notification to all of the residential addresses nearby. An affidavit from the applicant stating they have sent information to the public officials needs to be in the application. The notifications for neighborhoods need to be local elected officials and not county clerks. The maximum development size for rural developments is proposed to go from 76 to 96 and the one-mile one-year rule would not apply to the 4% tax credit development associated with bonds. There has been a change where increases to 4% credit as long as it is not more than 10% and this would not come before the Board. They would have to be approved by the Executive Director and if they exceed 10%, they would come before the Board.

The deadline and documentation requirement for construction loan closings has been removed. The increase in fees goes from \$20 a unit to \$30 a unit and the commitment fee goes from 4% of the credit amount to 5%. There is also a fee for the people asking for increases to the credit amounts on the 4% deals, associated with the processing of those. Language has been added to the amendment process indicating that if an applicant comes before the Board asking to not target the low income. If they state in the application that they will do this and then ask for an amendment they could not participate in this program for 2 years. Points have been deleted for mixed income; for site location; exurban; small developments, public meetings; having common

amenities; and consistency of consolidated plan. Points were reduced for the affordable housing needs score and for transitional housing. The new item gives points for QCP and leveraging.

John Garvin, Executive Director, Texas Affiliation of Affordable Housing Providers, Austin, Texas

Mr. Garvin congratulated the staff on streamlining of the Qualified Allocation Plan and Rules. He stated on the debarment issue, that they supported the strengthening up on fraudulent acts and forged mail but not to debar someone for missing a volume. On the 10% changing, staff did a good job of saying what a change is and what warrants renotification. He felt staff should also say no money no gifts --none whatsoever on the gift of money or anonymous gift. They also supported the no four-bedroom units in the multifamily developments. A definition in the definition section of the local political subdivision would help everyone. He asked that on the rents, that to only hold the test to the 60% units. On tie breaker factors, the potential Section 8 voucher holders, he felt this was not going to work.

He also asked the Board to reinstate the funding for the Home of Your Own Coalition.

Diana McIver, Omega Development Company, Austin, Texas

Ms. McIver also asked the Board to reinstate the funding for the Home of Your Own. She also asked to give more flexibility on the unit mix. On Sec. 49.9 she felt that taking zoning and consolidated plan and lumping them together would create difficulty for the developers. On Sec. 49.9 - Issue 11 - she felt that on QCP, they are recommending this comes into play if you have a community that does not have a neighborhood organization in the sense of TDHCAs definition of a neighborhood organization. She asked for developers if there is not a neighborhood organization and they get other kinds of letters from clubs, chamber of commerce, etc. that they be allowed go get up to 24 points. On the points for certain locations, she suggested to add senior housing to qualify under this. She asked to reinstate the section of points for sites. She asked the staff to look again at the scoring and to come up with an equalizer in this section for big cities and smaller areas. She also asked to add points for exurban cities projects.

Mr. Conine had questions if the board had the authority to change the 60/50/40 and if they could change the 30, and he asked Ms. Carrington to talk to the tax credit counsel and determine if the board has the ability in areas of the state that have a lower area median income than the statewide area median income, do developers have the ability in those counties and cities to use the higher of the statewide average median income as they are doing in populations and they are doing in performance.

Mr. Patricia Murphy of the Compliance Division stated the tax code will not allow the department to use the statewide area median income if it is higher than the local area median income for the limit that is selected by the minimum satisfied.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to repeal the 2003 and circulate the 2005 QAP for public comment.

Amendment to the motion made by Beth Anderson and seconded by C. Kent Conine to adopt the modifications from the 20% one-bedroom units to 10%.

Amendment to Ms. Anderson's amendment by C. Kent Conine and seconded by Vidal Gonzalez to have staff craft language to be flexible enough to allow more units at the 50%. Ms. Anderson accepted this amendment.

Passed Unanimously

Amendment to the motion made by Beth Anderson and seconded by C. Kent Conine to not making the change to the debarment for missing a volume.

Passed Unanimously

Amendment to the motion made by Beth Anderson and seconded by C. Kent Conine to adopt the language submitted by TAAHP regarding gifts and the motion is to eliminate the language about nominal value and say no gifts.

Passed Unanimously

Amendment to the motion made by Beth Anderson and seconded by Vidal Gonzalez to say if there is no zoning in an area and if they do not have a consolidated plan that the department would ask that the local community provide a letter, not in support for the specific development, but a letter confirming the need for affordable housing.

Passed Unanimously

A discussion was held on the higher of statewide of local AMFI on the 30% units and if the Board should wait until an answer was received from the tax credit counsel and it was decided to go forward with this in the QAP to receive public comments.

Amendment to the motion made by Beth Anderson and seconded by C. Kent Conine to permit the higher of statewide of local AMFI on the 30% units.

Passed Unanimously

Amendment to the motion made by Beth Anderson and seconded by C. Kent Conine to reinstate the site location characteristics both positive and negative.

Passed Unanimously

Amendment to the motion made by Beth Anderson and seconded by C. Kent Conine to amend the draft QAP to take the deficiency response period back to ten days as it had been.

Passed Unanimously

Amendment to the motion made by Beth Anderson to go back to the 2004 language and not have final zoning until commitment notice.

Amendment withdrawn by Ms. Anderson.

Amendment to the motion made by Beth Anderson and seconded by C. Kent Conine for developers to have to have the size rezoned before a commitment notice is issued; add the exurban points back in and they be the same as the needs score; delete the reference to the date on visiting the Secretary of State's website for confirmation of a neighborhood organization being registered; staff to work on the wording of the language of dueling letters on a project; and delete the reference to elementary schools and high schools and use the more closely and targeted geographical area.

Passed Unanimously

Vote taken on the original motion with the amendments.

Passed Unanimously

b) Home Investment Partnerships Program (HOME) Rules: Proposed Amendment to Title 10, Part 1, Chapter 53, Tex. Admin. Code – Home Investment Partnerships Program

Ms. Carrington stated staff is proposing an amendment to the 2005 HOME rule that will be released for public comment. Staff did have a working group meeting and the recommendations that are being made to the HOME rules are a result of written input from this meeting. The primary changes that are being proposed are to ensure consistency with the Texas Government Code and ensure consistency with any updates to any federal HOME rules of 24 CFR Part 92, to provide guidance on the management on open application cycles by the Department and adds language that ensures consistency with other multifamily rules, to the extent of the HOME program or the HOME funding is going to be used for multifamily developments.

Mr. Eric Pike, Director of Single Family Finance Production Division stated the Home of Your Own Coalition was an item in the consolidated plan and was not in the HOME rules.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the 2005 HOME rules for public comments.

Passed Unanimously

c) **Housing Trust Fund Rules: Proposed Amendment to Title 10, Part 1 Chapter 51, Tex. Admin. Code – Housing Trust Fund Rules**

Ms. Carrington stated staff is proposing amendments to Title 20, Part 1, Chapter 51 of the Housing Trust Fund Rules. A roundtable discussion was also held on these rules and the department has written input on these rules from the roundtable participants. The primary changes that are being proposed on these rules are consistency with the Texas Government Code; to provide the Department an ability to use an open application cycle and to provide direction to the public on how applications will be processed in an open application cycle; to add language that ensures consistency with other multifamily rules to the extent that the Trust Fund will be used for multifamily developments.

Ms. Anderson had concerns on an open cycle that takes 330 days.

Ms. Brooke Boston advised that this is how long someone could remain in each phase if they were not able to resolve their deficiencies.

Motion made by Beth Anderson and seconded by C. Kent Conine to reduce those phases from 330 days to 180 days.

Passed Unanimously

Amendment to the motion made by Beth Anderson and seconded by C. Kent Conine to remove the words: “But is not limited to” and the sentence would read: “This activity may include, etc.”.

Passed Unanimously

Motion made by C. Kent Conine and seconded by Vidal Gonzales to approve the 2005 Housing Trust Fund rules for public comments with the approved amendments.

Passed Unanimously

d) **Real Estate Analysis Rules: Proposed Amendment to Title 10, Part 1 Chapter 1, Subchapter B, Tex. Admin. Code - Underwriting, Market Analysis, Appraisal, Environmental Site Assessment, and Property Condition Assessment Rules and Guidelines and Proposed New § 1.37 Reserve for Replacement Rules and Guidelines**

Ms. Carrington stated staff is proposing an amendment to Title 10, Part 1, Chapter 1, Subchapter B, for the underwriting market analysis appraisal, environmental site assessment, property condition assessment rules and guidelines. There is a new section 1.37 and it is the reserves for replacement rules and guidelines. There was also a work group that gave comments and input for these rules. .

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the 2005 draft underwriting marketing analysis, appraisal, Environmental Site Assessment and Property Condition Assessment and Guidelines.

Passed Unanimously

e) **Compliance Monitoring and Asset Management Rules: Proposed Repeal of Title 10, Part 1, Chapter 60, Subchapter A, Tex. Admin. Code – Compliance Monitoring and Asset Management, Section 60.1 Compliance Monitoring Policies and Procedures and Proposed New Title 10, Part 1, Chapter 60, Subchapter A, Tex. Admin. Code, Compliance Monitoring, Section 60.1 Compliance Monitoring Policies And Procedures**

Ms. Carrington stated these are the compliance monitoring and asset management rules. Most of the changes in these rules are word changes or terminology changes.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the compliance monitoring and asset management rules for public comments.

Passed Unanimously

3) Presentation, Discussion and Possible Approval of Legislative Appropriations Request for FY 2006 - 2007

Ms. Carrington stated this is a document the Department prepares every two years and is the document that provides the budget detail and supports the agency's strategic plan. It also provides information related to the performance targets, costs and methods of finance. The first of these is the baseline level which is the general revenue for 04-05 which was reduced by 5%. The second relates to exceptional items that are requests for general revenue above the baseline request.

Mr. Dally stated each division puts together their proposals for their requests of funds or performance targets. All the information is compiled and goes as the Legislative Appropriations Request. The 5% reduction comes to about \$1,000,000. The areas hardest hit would be the Housing Trust and some from the Colonias Service Centers. He noted that there is a request to change the salary group for administrative director as she is near the top of her group and the department is requesting that they move up to the next group and the band is between \$90,060 and \$139,140. Under exceptional items staff is asking for \$6 million in the emergency nutrition, temporary emergency relief program and the system benefit fund.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the Legislative Appropriations Request for FY 2006 - 2007.

Passed Unanimously

**4) Presentation, Discussion and Possible Approval for Public Comment:
a) Affordable Housing Needs Score**

Ms. Carrington stated this formula is also submitted for public comments and this needs score is not a legislative item but is something that staff developed several years ago as there was a need for more defining criteria to determine communities within the 13 state service regions.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the Affordable Housing Needs Score for publication to receive public comments.

Passed Unanimously

b) Regional Allocation Formula

Ms. Carrington stated this is the regional allocation formula and staff is requesting the Board to approve the proposed methodology for how staff calculates the amount of dollars that go into the 13 state service regions around the State. This formula is updated to include demographic information, CHAS data from HUD, and other information that staff feels is appropriate for calculating the regional allocation methodology.

Ms. Anderson asked that everyone sees the exact calculation and it should be on the website.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the proposed methodology for the 2005 Regional Allocation Formula and to publish it to receive public comments.

Passed Unanimously

c) 2005 State of Texas Low Income Housing Plan and Annual Report

This is the draft of the 2005 State of Texas Low Income Housing Plan and Annual Report. This document and the Consolidated Plan are due to the Governor's Office and the Legislative no later than December 18 of this year. This is one of three planning documents that the department prepares. It provides an overview of the housing and housing-related priorities and policies; outlines the statewide housing needs; provides TDHCA funding levels and performance measures; and reports on the department's activities for the preceding fiscal year.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the State Low Income Housing Plan and Annual Report for 2005.
Passed Unanimously

d) 2005 Consolidated Plan – One Year Action Plan

Ms. Carrington stated this last planning document for consideration is the 2005 to 2009 State of Texas Consolidated Plan. This is a draft to receive public comments and is a document that is required by the Department of Housing and Urban Development and is due to them on December 18. It covers funding for four programs which are: Community Development Block Grant Program; housing for people with AIDS, HOME Program and the Emergency Shelter Grants Program.

Ms. Brenda Hull stated staff would like to request changes in the language to the recapture provision in the HOME action plan. These changes reflect required language that was inadvertently omitted from the online version. Staff would request the authority to make technical corrections as they go through the public hearing process.

Jean Langendorf, Executive Director of United Cerebral Palsy of Texas, Austin, Texas

Ms. Langendorf stated there has been a partnership in place since 1996 with the department and the HOYO Coalition, HUD, Fannie Mae, Bank One, the DD Council the Corporation for National Service and several others. They have been getting direct funding and have always been stated in the Consolidated Plan. This year staff has removed that direct funding. She was concerned for people with disabilities as they do need these funds. There are about 220 homeowners in the HOYO Coalition and about half are associated with TDHCA for funding for homes in Smithville, Hockley, DeSoto, Keller, Granbury, Lockhart and other Texas Cities. Since 1995, 5% of the HOME funds go to participating jurisdiction areas.

In 1996 they became part of the Coalition and originally it was that they had a contract and about 4 years ago, it was decided that the HOME program was more formalized and they received funds as it was stated in the Consolidated Plan. This allows them to keep people in the pipeline and they educate people about homeownership; what it means; barriers to homeownership and them with many decisions.

They do need the commitment to continue for the partnership. She asked the Board to continue the partnership and to put this program back in the Consolidated Plan.

John Meinkowsky, Austin, Texas

Mr. Meinkowsky stated he represented the Texas Association of Centers for Independent Living and He stated there may be as many as 2000 people this year requesting assistance from the HOME set-aside of TBRA for the Olmstead population and some of these people will need a housing subsidy. He asked the Board to continue this funding so people can get out of institutions and get housing subsidies.

Jonas Schwartz, Advocacy Inc., Austin, Texas

Mr. Schwartz stated he is the current chairperson of TDHCAs disability advisory committee. He asked the Board to continue to support the Home of Your Own Coalition. Many people have bought homes through this program and of those 220 homeowners, most fall in the very low income population of individuals with disabilities who are at 30% and below. The Tenant Based Rental Assistance is a very difficult program for the organizations who work with people with disabilities to be able to administer it. It is very hard to do if you are a small nonprofit and have to come up with the funds to spend and then wait for reimbursement so he asked that TDHCA keeps its commitment to TBRA in the amount of \$4 million. He also asked to have additional housing choice vouchers set aside for people with disabilities who are affected by the Olmstead decision.

He stated there is a disability advisory committee. He stated no one called him or any of the other members to say that TDHCA is considering making changes to the Plan and would like to have input before the draft plan is put together. It was also very hard for him to find on the TDHCA website.

Ms. Carrington stated staff is proposing on the disability set-aside that instead of having a set-aside that it is an eligible activity and they would be eligible applicants to receive funds.

Mr. Pike stated the department has done a 5% set-aside for persons with disabilities, and the Home of Your Own Coalition's \$500,000 award was taken directly out of the set-aside.

Motion made by C. Kent Conine and seconded by Vidal Gonzales to approve the 2005 Consolidated Plan, One-Year Action Plan and to publish it for public comments.
Passed Unanimously

**5) Presentation, Discussion and Possible Approval of:
a) Bond Trustees for Multi-Family Transactions**

Ms. Carrington stated the Department has an open RFQ for trustees for multifamily which was issued last year and the Department has been receiving proposals from various entities who want to provide trust services in the multifamily area. Union Bank of California has submitted an application to be a trustee but the Department is not recommending them since they have no experience with Texas multifamily transactions and they do not have any offices located in Texas.

Motion made by Vidal Gonzalez and seconded by C. Kent Conine to accept the staff recommending and not approve the addition of Union Bank of California to the list of multifamily transactions.
Passed Unanimously

b) Bond Underwriters for Multi-Family Transactions

Ms. Carrington stated the Department also has an open RFQ to receive proposals from investment banking firms to serve on either the manager or co-manager list for underwriters for multifamily transactions. Merrill Lynch in New York has submitted an application to be added to the approved list. They were on the list previously but it lasted for two years. Staff is recommending that Merrill Lynch of New York be added back to the list and they be in the form of a senior manager for multifamily transactions.

Motion made by Vidal Gonzalez and seconded by C. Kent Conine to add Merrill Lynch in New York to the approved list as a senior manager for underwriters for multifamily transactions.
Passed Unanimously

**6) Presentation, Discussion and Possible Approval of Financial Items:
a) Interest Rate Swap Policy**

Ms. Carrington stated in March of this year the Department did the first variable rate demand bonds which has a hedge facility with it and this hedge is called an interest rate swap. The Department has been operating under an informal procedure that has been administered by the Chief of Agency Administration and the Director of Bond Finance.

Ms. Carrington stated staff is requesting to formalize the interest rate swap policy that tells the public and sets parameters and guidelines on how and under what conditions the Department will do swaps. The Department did work with Dain Rauscher and Standard and Poors in putting this swap policy together. This policy will be brought for review by the Board on an annual basis.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the Interest Rate Swap Policy.
Passed Unanimously

b) Final Approval of Single Family Mortgage Revenue Bonds, 2004 Series C, 2004 Series D (Variable Rate), 2004 Series E and 2004 Series F (Collateralized Obligation Bonds) for Program 62

Ms. Carrington stated this is the final approval of the SF Mortgage Revenue Bond Program 2004 Series D and Series D which is the variable rate demand portion, Series E, the refunding portion

and Series F which is the COB or Convertible Option Bond. This is the \$165 million that will be released through the 2004 Single Family Program. Pricing will take place about October 4th or 5th and the interest rates should be about 4.99% to 5.30%. The senior co-managers are Piper Jaffrey and Bear Stearns and the co-managers are A. G. Edwards, First Southwest, Goldman Sachs and Samuel Ramirez.

Motion made by C. Kent Conine and seconded by Vidal Gonzales to approve the Resolution No. 04-067 for the Single Family Mortgage Revenue Bonds.
Passed Unanimously

c) Revision of Terms for Downpayment Assistance for Single Family Mortgage Revenue Bonds, 2004 Series A, 2004 Series B (Variable Rate), and Taxable Junior Lien Single Family Mortgage Revenue Bonds, 2004 Series C for Program 61

Ms. Carrington stated this is a resolution authorizing a revision of the Downpayment Assistance for Single Family Mortgage Revenue Bonds, Series A, B, and C. The terms of this assistance were in the form of a nonforgivable second lien loan and that is not a competitive structure for the current environment, and staff is recommending that nonforgivable second lien loan be converted to a grant.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the revision of terms for the downpayment assistance for the SF Mortgage Revenue Bonds, 2004 Series A, B and c to convert the nonforgivable second lien loan to a grant.
Passed Unanimously

d) Resolution Authorizing the Extension of the Certificate Purchase Period For Single Family Mortgage Revenue Bonds, 2002 Series A, 2020 Series B, and 2002 Series C, (Program 57A)

Ms. Carrington stated this is a request for the extension of a certificate purchase period from December 2004 to November 2005.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the extension of the certificate purchase period from December 2004 to November 2005.
Passed Unanimously

e) Resolution Authorizing the Extension of the Certificate Purchase Period for Residential Mortgage Revenue Bonds, Series 2003A (Program 59A)

Ms. Carrington stated staff is requesting to extend the certificate purchase for Program 59A from December 2004 to December 2005.

Motion made by C. Kent Conine and seconded by Vidal Gonzales to approve the extension of the certificate purchase period from December 2004 to December 2005.
Passed Unanimously

f) Sale of Mortgage Certificates from Single Family Mortgage Revenue Bonds (Collateralized Home Mortgage Bond Program), Series 1994A, Series 1994B, and Series 1994C

Mr. Byron Johnson stated the Department issued a series of single family bonds about 10 years ago and most of these carry a 10-year call option. The indenture allows the Department to take those securities backing those bonds and sell them and then use the proceeds to call the bonds. The call dates on this series of bonds is early 2005 and since interest rates are low at this time and the mortgage rates on these old loans are considerably higher, the bonds can be sold at a premium and obtain enough funds to call the old bonds and pay all the fees and pay the call premium to the holders of the bonds. .

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the sale of the securities of the SF Mortgage Revenue Bonds Series 1994A, B and C.

Amendment to the motion made by C. Kent Conine and seconded by Vidal Gonzalez to include Resolution No. 04-073.
Passed Unanimously

Motion with Amendment Passed Unanimously

- 7) **Presentation, Discussion and Possible Approval of Programmatic Items:**
a) **HOME Awards to the City of Bartlett in the amount of \$156,000; (\$150,000 project funds and \$6,000 administrative fees) for Homebuyer Assistance and the City of Cotulla in the amount of \$520,000 (\$500,000 in project funds and \$20,000 administrative fees) for Special Needs/Owner Occupied**

Ms. Carrington stated staff is presenting two awards and the first was a HOME award to the City of Bartlett for homebuyer assistance for \$150,000 with \$6,000 admin fees as this project was inadvertently left off the list of recommendations presented at the August Board Meeting. This funding will come from deobligated funds.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the HOME award to the City of Bartlett for \$150,000 and \$6,000 admin fees for homebuyer assistance.
Passed Unanimously

Ms. Carrington stated the award was an appeal from the City of Cotulla and they appealed with the executive director. They were not awarded because the Department had in the scoring that this group had received a previous HOME award. The HOME award they received was for disaster relief and this does not count against them in applying for HOME funds in a competitive cycle. The Department did award them the 5 points that would have made them a competitive scorer. Staff is recommending an award of \$500,000 and \$20,000 in admin fees.

Motion made by C. Kent Conine and seconded by Vidal Gonzales to approve the award to the City of Cotulla for \$500,000 and \$20,000 in admin fees.
Passed Unanimously

- b) **TDHCA Section 8 Housing Assistance Program:
Transfer of Section 8 Vouchers to Brazoria County**
Ms. Carrington stated over the last several months the Programs Committee has been looking at the Section 8 Program and during that time, the Department has had a request from Brazoria County to administer the Section 8 vouchers in their area. Brazoria County is a local operator for the Department and have been designated a Public Housing Authority by HUD. Staff is recommending the relinquishment of 576 Section 8 housing choice vouchers, to the Ft. Worth Office of HUD. HUD would then transfer those 576 vouchers to the Brazoria County Public Housing Agency. Letters in support of this transfer have been received from various local and state officials.

Judge John Willy, Brazoria County, Texas

Judge Willy read a statement into the record from Diane Kyle of Congressman Ron Paul's office which stated: Good morning, ladies and gentlemen. My name is Diana Kyle and I represent U.S. Congressman Ron Paul of the 14th Congressional District of Texas. I am here this morning to advise the Department of Housing and Community Affairs that our congressional office will be available and is willing to assist Brazoria County and Judge Willy with any problems or situations that might arise with HUD or any other federal agency."

He stated they would like to have the Section 8 vouchers transferred for their handling and he would appreciate the Department helping them to move forward. There will be a transition period that everyone must deal with and he looked forward to working with the Department in trying to cut through the red tape and get the process over.

Jim Wiginton, Brazoria County, Texas

Mr. Wiginton did not give any comments.

Motion made by C. Kent Conine and seconded by Norberto Salina to approve the transfer of the Section 8 vouchers to Brazoria County and approving Resolution No. 04-63.

Amendment to the motion made by Beth and seconded by C. Kent Conine to remove the number of vouchers listed in the resolution and let HUD make the decision on how many vouchers will be transferred..

Passed Unanimously

Original motion with the amendment passed unanimously

At this time a short lunch break was taken and the Board returned to Open Session at 1:35 p.m.

Ms. Anderson stated staff has requested the Board to revisit Item 2(b) - the rules on the HOME program. The rules approved for the Housing Trust Fund had 180 days for the open cycle and staff is suggesting avoiding two different lengths of cycles that the Board makes the amendment to the HOME rules so that both sets of rules use the same 180 days.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to reconsider Item 2(b).

Passed Unanimously

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to move the open cycle to 180 days instead of 330 days as an amendment for the HOME program rules.

Passed Unanimously

- 8) **Presentation, Discussion and Possible Approval of Housing Tax Credit Items:**
a) **Approval of Withdrawal of 2004 Emergency Housing Tax Credit Qualified Allocation Plan and Rules Amendment (29 Tex. Reg. 7821, (2004)) and Concurrent Final Adoption of 2004 Housing Tax Credit Qualified Allocation Plan and Rules Amendment (29 Tex. Reg. 7025 (2004)), to be Codified at Title 10, Part 1, Chapter 50, Tex. Admin. Code**

Ms. Carrington stated this will be the approval of the withdrawal of the 2004 emergency housing tax credit QAP and concurrent final adoption of the 2004 housing tax credit allocation plan. There was one comment received on the emergency amendment that the board adopted.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to withdraw the 2004 Emergency Housing Tax Credit Qualified Allocation Plan and final adoption of the 2004 Housing Tax Credit Qualified Plan and Rules Amendment to be codified at Title 10, Part 1, Chapter 50, Tex. Admin. Code.

Passed Unanimously

- b) **Issuance of Commitment Notices for 2004 Housing Tax Credits to 2004 Housing Tax Credit Applicants:**

- 1) **Return of Credits on 04098, Copperwood Apartments, The Woodlands, (\$1,057,335) and Reissuance of Credits to 04108, Tamarac Pines, The Woodlands (\$911,804)**

Ms. Carrington stated AIMCO received an allocation for a property named Copperwood Apartments which was an at risk set-aside in Region 6. They had two applications in the at risk set-aside and both of them scored the same. Staff chose to issue the credits to the Copperwood Apartments in the amount of \$1,057,335. AIMCO has requested to transfer or substitute their second property which was Tamarac Pines Apartments, with an allocation of \$911,404 because the Tamarac Apartments had more immediate need. They are in the same region, in the same set-aside and scored the same.

- 2) **04292, West Side Place, West Columbia, Region 6, (USDA)**
Ms. Carrington stated there were tax credits left over from the transfer from Copperwood Apartments to Tamarac Apartments and staff is recommending that in Region 6, USDA project that was not fully funded and staff is requesting that they be Allocated credits for \$84,339.
- 3) **04074, Las Palmas Gardens, San Antonio, Region 9, (At Risk)**
Ms. Carrington stated the Region 9 had an at risk-aside project that was under funded and staff is recommending that \$639,786 be allocated.
- 4) **04118, Churchill at Commerce, Commerce, Region 3, (Rural)**
Ms. Carrington stated since there were remaining funds, staff reviewed the region that was most harmed in an allocation and staff found that Region 3 was under funded at 64.4%. Staff is recommending that Churchill at Commerce be allocated \$727,212.
- 5) **04008, Friendship Place, Fredericksburg, Region 9 (Rural)**
Ms. Carrington stated this region was also under funded by 22# and staff is recommending that Friendship Place be allocated credits in the amount of \$473,144.

Staff is recommending that the remaining \$118,000 be reserved at this time.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the allocation for the tax credit projects of: 04098, Copperwood Apartments, The Woodlands, (\$1,057,335) and Reissuance of Credits to 04108, Tamarac Pines, The Woodlands (\$911,804); 04292, West Side Place, West Columbia, Region 6, (USDA); 04074, Las Palmas Gardens, San Antonio, Region 9, (At Risk); 04118, Churchill at Commerce, Commerce, Region 3, (Rural); and 04008, Friendship Place, Fredericksburg, Region 9 (Rural).

- c) **Issuance of Determination Notices on Tax Exempt Bond Transactions with Other Issuers: 04436 Sagewood Apartments, San Antonio, Texas, Bexar County Housing Finance Corporation is the Issuer, (Requested Amount of \$596,168 and Recommended Amount of \$589,624)**

Ms. Carrington stated Sagewood Apartments in San Antonio is an acquisition rehab and 50% of the units have rents capped at 30% at 50%; and 50% have rents capped at 30% at 60%. It is an older property built in 1978 and is in the northwest area of San Antonio. Staff is recommending approval.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the issuance of a determination notice for 04436, Sagewood Apartments in the amount of \$589,624.

Passed Unanimously

- 04447 Rosemont at Acme, San Antonio, Texas, Bexar County Housing Finance Corporation is the Issuer, (Requested Amount of \$844,329 and Recommended Amount of \$844,329)**

Ms. Carrington stated Rosemont at Acme in San Antonio and is a new family construction transaction.

Ms. Anderson noted for the record that there were letters of support from Councilman Enrique Barrera in San Antonio; State Rep. Joaquin Castro, Senator Van de Putte, Congressman Charles Gonzalez and one from the superintendent and one from the Chairman of the Housing Committee of the Edgewood School District.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the issuance of a determination notice for 04447, Rosemont at Acme in the amount of \$844,329.

Passed Unanimously

04448 Artisan at Willow Springs, San Antonio, Texas, San Antonio Housing Finance Corporation is the Issuer, (Requested Amount of \$882,718 and Recommended Amount of \$880,736)

Ms. Carrington stated 04448 is in San Antonio and is a family transaction.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the issuance of a determination notice for 04448, Artisan at Willow Springs in the amount of \$880,736.

Passed Unanimously

04437 Holiday Place, Houston, Texas, Harris County Housing Finance Corporation is the Issuer, (Requested Amount of \$569,030 and Recommended Amount of \$0)

Ms. Carrington stated that Holiday Place has withdrawn.

d) Extension Request for:

03212 Village of Kaufman Apartments, Kaufman, Texas

03213 Fox Run Apartments, Orange, Texas

Ms. Carrington stated both of these transactions are involved in the mark to market program with HUD and they are waiting on the issuance of a restructuring commitment.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to grant extensions for these two projects to December 9, 2004.

Passed Unanimously

03220 Desert Breeze, Horizon City, Texas

Ms. Carrington stated Desert Breeze has had problems with some newly imposed incompatible zoning requirements and they are requesting until October 9, 2004 to close the transaction.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the extension for Desert Breeze until October 9, 2004.

Passed Unanimously

e) Housing Tax Credit Amendments

1) 03001, Heritage Pointe

Ms. Carrington stated Heritage Pointe Apartments is requesting to change several of the amenities that were originally selected.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the amendment for Heritage Pointe. Passed Unanimously

2) 03081, Wright Senior Apartments

Ms. Carrington stated Wright Senior Apartments is proposing to reduce the number of covered parking spaces from 158 to 130. They will substitute a swimming pool for the lost 28 parking spaces.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the reduction in the number of parking spaces and replace them with a swimming pool for Wright Senior Apartments.

Passed Unanimously

f) Discussion of Ownership Changes

Ms. Carrington stated this is a description of the ownership changes in the tax credit and bond developments. Several of them do have a change out in the general partner at the request of the syndicator or lender. Some have an entity into the general partner and this is provided for the members' information.

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 an Investigation by the Brazoria County Criminal District Attorney on Forged Letters Concerning Tranquility Bay Apartments

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

There was no Executive Session held.

REPORT ITEMS

Executive Directors Report

1. National Award for Excellence in Community Action for Community Action Council of South Texas
Ms. Carrington stated this Community Action Council of South Texas won a very prestigious national award and were recognized in Washington by HUD.
2. Department Outreach Activities – Meetings, Trainings, Conferences, Workshops for July and August, 2004
Ms. Carrington stated this is the department's outreach activities for July and August and is being provided for the board's information only.
3. Special Recognition Award from Community Affairs Division
Ms. Carrington stated at the Community Affairs Executive Directors Conference in San Antonio there were two awards to our staff that were given in recognition for excellent that they have performed for the Community Affairs Division and they are for Anne Reynolds who is the Deputy General Counsel and Ricardo Medina in the Information Systems area.
4. Legislative Budget Board and Governor's Budget Office Hearing on Legislative Appropriations Request on September 23rd
Ms. Carrington stated the department will be presenting testimony and answering questions at the hearing on September 23.
5. Senate Intergovernmental Relations Committee on Charge 2 (Relating to Urban / Ex Urban) Meeting with Staff on September 14th
Ms. Carrington stated staff will also be meeting with this committee on September 14th.

She also stated that the Department won an award from HUD for the Colonia self-help centers.

ADJOURN

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

The meeting adjourned at 1:20 p.m.

Respectfully submitted,

Delores Groneck
Board Secretary

Bdminsep

**Housing Tax Credit Program
Board Action Request
October 14, 2004**

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 recommendations for the issuance of two (2) four percent (4%) Tax Credit Determination Notices with **other issuers** for the tax exempt bond transactions known as:

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
04444	TownParc at Bastrop	Bastrop	Capital Area HFC	144	143	\$13,390,335	\$8,700,000	\$420,500	\$411,039
04446	Villas at Costa Biscaya	San Antonio	San Antonio HFC	250	250	\$22,340,118	\$12,005,000	\$862,911	\$862,911

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 14, 2004

Action Item

Presentation, Discussion and Possible Approval for the issuance of 4% Housing Tax Credits for TownParc at Bastrop.

Summary of the Transaction

The application was received on June 3, 2004. The Issuer for this transaction is Capital Area HFC. The development is to be located at State Highway 304 and Home Depot Way out of Hunters Crossing Master Development in Bastrop. The development will consist of 144 total units targeting the family population, with all affordable. The site is currently properly zoned for such a development. The Department has not received any letters in support or opposition. The bond priority for this transaction is:

- Priority 1A:** Set aside **50%** of units that cap rents at 30% of **50%** AMFI **and** Set aside **50%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1B:** Set aside **15%** of units that cap rents at 30% of **30%** AMFI **and** Set aside **85%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1C:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (Only for projects located in a **census tract with median income that is greater** than the median income of the county MSA, or PMSA that the QCT is located in. (MUST receive 4% Housing Tax Credits)
- Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 3:** Any qualified residential rental development.

Recommendation

Staff recommends the Board approve the issuance of Housing Tax Credits for TownParc at Bastrop.



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

Texas Department of Housing and Community Affairs

Development Name: **TownParc at Bastrop Apartments**

TDHCA#: 04444

DEVELOPMENT AND OWNER INFORMATION

Development Location: Bastrop QCT: N DDA: N TTC: N
 Development Owner: Finlay Interests 33, Ltd.
 General Partner(s): Finlay Interests GP 33, LLC, 100%, Contact: Chris Finlay
 Construction Category: New
 Set-Aside Category: Tax Exempt Bond Bond Issuer: Captial Area HFC
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$420,500 Eligible Basis Amt: \$411,039 Equity/Gap Amt.: \$558,485

Annual Tax Credit Allocation Recommendation: \$411,039

Total Tax Credit Allocation Over Ten Years: \$ 4,110,390

PROPERTY INFORMATION

Unit and Building Information

Total Units: 144 HTC Units: 143 % of HTC Units: 100
 Gross Square Footage: 148,465 Net Rentable Square Footage: 145,152
 Average Square Footage/Unit: 1008
 Number of Buildings: 6
 Currently Occupied: N

Development Cost

Total Cost: \$13,390,335 Total Cost/Net Rentable Sq. Ft.: \$92.25

Income and Expenses

Effective Gross Income:¹ \$1,361,626 Ttl. Expenses: \$591,345 Net Operating Inc.: \$770,280
 Estimated 1st Year DCR: 1.26

DEVELOPMENT TEAM

Consultant: Not Utilized Manager: Finlay Management, Inc.
 Attorney: Shackelford, Melton & McKinley Architect: Parker Associates
 Accountant: Reznick, Fedder & Silverman Engineer: To Be Determined
 Market Analyst: Apartment Market Data Research Lender: Charter Mortgage Acceptance
 Services Company
 Contractor: Summit Contractors, Inc. Syndicator: Related Capital Company

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
# in Support: 0	Sen. Kenneth L. Armbrister, District 18 - NC
# in Opposition: 0	Rep. Robert L. Cook, District 17 - NC
	Mayor Tom Scott - NC
	Consistent with the City of Bastrop Consolidated Plan

1. Gross Income less Vacancy

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

CONDITION(S) TO COMMITMENT

1. Per §50.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond 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 credit allocation may be warranted.

DEVELOPMENT’S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:

Score Utilization of Set-Aside Geographic Distrib. Tax Exempt Bond. Housing Type

Other Comments including discretionary factors (if applicable).

Robert Onion, Multifamily Finance Manager _____ Date Brooke Boston, Director of Multifamily Finance Production Date

DEVELOPMENT’S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Score Utilization of Set-Aside Geographic Distrib. Tax Exempt Bond Housing Type

Other Comments including discretionary factors (if applicable). _____

Edwina P. Carrington, Executive Director _____ Date
Chairman of Executive Award and Review Advisory Committee

TDHCA Board of Director’s Approval and description of discretionary factors (if applicable).

Chairperson Signature: _____
Elizabeth Anderson, Chairman of the Board _____ Date

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

DATE: October 4 , 2004

PROGRAM: 4% HTC

FILE NUMBER: 04444

DEVELOPMENT NAME

TownParc at Bastrop Apartments

APPLICANT

Name:	<u>Finlay Interests 33, Ltd.</u>	Type:	<u>For-profit</u>
Address:	<u>4300 Marsh Landing Boulevard, Suite 101</u>	City:	<u>Jacksonville Beach</u> State: <u>FL</u>
Zip:	<u>32250</u>	Contact:	<u>Molly Bergquist</u> Phone: <u>(904) 280-1000</u> Fax: <u>(904) 280-9993</u>

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	<u>Finlay Interests GP 33, LLC</u>	(%):	<u>0.01</u>	Title:	<u>Managing General Partner</u>
Name:	<u>Finlay GP Holdings, Ltd.</u>	(%):	<u>N/A</u>	Title:	<u>100% owner of MGP</u>
Name:	<u>Finlay Holdings, Inc.</u>	(%):	<u>N/A</u>	Title:	<u>100% owner & GP of Finlay GP Holdings, Ltd.</u>
Name:	<u>Christopher C. Finlay</u>	(%):	<u>N/A</u>	Title:	<u>100% owner & president of Finlay Holdings, Inc.</u>
Name:	<u>Finlay Development, LLC</u>	(%):	<u>N/A</u>	Title:	<u>Developer</u>

PROPERTY LOCATION

Location: 250 feet west of SW corner of intersection of State Highway 304 & Home Depot Way **QCT** **DDA**

City: Bastrop **County:** Bastrop **Zip:** 78602

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
<u>\$420,500</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Other Requested Terms: <u>Annual ten-year allocation of housing tax credits</u>			
Proposed Use of Funds: <u>New construction</u>		Property Type: <u>Multifamily</u>	
Special Purpose (s): <u>General population, rural</u>			

RECOMMENDATION

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$411,039 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

- Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

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

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 144 **# Rental Buildings:** 6 **# Common Area Bldgs:** 2 **# of Floors:** 3 **Age:** 0 yrs **Vacant:** N/A at / /
Net Rentable SF: 145,152 **Av Un SF:** 1,008 **Common Area SF:** 3,313 **Gross Bldg SF:** 148,465

STRUCTURAL MATERIALS

The structures will be wood frame on concrete slabs on grade. According to the plans provided in the application the exterior will be comprised as follows: 50% brick veneer & 50% cement fiber siding. The interior wall surfaces will be drywall and the pitched roofs will be finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range & oven, garbage disposal, dishwasher, refrigerator, microwave oven, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, individual heating and air conditioning, & 9-foot ceilings.

ON-SITE AMENITIES

A 2,823-square foot community building will include an activity room, management offices, fitness, & laundry facilities, a kitchen, restrooms, a computer/business center, & a central mailroom. The community building & swimming pool are to be located at the entrance to the property. In addition, a 490-square foot maintenance building with a covered car washing area is to be located in the southeast corner of the site. Two equipped play areas & perimeter fencing with limited access gates are also planned for the site.

Uncovered Parking: 243 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: TownParc at Bastrop is a 16 units per acre, new construction development of 144 units of affordable housing located in southeast Bastrop. The development is comprised of six evenly distributed large, garden style, walk-up residential buildings as follows:

- Four Building Type 1 with 12 each two-bedroom/two-bath units and three-bedroom/two-bath units;
- One Building Type 2 with 24 one-bedroom/one-bath units; and
- One Building Type 3 with 12 each one-bedroom/one-bath units and two-bedroom/two-bath units.

Architectural Review: The building and unit plans are of good design, sufficient size, and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings which are typical of contemporary apartment design.

SITE ISSUES

SITE DESCRIPTION

Size: 9.0 acres 392,040 square feet **Zoning/ Permitted Uses:** Hunter's Crossing Commercial Planned Development District, multifamily permitted
Flood Zone Designation: Zone X **Status of Off-Sites:** Partially improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Bastrop is located in central Texas, approximately 25 miles east of Austin in Bastrop County. The site is a trapezoidally-shaped parcel located in the southwest area of the city, approximately four miles from the central business district. The site is situated on the south side of Home Depot Way, 250 feet west of State Highway 304.

Adjacent Land Uses:

- **North:** Home Depot Way immediately adjacent and a car dealership and Home Depot store beyond which front on State Highway 71;
- **South:** vacant agricultural land;
- **East:** vacant agricultural land immediately adjacent and State Highway 304 and a pecan orchard

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

beyond; and

- **West:** a drainage easement immediately adjacent and ongoing single-family residential development beyond.

Site Access: Access to the property is from the east or west along Home Depot Way. The development is to have a main entry from the north from Home Depot Way and a secondary one at the southeast corner from State Highway 304. Access to State Highway 71 is 1,000 feet north, which provides connections to all other major roads serving the Bastrop area as well as nearby Austin.

Public Transportation: Public transportation to the area is provided by the city bus system, with the nearest stop along Highway 71.

Shopping & Services: The site is within three miles of two major grocery/pharmacies as well as 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.

Site Inspection Findings: TDHCA staff performed a site inspection on June 16, 2004 and found the location to be acceptable for the proposed development. The inspector noted that commercial, retail, and single-family residential uses are under development in close proximity to the site.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated September 2000 and an update report dated August, 2004 were prepared by Horizon Environmental Services. The original report was prepared following an assessment of a much larger 283-acre parent tract of the subject nine-acre site, while the update report pertains specifically to the subject site. The update report contained the following findings and recommendations: "...no evidence or indication of recognized environmental conditions has been revealed...the subject site was found to have a low probability for environmental risk or liability from hazardous materials and substances, and Horizon recommends no additional investigations, studies, or sampling efforts for any hazardous substances or materials." (p. 10)

POPULATIONS TARGETED

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

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$29,880	\$34,140	\$38,400	\$42,660	\$46,080	\$49,500

MARKET HIGHLIGHTS

A market feasibility study dated August 10, 2004 was prepared by Apartment MarketData Research Services, LLC ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "For this analysis we utilized a primary market area comprising a ten-mile radius around the city of Bastrop as a trade area. This trade area encompasses 314.11 square miles." (p. 26)

Population: The estimated 2003 population of the PMA was 28,975 and is expected to increase by 19.1% to approximately 34,504 by 2008. Within the primary market area there were estimated to be 10,297 households in 2003.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 686 qualified households in the PMA, based on the current estimate of 10,297 households, the projected annual household growth rate of 4%, income-qualified households estimated at 21.34% of the population, and an annual renter turnover rate of 64.7 % (p. 44). The Market Analyst used an income band of \$25,406 to \$44,370. The Analyst provided renter tenure data which indicate that renter households currently constitute 19.8% of the population, but instead used statewide American Housing Survey tenure data to estimate that renter households constitute 45.6% of the population. The Underwriter would agree that an overall

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

population-wide renter percentage figure tends to understate the likely low-income renter percentage, but finds that the Analyst’s statewide figure is probably not representative of the Bastrop market and so has used the 19.8% renter percentage figure in estimating demand.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	40	6%	17	6%
Resident Turnover	646	94%	291	94%
Other Sources:	0	0%	0	0%
TOTAL ANNUAL DEMAND	686	100%	308	100%

Ref: p. 44

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 21% based upon 686 units of demand and 144 unstabilized affordable housing in the PMA (the subject) (p. 45). The Underwriter calculated an inclusive capture rate of 46.8% based upon a revised demand estimate of 308 households, which is acceptable for a rural community.

Local Housing Authority Waiting List Information: No information provided.

Market Rent Comparables: The Market Analyst surveyed one comparable 160-unit apartment project in the market area. (p. 93)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (60%)	\$650	\$709	-\$59	\$695	-\$45
2-Bedroom (60%)	\$775	\$842	-\$67	\$835	-\$60
3-Bedroom (60%)	\$920	\$966	-\$46	\$963	-\$43

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

Primary Market Occupancy Rates:

- “The current occupancy of the market area is 96.0% as a result of in-migration of new households and limited new construction. Demand for new ‘affordable’ rental apartment units is considered to be growing.” (p. 88)
- “The competitive submarket supply and demand analysis...included 48 existing income-restricted units...within the primary trade area...The occupancy rate for the income-restricted one-bedroom units is 100%, for income-restricted two-bedroom units it is 100%, the occupancy rate for the income-restricted three-bedroom units is 100%, and the overall occupancy rate for income restricted units is 100%. This project [Oak Grove Apartments I and II, #06729 and #06734], which was constructed in the late 1980s and is in poor condition, would not provide rental rate information.”
- Apartment MarketData conducted an analysis of the one competitive market rate project consisting of 160 conventional units within the primary trade area. This project was constructed in 2002. The occupancy rate for the market rate one-bedroom units is 100%, for market rate two-bedroom units it is 97.5%, the occupancy rate for the market rate three-bedroom units is 81.3%, and the overall average occupancy for market rate units is 96.9%. (p. 108)

Absorption Projections: “Our best guess would be that TownParc at Bastrop would lease at a rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction [resulting in a 12-month absorption period].” (p. 85)

Known Planned Development: No information provided.

Effect on Existing Housing Stock: “The subject should not have a detrimental effect on any existing family projects, as occupancies are increasing throughout the Bastrop area, especially at quality affordable housing communities.” (p. 86)

Other Relevant Information: The Analyst also identified the following developments relating to growth

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demand: “Bastrop has several major projects under construction or in the planning stages that will dramatically increase employment in the area over the next few years. TownParc at Bastrop will fill an important need for quality affordable rental housing for many of the employees who work at these facilities.

- Rockwall Hospital Corporation of Garland is building a \$7 million, 28,000-square foot acute care hospital in Bastrop. The hospital, which will be at State Highway 71 and State Highway 95, is scheduled to open next year...
- Dallas-based Woodbine Development Corporation, in cooperation with hotel giant Hyatt Corporation, is constructing a \$125 million, 635-acre resort planned for Bastrop County. The project will include a 500-room property with an 18-hole golf course, horseback riding, a pool, and other amenities. The proposed site is located on State Highway 71 between Bastrop and Austin-Bergstrom International Airport. The resort is expected to employ 500 to 600 people. Many of these employees would qualify to live in the subject project.
- Simon Property Group, one of the nation’s largest retail developers and owners, plans to construct an open air retail center that could contain as much as one million square feet. The mall would be located across State Highway 71 from the subject apartments. The community center-style development would include ‘big box’ retailers such as Home Depot and Target. Most of the employees who would work at the stores contained in the mall would qualify for the tax credit housing that the subject project would provide. The first phase of the project is expected to open in early 2005.” (p. 58)

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 \$43-\$60 lower than the Market Analyst’s estimated market rents. The Applicant indicated that his lower rents are as a result of the rents proposed by the debt and equity providers. The Underwriter has used the estimated market rents in this analysis, resulting in an additional \$86.7K in gross rental income. Further, there is the potential for additional income (approximately \$12.7K) if the maximum HTC rents are achievable. The Applicant stated that tenants will pay water and sewer in this project, 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 of the rent differences the Applicant’s effective gross income estimate is \$80,182 or 6% less than the Underwriter’s estimate.

Expenses: The Applicant’s total expense estimate of \$4,034 per unit is 2% lower than the Underwriter’s database-derived estimate of \$4,107 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 (\$32K higher), utilities (\$16K lower), and water, sewer, and trash (\$8K lower). The Underwriter was unable to reconcile these differences even with additional information provided by the Applicant.

Conclusion: The Applicant’s estimated income is inconsistent with the Underwriter’s expectations and the Applicant’s net operating income (NOI) estimate is not within 5% of the Underwriter’s estimate. Therefore, the Underwriter’s NOI will be used to evaluate debt service capacity. In both the Applicant’s and the Underwriter’s income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 137.602 acres	\$3,921,107	Assessment for the Year of:	2004
Per acre:	\$28,496	Valuation by:	Bastrop Central Appraisal District
Prorated value, 9 acres:	\$256,464	Tax Rate:	2.6692

EVIDENCE of SITE or PROPERTY CONTROL

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Type of Site Control:	Contract of sale					
Contract Expiration Date:	10/	15/	2004	Anticipated Closing Date:	10/	15/ 2004
Acquisition Cost:	\$953,964			Other Terms/Conditions:	\$20,000 earnest money	
Seller:	Sabine Investment Company			Related to Development Team Member:	No	

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of \$953,964 (\$2.43/SF, \$106K/acre, or \$6,625/unit), although almost four times the tax assessed value, is at the high end of what is typical on a per unit basis for apartment land but is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of \$7,445 per unit are within the Department's allowable guidelines for multifamily developments without requiring additional justifying documentation.

Direct Construction Cost: The Applicant's direct construction cost estimate is \$62.4K or 1% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Fees: The Applicant's contractor's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines. However, the Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by \$266,515 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted by the Underwriter, is used to calculate eligible basis and determine the HTC allocation. As a result, an eligible basis of \$11,578,568 is used to determine a credit allocation of \$411,039 from this method. The resulting syndication proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE

INTERIM TO PERMANENT BOND FINANCING

Source:	Charter Mortgage Acceptance Company			Contact:	Marnie Miller	
Construction Loan Amount:	\$8,700,000	Interest Rate:	5.0%			
Permanent Loan Amount:	\$8,700,000	Interest Rate:	6.5%			
Additional Information:	2-year interest-only construction period					
Amortization:	40 yrs	Term:	40 yrs	Commitment:	<input type="checkbox"/> LOI	<input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional
Annual Payment:	\$	Lien Priority:		Commitment Date	/	/

TAX CREDIT SYNDICATION

Source:	Related Capital Company			Contact:	Eric Trucksess	
Net Proceeds:	\$3,432,000	Net Syndication Rate (per \$1.00 of 10-yr HTC)	84¢			
Commitment	<input type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input checked="" type="checkbox"/> Conditional	Date:	8/	15/ 2004
Additional Information:						

APPLICANT EQUITY

Amount:	\$1,158,335	Source:	Deferred developer fee
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FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by the Capital Area Housing

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Finance Corporation and purchased by CharterMAC. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. The commitment, however, states that, “The Investor understands that it is the General Partner’s intention to apply for approximately \$500,000 of AHP [Affordable Housing Program] funds”. Although these funds are not included in the Applicant’s sources and uses of funds statement or narrative of financing, the effect of this financing, if received, would be to reduce the required deferral of developer fee by an equivalent amount.

Deferred Developer’s Fees: The Applicant’s proposed deferred developer’s fees of \$1,158,335 amount to 65% of the total fees.

Financing Conclusions: Based on the Applicant’s adjusted estimate of eligible basis, the HTC allocation should not exceed \$411,039 annually for ten years, resulting in syndication proceeds of approximately \$3,452,038. Based on the underwriting analysis, the Applicant’s deferred developer fee will be increased to \$1,238,297, which represents approximately 82% of the eligible fee and which should be repayable from cash flow within ten years.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, 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 and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- Finlay GP Holdings, Ltd., the sole owner of the General Partner, as well as its sole owner, Finlay Holdings, Inc., are holding companies without financial statements.
- The principal of the General Partner, Christopher C. Finlay, submitted an unaudited financial statement as of December 31, 2003 and is anticipated to be guarantor of the development.

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

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant’s estimated income, operating expenses, and operating proforma are more than 5% outside of the Underwriter’s verifiable ranges.

Underwriter:

Jim Anderson

Date: October 4, 2004

Director of Real Estate Analysis:

Tom Gouris

Date: October 4, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

TownParc at Bastrop Apartments, Bastrop, 4% HTC #04444

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	Trash Only
TC (60%)	36	1	1	725	\$800	\$695	\$25,020	\$0.96	\$91.00	\$12.00
TC (60%)	59	2	2	1,017	960	835	49,265	0.82	118.00	12.00
EO	1	2	2	1,017	960	0	0	0.00	118.00	12.00
TC (60%)	48	3	2	1,209	1,109	963	46,224	0.80	143.00	12.00
TOTAL:	144		AVERAGE:	1,008	\$970	\$837	\$120,509	\$0.83	\$119.58	\$12.00

INCOME

Total Net Rentable Sq Ft: 145,152

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$15.00

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	4.62%	\$437	0.43
Management	5.00%	473	0.47
Payroll & Payroll Tax	10.77%	1,019	1.01
Repairs & Maintenance	3.53%	333	0.33
Utilities	1.55%	147	0.15
Water, Sewer, & Trash	2.80%	265	0.26
Property Insurance	2.67%	252	0.25
Property Tax	2.6692%	934	0.93
Reserve for Replacements	2.12%	200	0.20
Other Expenses: spt svcs	0.50%	47	0.05
TOTAL EXPENSES	43.43%	\$4,107	\$4.07
NET OPERATING INC	56.57%	\$5,349	\$5.31

DEBT SERVICE

First Lien Mortgage (CharterMAC)	44.89%	\$4,245	\$4.21
Additional Financing	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
NET CASH FLOW	11.68%	\$1,105	\$1.10

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		7.25%	\$6,724	\$6.67
Off-Sites		0.00%	0	0.00
Sitework		8.02%	7,445	7.39
Direct Construction		48.29%	44,809	44.45
Contingency	3.51%	1.97%	1,832	1.82
General Req'ts	5.95%	3.35%	3,109	3.08
Contractor's G & A	1.98%	1.12%	1,036	1.03
Contractor's Profit	5.95%	3.35%	3,109	3.08
Indirect Construction		4.98%	4,622	4.59
Ineligible Costs		3.51%	3,260	3.23
Developer's G & A	2.00%	1.52%	1,407	1.40
Developer's Profit	13.00%	9.86%	9,146	9.07
Interim Financing		4.73%	4,388	4.35
Reserves		2.06%	1,908	1.89
TOTAL COST		100.00%	\$92,797	\$92.06

Recap-Hard Construction Costs

66.10% **\$61,342** **\$60.86**

SOURCES OF FUNDS

First Lien Mortgage (CharterMAC)	65.11%	\$60,417	\$59.94
Additional Financing	0.00%	\$0	\$0.00
HTC Syndication Proceeds	26.43%	\$24,528	\$24.33
Deferred Developer Fees	8.67%	\$8,044	\$7.98
Additional (excess) Funds Required	-0.21%	(\$192)	(\$0.19)
TOTAL SOURCES			

	TDHCA	APPLICANT	Comptroller's Region	/
	\$1,446,108	\$1,359,420	IREM Region	Austin
	25,920	25,920	Per Unit Per Month	
	0	0		
	\$1,472,028	\$1,385,340		
	(110,402)	(103,896)	-7.50%	of Potential Gross Rent
	0	0		
	\$1,361,626	\$1,281,444		
			PER SQ FT	PER UNIT
	\$62,900	\$54,000	\$0.37	\$375
	68,081	64,072	0.44	445
	146,680	139,000	0.96	965
	48,019	80,000	0.55	556
	21,146	5,260	0.04	37
	38,105	29,740	0.20	207
	36,288	38,160	0.26	265
	134,528	135,000	0.93	938
	28,800	28,800	0.20	200
	6,800	6,800	0.05	47
	\$591,345	\$580,832	\$4.00	\$4,034
	\$770,280	\$700,612	\$4.83	\$4,865
	\$611,217	\$611,217	\$4.21	\$4,245
	0	0	\$0.00	\$0
	0	0	\$0.00	\$0
	\$159,064	\$89,395	\$0.62	\$621
	1.26	1.15		
	1.26			

	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
	\$968,274	\$968,274	\$6.67	\$6,724	7.23%
	0	0	0.00	0	0.00%
	1,072,121	1,072,121	7.39	7,445	8.01%
	6,452,531	6,390,087	44.02	44,376	47.72%
	263,866	263,866	1.82	1,832	1.97%
	447,732	447,732	3.08	3,109	3.34%
	149,244	149,244	1.03	1,036	1.11%
	447,732	447,732	3.08	3,109	3.34%
	665,600	665,600	4.59	4,622	4.97%
	469,379	469,379	3.23	3,260	3.51%
	202,615	0	0.00	0	0.00%
	1,316,999	1,776,763	12.24	12,339	13.27%
	631,938	631,938	4.35	4,388	4.72%
	274,720	107,599	0.74	747	0.80%
	\$13,362,752	\$13,390,335	\$92.25	\$92,988	100.00%
	\$8,833,226	\$8,770,782	\$60.42	\$60,908	65.50%

	TDHCA	APPLICANT	RECOMMENDED	
	\$8,700,000	\$8,700,000	\$8,700,000	Developer Fee Available
	0	0	0	\$1,510,248
	3,532,000	3,532,000	3,452,038	% of Dev. Fee Deferred
	1,158,335	1,158,335	1,238,296	82%
	(27,583)	0	0	15-Yr Cumulative Cash Flow
	\$13,362,752	\$13,390,335	\$13,390,335	\$4,315.826

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

TownParc at Bastrop Apartments, Bastrop, 4% HTC #04444

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$43.29	\$6,283,776
Adjustments				
Exterior Wall Finish	4.00%		\$1.73	\$251,351
9-Ft. Ceilings	3.50%		1.52	219,932
Roofing			0.00	0
Subfloor			(0.68)	(98,220)
Floor Cover			2.00	290,304
Porches/Balconies	\$16.91	33,625	3.92	568,599
Plumbing	\$605	324	1.35	196,020
Built-In Appliances	\$1,650	144	1.64	237,600
Stairs	\$1,475	48	0.49	70,800
Floor Insulation			0.00	0
Heating/Cooling			1.53	222,083
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	\$64.57	2,823	1.26	182,281
Maint/Carwash Bldg	\$54.20	490	0.18	26,559
SUBTOTAL			58.22	8,451,086
Current Cost Multiplier	1.08		4.66	676,087
Local Multiplier	0.86		(8.15)	(1,183,152)
TOTAL DIRECT CONSTRUCTION COSTS			\$54.73	\$7,944,021
Plans, specs, survy, bld perm	3.90%		(\$2.13)	(\$309,817)
Interim Construction Interes	3.38%		(1.85)	(268,111)
Contractor's OH & Profit	11.50%		(6.29)	(913,562)
NET DIRECT CONSTRUCTION COSTS			\$44.45	\$6,452,531

PAYMENT COMPUTATION

Primary	\$8,700,000	Term	480
Int Rate	6.50%	DCR	1.26
Secondary	\$0	Term	
Int Rate	0.00%	Subtotal DCR	1.26
Additional	\$3,532,000	Term	
Int Rate		Aggregate DCR	1.26

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$611,217
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$159,064

Primary	\$8,700,000	Term	480
Int Rate	6.50%	DCR	1.26
Secondary	\$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.26
Additional	\$3,532,000	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	\$1,446,108	\$1,489,491	\$1,534,176	\$1,580,201	\$1,627,607	\$1,886,843	\$2,187,368	\$2,535,759	\$3,407,848
Secondary Income	25,920	26,698	27,499	28,323	29,173	33,820	39,206	45,451	61,082
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,472,028	1,516,189	1,561,675	1,608,525	1,656,780	1,920,663	2,226,574	2,581,210	3,468,930
Vacancy & Collection Loss	(110,402)	(113,714)	(117,126)	(120,639)	(124,259)	(144,050)	(166,993)	(193,591)	(260,170)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,361,626	\$1,402,475	\$1,444,549	\$1,487,885	\$1,532,522	\$1,776,613	\$2,059,581	\$2,387,619	\$3,208,761
EXPENSES at 4.00%									
General & Administrative	\$62,900	\$65,416	\$68,032	\$70,754	\$73,584	\$89,526	\$108,922	\$132,520	\$196,163
Management	68,081	70,124	72,227	74,394	76,626	88,831	102,979	119,381	160,438
Payroll & Payroll Tax	146,680	152,547	158,649	164,995	171,594	208,771	254,002	309,032	457,442
Repairs & Maintenance	48,019	49,940	51,937	54,015	56,176	68,346	83,154	101,169	149,755
Utilities	21,146	21,991	22,871	23,786	24,737	30,097	36,617	44,550	65,945
Water, Sewer & Trash	38,105	39,629	41,214	42,862	44,577	54,235	65,985	80,281	118,835
Insurance	36,288	37,740	39,249	40,819	42,452	51,649	62,839	76,453	113,170
Property Tax	134,528	139,909	145,505	151,325	157,378	191,475	232,958	283,430	419,545
Reserve for Replacements	28,800	29,952	31,150	32,396	33,692	40,991	49,872	60,677	89,817
Other	6,800	7,072	7,355	7,649	7,955	9,679	11,775	14,327	21,207
TOTAL EXPENSES	\$591,345	\$614,318	\$638,190	\$662,995	\$688,771	\$833,599	\$1,009,103	\$1,221,820	\$1,792,317
NET OPERATING INCOME	\$770,280	\$788,156	\$806,359	\$824,890	\$843,751	\$943,014	\$1,050,478	\$1,165,800	\$1,416,444
DEBT SERVICE									
First Lien Financing	\$611,217	\$611,217	\$611,217	\$611,217	\$611,217	\$611,217	\$611,217	\$611,217	\$611,217
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$159,064	\$176,939	\$195,142	\$213,673	\$232,534	\$331,797	\$439,261	\$554,583	\$805,227
DEBT COVERAGE RATIO	1.26	1.29	1.32	1.35	1.38	1.54	1.72	1.91	2.32

LIHTC Allocation Calculation - TownParc at Bastrop Apartments, Bastrop, 4% HTC #04444

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$968,274	\$968,274		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,072,121	\$1,072,121	\$1,072,121	\$1,072,121
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$6,390,087	\$6,452,531	\$6,390,087	\$6,452,531
(4) Contractor Fees & General Requirements				
Contractor overhead	\$149,244	\$149,244	\$149,244	\$149,244
Contractor profit	\$447,732	\$447,732	\$447,732	\$447,732
General requirements	\$447,732	\$447,732	\$447,732	\$447,732
(5) Contingencies				
	\$263,866	\$263,866	\$263,866	\$263,866
(6) Eligible Indirect Fees				
	\$665,600	\$665,600	\$665,600	\$665,600
(7) Eligible Financing Fees				
	\$631,938	\$631,938	\$631,938	\$631,938
(8) All Ineligible Costs				
	\$469,379	\$469,379		
(9) Developer Fees				
			\$1,510,248	
Developer overhead		\$202,615		\$202,615
Developer fee	\$1,776,763	\$1,316,999		\$1,316,999
(10) Development Reserves				
	\$107,599	\$274,720		
TOTAL DEVELOPMENT COSTS	\$13,390,335	\$13,362,752	\$11,578,568	\$11,650,378

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			\$11,578,568	\$11,650,378
High Cost Area Adjustment			100%	100%
TOTAL ADJUSTED BASIS			\$11,578,568	\$11,650,378
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			\$11,578,568	\$11,650,378
Applicable Percentage			3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS			\$411,039	\$413,588

Syndication Proceeds 0.8398 \$3,452,038 \$3,473,448

Total Credits (Eligible Basis Method) **\$411,039** \$413,588

Syndication Proceeds \$3,452,038 \$3,473,448

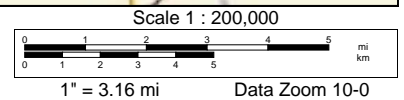
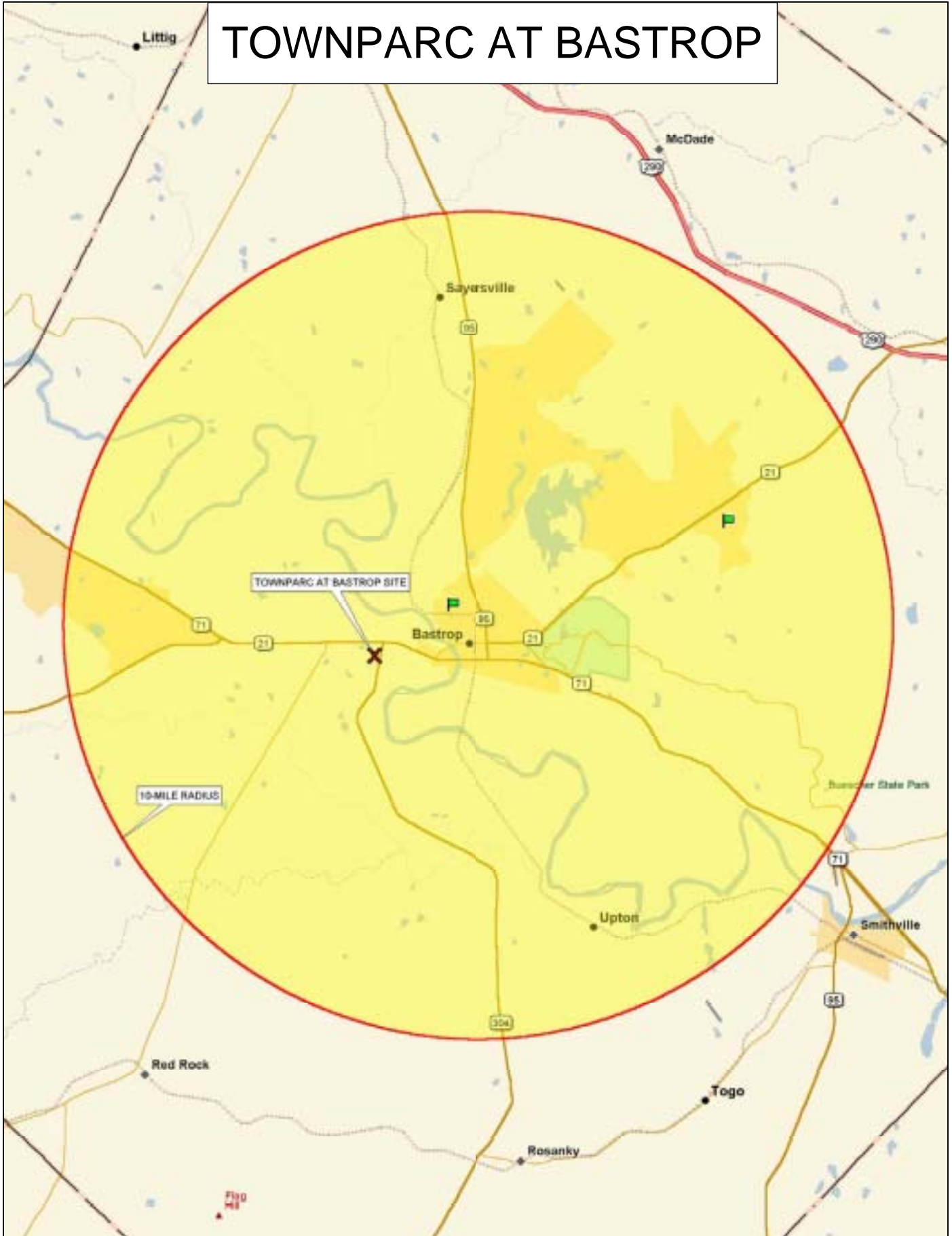
Requested Credits \$420,500

Syndication Proceeds \$3,531,494

Gap of Syndication Proceeds Needed \$4,690,335

Credit Amount \$558,485

TOWNPARC AT BASTROP



MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 14, 2004

Action Item

Presentation, Discussion and Possible Approval for the issuance of 4% Housing Tax Credits for Villas at Costa Biscaya.

Summary of the Transaction

The application was received on June 7, 2004. The Issuer for this transaction is San Antonio HFC. The development is to be located at the 5400 Block of Eisenhower Ave. in San Antonio. The development will consist of 250 total units targeting families, with all affordable. The site is currently properly zoned for such a development. The Department has received one letter of support and no letters in opposition. The bond priority for this transaction is:

- Priority 1A:** Set aside **50%** of units that cap rents at 30% of **50%** AMFI **and** Set aside **50%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1B:** Set aside **15%** of units that cap rents at 30% of **30%** AMFI **and** Set aside **85%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 1C:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (Only for projects located in a **census tract with median income that is greater** than the median income of the county MSA, or PMSA that the QCT is located in. (MUST receive 4% Housing Tax Credits)
- Priority 2:** Set aside **100%** of units that cap rents at 30% of **60%** AMFI (MUST receive 4% Housing Tax Credits)
- Priority 3:** Any qualified residential rental development.

Recommendation

Staff recommends the Board approve the issuance of Housing Tax Credits for The Villas at Costa Biscaya.



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

Texas Department of Housing and Community Affairs

Development Name: **The Villas at Costa Biscaya Apartments**

TDHCA#: 04446

DEVELOPMENT AND OWNER INFORMATION

Development Location: San Antonio QCT: Y DDA: N TTC: N
 Development Owner: Costa Biscaya, Ltd.
 General Partner(s): Agape Costa Biscaya, LLC, 100%, Contact: Laura Wingfield
 Construction Category: New
 Set-Aside Category: Tax Exempt Bond Bond Issuer: San Antonio HFC
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$862,911 Eligible Basis Amt: \$873,896 Equity/Gap Amt.: \$1,152,409
Annual Tax Credit Allocation Recommendation: \$862,911
 Total Tax Credit Allocation Over Ten Years: \$ 8,629,110

PROPERTY INFORMATION

Unit and Building Information

Total Units: 250 HTC Units: 250 % of HTC Units: 100
 Gross Square Footage: 264,828 Net Rentable Square Footage: 260,672
 Average Square Footage/Unit: 1043
 Number of Buildings: 19
 Currently Occupied: N

Development Cost

Total Cost: \$22,340,118 Total Cost/Net Rentable Sq. Ft.: \$85.7

Income and Expenses

Effective Gross Income:¹ \$1,774,169 Ttl. Expenses: \$903,205 Net Operating Inc.: \$870,963
 Estimated 1st Year DCR: 1.10

DEVELOPMENT TEAM

Consultant: NRP Holdings, LLC	Manager: NRP Management, LLC
Attorney: Locke Liddell & Sapp, LLP	Architect: Mucasey Architects
Accountant: Reznick, Fedder & Silverman	Engineer: Vickery & Associates, Inc.
Market Analyst: Apartment Market Data	Lender: Charter mac Capital Solutions
Contractor: NRP Contractors, LLC	Syndicator: MMA Financial, LLC

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
# in Support: 0	Sen. Judith Zaffarini, District 21 - NC
# in Opposition: 0	Rep. Ruth Jones McClendon, District 120 - NC
	Mayor Ed Garza - NC
	Andrew W. Cameron, Director, Housing and Community Development, City of San Antonio; Consistent with the local Consolidated Plan.
	Joel Williams, Councilman Supports the Development

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

CONDITION(S) TO COMMITMENT

1. Per §50.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond 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. Receipt, review, and acceptance of a commitment from the related party general contractor to defer fees as necessary to fill a potential gap in permanent financing.
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.
- 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).

Robert Onion, Multifamily Finance Manager

Date

Brooke Boston, Director of Multifamily Finance Production Date

DEVELOPMENT'S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Score Utilization of Set-Aside Geographic Distrib. Tax Exempt Bond Housing Type

Other Comments including discretionary factors (if applicable)._____

Edwina P. Carrington, Executive Director

Chairman of Executive Award and Review Advisory Committee

Date

TDHCA Board of Director's Approval and description of discretionary factors (if applicable).

Chairperson Signature: _____

Elizabeth Anderson, Chairman of the Board

Date

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

DATE: September 30, 2004 **PROGRAM:** 4% HTC **FILE NUMBER:** 04446

DEVELOPMENT NAME

The Villas at Costa Biscaya Apartments

APPLICANT

Name: Costa Biscaya, Ltd. **Type:** For-profit
Address: 210 West Laurel Street, Suite 100 **City:** San Antonio **State:** TX
Zip: 78218 **Contact:** Laura Wingfield **Phone:** (210) 212-7300 **Fax:** (210) 212-7303

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	<u>Agape Costa Biscaya, LLC</u>	(%):	<u>0.01</u>	Title:	<u>Managing General Partner</u>
Name:	<u>American Agape Foundation, Inc.</u>	(%):	<u>N/A</u>	Title:	<u>100% Owner of MGP & Non-Profit</u>
Name:	<u>Costa Biscaya NRP, LLC</u>	(%):	<u>0.01</u>	Title:	<u>Special Limited Partner</u>
Name:	<u>An entity of MMA Financial</u>	(%):	<u>0.01</u>	Title:	<u>Special Limited Partner</u>
Name:	<u>Agape Georgetown Housing, Inc.</u>	(%):	<u>N/A</u>	Title:	<u>Co-Developer</u>
Name:	<u>NRP Holdings, LLC</u>	(%):	<u>N/A</u>	Title:	<u>Co-Developer</u>
Name:	<u>Alan Scott</u>	(%):	<u>N/A</u>	Title:	<u>33.3% Owner of NRP Holdings, LLC</u>
Name:	<u>T. Richard Bailey, Jr.</u>	(%):	<u>N/A</u>	Title:	<u>33.3% Owner of NRP Holdings, LLC</u>
Name:	<u>J. David Heller</u>	(%):	<u>N/A</u>	Title:	<u>33.3% Owner of NRP Holdings, LLC</u>

PROPERTY LOCATION

Location: 5400 Block of Eisenhower Road **QCT** **DDA**
City: San Antonio **County:** Bexar **Zip:** 78218

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$862,911	N/A	N/A	N/A
Other Requested Terms: <u>Annual ten-year allocation of housing tax credits</u>			
Proposed Use of Funds: <u>New construction</u>		Property Type: <u>Multifamily</u>	
Special Purpose (s): <u>General population</u>			

RECOMMENDATION

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$862,911 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a commitment from the related party general contractor to defer fees as necessary to fill a potential gap in permanent financing;

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

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.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 250 **# Rental Buildings:** 19 **# Common Area Bldgs:** 1 **# of Floors:** 3 **Age:** N/A yrs
Net Rentable SF: 260,672 **Av Un SF:** 1,043 **Common Area SF:** 4,156 **Gross Bldg SF:** 264,828

STRUCTURAL MATERIALS

The structure will be wood frame on a post-tensioned slab. According to the plans provided in the application the exterior will be comprised as follows: 80% stucco, 10% cement fiber siding, and 10% stone veneer. The interior wall surfaces will be drywall and the pitched roof will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl tile. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, individual heating and air conditioning, & 9-foot ceilings.

ON-SITE AMENITIES

A 4,156-square foot community building will include an activity room, management offices, fitness, maintenance, & laundry facilities, a kitchen, restrooms, a computer room, & a central mailroom. The community building, swimming pool, and equipped children's play area are located at the entrance to the property. In addition, picnic area & perimeter fencing with limited access gate is planned for the site.

Uncovered Parking: 308 spaces **Carpports:** 0 spaces **Garages:** 29 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Villas at Costa Biscaya is a very dense (20 units per acre) new construction development of 250 units of affordable housing located in northeast San Antonio. The development is comprised of nineteen sporadically distributed garden style walk-up low-rise residential buildings as follows:

- 3 Building Type 1 with 8 two-bedroom/two-bath units;
- 6 Building Type 2a with 8 two- bedroom/two-bath units, and 4 three-bedroom/two-bath;
- 5 Building Type 2b with 8 two-bedroom/two-bath units, and 4 three-bedroom/two-bath units;
- 1 Building Type 3 with 4 one-bedroom/one-bath units, and 10 four-bedroom/two-bath units;
- 4 Building Type 4 with 12 one-bedroom/one-bath units, and 8 three-bedroom/two-bath units;

Architectural Review: The building and unit plans are of good design, sufficient size and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with nice fenestration.

SITE ISSUES

SITE DESCRIPTION

Size: 12.47 acres 543,193 square feet **Zoning/ Permitted Uses:** C-2/MF-33
Flood Zone Designation: Zone X **Status of Off-Sites:** Partially improved

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

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is an irregularly-shaped parcel located in the northwest area of San Antonio, approximately eight miles from the central business district. The site is situated on the south side of Eisenhower Road.

Adjacent Land Uses:

- **North:** Eisenhower Avenue immediately adjacent and vacant land and residential beyond;
- **South:** vacant land immediately adjacent and residential and commercial beyond;
- **East:** Midcrown Road immediately adjacent and vacant land and residential beyond; and
- **West:** Ray Bon Drive immediately adjacent and vacant land and commercial beyond;

Site Access: Access to the property is from the east or west along Eisenhower Road. The development is to have two entries, both off of Eisenhower Road. Access to Interstate Highway 35 is less than one mile west, which provides connections to all other major roads serving the San Antonio area.

Public Transportation: Public transportation to the area is provided by VIA (San Antonio’s public transportation system) and the nearest bus stop is located on Eisenhower Road at Midcrown Drive, within 0.2 miles of the subject site.

Shopping & Services: The site is within several miles of major grocery/pharmacies, two shopping malls 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.

Site Inspection Findings: TDHCA staff performed a site inspection on April 29, 2004 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated July 1, 2004 was prepared by The Murillo Company and contained the following findings and recommendations: “Based upon TMC site investigation of the subject property, surrounding properties, regulatory agency records review and inquiries, interviews, and historical research, not other direct evidence was found indicating recognized environmental conditions exist at the subject site.” (p. 11)

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside although as a Priority 1 private activity bond lottery development the Applicant has elected the 100% at 60% option which is allowed since it is after June 1 and the development is located in a county with a MFI below the statewide average.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$21,660	\$24,720	\$27,840	\$30,900	\$33,360	\$35,820

MARKET HIGHLIGHTS

A market feasibility study dated July 7, 2004 was prepared by Market Data Research Services, LLC (“Market Analyst”) and highlighted the following findings:

Definition of Primary Market Area (PMA): “For this analysis we utilized a primary market area comprising a 74.48 square mile Trade Area in west San Antonio. The following roads exemplify the major boundaries of the trade area. North-Interstate 35, West-Interstate 35, South-Interstate 10, and East- FM 3009 with a line extending to Interstate 10.” (p. 3). This area is equivalent to a circle with a radius of 4.87 miles.

Population: The estimated 2003 population of the PMA was 139,978 and is expected to increase by 9% to approximately 151,822 by 2008. Within the primary market area there were estimated to be 49,166 households in 2003.

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

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 2,469 qualified households in the PMA, based on the current estimate of 49,166 households, the projected annual growth rate of 2%, renter households estimated at 43% of the population, income-qualified households estimated at 16%, and an annual renter turnover rate of 71 %. (p. 45). The Market Analyst used an income band of \$19,851 to \$33,360.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	62	3%	97	4%
Resident Turnover	2,407	97%	2,343	96%
Other Sources: 10 yrs pent-up demand	N/A	N/A	N/A	N/A
TOTAL ANNUAL DEMAND	2,469	100%	2,440	100%

Ref: p. 46

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 16.8% based upon 2,469 units of demand and 416 unstabilized affordable housing in the PMA (including the subject). (p. 47) The Underwriter calculated an inclusive capture rate of 17% based upon a revised demand of 2,440. Rosemont at Walzem Apartments is a proposed 4% HTC development which lies within the defined market area, but since its reservation date of 8/20/2004 falls after the subjects reservation date of 6/8/2004 it was not considered in the capture rate calculations.

Market Rent Comparables: The Market Analyst surveyed six comparable apartment projects totaling 1,264 units in the market area. (p. 12)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (60%) 770 sq. ft.	\$519	\$522	-\$3	\$650	-\$131
1-Bedroom (60%) 805 sq. ft.	\$519	\$522	-\$3	\$650	-\$131
1-Bedroom (60%) 879 sq. ft.	\$519	\$522	-\$3	\$650	-\$131
2-Bedroom (60%) 1,007 sq. ft.	\$625	\$626	-\$1	\$780	-\$155
2-Bedroom (60%) 1,017 sq. ft.	\$625	\$626	-\$1	\$780	-\$155
2-Bedroom (60%) 1,088 sq. ft.	\$625	\$626	-\$1	\$780	-\$155
3-Bedroom (50%) 1,159 sq. ft.	\$577	\$577	\$0	\$940	-\$363
3-Bedroom (60%) 1,159 sq. ft.	\$711	\$711	\$0	\$940	-\$229
3-Bedroom (60%) 1,167 sq. ft.	\$711	\$711	\$0	\$940	-\$229
3-Bedroom (50%) 1,235 sq. ft.	\$577	\$577	\$0	\$940	-\$363
3-Bedroom (60%) 1,235 sq. ft.	\$711	\$711	\$0	\$940	-\$229

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

Primary Market Occupancy Rates: “The current occupancy of the market area is 91.4%. This lower overall occupancy is due to the higher vacancy rates at older, poorly maintained, projects. Newer projects report occupancies in the mid to high 90’s. Demand for new rental apartment units is considered to be high.” (p. 9)

Absorption Projections: “Absorption in northeast San Antonio has been strong over the last four years. Absorption over the previous four years has averaged 180 units per year. We expect this pace to grow as the number of new household continues to increase, and as additional rental units become available.” (p. 9)

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

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

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under HTC guidelines, and are achievable according to the Market Analyst. Estimates of secondary income are in line with TDHCA underwriting guidelines. The Applicant stated that tenants will pay water and sewer in this project, and rents and expenses were calculated accordingly. The Applicant effective gross income estimate is 1% less than the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of \$3,372 per unit is 7% less than the Underwriter's database-derived estimate of \$3,613 per unit for comparably-sized developments. The Applicant's budget shows two line item estimates, however, that deviate significantly when compared to the database averages, particularly water, sewer and trash (\$19.1K lower), property tax (\$31.6K lower). The management fee estimated by the Applicant comes to 4.1% of the effective gross income and the Applicant provided a related party management agreement reflecting a 4% fee. While conventional properties in the San Antonio market reflect a 4.1% average management fee according to IREM, the Department's database of similar affordable developments reflects a higher average of 4.9%. In the event that a third party management company has to be hired for this property it would appear that the market would require a fee of or near the industry standard of 5%. This represents a \$17K difference in operating expenses estimates. In addition the development will be owned and co-developed with a non profit partner however a tax abatement was not identified by the Applicant. This development may be eligible for a 50% abatement which would decrease expenses and increase net operation income by approximately \$84K annually. The Underwriter discussed these differences with the Applicant but was unable to reconcile them even with additional information provided by the Applicant.

Conclusion: The Applicant's total estimated operating expenses 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 estimated operating expenses, the Underwriter's estimated debt coverage ratio (DCR) of 1.03 is less than the program minimum standard of 1.10. Therefore, it is likely that the maximum debt service for this development will be limited to \$791,938 by a reduction of the bond amount or extension of the amortization or a reduction in the interest rate. The Underwriter has completed this analysis assuming a likely redemption of a portion of the bond amount resulting in a final anticipated bond amount of \$11,272,372. Should a property tax exemption be achieved the full amount of the debt could be serviced at a 1.10 DCR.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: (12.4710) acres	\$543,200	Assessment for the Year of:	2004
Building:	\$N/A	Valuation by:	Bexar County Appraisal District
Total Assessed Value:	\$543,200	Tax Rate:	3.023955

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Purchase and sale agreement					
Contract Expiration Date:	8/	31/	2004	Anticipated Closing Date:	10/	30/ 2004
Acquisition Cost:	\$1,005,000			Other Terms/Conditions:	Earnest money - \$15,000	
Seller:	NFP Partnership			Related to Development Team Member:	No	

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of \$1,005,000 (\$1.85/SF, \$80,593/acre, or \$4,020/unit), although significantly higher than the tax assessed value of \$543,200, is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of \$7,212 per unit are considered acceptable

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

compared to the safe harbor limit of \$7,500 for multifamily projects.

Direct Construction Cost: The Applicant's direct construction cost estimate is \$146K or 1% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Fees: The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by \$289,622 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by \$460,924 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown is used to calculate eligible basis and determine the HTC allocation. As a result, an eligible basis of \$18,829,918 is used to determine a credit allocation of \$873,896 from this method. The resulting syndication proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE									
INTERIM TO PERMANENT BOND FINANCING									
Source:	Charter Mac Capital Solutions				Contact:	Marnie Miller			
Tax-Exempt Amount:	\$12,005,000		Interest Rate:	6.5%					
Amortization:	40	yrs	Term:	40	yrs	Commitment:	<input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional		
Annual Payment:	\$847,976		Lien Priority:	1st		Commitment Date	6/	4/	2004
PERMANENT FINANCING									
Source:	City of San Antonio Home Funds				Contact:	Clint McKenzie			
Principal Amount:	\$1,160,000		Interest Rate:	Face rate 1%					
Additional Information:	Interest only / Pay rate 1% fixed from year 6-40								
Amortization:	N/A	yrs	Term:	40	yrs	Commitment:	<input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional		
Annual Payment:	\$11,600 after year 5		Lien Priority:	2 nd		Commitment Date	6/	4/	2004
TAX CREDIT SYNDICATION									
Source:	MMA Financial				Contact:	Barbara Tyrrell			
Net Proceeds:	\$7,420,293		Net Syndication Rate (per \$1.00 of 10-yr HTC)	86¢					
Commitment	<input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional		Date:	6/		4/		2004	
Additional Information:									
APPLICANT EQUITY									
Amount:	\$1,754,825		Source:	Deferred Developer Fee					
FINANCING STRUCTURE ANALYSIS									
Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by San Antonio Housing Finance Corporation, and will be purchased by Charter Mac. 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 \$1,754,825 amount to									

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

60% of the total fees.

Financing Conclusions: Based on the Applicant's estimate of eligible basis, the HTC allocation should not exceed \$873,896 annually for ten years, but the Applicant's requested credit amount of \$862,911 annually for ten years is lower; therefore, the lower of the two will be used. This results in syndication proceeds of \$7,418,808. Based on the underwriting analysis, the entire bond amount will not be available at conversion to permanent status and the difference of \$732,628 will need to be sourced from additional deferred developer's fee. This exceeds the amount of developer fee available to defer by \$32,862; therefore, a commitment from the related party general contractor to defer fees as necessary to fill a potential gap in permanent financing is a condition of this report. The Applicant's deferred fee will be increased to \$2,488,938, which represents approximately 101% of the eligible developer fee and which is not repayable in ten years, but should be repayable from cash flow within fifteen years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred fee may not be available to fund those development cost overruns.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

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

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The 100% owner of the General Partner, American Agape Foundation, Inc. submitted an unaudited financial statement as of December 31, 2003 reporting total assets of \$518K and no liabilities resulting in a net worth of \$518K.
- The Co-Developer, NRP Holdings, LLC submitted an unaudited financial statement as of December 31, 2003 reporting total assets of \$6.1M consisting of \$6.1M in accounts receivables. Liabilities totaled \$5.6M, resulting in a net worth of \$500K.
- The principals of the Co-developer, Alan Scott and J. David Heller submitted unaudited financial statements as of December 31, 2003 and are anticipated to be guarantors of the development.
- The principal of the Co-developer, T. Richard Bailey, Jr. submitted an unaudited financial statement as of January 22, 2004 and is anticipated to be a guarantor of the development.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Alan Scott, T. Richard Bailey, Jr. and J. David Heller, the principal of the General Partner, listed participation in 50 HTC housing developments totaling 2,621 units since 1995.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:

Carl Hoover

Date: September 30, 2004

Director of Real Estate Analysis:

Tom Gouris

Date: September 30, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

The Villas at Costa Biscaya, San Antonio, 4% HTC #0446

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt-Pd Util	Trash Only
TC (60%)	48	1	1	770	\$579	\$522	\$25,041	\$0.68	\$57.31	\$11.70
TC (60%)	2	1	1	805	579	522	1,043	0.65	57.31	11.70
TC (60%)	2	1	1	879	579	522	1,043	0.59	57.31	11.70
TC (60%)	51	2	2	1,007	696	626	31,903	0.62	70.45	11.70
TC (60%)	5	2	2	1,017	696	626	3,128	0.62	70.45	11.70
TC (60%)	56	2	2	1,088	696	626	35,031	0.57	70.45	11.70
TC (50%)	11	3	2	1,159	669	577	6,351	0.50	91.68	11.70
TC (60%)	28	3	2	1,159	803	711	19,917	0.61	91.68	11.70
TC (60%)	4	3	2	1,167	803	711	2,845	0.61	91.68	11.70
TC (50%)	6	3	2	1,235	669	577	3,464	0.47	91.68	11.70
TC (60%)	37	3	2	1,235	803	711	26,319	0.58	91.68	11.70
TOTAL:	250		AVERAGE:	1,043	\$699	\$624	\$156,085	\$0.60	\$75.02	\$11.70

INCOME Total Net Rentable Sq Ft: **260,672**

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$15.00

Other Support Income: (describe)

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%

Employee or Other Non-Rental Units or Concessions

TDHCA	APPLICANT
\$1,873,020	\$1,870,272
45,000	45,000
0	
\$1,918,020	\$1,915,272
(143,852)	(143,640)
0	
\$1,774,169	\$1,771,632

Comptroller's Region **9**

IREM Region **San Antonio**

\$15.00 Per Unit Per Month

-7.50% of Potential Gross Rent

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.81%	\$341	0.33
Management	5.00%	355	0.34
Payroll & Payroll Tax	11.92%	846	0.81
Repairs & Maintenance	7.96%	565	0.54
Utilities	2.39%	169	0.16
Water, Sewer, & Trash	2.83%	200	0.19
Property Insurance	3.67%	261	0.25
Property Tax	9.51%	675	0.65
Reserve for Replacements	2.82%	200	0.19
Other Expenses:	0.00%	0	0.00
TOTAL EXPENSES	50.91%	\$3,613	\$3.46
NET OPERATING INC	49.09%	\$3,484	\$3.34

TDHCA	APPLICANT
\$85,366	\$90,501
88,708	71,793
211,500	204,500
141,281	141,674
42,368	35,280
50,123	31,000
65,168	81,250
168,691	137,046
50,000	50,000
0	
\$903,205	\$843,044
\$870,963	\$928,588

PER SQ FT	PER UNIT	% OF EGI
\$0.35	\$362	5.11%
0.28	287	4.05%
0.78	818	11.54%
0.54	567	8.00%
0.14	141	1.99%
0.12	124	1.75%
0.31	325	4.59%
0.53	548	7.74%
0.19	200	2.82%
0.00	0	0.00%
\$3.23	\$3,372	47.59%
\$3.56	\$3,714	52.41%

DEBT SERVICE

Charter Mac Capital	47.54%	\$3,374	\$3.24
HOME Funds-City of San Antonio	0.00%	\$0	\$0.00
Additional Financing	0.00%	\$0	\$0.00
NET CASH FLOW	1.55%	\$110	\$0.11

\$843,409	\$847,976
0	
0	
\$27,554	\$80,612
1.03	1.10
1.10	

\$3.25	\$3,392	47.86%
\$0.00	\$0	0.00%
\$0.00	\$0	0.00%
\$0.31	\$322	4.55%

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		4.66%	\$4,020	\$3.86
Off-Sites		0.46%	400	0.38
Sitework		8.37%	7,212	6.92
Direct Construction		49.93%	43,036	41.27
Contingency	3.55%	2.07%	1,785	1.71
General Req'ts	6.00%	3.50%	3,015	2.89
Contractor's G & A	2.00%	1.17%	1,005	0.96
Contractor's Profit	6.00%	3.50%	3,015	2.89
Indirect Construction		4.94%	4,262	4.09
Ineligible Costs		6.52%	5,619	5.39
Developer's G & A	2.00%	1.50%	1,297	1.24
Developer's Profit	13.00%	9.78%	8,428	8.08
Interim Financing		1.74%	1,500	1.44
Reserves		1.87%	1,608	1.54
TOTAL COST		100.00%	\$86,201	\$82.67
Recap-Hard Construction Costs		68.52%	\$59,068	\$56.65

TDHCA	APPLICANT
\$1,005,000	\$1,005,000
100,000	100,000
1,802,975	1,802,975
10,758,959	10,904,956
446,300	446,300
753,716	886,600
251,239	295,533
753,716	886,600
1,065,500	1,065,500
1,404,654	1,404,654
324,148	0
2,106,963	2,917,000
375,000	375,000
401,976	250,000
\$21,550,146	\$22,340,118

PER SQ FT	PER UNIT	% of TOTAL
\$3.86	\$4,020	4.50%
0.38	400	0.45%
6.92	7,212	8.07%
41.83	43,620	48.81%
1.71	1,785	2.00%
3.40	3,546	3.97%
1.13	1,182	1.32%
3.40	3,546	3.97%
4.09	4,262	4.77%
5.39	5,619	6.29%
0.00	0	0.00%
11.19	11,668	13.06%
1.44	1,500	1.68%
0.96	1,000	1.12%
\$85.70	\$89,360	100.00%
\$58.40	\$60,892	68.14%

SOURCES OF FUNDS

Charter Mac Capital	55.71%	\$48,020	\$46.05
HOME Funds-City of San Antonio	5.38%	\$4,640	\$4.45
HTC Syndication Proceeds	34.43%	\$29,681	\$28.47
Deferred Developer Fees	8.14%	\$7,019	\$6.73
Additional (excess) Funds Required	-3.67%	(\$3,160)	(\$3.03)
TOTAL SOURCES			

\$12,005,000	\$12,005,000
1,160,000	1,160,000
7,420,293	7,420,293
1,754,825	1,754,825
(789,972)	0
\$21,550,146	\$22,340,118

RECOMMENDED:

\$11,272,372	Developer Fee Available
1,160,000	\$2,456,076
7,418,808	% of Dev. Fee Deferred
2,488,938	101%
0	15-Yr Cumulative Cash Flow
\$22,340,118	\$3,064,781

MULTIFAMILY COMPARATIVE ANALYSIS(continued)
The Villas at Costa Biscaya, San Antonio, 4% HTC #04446

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$43.52	\$11,344,445
Adjustments				
Exterior Wall Finish	0.90%		\$0.39	\$102,100
9-Ft. Ceilings	3.00%		1.31	340,333
Roofing			0.00	0
Subfloor			(1.02)	(264,582)
Floor Cover			2.00	521,344
Porches/Balconies	\$17.59	29760	2.01	523,478
Plumbing	\$605	594	1.38	359,370
Built-In Appliances	\$1,650	250	1.58	412,500
Stairs (inside)	\$900	101	0.35	90,900
Floor Insulation			0.00	0
Heating/Cooling			1.53	398,828
Garages/Carports	\$21.80	6,000	0.50	130,800
Comm &/or Aux Bldgs	\$61.64	4,156	0.98	256,155
Stairs (outside)	\$1,700	16	0.10	27,200
SUBTOTAL			54.64	14,242,872
Current Cost Multiplier	1.08		4.37	1,139,430
Local Multiplier	0.85		(8.20)	(2,136,431)
TOTAL DIRECT CONSTRUCTION COSTS			\$50.81	\$13,245,871
Plans, specs, survy, bld prm	3.90%		(\$1.98)	(\$516,589)
Interim Construction Interes	3.38%		(1.71)	(447,048)
Contractor's OH & Profit	11.50%		(5.84)	(1,523,275)
NET DIRECT CONSTRUCTION COSTS			\$41.27	\$10,758,959

PAYMENT COMPUTATION

Primary	\$12,005,000	Term	480
Int Rate	6.50%	DCR	1.03
Secondary	\$1,160,000	Term	
Int Rate	1.00%	Subtotal DCR	1.03
Additional	\$7,420,293	Term	
Int Rate		Aggregate DCR	1.03

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$791,938
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	\$79,025

Primary	\$11,272,372	Term	480
Int Rate	6.50%	DCR	1.10
Secondary	\$1,160,000	Term	0
Int Rate	1.00%	Subtotal DCR	1.10
Additional	\$7,420,293	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	\$1,873,020	\$1,929,211	\$1,987,087	\$2,046,700	\$2,108,101	\$2,443,866	\$2,833,111	\$3,284,352	\$4,413,894
Secondary Income	45,000	46,350	47,741	49,173	50,648	58,715	68,067	78,908	106,045
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,918,020	1,975,561	2,034,827	2,095,872	2,158,748	2,502,581	2,901,177	3,363,260	4,519,940
Vacancy & Collection Loss	(143,852)	(148,167)	(152,612)	(157,190)	(161,906)	(187,694)	(217,588)	(252,244)	(338,995)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,774,169	\$1,827,394	\$1,882,215	\$1,938,682	\$1,996,842	\$2,314,887	\$2,683,589	\$3,111,015	\$4,180,944
EXPENSES at 4.00%									
General & Administrative	\$85,366	\$88,781	\$92,332	\$96,025	\$99,866	\$121,503	\$147,827	\$179,854	\$266,227
Management	88,708	91,370	94,111	96,934	99,842	115,744	134,179	155,551	209,047
Payroll & Payroll Tax	211,500	219,960	228,758	237,909	247,425	301,030	366,250	445,599	659,595
Repairs & Maintenance	141,281	146,932	152,809	158,922	165,279	201,087	244,653	297,658	440,606
Utilities	42,368	44,062	45,825	47,658	49,564	60,302	73,367	89,262	132,130
Water, Sewer & Trash	50,123	52,128	54,213	56,381	58,637	71,340	86,796	105,601	156,315
Insurance	65,168	67,775	70,486	73,305	76,237	92,754	112,850	137,299	203,236
Property Tax	168,691	175,439	182,457	189,755	197,345	240,100	292,119	355,407	526,090
Reserve for Replacements	50,000	52,000	54,080	56,243	58,493	71,166	86,584	105,342	155,933
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	\$903,205	\$938,446	\$975,071	\$1,013,132	\$1,052,688	\$1,275,027	\$1,544,624	\$1,871,573	\$2,749,179
NET OPERATING INCOME	\$870,963	\$888,947	\$907,145	\$925,550	\$944,154	\$1,039,860	\$1,138,965	\$1,239,443	\$1,431,765
DEBT SERVICE									
First Lien Financing	\$791,938	\$791,938	\$791,938	\$791,938	\$791,938	\$791,938	\$791,938	\$791,938	\$791,938
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$79,025	\$97,009	\$115,206	\$133,611	\$152,216	\$247,922	\$347,026	\$447,504	\$639,827
DEBT COVERAGE RATIO	1.10	1.12	1.15	1.17	1.19	1.31	1.44	1.57	1.81

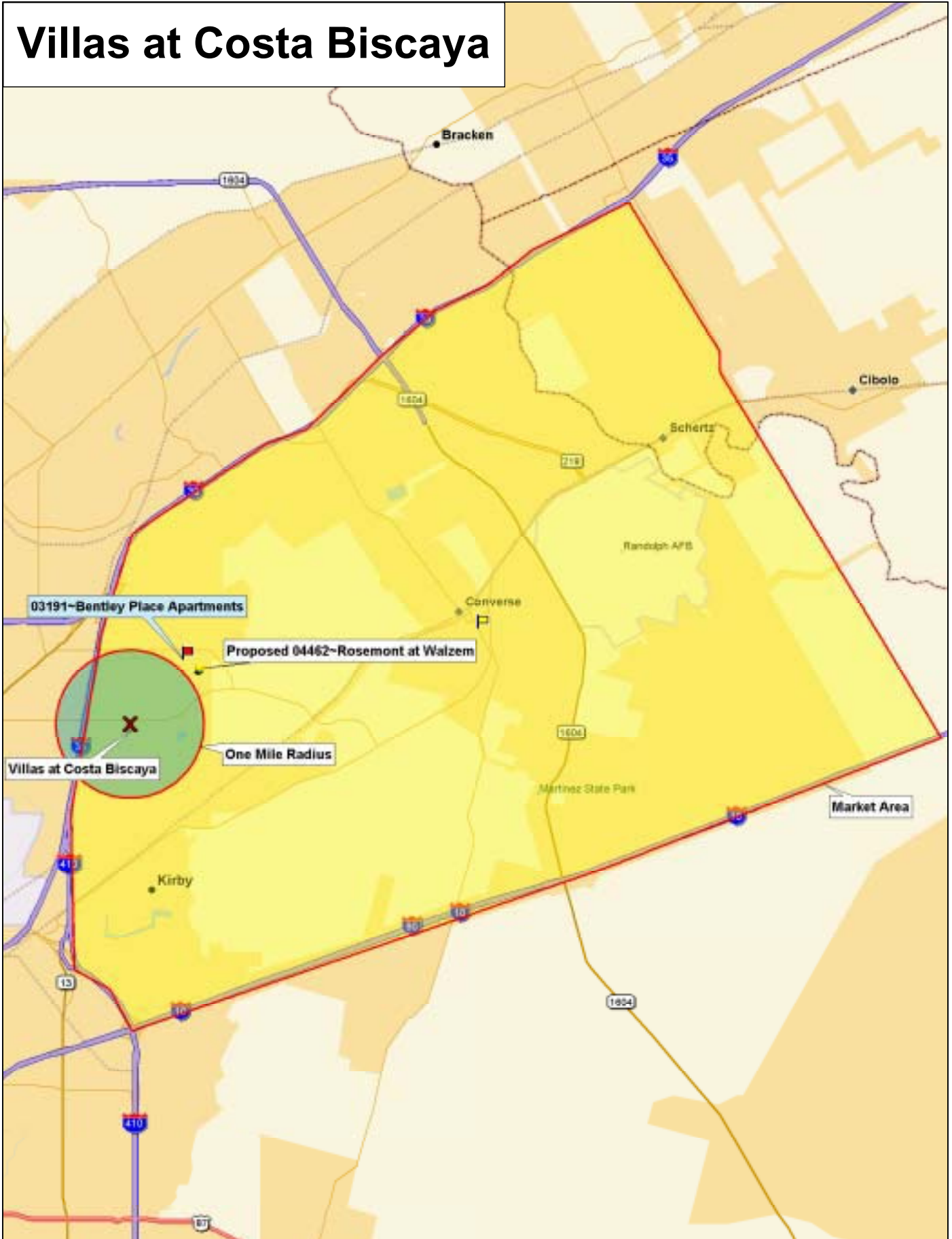
LIHTC Allocation Calculation - The Villas at Costa Biscaya, San Antonio, 4% HTC #04446

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$1,005,000	\$1,005,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,802,975	\$1,802,975	\$1,802,975	\$1,802,975
Off-site improvements	\$100,000	\$100,000		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$10,904,956	\$10,758,959	\$10,904,956	\$10,758,959
(4) Contractor Fees & General Requirements				
Contractor overhead	\$295,533	\$251,239	\$254,159	\$251,239
Contractor profit	\$886,600	\$753,716	\$762,476	\$753,716
General requirements	\$886,600	\$753,716	\$762,476	\$753,716
(5) Contingencies				
	\$446,300	\$446,300	\$446,300	\$446,300
(6) Eligible Indirect Fees				
	\$1,065,500	\$1,065,500	\$1,065,500	\$1,065,500
(7) Eligible Financing Fees				
	\$375,000	\$375,000	\$375,000	\$375,000
(8) All Ineligible Costs				
	\$1,404,654	\$1,404,654		
(9) Developer Fees			\$2,456,076	
Developer overhead		\$324,148		\$324,148
Developer fee	\$2,917,000	\$2,106,963		\$2,106,963
(10) Development Reserves				
	\$250,000	\$401,976		
TOTAL DEVELOPMENT COSTS	\$22,340,118	\$21,550,146	\$18,829,918	\$18,638,515

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS			\$18,829,918	\$18,638,515
High Cost Area Adjustment			130%	130%
TOTAL ADJUSTED BASIS			\$24,478,893	\$24,230,070
Applicable Fraction			100%	100%
TOTAL QUALIFIED BASIS			\$24,478,893	\$24,230,070
Applicable Percentage			3.57%	3.57%
TOTAL AMOUNT OF TAX CREDITS			\$873,896	\$865,014

Syndication Proceeds	0.8597	\$7,513,255	\$7,436,884
Total Credits (Eligible Basis Method)		\$873,896	\$865,014
Syndication Proceeds		\$7,513,255	\$7,436,884
Requested Credits		\$862,911	
Syndication Proceeds		\$7,418,808	
Gap of Syndication Proceeds Needed		\$9,907,746	
Credit Amount		\$1,152,409	

Villas at Costa Biscaya



MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 14, 2004

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

Pertinent facts about the developments requesting amendments are summarized below. The recommendation of staff is given at the end of each write-up. Several requests are similar.

Paris Retirement Village Apartments, HTC Development No. 02045

Summary of Request: Applicant requests approval to change unit mix of the market rate units from 8 one-bedroom units to 7 one-bedroom units and one two-bedroom unit. The change would make the development's unit mix more consistent with demand in the local market.

Governing QAP: 2002 QAP, §49.7(k)
Applicant: Paris Retirement Village, Ltd.
General Partner: SumTex Partners, Inc. (100% GP)
Principals/Interested Parties: Judy and Joe Chamy (100% control of GP & owners of developer)
Syndicator: Alliant Capital, Ltd.
Construction Lender: Bank of America
Permanent Lender: Bank of America
City/County: Paris/Lamar
Set-Aside: Rural
Type of Development: New Construction
Population Served: Elderly
Units: 68 HTC units and 8 market rate units
2002 Allocation: \$373,692
Allocation per HTC Unit: \$5,495
Prior Board Actions: 7/29/02 - Approved award of tax credits.
Underwriting Reevaluation: Recommendation is pending.

Staff Recommendation: **Approve the change in unit mix pending concurrence by Real Estate Analysis. This request would not have impacted any threshold or selection criteria and would not have impacted the award of this application.**

Chamy Investments

REAL ESTATE

742 E. Pipeline Rd.
Hurst, Texas 76053
(817) 285-6315
(817) 285-7157 (Fax)
Chamyinv@aol.com

September 17, 2004

Via LSO# 33157469

Ms. Patricia Murphy
Property Management & Compliance
TX. Dept. of Housing & community Affairs
507 Sabine St.
Austin, TX 78701

RE: Paris Retirement Village- TDHCA# 02045

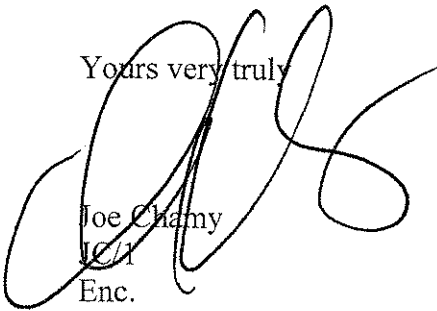
Dear Ms. Murphy:

Request is hereby made to change the make-up of our market rate units for the above referenced from eight (8) 1 Bedroom units to seven (7) 1 Bedroom units and one (1) 2 Bedroom unit. enclosed herein, please find the following:

1. Rent Schedule as originally submitted with our Application.
2. Rent Schedule as revised to reflect the 7 one bedroom and 1 two bedroom market units.

Your approval of this request is deeply appreciated.

Yours very truly


Joe Chamy
JC/1
Enc.



Sterling Springs Villas Apartments, HTC Development No. 03145

Summary of Request: Applicant requests approval to (1) change from gas to electric heating and water heating; (2) upgrade from vinyl flooring to ceramic tile in kitchens and bathrooms; (3) upgrade from fiberglass tub/shower enclosure to ceramic tile; and (4) install a microwave oven in lieu of a range/oven in the clubhouse kitchen. The scoring of the Application would not have been affected by any of the items requested.

Applicant requests items (1) and (4) as cost saving measures. Regarding item (1), the pipes and vents associated with plumbing for gas are considerably more expensive and put more constraints on design than wiring for electricity. Applicant's architect stated that Aqua-Therm units, which provide both hot water and space heating, were planned for use with gas on the lower level of each building to minimize the number of vents. The lower levels would have used wall vents, which are unattractive but do not affect the remainder of a building's design. Conventional gas heating units would have been used on the upper level because vents could have been run through the roof. Progress in planning caused the recognition of a latent problem in the original plan. Aqua-Therm uses a grid of small cells of hot water to heat the air flowing into the HVAC ducts. The hard water of west Texas rapidly clogs the cells, increasing maintenance and replacements.

Regarding item (4) above, the clubhouse kitchen will contain a sink, refrigerator, dishwasher (not stated in request but confirmed verbally by applicant) and microwave. The reason for the request is that the City would require a commercial grade appliance and the consequent cost of the appliance would not be justified by the low volume of its use. Items (2) and (3) are requested to increase market demand.

Governing QAP:	2003 QAP, §49.18(c)
Applicant:	LHD Sterling Springs, L.P.
General Partner:	Landmark TC Management, LLC
Principals/Interested Parties:	Kent Hance, Ron Hance, Susan Sorrells (owners of GP & developer)
Syndicator:	Lend Lease Real Estate Investments
Construction Lender:	JP Morgan Chase
Permanent Lender:	JP Morgan Chase
City/County:	Midland/Midland
Set-Aside:	General
Type of Development:	New Construction
Population Served:	Family
Units:	114 HTC units and 6 market rate units
2003 Allocation:	\$845,579
Allocation per HTC Unit:	\$7,417
Prior Board Actions:	7/30/03 - Approved award of tax credits.
Underwriting Reevaluation:	Recommendation is pending.
Staff Recommendation:	Approve items (1), (2) and (3), pending concurrence by the Real Estate Analysis Division. Deny item (4) because a range/oven should be expected in the clubhouse kitchen.

STERLING SPRINGS VILLAS

September 20, 2004

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

Re: Change Request, Sterling Springs Villas, TDHCA #03145

Dear Ms. Boston:

We respectfully submit a request for the following changes to the application for tax credits for Sterling Springs Villas (owner – LHD Sterling Springs, LP).

1. Flooring: Tile flooring in units as a replacement of vinyl flooring
 - a. Recommendation of the property management and general contractor for both benefit to the tenant and long-term maintenance purposes
2. Bath: Tile Tub/Shower as a replacement of Fiberglass Tub/Shower
 - a. Recommendation of the property management and general contractor for both benefit to the tenant and long-term maintenance purposes
3. On-Site Amenities: Public Restrooms in the Club House as a replacement of Residential Kitchen
 - a. The cost to place an oven/range in the public club house is about \$12,000 - 15,000. The club house will still have a sink, refrigerator, and microwave.
4. Utilities: Electric heating and water heating instead of gas heating and water heating
 - a. Recommendation of the general contractor for long-term maintenance purposes. If gas heating is used, the upstairs heating equipment must be Aqua-Therm which increases maintenance problems.

The changes requested above would NOT affect the score of the application and would NOT modify any of the following: site plan, unit number or mix, tenant services, square footage, modify the architecture design, or density.

Enclosed please find:

1. Exhibit 3. Activity Overview
2. Development Cost Schedule - Unchanged
3. Rent Schedule – Amended
4. Utility Allowance Schedule – Amended

Follow by HUD-52667

STERLING SPRINGS VILLAS

5. Statement of Annual Expenses – Amended
6. Sources and Uses – Unchanged
7. 30 year Proforma – Amended

Followed by Debt Service document supporting interest rate

If you have any questions or need additional information, please call Aubrea Hance at 512-527-9335 x101. Thank you for your time and attention in this matter.

Sincerely,



Ron Hance
Managing Member of General Partner

Park Meadows Villas Apartments, HTC Development No. 03140

Summary of Request: Applicant requests approval to (1) change from gas to electric heating and water heating; (2) upgrade from vinyl flooring to ceramic tile in kitchens and bathrooms; (3) upgrade from fiberglass tub/shower enclosure to ceramic tile; and (4) install a microwave oven in lieu of a range/oven in the clubhouse kitchen. The scoring of the Application would not have been affected by any of the items requested.

Applicant requests items (1) and (4) as cost saving measures. Regarding item (1), the pipes and vents associated with plumbing for gas are considerably more expensive and put more constraints on design than wiring for electricity. Applicant's architect stated that Aqua-Therm units, which provide both hot water and space heating, were planned for use with gas on the lower level of each building to minimize the number of vents. The lower levels would have used wall vents, which are unattractive but do not affect the remainder of a building's design. Conventional gas heating units would have been used on the upper level because vents could have been run through the roof. Progress in planning caused the recognition of a latent problem in the original plan. Aqua-Therm uses a grid of small cells of hot water to heat the air flowing into the HVAC ducts. The hard water of west Texas rapidly clogs the cells, increasing maintenance and replacements.

Regarding item (4) above, the clubhouse kitchen will contain a sink, refrigerator, dishwasher (not stated in request but confirmed verbally by applicant) and microwave. The reason for the request is that the City would require a commercial grade appliance and the consequent cost of the appliance would not be justified by the low volume of its use. Items (2) and (3) are requested to increase market demand.

Governing QAP:	2003 QAP, §49.18(c)
Applicant:	LHA Park Meadows, LP
General Partner:	LPMD-1, LLC (100% GP)
Principals/Interested Parties:	City of Lubbock Housing Authority (100% control of GP); Kent Hance, Ron Hance, Susan Sorrells (owners of developer)
Syndicator:	Lend Lease Real Estate Investments
Construction Lender:	JP Morgan Chase Bank
Permanent Lender:	JP Morgan Chase Bank
City/County:	Lubbock/Lubbock
Set-Aside:	Nonprofit & General
Type of Development:	New Construction
Population Served:	Family
Units:	100 HTC units and 12 market rate units
2003 Allocation:	\$737,372
Allocation per HTC Unit:	\$7,374
Prior Board Actions:	7/30/03 - Approved award of tax credits. 10/9/03 - Approved exchange of land on one side of site for land on other side & increase in number of buildings from 30 to 36. 6/28/04 - Approved reduction in buildings from 36 to 35.
Underwriting Reevaluation:	Recommendation is pending.
Staff Recommendation:	Approve items (1), (2) and (3), pending concurrence by the Real Estate Analysis Division. Deny item (4) because a range/oven should be expected in the clubhouse kitchen.

PARK MEADOWS VILLAS

September 20, 2004

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

Re: Change Request, Park Meadows Villas, TDHCA #03140

Dear Ms. Boston:

We respectfully submit a request for the following changes to the application for tax credits for Park Meadows Villas (owner – LHA Park Meadows, LP).

1. Flooring: Tile flooring in units as a replacement of vinyl flooring
 - a. Recommendation of the property management and general contractor for both benefit to the tenant and long-term maintenance purposes
2. Bath: Tile Tub/Shower as a replacement of Fiberglass Tub/Shower
 - a. Recommendation of the property management and general contractor for both benefit to the tenant and long-term maintenance purposes
3. On-Site Amenities: Public Restrooms in the Club House as a replacement of Residential Kitchen
 - a. The cost to place an oven/range in the public club house is about \$12,000 - 15,000. The club house will still have a sink, refrigerator and microwave.
4. Utilities: Electric heating instead of gas heating
 - a. Recommendation of the general contractor for long-term maintenance purposes. If gas heating is used, the upstairs heating equipment must be Aqua-Therm which increases maintenance problems.

The changes requested above would NOT affect the score of the application and would NOT modify any of the following: site plan, unit number or mix, tenant services, square footage, modify the architecture design, or density.

Enclosed please find:

1. Development Cost Schedule – Unchanged
2. Rent Schedule – Amended
3. Utility Allowance Schedule – Amended
Follow by HUD-52667
4. Statement of Annual Expenses – Amended

PARK MEADOWS VILLAS

5. Sources and Uses – Unchanged
6. 30 year Proforma – Amended
Followed by Debt Service document supporting interest rate

If you have any questions or need additional information, please call Aubrea Hance at 512-527-9335 x101. Thank you for your time and attention in this matter.

Sincerely,



Ron Hance
Authorized Signer

Sedona Springs Village Apartments, HTC Development No. 04120

Summary of Request: Applicant requests approval to (1) change from gas to electric heating and water heating; (2) upgrade from vinyl flooring to ceramic tile in kitchens and bathrooms; and (3) upgrade all two bedroom one bathroom units (16 HTC units and 2 market rate units) to have two bathrooms. The increase in bathrooms would also increase the rentable area of the units and of the development as a whole. The scoring of the Application would not have been affected by any of the items requested.

Applicant requests item (1) as a cost saving measure. Regarding item (1), the pipes and vents associated with plumbing for gas are considerably more expensive and put more constraints on design than wiring for electricity. Applicant's architect stated that Aqua-Therm units, which provide both hot water and space heating, were planned for use with gas on the lower level of each building to minimize the number of vents. The lower levels would have used wall vents, which are unattractive but do not affect the remainder of a building's design. Conventional gas heating units would have been used on the upper level because vents could have been run through the roof. Progress in planning caused the recognition of a latent problem in the original plan. Aqua-Therm uses a grid of small cells of hot water to heat the air flowing into the HVAC ducts. The hard water of west Texas rapidly clogs the cells, increasing maintenance and replacements. Items (2) and (3) are requested to increase market demand.

Governing QAP:	2004 QAP, §50.18(c)
Applicant:	LHD Sedona Springs, LP
General Partner:	Landmark TC Management, LLC (100% GP)
Principals/Interested Parties:	Kent Hance, Ron Hance, Susan Sorrells (100% control of GP & developer), Odessa Housing Authority (0.01% limited partner)
Syndicator:	Lend Lease Real Estate Investments
Construction Lender:	JP Morgan Chase Bank
Permanent Lender:	JP Morgan Chase Bank
City/County:	Odessa/Ector
Set-Aside:	General
Allocation Category:	Urban/Exurban
Type of Development:	New Construction
Population Served:	Family
Units:	85 HTC units and 15 market rate units
2004 Allocation:	\$647,355
Allocation per HTC Unit:	\$7,616
Prior Board Actions:	Approved award of tax credits: July 28, 2004
Underwriting Reevaluation:	Recommendation is pending.
Staff Recommendation:	Approve all items in the request, pending concurrence by the Real Estate Analysis Division

SEDONA SPRINGS VILLAGE

September 20, 2004

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

Re: Change Request, Sedona Springs Village, TDHCA #04120

Dear Ms. Boston:

We respectfully submit a request for the following changes to the application for tax credits for Sedona Springs Village (owner – LHD Sedona Springs, LP).

1. Flooring: Tile flooring in units as a replacement of vinyl flooring
 - a. Recommendation of the property management and general contractor for both benefit to the tenant and long-term maintenance purposes
2. Utilities: Electric heating and water heating instead of gas heating and water heating
 - a. Recommendation of the general contractor for long-term maintenance purposes. If gas heating is used, the upstairs heating equipment must be Aqua-Therm which increases maintenance problems.
3. Change all 2 Bedroom/1 Bath Units to 2 Bedroom/2 Bath Units
 - a. Originally a recommendation of the architect to reduce the number of building types resulting in more efficient construction and reduced costs. After the drawings were essentially completed, the architect discovered that he was unable to make a reduction the number of building types, but as the drawings are complete and have been submitted to the engineers, the applicant requests permission to continue with this change.

The changes requested above would NOT affect the score of the application. The request would NOT modify any of the following: site plan, unit number or mix, tenant services, modify the architecture design, or density. The requested WOULD affect the square footage of the some of the units and buildings, but would not result in any decrease of square footage, but an increase in square footage.

Enclosed please find:

1. Exhibit 3. Activity Overview – Amended
2. Development Cost Schedule - Amended
3. Rent Schedule – Amended
4. Utility Allowance Schedule – Amended

SEDONA SPRINGS VILLAGE

5. Statement of Annual Expenses – Amended
6. Sources and Uses – Amended
7. 30 year Proforma – Amended
8. Unit & Building Plans - Amended

If you have any questions or need additional information, please call Aubrea Hance at 512-527-9335 x101. Thank you for your time and attention in this matter.

Sincerely,



Ron Hance
Managing Member of the General Partner

Kingsland Trails Apartments, HTC Development No. 04004 (2003 forward commitment - formerly 03168)

Summary of Request: The applicant composed this request through consultation with the Department's underwriting staff to establish a financially feasible development plan despite the unforeseeable loss of the ability to increase the development's eligible basis by 30%, an incentive available to developments located in areas designated by the U.S. Department of Housing and Urban Development (HUD) as Difficult Development Areas (DDA). The DDA status was a key element in the feasibility of the Applicant's original proposal.

To compensate for the loss of DDA status, the applicant requests approval for a change in the applicable fraction and rent restrictions that were stated in the original application. In 2003 this application was awarded a forward commitment for a 2004 allocation. At that time, the development was located in a DDA. However, the development must be consistent with the DDA designation for the year of the applicable tax credit ceiling (not the year of the application or the year in which the forward commitment was made). In this case, HUD's list of 2003 DDA's no longer applies in 2004 and the subject development is no longer in a DDA. It is also important that the Internal Revenue Service (IRS) requires that forward commitments be consistent with the qualified allocation plan (QAP) of the year of the applicable tax credit ceiling. The subject development is therefore governed by the 2004 QAP.

Because of IRS policy, and the change in the DDA designation, the development owner may no longer claim the 30% increase in basis that was included in the application and in the Department's underwriting calculations. Consequently, the calculations which formed the basis for the amount of credits committed are no longer valid and the development, as originally proposed, appears to be financially infeasible. To restore feasibility, the Applicant is now requesting permission to reclassify all 16 of its market rate units as tax credit units at the 60% of AMFI rent level. The change would increase the applicable fraction from 79% to 100%. Additionally, the Applicant requests permission to change the 11 units originally proposed to be restricted to 30% of AMFI rents to become units restricted to 60% of AMFI rents. All remaining units would remain restricted as originally proposed and the development would have 7 units at 40% rents, 12 units at 50% and 57 units at 60%, for a total of 76 units. The Applicant has also reported cost increases that would increase its eligible basis.

It should be noted that the score of the application would have been lower if the applicable fraction, rental structure and DDA status that are now proposed or existing had been in effect in the original application. However, because of lack of funds for the subject region, Region 7, only three applications were received for the region in 2003. One was terminated and the other two, including the subject, were awarded allocations.

Governing QAP:	2004 QAP, §50.18(c)
Applicant:	Kingsland Trails, LP
General Partner:	Highland Lakes Housing Opportunity Corp. (GP) HLHOC Kingsland, Inc. (Co-GP)
Principals/Interested Parties:	HLHOC Development Company, LLC (20% developer); Kilday Development, LP (80% developer) Mark Mayfield (of GP & 20% developer), Dick Kilday (of 80% developer)
Syndicator:	MMA Financial
Construction Lender:	Washington Mutual
Permanent Lender:	Washington Mutual
City/County:	Kingsland/Llano
Set-Aside:	Rural
Type of Development:	New Construction

Population Served:	Family
Units:	76 HTC units
2004 Allocation:	\$444,394
Allocation per HTC Unit:	\$5,847
Prior Board Actions:	7/30/03 - Approval of Forward Commitment.
Underwriting Reevaluation:	Recommendation is pending.
Staff Recommendation:	The circumstances in this case were not foreseeable or preventable by the applicant. Although the applicant's proposal would eliminate the development's 11 units at 30% rents, the 60% units would increase by 27 units, 16 of which would not have been rent restricted under the original proposal. The proposal therefore creates an increase in the total number of low income households that will be served. Staff recommends approval of the amendment requested.



September 3, 2004

Ms. Beth Anderson
Chair of the Board
Texas Department of Housing & Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941

Re: Request for amendment to Kingsland Trails Apartments, HTC Application #04004 (2003 Forward Commitment)

Dear Ms. Anderson:

Please accept this letter as the formal request to the TDHCA Board of Directors for amendment to Kingsland Trails Apartments, HTC Application #04004 (2003 Forward Commitment).

At the time of our 2003 HTC application for Kingsland Trails Apartments, Llano County (the county where the development is located) was designated by HUD as a Difficult Development Area (DDA). As such, our eligible basis was increased by 30%. In 2004, Llano County was taken off HUD's DDA list. Since Kingsland Trails Apartments was a 2003 Forward Commitment, it is governed by the 2004 QAP. Thus, the 30% increase in eligible basis was not available for 2004.

Due to this unforeseen loss in eligible basis, and to restore feasibility, we are requesting permission to reclassify sixteen (16) market rate units to tax credit units at the 60% of AMFI rent level. Additionally, we request permission to reclassify eleven (11) 30% of AMFI units to units at the 60% of AMFI rent level. All other units would remain restricted as originally proposed in our Application.

These proposed changes have been reviewed and accepted by the Real Estate Analysis Division and will not affect the original Tax Credit allocation amount.

Thank you for considering our request.

Sincerely,

A handwritten signature in cursive script that reads "Les Kilday". The signature is written in dark ink and is positioned above the typed name and title.

Les Kilday
Vice President, Kilday Realty Corp.

Pleasant Hill Apartments, HTC Development No. 04101

Summary of Request: Applicant requests (1) confirmation that the requirement to provide storm windows in the owner's certification in Tab 3A of the Application, misstates the requirement of §50.9(f)(4)(G)(i) of the 2004 QAP to provide insulated windows; and (2) confirmation that this rehabilitation development is not required to construct 5% of the units for tenants with mobility impairments and 2% for tenants with hearing and vision impairments, or to other requirements of Section 504 which would apply to new construction. The applicant contends that 504 does not apply because the rehabilitation cost will be less than 75% of the replacement cost of the development and will not change the development's structural elements or means of egress. Barring an interpretation of §50.9(f)(4)(F) of the 2004 QAP to the contrary, the cost and structural criteria would determine whether a development is subject to Section 504.

Applicant requested (1) above to resolve the discrepancy between the owner's certification and the QAP. Applicant requested (2) because of the high cost of converting units to be accessible.

Governing QAP:	2004 QAP, §50.18(c)
Applicant:	Pleasant Hill Preservation, L.P.
General Partner:	AIMCO Pleasant Hill, LLC (90% GP), TTC, LLC (10% GP)
Principals/Interested Parties:	Paul Patierno of 90% GP, Frank Fonseca of 10% GP
Syndicator:	AIMCO Capital Tax Credit Fund III
Construction Lender:	MMA Financial
Permanent Lender:	MMA Financial
City/County:	Austin/Travis
Set-Aside:	At-Risk
Allocation Category:	Urban/Exurban
Type of Development:	Acquisition/Rehabilitation
Population Served:	Family
Units:	100 HTC units
2004 Allocation:	\$484,888
Allocation per HTC Unit:	\$4,849
Prior Board Actions:	Approved award of tax credits: July 28, 2004
Underwriting Reevaluation:	Recommendation is that credits remain at the same level as originally allocated.

Staff Recommendation: **Regarding item (1), approve insulated windows instead of storm windows.**
Regarding item (2), staff recommends stipulating that 5% (for mobility impaired tenants) and 2% (for vision and hearing impaired tenants) of the units must be modified or constructed as accessible units as though the development were new construction.

LOCKE LIDDELL & SAPP LLP

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September 16, 2004

Ms. Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine
Austin, Texas 78701

Re: Pleasant Hill Apartments -- Austin
TDHCA No. 04101

Dear Edwina:

We represent the Owner (herein so called) of the above referenced complex (the "Property"). The Owner has received a commitment of low-income housing tax credits for the rehabilitation of the Property. The Property is an existing 100-unit complex for families. The Owner seeks waivers or clarifications of certain provisions of the 2004 QAP with regard to the rehabilitation as follows:

First Requested Item – Insulated Windows

Section 50.9(f)(4)(G)(i) of the 2004 QAP requires properties to meet the insulation values of the 2000 International Energy Conservation Code and provide insulated windows. Unfortunately, the Development Certification in Tab 3A of the application, which implements Section 50.9(f)(4)(G)(i) of the 2004 QAP, refers to "storm" windows instead of "insulated" windows. We believe this is simply a typographical error in Tab 3A. The Owner will replace all of the windows in the Property, and insulated windows will be installed in all instances. The Owner believes this meets the requirement of the 2004 QAP, regardless of the apparent error in the Development Certification in Tab 3A. With insulated windows, storm windows are not practical or necessary.

Please confirm that the Owner will comply with Section 50.9(f)(4)(G)(i) of the 2004 QAP by installing insulated windows in the Property.

Second Requested Item – Section 504 Standards

Section 50.9(f)(4)(F) of the 2004 QAP requires the Owner to provide a "certification that the Development will comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C." By a clear reading of the federal law and corresponding regulations, the Section 504 accessibility

Ms. Edwina Carrington
September 16, 2004
Page 2

standards are required in the case of new construction or alteration of an existing property. By definition, "alteration" requires a change in structural elements or means of egress. It does not include "normal maintenance, repair, re-roofing, interior decoration or changes to mechanical or electrical systems." The rehabilitation plan proposed by the Owner for the Property does not constitute "alteration." Rather, the Owner contemplates the kind of repair and systems replacement that would not be an alteration and would not subject the Owner to Section 504 requirements. Further, the estimated cost for the proposed rehabilitation by the Owner is less than 75% of the replacement cost of the Property. This is also an exception to the Section 504 requirements and dictates that the Owner is not required to meet Section 504 design standards for the Property.

In short, the Owner "will comply with the accessibility standards that are required under Section 504" because no accessibility standards are required under federal law for this Property. Please confirm that the design standards established under Section 504 are not required for the Property. We understand that TDHCA has examined this question with regard to similar requests from other property owners and trusts that you will address these matters consistently.

If you have any questions regarding the amendments requested, please feel free to contact us or the Owner. We appreciate your assistance with this matter.

Sincerely,



Cynthia L. Bast

cc: Paul Patierno
Frank Pollacia

Brooke Boston
Ben Sheppard

Whitefield Place Apartments, HTC Development No. 04107

Summary of Request: Applicant requests (1) confirmation that the requirement to provide storm windows in the owner's certification in Tab 3A of the Application, misstates the requirement of §50.9(f)(4)(G)(i) of the 2004 QAP to provide insulated windows; and (2) confirmation that this rehabilitation development is not required to construct 5% of the units for tenants with mobility impairments and 2% for tenants with hearing and vision impairments, or to other requirements of Section 504 which would apply to new construction. The applicant contends that 504 does not apply because the rehabilitation cost will be less than 75% of the replacement cost of the development and will not change the development's structural elements or means of egress. Barring an interpretation of §50.9(f)(4)(F) of the 2004 QAP to the contrary, the cost and structural criteria would determine whether a development is subject to Section 504.

Applicant requested (1) above to resolve the discrepancy between the owner's certification and the QAP. Applicant requested (2) because of the high cost of converting units to be accessible.

Governing QAP:	2004 QAP, §50.18(c)
Applicant:	Whitefield Place Preservation, L.P.
General Partner:	AIMCO Whitefield Place, LLC (90% GP), TTC, LLC (10% GP)
Principals/Interested Parties:	Paul Patierno of 90% GP, Frank Fonseca of 10% GP
Syndicator:	AIMCO Capital Tax Credit Fund III
Construction Lender:	MMA Financial
Permanent Lender:	MMA Financial
City/County:	San Antonio/Bexar
Set-Aside:	At-Risk
Allocation Category:	Urban/Exurban
Type of Development:	Acquisition/Rehabilitation
Population Served:	Family
Units:	80 HTC units
2004 Allocation:	\$419,397
Allocation per HTC Unit:	\$5,242
Prior Board Actions:	Approved award of tax credits: July 28, 2004
Underwriting Reevaluation:	Recommendation is pending.

Staff Recommendation: **Regarding item (1), approve insulated windows instead of storm windows.**

Regarding item (2), staff recommends stipulating that 5% (for mobility impaired tenants) and 2% (for vision and hearing impaired tenants) of the units must be modified or constructed as accessible units as though the development were new construction.

LOCKE LIDDELL & SAPP LLP

ATTORNEYS & COUNSELORS

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September 16, 2004

RECEIVED
SEP 17 2004
LIHTC

Ms. Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine
Austin, Texas 78701

Re: Whitefield Place Apartments -- San Antonio
TDHCA No. 04107

Dear Edwina:

We represent the Owner (herein so called) of the above referenced complex (the "Property"). The Owner has received a commitment of low-income housing tax credits for the rehabilitation of the Property. The Property is an existing 80-unit complex for families. The Owner seeks waivers or clarifications of certain provisions of the 2004 QAP with regard to the rehabilitation as follows:

First Requested Item – Insulated Windows

Section 50.9(f)(4)(G)(i) of the 2004 QAP requires properties to meet the insulation values of the 2000 International Energy Conservation Code and provide insulated windows. Unfortunately, the Development Certification in Tab 3A of the application, which implements Section 50.9(f)(4)(G)(i) of the 2004 QAP, refers to "storm" windows instead of "insulated" windows. We believe this is simply a typographical error in Tab 3A. The Owner will replace all of the windows in the Property, and insulated windows will be installed in all instances. The Owner believes this meets the requirement of the 2004 QAP, regardless of the apparent error in the Development Certification in Tab 3A. With insulated windows, storm windows are not practical or necessary.

Please confirm that the Owner will comply with Section 50.9(f)(4)(G)(i) of the 2004 QAP by installing insulated windows in the Property.

Second Requested Item – Section 504 Standards

Section 50.9(f)(4)(F) of the 2004 QAP requires the Owner to provide a "certification that the Development will comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C." By a clear reading of the federal law and corresponding regulations, the Section 504 accessibility

Ms. Edwina Carrington
September 16, 2004
Page 2

standards are required in the case of new construction or alteration of an existing property. By definition, "alteration" requires a change in structural elements or means of egress. It does not include "normal maintenance, repair, re-roofing, interior decoration or changes to mechanical or electrical systems." The rehabilitation plan proposed by the Owner for the Property does not constitute "alteration." Rather, the Owner contemplates the kind of repair and systems replacement that would not be an alteration and would not subject the Owner to Section 504 requirements. Further, the estimated cost for the proposed rehabilitation by the Owner is less than 75% of the replacement cost of the Property. This is also an exception to the Section 504 requirements and dictates that the Owner is not required to meet Section 504 design standards for the Property.

In short, the Owner "will comply with the accessibility standards that are required under Section 504" because no accessibility standards are required under federal law for this Property. Please confirm that the design standards established under Section 504 are not required for the Property. We understand that TDHCA has examined this question with regard to similar requests from other property owners and trusts that you will address these matters consistently.

If you have any questions regarding the amendments requested, please feel free to contact us or the Owner. We appreciate your assistance with this matter.

Sincerely,



Cynthia L. Bast

cc: Paul Patierno
Frank Pollacia

Brooke Boston
Ben Sheppard

Tamarac Pines Apartments, HTC Development No. 04108

Summary of Request: Applicant requests (1) that microwave ovens or double sinks be substituted for the requirement to have dishwashers; and (2) confirmation that this rehabilitation development is not required to construct 5% of the units for tenants with mobility impairments and 2% for tenants with hearing and vision impairments, or to other requirements of Section 504 which would apply to new construction. The applicant contends that 504 does not apply because the rehabilitation cost will be less than 75% of the replacement cost of the development and will not change the development's structural elements or means of egress. Barring an interpretation of §50.9(f)(4)(F) of the 2004 QAP to the contrary, the cost and structural criteria would determine whether a development is subject to Section 504.

Applicant requested (1) above stating that the small kitchens could not contain dishwashers without creating an undesirable abnormality in the floorplan and the tenants would prefer microwave ovens or double sinks to dishwashers. Applicant requested (2) because of the high cost of converting units to be accessible.

Governing QAP:	2004 QAP, §50.18(c)
Applicant:	Tamarac Pines Preservation, L.P.
General Partner:	AIMCO Tamarac Pines, LLC (90% GP), TTC, LLC (10% GP)
Principals/Interested Parties:	Paul Patierno of 90% GP, Frank Fonseca of 10% GP
Syndicator:	AIMCO Capital Tax Credit Fund III
Construction Lender:	MMA Financial
Permanent Lender:	MMA Financial
City/County:	The Woodlands/Montgomery
Set-Aside:	At-Risk
Allocation Category:	Urban/Exurban
Type of Development:	Acquisition/Rehabilitation
Population Served:	Elderly
Units:	300 HTC units
2004 Allocation:	\$911,804
Allocation per HTC Unit:	\$3,039
Prior Board Actions:	Approved award of tax credits: July 28, 2004
Underwriting Reevaluation:	Recommendation is pending.

Staff Recommendation: **Regarding item (1), staff recommends approval of the substitution of a microwave and a double sink, both of which must be included in any unit in which a dishwasher is not installed; however, dishwashers must be installed if the Department's review of the plans finds that the installation is spatially feasible.**

Regarding item (2), staff recommends stipulating that 5% (for mobility impaired tenants) and 2% (for vision and hearing impaired tenants) of the units must be modified or constructed as accessible units as though the development were new construction.

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LOCKE LIDDELL & SAPP LLP

ATTORNEYS & COUNSELORS

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September 16, 2004

RECEIVED
SEP 17 2004
LIHTC

Ms. Edwina Carrington
Executive Director
Texas Department of Housing and Community Affairs
507 Sabine
Austin, Texas 78701

Re: Tamarac Pines Apartments -- The Woodlands
TDHCA No. 04108

Dear Edwina:

We represent the Owner (herein so called) of the above referenced complex (the "Property"). The Owner has received a commitment of low-income housing tax credits for the rehabilitation of the Property. The Property is an existing 300-unit complex reserved for elderly tenants. The Owner seeks waivers or clarifications of certain provisions of the 2004 QAP with regard to the rehabilitation as follows:

First Requested Item – Section 504 Design Standards

Section 50.9(f)(4)(F) of the 2004 QAP requires the Owner to provide a "certification that the Development will comply with the accessibility standards that are required under Section 504, Rehabilitation Act of 1973 (29 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart C." By a clear reading of the federal law and corresponding regulations, the Section 504 accessibility standards are required in the case of new construction or alteration of an existing property. By definition, "alteration" requires a change in structural elements or means of egress. It does not include "normal maintenance, repair, re-roofing, interior decoration or changes to mechanical or electrical systems." The rehabilitation plan proposed by the Owner for the Property does not constitute "alteration." Rather, the Owner contemplates the kind of repair and systems replacement that would not be an alteration and would not subject the Owner to Section 504 requirements. Further, the estimated cost for the proposed rehabilitation by the Owner is less than 75% of the replacement cost of the Property. This is also an exception to the Section 504 requirements and dictates that the Owner is not required to meet Section 504 design standards for the Property.

In short, the Owner "will comply with the accessibility standards that are required under Section 504" because no accessibility standards are required under federal law for this Property. Please confirm that the design standards established under Section 504 are not required for the Property. We

understand that TDHCA has examined this question with regard to similar requests from other property owners and trusts that you will address these matters consistently.

Second Requested Item – Dishwashers

Section 50.9(f)(4)(B)(iii) of the 2004 QAP requires the Owner to certify that the Property will have a dishwasher in each unit. Unfortunately, the units in this Property do not adequately accommodate the inclusion of a dishwasher. This Property was built in 1978; the units are small (465 square feet for an efficiency unit and 550 square feet for a one-bedroom unit); and the kitchens do not leave the Owner much room to work with. Inclusion of a dishwasher would actually require expansion of the kitchen, which would disproportionately reduce the size of the other living spaces. The attached pictures of the kitchens show that the current placement of the stove, sink, and refrigerator do not leave room for the inclusion of a dishwasher. Moreover, the current residents have overwhelmingly advised the Owner that they are not interested in having dishwashers in their units. The elderly residents, some of which have lived in this Property for over 20 years, do not see dishwashing as a particular burden and would rather have another amenity in their kitchen, such as a double sink or a microwave. The Owner would be pleased to offer such an alternative amenity to the tenants, at TDHCA's direction.

Please waive the 2004 QAP threshold requirement that each unit contain a dishwasher in that the kitchen configuration of the units to be rehabilitated will not accommodate this appliance. If TDHCA would like the Owner to provide an alternative amenity, please provide that direction.

If you have any questions regarding the amendments requested, please feel free to contact us or the Owner. We appreciate your assistance with this matter.

Sincerely,



Cynthia L. Bast

cc: Paul Patierno
Frank Pollacia
✓ Brooke Boston
Ben Sheppard

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 14, 2004

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 Mountainview Apartments in Alpine, 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 82 points. The application has been reviewed for financial feasibility and for its compliance record. 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 13 Rural Allocation for 2005 and will also be attributed to the USDA 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 in preparation for foreclosure and sale. Because USDA-RD determined that this housing was very significant to low-income individuals in Alpine, they agreed to offer additional subsidies to try and maintain it for low-income tenants. USDA-RD worked for three years with a non profit organization to try and save the property, but was unsuccessful. 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 to postpone the foreclosure another year, the Rural Rescue program enabled the applicant to apply for tax credits immediately. If awarded tax credits, the owners will be able to prevent the foreclosure and sale of the complex and preserve the affordable units.

Based on the above review, staff recommends that Mountainview Apartments be issued Housing Tax Credits from the 2005 Housing Tax Credit Ceiling in the amount of \$62,316.



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

Texas Department of Housing and Community Affairs

Development Name: **Mountainview Apartments**

TDHCA#: 05001

DEVELOPMENT AND OWNER INFORMATION

Development Location: Alpine QCT: N DDA: N TTC: N
 Development Owner: Alpine Mountainview, Ltd
 General Partner(s): Doublekaye Corporation, 100%, Contact: James Brawner
 Construction Category: Acquisition/rehab
 Set-Aside Category: USDA-RD
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$62,491 Eligible Basis Amt: \$62,315 Equity/Gap Amt.: \$68,587

Annual Tax Credit Allocation Recommendation: \$62,316

Total Tax Credit Allocation Over Ten Years: \$623,160

PROPERTY INFORMATION

Unit and Building Information

Total Units: 56 HTC Units: 56 % of HTC Units: 100
 Gross Square Footage: 37,932 Net Rentable Square Footage: 37,536
 Average Square Footage/Unit: 670
 Number of Buildings: 5
 Currently Occupied: Y

Development Cost

Total Cost: \$1,816,134 Total Cost/Net Rentable Sq. Ft.: \$48.38

Income and Expenses

Effective Gross Income:¹ \$226,518 Ttl. Expenses: \$169,577 Net Operating Inc.: \$56,941
 Estimated 1st Year DCR: 1.10

DEVELOPMENT TEAM

Consultant:	Not Utilized	Manager:	Town & Country Management Co.
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:	CrisCourt Construction, Inc.	Syndicator:	Boston Capital

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
# in Support: 0	Sen. Frank L. Malda, District 19 - NC
# in Opposition: 0	Rep. Pete P. Gallego, District 74 - NC
	Mayor Mickey Clouse - 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 satisfactory TDHCA site inspection report prior to Board approval due to the fact that the "Housing Quality Standards Checklist" provided by the USDA was dated October 2001 and a more current inspection is required.
2. Receipt, review, and acceptance of a flood mitigation plan to include, at a minimum, building flood insurance and tenant flood insurance costs prior to the initial closing on the property.
3. Should the terms and rates of the proposed debt or syndication or rents approved by USDA 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 10/5/04 Brooke Boston 10/5/04
 Robert Onion, Multifamily Finance Manager Date Brooke Boston, Director of Multifamily Finance Production Date

DEVELOPMENT'S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:

Score Utilization of Set-Aside Geographic Distrib. Tax Exempt Bond Housing Type

Other Comments including discretionary factors (if applicable).

 Edwina P. Carrington, Executive Director
 Chairman of Executive Award and Review Advisory Committee

 Date

TDHCA Board of Director's Approval and description of discretionary factors (if applicable).

Chairperson Signature: _____
 Elizabeth Anderson, Chairman of the Board

 Date

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

DATE: October 4, 2004

PROGRAM: 9% HTC

FILE NUMBER: 05001

DEVELOPMENT NAME

Mountainview Apartments

APPLICANT

Name:	Alpine Mountainview, Ltd.	Type:	For-profit
Address:	7217 McNeil Drive	City:	Austin
State:		State:	TX
Zip:	78729	Contact:	James Brawner
Phone:	(512) 331-5173	Fax:	(512) 331-4774

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Doublekaye Corporation	(%):	0.025	Title:	Managing General Partner
Name:	Gary L. Kersch	(%):	0.025	Title:	Co-General Partner
Name:	Doublekaye Corporation	(%):	N/A	Title:	Developer
Name:	Gary L. Kersch	(%):	N/A	Title:	49% Owner of Doublekaye Corporation
Name:	M. Laure Kersch	(%):	N/A	Title:	51% Owner of Doublekaye Corporation

PROPERTY LOCATION

Location: 801 North Orange Street **QCT** **DDA**
City: Alpine **County:** Brewster **Zip:** 79830

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
\$62,491	N/A	N/A	N/A
Other Requested Terms: 1) Annual ten-year allocation of housing tax credits			
Proposed Use of Funds: Acquisition/rehab		Property Type: Multifamily	
Special Purpose (s): General population, At-Risk, Rural, USDA-RD			

RECOMMENDATION

RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$62,316 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of a satisfactory TDHCA site inspection report prior to Board approval due to the fact that the "Housing Quality Standards Checklist" provided by the USDA was dated October 2001 and a more current inspection is required;
2. Receipt, review, and acceptance of a flood hazard mitigation plan to include, at a minimum, building flood insurance and tenant flood insurance costs prior to the initial closing on the property;
3. Should the terms and rates of the proposed debt or syndication or rents approved by USDA change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

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

DEVELOPMENT SPECIFICATIONS											
IMPROVEMENTS											
Total Units:	<u>56</u>	# Rental Buildings	<u>5</u>	# Common Area Bldgs	<u>1</u>	# of Floors	<u>2</u>	Age:	<u>22</u> yrs	Vacant:	<u>5</u> at 4/ 1/ 2004
Net Rentable SF:	<u>37,536</u>	Av Un SF:	<u>670</u>	Common Area SF:	<u>396</u>	Gross Bldg SF:	<u>37,932</u>				
STRUCTURAL MATERIALS											
The structure is a wood frame on a post-tensioned concrete slab. According to the plans provided in the application the exterior is comprised as follows: 94% brick veneer/5% plywood siding and 1% wood trim. The interior wall surfaces are drywall and the pitched roof is finished with asphalt composite shingles.											
APPLIANCES AND INTERIOR FEATURES											
The interior flooring will be a combination of carpeting & vinyl tile. Each unit will include: range & oven, hood & fan, refrigerator, tile shower, ceiling fans, laminated counter tops, individual water heaters, individual heating and air conditioning.											
ON-SITE AMENITIES											
A 396-square foot office/laundry building is located at the entrance to the property. In addition a picnic area, play area and playground equipment is planned for the site.											
Uncovered Parking:	<u>85</u>	spaces	Carpports:	<u>0</u>	spaces	Garages:	<u>0</u>	spaces			
PROPOSAL and DEVELOPMENT PLAN DESCRIPTION											
<p>Description: Mountainview Apartments is a relatively dense (16.9 units per acre) acquisition and rehabilitation development of 56 units of affordable income housing located in west Alpine. The development was built in 1983 and is comprised of five sporadically distributed medium garden style walk-up low-rise residential buildings as follows:</p> <ul style="list-style-type: none"> • 2 Building Type A with 12 one-bedroom/one-bath units; • 1 Building Type B with 8 one-bedroom/one-bath units; • 2 Building Type C with 12 two- bedroom/one-bath units; <p>Existing Subsidies: The project is currently financed with a Texas Rural Development loan through USDA to an unrelated Third Party (Estate of bob Rogers). Presently the property has been accelerated and is at risk of foreclosure. The Applicant has applied for an assumption to this Section 515 and will be subject to income and rent restrictions under that program. Furthermore, the project is expected to secure rental assistance for all rental units. The property currently has 40 units using Section 8 vouchers from the local housing authority which has stimulated occupancy. The Applicant has indicated that at least some of the voucher residents may not be eligible to live at the property after it is placed into service due to their student status. To the extent these residents are still eligible for the vouchers but have to move they will relocate with the vouchers at there own expense.</p> <p>Development Plan: As of April 1, 2004 there were five vacant units. The buildings are currently in a deteriorated state. The architect's scope of work includes: replacement of resilient flooring and carpeting, replacement of all kitchen countertops sinks and ranges, replacement of tubs with fiberglass tub/shower enclosures. Exterior rehabilitation includes: install new chain link fences and wood fences, remove and replace exterior doors and re-shingle all buildings adding ridge vents. Paint all exterior and interior areas and recondition all varnished wood surfaces. In lieu of a formal Property Condition Assessment, the Applicant submitted a Housing Quality Standards Checklist report completed by USDA and a work write-up completed by a third party architect. The HQS checklist does not include specific cost estimates but the needs reflected on the checklist appear to generally conform to the Applicant's work write-up. The Applicant submitted a tenant relocation plan in the LIHTC application, which indicates that there will be no permanent displacement or relocation of existing residents by reason of the rehabilitation of the property. Once the property is acquired, any units that become vacant will not be leased. The renovation will start by first completely renovating the vacant units. Once completed, existing residents will move into the recently renovated units. Once existing tenants are relocated into the renovated units, the remaining units will be renovated.</p> <p>Supportive Services: No supportive services were indicated to be planned to be provided to tenants.</p>											

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

SITE ISSUES

SITE DESCRIPTION

Size: 3.3 acres 143,748 square feet **Zoning/ Permitted Uses:** R-3
Flood Zone Designation: Zone AE & AO **Status of Off-Sites:** Fully improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Alpine is located in the western area of the state, approximately 165 miles southwest from Midland/Odessa in Brewster County. The site is a rectangularly-shaped parcel located in the western area of Alpine. The site is situated on the west side of North Orange Street.

Adjacent Land Uses:

- **North:** retirement center immediately adjacent;
- **South:** West El Paso Street immediately adjacent;
- **East:** North Orange Street immediately adjacent; and
- **West:** manufactured home subdivision immediately adjacent;

Site Access: Access to the property is from the east or west along West El Paso Street or the north or south from North Orange Street. The development has two entries, one from the north or south from North Orange Street and one from the east or west from West El Paso Street. Access to Interstate Highway 67 is less than one mile south, which provides connections to all other major roads serving the Alpine area.

Public Transportation: There is no local Public Transportation in the neighborhood, which is common in rural areas.

Site Inspection Findings: The site has not been inspected by a TDHCA staff member, and receipt, review, and acceptance of an acceptable site inspection report is a condition of this report.

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. Fifty-five of the units will be reserved for low income households and one will be employee occupied. All fifty-five units will be reserved for households earning 60% or less of AMGI. USDA already restricts rents for all of the units. The rent roll as of April 2004 reflects basic rents of \$244 and \$277. It appears the Applicant is anticipating basic rents that are higher than the current basic rents.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$18,000	\$20,520	\$23,100	\$25,680	\$27,720	\$29,760

MARKET HIGHLIGHTS

A Market Study report was not included, as USDA-RD financed projects are not required to submit this report, but an "As Is" Appraisal dated August 26, 2004 from Sherrill & Associates, Inc. was provided.

Population: Brewster County had a population of 8,866 in the year 2000 and has increased by 2.5 percent over the 1990 census, and it had 9,247 in 2003 which is an increase of 4.3% over year 2000.

The subject development is currently 91% occupied and due to the rental assistance; it is likely the existing tenants that are eligible will choose to remain at the property and the remaining of the units will be able to be filled with the neediest on a first come first serve basis. Therefore, an inclusive capture rate calculation is not a meaningful tool for determining the feasibility of the subject development.

Market Rent Comparables: The Appraiser surveyed three comparable apartment projects totaling sixty plus

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

units in the market area. (p. 42 Appraisal)

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (60%)	\$340	\$437	-\$97	\$300	+\$40
2-Bedroom (60%)	\$385	\$523	-\$138	\$400	-\$15

(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 subject apartment project was built primarily with public funds or government guarantees and the rents are supported with government subsidies, in an area that the typical market would not support the cost to reproduce. Market sales of similar properties were not readily available and the sales found have very little validity because of the numerous adjustments that would be needed. Therefore, the Sales Comparison Approach is not included in this appraisal.” (p. 23 Appraisal)

The Underwriter is aware of two other previously funded developments by TDHCA in Alpine; a 24 unit 1998 funded Alpine Retirement Community using HOME funds and a 36 unit HTC development funded in 1993. The HTC property appears to be all one bedroom units located about one mile northeast of the subject. Owners financial certifications have not been submitted and were not required for this older HTC development. The Alpine Retirement Community development was completed in 2001 but has not been performing well and has been operating at a 50% or greater vacancy for several years. The principal of the current owner of both the subject and Alpine Retirement are the same and the poor performance for both has been attributed to the death of this principal, Bob Rogers, several years ago. In addition to being poorly marketed in the past, Alpine Retirement is also age restricted and the demand for elderly units is said to be lower here than in nearby Marfa. It is hoped that the release of the Section 8 vouchers from the subject will provide opportunity to Alpine Retirement. The Underwriter was also informed that the new and prospective property management company for the subject was also recently hired as the property management company for Alpine Retirement. Prospectively thought the rents of the Alpine Retirement Community are \$60 less per unit than the proposed rents at the subject, the subject has 100% rental assistance and can rent to a much larger income range.

The Underwriter found the information provided by the Appraiser to provide sufficient market information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant’s proposed basic rents are \$96 higher for the one-bedroom units and \$108 higher for the two-bedroom units than the current rents. These rents have not been approved by USDA as of this date and will be a condition of this report. Estimates of secondary income are set at \$12.00/unit, which is just below TDHCA’s underwriting guideline. Vacancy and collection losses are \$6.1K lower than TDHCA’s underwriting guidelines. Though the Applicant will be receiving project based rental assistance from USDA for 55 units as has the prior owner, occupancy has not historically been at or above 95% as projected. In fact current occupancy is less than 90% justifying the Underwriter’s use of the standard vacancy and collection estimates.

Expenses: The Applicant’s estimate of total operating expense is just \$2.8K higher than the Underwriter’s TDHCA database-derived estimate. The Underwriter compared line item expenses to both the database-derived estimate and the development’s historical operating expenses. The Underwriter adjusted the general & administrative expense, utilities, water-sewer-trash, and property insurance based on the development’s historical operating statement.

Conclusion: The Applicant’s net operating income (NOI) estimate is not within 5% of the Underwriter’s estimate. Therefore, the Underwriter’s NOI will be used to evaluate debt service capacity. 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.

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

ACQUISITION VALUATION INFORMATION					
APPRAISED VALUE					
Land Only: (3.3) acres	\$29,000		Date of Valuation:	8/ 26/	2004
Existing Building(s): "as is"	\$690,000		Date of Valuation:	8/ 26/	2004
Total Development: "as is"	\$719,000		Date of Valuation:	8/ 26/	2004
Appraiser: Jerry Sherrill	City: Arlington		Phone: (817)	557-1791	

APPRAISAL ANALYSIS/CONCLUSIONS	
<p>An appraisal, provided by the purchaser, was performed by Jerry Sherrill, SRA, SRPA dated August 26, 2004. The appraisal provides two values: "as-is" and land value. For the "as-is" valuation, the primary approach used was the income approach. The underlying land is valued at \$29,000. Therefore, the total eligible basis is estimated at \$1,755,368.</p>	
ASSESSED VALUE	
Land: (3.3) acres	\$25,666
Building:	\$295,194
Total Assessed Value:	\$320,860
Assessment for the Year of:	2003
Valuation by:	Brewster County Appraisal District
Tax Rate:	2.418355

EVIDENCE of SITE or PROPERTY CONTROL	
Type of Site Control:	Transfer of real estate security
Contract Expiration Date:	/ /
Acquisition Cost:	\$997,000
Anticipated Closing Date:	/ /
Other Terms/Conditions:	USDA accelerated loan
Seller: Hacienda Square Apartments (Bob A. Rogers estate)	Related to Development Team Member: No

CONSTRUCTION COST ESTIMATE EVALUATION
<p>Acquisition Value: The Applicant submitted a Real Estate Purchase Agreement wherein the Applicant is purchasing the property for \$997,000. The agreement indicates that the Applicant will assume the \$997,000 unpaid principal balance of the Seller's promissory note owed to USDA. The appraiser concluded that the market value of the entire property is \$719,000, which is \$278K less than the sales price. USDA representatives have indicated they will allow a property to be sold at a cost that is higher than the appraised value only if the owner/seller can document that the exit tax liability to transfer the property is more than the exit tax liability to foreclose the property, resulting in a higher purchase price. Since this is an arms-length transaction the inference that is made by the lower appraised value does not affect the eligibility of the entire acquisition cost less the land value. If the USDA restricts the transfer price of this transaction, a re-evaluation at the credit recommendation should be conducted. The Applicant provided correspondence from USDA that appears to assure the structure as proposed by the Applicant. The appraisal concluded the "as-is" market value of the land to be \$29,000 or 4% of the total appraised value. When this percentage is applied to the arm's length sales price a prorata land value of \$40,213 is calculated. This value is greater than the assessed value for the land. Thus, the Underwriter has used the most conservative building value approach of using prorata appraised value for the land and subtracted the sales price to conclude a value for the existing buildings of \$956,787, or 96% of the total value of the subject property.</p> <p>Sitework Cost: Since this is an acquisition/rehabilitation application, the sitework costs associated with this project are minimal. The Applicant has estimated sitework costs of \$539 per unit.</p> <p>Direct Construction Cost: The Applicant's scope of work is detailed and consistent with the cost breakdown. The work write-up line item costs appear reasonable and thus the direct construction cost totals \$374,311 and is the basis of the Underwriter's cost analysis.</p> <p>Fees: The Applicant's contractor's and developer's fees for general requirements, general and</p>

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

administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: As is the case with most rehabilitation transactions the Applicant's total development cost estimate is within 5% of the Underwriter's estimate due to the lack of independent verification of the Applicant's costs. Therefore the Underwriter's costs are in essence the Applicant's costs adjusted for any miscalculated eligible basis. Thus the Applicant's cost as adjusted by the Underwriter and reflected in the TDHCA Column is used to calculate the eligible basis and determine the HTC allocation. As a result the difference of acquisition value an eligible basis of \$1,755,368 is used to determine a credit allocation of \$62,316 from this method. The resulting syndication proceeds will be used to compare to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE			
PERMANENT FINANCING			
Source:	USDA	Contact:	Mike Meehan
Principal Amount:	\$997,000	Interest Rate:	1%
Additional Information:	Assuming existing loan		
Amortization:	30 yrs	Term:	30 yrs
Commitment:	<input type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input type="checkbox"/> Conditional
Annual Payment:	\$38,481	Lien Priority:	1st
Commitment Date	/ /		

PERMANENT FINANCING			
Source:	USDA	Contact:	Mike Meehan
Principal Amount:	\$350,000 (anticipated)	Interest Rate:	1%
Additional Information:	Rehab loan, commitment provided unspecified amount and unspecified terms		
Amortization:	30 yrs	Term:	30 yrs
Commitment:	<input type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input type="checkbox"/> Conditional
Annual Payment:	\$13,509	Lien Priority:	2nd
Commitment Date	7/	04/	2004

TAX CREDIT SYNDICATION			
Source:	Boston Capital	Contact:	Jennifer Robichaud
Net Proceeds:	\$451,218	Net Syndication Rate (per \$1.00 of 10-yr HTC)	72¢
Commitment	<input type="checkbox"/> LOI	<input type="checkbox"/> Firm	<input checked="" type="checkbox"/> Conditional
Date:	6/	3/	2004
Additional Information:			

APPLICANT EQUITY	
Amount:	\$17,916
Source:	Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Permanent Financing: The current USDA loan will be assumed by the Applicant. The existing note carries a balance of \$997,000. The existing note's stated interest rate is unconfirmed as of the date of this report. The effective rate will be 1% as long as USDA affordability requirements are met. USDA will also provide a \$350,000 loan for the rehabilitation of the property. The effective annual payments for the USDA loans will be an estimated \$51,990 per year based on the 1% interest rate

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 \$17,916 amounts to 8% of the total fees.

Financing Conclusions: Based on the Applicant's adjusted estimate of eligible basis, the HTC allocation should not exceed \$62,316 annually for ten years, resulting in syndication proceeds of approximately \$426,238. Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to \$42,896, which represents approximately 19% of the eligible fee and is repayable out of cash flow over ten

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

years of stabilized operation.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant and Developer are both 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 statements.
- The Developer, DoubleKaye Corporation, submitted an unaudited financial statement as of December 31, 2003 reporting total assets of \$425K and consisting of \$179K in current assets and \$247K in other assets. Liabilities totaled \$66K, resulting in a net worth of \$359K.
- The principals of the General Partner, Gary L. and Laure Kersch, submitted an unaudited financial statement as of April 30, 2003 and certified again on March 19, 2004 that are anticipated to be guarantors of the development.

Background & Experience:

- The Applicant is a new entity formed for the purpose of developing the project.
- Gary Kersch, the 49% owner of the Developer Doublekaye Corporation has completed ten affordable housing developments totaling 258 units since 1989.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating proforma is more than 5% outside of the Underwriter's verifiable range.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:

Carl Hoover

Date: October 4, 2004

Director of Real Estate Analysis:

Tom Gouris

Date: October 4, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

Mountainview Apartments, Alpine, HTC, File #05001

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
HTC (60%)	32	1	1	612	\$384	\$340	\$10,880	\$0.56	\$44.00	\$16.00
HTC (60%)	23	2	1	748	\$439	\$385	8,855	0.51	\$54.00	22.00
EO	1	2	1	748	0	0	0	0.00	\$54.00	22.00
TOTAL:	56		AVERAGE:	670	\$400	\$352	\$19,735	\$0.53	\$48.29	\$18.57

INCOME				Total Net Rentable Sq Ft: 37,536		TDHCA	APPLICANT	Comptroller's Region 13		
POTENTIAL GROSS RENT						\$236,820	\$236,820		IREM Region	
Secondary Income		Per Unit Per Month:	\$12.00			8,064	8,064	\$12.00	Per Unit Per Month	
Other Support Income: (describe)						0				
POTENTIAL GROSS INCOME						\$244,884	\$244,884			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(18,366)	(12,240)	-5.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions						0				
EFFECTIVE GROSS INCOME						\$226,518	\$232,644			
EXPENSES	% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative	2.29%	\$92	0.14			\$5,176	\$7,750	\$0.21	\$138	3.33%
Management	8.26%	334	0.50			18,720	19,200	0.51	343	8.25%
Payroll & Payroll Tax	16.70%	676	1.01			37,839	38,600	1.03	689	16.59%
Repairs & Maintenance	10.38%	420	0.63			23,522	25,400	0.68	454	10.92%
Utilities	1.59%	64	0.10			3,605	7,100	0.19	127	3.05%
Water, Sewer, & Trash	6.73%	272	0.41			15,250	17,710	0.47	316	7.61%
Property Insurance	8.71%	352	0.53			19,735	14,700	0.39	263	6.32%
Property Tax	2.418355	351	0.52			19,637	19,150	0.51	342	8.23%
Reserve for Replacements	7.42%	300	0.45			16,800	13,470	0.36	241	5.79%
Other: Compl. Fees, Misc.	4.10%	166	0.25			9,293	9,293	0.25	166	3.99%
TOTAL EXPENSES	74.86%	\$3,028	\$4.52			\$169,577	\$172,373	\$4.59	\$3,078	74.09%
NET OPERATING INC	25.14%	\$1,017	\$1.52			\$56,941	\$60,271	\$1.61	\$1,076	25.91%
DEBT SERVICE										
USDA	16.99%	\$687	\$1.03			\$38,481	\$38,481	\$1.03	\$687	16.54%
USDA	5.96%	\$241	\$0.36			13,509	13,509	\$0.36	\$241	5.81%
Additional Financing	0.00%	\$0	\$0.00			0	0	\$0.00	\$0	0.00%
NET CASH FLOW	2.19%	\$88	\$0.13			\$4,951	\$8,281	\$0.22	\$148	3.56%
AGGREGATE DEBT COVERAGE RATIO						1.10	1.16			
RECOMMENDED DEBT COVERAGE RATIO						1.10				

CONSTRUCTION COST					TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT					
Acquisition Cost (site or bldg)		53.80%	\$17,804	\$26.56	\$997,000	\$997,000	\$26.56	\$17,804	54.90%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		1.63%	539	0.80	30,200	30,200	0.80	539	1.66%
Direct Construction		20.20%	6,684	9.97	374,311	374,311	9.97	6,684	20.61%
Contingency	8.00%	1.75%	578	0.86	32,360	32,360	0.86	578	1.78%
General Req'ts	6.00%	1.31%	433	0.65	24,270	24,270	0.65	433	1.34%
Contractor's G & A	2.00%	0.44%	144	0.22	8,090	8,090	0.22	144	0.45%
Contractor's Profit	6.00%	1.31%	433	0.65	24,270	24,270	0.65	433	1.34%
Indirect Construction		2.48%	821	1.23	46,000	46,000	1.23	821	2.53%
Ineligible Costs		1.52%	502	0.75	28,100	28,100	0.75	502	1.55%
Developer's G & A	1.93%	1.58%	522	0.78	29,224	0	0.00	0	0.00%
Developer's Profit	13.00%	10.62%	3,516	5.25	196,909	226,133	6.02	4,038	12.45%
Interim Financing		0.99%	329	0.49	18,400	18,400	0.49	329	1.01%
Reserves		2.38%	789	1.18	44,188	7,000	0.19	125	0.39%
TOTAL COST		100.00%	\$33,095	\$49.37	\$1,853,322	\$1,816,134	\$48.38	\$32,431	100.00%
Recap-Hard Construction Costs		26.63%	\$8,813	\$13.15	\$493,501	\$493,501	\$13.15	\$8,813	27.17%

SOURCES OF FUNDS					RECOMMENDED		
USDA	53.80%	\$17,804	\$26.56	\$997,000	\$997,000	\$997,000	Developer Fee Available
USDA	18.89%	\$6,250	\$9.32	350,000	350,000	350,000	\$226,133
HTC Syndication Proceeds	24.35%	\$8,057	\$12.02	451,218	451,218	426,238	% of Dev. Fee Deferred
Deferred Developer Fees	0.97%	\$320	\$0.48	17,916	17,916	42,896	0.189691465
Additional (excess) Funds Required	2.01%	\$664	\$0.99	37,188	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				\$1,853,322	\$1,816,134	\$1,816,134	\$64,543

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
Mountainview Apartments, Alpine, HTC, File #05001

PAYMENT COMPUTATION

Primary	\$997,000	Term	360
Int Rate	1.00%	DCR	1.48
Secondary			
	\$350,000	Term	360
Int Rate	1.00%	Subtotal DCR	1.10
Additional			
	\$451,218	Term	
Int Rate		Aggregate DCR	1.10

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$38,481
Secondary Debt Service	13,509
Additional Debt Service	0
NET CASH FLOW	\$4,951

Primary	\$997,000	Term	360
Int Rate	1.00%	DCR	1.48
Secondary			
	\$350,000	Term	360
Int Rate	1.00%	Subtotal DCR	1.10
Additional			
	\$451,218	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	\$236,820	\$243,925	\$251,242	\$258,780	\$266,543	\$308,996	\$358,211	\$415,265	\$558,082	
Secondary Income	8,064	8,306	8,555	8,812	9,076	10,522	12,198	14,140	19,003	
Other Support Income: (describ	0	0	0	0	0	0	0	0	0	
POTENTIAL GROSS INCOME	244,884	252,231	259,797	267,591	275,619	319,518	370,409	429,406	577,085	
Vacancy & Collection Loss	(18,366)	(18,917)	(19,485)	(20,069)	(20,671)	(23,964)	(27,781)	(32,205)	(43,281)	
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0	
EFFECTIVE GROSS INCOME	\$226,518	\$233,313	\$240,313	\$247,522	\$254,948	\$295,554	\$342,628	\$397,200	\$533,804	
EXPENSES at 4.00%										
General & Administrative	\$5,176	\$5,383	\$5,598	\$5,822	\$6,055	\$7,367	\$8,963	\$10,905	\$16,142	
Management	18,720	19,282	19,860	20,456	21,070	24,425	28,316	32,826	44,115	
Payroll & Payroll Tax	37,839	39,353	40,927	42,564	44,266	53,857	65,525	79,721	118,007	
Repairs & Maintenance	23,522	24,462	25,441	26,459	27,517	33,478	40,732	49,556	73,356	
Utilities	3,605	3,749	3,899	4,055	4,217	5,131	6,243	7,595	11,243	
Water, Sewer & Trash	15,250	15,860	16,494	17,154	17,840	21,706	26,408	32,129	47,559	
Insurance	19,735	20,524	21,345	22,199	23,087	28,089	34,175	41,579	61,547	
Property Tax	19,637	20,423	21,239	22,089	22,973	27,950	34,005	41,372	61,241	
Reserve for Replacements	16,800	17,472	18,171	18,898	19,654	23,912	29,092	35,395	52,393	
Other	9,293	9,665	10,051	10,453	10,871	13,227	16,092	19,579	28,982	
TOTAL EXPENSES	\$169,577	\$176,172	\$183,027	\$190,149	\$197,550	\$239,141	\$289,550	\$350,658	\$514,584	
NET OPERATING INCOME	\$56,941	\$57,141	\$57,286	\$57,373	\$57,397	\$56,413	\$53,078	\$46,542	\$19,220	
DEBT SERVICE										
First Lien Financing	\$38,481	\$38,481	\$38,481	\$38,481	\$38,481	\$38,481	\$38,481	\$38,481	\$38,481	
Second Lien	13,509	13,509	13,509	13,509	13,509	13,509	13,509	13,509	13,509	
Other Financing	0	0	0	0	0	0	0	0	0	
NET CASH FLOW	\$4,951	\$5,151	\$5,296	\$5,383	\$5,407	\$4,423	\$1,088	(\$5,447)	(\$32,770)	
DEBT COVERAGE RATIO	1.10	1.10	1.10	1.10	1.10	1.09	1.02	0.90	0.37	

LIHTC Allocation Calculation - Mountainview Apartments, Alpine, HTC, File #05001

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S ACQUISITION ELIGIBLE BASIS	TDHCA ACQUISITION ELIGIBLE BASIS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost						
Purchase of land	\$25,666	\$40,213				
Purchase of buildings	\$971,334	\$956,787	\$971,334	\$956,787		
(2) Rehabilitation/New Construction Cost						
On-site work	\$30,200	\$30,200			\$30,200	\$30,200
Off-site improvements						
(3) Construction Hard Costs						
New structures/rehabilitation hard costs	\$374,311	\$374,311			\$374,311	\$374,311
(4) Contractor Fees & General Requirements						
Contractor overhead	\$8,090	\$8,090			\$8,090	\$8,090
Contractor profit	\$24,270	\$24,270			\$24,270	\$24,270
General requirements	\$24,270	\$24,270			\$24,270	\$24,270
(5) Contingencies						
	\$32,360	\$32,360			\$32,360	\$32,360
(6) Eligible Indirect Fees						
	\$46,000	\$46,000			\$46,000	\$46,000
(7) Eligible Financing Fees						
	\$18,400	\$18,400			\$18,400	\$18,400
(8) All Ineligible Costs						
	\$28,100	\$28,100				
(9) Developer Fees						
Developer overhead		\$29,224		\$18,460		\$10,764
Developer fee	\$226,133	\$196,909	\$143,634	\$124,382	\$82,499	\$72,527
(10) Development Reserves						
	\$7,000	\$44,188				
TOTAL DEVELOPMENT COSTS	\$1,816,134	\$1,853,322	\$1,114,968	\$1,099,629	\$640,400	\$641,192

Deduct from Basis:						
All grant proceeds used to finance costs in eligible basis						
B.M.R. loans used to finance cost in eligible basis						
Non-qualified non-recourse financing						
Non-qualified portion of higher quality units [42(d)(3)]						
Historic Credits (on residential portion only)						
TOTAL ELIGIBLE BASIS			\$1,114,968	\$1,099,629	\$640,400	\$641,192
High Cost Area Adjustment					100%	100%
TOTAL ADJUSTED BASIS			\$1,114,968	\$1,099,629	\$640,400	\$641,192
Applicable Fraction			100%	100%	100%	100%
TOTAL QUALIFIED BASIS			\$1,114,968	\$1,099,629	\$640,400	\$641,192
Applicable Percentage			3.55%	3.55%	3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS			\$39,581	\$39,037	\$22,734	\$22,762

Syndication Proceeds	0.6840	\$270,737	\$267,012	\$155,502	\$155,694
Total Credits (Eligible Basis Method)				\$62,316	\$61,799
Syndication Proceeds				\$426,238	\$422,706
Requested Credits				\$62,491	
Syndication Proceeds				\$427,438	
Gap of Syndication Proceeds Needed				\$469,134	
Credit Amount				\$68,587	

BOARD ACTION SUMMARY

LEGAL SERVICES DIVISION

OCTOBER 14, 2004

Action Item

Consider the Interagency Contract between the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs concerning the Housing Tax Credit Program.

Required Action

Approve, or approve with amendments, the Interagency Contract between the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs concerning the Housing Tax Credit Program.

Background

The Interagency Contract between the Department and ORCA concerning the Housing Tax Credit Program expired on August 31, 2004. The Interagency Contract follows from the requirements of §2306.6723, Texas Government Code, that the Department and ORCA coordinate and jointly administer “any set-aside for rural areas” in the Housing Tax Credit Program. The proposed contract essentially follows the form of the prior contract, except as shown in the black-lined changes. The most significant change proposed is to lengthen the term from one year to three years. This will provide for greater continuity and efficiency, and avoid yearly consideration of the contract. If changes are desired before the end of the three year term, the contract provides that it may be terminated upon 14 days written notice.

Recommendation

That the Board approve the proposed contract.

**INTERAGENCY CONTRACT BY AND BETWEEN
THE OFFICE OF RURAL COMMUNITY AFFAIRS AND
THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

SECTION 1. PARTIES TO THE CONTRACT

This contract and agreement is made and entered into by and between the **Office of Rural Community Affairs**, an agency of the State of Texas, hereinafter referred to as “ORCA,” and the **Texas Department of Housing and Community Affairs**, an agency of the State of Texas, hereinafter referred to as “TDHCA,” pursuant to the authority granted and in compliance with the provisions of the Interagency Cooperation Act, Chapter 771, Texas Government Code, and Sections 2306.6723 and 2306.111, Texas Government Code.

SECTION 2. PERIOD OF PERFORMANCE

This contract shall commence on September 1, 2004 and shall terminate on August 31, 2007, unless otherwise specifically provided by the terms of this contract.

SECTION 3. CONTRACT PERFORMANCE

A. Joint Performance. TDHCA and ORCA shall during the period of performance specified in Section 2 of this contract jointly administer the rural regional allocation established by TDHCA under the Housing Tax Credit (HTC) program to ensure the maximum use and optimum geographic distribution of housing tax credits in rural areas and to provide for information sharing, efficient procedures, and the fulfillment of development compliance requirements in rural areas. TDHCA and ORCA shall jointly adjust the regional allocation of federal low-income housing tax credits to offset the under-utilization and over-utilization of multifamily private activity bonds and other housing resources in the different regions of the state of Texas. In addition, TDHCA and ORCA shall jointly implement an outreach and training program to promote rural area capacity building and the maximum use and dispersal of tax credits in

rural areas. If the staff of TDHCA and ORCA disagree on the tax credit allocations to be recommended, and the disagreement cannot be resolved by further staff discussion, each staff may make separate allocation recommendations.

B. TDHCA Performance. TDHCA shall train ORCA staff, as needed, on site inspection requirements and HTC application threshold and scoring review. Statewide, TDHCA will target a set percentage of the year's credit ceiling to rural areas, with the percentage varying from region to region, based on TDHCA's approved, current Regional Allocation Formula. If an insufficient number of applications are received or if applications are found to be ineligible or infeasible, any excess rural allocation will be allocated to the urban/exurban regional allocation.

C. ORCA Performance ORCA shall perform the following activities:

1. ORCA shall assist TDHCA in developing all threshold, scoring, and underwriting criteria applied to applications eligible for the HTC rural regional allocation. Such criteria shall be approved by ORCA. Pursuant to Section 2306.6724(a) of the Texas Government Code, the TDHCA Board must adopt the qualified allocation plan ("QAP") which includes threshold and scoring criteria not later than September 30 each year. ORCA agrees to provide its input on the QAP and underwriting criteria while the rules are being drafted prior to the notice and comment rulemaking period for the QAP and the Underwriting Rules. On or about July each year the TDHCA Board (or the Board Chair's designees) and ORCA Executive Committee (or the Chair's designees) shall hold a joint public hearing to hear public input and to discuss the proposed QAP. At the hearing, the ORCA Executive Committee shall provide its input on the threshold and scoring criteria applied to applications eligible for the LIHTC rural set-aside. Underwriting criteria no longer in the QAP will also be discussed at this joint hearing.
2. ORCA shall participate in the site inspections of all projects proposed under the rural regional allocation. ORCA staff assigned to perform such inspections shall have completed sufficient training to enable them to perform the inspections.
3. ORCA shall assign a representative to attend HTC public hearings relating to the Qualified Allocation Plan and other application requirements and to participate in TDHCA's executive award and review advisory committee meetings in which recommendations relating to the allocation of tax credits to rural regional allocation applicants is discussed.
4. ORCA shall assist TDHCA in developing and negotiating the Memorandum of Understanding between TDHCA and the U.S. Department of Agriculture relating to the administration of the Rural Development set-aside or allocation.

SECTION 4. TDHCA FUNDING OBLIGATIONS

From the total amount of HTC application fees collected by TDHCA during the most recent allocation cycle from applicants for the rural regional allocation, ORCA shall be reimbursed for any costs incurred in carrying out the requirements of this contract in an amount not to exceed 50% of the application fees received from such applicants. TDHCA's maximum amount of liability under this contract shall not exceed such amount and funds will be provided to ORCA on a reimbursement basis. ORCA shall submit a statement to TDHCA on a monthly basis that provides a detailed description of the work performed and hours spent on such work, including the names of the employees performing the work.

SECTION 5. AMENDMENTS AND CHANGES

Any alteration, addition or deletion to the terms of this contract shall be by amendment hereto in writing and executed by both parties hereto except as may be expressly provided for in some other manner by the terms of this contract.

SECTION 6. POLITICAL ACTIVITY

None of the activities or performances rendered hereunder by TDHCA or ORCA shall involve any political activity, including but not limited to any activity to further the election or defeat of any candidate for public office, or any activity undertaken to influence the passage, defeat, or final contents of legislation.

SECTION 7. SECTARIAN ACTIVITY

None of the activities or performances rendered hereunder by TDHCA or ORCA shall support any sectarian or religious activity.

SECTION 8. ORAL AND WRITTEN AGREEMENTS

All oral or written agreements between the parties hereto relating to the subject matter of this contract that were made prior to the execution of this contract have been reduced to writing and are contained herein.

SECTION 9. TERMINATION

- A. This contract may be terminated prior to the date specified in Section 2 of this contract only upon 14 days written notice from one party to the other.
- B. Upon notice of termination, ORCA shall no longer be reimbursed for any costs hereunder.

WITNESS OUR HANDS EFFECTIVE _____

Signed: _____

Executive Director, Office of Rural Community Affairs

Approved and accepted on behalf of the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, an agency of the STATE OF TEXAS.

Signed: _____

Edwina P. Carrington
Executive Director, Texas Department of Housing and Community Affairs

**LEGAL SERVICES DIVISION
BOARD ACTION ITEM
OCTOBER 14, 2004**

ACTION ITEM

Engage outside Tax Credit Counsel.

REQUIRED ACTION

Approve or deny the engagement of outside Tax Credit Counsel.

BACKGROUND

Outside counsel contracts are subject to the approval of the Attorney General's Office. The AG's Office requires that outside counsel services be advertised at least every two years through a Request for Proposals. In accordance with this requirement, a Request for Proposals for Tax Credit Counsel was published in both the Texas Marketplace Electronic State Business Daily on August 25, 2004 and in the *Texas Register* on September 3, 2004. The deadline for submitting proposals was September 17, 2004. The Department received three proposals from Hawkins Delafield & Wood LLP; Kutak Rock LLP; and Cantey & Hanger LLP.

SUMMARY OF PROPOSALS

Hawkins, Delafield & Wood LLP: The firm proposed that it be engaged by the Department to continue its representation of the Department as its Tax Credit Counsel, as it has since 1993. The firm was founded in 1854 and is a nationally recognized public finance firm of over 100 attorneys with offices in seven U.S. cities. The Department would continue to primarily use the services of Anthony Freedman, of the firm's Washington, D. C., office. Mr. Freedman has great experience and expertise in tax credit matters. He proposes an hourly billing rate of \$440, discounted from his usual rate of \$550. While \$440 is a high hourly rate, Mr. Freedman's expertise allows him to provide excellent value to the Department by responding to Department questions with little time spent in additional research.

Kutak Rock LLP: The firm proposed for the first time that it be engaged to represent the Department as Tax Credit Counsel. Kutak Rock is a national law firm of more than 300 lawyers with offices in 16 U. S. cities. The firm was established in Omaha, Nebraska in 1965. They have considerable experience and expertise in tax credit matters and provide tax credit services to state agencies in Nebraska, Oregon, Montana, Wyoming, Tennessee, and Vermont. The firm proposes to make four attorneys available for this assignment, Charles Lotzar, (partner in the Scottsdale office, lead attorney for this assignment, proposed to be responsible for approximately 25% of the work at a discounted hourly rate of \$295); Blair Miicke, (of counsel in the Washington, D. C. office and responsible for 35% of the work at an hourly rate of \$195); Theresa Bima-Reeves, (partner in the Omaha office and responsible for 35% of the work at an hourly rate of \$220); and Gregg Yeuter, (partner in the Omaha office and responsible for 5% of the work at an hourly rate of \$285). Who would ultimately handle the work would be agreed on in practice.

Cantey & Hanger, LLP: This is the firm's first proposal to the Department. The firm was founded in Fort Worth in 1882 and has over 90 attorneys in three offices in Fort Worth, Dallas, and Austin. They have represented the housing finance corporations in Tarrant, Travis, and El Paso counties, as well as clients applying to this Department for tax credits. The firm proposes that Brian McCabe, (partner in the Austin office with an hourly billing rate of \$350) would be primarily responsible for this assignment.

RECOMMENDED ACTION

Engage two law firms, Hawkins, Delafield & Wood, and Kutak Rock, as Tax Credit Counsel for the Department under one year contracts with the option for the Executive Director to extend one or both contracts for an additional year. By contracting with both firms, the Department would be able to continue its valuable relationship with Hawkins Delafield & Wood, and to develop a new source of tax credit services with Kutak Rock. The Department will manage the contracts and assignments to ensure the two firms are used efficiently and economically.



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**REQUEST FOR BOARD APPROVAL
Multifamily Finance Production**

2005 Private Activity Bond Program

**12 Priority 1A Applications
1 Priority 1B Applications
7 Priority 1C Applications
4 Priority 2 Applications
2 Withdrawn
26 Total Applications Received**

TABLE OF EXHIBITS

TAB 1	TDHCA Board Presentation
TAB 2	Summary of Applications
TAB 3	Inducement Resolution
TAB 4	Prequalification Analysis Worksheet

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 14, 2004

Action Item

Inducement Resolution for Multifamily Revenue Bonds and Authorization for Filing Applications for Year 2005 Private Activity Bond Authority

Required Action

Approve Inducement Resolution to proceed with applications to the Texas Bond Review Board (the "BRB) for possible receipt of State Volume Cap issuance authority in the 2005 lottery process with the intent to issue multifamily revenue bonds to finance the acquisition, construction or rehabilitation, equipping and permanent financing of the subject properties listed on the attached report. The issuance of the proposed bonds is subject to: (1) actual allocation of the State Volume Cap; (2) favorable completion of the Department's underwriting of the property feasibility and bond structure; (3) approval of the final structure and bond documents by the Department's Board; and, (4) possible approval by the Texas Bond Review Board.

Attached is a report of twenty-six (26) applications totaling approximately \$272 million received by the Department for the Year 2005 Multifamily Revenue Bond program.

Upon Board approval, the Department will submit applications for each property recommended for inducement to the Texas BRB to participate in the upcoming lottery for private-activity ceiling cap to finance these properties. This memorandum is intended to provide background information on the lottery process and to summarize this Board's action as contemplated by the Inducement Resolution.

Background and Recommendations

Each year, the State of Texas receives a cap on the amount of private-activity, tax-exempt revenue bonds that may be issued within the state (approximately \$1.7 billion for 2004). This cap is determined based on the population of the state as estimated by the Census Bureau (\$78 per person). Of this total amount, 23% is allocated by the Texas Legislature for multifamily housing. Based on last year's population figures, approximately \$389 million is estimated to be available for multifamily housing in 2005.

Eligible issuers apply to the BRB for the authority to issue private activity bonds, and a Lottery is held to determine the priority with which every project might receive funding. Every project is assigned a number through the lottery system, and the Private Activity Bond authority is allocated starting with the lowest lottery numbers and continuing down the list until the entire cap has been reserved. Projects which do not initially receive a reservation for bond authority remain on the list throughout the year, as further authority may become available during the year. Those issuers that receive a Reservation for private-activity cap for a property will have 150 days from the date of the Reservation to close the transaction. If the transaction is not closed within

that 150 day timeframe, the Reservation is canceled and the next project on the waiting list receives the Reservation and likewise has 150 days from that Reservation date to close.

In addition to the lottery system, the 78th Legislature in 2003, through Senate Bill 264, required the Department to establish a scoring system for applications and rank the developments according to score. Final public input that affects scoring is due by 5:00 p.m. on October 22, 2004. The Department staff will finalize the application scores, for those applications approved for inducement by the Board, by November 1, 2004. The application will then be ranked and submitted to the BRB for placement in the lottery. The ranking will remain throughout the 2005 program year.

The priority system was amended in 2003 in order to encourage the production of more affordable housing. The multifamily sub ceiling was further divided into five categories according to the affordability of the rents. Reservations would be given to projects in the highest priorities, still according to lot number, before being offered to any projects in subsequent priorities. The priority system is summarized as follows:

Priority 1A: 50% of the unit rents are set aside at 50% AMFI and the remaining 50% of the unit rents are set aside at 60% AMFI, adjusted for family size.
Developers are required to use the 4% HTC Program.

Priority 1B: 15% of the unit rents are set aside at 30% AMFI and the remaining 85% of the unit rents are set aside at 60% AMFI, adjusted for family size.
Developers are required to use 4% HTC Program.

Priority 1C: 100% of the unit rents are set aside at 60% AMFI, adjusted for family size, for development located in census tracts with median incomes higher than the AMFI.
Developers are required to use 4% HTC Program.

Priority 2: 100% of the unit rents are set aside at 60% AMFI, adjusted for family size.
Developers are required to use 4% HTC Program.

Priority 3: Tax code set aside requirements (either 20% at 50% AMFI or 40% at 60% AMFI). No rent caps are mandated (although issuers may impose).
Use of the 4% HTC Program is at the developer's option.

Of the entire multifamily sub ceiling, seventy percent (70%) will be allocated to each of the thirteen (13) state service regions based on population, and is reserved only for local issuers until August 15, 2005. Twenty percent (20%) is available exclusively to TDHCA and 10% is available exclusively to Texas State Affordable Housing Corporation until August 15, 2004, to be issued for projects throughout the state. The submission to the lottery allows the Department to participate in additional money that is available due to the collapse on August 15, 2005. Additionally, no more than fifty percent (50%) of the multifamily sub ceiling can be allocated to projects located in Qualified Census Tracts, and after June 1, Priority I expands to include any projects in Counties or MSAs with median income below statewide median.

This year, the application window for submitting proposed multifamily issues to the BRB for the lottery runs from October 5, 2004 through October 20, 2004. The lottery will be held on

November 4, 2004. Although the lottery is held in October, the official authority to issue bonds (called a “Reservation” of private-activity cap) does not become effective until after January 1, 2005.

TDHCA Application Process and Prequalification Analysis

Developers were required to submit a Pre-Application to the Department by August 30, 2004. Prior to the submission of the Pre-Application, staff met with a representative of each developer to discuss the proposed project including underwriting parameters, development plans, zoning and permitting issues as well as the likelihood for local community support for the property. Developers who already have experience closing a bond transaction were not required to attend a pre-application meeting.

The Pre-Application itself consists of the Uniform TDHCA Application with all exhibits; a copy of the earnest money contract or warranty deed; a construction time schedule and lease-up proforma; current market information including occupancy and rental comparables; and, other supporting documentation to the application.

Staff reviewed each Pre-Application for completeness and prepared a Prequalification Analysis for each property. The Prequalification Analysis focuses on the developer’s construction cost assumptions, sources and uses of funds, operating proforma and debt coverage. Staff scored each application in accordance with the “Private Activity Bond Program Scoring Criteria”. Market information was also reviewed to ensure that the proposed rents were reasonable and that sub-market occupancy would support the additional units.

In some instances, developers submitted multiple applications for properties in the same sub-market or Qualified Census Tract. TDHCA will only issue transactions as supportable by the sub-market and in accordance with the legislative requirements ensuring no violations of the one mile rule and TDHCA’s concentration policy.

The Department received a total of twenty-six (26) applications, of which twelve (12) applications are being considered under Priority 1A, one (1) application is being considered under Priority 1B, seven (7) applications are being considered under Priority 1C and the remaining four (4) applications are being considered under Priority 2.

Summary of an Inducement Resolution

A component of the application to the BRB to participate in the lottery is an Inducement Resolution from the Issuer. The Inducement Resolution provides the BRB with evidence that an issuer has entered into discussions with the developer of a multifamily property and that the issuer has an interest in issuing bonds for the subject property. **An Inducement Resolution is not a commitment by TDHCA to issue bonds.** The issuance of bonds is subject to this Board’s approval of the fully underwritten transaction, including among other items, the feasibility of the project, the structure of the bonds and loan terms, and satisfaction of the Board that the development meets all public policy criteria. The Inducement Resolution authorizes staff, Bond Counsel, and other consultants to proceed with filing an application to the BRB for an allocation of private-activity ceiling cap and to proceed with underwriting and document preparation which are subject to the Board’s approval.

Generally, an Inducement Resolution:

1. summarizes TDHCA's legal authority to issue tax-exempt mortgage revenue bonds;
2. indicates that the developer has requested financing for a project and a willingness to enter into contractual arrangements with TDHCA regarding the property and the financing;
3. states that TDHCA expects, subject to certain conditions and findings as addressed below, to incur tax-exempt or taxable obligations (in the form of revenue bonds) for financing the project;
4. summarizes the requirement to submit an application for private-activity bonds to the BRB;
5. cites certain findings with respect to the property, the owner and the financing with regard to (a) the necessity of providing affordable housing, (b) the quality and design of housing which will be provided for the tenants, (c) the public purpose and public benefit provided by the financing, and (d) the legal authority under which the issuance will be made;
6. provides for an authorization of the issue subject to underwriting for financial feasibility and other conditions;
7. states a maximum amount of bonds contemplated by the issue;
8. states that the bonds are to be limited obligations of TDHCA payable solely from the revenues generated from the mortgage loan; and,
9. states that the bonds are not obligations of the State of Texas.

The Inducement Resolution contains all the applications submitted to the Department with the exception of applications #2005-002 and #2005-020, Friendship Place and Arbor Bend Villas which were withdrawn by the Applicants. There are eight applications that are not recommended by staff due to significant factors the Board needs to be aware of before approving the Inducement Resolution. These applications were included in the Resolution to allow the Applicant to address the Board on behalf of the development and allow the Board the latitude to approve the applications in question if it so chooses.

Significant Factors for Board Consideration

#2005-014 – Willow Creek Apartments – The application is not being recommended by staff because the applicant did not meet the threshold criteria requiring the applicant to mail a notification to city and county clerks by the August 9, 2004 deadline (10 TAC 35.6(c)(18)(f)).

#2005-015 – Evergreen at Pecan Hollow - The application is not being recommended by staff because the applicant did not meet the threshold criteria requiring the applicant to mail a notification to city and county clerks by the August 9, 2004 deadline (10 TAC 35.6(c)(18)(f)).

#2005-016 – Evergreen at Rowlett - The application is not being recommended by staff because the applicant did not meet the threshold criteria requiring the applicant to mail a notification to city and county clerks by the August 9, 2004 deadline (10 TAC 35.6(c)(18)(f)).

#2005-017 – Evergreen at Murphy - The application is not being recommended by staff because the applicant did not meet the threshold criteria requiring the applicant to mail a notification to city and county clerks by the August 9, 2004 deadline (10 TAC 35.6(c)(18)(f)).

#2005-021 – Meadow Oaks Estates – The application is not being recommended by staff because the applicant did not meet the threshold criteria requiring the applicant to submit evidence of proper site control, local housing authority utility allowances, entity registration with the Secretary of State, corporate and individual resumes, and proof of delivery receipts for notifications (10 TAC 35.6(c)).

#2005-022 – Woodland Park Estates – The application is not being recommended by staff because the applicant did not meet the threshold criteria requiring the applicant to submit evidence of proper site control, (additionally, Exhibit B of the contract prohibits the unit mix proposed for this application), corporate and individual resumes, and proof of delivery for all notifications (10 TAC 35.6(c)).

#2005-023 – Rosemont at Frisco - The application is not being recommended by staff because the applicant did not meet the threshold criteria requiring the applicant to submit evidence of proper site control (the contract does not have the appropriate dates set out in 10 TAC 35.6(c)(3)).

#2005-026 – Malloy Meadows - The application is not being recommended by staff because the applicant did not meet the threshold criteria requiring the applicant to submit evidence of proper site control, (receipted escrow), proof of delivery for all notifications and evidence or statement that the proposed is not within 300 feet of highway or service road (10 TAC 35.6(c)).

Staff Recommendation:

Approve Inducement Resolution as presented excluding Willow Creek Apartments, Evergreen at Pecan Hollow, Evergreen at Rowlett, Evergreen at Murphy, Meadow Oaks Estates, Woodland Park Estates, Rosemont at Frisco and Malloy Meadows. **The Inducement Resolution needs to be approved excluding the applications the Board chooses to not induce for the 2005 Lottery.**

Texas Department of Housing and Community Affairs

2005 Multifamily Private Activity Bond Program

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
2005-001 Priority 2	Aventine at Mesquite 2400 East Meadows City: Mesquite County: Dallas <i>New Construction</i>	246 Family	\$ 15,000,000 Score - 65	G. Granger MacDonald Aventine at Mesquite Apartments, L.P. 2951 Fall Creek Road Kerrville, Texas 78028 (830) 257-5323	Recommend
2005-002 Priority 3	Friendship Place 600 block of East Friendship Lane City: Fredricksburg County: Gillespie <i>New Construction</i>	124 Family	\$ 7,500,000	G. Granger MacDonald Fredricksburg Friendship Place Apartments, L.P. 2951 Fall Creek Road Kerrville, Texas 78028 (830) 257-5323	Withdrawn
2005-003 Priority 2	Villas at Henderson Place 1648 W. Henderson City: Cleburne County: Johnson <i>New Construction</i>	180 Family	\$ 10,500,000 Score - 61	G. Granger MacDonald Cleburne Villas Apartments, L.P. 2951 Fall Creek Road Kerrville, Texas 78028 (830) 257-5323	Recommend
2005-004 Priority 1C Inc-\$61,378	Lafayette Oaks Apartments 500 block of Texas Parkway City: Missouri City County: Fort Bend <i>New Construction</i>	200 Family	\$ 12,500,000 Score - 66	Dwayne Henson Lafayette Oaks Apartments, L.P. 5405 John Dreaper Houston, Texas 77056 (713) 334-5808	Recommend
2005-005 Priority 1C Inc-\$70,389	Lakecrest Apartments 24900 block of Franz Road City: Katy County: Harris Unincorporated <i>New Construction</i>	250 Family	\$ 15,000,000 Score - 71	Dwayne Henson Lakecrest Apartments, L.P. 5405 John Dreaper Houston, Texas 77056 (713) 334-5808	Recommend
2005-006 Priority 2	Lafayette Village Apartments 4800 block of E. Sam Houston Pkwy North City: Houston County: Harris Unincorporated <i>New Construction</i>	250 Family	\$ 15,000,000 Score - 56	Dwayne Henson Lafayette Village Apartments, L.P. 5405 John Dreaper Houston, Texas 77056 (713) 334-5808	Recommend
2005-007 Priority 2	Fred L. Lander Senior Community 6401 Boulder Road City: Dallas County: Dallas <i>New Construction</i>	101 Elderly	\$ 6,500,000 Score - 65	Lee John Felgar VOA Texas Senior Housing, L.P. 1424 Hemphill Street Fort Worth, Texas 76104 (817) 529-7311	Recommend Property Tax Exemption

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
2005-008	Webber Garden Apartments 4830 Virgil Street	120	\$ 3,500,000	Lee John Felgar Webber Garden Preservation, L.P.	Recommend Property Tax Exemption
Priority 1A	City: Fort Worth County: Tarrant <i>Acquisition / Rehab</i>	Family	Score - 66	1424 Hemphill Street Fort Worth, Texas 76104 (817) 529-7311	
2005-009	Portland Contessa Apartments 410 Lang Road	64	\$ 2,650,000	Lee John Felgar Portland Contessa Preservation, L.P.	Recommend Property Tax Exemption
Priority 1B	City: Portland County: San Patricio <i>Acquisition / Rehab</i>	Family	Score - 59	1424 Hemphill Street Fort Worth, Texas 76104 (817) 529-7311	
2005-010	Falfurrias Village 898 S. Center Street	50	\$ 1,500,000	Lee John Felgar Falfurrias Village Preservation, L.P.	Recommend Property Tax Exemption
Priority 1A	City: Falfurrias County: Brooks <i>Acquisition / Rehab</i>	Family	Score - 71	1424 Hemphill Street Fort Worth, Texas 76104 (817) 529-7311	
2005-011	Donna Village 301 Silver Avenue	58	\$ 1,200,000	Lee John Felgar Donna Village Preservation, L.P.	Recommend Property Tax Exemption
Priority 1A	City: Donna County: Hidalgo <i>Acquisition / Rehab</i>	Family	Score - 68	1424 Hemphill Street Fort Worth, Texas 76104 (817) 529-7311	
2005-012	Church Village Apartments 2902 Deats Road	100	\$ 1,250,000	Lee John Felgar Church Village Preservation, L.P.	Recommend Property Tax Exemption
Priority 1A	City: Dickinson County: Galveston <i>Acquisition / Rehab</i>	Family	Score - 61.5	1424 Hemphill Street Fort Worth, Texas 76104 (817) 529-7311	
2005-013	Providence at UT Southwestern 1893 W. Mockingbird Lane	248	\$ 12,750,000	Matt Harris Hines 68, L.P.	Recommend
Priority 1A	City: Dallas County: Dallas <i>New Construction & Acquisition / Rehab</i>	Family	Score - 67	5400 LBJ Freeway Dallas, Texas 75240 (972) 239-8500	
2005-014	Willow Creek Apartments 24200 Tomball Parkway	248	\$ 14,100,000	Mark Bower Willow Creek Apartments, L.P.	Do not Recommend Missed notification date
Priority 1C Inc-\$ 70,478	City: Tomball County: Harris <i>New Construction</i>	Family	Score - 44	5430 Holly Drive, Suite 8 Corpus Christi, Texas 78411 (361) 779-1974	

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
2005-015 Priority 1C Inc-\$105,131	Evergreen at Pecan Hollow Senior Community Approx 1500 14th street City: Murphy County: Collin <i>New Construction</i>	250 Elderly	\$ 15,000,000 Score - 57	Brad Forslund PWA - Pecan Hollow Senior Community, L.P. 5601 MacAuthor Blvd., Suite 210 Irving, Texas 75038 (972) 550-7800	Do not Recommend Missed notification date Property Tax Exemption
2005-016 Priority 1C Inc-\$79,781	Evergreen at Rowlett Senior Community Approx 1901 Lakeview Pkwy City: Rowlett County: Dallas <i>New Construction</i>	250 Elderly	\$ 15,000,000 Score - 64	Brad Forslund PWA - Rowlett Senior Community, L.P. 5601 MacAuthor Blvd., Suite 210 Irving, Texas 75038 (972) 550-7800	Do not Recommend Missed notification date Property Tax Exemption
2005-017 Priority 1C Inc-\$107,133	Evergreen at Murphy Senior Community NW quad of FM544 & N. Maxwell Creek Road City: Murphy County: Dallas <i>New Construction</i>	250 Elderly	\$ 15,000,000 Score - 52	Brad Forslund PWA - Murphy Senior Community, L.P. 5601 MacAuthor Blvd., Suite 210 Irving, Texas 75038 (972) 550-7800	Do not Recommend Missed notification date Property Tax Exemption
2005-018 Priority 1C Inc-\$73,014	Providence Place Apartments 20300 Saums Road City: Katy County: Harris Unincorporated <i>New Construction</i>	174 Elderly	\$ 9,000,000 Score - 72	Chris Richardson Providence Place, Ltd. 6363 Woodway, Suite 320 Houston, Texas 77057 (713) 914-9200	Recommend Clerk Notifications
2005-019 Priority 1A	Town Square Apartments 3300 S. Shaver City: Pasadena County: Harris <i>New Construction</i>	170 Elderly	\$ 7,250,000 Score - 73	Chris Richardson Beinhorn Town Square, Ltd. 6363 Woodway, Suite 320 Houston, Texas 77057 (713) 914-9200	Recommend Rec for council letters
2005-020 Priority 2	Arbor Bend Villas 6150 Oakmont Trail City: Fort Worth County: Tarrant <i>New Construction</i>	152 Family	\$ 10,100,000	Brian Potashnik Arbor Bend Villas Housing, L.P. 5910 N. Central Expway, Suite 1145 Dallas, Texas 75206 (214) 891-1402	Withdrawn
2005-021 Priority 1A	Meadow Oaks Estates 2301 S. Corinth Street City: Corinth County: Denton <i>New Construction</i>	250 Family	\$ 15,000,000	Brian Potashnik Corinth 05 Housing, L.P. 5910 N. Central Expway, Suite 1145 Dallas, Texas 75206 (214) 891-1402	Do not Recommend Property Tax Exemption Threshold

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
2005-022 Priority 1A	Woodland Park Estates 1401 Apollo Road City: Garland County: Dallas New Construction	250 Family	\$ 15,000,000	Brian Potashnik Woodland 05 Housing, L.P. 5910 N. Central Expway, Suite 1145 Dallas, Texas 75206 (214) 891-1402	Do not Recommend Property Tax Exemption Threshold
2005-023 Priority 1A	Rosemont at Frisco SE corner of Preston & CR23 City: Frisco County: Collin New Construction	250 Family	\$ 15,000,000	Brian Potashnik TX North Frisco Housing, L.P. 5910 N. Central Expway, Suite 1145 Dallas, Texas 75206 (214) 891-1402	Do not Recommend Property Tax Exemption Threshold
2005-024 Priority 1A	Rosemont at Fossil Creek 5300 block of Haltom Road City: Haltom City County: Tarrant New Construction	250 Family	\$ 14,100,000 Score - 55	Brian Potashnik TX Dreeben Housing, L.P. 5910 N. Central Expway, Suite 1145 Dallas, Texas 75206 (214) 891-1402	Recommended Property Tax Exemption
2005-025 Priority 1A	Rosemont at Lasater 4540 Lasater Road City: Balch Springs County: Dallas New Construction	250 Family	\$ 15,000,000 Score - 52	Brian Potashnik TX Lasater Housing, L.P. 5910 N. Central Expway, Suite 1145 Dallas, Texas 75206 (214) 891-1402	Recommended Property Tax Exemption
2005-026 Priority 1A	Malloy Meadows SE corner of Malloy Bridge Road & Hwy 175 City: Seagoville County: Dallas New Constrcutio	250 Family	\$ 15,000,000	Brian Potashnik Malloy 05 Housing, L.P. 5910 N. Central Expway, Suite 1145 Dallas, Texas 75206 (214) 891-1402	Do not Recommend Property Tax Exemption Threshold
Totals for Recommended Applications		2711	\$ 142,700,000		

RESOLUTION NO. 04-80

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 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 14th day of October, 2004.

[SEAL]

By: _____
Chair

Attest: _____
Secretary

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Principals	Amount Not to Exceed
Aventine at Mesquite Apartments	Aventine at Mesquite Apartments, L.P.	Aventine at Mesquite Developers, L.L.C., the General Partner, to be formed, or other entity, the Members of which will include WOLCO Development, LLC and Resolution Real Estate Services, LLC; and/or G. G. MacDonald, Inc.	\$15,000,000
Costs: (i) acquisition of real property approximately located at the 2400 and 2500 blocks of East Meadows, Mesquite, Dallas County, Texas; and (ii) the construction thereon of an approximately 246-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Church Village	Church Village Preservation, L.P.	VOA Texas Church Village, Inc., the General Partner, to be formed, or other entity, the Sole Member of which will be Volunteers of America Texas, Inc.	\$1,250,000
Costs: (i) acquisition of real property located at 2902 Deats Road, Dickinson, Galveston County, Texas; and (ii) the rehabilitation thereon of an approximately 100-unit multifamily residential rental housing project, in the amount not to exceed \$1,250,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Donna Village	Donna Village Preservation, L.P.	VOA Texas Donna Village, Inc., the General Partner, to be formed, or other entity, the Sole Member of which will be Volunteers of America Texas, Inc.	\$1,200,000
Costs: (i) acquisition of real property located at 301 Silver Avenue, Donna, Hidalgo County, Texas; and (ii) the rehabilitation thereon of an approximately 58-unit multifamily residential rental housing project, in the amount not to exceed \$1,200,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Evergreen at Murphy Senior Apartment Community	PWA-Murphy Senior Community, L.P.	PWA-Murphy GP, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be PWA Coalition of Dallas, Inc., of which the Members will include Don Maison and/or Michael Anderson	\$15,000,000
Costs: (i) acquisition of real property approximately located at the northwest quadrant of FM 544 and North Maxwell Creek Road, Murphy, Collin County, Texas; and (ii) the construction thereof of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Evergreen at Pecan Hollow Senior Apartment Community	PWA-Murphy Senior Community, L.P.	PWA-Murphy GP, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be PWA Coalition of Dallas, Inc., of which the Members will include Don Maison and/or Michael Anderson	\$15,000,000
Costs: (i) acquisition of real property approximately located at the 5500 block of 14th Street, Murphy, Collin County, Texas; and (ii) the construction thereof of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Evergreen at Rowlett Senior Apartment Community	PWA-Rowlett Senior Community, L.P.	PWA-Rowlett GP, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be PWA Coalition of Dallas, Inc., of which the Members will include Don Maison and/or Michael Anderson	\$15,000,000
Costs: (i) acquisition of real property approximately located at the 1901 block of Lakeview Parkway, Rowlett, Dallas County, Texas; and (ii) the construction thereof of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Falfurrias Village	Falfurrias Village Preservation, L.P.	VOA Texas Falfurrias Village, Inc., the General Partner, to be formed, or other entity, the Sole Member of which will be Volunteers of America Texas, Inc.	\$1,500,000
Costs: (i) acquisition of real property located at 898 South Center Street, Falfurrias, Brooks County, Texas; and (ii) the rehabilitation thereon of an approximately 50-unit multifamily residential rental housing project, in the amount not to exceed \$1,500,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Lafayette Oaks Apartments	Lafayette Oaks Apartments, L.P.	Lafayette Oaks 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 approximately located at the 500 block of Texas Parkway, Missouri City, Fort Bend 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
Lafayette Village Apartments	Lafayette Village Apartments, L.P.	Lafayette Village Development, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be Dwayne Henson Investments, Inc.	\$15,000,000
Costs: (i) acquisition of real property approximately located at the 4800 block of East Sam Houston Parkway North, Houston, Harris County, Texas; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Lakecrest Apartments	Lakecrest Apartments, L.P.	Lakecrest Apartments I, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be Dwayne Henson Investments, Inc.	\$15,000,000
Costs: (i) acquisition of real property approximately located at the 24900 block of Franz Road, Katy, Harris County, Texas; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Malloy Meadows Apartments	Malloy 05 Housing, L.P.	Malloy 05 Development, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be Brian Potashnik or other entity, a Member of which will be Brian Potashnik	\$15,000,000
Costs: (i) acquisition of real property approximately located at 104 South US Highway 175, Seagoville, Dallas County, Texas; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Meadows Oaks Apartments	Corinth 05 Housing, L.P.	Corinth 05 Development, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be Brian Potashnik, or other entity, a Member of which will be Brian Potashnik	\$15,000,000
Costs: (i) acquisition of real property approximately located at 2301 S. Corinth Street, Corinth, Denton County, Texas; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Portland Contessa Apartments	Portland Contessa Preservation, L.P.	VOA Texas Portland Contessa, Inc., the General Partner, to be formed, or other entity, the Sole Member of which will be Volunteers of America Texas, Inc	\$2,650,000
Costs: (i) acquisition of real property located at 410 Lang Road, Portland, San Patricio County, Texas; and (ii) the rehabilitation thereon of an approximately 64-unit multifamily residential rental housing project, in the amount not to exceed \$2,650,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Providence at UT Southwestern Apartments	Hines 68, LP	Hines 68 GP, LLC, the General Partner, or other entity, the Sole Member of which will be Leon Backes	\$12,750,000
Costs: (i) acquisition of real property located at 1893 West Mockingbird Lane (approximately the northwest corner of West Mockingbird Lane and Harry Hines) Dallas, Dallas County, Texas; and (ii) the rehabilitation and construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed \$12,750,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Providence Place Apartments	Providence Place, Ltd.	Blazer Land, LLC, the General Partner, or other entity, the Sole Member of which will be H. Chris Richardson	\$9,000,000
Costs: (i) acquisition of real property approximately located at the 20100 block of Saums Road, Katy, Harris County, Texas; and (ii) the construction thereon of an approximately 174-unit multifamily residential rental housing project, in the amount not to exceed \$9,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Rosemont at Fossil Creek Apartments	TX Dreeben Housing, L.P.	TX Dreeben Development, L.L.C., the General Partner, or other entity, the Sole Member of which will be Brian Potashnik	\$14,100,000
Costs: (i) acquisition of real property approximately located at the 5300 block of Haltom Road, Haltom City, Tarrant County, Texas; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$14,100,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Rosemont at Frisco Apartments	TX North Frisco Housing, L.P.	TX North Frisco Development, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be Brian Potashnik, or other entity, a Member of which will be Brian Potashnik	\$15,000,000
Costs: (i) acquisition of real property approximately located at the 9300 block of CR-23, Frisco, Collin County, Texas; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Rosemont at Lasater Apartments	TX Lasater Housing, L.P.	TX Lasater Development, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be Brian Potashnik, or other entity, a Member of which will be Brian Potashnik	\$15,000,000
Costs: (i) acquisition of real property approximately located at 4540 Lasater Road, Balch Springs, Dallas County, Texas; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Town Square Apartments	Beinhorn Town Square, Ltd.	Blazer Land, LLC, the General Partner, or other entity, the Sole Member of which will be H. Chris Richardson	\$7,250,000
Costs: (i) acquisition of real property approximately located at the 3300 block of S. Shaver, Pasadena, Harris County, Texas; and (ii) the construction thereon of an approximately 170-unit multifamily residential rental housing project, in the amount not to exceed \$7,250,000.			
Project Name	Owner	Principals	Amount Not to Exceed
The Fred L. Landers Senior Community Apartments	VOA Texas Senior Housing, L.P.	VOA Texas Landers Senior Housing, Inc., to be formed, or other entity, the Sole Member of which will be Volunteers of America Texas, Inc.	\$6,500,000
Costs: (i) acquisition of real property approximately located at the 6401-6501 blocks of Boulder Road, Dallas, Dallas County, Texas; and (ii) the construction thereon of an approximately 100-unit multifamily residential rental housing project, in the amount not to exceed \$6,500,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Villas at Henderson Place	Cleburne Villas Apartments, L.P.	Cleburne Villas Developers, L.L.C., the General Partner, to be formed, or other entity, the Members of which include WOLCO Development, LLC and/or Resolution Real Estate Services, LLC and/or G. G. MacDonald, Inc.	\$10,500,000
Costs: (i) acquisition of real property approximately located at 1648 W. Henderson, Cleburne, Johnson County, Texas; and (ii) the construction thereon of an approximately 180-unit multifamily residential rental housing project, in the amount not to exceed \$10,500,000.			
Webber Gardens Apartments	Webber Gardens Preservation, L.P.	VOA Texas Webber Gardens, Inc., the General Partner, to be formed, or other entity, the Sole Member of which will be Volunteers of America Texas, Inc.	\$3,500,000
Costs: (i) acquisition of real property located at 4830 Virgil Street, Fort Worth, Tarrant County, Texas; and (ii) the rehabilitation thereon of an approximately 120-unit multifamily residential rental housing project, in the amount not to exceed \$3,500,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Willow Creek Apartments	Willow Creek Apartments, LP	Willow Creek Apartments Group, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be Cynosure Properties, L.P., the General Partner of which will be Cynosure Partners, LLC, the Members of which will include Mark T. Bower and/or Daniel R. Sereni	\$14,100,000
Costs: (i) acquisition of real property approximately located at the 24200 block of Tomball Parkway, Tomball, Harris County, Texas; and (ii) the construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed \$14,100,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Woodland Park Estates	Woodland 05 Housing, L.P.	Woodland 05 Development, L.L.C., the General Partner, to be formed, or other entity, the Sole Member of which will be Brian Potashnik, or other entity, a Member of which will be Brian Potashnik	\$15,000,000
Costs: (i) acquisition of real property approximately located at 1401 Apollo Road, Garland, Dallas County, Texas; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			

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

Aventine at Mesquite (2005-001) Priority 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	50	\$ 642	780	0.82
60% AMI	2BD/2BA	110	\$ 758	970	0.78
60% AMI	3BD/2BA	86	\$ 862	1,210	0.71
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		246	\$ 2,275,344	249,760	\$ 0.76
Averages			\$ 771	1,015	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 799,871	\$ 3,252	\$ 3.20	0.03
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 799,871	\$ 3,252	\$ 3.20	0.03
Sitework	1,852,500	7,530	7.42	0.08
Hard Construction Costs	11,395,540	46,323	45.63	0.48
General Requirements (6%)	794,882	3,231	3.18	0.03
Contractor's Overhead (2%)	264,961	1,077	1.06	0.01
Contractor's Profit (6%)	794,882	3,231	3.18	0.03
Construction Contingency	577,277	2,347	2.31	0.02
Subtotal Construction	\$ 15,680,043	\$ 63,740	\$ 62.78	0.67
Indirect Construction	895,000	3,638	3.58	0.04
Developer's Fee	2,840,707	11,548	11.37	0.12
Financing	3,082,250	12,529	12.34	0.13
Reserves	200,000	813	0.80	0.01
Subtotal Other Costs	\$ 7,017,957	\$ 28,528	\$ 28	0
Total Uses	\$ 23,497,871	\$ 95,520	\$ 94.08	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,340,194	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$ 1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,043,040	36.7%	\$1,797,667	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 1,114,636	Const & GIC Income	\$ -	
Total Sources	\$ 23,497,870			\$ 1,079,191

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,340,194	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,442,050	6.00%	30	\$ 1,039,049
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,600,990	56.4%	\$ 1,239,717	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 1,114,636	Const & GIC Income	\$ -	
Total Sources	\$ 23,497,871			\$ 1,039,049

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,275,344	\$9.11	
Other Income & Loss		44,280	0.18	180
Vacancy & Collection	7.72%	179,164	0.72	728
Effective Gross Income		\$2,498,788	10.00	10,158
Total Operating Expenses		\$1,002,734	\$4.01	\$4,076
Net Operating Income		\$1,496,054	\$5.99	\$6,082
Debt Service		1,079,191	4.32	4,387
Net Cash Flow		\$416,863	\$1.67	\$1,695
Debt Coverage Ratio		1.39		
TDHCA/TSAHC Fees		\$0.00	\$0	
Net Cash Flow		\$416,863	\$1.67	\$1,695
DCR after TDHCA Fees		1.39		
Break-even Rents/S.F.		0.69		
Break-even Occupancy		91.50%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,275,344	\$9.11	
Other Income & Loss		44,280	0.18	180
Vacancy & Collection	7.50%	(173,972)	-0.70	-707
Effective Gross Income		2,145,652	8.59	8,722
Total Operating Expenses	46.7%	\$1,002,734	\$4.01	\$4,076
Net Operating Income		\$1,142,918	\$4.58	\$4,646
Debt Service		1,039,049	4.16	4,224
Net Cash Flow		\$103,870	\$0.42	\$422
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees		\$0.00	\$0	
Net Cash Flow		\$103,870	\$0.42	\$422
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.68		
Break-even Occupancy		89.74%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$56,000	0.22	228
Management Fees	88,338	0.35	359
Payroll, Payroll Tax & Employee Exp.	234,360	0.94	953
Maintenance/Repairs	150,290	0.60	611
Utilities	141,400	0.57	575
Property Insurance	56,580	0.23	230
Property Taxes	196,800	0.79	800
Replacement Reserves	49,200	0.20	200
Other Expenses	29,766	0.12	121
Total Expenses	\$1,002,734	\$4.01	\$4,076

Staff Notes/Comments
Supportive services contract and TDHCA compliance fees are in "other expenses"

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

Villas at Henderson Place, Cleburne (#2005-003) Priority 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	50	\$ 601	780	0.77
60% AMI	2BD/2BA	76	\$ 713	975	0.73
60% AMI	3BD/2BA	54	\$ 822	1,190	0.69
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		180	\$ 1,543,512	177,360	\$ 0.73
Averages			\$ 715	985	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 575,000	\$ 3,194	\$ 3.24	0.04
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 575,000	\$ 3,194	\$ 3.24	0.04
Sitework	1,500,500	8,336	8.46	0.09
Hard Construction Costs	7,467,168	41,484	42.10	0.46
General Requirements (6%)	538,060	2,989	3.03	0.03
Contractor's Overhead (2%)	179,353	996	1.01	0.01
Contractor's Profit (6%)	538,060	2,989	3.03	0.03
Construction Contingency	430,400	2,391	2.43	0.03
Subtotal Construction	\$ 10,653,542	\$ 59,186	\$ 60.07	0.65
Indirect Construction	552,000	3,067	3.11	0.03
Developer's Fee	1,961,931	10,900	11.06	0.12
Financing	2,341,852	13,010	13.20	0.14
Reserves	200,000	1,111	1.13	0.01
Subtotal Other Costs	\$ 5,055,783	\$ 28,088	\$ 29	0
Total Uses	\$ 16,284,325	\$ 90,468	\$ 91.82	1.00

Applicant - Sources of Funds				
	Net Proceeds	Sale Price	Applicable Percentage	
Source I				
Tax Credits	\$ 4,258,164	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 10,235,830	6.00%	30	\$ 736,428
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,292,020	65.9%	\$669,911	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 608,966	Includes Const. & GIC Incom	\$ -	
Total Sources	\$ 16,394,980		\$ 736,428	

TDHCA - Sources of Funds				
	Net Proceeds	Sale Price	Applicable Percentage	
Source I				
Tax Credits	\$ 4,258,164	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 10,011,910	6.00%	30	\$ 720,318
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,405,285	71.6%	\$ 556,646	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 608,966		\$ -	
Total Sources	\$ 16,284,325		\$ 720,318	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$1,543,512	\$8.70	
Other Income & Loss		71,280	0.40	396
Vacancy & Collection	-7.50%	(121,109)	-0.68	-673
Effective Gross Income		\$1,493,683	8.42	8,298
Total Operating Expenses		\$684,060	\$3.86	\$3,800
Net Operating Income		\$809,623	\$4.56	\$4,498
Debt Service		736,428	4.15	4,091
Net Cash Flow		\$73,195	\$0.41	\$407
Debt Coverage Ratio		<u>1.10</u>		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$73,195	\$0.41	\$407
DCR after TDHCA Fees		<u>1.10</u>		
Break-even Rents/S.F.		0.67		
Break-even Occupancy		92.03%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$1,543,512	\$8.70	
Other Income & Loss		32,400	0.18	180
Vacancy & Collection	7.50%	(118,193)	-0.67	-657
Effective Gross Income		1,457,719	8.22	8,098
Total Operating Expenses	45.6%	\$665,100	\$3.75	\$3,695
Net Operating Income		\$792,619	\$4.47	\$4,403
Debt Service		720,318	4.06	4,002
Net Cash Flow		\$72,301	\$0.41	\$402
Debt Coverage Ratio		<u>1.10</u>		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$72,301	\$0.41	\$402
DCR after TDHCA Fees		<u>1.10</u>		
Break-even Rents/S.F.		0.65		
Break-even Occupancy		89.76%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$52,000	0.29	289
Management Fees	59,744	0.34	332
Payroll, Payroll Tax & Employee Exp.	164,820	0.93	916
Maintenance/Repairs	99,516	0.56	553
Utilities	93,600	0.53	520
Property Insurance	39,600	0.22	220
Property Taxes	117,000	0.66	650
Replacement Reserves	36,000	0.20	200
Other Expenses	21,780	0.12	121
Total Expenses	\$684,060	\$3.86	\$3,800

Staff Notes/Comments
Expenses were adjusted to \$3.75 per square foot which is allowable under the guidelines of \$3,800 or 3.75 per square foot. Applicant used \$33 per unit in other income which was not reflected in the TDHCA numbers (\$15 per unit)

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

Lafayette Oaks Apartments, Missouri City (2005-004) Priority 1C

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
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	\$ 750,000	\$ 3,750	\$ 3.71	0.04
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 750,000	\$ 3,750	\$ 3.71	0.04
Sitework	1,717,000	8,585	8.50	0.09
Hard Construction Costs	8,912,800	44,564	44.12	0.47
General Requirements (6%)	637,788	3,189	3.16	0.03
Contractor's Overhead (2%)	212,596	1,063	1.05	0.01
Contractor's Profit (6%)	637,788	3,189	3.16	0.03
Construction Contingency	400,000	2,000	1.98	0.02
Subtotal Construction	\$ 12,517,972	\$ 62,590	\$ 61.97	0.66
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
Subtotal Other Costs	\$ 5,640,000	\$ 28,200	\$ 28	0
Total Uses	\$ 18,907,972	\$ 94,540	\$ 93.60	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,188,030	\$0.80	3.55%	
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	\$ 965,942	44.9%	\$1,184,058	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 254,000	Constr & GIC Income	\$ -	
Total Sources	\$ 18,907,972			\$ 899,326

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,188,030	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,040,184	6.00%	30	\$ 866,244
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,425,758	66.3%	\$ 724,242	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 254,000		\$ -	
Total Sources	\$ 18,907,972			\$ 866,244

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	\$761,000	\$3.77	\$3,805	
Net Operating Income	\$952,840	\$4.72	\$4,764	
Debt Service	899,326	4.45	4,497	
Net Cash Flow	\$53,514	\$0.26	\$268	
Debt Coverage Ratio	1.06			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$53,514	\$0.26	\$268	
DCR after TDHCA Fees	1.06			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	91.39%			

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	44.4% \$761,000	\$3.77	\$3,805	
Net Operating Income	\$952,840	\$4.72	\$4,764	
Debt Service	866,244	4.29	4,331	
Net Cash Flow	\$86,596	\$0.43	\$433	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$86,596	\$0.43	\$433	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.67			
Break-even Occupancy	89.57%			

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	42,250	0.21	211
Total Expenses	\$761,000	\$3.77	\$3,805

Staff Notes/Comments
Other income includes supportive services contract of \$25,000 and compliance fees of \$6,250.

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

Lakecrest Apartments, Katy (2005-005) Priority 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	52	\$ 621	700	0.89
60% AMI	2BD/2BA	112	\$ 742	1,000	0.74
60% AMI	3BD/2BA	86	\$ 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
					0.00
					0.00
					0.00
Totals		250	\$ 2,266,080	251,600	\$ 0.75
Averages			\$ 755	1,006	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,633,500	\$ 6,534	\$ 6.49	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,633,500	\$ 6,534	\$ 6.49	0.07
Sitework	2,082,500	8,330	8.28	0.09
Hard Construction Costs	11,055,500	44,222	43.94	0.47
General Requirements (6%)	788,280	3,153	3.13	0.03
Contractor's Overhead (2%)	262,760	1,051	1.04	0.01
Contractor's Profit (6%)	788,280	3,153	3.13	0.03
Construction Contingency	400,000	1,600	1.59	0.02
Subtotal Construction	\$ 15,377,320	\$ 61,509	\$ 61.12	0.65
Indirect Construction	997,000	3,988	3.96	0.04
Developer's Fee	2,680,000	10,720	10.65	0.11
Financing	2,593,000	10,372	10.31	0.11
Reserves	200,000	800	0.79	0.01
Subtotal Other Costs	\$ 6,470,000	\$ 25,880	\$ 26	0
Total Uses	\$ 23,480,820	\$ 93,923	\$ 93.33	1.00

Applicant - Sources of Funds				
	Net Proceeds	Sale Price	Applicable Percentage	
Source I				
Tax Credits	\$ 6,263,975	\$0.80	3.56%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$ 1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,885,845	70.4%	\$794,155	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 331,000		\$ -	
Total Sources	\$ 23,480,820		\$ 1,079,191	

TDHCA - Sources of Funds				
	Net Proceeds	Sale Price	Applicable Percentage	
Source I				
Tax Credits	\$ 6,263,975	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$ 1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,885,845	70.4%	\$ 794,155	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 331,000		\$ -	
Total Sources	\$ 23,480,820		\$ 1,079,191	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,266,080	\$9.01		
Other Income & Loss	45,000	0.18	180	
Vacancy & Collection	-7.50% (173,331)	-0.69	-693	
Effective Gross Income	\$2,137,749	8.50	8,551	
Total Operating Expenses	\$950,031	\$3.78	\$3,800	
Net Operating Income	\$1,187,718	\$4.72	\$4,751	
Debt Service	1,079,191	4.29	4,317	
Net Cash Flow	\$108,527	\$0.43	\$434	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$108,527	\$0.43	\$434	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.67			
Break-even Occupancy	89.55%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,266,080	\$9.01		
Other Income & Loss	45,000	0.18	180	
Vacancy & Collection	7.50% (173,331)	-0.69	-693	
Effective Gross Income	2,137,749	8.50	8,551	
Total Operating Expenses	44.4% \$950,031	\$3.78	\$3,800	
Net Operating Income	\$1,187,718	\$4.72	\$4,751	
Debt Service	1,079,191	4.29	4,317	
Net Cash Flow	\$108,527	\$0.43	\$434	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$108,527	\$0.43	\$434	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.67			
Break-even Occupancy	89.55%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$81,904	0.33	328
Management Fees	106,887	0.42	428
Payroll, Payroll Tax & Employee Exp.	225,000	0.89	900
Maintenance/Repairs	80,000	0.32	320
Utilities	84,500	0.34	338
Property Insurance	75,480	0.30	302
Property Taxes	205,000	0.81	820
Replacement Reserves	50,010	0.20	200
Other Expenses	41,250	0.16	165
Total Expenses	\$950,031	\$3.78	\$3,800

Staff Notes/Comments

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

Lafayette Village Apartments, Houston (2005-006) Priority 2

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	52	\$ 621	700	0.89
60% AMI	2BD/2BA	112	\$ 742	1,000	0.74
60% AMI	3BD/2BA	86	\$ 854	1,200	0.71
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,266,080	251,600	\$ 0.75
Averages			\$ 755	1,006	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,631,736	\$ 6,527	\$ 6.49	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,631,736	\$ 6,527	\$ 6.49	0.07
Sitework	2,082,500	8,330	8.28	0.09
Hard Construction Costs	11,055,500	44,222	43.94	0.47
General Requirements (6%)	788,280	3,153	3.13	0.03
Contractor's Overhead (2%)	262,760	1,051	1.04	0.01
Contractor's Profit (6%)	788,280	3,153	3.13	0.03
Construction Contingency	400,000	1,600	1.59	0.02
Subtotal Construction	\$ 15,377,320	\$ 61,509	\$ 61.12	0.65
Indirect Construction	997,000	3,988	3.96	0.04
Developer's Fee	2,680,000	10,720	10.65	0.11
Financing	2,593,000	10,372	10.31	0.11
Reserves	200,000	800	0.79	0.01
Subtotal Other Costs	\$ 6,470,000	\$ 25,880	\$ 26	0
Total Uses	\$ 23,479,056	\$ 93,916	\$ 93.32	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,263,975	\$0.80	3.56%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,884,081	70.3%	\$795,919	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 331,000		\$ -	
Total Sources	\$ 23,479,056		\$1,079,191	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,263,975	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$ 1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,884,081	70.3%	\$ 795,919	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 331,000		\$ -	
Total Sources	\$ 23,479,056		\$ 1,079,191	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,266,080	\$9.01		
Other Income & Loss	45,000	0.18	180	
Vacancy & Collection	-7.50% (173,331)	-0.69	-693	
Effective Gross Income	<u>\$2,137,749</u>	<u>8.50</u>	<u>8,551</u>	
Total Operating Expenses	<u>\$950,031</u>	<u>\$3.78</u>	<u>\$3,800</u>	
Net Operating Income	\$1,187,718	\$4.72	\$4,751	
Debt Service	1,079,191	4.29	4,317	
Net Cash Flow	<u>\$108,527</u>	<u>\$0.43</u>	<u>\$434</u>	
Debt Coverage Ratio	<u>1.10</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$108,527</u>	<u>\$0.43</u>	<u>\$434</u>	
DCR after TDHCA Fees	<u>1.10</u>			
Break-even Rents/S.F.	0.67			
Break-even Occupancy	89.55%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,266,080	\$9.01		
Other Income & Loss	45,000	0.18	180	
Vacancy & Collection	7.50% (173,331)	-0.69	-693	
Effective Gross Income	<u>2,137,749</u>	<u>8.50</u>	<u>8,551</u>	
Total Operating Expenses	<u>\$950,031</u>	<u>\$3.78</u>	<u>\$3,800</u>	
Net Operating Income	\$1,187,718	\$4.72	\$4,751	
Debt Service	1,079,191	4.29	4,317	
Net Cash Flow	<u>\$108,527</u>	<u>\$0.43</u>	<u>\$434</u>	
Debt Coverage Ratio	<u>1.10</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$108,527</u>	<u>\$0.43</u>	<u>\$434</u>	
DCR after TDHCA Fees	<u>1.10</u>			
Break-even Rents/S.F.	0.67			
Break-even Occupancy	89.55%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$81,904	0.33	328
Management Fees	106,887	0.42	428
Payroll, Payroll Tax & Employee Exp.	225,000	0.89	900
Maintenance/Repairs	80,000	0.32	320
Utilities	84,500	0.34	338
Property Insurance	75,480	0.30	302
Property Taxes	205,000	0.81	820
Replacement Reserves	50,010	0.20	200
Other Expenses	41,250	0.16	165
Total Expenses	<u>\$950,031</u>	<u>\$3.78</u>	<u>\$3,800</u>

Staff Notes/Comments

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

Fred L. Landers Senior Community Dallas (2005-007) Priority 2

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	50	\$ 748	700	1.07
60% AMI	2BD/1.5BA	51	\$ 898	850	1.06
				-	0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		101	\$ 998,376	78,350	\$ 1.06
Averages			\$ 824	776	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 185,000	\$ 1,832	\$ 2.36	0.02
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 185,000	\$ 1,832	\$ 2.36	0.02
Sitework	860,000	8,515	10.98	0.09
Hard Construction Costs	4,703,097	46,565	60.03	0.51
General Requirements (6%)	333,786	3,305	4.26	0.04
Contractor's Overhead (2%)	111,262	1,102	1.42	0.01
Contractor's Profit (6%)	333,786	3,305	4.26	0.04
Construction Contingency	278,155	2,754	3.55	0.03
Subtotal Construction	\$ 6,620,086	\$ 65,545	\$ 84.49	0.71
Indirect Construction	416,500	4,124	5.32	0.04
Developer's Fee	974,715	9,651	12.44	0.10
Financing	827,134	8,189	10.56	0.09
Reserves	270,000	2,673	3.45	0.03
Subtotal Other Costs	\$ 2,488,349	\$ 24,637	\$ 32	0
Total Uses	\$ 9,293,435	\$ 92,014	\$ 118.61	1.00

Applicant - Sources of Funds				
	Net Proceeds	Sale Price	Applicable Percentage	
Source I				
Tax Credits	\$ 2,326,975	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 6,250,000	6.00%	30	\$ 449,663
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 255,901	26.3%	\$718,814	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 499,500	FHLB Loan	\$ 4,995	
Total Sources	\$ 9,332,376			\$ 454,658

TDHCA - Sources of Funds				
	Net Proceeds	Sale Price	Applicable Percentage	
Source I				
Tax Credits	\$ 2,326,975	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 6,250,000	6.00%	30	\$ 449,663
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 216,960	22.3%	\$ 757,755	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 499,500		\$ 4,995	
Total Sources	\$ 9,293,435			\$ 454,658

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$998,376	\$12.74	
Other Income & Loss		6,360	0.08	63
Vacancy & Collection	-7.50%	(75,355)	-0.96	-746
Effective Gross Income		\$929,381	11.86	9,202
Total Operating Expenses		\$427,740	\$5.46	\$4,235
Net Operating Income		\$501,641	\$6.40	\$4,967
Debt Service		454,658	5.80	4,502
Net Cash Flow		\$46,983	\$0.60	\$465
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$46,983	\$0.60	\$465
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.94		
Break-even Occupancy		88.38%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$998,376	\$12.74	
Other Income & Loss		18,180	0.23	180
Vacancy & Collection	7.50%	(76,242)	-0.97	-755
Effective Gross Income		940,314	12.00	9,310
Total Operating Expenses	45.5%	\$427,740	\$5.46	\$4,235
Net Operating Income		\$512,574	\$6.54	\$5,075
Debt Service		454,658	5.80	4,502
Net Cash Flow		\$57,916	\$0.74	\$573
Debt Coverage Ratio		1.13		
TDHCA/TSAHC Fees		\$8,484	\$0.11	\$84
Net Cash Flow		\$49,432	\$0.63	\$489
DCR after TDHCA Fees		1.11		
Break-even Rents/S.F.		0.95		
Break-even Occupancy		89.23%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$31,310	0.40	310
Management Fees	46,469	0.59	460
Payroll, Payroll Tax & Employee Exp.	83,496	1.07	827
Maintenance/Repairs	54,035	0.69	535
Utilities	50,500	0.64	500
Property Insurance	27,775	0.35	275
Property Taxes	90,325	1.15	894
Replacement Reserves	29,888	0.38	296
Other Expenses	13,942	0.18	138
Total Expenses	\$427,740	\$5.46	\$4,235

Staff Notes/Comments
Sources of Funds are contingent on a loan from the FHLBB for \$499,500.
The Applicant will be seeking a property tax exemption.

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

Webber Garden Apartments, Fort Worth (2005-008) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	1	\$ 403	576	0.70
60% AMI	1BD/1BA	7	\$ 403	576	0.70
50% AMI	2BD/1BA	4	\$ 508	762	0.67
60% AMI	2BD/1BA	20	\$ 508	762	0.67
50% AMI	3BD/1.5 BA	5	\$ 686	935	0.73
60% AMI	3BD/1.5 BA	31	\$ 686	935	0.73
50% AMI	3BD/2 BA	4	\$ 686	1,092	0.63
60% AMI	3BD/2 BA	24	\$ 686	1,092	0.63
50% AMI	4BD/2BA	4	\$ 774	1,248	0.62
60% AMI	4BD/2BA	20	\$ 774	1,248	0.62
					0.00
					0.00
					0.00
					0.00
Totals		120	\$ 934,752	117,084	\$ 0.67
Averages			\$ 649	976	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 3,360,000	\$ 28,000	\$ 28.70	0.51
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 3,360,000	\$ 28,000	\$ 28.70	0.51
Sitework		0	0.00	0.00
Hard Construction Costs	1,334,200	11,118	11.40	0.20
General Requirements (6%)	80,052	667	0.68	0.01
Contractor's Overhead (2%)	26,684	222	0.23	0.00
Contractor's Profit (6%)	80,052	667	0.68	0.01
Construction Contingency	92,000	767	0.79	0.01
Subtotal Construction	\$ 1,612,988	\$ 13,442	\$ 13.78	0.24
Indirect Construction	153,000	1,275	1.31	0.02
Developer's Fee	861,000	7,175	7.35	0.13
Financing	500,184	4,168	4.27	0.08
Reserves	139,550	1,163	1.19	0.02
Subtotal Other Costs	\$ 1,653,734	\$ 13,781	\$ 14	0
Total Uses	\$ 6,626,722	\$ 55,223	\$ 56.60	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 1,956,360	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 3,341,574	6.00%	30	\$ 240,413
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ -	0.0%	\$861,000	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 1,325,000	Surplus Cash Flow Loan	\$ -	
Total Sources	\$ 6,622,934			\$ 240,413

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 1,956,360	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 3,341,574	6.00%	30	\$ 240,413
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ -	0.0%	\$ 861,000	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 1,325,000		\$ -	
Total Sources	\$ 6,626,722			\$ 240,413

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$934,752	\$7.98	
Other Income & Loss		21,600	0.18	180
Vacancy & Collection	-7.50%	(71,726)	-0.61	-598
Effective Gross Income		\$884,626	7.56	7,372
Total Operating Expenses		\$561,079	\$4.79	\$4,676
Net Operating Income		\$323,547	\$2.76	\$2,696
Debt Service		240,413	2.05	2,003
Net Cash Flow		\$83,134	\$0.71	\$693
Debt Coverage Ratio		1.35		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$83,134	\$0.71	\$693
DCR after TDHCA Fees		1.35		
Break-even Rents/S.F.		0.57		
Break-even Occupancy		85.74%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$934,752	\$7.98	
Other Income & Loss		21,600	0.18	180
Vacancy & Collection	7.50%	(71,726)	-0.61	-598
Effective Gross Income		\$884,626	7.56	7,372
Total Operating Expenses	63.4%	\$561,079	\$4.79	\$4,676
Net Operating Income		\$323,547	\$2.76	\$2,696
Debt Service		240,413	2.05	2,003
Net Cash Flow		\$83,134	\$0.71	\$693
Debt Coverage Ratio		1.35		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$83,134	\$0.71	\$693
DCR after TDHCA Fees		1.35		
Break-even Rents/S.F.		0.57		
Break-even Occupancy		85.74%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$45,408	0.39	378
Management Fees	52,219	0.45	435
Payroll, Payroll Tax & Employee Exp.	77,452	0.66	645
Maintenance/Repairs	159,000	1.36	1325
Utilities	66,000	0.56	550
Property Insurance	75,000	0.64	625
Property Taxes	50,000	0.43	417
Replacement Reserves	36,000	0.31	300
Other Expenses	-	0.00	0
Total Expenses	\$561,079	\$4.79	\$4,676

Staff Notes/Comments
This transaction is part of the Mark-toMarket program administered by the HUD (OMHAR) restructure. The \$1,325,000 will be paid from surplus cash therefore no debt service was calculated.
The Applicant will be seeking a property tax exemption.

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

Portland Contessa Apartments, Portland (2005-009) Priority 1B

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
30% AMI	1BD/1BA	4	\$ 484	750	0.65
60% AMI	1BD/1BA	2	\$ 484	750	0.65
60% AMI	1BD/1BA	14	\$ 484	750	0.65
30% AMI	2BD/2BA	5	\$ 599	950	0.63
60% AMI	2BD/2BA	5	\$ 599	950	0.63
60% AMI	2BD/2BA	22	\$ 597	950	0.63
30% AMI	3BD/2BA	1	708	1,150	0.62
60% AMI	3BD/2BA	2	708	1,150	0.62
60% AMI	3BD/2BA	9	688	1,150	0.60
Totals		64	\$ 445,440	59,200	\$ 0.63
Averages			\$ 580	925	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,050,000	\$ 16,406	\$ 17.74	0.31
Off-sites		0	0.00	0.00
Subtotal Site Costs	\$ 1,050,000	\$ 16,406	\$ 17.74	0.31
Sitework	44,800	700	0.76	0.01
Hard Construction Costs	1,074,100	16,783	18.14	0.31
General Requirements (6%)	65,000	1,016	1.10	0.02
Contractor's Overhead (2%)	20,000	313	0.34	0.01
Contractor's Profit (6%)	65,000	1,016	1.10	0.02
Construction Contingency	75,000	1,172	1.27	0.02
Subtotal Construction	\$ 1,343,900	\$ 20,998	\$ 22.70	0.39
Indirect Construction	112,000	1,750	1.89	0.03
Developer's Fee	458,000	7,156	7.74	0.13
Financing	371,868	5,810	6.28	0.11
Reserves	104,733	1,636	1.77	0.03
Subtotal Other Costs	\$ 1,046,601	\$ 16,353	\$ 18	0
Total Uses	\$ 3,440,501	\$ 53,758	\$ 58.12	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 868,472	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 2,180,000	6.00%	30	\$ 156,842
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 340,370	74.3%	\$117,630	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 51,659	Interest income	\$ -	
Total Sources	\$ 3,440,501			\$ 156,842

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 868,472	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 2,180,000	6.00%	30	\$ 156,842
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 340,370	74.3%	\$ 117,630	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 51,659		\$ -	
Total Sources	\$ 3,440,501			\$ 156,842

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$445,440	\$7.52	
Other Income & Loss		7,972	0.13	125
Vacancy & Collection	-7.50%	(34,008)	-0.57	-531
Effective Gross Income		\$419,404	7.08	6,553
Total Operating Expenses		\$244,596	\$4.13	\$3,822
Net Operating Income		\$174,808	\$2.95	\$2,731
Debt Service		156,842	2.65	2,451
Net Cash Flow		\$17,966	\$0.30	\$281
Debt Coverage Ratio		1.11		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$17,966	\$0.30	\$281
DCR after TDHCA Fees		1.11		
Break-even Rents/S.F.		0.57		
Break-even Occupancy		90.12%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$445,440	\$7.52	
Other Income & Loss		11,520	0.19	180
Vacancy & Collection	7.50%	(34,272)	-0.58	-536
Effective Gross Income		\$422,688	7.14	6,605
Total Operating Expenses	57.9%	\$244,596	\$4.13	\$3,822
Net Operating Income		\$178,092	\$3.01	\$2,783
Debt Service		156,842	2.65	2,451
Net Cash Flow		\$21,250	\$0.36	\$332
Debt Coverage Ratio		1.14		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$21,250	\$0.36	\$332
DCR after TDHCA Fees		1.14		
Break-even Rents/S.F.		0.57		
Break-even Occupancy		90.12%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$32,500	0.55	508
Management Fees	27,000	0.46	422
Payroll, Payroll Tax & Employee Exp.	47,000	0.79	734
Maintenance/Repairs	49,500	0.84	773
Utilities	41,700	0.70	652
Property Insurance	15,000	0.25	234
Property Taxes	15,000	0.25	234
Replacement Reserves	16,896	0.29	264
Other Expenses	-	0.00	0
Total Expenses	\$244,596	\$4.13	\$3,822

Staff Notes/Comments
Applicant did not show annual fees \$1600 in compliance or TDHCA admin \$26100 or their social services of \$7/per door.
The Applicant will be seeking a property tax exemption.

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

Falfurrias Village, Falfurrias (2005-010) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	5	\$ 425	527	0.81
60% AMI	1BD/1BA	1	\$ 425	527	0.81
60% AMI	1BD/1BA	4	\$ 425	534	0.80
50% AMI	2BD/1BA	10	\$ 531	787	0.67
60% AMI	2BD/1BA	10	\$ 531	787	0.67
50% AMI	3BD/1.5 BA	10	\$ 649	1,031	0.63
60% AMI	3BD/1.5 BA	10	\$ 649	1,031	0.63
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		50	\$ 313,800	39,522	\$ 0.66
Averages			\$ 523	790	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,550,000	\$ 31,000	\$ 39.22	0.57
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,550,000	\$ 31,000	\$ 39.22	0.57
Sitework	35,000	700	0.89	0.01
Hard Construction Costs	339,250	6,785	8.58	0.12
General Requirements (6%)	22,455	449	0.57	0.01
Contractor's Overhead (2%)	7,485	150	0.19	0.00
Contractor's Profit (6%)	22,455	449	0.57	0.01
Construction Contingency	42,805	856	1.08	0.02
Subtotal Construction	\$ 469,450	\$ 9,389	\$ 11.88	0.17
Indirect Construction	87,000	1,740	2.20	0.03
Developer's Fee	356,328	7,127	9.02	0.13
Financing	229,074	4,581	5.80	0.08
Reserves	40,000	800	1.01	0.01
Subtotal Other Costs	\$ 712,402	\$ 14,248	\$ 18	0
Total Uses	\$ 2,731,852	\$ 54,637	\$ 69.12	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 768,344	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 1,418,802	6.00%	30	\$ 102,077
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ -	0.0%	\$356,328	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 544,706	loan VAO/HUD	\$ -	
Total Sources	\$ 2,731,852		\$ 102,077	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 768,344	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 1,370,499	6.00%	30	\$ 98,602
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 48,303	13.6%	\$ 308,025	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 544,706	Cash Flow Loan OMHAR	\$ -	
Total Sources	\$ 2,731,852		\$ 98,602	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$313,800	\$7.94	
Other Income & Loss		4,440	0.11	89
Vacancy & Collection	-7.40%	(23,535)	-0.60	-471
Effective Gross Income		\$294,705	7.46	5,894
Total Operating Expenses		\$190,038	\$4.81	\$3,801
Net Operating Income		\$104,667	\$2.65	\$2,093
Debt Service		102,077	2.58	2,042
Net Cash Flow		\$2,590	\$0.07	\$52
Debt Coverage Ratio		1.03		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$2,590	\$0.07	\$52
DCR after TDHCA Fees		1.03		
Break-even Rents/S.F.		0.62		
Break-even Occupancy		93.09%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$313,800	\$7.94	
Other Income & Loss		9,000	0.23	180
Vacancy & Collection	7.50%	(24,210)	-0.61	-484
Effective Gross Income		298,590	7.56	5,972
Total Operating Expenses	63.6%	\$190,038	\$4.81	\$3,801
Net Operating Income		\$108,552	\$2.75	\$2,171
Debt Service		98,602	2.49	1,972
Net Cash Flow		\$9,950	\$0.25	\$199
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees		\$0.00	\$0	
Net Cash Flow		\$9,950	\$0.25	\$199
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.61		
Break-even Occupancy		91.98%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$18,730	0.47	375
Management Fees	22,000	0.56	440
Payroll, Payroll Tax & Employee Exp	31,907	0.81	638
Maintenance/Repairs	26,200	0.66	524
Utilities	22,181	0.56	444
Property Insurance	11,266	0.29	225
Property Taxes	42,754	1.08	855
Replacement Reserves	15,000	0.38	300
Other Expenses	-	0.00	0
Total Expenses	\$190,038	\$4.81	\$3,801

Staff Notes/Comments
The loan for 544,706 is a OMHAR Mark to Market program loan that is repayable from available cash flow.
The Applicant will be seeking a property tax exemption.

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

Donna Village Apartments, Donna (2005-011) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/1BA	14	\$ 531	863	0.62
60% AMI	2BD/1BA	14	\$ 531	863	0.62
50% AMI	3BD/1BA	10	\$ 630	1,009	0.62
60% AMI	3BD/1BA	10	\$ 630	1,009	0.62
50% AMI	4BD/1.5BA	5	\$ 717	1,210	0.59
60% AMI	4BD/1.5BA	5	\$ 717	1,210	0.59
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		58	\$ 415,656	56,444	\$ 0.61
Averages			\$ 597	973	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 986,000	\$ 17,000	\$ 17.47	0.41
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 986,000	\$ 17,000	\$ 17.47	0.41
Sitework	55,100	950	0.98	0.02
Hard Construction Costs	597,750	10,306	10.59	0.25
General Requirements (6%)	39,171	675	0.69	0.02
Contractor's Overhead (2%)	13,057	225	0.23	0.01
Contractor's Profit (6%)	39,171	675	0.69	0.02
Construction Contingency	60,000	1,034	1.06	0.03
Subtotal Construction	\$ 804,249	\$ 13,866	\$ 14.25	0.34
Indirect Construction	101,000	1,741	1.79	0.04
Developer's Fee	272,000	4,690	4.82	0.11
Financing	190,410	3,283	3.37	0.08
Reserves	44,800	772	0.79	0.02
Subtotal Other Costs	\$ 608,210	\$ 10,486	\$ 11	0
Total Uses	\$ 2,398,459	\$ 41,353	\$ 42.49	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 607,584	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 1,200,000	6.00%	30	\$ 86,335
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 85,476	31.4%	\$186,524	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 500,000	VOA & HUD Loan	\$ -	
Total Sources	\$ 2,393,060			\$ 86,335

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 607,584	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 1,093,846	6.00%	30	\$ 78,698
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 197,029	72.4%	\$ 74,971	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 500,000		\$ -	
Total Sources	\$ 2,398,459			\$ 78,698

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$415,656	\$7.36	
Other Income & Loss		10,440	0.18	180
Vacancy & Collection	-7.50%	(31,957)	-0.57	-551
Effective Gross Income		\$394,139	6.98	6,795
Total Operating Expenses		\$307,635	\$5.45	\$5,304
Net Operating Income		\$86,504	\$1.53	\$1,491
Debt Service		86,335	1.53	1,489
Net Cash Flow		\$169	\$0.00	\$3
Debt Coverage Ratio		1.00		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$169	\$0.00	\$3
DCR after TDHCA Fees		1.00		
Break-even Rents/S.F.		0.58		
Break-even Occupancy		94.78%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$415,656	\$7.36	
Other Income & Loss		10,440	0.18	180
Vacancy & Collection	7.50%	(31,957)	-0.57	-551
Effective Gross Income		\$394,139	6.98	6,795
Total Operating Expenses	78.1%	\$307,635	\$5.45	\$5,304
Net Operating Income		\$86,504	\$1.53	\$1,491
Debt Service		78,698	1.39	1,357
Net Cash Flow		\$7,806	\$0.14	\$135
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$7,806	\$0.14	\$135
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.57		
Break-even Occupancy		92.95%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$51,763	0.92	892
Management Fees	27,250	0.48	470
Payroll, Payroll Tax & Employee Exp.	32,000	0.57	552
Maintenance/Repairs	65,500	1.16	1,129
Utilities	58,576	1.04	1,010
Property Insurance	38,750	0.69	668
Property Taxes	16,396	0.29	283
Replacement Reserves	17,400	0.31	300
Other Expenses	-	0.00	0
Total Expenses	\$307,635	\$5.45	\$5,304

Staff Notes/Comments
The Applicant will be seeking a property tax exemption.

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

Church Village Apartment, Dickerson (2005-012) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	8	\$ 460	590	0.78
60% AMI	1BD/1BA	8	\$ 460	590	0.78
50% AMI	2BD/1BA	18	\$ 585	772	0.76
60% AMI	2BD/1BA	18	\$ 585	772	0.76
50% AMI	3BD/1BA	16	\$ 655	901	0.73
60% AMI	3BD/1BA	16	\$ 655	901	0.73
50% AMI	4BD/2BA	8	\$ 780	1,125	0.69
60% AMI	4BD/2BA	8	\$ 780	1,125	0.69
Totals		100	\$ 742,320	84,064	\$ 0.74
Averages			\$ 619	841	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 800,000	\$ 8,000	\$ 9.52	0.32
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 800,000	\$ 8,000	\$ 9.52	0.32
Sitework	15,000	150	0.18	0.01
Hard Construction Costs	810,000	8,100	9.64	0.33
General Requirements (6%)	49,500	495	0.59	0.02
Contractor's Overhead (2%)	16,500	165	0.20	0.01
Contractor's Profit (6%)	49,500	495	0.59	0.02
Construction Contingency	56,000	560	0.67	0.02
Subtotal Construction	\$ 996,500	\$ 9,965	\$ 11.85	0.40
Indirect Construction	109,000	1,090	1.30	0.04
Developer's Fee	287,500	2,875	3.42	0.12
Financing	211,202	2,112	2.51	0.09
Reserves	80,000	800	0.95	0.03
Subtotal Other Costs	\$ 687,702	\$ 6,877	\$ 8	0
Total Uses	\$ 2,484,202	\$ 24,842	\$ 29.55	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 626,144	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 1,250,000	6.00%	30	\$ 89,933
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 63,878	22.2%	\$223,622	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 525,000		\$ -	
Total Sources	\$ 2,465,022		\$ 89,933	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 626,144	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 1,250,000	6.00%	30	\$ 89,933
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 83,058	28.9%	\$ 204,442	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 525,000		\$ -	
Total Sources	\$ 2,484,202		\$ 89,933	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$742,320	\$8.83		
Other Income & Loss	11,400	0.14	114	
Vacancy & Collection	-7.50% (56,529)	-0.67	-565	
Effective Gross Income	\$697,191	8.29	6,972	
Total Operating Expenses	\$595,990	\$7.09	\$5,960	
Net Operating Income	\$101,201	\$1.20	\$1,012	
Debt Service	89,933	1.07	899	
Net Cash Flow	\$11,268	\$0.13	\$113	
Debt Coverage Ratio	1.13			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$11,268	\$0.13	\$113	
DCR after TDHCA Fees	1.13			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	92.40%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$742,320	\$8.83		
Other Income & Loss	18,000	0.21	180	
Vacancy & Collection	7.50% (57,024)	-0.68	-570	
Effective Gross Income	703,296	8.37	7,033	
Total Operating Expenses	84.7% \$595,990	\$7.09	\$5,960	
Net Operating Income	\$107,306	\$1.28	\$1,073	
Debt Service	89,933	1.07	899	
Net Cash Flow	\$17,373	\$0.21	\$174	
Debt Coverage Ratio	1.19			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$17,373	\$0.21	\$174	
DCR after TDHCA Fees	1.19			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	92.40%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$101,500	1.21	1015
Management Fees	43,890	0.52	439
Payroll, Payroll Tax & Employee Exp.	80,000	0.95	800
Maintenance/Repairs	93,000	1.11	930
Utilities	185,000	2.20	1850
Property Insurance	35,000	0.42	350
Property Taxes	27,600	0.33	276
Replacement Reserves	30,000	0.36	300
Other Expenses	-	0.00	0
Total Expenses	\$595,990	\$7.09	\$5,960

Staff Notes/Comments
The \$525,000 Loan was restructured through the Mark to Market Program with OMHAR. Debt service will be based upon available cash flow.
The Applicant will be seeking a property tax exemption.

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

Providence at UT Southwestern, Dallas (2005-013) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	68	\$ 623	696	0.90
60% AMI	1BD/1BA	69	\$ 748	696	1.07
50% AMI	1BD/1BA	6	\$ 571	696	0.82
60% AMI	1BD/1BA	5	\$ 696	696	1.00
50% AMI	2BD/2BA	8	\$ 748	1,044	0.72
60% AMI	2BD/2BA	8	\$ 898	1,044	0.86
50% AMI	2BD/2BA	42	\$ 673	970	0.69
60% AMI	2BD/2BA	42	\$ 823	970	0.85
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		248	\$ 2,122,584	201,192	\$ 0.88
Averages			\$ 713	811	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 3,143,900	\$ 12,677	\$ 15.63	0.15
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 3,143,900	\$ 12,677	\$ 15.63	0.15
Sitework	814,000	3,282	4.05	0.04
Hard Construction Costs	9,306,140	37,525	46.26	0.45
General Requirements (6%)	607,208	2,448	3.02	0.03
Contractor's Overhead (2%)	202,403	816	1.01	0.01
Contractor's Profit (6%)	607,208	2,448	3.02	0.03
Construction Contingency	502,507	2,026	2.50	0.02
Subtotal Construction	\$ 12,039,467	\$ 48,546	\$ 59.84	0.58
Indirect Construction	1,114,500	4,494	5.54	0.05
Developer's Fee	2,455,285	9,900	12.20	0.12
Financing	1,876,410	7,566	9.33	0.09
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,446,195	\$ 21,960	\$ 27	0
Total Uses	\$ 20,629,562	\$ 83,184	\$ 102.54	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,731,833	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,520,000	6.00%	30	\$ 900,765
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,243,252	50.6%	\$1,212,033	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 124,677	GIC Income	\$ -	
Total Sources	\$ 20,619,762			\$ 900,765

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,731,833	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,520,000	6.00%	30	\$ 900,765
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,253,052	51.0%	\$ 1,202,233	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 124,677		\$ -	
Total Sources	\$ 20,629,562			\$ 900,765

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,122,584	\$10.55	
Other Income & Loss		44,640	0.22	180
Vacancy & Collection	-7.50%	(162,542)	-0.81	-655
Effective Gross Income		\$2,004,682	9.96	8,083
Total Operating Expenses		\$994,288	\$4.94	\$4,009
Net Operating Income		\$1,010,394	\$5.02	\$4,074
Debt Service		900,765	4.48	3,632
Net Cash Flow		\$109,629	\$0.54	\$442
Debt Coverage Ratio		1.12		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$109,629	\$0.54	\$442
DCR after TDHCA Fees		1.12		
Break-even Rents/S.F.		0.78		
Break-even Occupancy		89.28%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,122,584	\$10.55	
Other Income & Loss		44,640	0.22	180
Vacancy & Collection	7.50%	(162,542)	-0.81	-655
Effective Gross Income		2,004,682	9.96	8,083
Total Operating Expenses	49.6%	\$994,288	\$4.94	\$4,009
Net Operating Income		\$1,010,394	\$5.02	\$4,074
Debt Service		900,765	4.48	3,632
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TDHCA/TSAHC Fees		\$0.00	\$0	
Net Cash Flow		\$109,629	\$0.54	\$442
DCR after TDHCA Fees		1.12		
Break-even Rents/S.F.		0.78		
Break-even Occupancy		89.28%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$95,000	0.47	383
Management Fees	100,776	0.50	406
Payroll, Payroll Tax & Employee Exp.	225,000	1.12	907
Maintenance/Repairs	104,134	0.52	420
Utilities	166,904	0.83	673
Property Insurance	46,274	0.23	187
Property Taxes	173,600	0.86	700
Replacement Reserves	49,600	0.25	200
Other Expenses	33,000	0.16	133
Total Expenses	\$994,288	\$4.94	\$4,009

Staff Notes/Comments
This is an acquisition of an existing Hotel and new construction of additional units. The ones which do not show a utility allowance are the Hotel units which will be all bills paid.

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

Willow Creek Apartments, Tomball (2005-014) Priority 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	48	\$ 589	675	0.87
60% AMI	2BD/1BA	96	\$ 706	929	0.76
60% AMI	2BD/2BA	32	\$ 706	962	0.73
60% AMI	3BD/2BA	72	\$ 813	1,100	0.74
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		248	\$ 2,126,112	231,568	\$ 0.77
Averages			\$ 714	934	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 2,697,344	\$ 10,876	\$ 11.65	0.13
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 2,697,344	\$ 10,876	\$ 11.65	0.13
Sitework	1,282,000	5,169	5.54	0.06
Hard Construction Costs	9,456,000	38,129	40.83	0.47
General Requirements (6%)	626,000	2,524	2.70	0.03
Contractor's Overhead (2%)	209,000	843	0.90	0.01
Contractor's Profit (6%)	626,000	2,524	2.70	0.03
Construction Contingency	602,000	2,427	2.60	0.03
Subtotal Construction	\$ 12,801,000	\$ 51,617	\$ 55.28	0.64
Indirect Construction	554,768	2,237	2.40	0.03
Developer's Fee	2,116,000	8,532	9.14	0.11
Financing	1,749,500	7,054	7.56	0.09
Reserves	138,000	556	0.60	0.01
Subtotal Other Costs	\$ 4,558,268	\$ 18,380	\$ 20	0
Total Uses	\$ 20,056,612	\$ 80,873	\$ 86.61	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,771,844	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,100,000	6.00%	30	\$1,014,439
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,184,668	56.0%	\$931,332	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,056,512			\$1,014,439

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,771,844	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,395,463	6.00%	30	\$ 1,035,697
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 889,305	42.0%	\$ 1,226,695	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,056,612			\$ 1,035,697

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,126,112	\$9.18	
Other Income & Loss		44,640	0.19	180
Vacancy & Collection	-7.50%	(162,804)	-0.70	-656
Effective Gross Income		\$2,007,948	8.67	8,097
Total Operating Expenses		\$868,420	\$3.75	\$3,502
Net Operating Income		\$1,139,528	\$4.92	\$4,595
Debt Service		1,014,439	4.38	4,090
Net Cash Flow		\$125,089	\$0.54	\$504
Debt Coverage Ratio		1.12		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$125,089	\$0.54	\$504
DCR after TDHCA Fees		1.12		
Break-even Rents/S.F.		0.68		
Break-even Occupancy		88.56%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,126,112	\$9.18	
Other Income & Loss		44,640	0.19	180
Vacancy & Collection	7.50%	(162,806)	-0.70	-656
Effective Gross Income		2,007,946	8.67	8,097
Total Operating Expenses	43.2%	\$868,420	\$3.75	\$3,502
Net Operating Income		\$1,139,526	\$4.92	\$4,595
Debt Service		1,035,697	4.47	4,176
Net Cash Flow		\$103,829	\$0.45	\$419
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees		\$27,032	\$0.12	\$109
Net Cash Flow		\$76,797	\$0.33	\$310
DCR after TDHCA Fees		1.07		
Break-even Rents/S.F.		0.69		
Break-even Occupancy		90.83%		

Applicant - Annual Operating Expenses				
		Per S.F.	Per Unit	
General & Administrative Expenses	\$85,311	0.37	344	
Management Fees	99,677	0.43	402	
Payroll, Payroll Tax & Employee Exp.	233,266	1.01	941	
Maintenance/Repairs	75,070	0.32	303	
Utilities	41,400	0.18	167	
Property Insurance	62,496	0.27	252	
Property Taxes	218,000	0.94	879	
Replacement Reserves	49,600	0.21	200	
Other Expenses	3,600	0.02	15	
Total Expenses	\$868,420	\$3.75	\$3,502	

Staff Notes/Comments

Operating expenses did not reflect tenant services that applicant states will spend \$20,832 annually and compliance fees of \$6,200

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

Evergreen of Pecan Hollow, Murphy (2005-015) Priortiy 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	100	\$ 661	700	0.94
60% AMI	2BD/2BA	150	\$ 793	950	0.83
60% AMI	3BD/2BA	0		-	0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,220,600	212,500	\$ 0.87
Averages			\$ 740	850	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,813,094	\$ 7,252	\$ 8.53	0.09
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,813,094	\$ 7,252	\$ 8.53	0.09
Sitework	1,648,592	6,594	7.76	0.08
Hard Construction Costs	9,519,533	38,078	44.80	0.45
General Requirements (6%)	670,088	2,680	3.15	0.03
Contractor's Overhead (2%)	223,363	893	1.05	0.01
Contractor's Profit (6%)	670,088	2,680	3.15	0.03
Construction Contingency	335,044	1,340	1.58	0.02
Subtotal Construction	\$ 13,066,707	\$ 52,267	\$ 61.49	0.62
Indirect Construction	1,254,459	5,018	5.90	0.06
Developer's Fee	2,185,150	8,741	10.28	0.10
Financing	2,066,563	8,266	9.73	0.10
Reserves	786,328	3,145	3.70	0.04
Subtotal Other Costs	\$ 6,292,500	\$ 25,170	\$ 30	0
Total Uses	\$ 21,172,301	\$ 84,689	\$ 99.63	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,898,022	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,162,597	53.2%	\$1,022,553	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 21,060,619			\$1,079,191

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,898,022	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,975,707	6.00%	30	\$ 1,077,443
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,298,572	59.4%	\$ 886,578	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 21,172,301			\$ 1,077,443

Applicant - Operating Proforma/Debt Coverage				
			Per S.F.	Per Unit
Potential Gross Income		\$2,220,600	\$10.45	
Other Income & Loss		225,000	1.06	900
Vacancy & Collection	-7.50%	(183,420)	-0.86	-734
Effective Gross Income		\$2,262,180	10.65	9,049
Total Operating Expenses		\$951,060	\$4.48	\$3,804
Net Operating Income		\$1,311,120	\$6.17	\$5,244
Debt Service		1,079,191	5.08	4,317
Net Cash Flow		\$231,929	\$1.09	\$928
Debt Coverage Ratio		1.21		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$231,929	\$1.09	\$928
DCR after TDHCA Fees		1.21		
Break-even Rents/S.F.		0.80		
Break-even Occupancy		91.43%		

TDHCA - Operating Proforma/Debt Coverage				
			Per S.F.	Per Unit
Potential Gross Income		\$2,220,600	\$10.45	
Other Income & Loss		90,000	0.42	180
Vacancy & Collection	7.50%	(173,295)	-0.82	-693
Effective Gross Income		2,137,305	10.06	8,549
Total Operating Expenses	44.5%	\$951,060	\$4.48	\$3,804
Net Operating Income		\$1,186,245	\$5.58	\$4,745
Debt Service		1,077,443	5.07	4,310
Net Cash Flow		\$108,801	\$0.51	\$435
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees		\$0.00	\$0.00	\$0
Net Cash Flow		\$108,801	\$0.51	\$435
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.80		
Break-even Occupancy		91.35%		

Applicant - Annual Operating Expenses				
		Per S.F.	Per Unit	
General & Administrative Expenses	\$80,500	0.38	322	
Management Fees	74,485	0.35	298	
Payroll, Payroll Tax & Employee Exp.	267,500	1.26	1070	
Maintenance/Repairs	116,250	0.55	465	
Utilities	106,250	0.50	425	
Property Insurance	66,250	0.31	265	
Property Taxes	138,575	0.65	554	
Replacement Reserves	50,000	0.24	200	
Other Expenses	51,250	0.24	205	
Total Expenses	\$951,060	\$4.48	\$3,804	

Staff Notes/Comments
\$30 in other income is comprized of \$15 Landry, Vending etc.& \$15 in garage income.
The Applicant will be seeking a property tax exemption.

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

Evergreen at Rowlett Senior Apartment Community, Rowlett (2005-016) Priority 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	100	\$ 683	700	0.98
60% AMI	2BD/2BA	150	\$ 804	950	0.85
				-	0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,266,800	212,500	\$ 0.89
Averages			\$ 756	850	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,524,600	\$ 6,098	\$ 7.17	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,524,600	\$ 6,098	\$ 7.17	0.07
Sitework	1,619,212	6,477	7.62	0.08
Hard Construction Costs	9,356,488	37,426	44.03	0.45
General Requirements (6%)	658,542	2,634	3.10	0.03
Contractor's Overhead (2%)	219,514	878	1.03	0.01
Contractor's Profit (6%)	658,542	2,634	3.10	0.03
Construction Contingency	329,271	1,317	1.55	0.02
Subtotal Construction	\$ 12,841,569	\$ 51,366	\$ 60.43	0.61
Indirect Construction	1,464,274	5,857	6.89	0.07
Developer's Fee	2,183,372	8,733	10.27	0.10
Financing	2,089,552	8,358	9.83	0.10
Reserves	817,098	3,268	3.85	0.04
Subtotal Other Costs	\$ 6,554,296	\$ 26,217	\$ 31	\$ 0
Total Uses	\$ 20,920,465	\$ 83,682	\$ 98.45	1.00

Applicant - Sources of Funds				
	Net Proceeds	Sale Price	Applicable Percentage	
Source I				
Tax Credits	\$ 4,894,036	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 916,672	42.0%	\$1,266,700	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,810,708			\$1,079,191

TDHCA - Sources of Funds				
	Net Proceeds	Sale Price	Applicable Percentage	
Source I				
Tax Credits	\$ 4,894,036	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,573,858	6.00%	30	\$ 1,048,532
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,452,571	66.5%	\$ 730,801	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,920,465			\$ 1,048,532

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,266,800	\$10.67	
Other Income & Loss		225,000	1.06	900
Vacancy & Collection	-7.50%	(186,885)	-0.88	-748
Effective Gross Income		\$2,304,915	10.85	9,220
Total Operating Expenses		\$1,026,129	\$4.83	\$4,105
Net Operating Income		\$1,278,786	\$6.02	\$5,115
Debt Service		1,079,191	5.08	4,317
Net Cash Flow		\$199,595	\$0.94	\$798
Debt Coverage Ratio		1.18		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$199,595	\$0.94	\$798
DCR after TDHCA Fees		1.18		
Break-even Rents/S.F.		0.83		
Break-even Occupancy		92.88%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,266,800	\$10.67	
Other Income & Loss		90,000	0.42	180
Vacancy & Collection	7.50%	(176,760)	-0.83	-707
Effective Gross Income		2,180,040	10.26	8,720
Total Operating Expenses	47.1%	\$1,026,129	\$4.83	\$4,105
Net Operating Income		\$1,153,911	\$5.43	\$4,616
Debt Service		1,048,532	4.93	4,194
Net Cash Flow		\$105,380	\$0.50	\$422
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees		\$0.00	\$0	
Net Cash Flow		\$105,380	\$0.50	\$422
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.81		
Break-even Occupancy		91.52%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$48,750	0.23	195
Management Fees	75,981	0.36	304
Payroll, Payroll Tax & Employee Exp.	267,500	1.26	1070
Maintenance/Repairs	75,000	0.35	300
Utilities	106,250	0.50	425
Property Insurance	66,250	0.31	265
Property Taxes	285,148	1.34	1141
Replacement Reserves	50,000	0.24	200
Other Expenses	51,250	0.24	205
Total Expenses	\$1,026,129	\$4.83	\$4,105

Staff Notes/Comments
\$30 in other income is comprised of \$15 Laundry, Vending etc.& \$15 in garage income.
The Applicant will be seeking a property tax exemption.

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

Evergreen at Murphy, Murphy (2005-017) Priority 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	100	\$ 661	700	0.94
60% AMI	2BD/2BA	150	\$ 793	950	0.83
60% AMI	3BD/2BA	0		-	0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,220,600	212,500	\$ 0.87
Averages			\$ 740	850	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,462,000	\$ 5,848	\$ 6.88	0.07
Off-sites	405,000	1,620	1.91	0.02
Subtotal Site Costs	\$ 1,867,000	\$ 7,468	\$ 8.79	0.09
Sitework	1,645,464	6,582	7.74	0.08
Hard Construction Costs	9,501,411	38,006	44.71	0.45
General Requirements (6%)	668,813	2,675	3.15	0.03
Contractor's Overhead (2%)	222,938	892	1.05	0.01
Contractor's Profit (6%)	668,813	2,675	3.15	0.03
Construction Contingency	334,406	1,338	1.57	0.02
Subtotal Construction	\$ 13,041,844	\$ 52,167	\$ 61.37	0.61
Indirect Construction	1,300,366	5,201	6.12	0.06
Developer's Fee	2,180,848	8,723	10.26	0.10
Financing	2,067,910	8,272	9.73	0.10
Reserves	784,082	3,136	3.69	0.04
Subtotal Other Costs	\$ 6,333,206	\$ 25,333	\$ 30	0
Total Uses	\$ 21,242,050	\$ 84,968	\$ 99.96	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,888,379	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,242,203	57.0%	\$938,645	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 21,130,582			\$1,079,191

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,888,379	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$ 1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,353,671	62.1%	\$ 827,178	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 21,242,050			\$ 1,079,191

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,220,600	\$10.45		
Other Income & Loss	225,000	1.06	900	
Vacancy & Collection	-7.50% (183,420)	-0.86	-734	
Effective Gross Income	<u>\$2,262,180</u>	<u>10.65</u>	<u>9,049</u>	
Total Operating Expenses	<u>\$950,044</u>	<u>\$4.47</u>	<u>\$3,800</u>	
Net Operating Income	\$1,312,136	\$6.17	\$5,249	
Debt Service	1,079,191	5.08	4,317	
Net Cash Flow	<u>\$232,945</u>	<u>\$1.10</u>	<u>\$932</u>	
Debt Coverage Ratio	<u>1.22</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$232,945</u>	<u>\$1.10</u>	<u>\$932</u>	
DCR after TDHCA Fees	<u>1.22</u>			
Break-even Rents/S.F.	0.80			
Break-even Occupancy	91.38%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,220,600	\$10.45		
Other Income & Loss	90,000	0.42	180	
Vacancy & Collection	7.50% (173,295)	-0.82	-693	
Effective Gross Income	<u>2,137,305</u>	<u>10.06</u>	<u>8,549</u>	
Total Operating Expenses	44.5% <u>\$950,044</u>	<u>\$4.47</u>	<u>\$3,800</u>	
Net Operating Income	\$1,187,261	\$5.59	\$4,749	
Debt Service	1,079,191	5.08	4,317	
Net Cash Flow	<u>\$108,070</u>	<u>\$0.51</u>	<u>\$432</u>	
Debt Coverage Ratio	<u>1.10</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$108,070</u>	<u>\$0.51</u>	<u>\$432</u>	
DCR after TDHCA Fees	<u>1.10</u>			
Break-even Rents/S.F.	0.80			
Break-even Occupancy	91.38%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$65,050	0.31	260
Management Fees	74,485	0.35	298
Payroll, Payroll Tax & Employee Exp.	281,813	1.33	1127
Maintenance/Repairs	116,250	0.55	465
Utilities	106,250	0.50	425
Property Insurance	66,250	0.31	265
Property Taxes	138,697	0.65	555
Replacement Reserves	50,000	0.24	200
Other Expenses	51,250	0.24	205
Total Expenses	<u>\$950,044</u>	<u>\$4.47</u>	<u>\$3,800</u>

Staff Notes/Comments
Other income was reduced to \$30 per door. Carport income was not considered.
The Applicant will be seeking a property tax exemption.

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

Providence Place Apartments, Katy (2005-018) Priority 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	90	\$ 634	750	0.85
60% AMI	2BD/2BA	84	\$ 749	1,027	0.73
60% AMI	3BD/2BA	0			0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		174	\$ 1,439,712	153,768	\$ 0.78
Averages			\$ 690	884	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 435,000	\$ 2,500	\$ 2.83	0.03
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 435,000	\$ 2,500	\$ 2.83	0.03
Sitework	1,258,000	7,230	8.18	0.09
Hard Construction Costs	6,969,937	40,057	45.33	0.50
General Requirements (6%)	493,676	2,837	3.21	0.04
Contractor's Overhead (2%)	164,559	946	1.07	0.01
Contractor's Profit (6%)	493,676	2,837	3.21	0.04
Construction Contingency	100,000	575	0.65	0.01
Subtotal Construction	\$ 9,479,848	\$ 54,482	\$ 61.65	0.68
Indirect Construction	517,000	2,971	3.36	0.04
Developer's Fee	1,620,744	9,315	10.54	0.12
Financing	1,676,348	9,634	10.90	0.12
Reserves	150,000	862	0.98	0.01
Subtotal Other Costs	\$ 3,964,092	\$ 22,782	\$ 26	0
Total Uses	\$ 13,878,940	\$ 79,764	\$ 90.26	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 3,671,180	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 9,100,000	6.00%	30	\$ 654,709
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,007,760	62.2%	\$612,984	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 100,000		\$ -	
Total Sources	\$ 13,878,940		\$ 654,709	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 3,671,180	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 8,838,968	6.00%	30	\$ 635,929
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,268,792	78.3%	\$ 351,952	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 100,000	GIC Income	\$ -	
Total Sources	\$ 13,878,940		\$ 635,929	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$1,439,712	\$9.36	
Other Income & Loss		31,320	0.20	180
Vacancy & Collection	-7.50%	(110,327)	-0.72	-634
Effective Gross Income		\$1,360,705	8.85	7,820
Total Operating Expenses		\$661,121	\$4.30	\$3,800
Net Operating Income		\$699,584	\$4.55	\$4,021
Debt Service		654,709	4.26	3,763
Net Cash Flow		\$44,874	\$0.29	\$258
Debt Coverage Ratio		1.07		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$44,874	\$0.29	\$258
DCR after TDHCA Fees		1.07		
Break-even Rents/S.F.		0.71		
Break-even Occupancy		91.40%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$1,439,712	\$9.36	
Other Income & Loss		31,320	0.20	180
Vacancy & Collection	7.50%	(110,327)	-0.72	-634
Effective Gross Income		\$1,360,705	8.85	7,820
Total Operating Expenses	48.6%	\$661,200	\$4.30	\$3,800
Net Operating Income		\$699,505	\$4.55	\$4,020
Debt Service		635,929	4.14	3,655
Net Cash Flow		\$63,576	\$0.41	\$365
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$63,576	\$0.41	\$365
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.70		
Break-even Occupancy		90.10%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$74,530	0.48	428
Management Fees	55,726	0.36	320
Payroll, Payroll Tax & Employee Exp.	162,000	1.05	931
Maintenance/Repairs	49,400	0.32	284
Utilities	67,500	0.44	388
Property Insurance	66,000	0.43	379
Property Taxes	151,165	0.98	869
Replacement Reserves	34,800	0.23	200
Other Expenses	-	0.00	0
Total Expenses	\$661,121	\$4.30	\$3,800

Staff Notes/Comments

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

Town Square Apartments, Pasadena (2005-019) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	43	\$ 519	750	0.69
60% AMI	1BD/1BA	43	\$ 612	750	0.82
50% AMI	2BD/2BA	42	\$ 634	1,027	0.62
60% AMI	2BD/2BA	42	\$ 749	1,027	0.73
50% AMI	3BD/2BA	0			0.00
60% AMI	3BD/2BA	0			0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		170	\$ 1,280,628	150,768	\$ 0.71
Averages			\$ 628	887	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 600,000	\$ 3,529	\$ 3.98	0.05
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 600,000	\$ 3,529	\$ 3.98	0.05
Sitework	1,258,000	7,400	8.34	0.09
Hard Construction Costs	6,677,718	39,281	44.29	0.50
General Requirements (6%)	476,143	2,801	3.16	0.04
Contractor's Overhead (2%)	158,714	934	1.05	0.01
Contractor's Profit (6%)	476,143	2,801	3.16	0.04
Construction Contingency	100,000	588	0.66	0.01
Subtotal Construction	\$ 9,146,719	\$ 53,804	\$ 60.67	0.69
Indirect Construction	517,000	3,041	3.43	0.04
Developer's Fee	1,555,443	9,150	10.32	0.12
Financing	1,468,223	8,637	9.74	0.11
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 3,540,666	\$ 20,827	\$ 23	0
Total Uses	\$ 13,287,385	\$ 78,161	\$ 88.13	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,690,611	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 7,250,000	6.00%	30	\$ 521,609
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,146,773	73.7%	\$408,670	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 200,000	Lease Income and \$350,000G	\$ -	
Total Sources	\$ 13,287,384		\$ 521,609	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,690,611	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 7,160,658	6.00%	30	\$ 515,181
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,236,115	79.5%	\$ 319,328	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 200,000		\$ -	
Total Sources	\$ 13,287,385		\$ 515,181	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,280,628	\$8.49		
Other Income & Loss	30,600	0.20	180	
Vacancy & Collection	-7.50% (98,342)	-0.65	-578	
Effective Gross Income	\$1,212,886	8.04	7,135	
Total Operating Expenses	\$646,044	\$4.29	\$3,800	
Net Operating Income	\$566,842	\$3.76	\$3,334	
Debt Service	521,609	3.46	3,068	
Net Cash Flow	\$45,233	\$0.30	\$266	
Debt Coverage Ratio	1.09			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$45,233	\$0.30	\$266	
DCR after TDHCA Fees	1.09			
Break-even Rents/S.F.	0.65			
Break-even Occupancy	91.18%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,280,628	\$8.49		
Other Income & Loss	30,600	0.20	180	
Vacancy & Collection	7.50% (98,342)	-0.65	-578	
Effective Gross Income	1,212,886	8.04	7,135	
Total Operating Expenses	53.3% \$646,044	\$4.29	\$3,800	
Net Operating Income	\$566,842	\$3.76	\$3,334	
Debt Service	515,181	3.42	3,030	
Net Cash Flow	\$51,661	\$0.34	\$304	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0.00	\$0		
Net Cash Flow	\$51,661	\$0.34	\$304	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.64			
Break-even Occupancy	90.68%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$74,050	0.49	436
Management Fees	48,525	0.32	285
Payroll, Payroll Tax & Employee Exp.	162,000	1.07	953
Maintenance/Repairs	49,400	0.33	291
Utilities	91,500	0.61	538
Property Insurance	66,000	0.44	388
Property Taxes	137,606	0.91	809
Replacement Reserves	34,800	0.23	205
Other Expenses	-	0.00	0
Total Expenses	\$663,881	\$4.40	\$3,905

Staff Notes/Comments

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

Meadow Oaks Estates, Corinth (2005-021) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	26	\$ 567	750	0.76
60% AMI	1BD/1BA	26	\$ 692	750	0.92
50% AMI	2BD/2BA	56	\$ 682	950	0.72
60% AMI	2BD/2BA	56	\$ 831	950	0.87
50% AMI	3BD/2BA	43	\$ 782	1,100	0.71
60% AMI	3BD/2BA	43	\$ 955	1,100	0.87
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,305,836	240,000	\$ 0.80
Averages			\$ 769	960	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,500,000	\$ 6,000	\$ 6.25	0.06
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,500,000	\$ 6,000	\$ 6.25	0.06
Sitework	1,873,750	7,495	7.81	0.08
Hard Construction Costs	10,426,000	41,704	43.44	0.45
General Requirements (6%)	737,985	2,952	3.07	0.03
Contractor's Overhead (2%)	245,995	984	1.02	0.01
Contractor's Profit (6%)	737,985	2,952	3.07	0.03
Construction Contingency	614,988	2,460	2.56	0.03
Subtotal Construction	\$ 14,636,703	\$ 58,547	\$ 60.99	0.63
Indirect Construction	1,299,900	5,200	5.42	0.06
Developer's Fee	2,763,165	11,053	11.51	0.12
Financing	3,069,582	12,278	12.79	0.13
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 7,132,647	\$ 28,531	\$ 30	0
Total Uses	\$ 23,269,350	\$ 93,077	\$ 96.96	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,016,332	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,400,000	6.00%	30	\$ 1,107,969
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,703,712	61.7%	\$1,059,453	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 184,306		\$ -	
Total Sources	\$ 23,304,350			\$ 1,107,969

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,016,332	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,400,000	6.00%	30	\$ 1,107,969
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,668,712	60.4%	\$ 1,094,453	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 184,306		\$ -	
Total Sources	\$ 23,269,350			\$ 1,107,969

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,305,836	\$9.61		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	-7.50% (176,313)	-0.73	-705	
Effective Gross Income	\$2,174,523	9.06	8,698	
Total Operating Expenses	\$949,991	\$3.96	\$3,800	
Net Operating Income	\$1,224,532	\$5.10	\$4,898	
Debt Service	1,107,969	4.62	4,432	
Net Cash Flow	\$116,563	\$0.49	\$466	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$116,563	\$0.49	\$466	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.71			
Break-even Occupancy	89.25%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,305,836	\$9.61		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	7.50% (176,313)	-0.73	-705	
Effective Gross Income	2,174,523	9.06	8,698	
Total Operating Expenses	43.7% \$950,000	\$3.96	\$3,800	
Net Operating Income	\$1,224,523	\$5.10	\$4,898	
Debt Service	1,107,969	4.62	4,432	
Net Cash Flow	\$116,554	\$0.49	\$466	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0.00	\$0		
Net Cash Flow	\$116,554	\$0.49	\$466	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.71			
Break-even Occupancy	89.25%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$50,850	0.21	203
Management Fees	109,298	0.46	437
Payroll, Payroll Tax & Employee Exp.	174,353	0.73	697
Maintenance/Repairs	100,490	0.42	402
Utilities	127,750	0.53	511
Property Insurance	56,250	0.23	225
Property Taxes	234,750	0.98	939
Replacement Reserves	50,000	0.21	200
Other Expenses	46,250	0.19	185
Total Expenses	\$949,991	\$3.96	\$3,800

Staff Notes/Comments
The Applicant will be seeking a property tax exemption.

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

Woodland Park Estates, Garland (2005-022) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	26	\$ 567	750	0.76
60% AMI	1BD/1BA	26	\$ 692	750	0.92
50% AMI	2BD/2BA	56	\$ 682	950	0.72
60% AMI	2BD/2BA	56	\$ 831	950	0.87
50% AMI	3BD/2BA	43	\$ 782	1,100	0.71
60% AMI	3BD/2BA	43	\$ 955	1,100	0.87
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,305,836	240,000	\$ 0.80
Averages			\$ 769	960	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,710,000	\$ 6,840	\$ 7.13	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,710,000	\$ 6,840	\$ 7.13	0.07
Sitework	1,873,750	7,495	7.81	0.08
Hard Construction Costs	10,426,200	41,705	43.44	0.44
General Requirements (6%)	737,997	2,952	3.07	0.03
Contractor's Overhead (2%)	245,999	984	1.02	0.01
Contractor's Profit (6%)	737,997	2,952	3.07	0.03
Construction Contingency	614,998	2,460	2.56	0.03
Subtotal Construction	\$ 14,636,941	\$ 58,548	\$ 60.99	0.62
Indirect Construction	1,299,900	5,200	5.42	0.06
Developer's Fee	2,763,201	11,053	11.51	0.12
Financing	3,069,582	12,278	12.79	0.13
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 7,132,683	\$ 28,531	\$ 30	0
Total Uses	\$ 23,479,624	\$ 93,918	\$ 97.83	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,016,410	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,400,000	6.00%	30	\$ 1,107,969
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,883,723	68.2%	\$879,478	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 179,491	GIC Income	\$ -	
Total Sources	\$ 23,479,624			\$ 1,107,969

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,016,410	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,400,000	6.00%	30	\$ 1,107,969
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,883,723	68.2%	\$ 879,478	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 179,491		\$ -	
Total Sources	\$ 23,479,624			\$ 1,107,969

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,305,836	\$9.61		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	-7.50% (176,313)	-0.73	-705	
Effective Gross Income	\$2,174,523	9.06	8,698	
Total Operating Expenses	\$949,991	\$3.96	\$3,800	
Net Operating Income	\$1,224,532	\$5.10	\$4,898	
Debt Service	1,107,969	4.62	4,432	
Net Cash Flow	\$116,563	\$0.49	\$466	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$116,563	\$0.49	\$466	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.71			
Break-even Occupancy	89.25%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,305,836	\$9.61		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	7.50% (176,313)	-0.73	-705	
Effective Gross Income	2,174,523	9.06	8,698	
Total Operating Expenses	43.7% \$950,000	\$3.96	\$3,800	
Net Operating Income	\$1,224,523	\$5.10	\$4,898	
Debt Service	1,107,969	4.62	4,432	
Net Cash Flow	\$116,554	\$0.49	\$466	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0.00	\$0		
Net Cash Flow	\$116,554	\$0.49	\$466	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.71			
Break-even Occupancy	89.25%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$50,850	0.21	203
Management Fees	109,298	0.46	437
Payroll, Payroll Tax & Employee Exp.	174,353	0.73	697
Maintenance/Repairs	100,490	0.42	402
Utilities	127,750	0.53	511
Property Insurance	56,250	0.23	225
Property Taxes	234,750	0.98	939
Replacement Reserves	50,000	0.21	200
Other Expenses	46,250	0.19	185
Total Expenses	\$949,991	\$3.96	\$3,800

Staff Notes/Comments
The Applicant will be seeking a property tax exemption.

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

Rosemont at Frisco, Frisco (2005-023) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	26	\$ 570	750	0.76
60% AMI	1BD/1BA	26	\$ 695	750	0.93
50% AMI	2BD/2BA	56	\$ 687	950	0.72
60% AMI	2BD/2BA	56	\$ 836	950	0.88
50% AMI	3BD/2BA	43	\$ 795	1,100	0.72
60% AMI	3BD/2BA	43	\$ 968	1,100	0.88
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,327,844	240,000	\$ 0.81
Averages			\$ 776	960	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 2,535,000	\$ 10,140	\$ 10.56	0.11
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 2,535,000	\$ 10,140	\$ 10.56	0.11
Sitework	1,873,750	7,495	7.81	0.08
Hard Construction Costs	10,426,200	41,705	43.44	0.44
General Requirements (6%)	737,997	2,952	3.07	0.03
Contractor's Overhead (2%)	245,999	984	1.02	0.01
Contractor's Profit (6%)	737,997	2,952	3.07	0.03
Construction Contingency	614,998	2,460	2.56	0.03
Subtotal Construction	\$ 14,636,941	\$ 58,548	\$ 60.99	0.62
Indirect Construction	1,349,900	5,400	5.62	0.06
Developer's Fee	2,683,739	10,735	11.18	0.11
Financing	2,501,217	10,005	10.42	0.11
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 6,534,856	\$ 26,139	\$ 27	0
Total Uses	\$ 23,706,797	\$ 94,827	\$ 98.78	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,843,394	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,600,000	6.00%	30	\$ 1,122,359
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 2,102,672	78.3%	\$581,067	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 160,731	GIC Income	\$ -	
Total Sources	\$ 23,706,797			\$ 1,122,359

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,843,394	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,600,000	6.00%	30	\$ 1,122,359
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 2,102,672	78.3%	\$ 581,067	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 160,731		\$ -	
Total Sources	\$ 23,706,797			\$ 1,122,359

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,327,844	\$9.70		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	-7.50% (177,963)	-0.74	-712	
Effective Gross Income	\$2,194,881	9.15	8,780	
Total Operating Expenses	\$949,878	\$3.96	\$3,800	
Net Operating Income	\$1,245,003	\$5.19	\$4,980	
Debt Service	1,122,359	4.68	4,489	
Net Cash Flow	\$122,644	\$0.51	\$491	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$122,644	\$0.51	\$491	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.72			
Break-even Occupancy	89.02%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,327,844	\$9.70		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	7.50% (177,963)	-0.74	-712	
Effective Gross Income	\$2,194,881	9.15	8,780	
Total Operating Expenses	43.3% \$950,000	\$3.96	\$3,800	
Net Operating Income	\$1,244,881	\$5.19	\$4,980	
Debt Service	1,122,359	4.68	4,489	
Net Cash Flow	\$122,522	\$0.51	\$490	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$122,522	\$0.51	\$490	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.72			
Break-even Occupancy	89.02%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$50,850	0.21	203
Management Fees	110,335	0.46	441
Payroll, Payroll Tax & Employee Exp.	174,353	0.73	697
Maintenance/Repairs	109,590	0.46	438
Utilities	127,750	0.53	511
Property Insurance	56,250	0.23	225
Property Taxes	224,500	0.94	898
Replacement Reserves	50,000	0.21	200
Other Expenses	46,250	0.19	185
Total Expenses	\$949,878	\$3.96	\$3,800

Staff Notes/Comments
The Applicant will be seeking a property tax exemption.

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

Rosemont at Fossil Creek, Haltom City (2005-024) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	26	\$ 535	750	0.71
60% AMI	1BD/1BA	26	\$ 653	750	0.87
50% AMI	2BD/2BA	56	\$ 643	950	0.68
60% AMI	2BD/2BA	56	\$ 784	950	0.83
50% AMI	3BD/2BA	43	\$ 745	1,100	0.68
60% AMI	3BD/2BA	43	\$ 908	1,100	0.83
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,182,548	240,000	\$ 0.76
Averages			\$ 728	960	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,718,200	\$ 6,873	\$ 7.16	0.08
Off-sites		0	0.00	0.00
Subtotal Site Costs	\$ 1,718,200	\$ 6,873	\$ 7.16	0.08
Sitework	1,873,750	7,495	7.81	0.09
Hard Construction Costs	10,414,200	41,657	43.39	0.48
General Requirements (6%)	737,277	2,949	3.07	0.03
Contractor's Overhead (2%)	245,759	983	1.02	0.01
Contractor's Profit (6%)	737,277	2,949	3.07	0.03
Construction Contingency	614,398	2,458	2.56	0.03
Subtotal Construction	\$ 14,622,661	\$ 58,491	\$ 60.93	0.67
Indirect Construction	1,029,900	4,120	4.29	0.05
Developer's Fee	2,537,705	10,151	10.57	0.12
Financing	1,843,250	7,373	7.68	0.08
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,410,855	\$ 21,643	\$ 23	0
Total Uses	\$ 21,751,716	\$ 87,007	\$ 90.63	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,525,430	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,080,000	6.00%	30	\$1,013,001
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 2,003,929	79.0%	\$533,776	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 142,357	GIC Income	\$ -	
Total Sources	\$ 21,751,716			\$ 1,013,001

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,525,430	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,080,000	6.00%	30	\$ 1,013,001
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 2,003,929	79.0%	\$ 533,776	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 142,357		\$ -	
Total Sources	\$ 21,751,716			\$ 1,013,001

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,182,548	\$9.09		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	-7.50% (167,066)	-0.70	-668	
Effective Gross Income	\$2,060,482	8.59	8,242	
Total Operating Expenses	\$949,909	\$3.96	\$3,800	
Net Operating Income	\$1,110,573	\$4.63	\$4,442	
Debt Service	1,013,001	4.22	4,052	
Net Cash Flow	\$97,572	\$0.41	\$390	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$97,572	\$0.41	\$390	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	89.94%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,182,548	\$9.09		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	7.50% (167,066)	-0.70	-668	
Effective Gross Income	2,060,482	8.59	8,242	
Total Operating Expenses	46.1% \$950,000	\$3.96	\$3,800	
Net Operating Income	\$1,110,482	\$4.63	\$4,442	
Debt Service	1,013,001	4.22	4,052	
Net Cash Flow	\$97,481	\$0.41	\$390	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$97,481	\$0.41	\$390	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	89.94%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$50,850	0.21	203
Management Fees	103,578	0.43	414
Payroll, Payroll Tax & Employee Exp.	193,991	0.81	776
Maintenance/Repairs	97,990	0.41	392
Utilities	126,500	0.53	506
Property Insurance	56,250	0.23	225
Property Taxes	224,500	0.94	898
Replacement Reserves	50,000	0.21	200
Other Expenses	46,250	0.19	185
Total Expenses	\$949,909	\$3.96	\$3,800

Staff Notes/Comments
The Applicant will be seeking a property tax exemption.

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

Rosemont at Lasater Apartments, Balch Springs (2005-025) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	26	\$ 567	750	0.76
60% AMI	1BD/1BA	26	\$ 692	750	0.92
50% AMI	2BD/2BA	56	\$ 682	950	0.72
60% AMI	2BD/2BA	56	\$ 831	950	0.87
50% AMI	3BD/2BA	43	\$ 782	1,100	0.71
60% AMI	3BD/2BA	43	\$ 955	1,100	0.87
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,305,836	240,000	\$ 0.80
Averages			\$ 769	960	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 2,152,016	\$ 8,608	\$ 8.97	0.09
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 2,152,016	\$ 8,608	\$ 8.97	0.09
Sitework	1,873,750	7,495	7.81	0.08
Hard Construction Costs	10,426,200	41,705	43.44	0.44
General Requirements (6%)	737,997	2,952	3.07	0.03
Contractor's Overhead (2%)	245,999	984	1.02	0.01
Contractor's Profit (6%)	737,997	2,952	3.07	0.03
Construction Contingency	614,998	2,460	2.56	0.03
Subtotal Construction	\$ 14,636,941	\$ 58,548	\$ 60.99	0.62
Indirect Construction	1,349,900	5,400	5.62	0.06
Developer's Fee	2,711,414	10,846	11.30	0.12
Financing	2,683,768	10,735	11.18	0.11
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 6,745,082	\$ 26,980	\$ 28	0
Total Uses	\$ 23,534,039	\$ 94,136	\$ 98.06	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,903,651	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,400,000	6.00%	30	\$ 1,107,969
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 2,065,252	76.2%	\$646,162	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 165,136	GIC Income	\$ -	
Total Sources	\$ 23,534,039			\$ 1,107,969

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,903,651	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,400,000	6.00%	30	\$ 1,107,969
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 2,065,252	76.2%	\$ 646,162	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 165,136		\$ -	
Total Sources	\$ 23,534,039			\$ 1,107,969

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,305,836	\$9.61		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	-7.50% (176,313)	-0.73	-705	
Effective Gross Income	<u>\$2,174,523</u>	<u>9.06</u>	<u>8,698</u>	
Total Operating Expenses	<u>\$950,091</u>	<u>\$3.96</u>	<u>\$3,800</u>	
Net Operating Income	\$1,224,432	\$5.10	\$4,898	
Debt Service	1,107,969	4.62	4,432	
Net Cash Flow	<u>\$116,463</u>	<u>\$0.49</u>	<u>\$466</u>	
Debt Coverage Ratio	<u>1.11</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$116,463</u>	<u>\$0.49</u>	<u>\$466</u>	
DCR after TDHCA Fees	<u>1.11</u>			
Break-even Rents/S.F.	0.71			
Break-even Occupancy	89.25%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,305,836	\$9.61		
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	7.50% (176,313)	-0.73	-705	
Effective Gross Income	<u>2,174,523</u>	<u>9.06</u>	<u>8,698</u>	
Total Operating Expenses	<u>\$950,091</u>	<u>\$3.96</u>	<u>\$3,800</u>	
Net Operating Income	\$1,224,432	\$5.10	\$4,898	
Debt Service	1,107,969	4.62	4,432	
Net Cash Flow	<u>\$116,463</u>	<u>\$0.49</u>	<u>\$466</u>	
Debt Coverage Ratio	<u>1.11</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$116,463</u>	<u>\$0.49</u>	<u>\$466</u>	
DCR after TDHCA Fees	<u>1.11</u>			
Break-even Rents/S.F.	0.71			
Break-even Occupancy	89.25%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$52,100	0.22	208
Management Fees	109,298	0.46	437
Payroll, Payroll Tax & Employee Exp.	215,953	0.90	864
Maintenance/Repairs	99,240	0.41	397
Utilities	127,750	0.53	511
Property Insurance	56,250	0.23	225
Property Taxes	193,250	0.81	773
Replacement Reserves	50,000	0.21	200
Other Expenses	46,250	0.19	185
Total Expenses	\$950,091	\$3.96	\$3,800

Staff Notes/Comments
The Applicant will be seeking a property tax exemption.

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

Malloy Meadows, Seagoville (2005-026) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	26	\$ 567	750	0.76
60% AMI	1BD/1BA	26	\$ 692	750	0.92
50% AMI	2BD/2BA	56	\$ 682	950	0.72
60% AMI	2BD/2BA	56	\$ 831	950	0.87
50% AMI	3BD/2BA	43	\$ 782	1,100	0.71
60% AMI	3BD/2BA	43	\$ 955	1,100	0.87
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,305,836	240,000	\$ 0.80
Averages			\$ 769	960	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,885,000	\$ 7,540	\$ 7.85	0.08
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,885,000	\$ 7,540	\$ 7.85	0.08
Sitework	1,873,750	7,495	7.81	0.08
Hard Construction Costs	10,426,200	41,705	43.44	0.44
General Requirements (6%)	737,997	2,952	3.07	0.03
Contractor's Overhead (2%)	245,999	984	1.02	0.01
Contractor's Profit (6%)	737,997	2,952	3.07	0.03
Construction Contingency	614,998	2,460	2.56	0.03
Subtotal Construction	\$ 14,636,941	\$ 58,548	\$ 60.99	0.62
Indirect Construction	1,299,900	5,200	5.42	0.05
Developer's Fee	2,763,201	11,053	11.51	0.12
Financing	3,069,582	12,278	12.79	0.13
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 7,132,683	\$ 28,531	\$ 30	0
Total Uses	\$ 23,654,624	\$ 94,618	\$ 98.56	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,016,410	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,400,000	6.00%	30	\$ 1,107,969
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 2,063,535	74.7%	\$699,666	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 174,679	GIC Income	\$ -	
Total Sources	\$ 23,654,624			\$ 1,107,969

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,016,410	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,400,000	6.00%	30	\$ 1,107,969
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 2,063,535	74.7%	\$ 699,666	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 174,679		\$ -	
Total Sources	\$ 23,654,624			\$ 1,107,969

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,305,836	\$9.61	\$9.61	
Other Income & Loss		0.00	0	
Vacancy & Collection	0.00%	0.00	0	
Effective Gross Income	\$2,305,836	9.61	9,223	
Total Operating Expenses	\$949,991	\$3.96	\$3,800	
Net Operating Income	\$1,355,845	\$5.65	\$5,423	
Debt Service	1,107,969	4.62	4,432	
Net Cash Flow	\$247,876	\$1.03	\$992	
Debt Coverage Ratio	1.22			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$247,876	\$1.03	\$992	
DCR after TDHCA Fees	1.22			
Break-even Rents/S.F.	0.71			
Break-even Occupancy	89.25%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,305,836	\$9.61	\$9.61	
Other Income & Loss	45,000	0.19	180	
Vacancy & Collection	7.50%	(176,313)	-0.73	-705
Effective Gross Income	2,174,523	9.06	8,698	
Total Operating Expenses	\$950,000	\$3.96	\$3,800	
Net Operating Income	\$1,224,523	\$5.10	\$4,898	
Debt Service	1,107,969	4.62	4,432	
Net Cash Flow	\$116,554	\$0.49	\$466	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$116,554	\$0.49	\$466	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.71			
Break-even Occupancy	89.25%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$50,850	0.21	203
Management Fees	109,298	0.46	437
Payroll, Payroll Tax & Employee Exp.	174,353	0.73	697
Maintenance/Repairs	100,490	0.42	402
Utilities	127,750	0.53	511
Property Insurance	56,250	0.23	225
Property Taxes	234,750	0.98	939
Replacement Reserves	50,000	0.21	200
Other Expenses	46,250	0.19	185
Total Expenses	\$949,991	\$3.96	\$3,800

Staff Notes/Comments
The Applicant will be seeking a property tax exemption.



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**REQUEST FOR BOARD APPROVAL
Multifamily Finance Production**

2004 Private Activity Bond Program

**3 Priority 1A Applications
0 Priority 1B Applications
5 Priority 1C Applications
5 Priority 2 Applications
13 Total Applications Received**

TABLE OF EXHIBITS

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TAB 3	Inducement Resolution
TAB 4	Prequalification Analysis Worksheet

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 14, 2004

Action Item

Inducement Resolution for Multifamily Revenue Bonds and Authorization for Filing Applications for Year 2004 Private Activity Bond Authority

Required Action

Approve Inducement Resolution to proceed with applications to the Texas Bond Review Board (the "BRB") for possible receipt of State Volume Cap issuance authority in the 2004 Private Activity Bond Program with the intent to issue revenue bonds to finance the acquisition, construction or rehabilitation, equipping and permanent financing of the subject properties listed on the attached report. The issuance of the proposed bonds is subject to: (1) actual allocation of the State Volume Cap; (2) favorable completion of the Department's underwriting of the property feasibility and bond structure; (3) approval of the final structure and bond documents by the Department's Board; and, (4) possible approval by the Texas Bond Review Board.

Attached is a report of thirteen (13) applications for the 2004 Waiting List totaling approximately \$174 million received by the Department for the Year 2004 Multifamily Housing Mortgage Revenue Bond program.

Upon Board approval, the Department will submit applications for each development recommended for inducement to the BRB to participate in the issuance of private-activity volume cap to finance these properties. This memorandum is intended to provide background information on the bond program process and to summarize this Board's action as contemplated by the Inducement Resolution

Background and Recommendations

Each year, the State of Texas receives a cap on the amount of private-activity, tax-exempt revenue bonds that may be issued within the state (approximately \$1.7 billion for 2004). This cap is determined based on the population of the state as estimated by the Census Bureau (\$78 per person). Of this total amount, 23% was allocated by the Texas Legislature for multifamily housing.

Eligible issuers apply to the BRB for the authority to issue private activity bonds. Each development is assigned a number on a first come first serve basis as further authority becomes available during the year. Those issuers that receive a Reservation for private-activity volume cap for a development will have 150 days from the date of the Reservation to close the transaction. If the transaction is not closed within that 150 day timeframe, the Reservation is

canceled and the next development on the waiting list receives the Reservation and likewise has 150 days from that Reservation date to close.

The Department has established a scoring system for applications and will rank the applications according to score. The scoring criteria was utilized in 2003 for pre-applications being submitted for the 2004 lottery and is now being utilized again for the 2004 Waiting List applications. All applications for the 2004 Waiting List were due by September 23, 2004. Final public input that affects scoring is due by 5:00 p.m. on October 15, 2004. The Department staff will finalize the application scores by October 18, 2004. The applications will then be ranked and submitted to the BRB for placement on the waiting list.

The priority system was amended in 2003 in order to encourage the production of more affordable housing. The multifamily sub ceiling was further divided into five categories according to the affordability of the rents. Reservations would be given to projects in the highest priorities, still according to lot number, before being offered to any projects in subsequent priorities. The priority system is summarized as follows:

Priority 1A: 50% of the unit rents are set aside at 50% AMFI and the remaining 50% of the unit rents are set aside at 60% AMFI, adjusted for family size.
Developers are required to use the 4% HTC Program

Priority 1B: 15% of the unit rents are set aside at 30% AMFI and the remaining 85% of the unit rents are set aside at 60% AMFI, adjusted for family size.
Developers are required to use 4% HTC Program

Priority 1C: 100% of the unit rents are set aside at 60% AMFI, adjusted for family size, for development located in census tracts with median incomes higher than the AMFI.
Developers are required to use 4% HTC Program

Priority 2: 100% of the unit rents are set aside at 60% AMFI, adjusted for family size.
Developers are required to use 4% HTC Program

Priority 3: Tax code set aside requirements (either 20% at 50% AMFI or 40% at 60% AMFI). No rent caps are mandated (although issuers may impose).
Use of the 4% HTC Program is at the developer's option.

Of the entire multifamily sub ceiling, seventy percent (70%) was allocated to each of the thirteen (13) state service regions based on population, and was reserved only for local issuers until August 15, 2004. Twenty percent (20%) was available exclusively to TDHCA and 10% was available exclusively to Texas State Affordable Housing Corporation until August 15, 2004, to be issued for projects throughout the state. Due to low interest rates in the conventional market a large amount of volume cap by single family issuers and other industrial issuers went unused and therefore collapsed into one category on August 15, 2004. The multifamily sub-category being the highest over-subscribed category in the bond program has been able to participate in an additional \$575 million in volume cap for the 2004 program year.

TDHCA Application Process and Prequalification Analysis

Developers were required to submit a Pre-Application to the Department by September 23, 2004. The Pre-Application consists of the Uniform TDHCA Application with all exhibits; a copy of the earnest money contract or warranty deed; a construction time schedule and lease-up proforma; current market information including occupancy and rental comparables; and, other supporting documentation to the application.

Staff reviewed each Pre-Application for completeness and prepared a Prequalification Analysis for each property. The Prequalification Analysis focuses on the developer's construction cost assumptions, sources and uses of funds, operating proforma and debt coverage. Staff scored each application in accordance with the "Private Activity Bond Program Scoring Criteria". Market information was also reviewed to ensure that the proposed rents were reasonable and that sub-market occupancy would support the additional units.

In some instances, developers submitted multiple applications for properties in the same sub-market or Qualified Census Tract. TDHCA will only issue bonds to finance transactions as supportable by the sub-market and in accordance with the legislative requirements ensuring no violations of the one mile rule and TDHCA's concentration policy.

The Department received a total of thirteen (13) applications, of which three (3) applications are being considered under Priority 1A, zero (0) applications are being considered under Priority 1B, five (5) applications are being considered under Priority 1C and the remaining five (5) applications are being considered under Priority 2.

Summary of an Inducement Resolution

A component of the application to the BRB is an Inducement Resolution from the Issuer. The Inducement Resolution provides the BRB with evidence that an issuer has entered into discussions with the developer of a multifamily property and that the issuer has an interest in issuing bonds for the subject property. **An Inducement Resolution is not a commitment by TDHCA to issue bonds.** The issuance of bonds is subject to this Board's approval of the fully underwritten transaction, including among other items, the feasibility of the project, the structure of the bonds and loan terms, and satisfaction of the Board that the development meets all public policy criteria. The Inducement Resolution authorizes staff, Bond Counsel, and other consultants to proceed with filing an application to the BRB for an allocation of private-activity volume cap and to proceed with underwriting and document preparation which are subject to the Board's approval.

Generally, an Inducement Resolution:

1. summarizes TDHCA's legal authority to issue tax-exempt mortgage revenue bonds;
2. indicates that the developer has requested financing for a project and a willingness to enter into contractual arrangements with TDHCA regarding the property and the financing;
3. states that TDHCA expects, subject to certain conditions and findings as addressed below, to incur tax-exempt or taxable obligations (in the form of revenue bonds) for financing the project;

4. summarizes the requirement to submit an application for private-activity bonds to the BRB;
5. cites certain findings with respect to the property, the owner and the financing with regard to (a) the necessity of providing affordable housing, (b) the quality and design of housing which will be provided for the tenants, (c) the public purpose and public benefit provided by the financing, and (d) the legal authority under which the issuance will be made;
6. provides for an authorization of the issue subject to underwriting for financial feasibility and other conditions;
7. states a maximum amount of bonds contemplated by the issue;
8. states that the bonds are to be limited obligations of TDHCA payable solely from the revenues generated from the loans; and,
9. states that the bonds are not obligations of the State of Texas.

The Inducement Resolution contains thirteen (13) applications submitted on September 23, 2004 to be placed on the 2004 Waiting List. Application #2004-059, Sphinx at Chenault, did not meet the notification threshold and therefore is not being recommended for inducement at this time.

Staff Recommendation

Approve Inducement Resolution as presented, excluding the Sphinx at Chenault application.

Texas Department of Housing and Community Affairs

2004 Multifamily Private Activity Bond Program - Waiting List

TDHCA #	Development Information	Units	Bond Amount	Developer Information	Comments
2004-047 Priority 1C Inc-\$70,478	Willow Creek Apartments 24200 Tomball Parkway City: Tomball County: Harris Unincorporated <i>New Construction</i>	248 Family	\$ 14,100,000 Score - 43	Mark Bower Willow Creek Apartments, L.P. 5430 Holly Drive, Suite 8 Corpus Christi, Texas 78411 (361) 779-1974	Recommend
2004-048 Priority 1C Inc-\$86,872	Tower Ridge Apartments SW Cnr Tower Ridge Rd & Meadows Oak Dr City: Corinth County: Denton <i>New Construction</i>	224 Family	\$ 15,000,000 Score - 57	Robert Voelker Tower Ridge Corinth I, Ltd. 700 E. Sandy Lake Road, Suite 146 Coppell, Texas 75019 (972) 745-0756	Recommend
2004-049 Priority 1A	Providence at UT Southwestern 1893 W. Mockingbird Lane City: Dallas County: Dallas <i>New Construction & Acquisition / Rehab</i>	248 Family	\$ 12,750,000 Score - 65	Matt Harris Hines 68, L.P. 5400 LBJ Freeway Dallas, Texas 75240 (972) 239-8500	Recommend
2004-050 Priority 2	Kingwood Pines Apartment Homes 100 block of Sorters McCellan Road City: Houston County: Montgomery <i>New Construction</i>	250 Family	\$ 15,000,000 Score - 52	Jim Bruner Kingwood Golf Apartments, Ltd 1100 NE Loop 410, Suite 900 San Antonio, Texas 78209 (210) 824-6044	Recommend
2004-051 Priority 1C Inc-\$73,353	Flushing Meadows Apartments 12775 Scarsdale Boulevard City: Houston County: Harris <i>New Construction</i>	248 Family	\$ 14,100,000 Score - 45	Mark Bower Flushing Meadows Apartments, L.P. 5430 Holly Drive, Suite 8 Corpus Christi, Texas 78411 (361) 779-1974	Recommend
2004-052 Priority 2	Rolling Creek Apartments 7810 Fairbanks N. Houston City: Houston County: Harris Unincorporated <i>New Construction</i>	248 Family	\$ 14,100,000 Score - 45	Mark Bower Rolling Creek Apartments, L.P 5430 Holly Drive, Suite 8 Corpus Christi, Texas 78411 (361) 779-1974	Recommend

TDHCA #	Development Information	Units	Bond Amount	Developer Information	Comments
2004-053	Alta Northgate Apartments 17111 Hafer Road	240	\$ 14,100,000	Bernard Felder Alta Northgate, L.P.	Recommend
Priority 2	City: Houston County: Harris Unincorporated New Construction	Family	Score - 62	1001 Morehead Square Drive, Suite 250 Charlotte, NC 28203 (704) 332-8995 X129	
2004-054	Alta Copperfield Apartments 18819 FM 529	240	\$ 14,100,000	Bernard Felder Alta Copperfield, L.P.	Recommend
Priority 1C Inc-\$73,269	City: Katy County: Harris Unincorporated New Construction	Family	Score - 55	1001 Morehead Square Drive, Suite 250 Charlotte, NC 28203 (704) 332-8995 X129	
2004-055	Atascocita Pines Apartments 200 Atascocita Road	192	\$ 11,900,000	Gerald Russell Conroy Partners, L.P.	Recommend
Priority 2	City: Humble County: Harris Unincorporated New Construction	Family	Score - 69	7887 San Felipe, Suite 122 Houston, Texas 77063 (713) 977-1772	
2004-056	Canal Street Apartments 2100 Canal Street	200	\$ 11,650,000	Gerald Russell Wayside Luxury Housing Partners, L.P.	Recommend
Priority 2	City: Houston County: Harris New Construction	Family	Score - 62	7887 San Felipe, Suite 122 Houston, Texas 77063 (713) 977-1772	
2004-057	Creekside Manor Senior Community SE corner of O W Curry & Hwy 90	220	\$ 10,500,000	Richard Shaw OHC/Killeen, Ltd.	Recommend Property Tax Exemption
Priority 1A	City: Killeen County: Bell New Construction	Elderly	Score - 61	16200 Dallas Parkway, Suite 190 Dallas, Texas 75248 (972) 733-1772	
2004-058	Langwick Senior Apartments 900 Langwick Drive	248	\$ 13,350,000	Cherno Njie Langwick Seniors, L.P.	Recommend
Priority 1A	City: Houston County: Harris New Construction	Elderly	Score - 53	1106 Clayton Lane, Suite 524W Austin, Texas 78723 (512) 458-5577	
2004-059	Sphinx at Chenault 1717 Chenualt Drive	250	\$ 14,160,000	Jay Oji Sachse Senior Villas, L.P.	Do not Recommend Notifications
Priority 1A	City: Dallas County: Dallas New Construction	Elderly		3030 LBJ Freeway, Suite 880 Dallas, Texas 75234 (214) 342-1409	
Totals for Recommended Applications:		\$ 2,806	\$ 160,650,000		

RESOLUTION NO. 04-81

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 (the "Act"), as amended from time, 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; and

(d) 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 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 14th day of October, 2004.

[SEAL]

By: _____
Chairman

Attest: _____
Secretary

EXHIBIT "A"

Description of each Owner and its Project

Project Name	Owner	Principals	Amount Not to Exceed
Alta Copperfield Apartments	Alta Copperfield, L.P.	Wood Alta Copperfield, L.P., the General Partner, to be formed, or other entity, the General Partner of which will be Wood Affordable Housing South, Inc.	\$14,100,000
Costs: (i) acquisition of real property located at approximately 18819 Farm Market Road 529, Katy, Harris County, Texas; and (ii) the construction thereon of an approximately 240-unit multifamily residential rental housing project, in the amount not to exceed \$14,100,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Alta Northgate Apartments	Alta Northgate, L.P.	Wood Alta Northgate, L.P. the General Partner, to be formed, or other entity, the General Partner of which will be Wood Affordable Housing South, Inc.	\$14,100,000
Costs: (i) acquisition of real property located approximately 325 yards southwest of the intersection of Hafer Road and Butterfield Road, Houston, Harris County, Texas; and (ii) the construction thereon of an approximately 240-unit multifamily residential rental housing project, in the amount not to exceed \$14,100,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Atascocita Pines Apartments	Conroy Partners LP	Newcrest Company, LLC, the General Partner, or other entity, the Members of which will be A. Richard Wilson and/or Gerald Russell and/or David Russell.	\$11,900,000
Costs: (i) acquisition of real property located at approximately the 200 block of Atascocita Road, Humble, Harris County, Texas; and (ii) the construction thereon of an approximately 192-unit multifamily residential rental housing project, in the amount not to exceed \$11,900,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Canal Street Apartments	Wayside Luxury Housing Partners LP	Foxford Company LLC, the General Partner, or other entity, the Members of which will be A. Richard Wilson and/or Gerald Russell and/or David Russell.	\$11,650,000
Costs: (i) acquisition of real property located at approximately the 2100 block of Canal Street, 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 \$11,650,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Creekside Manor Senior Community	OHC/Killeen Ltd	Outreach Housing Corporation, the General Partner, or other entity, the Members of which will be Richard C. Ruschman and/or Frank Seelye and/or Berri T. McBride and/or Nick Scheidt and/or Pat Ballard.	\$10,500,000
Costs: (i) acquisition of real property located approximately 200 yards east of the southeast corner of intersection of Highway 190 and O.W. Curry, Killeen, Bell County, Texas; and (ii) the construction thereon of an approximately 220-unit multifamily residential rental housing project, in the amount not to exceed \$10,500,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Flushing Meadows Apartments	Flushing Meadows Apartments, LP	Flushing Meadows Apartments Group, LLC, the General Partner, or other entity, to be formed, the Sole Member of which will be Cynosure Properties, L.P., the General Partner of which is Cynosure Partners, LLC, the Members of which are Mark T. Bower and/or Daniel T. Serini	\$14,100,000
Costs: (i) acquisition of real property located approximately between the 12500 and 12900 blocks of Scarsdale Boulevard, Houston, Harris County, Texas; and (ii) the construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed \$14,100,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Kingwood Pines Apartment Homes	Kingwood Golf Apartments, Ltd.	Kingwood Golf Apartments Management, LLC, the General Partner, to be formed, or other entity, the Sole Member of which will be Embrey Partners, Ltd.	\$15,000,000
Costs: (i) acquisition of real property located at approximately the 100 block of Sorters McClellan Road, Houston, Montgomery County, Texas; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Langwick Seniors Apartments	Langwick Seniors, L.P.	Langwick Seniors Apartments LLC, the General Partner, to be formed, or other entity, the Sole Member of which will be Cherno M. Njie	\$13,350,000
Costs: (i) acquisition of real property located at approximately the 900 block of Langwick Drive, Houston, Harris County, Texas; and (ii) the construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed \$13,350,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Providence at UT Southwestern Apartments	Hines 68, LP	Hines 68 GP, LLC, the General Partner, or other entity, the Sole Member of which will be Leon Backes	\$12,750,000
Costs: (i) acquisition of real property located at 1893 West Mockingbird Lane (northwest corner of West Mockingbird Lane and Harry Hines) Dallas, Dallas County, Texas; and (ii) the rehabilitation and construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed \$12,750,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Rolling Creek Apartments	Rolling Creek Apartments, LP	Rolling Creek Apartments Group, LLC, the General Partner, to be formed, or other entity, the Sole Member of which will be Cynosure Properties, L.P., the General Partner of which is Cynosure Partners, LLC, the Members of which are Mark T. Bower and/or Daniel T. Serini	\$14,100,000
Costs: (i) acquisition of real property located at approximately the 7800 block of Fairbanks N. Houston (approximately 315 feet north of the northeast corner of Fairbanks N. Houston and Summertree Drive), Houston, Harris County, Texas; and (ii) the construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed \$14,100,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Sphinx at Chenault Apartments	Sachse Senior Villas, LP	SDC Sachse Senior Villas, LLC, the General Partner, or other entity, the Members of which will be Jay O. Oji and/or Joseph N. Agumadu	\$14,160,000
Costs: (i) acquisition of real property located at approximately 1717 Chenault Drive, Dallas, Dallas County, Texas; and (ii) the construction thereon of an approximately 250-unit multifamily residential rental housing project, in the amount not to exceed \$14,160,000.			
Project Name	Owner	Principals	Amount Not to Exceed
Tower Ridge Apartments	Tower Ridge Corinth 1, Ltd.	NDG-Tower Ridge Corinth 1, LLC, the General Partner, or other entity, the Members of which will be Robert G. Hoskins and/or Sandra K. Hoskins	\$15,000,000
Costs: (i) acquisition of real property located at approximately the 2400 to 2500 blocks of Tower Ridge Drive (south of the southwest corner of Tower Ridge and Meadows Oak), Corinth, Denton County, Texas; and (ii) the construction thereon of an approximately 224-unit multifamily residential rental housing project, in the amount not to exceed \$15,000,000.			

Project Name	Owner	Principals	Amount Not to Exceed
Willow Creek Apartments	Willow Creek Apartments, LP	Willow Creek Apartments Group, LLC, the General Partner, to be formed, or other entity, the Sole Member of which will be Cynosure Properties, L.P., the General Partner of which is Cynosure Partners, LLC, the Members of which are Mark T. Bower and/or Daniel R. Serini.	\$14,100,000
<p>Costs: (i) acquisition of real property located at approximately the 24200 block of Tomball Parkway, Tomball, Harris County, Texas; and (ii) the construction thereon of an approximately 248-unit multifamily residential rental housing project, in the amount not to exceed \$14,100,000.</p>			

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

Willow Creek Apartments, Tomball (2004-047) Priority 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	48	\$ 589	675	0.87
60% AMI	2BD/1BA	96	\$ 706	929	0.76
60% AMI	2BD/2BA	32	\$ 706	962	0.73
60% AMI	3BD/2BA	72	\$ 813	1,100	0.74
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		248	\$ 2,126,112	231,568	\$ 0.77
Averages			\$ 714	934	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 2,697,344	\$ 10,876	\$ 11.65	0.13
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 2,697,344	\$ 10,876	\$ 11.65	0.13
Sitework	1,282,000	5,169	5.54	0.06
Hard Construction Costs	9,456,000	38,129	40.83	0.47
General Requirements (6%)	626,000	2,524	2.70	0.03
Contractor's Overhead (2%)	209,000	843	0.90	0.01
Contractor's Profit (6%)	626,000	2,524	2.70	0.03
Construction Contingency	602,000	2,427	2.60	0.03
Subtotal Construction	\$ 12,801,000	\$ 51,617	\$ 55.28	0.64
Indirect Construction	554,768	2,237	2.40	0.03
Developer's Fee	2,116,000	8,532	9.14	0.11
Financing	1,749,500	7,054	7.56	0.09
Reserves	138,000	556	0.60	0.01
Subtotal Other Costs	\$ 4,558,268	\$ 18,380	\$ 20	0
Total Uses	\$ 20,056,612	\$ 80,873	\$ 86.61	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,771,844	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,100,000	6.00%	30	\$1,014,439
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,184,668	56.0%	\$931,332	
Source IV	Proceeds	Description	Annual D/S	
Other			\$ -	
Total Sources	\$ 20,056,512			\$1,014,439

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,771,844	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,395,463	6.00%	30	\$ 1,035,697
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 889,305	42.0%	\$ 1,226,695	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,056,612			\$ 1,035,697

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,126,112	\$9.18	
Other Income & Loss		44,640	0.19	180
Vacancy & Collection	-7.50%	(162,804)	-0.70	-656
Effective Gross Income		\$2,007,948	8.67	8,097
Total Operating Expenses		\$868,420	\$3.75	\$3,502
Net Operating Income		\$1,139,528	\$4.92	\$4,595
Debt Service		1,014,439	4.38	4,090
Net Cash Flow		\$125,089	\$0.54	\$504
Debt Coverage Ratio		1.12		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$125,089	\$0.54	\$504
DCR after TDHCA Fees		1.12		
Break-even Rents/S.F.		0.68		
Break-even Occupancy		88.56%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,126,112	\$9.18	
Other Income & Loss		44,640	0.19	180
Vacancy & Collection	7.50%	(162,806)	-0.70	-656
Effective Gross Income		2,007,946	8.67	8,097
Total Operating Expenses	43.2%	\$868,420	\$3.75	\$3,502
Net Operating Income		\$1,139,526	\$4.92	\$4,595
Debt Service		1,035,697	4.47	4,176
Net Cash Flow		\$103,829	\$0.45	\$419
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$103,829	\$0.45	\$419
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.69		
Break-even Occupancy		89.56%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$85,311	0.37	344
Management Fees	99,677	0.43	402
Payroll, Payroll Tax & Employee Exp.	233,266	1.01	941
Maintenance/Repairs	75,070	0.32	303
Utilities	41,400	0.18	167
Property Insurance	62,496	0.27	252
Property Taxes	218,000	0.94	879
Replacement Reserves	49,600	0.21	200
Other Expenses	3,600	0.02	15
Total Expenses	\$868,420	\$3.75	\$3,502

Staff Notes/Comments
Operating expenses did not reflect tenant services that applicant states will spend \$20,832 annually and compliance fees of \$6,200

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

Tower Ridge Apartments, Corinth (2004-048) Priority 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	56	\$ 688	868	0.79
60% AMI	2BD/2BA	96	\$ 808	1,057	0.76
60% AMI	3BD/3BA	72	\$ 918	1,184	0.78
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		224	\$ 2,186,304	235,328	\$ 0.77
Averages			\$ 813	1,051	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,356,800	\$ 6,057	\$ 5.77	0.06
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,356,800	\$ 6,057	\$ 5.77	0.06
Sitework	1,595,119	7,121	6.78	0.07
Hard Construction Costs	10,277,546	45,882	43.67	0.47
General Requirements (6%)	712,360	3,180	3.03	0.03
Contractor's Overhead (2%)	237,453	1,060	1.01	0.01
Contractor's Profit (6%)	712,360	3,180	3.03	0.03
Construction Contingency	584,554	2,610	2.48	0.03
Subtotal Construction	\$ 14,119,392	\$ 63,033	\$ 60.00	0.65
Indirect Construction	908,553	4,056	3.86	0.04
Developer's Fee	2,418,625	10,797	10.28	0.11
Financing	2,844,722	12,700	12.09	0.13
Reserves	235,326	1,051	1.00	0.01
Subtotal Other Costs	\$ 6,407,226	\$ 28,604	\$ 27	0
Total Uses	\$ 21,883,418	\$ 97,694	\$ 92.99	1.00

Applicant - Sources of Funds				
	Net Proceeds	Sale Price	Applicable Percentage	
Source I				
Tax Credits	\$ 5,592,122	\$0.80	3.45%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,270,296	52.5%	\$1,148,329	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 21,862,418			\$1,079,191

TDHCA - Sources of Funds				
	Net Proceeds	Sale Price	Applicable Percentage	
Source I				
Tax Credits	\$ 5,592,122	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$ 1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,291,296	53.4%	\$ 1,127,329	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 21,883,418			\$ 1,079,191

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,186,304	\$9.29	
Other Income & Loss		91,392	0.39	408
Vacancy & Collection	-7.50%	(170,827)	-0.73	-763
Effective Gross Income		\$2,106,869	8.95	9,406
Total Operating Expenses		\$869,938	\$3.70	\$3,884
Net Operating Income		\$1,236,931	\$5.26	\$5,522
Debt Service		1,079,191	4.59	4,818
Net Cash Flow		\$157,740	\$0.67	\$704
Debt Coverage Ratio		1.15		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$157,740	\$0.67	\$704
DCR after TDHCA Fees		1.15		
Break-even Rents/S.F.		0.69		
Break-even Occupancy		89.15%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,186,304	\$9.29	
Other Income & Loss		40,320	0.17	180
Vacancy & Collection	7.50%	(166,997)	-0.71	-746
Effective Gross Income		\$2,059,627	8.75	9,195
Total Operating Expenses	42.2%	\$869,938	\$3.70	\$3,884
Net Operating Income		\$1,189,689	\$5.06	\$5,311
Debt Service		1,079,191	4.59	4,818
Net Cash Flow		\$110,498	\$0.47	\$493
Debt Coverage Ratio		1.10		
TDHCA/TSAHC Fees		\$0.00	\$0	
Net Cash Flow		\$110,498	\$0.47	\$493
DCR after TDHCA Fees		1.10		
Break-even Rents/S.F.		0.69		
Break-even Occupancy		89.15%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$29,000	0.12	129
Management Fees	111,928	0.48	500
Payroll, Payroll Tax & Employee Exp.	117,000	0.50	522
Maintenance/Repairs	115,000	0.49	513
Utilities	174,400	0.74	779
Property Insurance	59,908	0.25	267
Property Taxes	185,013	0.79	826
Replacement Reserves	44,809	0.19	200
Other Expenses	32,880	0.14	147
Total Expenses	\$869,938	\$3.70	\$3,884

Staff Notes/Comments

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

Providence at UT Southwestern, Dallas (2004-049) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	68	\$ 623	696	0.90
60% AMI	1BD/1BA	69	\$ 748	696	1.07
50% AMI	1BD/1BA	6	\$ 571	696	0.82
60% AMI	1BD/1BA	5	\$ 696	696	1.00
50% AMI	2BD/2BA	8	\$ 748	1,044	0.72
60% AMI	2BD/2BA	8	\$ 898	1,044	0.86
50% AMI	2BD/2BA	42	\$ 673	970	0.69
60% AMI	2BD/2BA	42	\$ 823	970	0.85
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		248	\$ 2,122,584	201,192	\$ 0.88
Averages			\$ 713	811	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 3,143,900	\$ 12,677	\$ 15.63	0.15
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 3,143,900	\$ 12,677	\$ 15.63	0.15
Sitework	814,000	3,282	4.05	0.04
Hard Construction Costs	9,306,140	37,525	46.26	0.45
General Requirements (6%)	607,208	2,448	3.02	0.03
Contractor's Overhead (2%)	202,403	816	1.01	0.01
Contractor's Profit (6%)	607,208	2,448	3.02	0.03
Construction Contingency	502,507	2,026	2.50	0.02
Subtotal Construction	\$ 12,039,467	\$ 48,546	\$ 59.84	0.58
Indirect Construction	1,114,500	4,494	5.54	0.05
Developer's Fee	2,455,285	9,900	12.20	0.12
Financing	1,876,410	7,566	9.33	0.09
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 5,446,195	\$ 21,960	\$ 27	0
Total Uses	\$ 20,629,562	\$ 83,184	\$ 102.54	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,731,833	\$0.00	0.00%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,520,000	6.00%	30	\$ 900,765
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,243,252	50.6%	\$1,212,033	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 124,677	GIC Income	\$ -	
Total Sources	\$ 20,619,762			\$ 900,765

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,731,833	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 12,520,000	6.00%	30	\$ 900,765
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,253,052	51.0%	\$ 1,202,233	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 124,677		\$ -	
Total Sources	\$ 20,629,562			\$ 900,765

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,122,584	\$10.55	
Other Income & Loss		44,640	0.22	180
Vacancy & Collection	-7.50%	(162,542)	-0.81	-655
Effective Gross Income		\$2,004,682	9.96	8,083
Total Operating Expenses		\$994,288	\$4.94	\$4,009
Net Operating Income		\$1,010,394	\$5.02	\$4,074
Debt Service		900,765	4.48	3,632
Net Cash Flow		\$109,629	\$0.54	\$442
Debt Coverage Ratio		1.12		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$109,629	\$0.54	\$442
DCR after TDHCA Fees		1.12		
Break-even Rents/S.F.		0.78		
Break-even Occupancy		89.28%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,122,584	\$10.55	
Other Income & Loss		44,640	0.22	180
Vacancy & Collection	7.50%	(162,542)	-0.81	-655
Effective Gross Income		2,004,682	9.96	8,083
Total Operating Expenses	49.6%	\$994,288	\$4.94	\$4,009
Net Operating Income		\$1,010,394	\$5.02	\$4,074
Debt Service		900,765	4.48	3,632
Net Cash Flow		\$109,629	\$0.54	\$442
Debt Coverage Ratio		1.12		
TDHCA/TSAHC Fees		\$0.00	\$0	
Net Cash Flow		\$109,629	\$0.54	\$442
DCR after TDHCA Fees		1.12		
Break-even Rents/S.F.		0.78		
Break-even Occupancy		89.28%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$95,000	0.47	383
Management Fees	100,776	0.50	406
Payroll, Payroll Tax & Employee Exp.	225,000	1.12	907
Maintenance/Repairs	104,134	0.52	420
Utilities	166,904	0.83	673
Property Insurance	46,274	0.23	187
Property Taxes	173,600	0.86	700
Replacement Reserves	49,600	0.25	200
Other Expenses	33,000	0.16	133
Total Expenses	\$994,288	\$4.94	\$4,009

Staff Notes/Comments
This is an acquisition of an existing Hotel and new construction of additional units. The ones which do not show a utility allowance are the Hotel units which will be all bills paid.

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

Kingwood Pines Apartments, Houston (2004-050) Priority 2

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	60	\$ 649	680	0.95
60% AMI	2BD/2BA	108	\$ 779	975	0.80
60% AMI	3BD/2BA	82	\$ 897	1,120	0.80
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,359,512	237,940	\$ 0.83
Averages			\$ 787	952	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,032,000	\$ 4,128	\$ 4.34	0.05
Off-sites	136,240	545	0.57	0.01
Subtotal Site Costs	\$ 1,168,240	\$ 4,673	\$ 4.91	0.06
Sitework	1,993,134	7,973	8.38	0.10
Hard Construction Costs	10,211,936	40,848	42.92	0.50
General Requirements (6%)	732,304	2,929	3.08	0.04
Contractor's Overhead (2%)	244,101	976	1.03	0.01
Contractor's Profit (6%)	732,304	2,929	3.08	0.04
Construction Contingency	378,325	1,513	1.59	0.02
Subtotal Construction	\$ 14,292,105	\$ 57,168	\$ 60.07	0.70
Indirect Construction	898,430	3,594	3.78	0.04
Developer's Fee	2,400,000	9,600	10.09	0.12
Financing	1,574,011	6,296	6.62	0.08
Reserves	0	0	0.00	0.00
Subtotal Other Costs	\$ 4,872,441	\$ 19,490	\$ 20	0
Total Uses	\$ 20,332,786	\$ 81,331	\$ 85.45	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,200,000	\$0.80	3.45%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 82,309	3.4%	\$2,317,691	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,282,309			\$1,079,191

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,200,000	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 15,000,000	6.00%	30	\$ 1,079,191
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 132,786	5.5%	\$ 2,267,214	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,332,786			\$ 1,079,191

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,359,512	\$9.92	
Other Income & Loss		78,840	0.33	315
Vacancy & Collection	-7.50%	(182,876)	-0.77	-732
Effective Gross Income		\$2,255,476	9.48	9,022
Total Operating Expenses		\$1,003,500	\$4.22	\$4,014
Net Operating Income		\$1,251,976	\$5.26	\$5,008
Debt Service		1,079,191	4.54	4,317
Net Cash Flow		\$172,785	\$0.73	\$691
Debt Coverage Ratio		1.16		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$172,785	\$0.73	\$691
DCR after TDHCA Fees		1.16		
Break-even Rents/S.F.		0.73		
Break-even Occupancy		88.27%		

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income		\$2,359,512	\$9.92	
Other Income & Loss		45,000	0.19	180
Vacancy & Collection	7.50%	(180,338)	-0.76	-721
Effective Gross Income		2,224,174	9.35	8,897
Total Operating Expenses	45.1%	\$1,003,500	\$4.22	\$4,014
Net Operating Income		\$1,220,674	\$5.13	\$4,883
Debt Service		1,079,191	4.54	4,317
Net Cash Flow		\$141,483	\$0.59	\$566
Debt Coverage Ratio		1.13		
TDHCA/TSAHC Fees		\$0	\$0.00	\$0
Net Cash Flow		\$141,483	\$0.59	\$566
DCR after TDHCA Fees		1.13		
Break-even Rents/S.F.		0.73		
Break-even Occupancy		88.27%		

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$47,000	0.20	188
Management Fees	90,200	0.38	361
Payroll, Payroll Tax & Employee Exp.	250,000	1.05	1000
Maintenance/Repairs	100,800	0.42	403
Utilities	160,000	0.67	640
Property Insurance	50,000	0.21	200
Property Taxes	210,000	0.88	840
Replacement Reserves	62,500	0.26	250
Other Expenses	33,000	0.14	132
Total Expenses	\$1,003,500	\$4.22	\$4,014

Staff Notes/Comments

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

Flushing Meadows, Harris County (2004-051) Priority 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	48	\$ 589	675	0.87
60% AMI	2BD/1BA	96	\$ 706	929	0.76
60% AMI	2BD/2BA	32	\$ 706	962	0.73
60% AMI	3BD/2BA	72	\$ 813	1,100	0.74
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		248	\$ 2,126,112	231,568	\$ 0.77
Averages			\$ 714	934	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 2,242,337	\$ 9,042	\$ 9.68	0.11
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 2,242,337	\$ 9,042	\$ 9.68	0.11
Sitework	1,282,000	5,169	5.54	0.07
Hard Construction Costs	9,456,000	38,129	40.83	0.48
General Requirements (6%)	644,280	2,598	2.78	0.03
Contractor's Overhead (2%)	214,760	866	0.93	0.01
Contractor's Profit (6%)	644,280	2,598	2.78	0.03
Construction Contingency	602,000	2,427	2.60	0.03
Subtotal Construction	\$ 12,843,320	\$ 51,788	\$ 55.46	0.65
Indirect Construction	554,768	2,237	2.40	0.03
Developer's Fee	2,116,000	8,532	9.14	0.11
Financing	1,749,500	7,054	7.56	0.09
Reserves	138,000	556	0.60	0.01
Subtotal Other Costs	\$ 4,558,268	\$ 18,380	\$ 20	0
Total Uses	\$ 19,643,925	\$ 79,209	\$ 84.83	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,771,844	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,100,000	6.00%	30	\$1,014,439
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 729,761	34.5%	\$1,386,239	
Source IV	Proceeds	Description	Annual D/S	
Other			\$ -	
Total Sources	\$ 19,601,605			\$1,014,439

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,771,844	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,464,805	6.00%	30	\$ 968,740
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,407,276	66.5%	\$ 708,724	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,643,925			\$ 968,740

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,126,112	\$9.18		
Other Income & Loss	44,640	0.19	180	
Vacancy & Collection	-7.50% (162,806)	-0.70	-656	
Effective Gross Income	\$2,007,946	8.67	8,097	
Total Operating Expenses	\$868,420	\$3.75	\$3,502	
Net Operating Income	\$1,139,526	\$4.92	\$4,595	
Debt Service	1,014,439	4.38	4,090	
Net Cash Flow	\$125,086	\$0.54	\$504	
Debt Coverage Ratio	1.12			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$125,086	\$0.54	\$504	
DCR after TDHCA Fees	1.12			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	88.56%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,126,112	\$9.18		
Other Income & Loss	44,640	0.19	180	
Vacancy & Collection	7.50% (162,806)	-0.70	-656	
Effective Gross Income	\$2,007,946	8.67	8,097	
Total Operating Expenses	46.9% \$942,400	\$4.07	\$3,800	
Net Operating Income	\$1,065,546	\$4.60	\$4,297	
Debt Service	968,740	4.18	3,906	
Net Cash Flow	\$96,806	\$0.42	\$390	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$96,806	\$0.42	\$390	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.69			
Break-even Occupancy	89.89%			

Applicant - Annual Operating Expenses				
		Per S.F.	Per Unit	
General & Administrative Expenses	\$85,311	0.37	344	
Management Fees	99,677	0.43	402	
Payroll, Payroll Tax & Employee Exp.	233,266	1.01	941	
Maintenance/Repairs	75,070	0.32	303	
Utilities	41,400	0.18	167	
Property Insurance	62,496	0.27	252	
Property Taxes	218,000	0.94	879	
Replacement Reserves	49,600	0.21	200	
Other Expenses	3,600	0.02	15	
Total Expenses	\$868,420	\$3.75	\$3,502	

Staff Notes/Comments
Contractor's Fee was increased to the allowable limits of 6% 2% 6% General Requirements, Overhead, and Profit.

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

Rolling Creek Apartments, Harris County (2004-052) Priority 2

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	48	\$ 589	675	0.87
60% AMI	2BD/1BA	96	\$ 706	929	0.76
60% AMI	2BD/2BA	32	\$ 706	962	0.73
60% AMI	3BD/2BA	72	\$ 813	1,100	0.74
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		248	\$ 2,126,112	231,568	\$ 0.77
Averages			\$ 714	934	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 2,046,320	\$ 8,251	\$ 8.84	0.11
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 2,046,320	\$ 8,251	\$ 8.84	0.11
Sitework	1,282,000	5,169	5.54	0.07
Hard Construction Costs	9,456,000	38,129	40.83	0.49
General Requirements (6%)	644,280	2,598	2.78	0.03
Contractor's Overhead (2%)	214,760	866	0.93	0.01
Contractor's Profit (6%)	644,280	2,598	2.78	0.03
Construction Contingency	602,000	2,427	2.60	0.03
Subtotal Construction	\$ 12,843,320	\$ 51,788	\$ 55.46	0.66
Indirect Construction	554,768	2,237	2.40	0.03
Developer's Fee	2,116,000	8,532	9.14	0.11
Financing	1,749,500	7,054	7.56	0.09
Reserves	138,000	556	0.60	0.01
Subtotal Other Costs	\$ 4,558,268	\$ 18,380	\$ 20	0
Total Uses	\$ 19,447,908	\$ 78,419	\$ 83.98	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,771,844	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,100,000	6.00%	30	\$1,014,439
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 533,744	25.2%	\$1,582,256	
Source IV	Proceeds	Description	Annual D/S	
Other			\$ -	
Total Sources	\$ 19,405,588			\$1,014,439

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,771,844	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,464,805	6.00%	30	\$ 968,740
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,211,259	57.2%	\$ 904,741	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,447,908			\$ 968,740

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,126,112	\$9.18		
Other Income & Loss	44,640	0.19	180	
Vacancy & Collection	-7.50% (162,806)	-0.70	-656	
Effective Gross Income	\$2,007,946	8.67	8,097	
Total Operating Expenses	\$868,420	\$3.75	\$3,502	
Net Operating Income	\$1,139,526	\$4.92	\$4,595	
Debt Service	1,014,439	4.38	4,090	
Net Cash Flow	\$125,086	\$0.54	\$504	
Debt Coverage Ratio	1.12			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$125,086	\$0.54	\$504	
DCR after TDHCA Fees	1.12			
Break-even Rents/S.F.	0.68			
Break-even Occupancy	88.56%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,126,112	\$9.18		
Other Income & Loss	44,640	0.19	180	
Vacancy & Collection	7.50% (162,806)	-0.70	-656	
Effective Gross Income	\$2,007,946	8.67	8,097	
Total Operating Expenses	46.9% \$942,400	\$4.07	\$3,800	
Net Operating Income	\$1,065,546	\$4.60	\$4,297	
Debt Service	968,740	4.18	3,906	
Net Cash Flow	\$96,806	\$0.42	\$390	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$96,806	\$0.42	\$390	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.69			
Break-even Occupancy	89.89%			

Applicant - Annual Operating Expenses				
		Per S.F.	Per Unit	
General & Administrative Expenses	\$85,311	0.37	344	
Management Fees	99,677	0.43	402	
Payroll, Payroll Tax & Employee Exp.	233,266	1.01	941	
Maintenance/Repairs	75,070	0.32	303	
Utilities	41,400	0.18	167	
Property Insurance	62,496	0.27	252	
Property Taxes	218,000	0.94	879	
Replacement Reserves	49,600	0.21	200	
Other Expenses	3,600	0.02	15	
Total Expenses	\$868,420	\$3.75	\$3,502	

Staff Notes/Comments	
Total budget was increased to show the correct amount of contractor fee and profit that can be requested.	

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

Alta Northgate Apartments, Houston (2004-053) Priority 2

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	48	\$ 589	803	0.73
60% AMI	2BD/2BA	108	\$ 710	1,109	0.64
60% AMI	3BD/2BA	84	\$ 813	1,277	0.64
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		240	\$ 2,078,928	265,584	\$ 0.65
Averages			\$ 722	1,107	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,127,115	\$ 4,696	\$ 4.24	0.06
Off-sites	316,300	1,318	1.19	0.02
Subtotal Site Costs	\$ 1,443,415	\$ 6,014	\$ 5.43	0.07
Sitework	1,823,361	7,597	6.87	0.09
Hard Construction Costs	9,122,339	38,010	34.35	0.47
General Requirements (6%)	656,742	2,736	2.47	0.03
Contractor's Overhead (2%)	218,914	912	0.82	0.01
Contractor's Profit (6%)	656,742	2,736	2.47	0.03
Construction Contingency	259,200	1,080	0.98	0.01
Subtotal Construction	\$ 12,737,298	\$ 53,072	\$ 47.96	0.65
Indirect Construction	995,799	4,149	3.75	0.05
Developer's Fee	2,383,121	9,930	8.97	0.12
Financing	1,878,415	7,827	7.07	0.10
Reserves	76,654	319	0.29	0.00
Subtotal Other Costs	\$ 5,333,989	\$ 22,225	\$ 20	0
Total Uses	\$ 19,514,702	\$ 81,311	\$ 73.48	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,593,165	\$0.80	3.44%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,100,000	6.00%	30	\$1,014,439
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 478,299	20.1%	\$1,904,822	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,171,464		\$1,014,439	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,593,165	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,120,045	6.00%	30	\$ 943,936
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 801,492	33.6%	\$ 1,581,629	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,514,702		\$ 943,936	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,078,928	\$7.83		
Other Income & Loss	109,464	0.41	456	
Vacancy & Collection	-7.50% (164,129)	-0.62	-684	
Effective Gross Income	\$2,024,263	7.62	8,434	
Total Operating Expenses	\$924,961	\$3.48	\$3,854	
Net Operating Income	\$1,099,302	\$4.14	\$4,580	
Debt Service	1,014,439	3.82	4,227	
Net Cash Flow	\$84,863	\$0.32	\$354	
Debt Coverage Ratio	1.08			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$84,863	\$0.32	\$354	
DCR after TDHCA Fees	1.08			
Break-even Rents/S.F.	0.61			
Break-even Occupancy	93.29%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,078,928	\$7.83		
Other Income & Loss	43,200	0.16	180	
Vacancy & Collection	7.50% (159,160)	-0.60	-663	
Effective Gross Income	1,962,968	7.39	8,179	
Total Operating Expenses	7.50% \$924,961	\$3.48	\$3,854	
Net Operating Income	\$1,038,007	\$3.91	\$4,325	
Debt Service	943,936	3.55	3,933	
Net Cash Flow	\$94,072	\$0.35	\$392	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0.00	\$0	\$0	
Net Cash Flow	\$94,072	\$0.35	\$392	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.59			
Break-even Occupancy	89.90%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$25,272	0.10	105
Management Fees	86,496	0.33	360
Payroll, Payroll Tax & Employee Exp.	198,000	0.75	825
Maintenance/Repairs	108,000	0.41	450
Utilities	72,000	0.27	300
Property Insurance	45,600	0.17	190
Property Taxes	271,680	1.02	1132
Replacement Reserves	48,000	0.18	200
Other Expenses	69,913	0.26	291
Total Expenses	\$924,961	\$3.48	\$3,854

Staff Notes/Comments
Budget was adjusted because the amount eligible for Contractor's Fee and Profit was over the 6% 2% 6% allowed by the Program.

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

Alta Copperfield Apartments, Harris county (2004-054) Priority 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	48	\$ 589	803	0.73
60% AMI	2BD/2BA	108	\$ 710	1,109	0.64
60% AMI	3BD/2BA	84	\$ 813	1,277	0.64
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		240	\$ 2,078,928	265,584	\$ 0.65
Averages			\$ 722	1,107	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 914,760	\$ 3,812	\$ 3.44	0.05
Off-sites	316,300	1,318	1.19	0.02
Subtotal Site Costs	\$ 1,231,060	\$ 5,129	\$ 4.64	0.06
Sitework	1,823,361	7,597	6.87	0.09
Hard Construction Costs	9,122,339	38,010	34.35	0.47
General Requirements (6%)	656,742	2,736	2.47	0.03
Contractor's Overhead (2%)	218,914	912	0.82	0.01
Contractor's Profit (6%)	656,742	2,736	2.47	0.03
Construction Contingency	259,200	1,080	0.98	0.01
Subtotal Construction	\$ 12,737,298	\$ 53,072	\$ 47.96	0.66
Indirect Construction	995,799	4,149	3.75	0.05
Developer's Fee	2,134,150	8,892	8.04	0.11
Financing	1,919,123	7,996	7.23	0.10
Reserves	261,119	1,088	0.98	0.01
Subtotal Other Costs	\$ 5,310,191	\$ 22,126	\$ 20	0
Total Uses	\$ 19,278,549	\$ 80,327	\$ 72.59	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,588,646	\$0.80	3.44%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,100,000	6.00%	30	\$1,014,439
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 246,745	11.6%	\$1,887,405	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,935,391			\$1,014,439

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 5,588,646	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,079,314	6.00%	30	\$ 941,005
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 610,589	28.6%	\$ 1,523,561	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,278,549			\$ 941,005

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,078,928	\$7.83		
Other Income & Loss	109,440	0.41	456	
Vacancy & Collection	-7.50% (164,128)	-0.62	-684	
Effective Gross Income	<u>\$2,024,240</u>	<u>7.62</u>	<u>8,434</u>	
Total Operating Expenses	<u>\$928,234</u>	<u>\$3.50</u>	<u>\$3,868</u>	
Net Operating Income	\$1,096,006	\$4.13	\$4,567	
Debt Service	1,014,439	3.82	4,227	
Net Cash Flow	<u>\$81,567</u>	<u>\$0.31</u>	<u>\$340</u>	
Debt Coverage Ratio	<u>1.08</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$81,567</u>	<u>\$0.31</u>	<u>\$340</u>	
DCR after TDHCA Fees	<u>1.08</u>			
Break-even Rents/S.F.	0.61			
Break-even Occupancy	93.45%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,078,928	\$7.83		
Other Income & Loss	43,200	0.16	180	
Vacancy & Collection	7.50% (159,160)	-0.60	-663	
Effective Gross Income	<u>1,962,968</u>	<u>7.39</u>	<u>8,179</u>	
Total Operating Expenses	<u>47.3% \$928,234</u>	<u>\$3.50</u>	<u>\$3,868</u>	
Net Operating Income	\$1,034,734	\$3.90	\$4,311	
Debt Service	941,005	3.54	3,921	
Net Cash Flow	<u>\$93,729</u>	<u>\$0.35</u>	<u>\$391</u>	
Debt Coverage Ratio	<u>1.10</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$93,729</u>	<u>\$0.35</u>	<u>\$391</u>	
DCR after TDHCA Fees	<u>1.10</u>			
Break-even Rents/S.F.	0.59			
Break-even Occupancy	89.91%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$28,545	0.11	119
Management Fees	86,496	0.33	360
Payroll, Payroll Tax & Employee Exp.	198,000	0.75	825
Maintenance/Repairs	108,000	0.41	450
Utilities	72,000	0.27	300
Property Insurance	45,600	0.17	190
Property Taxes	271,680	1.02	1132
Replacement Reserves	48,000	0.18	200
Other Expenses	69,913	0.26	291
Total Expenses	\$928,234	\$3.50	\$3,868

Staff Notes/Comments
Other income was reduced to \$15 per unit. Support not provided for additional other income.

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

Atascocita Pines Apartments, Humble (2004-055) Priority 2

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	60	\$ 650	697	0.93
60% AMI	2BD/2BA	42	\$ 779	996	0.78
60% AMI	2BD/2BA	42	\$ 779	1,052	0.74
60% AMI	3BD/2BA	48	\$ 899	1,160	0.78
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		192	\$ 1,771,056	183,516	\$ 0.80
Averages			\$ 769	956	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 725,000	\$ 3,776	\$ 3.95	0.04
Off-sites		0	0.00	0.00
Subtotal Site Costs	\$ 725,000	\$ 3,776	\$ 3.95	0.04
Sitework	834,100	4,344	4.55	0.05
Hard Construction Costs	8,915,613	46,435	48.58	0.54
General Requirements (6%)	584,983	3,047	3.19	0.04
Contractor's Overhead (2%)	194,994	1,016	1.06	0.01
Contractor's Profit (6%)	584,983	3,047	3.19	0.04
Construction Contingency	389,989	2,031	2.13	0.02
Subtotal Construction	\$ 11,504,662	\$ 59,920	\$ 62.69	0.70
Indirect Construction	381,600	1,988	2.08	0.02
Developer's Fee	1,782,647	9,285	9.71	0.11
Financing	1,763,084	9,183	9.61	0.11
Reserves	350,000	1,823	1.91	0.02
Subtotal Other Costs	\$ 4,277,331	\$ 22,278	\$ 23	\$ 0
Total Uses	\$ 16,506,993	\$ 85,974	\$ 89.95	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,252,432	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 11,900,000	6.00%	30	\$ 856,158
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 352,612	19.8%	\$ 1,430,035	
Source IV	Proceeds	Description	Annual D/S	
Other			\$ -	
Total Sources	\$ 16,505,044		\$ 856,158	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 4,252,432	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 11,900,000	6.00%	30	\$ 856,158
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 354,561	19.9%	\$ 1,428,086	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 16,506,993		\$ 856,158	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$ 1,771,056	\$9.65		
Other Income & Loss	46,800	0.26	244	
Vacancy & Collection	-7.50% (136,339)	-0.74	-710	
Effective Gross Income	\$ 1,681,517	9.16	8,758	
Total Operating Expenses	\$ 729,600	\$ 3.98	\$ 3,800	
Net Operating Income	\$ 951,917	\$ 5.19	\$ 4,958	
Debt Service	856,158	4.67	4,459	
Net Cash Flow	\$ 95,759	\$ 0.52	\$ 499	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$ 0	\$ 0.00	\$ 0	
Net Cash Flow	\$ 95,759	\$ 0.52	\$ 499	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.72			
Break-even Occupancy	89.54%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$ 1,771,056	\$9.65		
Other Income & Loss	34,560	0.19	180	
Vacancy & Collection	7.50% (135,421)	-0.74	-705	
Effective Gross Income	1,670,195	9.10	8,699	
Total Operating Expenses	43.7% \$ 729,600	\$ 3.98	\$ 3,800	
Net Operating Income	\$ 940,595	\$ 5.13	\$ 4,899	
Debt Service	856,158	4.67	4,459	
Net Cash Flow	\$ 84,437	\$ 0.46	\$ 440	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$ 0	\$ 0.00	\$ 0	
Net Cash Flow	\$ 84,437	\$ 0.46	\$ 440	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.72			
Break-even Occupancy	89.54%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$ 51,800	0.28	270
Management Fees	92,070	0.50	480
Payroll, Payroll Tax & Employee Exp.	98,000	0.53	510
Maintenance/Repairs	71,000	0.39	370
Utilities	95,000	0.52	495
Property Insurance	68,060	0.37	354
Property Taxes	153,230	0.83	798
Replacement Reserves	34,560	0.19	180
Other Expenses	65,880	0.36	343
Total Expenses	\$ 729,600	\$ 3.98	\$ 3,800

Staff Notes/Comments

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

Canal Street Apartments, Houston (2004-056) Priority 2

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	72	\$ 650	697	0.93
60% AMI	2BD/2BA	52	\$ 779	996	0.78
60% AMI	2BD/2BA	52	\$ 779	1,052	0.74
60% AMI	3BD/2BA	24	\$ 899	1,160	0.78
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		200	\$ 1,792,704	184,520	\$ 0.81
Averages			\$ 747	923	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,658,430	\$ 8,292	\$ 8.99	0.08
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,658,430	\$ 8,292	\$ 8.99	0.08
Sitework	790,500	3,953	4.28	0.04
Hard Construction Costs	10,600,316	53,002	57.45	0.54
General Requirements (6%)	683,449	3,417	3.70	0.03
Contractor's Overhead (2%)	227,816	1,139	1.23	0.01
Contractor's Profit (6%)	683,449	3,417	3.70	0.03
Construction Contingency	341,724	1,709	1.85	0.02
Subtotal Construction	\$ 13,327,254	\$ 66,636	\$ 72.23	0.67
Indirect Construction	703,000	3,515	3.81	0.04
Developer's Fee	2,104,088	10,520	11.40	0.11
Financing	1,620,632	8,103	8.78	0.08
Reserves	350,000	1,750	1.90	0.02
Subtotal Other Costs	\$ 4,777,720	\$ 23,889	\$ 26	0
Total Uses	\$ 19,763,404	\$ 98,817	\$ 107.11	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,429,541	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 11,650,000	6.00%	30	\$ 838,172
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,681,460	79.9%	\$422,628	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,761,001		\$ 838,172	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,429,541	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 11,650,000	6.00%	30	\$ 838,172
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 1,683,863	80.0%	\$ 420,225	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 19,763,404		\$ 838,172	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,792,704	\$9.72		
Other Income & Loss	36,000	0.20	180	
Vacancy & Collection	-7.50% (137,153)	-0.74	-686	
Effective Gross Income	\$1,691,551	9.17	8,458	
Total Operating Expenses	\$759,660	\$4.12	\$3,798	
Net Operating Income	\$931,891	\$5.05	\$4,659	
Debt Service	838,172	4.54	4,191	
Net Cash Flow	\$93,720	\$0.51	\$469	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$93,720	\$0.51	\$469	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.72			
Break-even Occupancy	89.13%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,792,704	\$9.72		
Other Income & Loss	36,000	0.20	180	
Vacancy & Collection	7.50% (137,153)	-0.74	-686	
Effective Gross Income	1,691,551	9.17	8,458	
Total Operating Expenses	44.9% \$760,000	\$4.12	\$3,800	
Net Operating Income	\$931,551	\$5.05	\$4,658	
Debt Service	838,172	4.54	4,191	
Net Cash Flow	\$93,380	\$0.51	\$467	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$93,380	\$0.51	\$467	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.72			
Break-even Occupancy	89.15%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$58,072	0.31	290
Management Fees	72,003	0.39	360
Payroll, Payroll Tax & Employee Exp.	139,593	0.76	698
Maintenance/Repairs	89,800	0.49	449
Utilities	91,800	0.50	459
Property Insurance	60,892	0.33	304
Property Taxes	155,000	0.84	775
Replacement Reserves	40,000	0.22	200
Other Expenses	52,500	0.28	263
Total Expenses	\$759,660	\$4.12	\$3,798

Staff Notes/Comments

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

Creekside Manor Senior Community, Killeen (2004-057) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	2BD/1BA	110	\$ 476	860	0.55
60% AMI	2BD/1BA	110	\$ 583	860	0.68
50% AMI	2BD/2BA	0		-	0.00
60% AMI	2BD/2BA	0			0.00
50% AMI	3BD/2BA	0			0.00
60% AMI	3BD/2BA	0			0.00
Totals		220	\$ 1,397,880	189,200	\$ 0.62
Averages			\$ 530	860	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 750,000	\$ 3,409	\$ 3.96	0.05
Off-sites	30,000	136	0.16	0.00
Subtotal Site Costs	\$ 780,000	\$ 3,545	\$ 4.12	0.06
Sitework	1,427,500	6,489	7.54	0.10
Hard Construction Costs	6,228,500	28,311	32.92	0.44
General Requirements (6%)	459,360	2,088	2.43	0.03
Contractor's Overhead (2%)	153,120	696	0.81	0.01
Contractor's Profit (6%)	459,360	2,088	2.43	0.03
Construction Contingency	500,000	2,273	2.64	0.04
Subtotal Construction	\$ 9,227,840	\$ 41,945	\$ 48.77	0.65
Indirect Construction	513,500	2,334	2.71	0.04
Developer's Fee	1,650,000	7,500	8.72	0.12
Financing	1,735,500	7,889	9.17	0.12
Reserves	200,000	909	1.06	0.01
Subtotal Other Costs	\$ 4,099,000	\$ 18,632	\$ 22	0
Total Uses	\$ 14,106,840	\$ 64,122	\$ 74.56	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 3,568,456	\$0.80	3.45%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 10,500,000	6.00%	30	\$ 755,434
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 26,044	1.6%	\$1,623,956	
Source IV	Proceeds	Description	Annual D/S	
Other			\$ -	
Total Sources	\$ 14,094,500		\$ 755,434	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 3,568,456	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 9,581,810	6.00%	30	\$ 689,373
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 956,574	58.0%	\$ 693,426	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 14,106,840		\$ 689,373	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,397,880	\$7.39		
Other Income & Loss	324,720	1.72	1,476	
Vacancy & Collection	-6.09% (104,845)	-0.55	-477	
Effective Gross Income	<u>\$1,617,755</u>	<u>8.55</u>	<u>7,353</u>	
Total Operating Expenses	<u>\$614,600</u>	<u>\$3.25</u>	<u>\$2,794</u>	
Net Operating Income	\$1,003,155	\$5.30	\$4,560	
Debt Service	755,434	3.99	3,434	
Net Cash Flow	<u>\$247,722</u>	<u>\$1.31</u>	<u>\$1,126</u>	
Debt Coverage Ratio	<u>1.33</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$247,722</u>	<u>\$1.31</u>	<u>\$1,126</u>	
DCR after TDHCA Fees	<u>1.33</u>			
Break-even Rents/S.F.	0.60			
Break-even Occupancy	98.01%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,397,880	\$7.39		
Other Income & Loss	85,800	0.45	180	
Vacancy & Collection	7.50% (111,276)	-0.59	-506	
Effective Gross Income	<u>1,372,404</u>	<u>7.25</u>	<u>6,238</u>	
Total Operating Expenses	44.7% <u>\$614,000</u>	<u>\$3.25</u>	<u>\$2,791</u>	
Net Operating Income	\$758,404	\$4.01	\$3,447	
Debt Service	689,373	3.64	3,134	
Net Cash Flow	<u>\$69,031</u>	<u>\$0.36</u>	<u>\$314</u>	
Debt Coverage Ratio	<u>1.10</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$69,031</u>	<u>\$0.36</u>	<u>\$314</u>	
DCR after TDHCA Fees	<u>1.10</u>			
Break-even Rents/S.F.	0.57			
Break-even Occupancy	93.24%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$33,500	0.18	152
Management Fees	68,000	0.36	309
Payroll, Payroll Tax & Employee Exp.	153,000	0.81	695
Maintenance/Repairs	49,000	0.26	223
Utilities	95,000	0.50	432
Property Insurance	70,000	0.37	318
Property Taxes	88,000	0.47	400
Replacement Reserves	44,000	0.23	200
Other Expenses	14,100	0.07	64
Total Expenses	<u>\$614,600</u>	<u>\$3.25</u>	<u>\$2,794</u>

Staff Notes/Comments
Only garage income at \$55 per garage for 70 Garages plus \$15 in other income per unit was added to other income.

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

Langwick Seniors' Apartments, Houston (2004-058) Priority 1A

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
50% AMI	1BD/1BA	31	\$ 513	700	0.73
60% AMI	1BD/1BA	31	\$ 628	700	0.90
50% AMI	2BD/2BA	93	\$ 614	900	0.68
60% AMI	2BD/2BA	93	\$ 751	900	0.83
50% AMI	3BD/2BA	0			0.00
60% AMI	3BD/2BA	0			0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		248	\$ 1,947,792	210,800	\$ 0.77
Averages			\$ 655	850	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 1,339,000	\$ 5,399	\$ 6.35	0.07
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 1,339,000	\$ 5,399	\$ 6.35	0.07
Sitework	1,736,000	7,000	8.24	0.09
Hard Construction Costs	8,600,000	34,677	40.80	0.43
General Requirements (6%)	620,160	2,501	2.94	0.03
Contractor's Overhead (2%)	206,720	834	0.98	0.01
Contractor's Profit (6%)	620,160	2,501	2.94	0.03
Construction Contingency	620,160	2,501	2.94	0.03
Subtotal Construction	\$ 12,403,200	\$ 50,013	\$ 58.84	0.62
Indirect Construction	1,136,156	4,581	5.39	0.06
Developer's Fee	2,190,353	8,832	10.39	0.11
Financing	2,549,118	10,279	12.09	0.13
Reserves	400,000	1,613	1.90	0.02
Subtotal Other Costs	\$ 6,275,627	\$ 25,305	\$ 30	0
Total Uses	\$ 20,017,827	\$ 80,717	\$ 94.96	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,199,868	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 13,350,000	6.00%	30	\$ 960,480
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 467,959	21.4%	\$1,722,394	
Source IV	Proceeds	Description	Annual D/S	
Other			\$ -	
Total Sources	\$ 20,017,827		\$ 960,480	

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 6,199,868	\$0.80	3.55%	
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	\$ 1,317,959	60.2%	\$ 872,394	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ -		\$ -	
Total Sources	\$ 20,017,827		\$ 899,326	

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,947,792	\$9.24		
Other Income & Loss	44,640	0.21	180	
Vacancy & Collection	-7.33% (146,088)	-0.69	-589	
Effective Gross Income	<u>\$1,846,344</u>	<u>8.76</u>	<u>7,445</u>	
Total Operating Expenses	<u>\$854,987</u>	<u>\$4.06</u>	<u>\$3,448</u>	
Net Operating Income	\$991,357	\$4.70	\$3,997	
Debt Service	960,480	4.56	3,873	
Net Cash Flow	<u>\$30,877</u>	<u>\$0.15</u>	<u>\$125</u>	
Debt Coverage Ratio	<u>1.03</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$30,877</u>	<u>\$0.15</u>	<u>\$125</u>	
DCR after TDHCA Fees	<u>1.03</u>			
Break-even Rents/S.F.	0.72			
Break-even Occupancy	93.21%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$1,947,792	\$9.24		
Other Income & Loss	44,640	0.21	180	
Vacancy & Collection	7.50% (149,432)	-0.71	-603	
Effective Gross Income	<u>1,843,000</u>	<u>8.74</u>	<u>7,431</u>	
Total Operating Expenses	46.4% <u>\$854,987</u>	<u>\$4.06</u>	<u>\$3,448</u>	
Net Operating Income	\$988,013	\$4.69	\$3,984	
Debt Service	899,326	4.27	3,626	
Net Cash Flow	<u>\$88,687</u>	<u>\$0.42</u>	<u>\$358</u>	
Debt Coverage Ratio	<u>1.10</u>			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	<u>\$88,687</u>	<u>\$0.42</u>	<u>\$358</u>	
DCR after TDHCA Fees	<u>1.10</u>			
Break-even Rents/S.F.	0.69			
Break-even Occupancy	90.07%			

Applicant - Annual Operating Expenses			
		Per S.F.	Per Unit
General & Administrative Expenses	\$97,256	0.46	392
Management Fees	92,150	0.44	372
Payroll, Payroll Tax & Employee Exp.	193,440	0.92	780
Maintenance/Repairs	94,357	0.45	380
Utilities	142,184	0.67	573
Property Insurance	62,000	0.29	250
Property Taxes	124,000	0.59	500
Replacement Reserves	49,600	0.24	200
Other Expenses	14,100	0.07	57
Total Expenses	\$869,087	\$4.12	\$3,504

Staff Notes/Comments

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

Sphinx at Chenault, Dallas (2004-059) Priority 1C

Unit Mix and Rent Schedule					
Unit Type	Beds/Bath	# Units	Rents	Unit Size S.F.	Rent/S.F.
60% AMI	1BD/1BA	125	\$ 664	800	0.83
60% AMI	2BD/2BA	125	\$ 791	1,040	0.76
60% AMI	3BD/2BA	0		-	0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
					0.00
Totals		250	\$ 2,182,500	230,000	\$ 0.79
Averages			\$ 728	920	

Uses of Funds/Project Costs				
	Costs	Per Unit	Per S.F.	Percent
Acquisition	\$ 740,000	\$ 2,960	\$ 3.22	0.03
Off-sites	0	0	0.00	0.00
Subtotal Site Costs	\$ 740,000	\$ 2,960	\$ 3.22	0.03
Sitework	1,873,750	7,495	8.15	0.08
Hard Construction Costs	11,742,450	46,970	51.05	0.52
General Requirements (6%)	816,972	3,268	3.55	0.04
Contractor's Overhead (2%)	272,324	1,089	1.18	0.01
Contractor's Profit (6%)	816,972	3,268	3.55	0.04
Construction Contingency	544,648	2,179	2.37	0.02
Subtotal Construction	\$ 16,067,116	\$ 64,268	\$ 69.86	0.71
Indirect Construction	927,400	3,710	4.03	0.04
Developer's Fee	2,699,582	10,798	11.74	0.12
Financing	2,081,656	8,327	9.05	0.09
Reserves	250,000	1,000	1.09	0.01
Subtotal Other Costs	\$ 5,958,638	\$ 23,835	\$ 26	0
Total Uses	\$ 22,765,754	\$ 91,063	\$ 98.98	1.00

Applicant - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 8,021,716	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,160,000	6.00%	30	\$1,018,756
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 472,038	17.5%	\$2,227,544	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 112,000	GIC Income	\$	-
Total Sources	\$ 22,765,754			\$1,018,756

TDHCA - Sources of Funds				
Source I	Net Proceeds	Sale Price	Applicable Percentage	
Tax Credits	\$ 8,021,716	\$0.80	3.55%	
Source II	Proceeds	Rate	Amort	Annual D/S
Bond Proceeds	\$ 14,018,400	6.00%	30	\$ 1,008,569
Source III	Proceeds	% Deferred	Remaining	
Deferred Developer Fee	\$ 613,638	22.7%	\$ 2,085,944	
Source IV	Proceeds	Description	Annual D/S	
Other	\$ 112,000		\$	-
Total Sources	\$ 22,765,754			\$ 1,008,569

Applicant - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,182,500	\$9.49		
Other Income & Loss	66,540	0.29	266	
Vacancy & Collection	-7.50% (168,678)	-0.73	-675	
Effective Gross Income	\$2,080,362	9.05	8,321	
Total Operating Expenses	\$950,198	\$4.13	\$3,801	
Net Operating Income	\$1,130,164	\$4.91	\$4,521	
Debt Service	1,018,756	4.43	4,075	
Net Cash Flow	\$111,408	\$0.48	\$446	
Debt Coverage Ratio	1.11			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$111,408	\$0.48	\$446	
DCR after TDHCA Fees	1.11			
Break-even Rents/S.F.	0.71			
Break-even Occupancy	90.22%			

TDHCA - Operating Proforma/Debt Coverage				
		Per S.F.	Per Unit	
Potential Gross Income	\$2,182,500	\$9.49		
Other Income & Loss	45,000	0.20	180	
Vacancy & Collection	7.50% (167,063)	-0.73	-668	
Effective Gross Income	\$2,060,438	8.96	8,242	
Total Operating Expenses	\$950,198	\$4.13	\$3,801	
Net Operating Income	\$1,110,240	\$4.83	\$4,441	
Debt Service	1,008,569	4.39	4,034	
Net Cash Flow	\$101,671	\$0.44	\$407	
Debt Coverage Ratio	1.10			
TDHCA/TSAHC Fees	\$0	\$0.00	\$0	
Net Cash Flow	\$101,671	\$0.44	\$407	
DCR after TDHCA Fees	1.10			
Break-even Rents/S.F.	0.71			
Break-even Occupancy	89.75%			

Applicant - Annual Operating Expenses				
		Per S.F.	Per Unit	
General & Administrative Expenses	\$66,100	0.29	264	
Management Fees	83,664	0.36	335	
Payroll, Payroll Tax & Employee Exp.	204,534	0.89	818	
Maintenance/Repairs	97,900	0.43	392	
Utilities	153,000	0.67	612	
Property Insurance	50,000	0.22	200	
Property Taxes	212,500	0.92	850	
Replacement Reserves	50,000	0.22	200	
Other Expenses	32,500	0.14	130	
Total Expenses	\$950,198	\$4.13	\$3,801	

Staff Notes/Comments

SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 14, 2004

Action Items

Request approval of Countrywide Home Loans, Inc. as Master Servicer for the Single Family Mortgage Revenue Bond Program.

Required Action

Approve Countrywide Home Loans, Inc. as Master Servicer for the Single Family Mortgage Revenue Bond Program.

Background and Recommendations

Summary

In August 2004, the Single Family Finance Production staff developed a Request For Proposal ("RFP") to solicit responses from loan servicing companies to act as Master Servicer for a period of two years under the Department's Single Family Mortgage Revenue Bond ("MRB) Program with the discretion to renew and extend the Agreement at the end of the two-year term under three annual options for an additional one-year term. A notice of the RFP was posted in August in the Texas Register and the Texas Marketplace. The RFP submission date was September 3, 2004.

The scoring of all proposals was based on the applicant's ability to perform the functions outlined in the RFP and to further the underlying mission of the Department. Variables included in the scoring criteria were pricing, internet service capabilities; including online registration/allocation monitoring systems etc., servicing experience and experience in prior MRB programs.

Three (3) proposals were submitted for review and consideration. These included CitiMortgage Inc, Countrywide Home Loans Inc. and US Bank Home Mortgage. Based upon staff review, it is our recommendation that **Countrywide Home Loans, Inc.** be selected as Master Servicer for a two year period of time for loans originated under the Single Family Mortgage Revenue Bond Program.

Countrywide's favorable pricing for the service release premium and up-front service release premium along with their experience in the servicing and administration of MRB loans makes them the best selection for Master Servicer. The favorable pricing also helps the Department offset the cost of issuance. In addition to meeting all of the requirements of the proposal, Countrywide has a superior internet registration/allocation monitoring system and offers access to homebuyer counseling services at no charge through their "House America Counseling Centers". In addition, they offer superior lender training, superb customer service and encourage mortgage brokers to participate in our programs. Countrywide operates 85 retail branch offices statewide, many of which participate in our program. They also maintain a database of over 90 subordinate lien mortgage programs in the State of Texas, which can be used in conjunction with our MRB program.

Recommendation

Staff requests approval of Countrywide Home Loans, Inc. as Master Servicer for the Single Family Mortgage Revenue Bond Program.

Additional Information

The Master Servicer must service the mortgage loans in accordance with sound loan servicing practices as required by the terms and conditions of the Program Administration and Servicing Agreement. The review criteria used to score the proposals included the following categories:

- (1) Service Release Premium - the amount the servicer is willing to pay to TDHCA to retain the servicing rights for loans originated under the program.
- (2) Up Front Service Release Premium – the minimum or maximum amount the firm is willing to provide up front to assist the Department with the cost of issuance.
- (3) Fees Charged Per Loan- Fees charged by the servicer to perform the tax compliance loan file review, fund the mortgage loan, etc.
- (4) Internet Services - ability of servicer to provide on-line registration and allocation monitoring, reporting capabilities, etc.
- (5) Servicing Experience – score based on overall volume of servicing portfolio and MRB portfolio.
- (6) Single Family MRB Experience – number and volume of Single Family Bond Programs administered including the number of local Texas issues and the servicer's historical experience with TDHCA.
- (7) Down Payment Assistance Program – firm's experience with 2nd mortgage programs that provide down payment and closing cost assistance to first time homebuyers.
- (8) Other – other unique services or experience offered by the respondent.

The Department received proposals from the following firms:

CitiMortgage, Inc. – Headquartered in St. Louis, Missouri, CitiMortgage is the mortgage lending business of Citigroup, Inc. Operations also located in Dallas, Texas

US Bank Home Mortgage – Headquartered in Bedford, Ohio, formerly The Leader Mortgage Company which was acquired by US Bank N.A. in January 2002.

Countrywide Home Loans, Inc. – Headquartered in West Hills, California with operations in Plano, Texas. Countrywide currently operates 85 retail branches statewide.

FINANCIAL SERVICES
BOARD ACTION REQUEST
OCTOBER 14, 2004

Action Item

Fourth Quarter Investment Report.

Required Action

Presentation of the Department's Fourth 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 AUGUST 31, 2004**

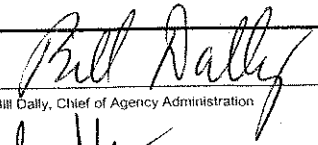
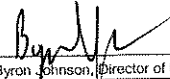
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Quarter Ending August 31, 2004

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

INDENTURE	FAIR VALUE (MARKET) @ 05/31/04	CARRYING VALUE @ 05/31/04	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 08/31/04	FAIR VALUE (MARKET) @ 08/31/04	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT REC'BL @ 08/31/04	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS					
Single Family	517,921,687.31	512,716,699.44	52,995,084.97	(34,096,931.79)	(14,682,602.93)	0.00	516,932,249.69	525,778,965.37	3,641,727.81	1,239,073.96	0.00
RMRB	509,335,454.89	508,276,562.80	33,166,059.99	(57,114,564.52)	(15,881,415.20)	0.00	466,446,643.07	477,330,571.46	7,825,038.30	2,366,553.86	0.00
CHMRB	34,445,962.91	32,579,038.65	232,359.82	(3,248,317.69)	(1,860,341.99)	0.00	27,702,738.79	29,739,088.79	169,425.74	155,347.78	0.00
Multi Family	222,657,390.94	222,657,390.94	60,467,824.40	(44,168,028.92)	(897,084.79)	0.00	238,060,101.63	238,060,101.63	-	1,103.40	0.00
SF CHMRB 1993	13,534,897.27	12,788,607.09	502,380.33	(306,722.70)	(1,072,087.50)	0.00	11,912,177.22	12,716,398.67	57,931.27	59,578.63	0.00
SF CHMRB 1994/1995	24,540,816.16	23,036,533.35	210,755.39	(499,461.33)	(2,560,251.17)	0.00	20,187,576.24	21,875,518.74	(16,340.31)	112,185.70	0.00
Commercial Paper	18,703,844.34	18,703,844.34	32,465,000.00	(215,387.47)	0.00	0.00	50,953,456.87	50,953,456.87	-	103,874.82	0.00
General Fund	10,752,361.49	10,752,361.49	173,129.05	(1,417,960.78)	0.00	0.00	9,507,529.76	9,507,529.76	-	417.28	0.00
Housing Trust Fund	7,620,201.89	7,620,201.89	432,812.18	(784,714.11)	0.00	0.00	7,268,299.96	7,268,299.96	-	318.99	0.00
Administration	135,510.68	135,510.68	379.12	0.00	0.00	0.00	135,889.80	135,889.80	-	5.96	0.00
Compliance	1,273,757.90	1,273,757.90	76,277.04	(475,258.63)	0.00	0.00	874,776.31	874,776.31	-	38.39	0.00
Housing Initiatives	2,247,957.31	2,247,957.31	902,134.31	(99.29)	0.00	0.00	3,149,992.33	3,149,992.33	-	136.23	0.00
TOTAL	1,363,169,843.09	1,350,788,465.88	181,624,196.60	(142,327,447.23)	(36,953,783.58)	0.00	1,353,131,431.67	1,377,190,589.69	11,677,780.81	4,038,637.00	0.00

* No relationship can be drawn between the "ACCRUED INT REC'BL @ 08/31/04" figures and the corresponding investment values, because of various factors (e.g. purchase date of investment; interest payment terms-daily, monthly & semi-annual; etc.). In addition to the aforementioned factors with regards to the Multi Family Indenture, the Department is carrying \$ 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.

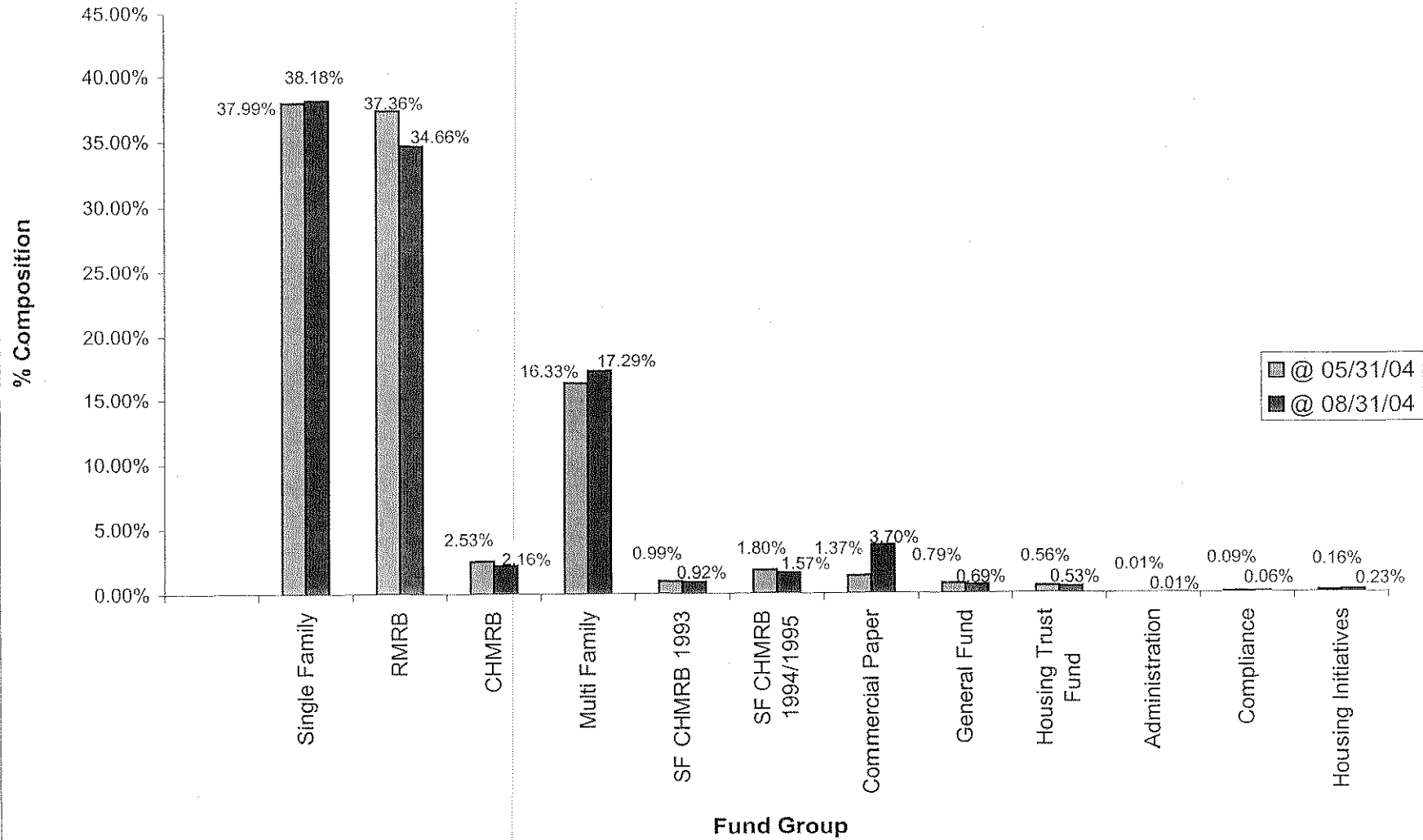
	Date <u>10/4/04</u>
Bill Dally, Chief of Agency Administration	
	Date <u>10/3/04</u>
Byron Johnson, Director of Bond Finance	

**PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING AUGUST 31, 2004**

Supplemental Information:

- 1) Bar Graph - Comparison of Market by Fund Group between Quarters
- 2) Analysis of Portfolio Interest Rate Trends and Maturities
- 3) Bar Graph - Comparison of Market Valuation by Investment Type between Quarters
- 4) Supplemental Public Funds Investment Act Report by Investment Type
- 5) Detail of Investments including maturity dates by Fund Group

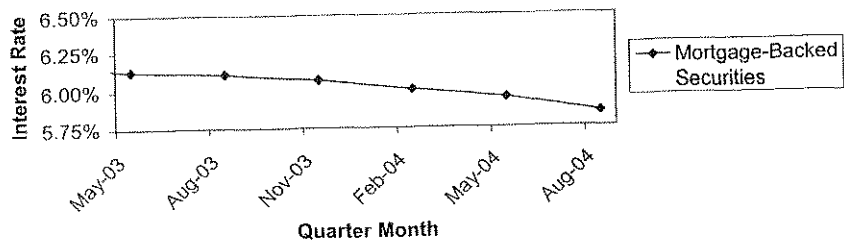
Market Valuation Comparison By Fund Group



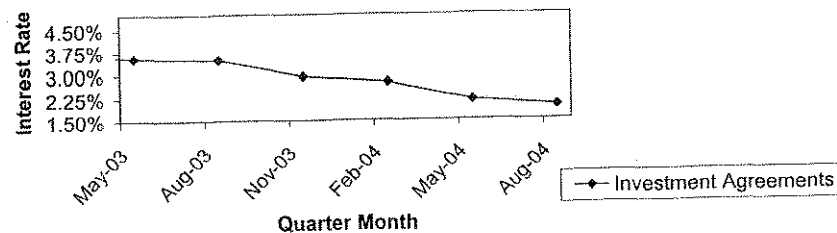
TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Supplemental Schedule of Portfolio Interest Rate Trends and Maturities
Quarter Ending August 31, 2004

INVESTMENT TYPE	Range of Interest for Current Quarter		Portfolio % Composition	Weighted Avg Rate Beg Carrying Value @ 05/31/04	Weighted Avg Rate Beg Market Value @ 05/31/04	Weighted Avg Rate End Carrying Value @ 08/31/04	Weighted Avg Rate End Market Value @ 08/31/04	Weighted Avg Maturity Beg Carrying Value @ 05/31/04		Weighted Avg Maturity Beg Market Value @ 05/31/04		Weighted Avg Maturity End Carrying Value @ 08/31/04		Weighted Avg Maturity End Market Value @ 08/31/04	
	HI	LOW						Months	Days	Months	Days	Months	Days	Months	Days
Mortgage-Backed Securities	8.75%	4.49%	49.64%	5.92%	5.95%	5.82%	5.85%	304	6	302	1	306	2	305	5
Guaranteed Inv Contracts	6.42%	1.22%	22.19%	2.20%	2.20%	2.35%	2.35%	77	20	77	20	75	6	75	6
Investment Agreements	6.75%	0.04%	11.50%	2.16%	2.16%	1.96%	1.96%	46	20	46	20	36	29	36	29
Money Markets	0.86%	0.46%	0.91%	0.48%	0.48%	0.77%	0.77%	1	0	1	0	1	0	1	0
Treasury-Backed Mutual Funds	1.00%	0.48%	3.09%	0.47%	0.47%	0.84%	0.84%	1	0	1	0	1	0	1	0
Repurchase Agreements	1.58%	1.58%	10.18%	1.02%	1.02%	1.58%	1.58%	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	10	0	10	0	9	0	9
Treasury Bonds/Notes	13.88%	1.38%	2.47%	4.16%	4.50%	4.23%	4.55%	37	10	39	12	35	3	37	3

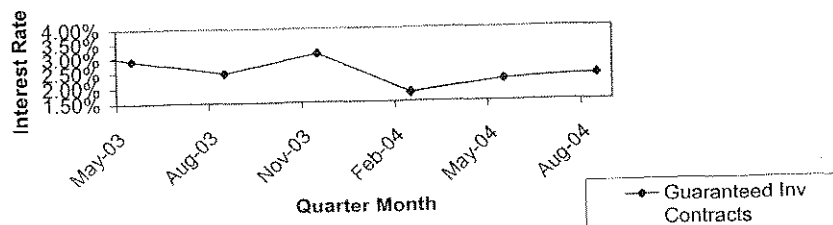
Interest Rate Trend for MBS



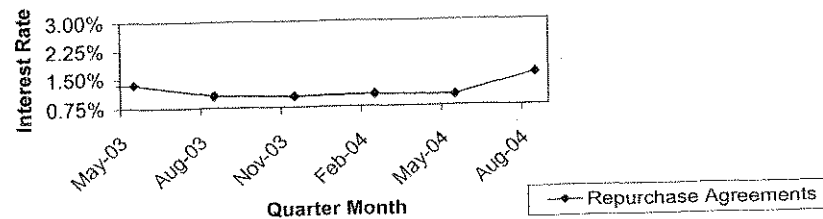
Interest Rate Trend for Investment Agreements



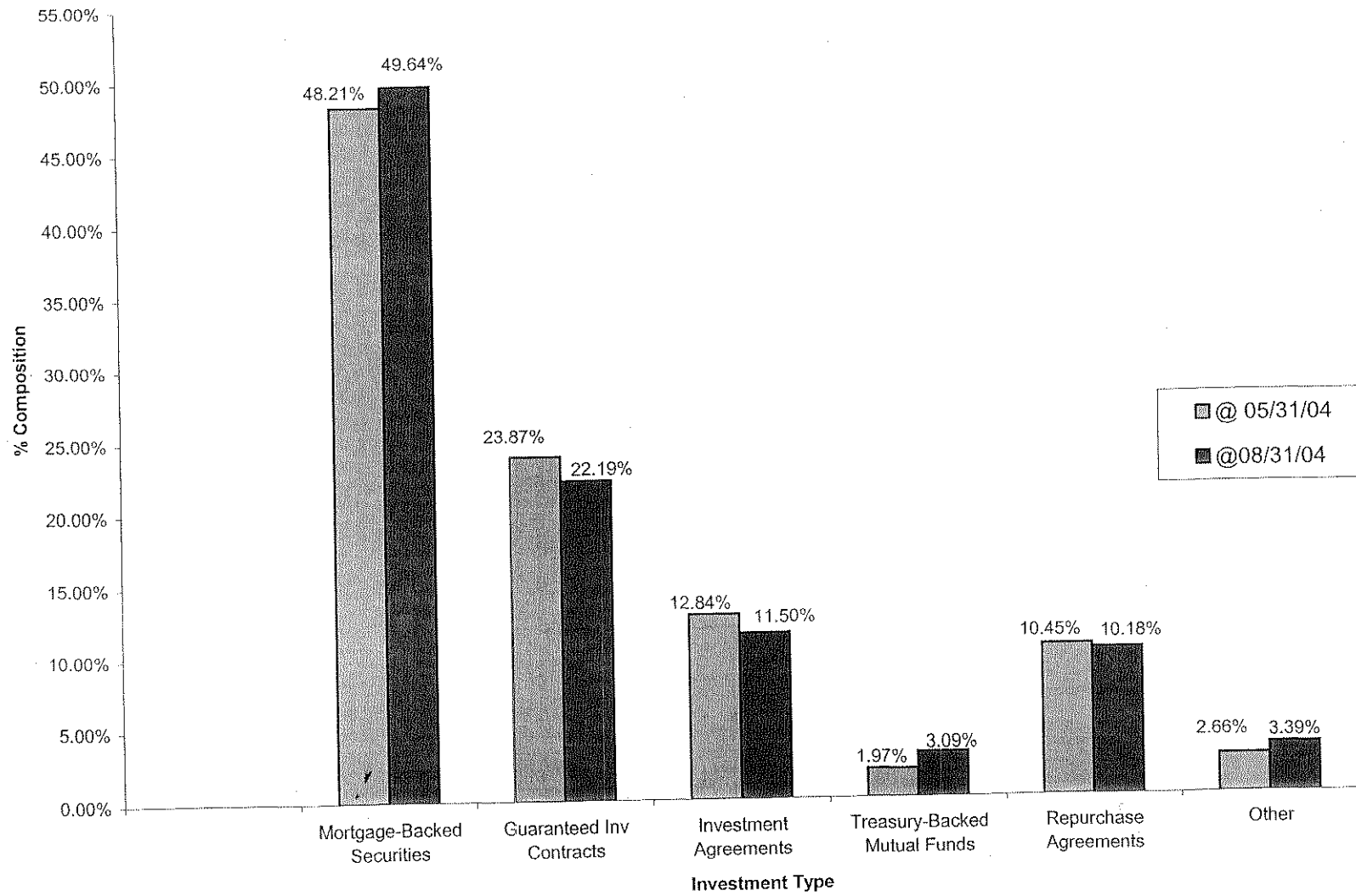
Interest Rate Trend for GICs



Interest Rate Trend for Repurchase Agreements



Market Valuation Comparison by Investment Type

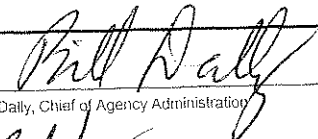
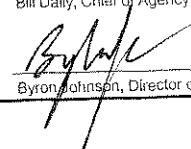


TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Supplemental Schedule
Quarter Ending August 31, 2004

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

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 05/31/04	CARRYING VALUE @ 05/31/04	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 08/31/04	FAIR VALUE (MARKET) @ 08/31/04	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS				
Mortgage-Backed Securities	657,241,076.62	646,075,421.03	51,601,694.71	0.00	(36,953,783.58)	0.00	660,723,332.16	683,636,645.67	11,747,657.92	0.00
Guaranteed Inv Contracts	325,360,736.08	325,360,736.08	54,275,074.49	(74,027,532.80)	0.00	0.00	305,608,277.77	305,608,277.77	-	0.00
Investment Agreements	174,971,110.02	174,971,110.02	23,694,296.95	(40,237,197.55)	0.00	0.00	158,428,209.42	158,428,209.42	-	0.00
Treasury-Backed Mutual Funds	26,832,825.16	26,832,825.16	23,964,894.98	(8,209,875.85)	0.00	0.00	42,587,844.29	42,587,844.29	-	0.00
Repurchase Agreements	142,479,471.13	142,479,471.13	15,857,485.27	(18,083,008.23)	0.00	0.00	140,253,948.17	140,253,948.17	-	0.00
Money Markets	1,477,666.05	1,477,666.05	12,178,364.00	(1,111,475.80)	0.00	0.00	12,544,554.25	12,544,554.25	-	0.00
Treasury Bills	92,956.86	92,956.86	976.30	0.00	0.00	0.00	93,933.16	93,933.16	-	0.00
Treasury Bonds/Notes	34,714,001.17	33,498,279.55	51,409.90	(658,357.00)	0.00	0.00	32,891,332.45	34,037,176.96	(69,877.11)	0.00
TOTAL	1,363,169,843.09	1,350,788,465.88	181,624,196.60	(142,327,447.23)	(36,953,783.58)	0.00	1,353,131,431.67	1,377,190,569.69	11,677,780.81	0.00

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

 Bill Dally, Chief of Agency Administration	Date <u>10/4/04</u>
 Byron Johnson, Director of Bond Finance	Date <u>10/3/04</u>

Detail of Investments including maturity dates by Fund Group

Texas Department of Housing and Community Affairs
Single Family Investment Summary
For Period Ending August 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
					432,321.08	432,321.08	16,951.44			449,272.52	449,272.52	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.58	08/31/04	09/01/04	1,073,103.53	1,073,103.53		(1,060,989.10)		12,114.43	12,114.43	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.58	08/31/04	09/01/04	1,990,504.84	2,418,116.73	133.93			1,990,638.77	2,377,345.39	(40,905.27)	0.00
Bond	1980 SF Surplus Rev	13.88	08/05/82	05/15/11	126,032.05	126,032.05	1,599,825.24			1,725,857.29	1,725,857.29	-	0.00
GIC's	1980 SF Surplus Rev	6.08	11/14/96	09/30/29	5.97	5.97	0.00			5.97	5.97	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.58	08/31/04	09/01/04	4,324.11	4,324.11	414.07			4,738.18	4,738.18	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.58	08/31/04	09/01/04	41,724.13	41,724.13	135.64			41,859.77	41,859.77	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.58	08/31/04	09/01/04	183,533.09	183,533.09	29,311.89			212,844.98	212,844.98	-	0.00
Repo Agmt	1980 SF Surplus Rev	1.58	08/31/04	09/01/04	3,851,548.80	4,279,160.69	1,646,772.21	(1,060,989.10)	0.00	4,437,331.91	4,824,038.53	(40,905.27)	0.00
	1980 SF Surplus Rev Total									948.84	948.84	-	0.00
Repo Agmt	1982 A SF	1.58	08/31/04	09/01/04	204.01	204.01	744.83			23,504.91	23,504.91	-	0.00
GIC's	1982 A SF	6.08	11/14/96	09/30/29	20,504.91	20,504.91	3,000.00		0.00	24,453.75	24,453.75	0.00	0.00
	1982 A SF Total				20,708.92	20,708.92	3,744.83			4,108.26	4,108.26	-	0.00
Repo Agmt	1983 A&B SF	1.58	08/31/04	09/01/04	22,454.81	22,454.81		(18,346.55)		1,199,492.71	1,199,492.71	-	0.00
GIC's	1983 A&B SF	6.08	11/14/96	09/30/29	1,381,352.87	1,381,352.87		(181,860.16)		715.17	1,030.53	5.99	0.00
F-Note	1983 A&B SF	13.25	08/05/85	05/15/14	1,404,522.73	1,404,832.10	0.12	(200,206.71)	0.00	1,204,316.14	1,204,631.50	5.99	0.00
	1983 A&B SF Total									523.62	523.62	3.40	0.00
Repo Agmt	1984 A&B SF	1.58	08/31/04	09/01/04	4.08	4.08	519.54			407.14	586.83	3.40	0.00
T-Bond	1984 A&B SF	13.25	08/05/85	05/15/14	259,288.07	259,288.07	309,659.00			568,947.07	568,947.07	-	0.00
GIC's	1984 A&B SF	6.08	11/14/96	09/30/29	259,699.21	259,875.50	310,178.62	0.00	0.00	569,877.83	570,057.52	3.40	0.00
	1984 A&B SF Total									32,993.27	32,993.27	-	0.00
Repo Agmt	1985 A SF	1.58	08/31/04	09/01/04	34,031.70	34,031.70		(1,038.43)		396,955.65	396,955.65	-	0.00
GIC's	1985 A SF	6.08	11/14/96	09/30/29	609,143.00	609,143.00		(212,187.35)		429,948.92	429,948.92	0.00	0.00
	1985 A SF Total				643,174.70	643,174.70	0.00	(213,225.78)	0.00	39,441.60	39,441.60	-	0.00
Repo Agmt	1985 B&C SF	1.58	08/31/04	09/01/04	2.77	2.77	39,438.83			61,981.45	61,981.45	-	0.00
GIC's	1985 B&C SF	6.08	11/14/96	09/30/29	75,946.00	75,946.00		(13,964.55)	0.00	101,423.05	101,423.05	0.00	0.00
	1985 B&C SF Total				75,948.77	75,948.77	39,438.83	(13,964.55)		14,409.49	14,409.49	-	0.00
Repo Agmt	1987 B SF	1.58	08/31/04	09/01/04	52,854.70	52,854.70		(38,445.21)		346,879.86	346,879.86	-	0.00
GIC's	1987 B SF	6.08	11/14/96	09/30/29	944,605.16	944,605.16		(597,725.30)		496,959.51	592,469.10	(10,160.82)	0.00
T-Bond	1987 B SF	13.88	08/05/82	05/15/11	496,959.51	602,629.92	0.00		0.00	858,248.86	953,758.45	(10,160.82)	0.00
	1987 B SF Total				1,494,419.37	1,600,089.78	0.00	(636,170.51)	0.00	158,733.92	158,733.92	-	0.00
Repo Agmt	1995 A&B SF	1.58	08/31/04	09/01/04	1,079,461.35	1,079,461.35		(920,727.43)		7,632,191.60	7,632,191.60	-	0.00
GIC's	1995 A&B SF	6.08	11/14/96	09/30/29	3,357,513.60	3,357,513.60	4,274,678.00			0.30	0.30	-	0.00
Repo Agmt	1995 A&B SF	1.58	08/31/04	09/01/04	0.30	0.30	0.00			2,441.39	2,441.39	-	0.00
GIC's	1995 A&B SF	6.08	11/14/96	09/30/29	2,441.39	2,441.39			(82,990.68)	376,989.73	399,564.95	3,193.49	0.00
FNMA	1995 A&B SF	6.15	05/30/96	04/01/26	459,980.41	479,362.14			(2,849.78)	266,028.57	281,376.72	4,597.48	0.00
FNMA	1995 A&B SF	6.15	06/27/96	05/01/26	268,878.35	279,629.02			(3,268.39)	376,976.86	400,141.61	6,557.29	0.00
FNMA	1995 A&B SF	6.15	07/15/96	06/01/26	380,245.25	396,852.71			(1,235.73)	236,881.49	251,647.03	4,158.55	0.00
FNMA	1995 A&B SF	6.15	07/30/96	06/01/26	238,117.22	248,724.21			(100,884.01)	380,497.86	403,998.92	2,327.18	0.00
FNMA	1995 A&B SF	6.15	08/15/96	07/01/26	481,381.87	502,555.75			(49,526.22)	336,706.34	353,314.04	4,359.96	0.00
FNMA	1995 A&B SF	6.15	08/29/96	08/01/26	386,232.56	398,480.30			(3,302.90)	250,243.98	262,122.10	4,301.10	0.00
FNMA	1995 A&B SF	6.15	09/17/96	08/01/26	253,546.88	261,123.90			(50,284.13)	590,291.22	618,127.59	8,888.04	0.00
FNMA	1995 A&B SF	6.15	10/30/96	10/01/26	640,575.35	659,523.68			(5,764.52)	435,840.72	456,684.70	7,491.28	0.00
FNMA	1995 A&B SF	6.15	12/23/96	11/01/26	441,605.24	454,957.94							0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in Market Value	Recognized Gain
NMA	1996 A-C SF	5.45	08/26/99	07/20/29	591,889.86	587,740.70			(74,610.74)	517,279.12	527,583.31	14,453.35	0.00
NMA	1996 A-C SF	5.45	12/01/99	10/20/29	217,548.92	216,023.93			(1,229.30)	216,319.62	220,628.74	5,834.11	0.00
NMA	1996 A-C SF	5.45	01/27/00	12/20/29	1,214,848.48	1,206,332.39			(5,690.88)	1,209,157.60	1,233,244.01	32,602.50	0.00
NMA	1996 A-C SF	5.45	01/28/00	07/01/29	198,935.47	198,541.59			(913.20)	198,022.27	202,733.23	5,104.84	0.00
NMA	1996 A-C SF	13.88	08/05/82	05/15/11	440,976.49	534,743.59	0.00			440,976.49	525,727.39	(9,016.20)	0.00
Bond	1996 A-C SF	1.58	08/31/04	09/01/04	8,739.96	8,739.96		(8,739.36)		0.60	0.60	-	0.00
epo Agmt	1996 A-C SF	6.13	02/26/97	09/01/28	893,095.78	893,095.78	84,791.63		(657.45)	113,659.90	115,923.99	3,064.77	0.00
iv Agmt	1996 A-C SF	5.45	03/18/99	02/20/29	114,217.35	113,416.67			(1,455.22)	125,397.14	127,895.06	3,387.14	0.00
NMA	1996 A-C SF	5.45	06/24/99	05/20/29	126,852.36	125,963.14			(814.00)	151,208.97	154,221.08	4,077.76	0.00
NMA	1996 A-C SF	5.45	07/29/99	06/20/29	152,022.97	150,957.32			(23,380.86)	100,026.93	102,019.50	2,857.63	0.00
NMA	1996 A-C SF	5.45	10/14/99	08/20/29	123,407.79	122,542.73			(15,366.28)	106,534.92	108,657.15	2,976.71	0.00
NMA	1996 A-C SF	5.45	08/26/99	07/20/29	121,901.20	121,046.72			(253.18)	144,551.63	145,439.06	1,201.55	0.00
NMA	1996 A-C SF	5.45	12/01/99	10/20/29	44,804.81	44,490.69			(1,172.05)	249,029.11	253,989.78	6,714.56	0.00
NMA	1996 A-C SF	5.45	01/27/00	12/20/29	250,201.16	248,447.27			(4,176.75)	13,431.86	14,150.32	83.32	0.00
NMA	1996 A-C SF	6.15	11/12/02	11/20/32	17,608.61	18,243.75			(66.93)	19,191.19	19,666.39	492.52	0.00
NMA	1996 A-C SF	5.40	11/12/02	10/20/32	19,258.12	19,240.80			(120.90)	16,346.32	17,220.34	280.38	0.00
NMA	1996 A-C SF	5.40	11/12/02	09/20/32	16,467.22	17,060.86			(43.91)	12,180.57	12,482.18	312.59	0.00
NMA	1996 A-C SF	6.15	01/10/03	09/20/32	12,224.48	12,213.50			(62.23)	19,648.80	20,699.85	340.04	0.00
NMA	1996 A-C SF	5.40	09/26/02	09/20/32	19,711.03	20,422.04			(30.79)	8,339.64	8,546.15	214.02	0.00
NMA	1996 A-C SF	5.40	10/10/02	09/20/32	8,370.43	8,362.92			(35.79)	11,298.84	11,903.59	195.52	0.00
NMA	1996 A-C SF	6.15	10/21/02	10/20/32	11,334.63	11,743.86			(23.65)	6,642.36	6,997.67	114.85	0.00
NMA	1996 A-C SF	6.15	10/29/02	10/20/32	6,666.01	6,906.47			(10.56)	2,960.92	3,034.29	76.01	0.00
NMA	1996 A-C SF	5.40	10/29/02	09/20/32	2,971.48	2,968.84			(18.60)	5,700.00	6,004.96	98.62	0.00
NMA	1996 A-C SF	6.15	11/05/02	10/20/32	5,718.60	5,924.94			(26.10)	7,442.14	7,626.42	190.98	0.00
NMA	1996 A-C SF	5.40	11/05/02	09/20/32	7,468.24	7,461.54			(5,092.67)	4,203.83	4,428.69	(110.47)	0.00
NMA	1996 A-C SF	6.15	11/19/02	11/20/32	9,296.50	9,631.83			(35.26)	10,287.41	10,542.15	263.99	0.00
NMA	1996 A-C SF	5.40	11/19/02	11/20/32	10,322.67	10,313.42			(13,303.74)	36,492.38	38,444.41	155.80	0.00
NMA	1996 A-C SF	6.15	11/26/02	11/20/32	49,798.12	51,592.35			(69.97)	19,617.13	20,102.86	503.44	0.00
NMA	1996 A-C SF	5.40	11/26/02	11/20/32	19,687.10	19,669.39			(2,630.31)	12,435.26	13,100.43	121.75	0.00
NMA	1996 A-C SF	5.40	11/26/02	11/20/32	15,065.57	15,608.99			(25.99)	7,575.46	7,763.03	194.41	0.00
NMA	1996 A-C SF	5.40	11/26/02	11/20/32	7,601.45	7,594.61			(26.35)	8,889.11	9,364.57	153.89	0.00
NMA	1996 A-C SF	6.15	12/12/02	12/20/32	8,915.46	9,237.03			(19.59)	5,628.44	5,767.86	144.46	0.00
NMA	1996 A-C SF	5.40	12/12/02	12/20/32	5,648.03	5,642.99			(10,582.20)			(381.72)	0.00
NMA	1996 A-C SF				10,582.20	10,963.92			(43.70)	14,714.11	15,501.18	254.76	0.00
NMA	1996 A-C SF	6.15	12/30/02	12/20/32	14,757.81	15,290.12			(36.32)	10,651.25	10,914.96	273.34	0.00
NMA	1996 A-C SF	5.40	12/30/02	12/20/32	10,687.57	10,677.94			(51.00)	16,898.75	17,802.70	292.53	0.00
NMA	1996 A-C SF	6.15	12/30/02	12/20/32	16,949.75	17,561.17			(34.74)	10,213.41	10,466.32	262.12	0.00
NMA	1996 A-C SF	5.40	12/30/02	12/20/32	10,248.15	10,238.94			(18.43)	5,980.19	6,300.05	103.51	0.00
NMA	1996 A-C SF	6.15	01/07/03	12/20/32	5,998.62	6,214.97			(2,824.23)	25,306.14	26,676.43	360.11	0.00
NMA	1996 A-C SF	6.15	01/23/03	01/20/33	28,130.37	29,140.55			(51.32)	14,583.77	14,939.57	375.47	0.00
NMA	1996 A-C SF	5.40	01/23/03	01/20/33	14,635.09	14,615.42			(28.79)	9,755.30	10,283.55	176.90	0.00
NMA	1996 A-C SF	6.15	01/23/03	01/20/33	9,784.09	10,135.44			(17.97)	5,319.56	5,449.32	136.96	0.00
NMA	1996 A-C SF	5.40	01/23/03	01/20/33	5,337.53	5,330.33			(74.33)	21,190.45	22,337.86	383.80	0.00
NMA	1996 A-C SF	6.15	01/30/03	01/20/33	21,264.78	22,028.39			(125.91)	27,537.27	28,209.14	709.01	0.00
NMA	1996 A-C SF	5.40	01/30/03	01/20/33	27,663.18	27,626.04			(5,790.67)	28,033.79	29,551.76	303.34	0.00
NMA	1996 A-C SF	6.15	02/12/03	02/20/33	33,824.46	35,039.09			(928.17)	15,452.10	16,288.81	248.49	0.00
NMA	1996 A-C SF	6.15	02/20/03	02/20/33	16,380.27	16,968.49			(20.32)	6,087.97	6,236.51	156.73	0.00
NMA	1996 A-C SF	5.40	03/03/03	03/20/33	6,108.29	6,100.10			(4,735.40)	25,955.92	27,361.38	303.32	0.00
NMA	1996 A-C SF	6.15	02/27/03	02/20/33	30,691.32	31,793.46			(18.66)	5,527.87	5,862.65	142.31	0.00
NMA	1996 A-C SF	5.40	02/27/03	01/20/33	5,546.47	5,539.00			(13.80)	4,709.14	4,964.16	85.39	0.00
NMA	1996 A-C SF	6.15	02/27/03	02/27/23	4,722.94	4,892.57			(63.68)	21,618.42	22,789.02	391.99	0.00
NMA	1996 A-C SF	6.15	03/12/03	02/20/33	21,682.10	22,460.71			(48.81)	16,650.73	17,552.37	301.93	0.00
NMA	1996 A-C SF	6.15	03/24/03	03/20/33	16,699.54	17,299.25			(28.02)	5,713.54	5,852.94	147.11	0.00
NMA	1996 A-C SF	5.40	03/24/03	02/20/33	5,741.56	5,733.85							

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change In Market Value	Recognized Gain
					21,262.06	22,025.59			(75.93)	21,186.13	22,333.33	383.67	0.00
NMA	1996 A-C SF	6.15	04/02/03	04/20/33	8,279.81	8,577.13			(24.08)	8,255.73	8,702.74	149.69	0.00
NMA	1996 A-C SF	6.15	04/10/03	03/20/33	22,636.73	23,449.61			(86.00)	22,550.73	23,771.80	408.19	0.00
NMA	1996 A-C SF	6.15	04/10/03	03/20/33	7,182.21	7,440.08			(20.82)	7,161.39	7,549.12	129.86	0.00
NMA	1996 A-C SF	5.40	04/10/03	01/20/33	4,723.43	4,717.10			(15.91)	4,707.52	4,822.40	121.21	0.00
NMA	1996 A-C SF	6.15	04/17/03	04/20/33	11,480.60	11,892.87			(3,035.62)	8,444.98	8,902.26	45.01	0.00
NMA	1996 A-C SF	5.40	04/24/03	03/20/33	5,659.38	5,651.75			(18.86)	5,640.52	5,778.11	145.22	0.00
NMA	1996 A-C SF	6.15	04/24/03	04/20/33	8,778.34	9,093.58			(26.07)	8,752.27	9,226.17	158.66	0.00
NMA	1996 A-C SF	6.15	04/29/03	03/20/33	4,554.22	4,717.79			(13.57)	4,540.65	4,786.56	82.34	0.00
NMA	1996 A-C SF	6.15	05/08/03	04/20/33	5,307.40	5,497.99			(15.79)	5,291.61	5,578.14	95.94	0.00
NMA	1996 A-C SF	6.15	05/08/03	04/20/33	4,356.62	4,513.06			(12.95)	4,343.67	4,578.88	78.77	0.00
NMA	1996 A-C SF	5.40	05/08/03	03/20/33	5,755.28	5,747.55			(19.14)	5,736.14	5,878.09	147.68	0.00
NMA	1996 A-C SF	6.15	05/15/03	04/20/33	9,288.48	9,622.04			(27.36)	9,261.12	9,762.61	167.93	0.00
NMA	1996 A-C SF	6.15	05/22/03	05/20/33	3,311.19	3,430.10			(9.51)	3,301.68	3,480.47	59.88	0.00
NMA	1996 A-C SF	6.15	06/10/03	06/20/33	3,282.78	3,400.68			(9.57)	3,273.21	3,450.47	59.36	0.00
NMA	1996 A-C SF	6.15	06/10/03	06/20/33	8,730.71	9,044.23			(58.98)	8,671.73	9,141.31	156.06	0.00
NMA	1996 A-C SF	5.40	06/10/03	04/20/33	6,773.89	6,764.81			(22.40)	6,751.49	6,916.23	173.82	0.00
NMA	1996 A-C SF	6.15	06/19/03	05/20/33	4,233.98	4,386.00			(12.17)	4,221.81	4,450.40	76.57	0.00
NMA	1996 A-C SF				3,806.01	3,942.65			(3,806.01)			(136.64)	0.00
NMA	1996 A-C SF	6.15	06/26/03	04/20/33	4,800.89	4,973.33			(13.81)	4,787.08	5,046.31	86.79	0.00
NMA	1996 A-C SF	6.15	07/17/03	07/20/33	2,687.90	2,784.43			(7.76)	2,680.14	2,825.26	48.59	0.00
NMA	1996 A-C SF	6.15	07/17/03	07/20/33	4,940.05	5,117.46			(23.44)	4,916.61	5,182.85	88.83	0.00
NMA	1996 A-C SF	6.15	07/24/03	07/20/33	8,242.38	8,538.35			(23.93)	8,218.45	8,663.44	149.02	0.00
NMA	1996 A-C SF	6.15	07/30/03	07/30/33	2,504.42	2,594.39			(7.23)	2,497.19	2,632.45	45.29	0.00
NMA	1996 A-C SF	6.15	09/04/03	08/20/33	2,859.38	2,962.03			(8.02)	2,851.36	3,005.72	51.71	0.00
NMA	1996 A-C SF	6.15	09/18/03	07/20/33	5,061.04	5,242.76			(14.29)	5,046.75	5,320.00	91.53	0.00
NMA	1996 A-C SF	6.15	09/29/03	09/20/33	17,700.48	18,336.08			(50.21)	17,650.27	18,605.96	320.09	0.00
NMA	1996 A-C SF	6.15	10/09/03	08/20/33	7,910.68	8,194.77			(22.26)	7,888.42	8,315.58	143.07	0.00
NMA	1996 A-C SF	6.15	10/09/03	10/20/33	5,376.32	5,569.37			(14.89)	5,361.43	5,651.72	97.24	0.00
NMA	1996 A-C SF	6.15	01/15/04	12/20/33	3,388.50	3,510.18			(9.40)	3,379.10	3,562.07	61.29	0.00
NMA	1996 A-C SF	6.15	02/26/04	02/20/34	5,484.42	5,680.02			(3,004.50)	2,479.92	2,613.76	(61.76)	0.00
NMA	1996 A-C SF	6.15	03/11/04	03/20/34	5,363.76	5,555.06			(14.44)	5,349.32	5,638.03	97.41	0.00
NMA	1996 A-C SF	5.40	07/08/04	06/20/34			13,847.88			13,847.88	14,177.49	329.61	0.00
NMA	1996 A-C SF	6.15	04/08/04	04/20/34	2,064.08	2,137.70			(5.52)	2,058.56	2,169.66	37.48	0.00
NMA	1996 A-C SF	5.40	06/17/04	06/20/34			24,801.18			24,801.18	25,391.50	590.32	0.00
NMA	1996 A-C SF	5.40	07/15/04	07/20/34			10,573.80			10,573.80	10,825.47	251.67	0.00
NMA	1996 A-C SF	5.40	07/22/04	07/20/34			10,656.20			10,656.20	10,909.84	253.64	0.00
NMA	1996 A-C SF	5.40	07/29/04	07/20/34			14,180.50			14,180.50	14,518.02	337.52	0.00
NMA	1996 A-C SF	5.40	08/05/04	08/20/34			11,384.95			11,384.95	11,655.94	270.99	0.00
NMA	1996 A-C SF	5.40	08/12/04	08/20/34			23,206.22			23,206.22	23,758.58	552.36	0.00
NMA	1996 A-C SF	5.40	08/20/04	08/20/34			6,186.60			6,186.60	6,333.85	147.25	0.00
NMA	1996 A-C SF	5.40	08/26/04	08/20/34			3,968.15			3,968.15	4,062.60	94.45	0.00
NMA	1996 A-C SF	5.40	08/14/03	09/01/32	5,947.70	5,900.95			(20.57)	5,927.13	6,038.49	158.11	0.00
NMA	1996 A-C SF	6.15	08/14/03	12/01/31	3,432.40	3,536.03			(18.62)	3,413.78	3,578.90	61.49	0.00
NMA	1996 A-C SF	6.15	04/15/04	02/01/34	5,324.87	5,490.46			(14.38)	5,310.49	5,563.15	87.07	0.00
	1996 A-C SF Total				13,715,985.89	13,960,114.11	1,449,033.18	(8,739.36)	(729,297.68)	14,426,982.03	14,884,102.50	212,992.25	0.00
Repo Agmt	1996 D&E SF	1.58	08/31/04	09/01/04	285,181.65	285,181.65	927.26			286,108.91	286,108.91	-	0.00
Repo Agmt	1996 D&E SF	1.58	08/31/04	09/01/04	113,731.24	113,731.24		(24,249.23)		89,482.01	89,482.01	-	0.00
GIC's	1996 D&E SF	6.08	11/14/96	09/30/29	4,446,293.61	4,446,293.61	3,810,377.55			8,256,671.16	8,256,671.16	-	0.00
T-Bond	1996 D&E SF	13.25	08/05/85	05/15/14	935,618.35	1,340,102.05	158.24		(3,821.82)	935,776.59	1,348,089.02	7,828.73	0.00
FNMA	1996 D&E SF	6.25	04/15/97	03/01/27	539,012.95	556,099.66			(96,194.69)	536,845.22	562,994.96	8,082.37	0.00
FNMA	1996 D&E SF	6.25	05/29/97	05/01/27	633,039.91	653,107.28			(2,451.05)	630,587.76	646,664.47	5,545.18	0.00
FNMA	1996 D&E SF	6.25	06/26/97	05/01/27	333,013.81	343,570.34							0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales (95,695.22)	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
					3,388,955.49	3,388,955.49				3,293,260.27	3,293,260.27	-	0.00
Repo Agmt	2002 A-D SF MRB	1.58	08/31/04	09/01/04	9,742.77	9,742.77	30,257.28			40,000.05	40,000.05	-	0.00
Repo Agmt	2002 A-D SF MRB	1.58	08/31/04	09/01/04	66,107.29	66,107.29		(17,124.24)		48,983.05	48,983.05	-	0.00
Repo Agmt	2002 A-D SF MRB	5.01	06/26/02	03/01/34	1,679,395.00	1,679,395.00	1,706,748.00			3,386,143.00	3,386,143.00	-	0.00
GIC's	2002 A-D SF MRB	4.51	06/26/02	03/01/34	377,330.55	377,330.55	453,968.00			831,298.55	831,298.55	-	0.00
GIC's	2002 A-D SF MRB	1.58	08/31/04	09/01/04	99,072.51	99,072.51				99,394.65	99,394.65	-	0.00
Repo Agmt	2002 A-D SF MRB	1.58	08/31/04	09/01/04	682,688.05	682,688.05				682,688.05	682,688.05	-	0.00
Repo Agmt	2002 A-D SF MRB	1.58	08/31/04	09/01/04	0.46	0.46				0.46	0.46	-	0.00
Repo Agmt	2002 A-D SF MRB	5.40	08/29/02	08/20/32	289,852.06	289,591.56			(1,041.90)	288,810.16	295,961.52	7,411.66	0.00
GNMA	2002 A-D SF MRB	6.15	11/12/02	11/20/32	350,771.83	363,424.78			(83,203.06)	267,568.77	281,881.46	1,659.74	0.00
GNMA	2002 A-D SF MRB	5.40	11/12/02	10/20/32	383,631.17	383,286.38			(1,333.19)	382,297.98	391,764.22	9,811.03	0.00
GNMA	2002 A-D SF MRB	6.15	09/12/02	08/20/32	65,408.01	67,767.38			(202.41)	65,205.60	68,693.54	1,128.57	0.00
GNMA	2002 A-D SF MRB	6.15	09/19/02	09/20/32	165,725.61	161,342.89			(4,382.72)	155,252.55	163,557.23	2,687.40	0.00
GNMA	2002 A-D SF MRB	5.40	09/19/02	09/20/32	361,913.17	381,587.89			(1,486.55)	360,428.62	369,351.29	9,249.95	0.00
GNMA	2002 A-D SF MRB	6.15	09/26/02	09/20/32	331,426.01	343,381.11			(2,433.52)	328,992.49	346,590.82	5,643.23	0.00
GNMA	2002 A-D SF MRB	5.40	09/26/02	09/20/32	246,035.87	245,814.74			(883.93)	245,151.94	251,222.26	6,291.45	0.00
GNMA	2002 A-D SF MRB	6.15	10/10/02	09/20/32	392,653.66	406,817.34			(1,239.59)	391,414.07	412,351.40	6,773.65	0.00
GNMA	2002 A-D SF MRB	5.40	10/10/02	09/20/32	166,743.30	166,593.44			(613.43)	166,129.87	170,243.48	4,263.47	0.00
GNMA	2002 A-D SF MRB	6.15	10/21/02	10/20/32	225,793.28	233,938.03			(713.28)	225,080.00	237,119.88	3,895.13	0.00
GNMA	2002 A-D SF MRB	6.15	10/29/02	10/20/32	132,790.29	137,580.25			(471.10)	132,319.19	139,397.14	2,287.99	0.00
GNMA	2002 A-D SF MRB	5.40	10/29/02	09/20/32	59,194.92	59,140.70			(209.96)	58,984.96	60,444.46	1,513.72	0.00
GNMA	2002 A-D SF MRB	6.15	11/05/02	10/20/32	113,918.50	118,027.70			(370.60)	113,547.90	119,621.71	1,964.61	0.00
GNMA	2002 A-D SF MRB	5.40	11/05/02	09/20/32	148,771.27	148,637.57			(520.20)	148,251.07	151,921.98	3,804.61	0.00
GNMA	2002 A-D SF MRB	6.15	11/19/02	11/20/32	185,190.89	191,871.03			(101,448.56)	83,742.33	88,221.82	(2,200.65)	0.00
GNMA	2002 A-D SF MRB	5.40	11/19/02	11/20/32	205,633.31	205,448.48			(702.74)	204,930.57	210,004.92	5,259.18	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	991,963.75	1,027,745.57			(265,017.33)	726,948.42	765,831.90	3,103.66	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	392,176.70	391,824.20			(1,393.80)	390,782.90	400,459.23	10,028.83	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	300,113.38	310,938.98			(52,396.91)	247,716.47	260,967.20	2,425.13	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	151,424.53	151,288.45			(517.79)	150,906.74	154,543.43	3,872.77	0.00
GNMA	2002 A-D SF MRB	6.15	12/12/02	12/20/32	177,599.99	184,006.33			(525.17)	177,074.82	186,546.85	3,065.69	0.00
GNMA	2002 A-D SF MRB	5.40	12/12/02	12/20/32	112,512.26	112,411.13			(389.92)	112,122.34	114,898.64	2,877.43	0.00
GNMA	2002 A-D SF MRB				210,802.83	218,406.84			(210,802.83)			(7,604.01)	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	293,982.54	304,586.99			(870.28)	293,112.26	308,791.29	5,074.58	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	212,901.21	212,709.87			(723.53)	212,177.68	217,431.50	5,445.16	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	337,647.66	349,827.16			(1,015.95)	336,631.71	354,638.64	5,827.43	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	204,148.23	203,964.73			(691.89)	203,456.34	208,494.20	5,221.36	0.00
GNMA	2002 A-D SF MRB	6.15	01/07/03	12/20/32	119,494.92	123,805.32			(367.15)	119,127.77	125,500.12	2,061.95	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	560,371.42	580,494.44			(56,260.12)	504,111.30	531,407.91	7,173.59	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	291,538.21	291,146.65			(1,022.36)	290,515.85	297,603.82	7,479.53	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	194,904.07	201,903.11			(573.30)	194,330.77	204,853.40	3,523.59	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	106,325.65	106,182.85			(357.83)	105,967.82	108,553.21	2,728.19	0.00
GNMA	2002 A-D SF MRB	6.15	01/30/03	01/20/33	423,604.89	438,816.58			(1,480.55)	422,124.34	444,981.50	7,645.47	0.00
GNMA	2002 A-D SF MRB	5.40	01/30/03	01/20/33	551,064.77	550,324.66			(2,508.11)	548,556.66	561,940.30	14,123.75	0.00
GNMA	2002 A-D SF MRB	6.15	02/12/03	02/20/33	673,800.00	697,996.23			(115,352.93)	558,447.07	588,685.82	6,042.52	0.00
GNMA	2002 A-D SF MRB	5.40	02/20/03	02/20/33	326,303.20	338,020.78			(18,489.52)	307,813.68	324,481.16	4,949.90	0.00
GNMA	2002 A-D SF MRB	6.15	03/03/03	03/20/33	121,680.50	121,517.08			(404.91)	121,275.59	124,234.47	3,122.30	0.00
GNMA	2002 A-D SF MRB	5.40	02/27/03	02/20/33	611,386.67	633,341.66			(94,331.59)	517,055.08	545,052.56	6,042.49	0.00
GNMA	2002 A-D SF MRB	6.15	02/27/03	01/20/33	110,488.05	110,339.66			(371.86)	110,116.19	112,802.81	2,835.01	0.00
GNMA	2002 A-D SF MRB	5.40	02/27/03	01/20/33	94,083.92	97,462.51			(274.89)	93,809.03	98,888.61	1,700.99	0.00
GNMA	2002 A-D SF MRB	6.15	02/27/03	02/20/33	431,918.33	447,428.58			(1,268.49)	430,649.84	453,968.65	7,808.56	0.00
GNMA	2002 A-D SF MRB	6.15	03/12/03	02/20/33	332,663.72	344,609.70			(972.08)	331,691.64	349,652.04	6,014.42	0.00
GNMA	2002 A-D SF MRB	5.40	03/24/03	03/20/33	114,374.82	114,221.22			(558.21)	113,816.61	116,593.51	2,930.50	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	04/20/33	423,551.11	438,760.88			(1,512.47)	422,038.64	444,891.16	7,642.75	0.00
GNMA	2002 A-D SF MRB	5.40	04/02/03	03/20/33	164,937.66	170,860.60			(479.82)	164,457.84	173,362.91	2,962.13	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in Value	Recognized Gain
NMA	1994 A&B SF (1983 Rfndg)	5.45	11/18/99	11/20/29	74,111.93	73,592.39			(11,122.65)	62,989.28	64,244.02	1,774.28	0.00
NMA	1994 A&B SF (1983 Rfndg)	5.45	12/30/99	12/30/29	612,992.32	608,695.20			(37,341.65)	575,050.67	587,117.59	15,764.04	0.00
NMA	1994 A&B SF (1983 Rfndg)	5.45	01/28/00	01/20/30	167,487.27	166,268.01			(9,374.85)	158,112.42	161,058.10	4,164.94	0.00
NMA	1994 A&B SF (1983 Rfndg)	5.45	02/22/00	01/20/30	55,297.47	54,894.90			(240.70)	55,056.77	56,082.48	1,428.28	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	03/27/00	02/20/30	25,892.80	25,575.33			(123.98)	25,768.82	26,116.56	685.21	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	06/22/99	06/20/29	142,640.59	141,640.70			(793.07)	141,847.52	144,673.15	3,825.52	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	07/30/99	07/20/29	226,744.99	225,155.54			(18,318.43)	208,426.56	212,578.46	5,741.35	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	08/26/99	08/20/29	183,504.06	182,217.72			(893.83)	182,610.23	186,247.85	4,923.96	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	09/20/99	09/20/29	114,542.54	113,739.59			(598.22)	113,944.32	116,214.09	3,072.72	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	12/21/99	11/01/29	67,789.92	67,320.13			(651.18)	67,138.74	68,400.27	1,731.32	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	10/29/99	10/20/29	260,803.12	258,974.89			(10,858.46)	249,944.66	254,923.56	6,807.13	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	11/18/99	11/20/29	299,305.93	297,207.82			(1,477.15)	297,828.78	303,761.54	8,030.87	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	12/30/99	12/20/29	393,149.16	390,393.19			(15,572.24)	377,576.92	385,098.26	10,277.31	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	01/28/00	01/20/30	301,264.18	299,070.95			(17,252.19)	284,011.99	289,303.11	7,484.35	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	02/22/00	01/20/30	195,473.40	194,050.32			(1,112.19)	194,361.21	197,982.13	5,044.00	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	03/27/00	02/20/30	94,246.51	93,660.14			(8,370.21)	85,876.30	87,475.92	2,285.99	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	02/23/00	01/01/30	39,165.48	38,894.07			(239.08)	38,926.40	39,657.83	1,002.84	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	07/28/00	06/20/30	288,506.30	286,405.96			(18,083.58)	270,422.72	275,460.68	7,138.30	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	03/27/00	02/20/30	69,173.20	68,798.58			(333.49)	68,839.71	70,254.52	1,789.43	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	04/27/00	03/01/30	44,832.94	44,464.86			(276.08)	44,556.86	45,339.73	1,150.95	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	04/27/00	04/20/30	162,374.85	161,192.75			(791.32)	161,583.53	164,593.83	4,192.40	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	05/30/00	04/20/30	26,674.52	26,480.32			(112.89)	26,561.63	27,056.47	689.04	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	06/21/00	05/20/30	113,353.28	112,528.04			(476.89)	112,876.39	114,979.25	2,928.10	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	09/18/00	09/20/30	249,626.58	247,809.30			(6,533.27)	243,093.31	247,622.14	6,348.11	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	07/24/00	06/01/30	43,592.92	43,235.01			(204.56)	43,388.36	44,150.69	1,120.24	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	07/24/00	06/20/30	324,761.92	322,397.67			(1,528.37)	323,233.55	329,255.41	8,386.11	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	08/28/00	08/20/30	51,253.75	50,880.63			(243.67)	51,010.08	51,960.42	1,323.46	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	03/27/00	02/20/30	14,190.90	14,087.82			(1,260.35)	12,930.55	13,171.68	344.21	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	04/27/00	03/20/30	118,967.72	118,101.63			(532.02)	118,435.70	120,642.16	3,072.55	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	05/30/00	05/20/30	117,204.11	116,350.87			(976.01)	116,228.10	118,393.44	3,018.58	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	06/21/00	06/20/30	207,965.59	206,451.61			(894.39)	207,071.20	210,928.94	5,371.72	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	05/31/00	05/01/30	39,564.49	39,239.67			(172.85)	39,391.64	40,083.76	1,016.94	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	10/23/00	09/20/30	44,330.71	44,007.98			(178.23)	44,152.48	44,975.05	1,145.30	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	10/30/00	10/20/30	63,857.42	63,392.49			(9,301.90)	54,555.52	55,571.83	1,481.24	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	07/24/00	06/01/30	95,029.46	94,249.24			(526.23)	94,503.23	96,163.62	2,440.61	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	12/21/00	05/20/30	26,016.54	25,827.14			(108.60)	25,907.94	26,390.61	672.07	0.00
GNMA	1994 A&B SF (1983 Rfndg)	5.45	10/06/00	09/01/30	45,200.37	44,829.29			(192.41)	45,007.96	45,798.76	1,161.88	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	10/30/00	08/01/30	49,779.42	49,370.75			(298.87)	49,480.55	50,349.94	1,278.06	0.00
FNMA	1994 A&B SF (1983 Rfndg)	5.45	02/12/01	02/01/30	16,868.76	16,751.88			(73.53)	16,795.23	17,110.83	432.48	0.00
FNMA	1994 A&B SF (1983 Rfndg) Total				11,496,837.22	11,523,178.02	3,107.28	(616,550.24)	(417,750.65)	10,465,443.61	10,698,471.32	206,486.91	0.00
Repo Agmt	1995 C SF (1985 A&B Rfndg)	1.58	08/31/04	09/01/04	0.60	0.60	5,079.19			5,079.79	5,079.79	-	0.00
GIC's	1995 C SF (1985 A&B Rfndg)	6.08	11/14/96	09/30/29	3,572.00	3,572.00	624,737.43			628,309.43	628,309.43	-	0.00
Repo Agmt	1995 C SF (1985 A&B Rfndg)	1.58	08/31/04	09/01/04	1.18	1.18	0.00			1.18	1.18	-	0.00
GIC's	1995 C SF (1985 A&B Rfndg)	6.08	11/14/96	09/30/29	7,165.95	7,165.95	0.00			7,165.95	7,165.95	-	0.00
Repo Agmt	1995 C SF (1985 A&B Rfndg) Total				10,739.73	10,739.73	629,816.62	0.00	0.00	640,556.35	640,556.35	0.00	0.00
Total Single Family Investment Summary					512,716,699.44	517,921,687.31	52,995,084.97	(34,096,931.79)	(14,682,602.93)	516,932,249.69	525,778,965.37	3,641,727.81	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
									(314.26)	106,152.87	111,191.47	1,951.29	0.00
									(599.83)	197,323.32	206,689.36	3,626.72	0.00
									(485.52)	153,846.36	161,148.75	2,827.11	0.00
									(277.95)	89,427.59	93,672.32	1,643.47	0.00
									(677.16)	206,271.44	216,062.22	3,789.73	0.00
									(47,554.18)	28,121.92	29,456.74	(859.62)	0.00
									(69,993.89)	421,573.93	441,584.14	5,755.86	0.00
									(607.64)	133,214.86	139,537.95	2,442.54	0.00
									(216.12)	74,135.28	77,654.14	1,362.84	0.00
									(584.51)	199,845.46	209,331.21	3,673.74	0.00
									(441.73)	150,302.97	157,437.19	2,762.95	0.00
									(490.61)	138,829.04	145,418.62	2,549.63	0.00
									(1,291.56)	336,042.49	351,992.88	6,168.48	0.00
									(377.74)	129,098.63	135,226.36	2,373.21	0.00
									(497.20)	164,232.82	172,028.20	3,018.59	0.00
									(48,070.68)	74,632.10	78,174.54	(15.66)	0.00
									(1,682.50)	551,895.18	578,091.14	10,143.45	0.00
									(939.48)	298,656.74	312,832.62	5,488.26	0.00
									(144.11)	50,406.82	52,799.40	926.72	0.00
									(53,580.95)	393,299.63	411,967.78	5,709.62	0.00
									(729.00)	233,683.79	244,775.70	4,294.46	0.00
									(688.67)	241,906.50	253,388.70	4,447.49	0.00
									(903.79)	235,713.77	246,774.14	4,301.23	0.00
									(617.70)	214,564.50	224,748.89	3,944.61	0.00
									(1,086.10)	352,263.46	368,983.82	6,474.01	0.00
									(793.71)	208,285.37	218,171.72	3,823.54	0.00
									(1,650.54)	514,039.59	538,438.71	9,445.28	0.00
									(239.26)	83,881.58	87,863.06	1,542.17	0.00
									(1,284.79)	440,178.01	461,071.27	8,091.83	0.00
									(1,672.40)	332,023.35	347,782.99	6,083.22	0.00
									(258.18)	91,099.59	95,423.67	1,674.92	0.00
									(1,222.14)	342,446.36	349,038.95	8,778.40	0.00
									(705.05)	250,532.30	262,423.92	4,606.31	0.00
									(500.44)	156,428.94	159,440.42	4,009.58	0.00
									(185.72)	80,114.89	82,968.26	1,104.79	0.00
									(2,288.93)	547,824.17	558,370.56	14,045.23	0.00
									(427.58)	141,932.24	148,669.12	2,608.76	0.00
									(1,816.11)	515,870.43	525,801.69	13,223.85	0.00
									(147.02)	48,808.98	51,125.73	897.13	0.00
									(1,073.28)	337,375.50	343,870.45	8,647.57	0.00
									(1,369.63)	421,925.08	430,047.76	10,814.91	0.00
									(1,167.51)	367,886.28	374,968.61	9,429.59	0.00
									(3,587.54)	1,007,006.39	1,026,392.71	25,813.92	0.00
									(3,411.91)	1,088,071.48	1,088,633.40	27,376.78	0.00
									(1,073.21)	203,594.63	207,393.43	5,262.98	0.00
									(7,214.67)	1,330,069.79	1,354,887.06	34,384.18	0.00
									(70,225.48)	299,051.30	303,883.02	9,306.43	0.00
									(191.08)	51,611.62	52,574.63	1,333.60	0.00
									(740.22)	116,447.92	121,975.18	2,129.07	0.00
									(118.10)	40,650.15	42,025.78	893.49	0.00
									(485.92)	167,221.40	172,880.29	3,675.55	0.00
										804,616.93	831,845.76	27,228.83	0.00
										263,213.88	272,121.23	8,907.35	0.00
									(644.34)	219,834.89	227,274.28	4,831.96	0.00
					220,479.23	223,086.66							

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain	
									(897.57)	296,475.52	306,508.47	6,516.17	0.00	
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34	297,373.09	300,889.87			(383.08)	132,675.75	137,165.60	2,916.26	0.00	
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34	133,058.83	134,632.42			(1,011.89)	266,518.69	275,537.88	5,855.32	0.00	
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34	267,530.58	270,694.45			(726.38)	220,068.82	227,516.10	4,836.11	0.00	
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34	220,795.20	223,406.37			(1,165.69)	373,646.24	386,290.69	8,211.86	0.00	
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34	374,811.93	379,244.52			(2,071.14)	621,288.35	642,313.21	13,652.90	0.00	
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34	623,359.49	630,731.45			(784.45)	256,035.92	264,700.37	5,627.25	0.00	
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34	256,820.37	259,857.57				543,495.97	561,888.28	18,392.31	0.00	
GNMA	2000 BCDE RMRB	5.75	06/03/04	06/20/34			543,495.97			440,607.61	455,518.10	14,910.49	0.00	
GNMA	2000 BCDE RMRB	5.75	06/10/04	06/20/34			440,607.61			332,373.78	343,621.56	11,247.78	0.00	
GNMA	2000 BCDE RMRB	5.75	06/17/04	06/20/34			332,373.78			497,056.65	513,877.41	16,820.76	0.00	
GNMA	2000 BCDE RMRB	5.75	06/24/04	06/20/34			497,056.65			619,731.81	640,704.00	20,972.19	0.00	
GNMA	2000 BCDE RMRB	5.75	07/15/04	07/20/34			619,731.81			635,547.36	657,054.76	21,507.40	0.00	
GNMA	2000 BCDE RMRB	5.75	07/22/04	07/20/34			635,547.36			468,300.20	484,147.83	15,847.63	0.00	
GNMA	2000 BCDE RMRB	5.75	07/29/04	07/20/34			468,300.20			515,398.03	532,839.48	17,441.45	0.00	
GNMA	2000 BCDE RMRB	5.75	08/05/04	08/20/34			515,398.03			742,545.87	767,674.18	25,128.31	0.00	
GNMA	2000 BCDE RMRB	5.75	08/12/04	08/20/34			742,545.87			290,768.23	300,970.32	10,202.09	0.00	
GNMA	2000 BCDE RMRB	5.75	08/19/04	08/20/34			290,768.23			153,125.62	158,307.51	5,181.89	0.00	
GNMA	2000 BCDE RMRB	5.75	08/26/04	08/20/34			153,125.62			(636.22)	180,419.48	188,865.28	3,293.82	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/02	05/01/32	181,055.70	186,227.68			(2,176.02)	380,350.11	398,208.69	6,477.92	0.00	
FNMA	2000 BCDE RMRB	6.10	07/29/02	07/01/32	382,526.13	393,906.79			(1,377.41)	355,813.17	372,519.69	6,079.62	0.00	
FNMA	2000 BCDE RMRB	6.10	09/12/02	07/01/32	357,190.58	367,817.48			(42,346.88)	301,163.25	315,303.77	3,920.64	0.00	
FNMA	2000 BCDE RMRB	6.10	10/29/02	10/01/32	343,510.23	353,730.11			(806.90)	271,716.64	284,299.82	4,486.21	0.00	
FNMA	2000 BCDE RMRB	6.10	04/10/03	03/01/33	272,523.54	280,620.51			(819.09)	273,606.00	286,276.72	4,517.22	0.00	
FNMA	2000 BCDE RMRB	6.10	07/03/03	05/01/33	274,425.09	282,578.59			(902.65)	255,339.43	267,164.20	4,211.51	0.00	
FNMA	2000 BCDE RMRB	6.10	08/14/03	08/01/33	256,242.28	263,855.54			(1,845.20)	265,065.58	277,340.77	4,344.96	0.00	
FNMA	2000 BCDE RMRB	6.10	09/04/03	08/01/33	266,910.78	274,841.01			(911.46)	151,549.17	158,567.39	2,488.46	0.00	
FNMA	2000 BCDE RMRB	6.10	12/04/03	10/01/33	152,460.63	156,990.39			(893.67)	260,386.11	265,043.11	6,693.73	0.00	
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	261,279.78	259,043.05			(782.09)	240,752.01	245,057.85	6,373.53	0.00	
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	241,534.10	239,466.41			(1,165.02)	269,119.51	278,010.40	5,889.99	0.00	
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34	270,284.53	273,285.43				290,227.89	299,816.12	9,588.23	0.00	
FNMA	2000 BCDE RMRB	5.75	06/10/04	06/01/34			290,227.89			306,499.23	316,625.02	10,125.79	0.00	
FNMA	2000 BCDE RMRB	5.75	07/15/04	07/01/34			306,499.23			245,160.44	253,259.79	8,099.35	0.00	
FNMA	2000 BCDE RMRB	5.75	08/19/04	08/01/34			245,160.44			4,305,133.53	4,305,133.53	-	0.00	
FNMA	2000 BCDE RMRB	1.58	08/31/04	09/01/04	11,498,208.33	11,498,208.33		(7,193,074.80)		8.58	8.58	-	0.00	
Repo Agmt	2000 BCDE RMRB	1.58	08/31/04	09/01/04	8.58	8.58	0.00			28,475.36	29,023.88	729.95	0.00	
Repo Agmt	2000 BCDE RMRB	5.40	10/30/03	10/20/33	28,576.98	28,395.55			(41.61)	13,007.52	13,258.06	333.41	0.00	
GNMA	2000 BCDE RMRB	5.40	10/20/03	10/20/33	13,049.13	12,966.26			(190.34)	45,553.38	46,430.59	1,167.92	0.00	
GNMA	2000 BCDE RMRB	5.40	11/19/03	10/20/33	45,743.72	45,453.01			(151.02)	42,896.54	43,722.36	1,099.61	0.00	
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	43,047.56	42,773.77			(89.25)	28,054.01	28,594.11	719.08	0.00	
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	28,143.26	27,964.28			(113.89)	35,084.63	35,760.07	899.30	0.00	
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	35,198.52	34,974.66			(97.10)	30,591.09	31,180.03	784.12	0.00	
GNMA	2000 BCDE RMRB	5.40	12/04/03	12/20/33	30,688.19	30,493.01			(298.33)	83,736.32	85,348.37	2,146.54	0.00	
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	84,034.65	83,500.16			(283.72)	88,814.11	90,523.91	2,276.49	0.00	
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	89,097.83	88,531.14			(89.25)	16,929.64	17,245.54	437.65	0.00	
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	17,018.89	16,897.14			(599.92)	110,600.22	112,663.88	2,859.16	0.00	
GNMA	2000 BCDE RMRB	5.40	01/01/04	01/20/34	111,200.14	110,404.64			(5,839.51)	24,867.23	25,269.00	773.87	0.00	
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	30,706.74	30,334.64			(15.88)	4,291.70	4,371.77	110.88	0.00	
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	4,307.58	4,276.77			(4.56)	1,573.27	1,626.48	34.57	0.00	
GNMA	2000 BCDE RMRB	5.75	03/25/04	03/20/34	1,577.83	1,596.47			(18.81)	6,471.81	6,690.82	142.25	0.00	
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34	6,490.62	6,567.38				31,140.32	32,194.13	1,053.81	0.00	
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34			31,140.32			10,186.91	10,531.65	344.74	0.00	
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34			10,186.91			8,508.07	8,795.98	187.00	0.00	
GNMA	2000 BCDE RMRB	4.75	04/08/04	04/20/34	8,533.00	8,633.91			(24.93)	11,474.21	11,862.51	252.19	0.00	
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34	11,508.95	11,645.06			(34.74)				0.00	

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain	
									(14.84)	5,134.81	5,308.59	112.88	0.00	
									(39.15)	10,314.84	10,663.88	226.60	0.00	
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34	5,149.65	6,210.55			(28.12)	8,517.11	8,805.34	187.18	0.00	
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34	10,353.99	10,476.43			(45.12)	14,460.87	14,950.24	317.82	0.00	
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34	8,545.23	8,646.28			(80.16)	24,045.12	24,858.83	528.40	0.00	
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34	14,505.99	14,677.54			(30.35)	9,909.12	10,244.44	217.77	0.00	
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34	24,125.28	24,410.59				21,034.42	21,746.22	711.80	0.00	
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34	9,939.47	10,057.02				17,052.41	17,629.47	577.06	0.00	
GNMA	2000 BCDE RMRB	5.75	06/03/04	06/20/34			21,034.42			12,863.55	13,298.86	435.31	0.00	
GNMA	2000 BCDE RMRB	5.75	06/10/04	06/20/34			17,052.41			19,237.11	19,888.11	651.00	0.00	
GNMA	2000 BCDE RMRB	5.75	06/17/04	06/20/34			12,863.55			23,984.88	24,796.55	811.67	0.00	
GNMA	2000 BCDE RMRB	5.75	06/24/04	06/20/34			19,237.11			24,596.98	25,429.35	832.37	0.00	
GNMA	2000 BCDE RMRB	5.75	07/15/04	07/20/34			23,984.88			18,124.17	18,737.50	613.33	0.00	
GNMA	2000 BCDE RMRB	5.75	07/22/04	07/20/34			24,596.98			19,946.95	20,621.97	675.02	0.00	
GNMA	2000 BCDE RMRB	5.75	07/29/04	07/20/34			18,124.17			28,738.04	29,710.56	972.52	0.00	
GNMA	2000 BCDE RMRB	5.75	08/05/04	08/20/34			19,946.95			11,253.32	11,648.16	394.84	0.00	
GNMA	2000 BCDE RMRB	5.75	08/12/04	08/20/34			28,738.04			5,926.28	6,126.83	200.55	0.00	
GNMA	2000 BCDE RMRB	5.75	08/19/04	08/20/34			11,253.32			(74.31)	21,652.08	22,039.32	573.24	0.00
GNMA	2000 BCDE RMRB	5.75	08/26/04	08/20/34			5,926.28			20,019.41	20,377.47	529.99	0.00	
GNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	21,726.39	21,540.39			(65.04)	10,415.49	10,759.57	227.94	0.00	
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	20,084.45	19,912.52			(45.08)	11,232.41	11,603.50	371.09	0.00	
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34	10,460.57	10,576.71				11,862.14	12,254.04	391.90	0.00	
FNMA	2000 BCDE RMRB	5.75	06/10/04	06/01/34			11,232.41			9,488.21	9,801.67	313.46	0.00	
FNMA	2000 BCDE RMRB	5.75	07/15/04	07/01/34			11,862.14			9,488.21	9,801.67	313.46	0.00	
FNMA	2000 BCDE RMRB	5.75	08/19/04	08/01/34			9,488.21			101,025,977.32	104,807,265.79	1,685,354.80	0.00	
	2000 BCDE RMRB Total				111,121,480.21	113,237,413.88	7,600,480.98	(13,518,269.24)	(4,177,714.63)					
										4,286.08	4,286.08	-	0.00	
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04	4,272.15	4,272.15	13.93			77,941.71	77,941.71	-	0.00	
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04	77,689.09	77,689.09	252.62			2,987.14	2,987.14	-	0.00	
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04	2,977.52	2,977.52	9.62			24,970.13	24,970.13	-	0.00	
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04	24,889.22	24,889.22	80.91			14,439.65	14,439.65	-	0.00	
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04	23,171.50	23,171.50		(8,731.85)		32,178.00	32,178.00	-	0.00	
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04	1,027.83	1,027.83	31,150.17			15,637.01	15,637.01	-	0.00	
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04	0.96	0.96	15,636.05			3,893,686.48	3,893,686.48	-	0.00	
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04				(3,704,280.38)		91,996.10	91,996.10	-	0.00	
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	7,597,966.86	7,597,966.86	2,055.00			8,184.06	8,184.06	-	0.00	
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	89,941.10	89,941.10	0.00			0.50	0.50	-	0.00	
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	8,184.06	8,184.06	0.00			2,909,096.59	2,909,096.59	-	0.00	
GIC's	2001 A-E RMRB	1.58	08/31/04	09/01/04	0.50	0.50	0.00			351,072.60	386,034.90	(7,136.67)	0.00	
Repo Agmt	2001 A-E RMRB	4.71	10/30/01	07/01/33	2,909,096.59	2,909,096.59	0.00			38,816.03	42,714.28	(96.71)	0.00	
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	427,752.76	469,851.73			(76,680.16)	73,102.36	78,835.72	(96.33)	0.00	
GNMA	2001 A-E RMRB	8.19	10/28/91	01/20/16	39,310.05	43,305.01			(494.02)	192,545.18	192,545.18	(91.47)	0.00	
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	74,359.24	80,188.93			(1,256.88)	382,662.07	382,662.07	(621.08)	0.00	
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	178,114.66	195,644.44			(3,007.79)	75,438.40	75,438.40	(139.81)	0.00	
GNMA	2001 A-E RMRB	8.19	01/22/90	11/20/14	361,742.00	389,774.32			(6,491.17)	68,802.70	68,802.70	(276.25)	0.00	
GNMA	2001 A-E RMRB	7.19	01/22/90	11/20/14	70,546.92	77,322.43			(1,744.22)	207,507.85	223,519.18	(353.61)	0.00	
GNMA	2001 A-E RMRB	8.19	01/22/90	11/20/14	211,181.14	227,546.08			(3,673.29)	189,404.21	207,671.32	(276.25)	0.00	
GNMA	2001 A-E RMRB	7.19	01/01/90	11/20/14	193,074.88	211,618.24			(3,670.67)	262,405.11	282,652.26	(442.73)	0.00	
GNMA	2001 A-E RMRB	8.19	01/01/90	11/20/14	266,992.95	287,682.83			(4,587.84)	331,804.99	357,828.14	(2,788.48)	0.00	
GNMA	2001 A-E RMRB	7.19	01/01/90	12/20/14	309,482.60	339,206.11			(10,700.44)	483,758.48	531,934.56	(3,466.73)	0.00	
GNMA	2001 A-E RMRB	8.19	02/28/90	12/20/14	367,500.86	396,312.49			(40,966.09)	144,042.07	155,339.15	(176.99)	0.00	
GNMA	2001 A-E RMRB	7.19	01/20/90	01/20/15	524,724.57	576,367.38			(2,312.98)	191,582.99	210,060.23	(332.80)	0.00	
GNMA	2001 A-E RMRB	8.19	02/27/90	01/20/15	146,355.05	157,829.12			(4,268.58)	163,285.88	176,092.21	(217.71)	0.00	
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	195,851.55	214,661.59			(2,839.80)	245,063.28	269,468.45	(148.36)	0.00	
GNMA	2001 A-E RMRB	8.19	02/27/90	12/20/14	168,125.68	179,149.72			(4,416.14)	131,028.99	141,305.46	(2,941.68)	0.00	
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	249,479.42	274,032.95			(37,572.68)				0.00	
GNMA	2001 A-E RMRB	8.19	02/27/90	01/20/15	168,601.55	181,819.70							0.00	
GNMA	2001 A-E RMRB	7.19	03/30/90	01/20/15									0.00	

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	8.19	03/30/90	01/20/15	226,682.76	248,992.68			(3,332.57)	223,350.19	245,593.03	(67.08)	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	02/20/15	123,655.25	133,349.70			(2,698.71)	120,956.54	130,443.08	(207.91)	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	02/20/15	447,528.68	491,574.00			(39,670.06)	407,858.62	448,476.11	(3,427.83)	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	562,331.90	606,418.05			(34,286.53)	528,045.37	569,459.44	(2,672.08)	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	313,259.80	344,090.53			(5,676.10)	307,583.70	338,215.10	(199.33)	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	439,698.75	474,170.63			(7,946.51)	431,752.24	465,614.17	(609.95)	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	1,155,440.76	1,269,157.94			(162,260.89)	993,179.87	1,092,087.74	(14,809.31)	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	239,711.46	258,504.50			(5,972.96)	233,738.50	252,070.33	(461.21)	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	03/20/15	41,630.08	45,727.27			(607.24)	41,022.84	45,108.17	(11.86)	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	310,596.62	334,947.02			(7,548.84)	303,047.78	326,815.52	(582.66)	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	04/20/15	708,805.55	778,565.51			(17,506.94)	691,298.61	760,143.13	(915.44)	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	97,721.66	105,382.88			(1,504.12)	96,217.54	103,763.75	(115.01)	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	151,760.07	166,696.15			(2,327.91)	149,432.16	164,313.70	(54.54)	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	167,616.33	180,757.30			(2,541.85)	165,074.48	178,021.18	(194.27)	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	565,094.98	620,711.03			(31,870.08)	533,224.90	586,327.23	(2,513.72)	0.00
GNMA	2001 A-E RMRB	6.19	06/28/90	05/20/15	176,137.51	182,457.53			(2,909.53)	173,227.98	181,943.45	(2,395.46)	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	65,969.46	71,141.41			(1,095.92)	64,873.54	69,961.52	(83.97)	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	06/20/15	53,157.92	57,325.48			(793.35)	52,364.57	56,471.52	(60.61)	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	07/20/15	220,355.82	242,043.01			(32,604.01)	187,751.81	206,449.47	(2,989.53)	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	07/20/15	125,060.32	134,864.90			(1,832.94)	123,227.38	132,891.98	(139.98)	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	08/20/15	295,678.25	324,778.56			(23,439.77)	272,238.48	299,349.89	(1,988.90)	0.00
GNMA	2001 A-E RMRB	6.19	09/13/90	07/20/15	124,089.19	128,541.68			(2,144.42)	121,944.77	128,080.09	(1,682.83)	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	181,113.60	198,938.61			(4,635.86)	176,477.74	194,052.64	(250.11)	0.00
GNMA	2001 A-E RMRB	6.19	09/28/90	08/20/15	273,460.47	283,272.59			(5,025.87)	268,434.60	281,940.17	(3,693.45)	0.00
GNMA	2001 A-E RMRB	7.19	09/28/90	08/20/15	275,029.83	296,591.88			(4,738.55)	270,291.28	291,490.01	(363.32)	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	569,916.06	626,006.59			(8,732.82)	561,183.24	617,069.86	(203.91)	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	08/20/15	46,735.76	50,399.79			(1,184.90)	45,550.86	49,123.37	(91.52)	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	230,875.80	253,598.38			(3,366.15)	227,509.65	250,166.71	(65.52)	0.00
GNMA	2001 A-E RMRB	6.19	10/31/90	09/20/15	259,873.35	269,197.91			(27,290.40)	232,582.95	244,284.71	(2,377.20)	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	09/20/15	99,622.45	107,432.73			(2,105.97)	97,516.48	105,164.59	(162.17)	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	342,328.06	376,019.62			(5,701.18)	336,626.88	370,150.58	(167.86)	0.00
GNMA	2001 A-E RMRB	6.19	11/28/90	10/20/15	209,514.13	217,031.74			(3,664.29)	205,849.84	216,206.58	(2,839.13)	0.00
GNMA	2001 A-E RMRB	8.19	11/28/90	10/20/15	654,957.53	719,417.78			(58,128.52)	596,829.01	656,265.52	(5,023.74)	0.00
GNMA	2001 A-E RMRB	7.19	12/21/90	10/20/15	86,762.51	93,564.60			(1,222.73)	85,539.78	92,248.60	(93.27)	0.00
GNMA	2001 A-E RMRB	8.19	12/21/90	11/20/15	171,965.91	188,890.60			(2,337.19)	169,628.72	186,521.55	(31.88)	0.00
GNMA	2001 A-E RMRB	8.19	02/25/01	10/20/15	47,252.24	51,902.81			(633.49)	46,618.75	51,261.43	(7.89)	0.00
GNMA	2001 A-E RMRB	6.19	01/25/01	11/20/15	219,547.66	227,425.29			(21,402.12)	198,145.54	208,114.67	(2,091.50)	0.00
GNMA	2001 A-E RMRB	8.19	01/28/01	11/20/15	105,915.17	116,339.25			(1,661.41)	104,253.76	114,636.12	(41.72)	0.00
GNMA	2001 A-E RMRB	8.19	02/25/00	01/20/16	252,864.79	278,343.45			(4,198.22)	248,466.57	273,420.81	(724.42)	0.00
GNMA	2001 A-E RMRB	8.19	03/28/01	02/20/16	172,767.02	190,325.55			(2,294.86)	170,472.18	187,593.17	(437.52)	0.00
GNMA	2001 A-E RMRB	8.75	04/29/01	02/20/20	206,691.49	231,638.15			(1,578.52)	205,112.97	230,606.52	(546.89)	0.00
GNMA	2001 A-E RMRB	8.19	04/29/01	04/20/16	451,356.49	497,228.55			(69,815.10)	381,541.39	419,860.80	(7,552.65)	0.00
GNMA	2001 A-E RMRB	7.19	04/29/01	02/20/16	446,100.52	481,478.65			(56,282.84)	389,817.68	420,767.63	(4,428.18)	0.00
GNMA	2001 A-E RMRB	6.19	04/29/01	04/20/16	452,483.61	469,343.52			(31,757.00)	420,726.61	442,775.58	(5,189.06)	0.00
GNMA	2001 A-E RMRB	8.19	04/26/01	04/20/16	25,021.25	27,564.24			(340.03)	24,681.22	27,160.08	(64.13)	0.00
GNMA	2001 A-E RMRB	7.19	04/26/01	04/20/16	174,809.68	188,673.05			(2,564.65)	172,245.03	185,920.62	(187.78)	0.00
GNMA	2001 A-E RMRB	6.19	10/23/02	09/20/17	535,475.60	556,198.97			(7,857.59)	527,618.01	556,411.15	(8,069.77)	0.00
GNMA	2001 A-E RMRB	8.19	11/23/02	01/20/17	65,898.50	72,769.72			(46,032.55)	19,865.95	21,890.74	(4,846.43)	0.00
GNMA	2001 A-E RMRB	7.19	10/30/02	08/20/17	634,722.16	686,522.65			(47,646.28)	587,075.88	635,177.08	(3,699.29)	0.00
GNMA	2001 A-E RMRB	6.00	10/30/02	09/20/17	552,293.33	565,024.51			(59,319.65)	492,973.68	512,851.56	(7,146.70)	0.00
GNMA	2001 A-E RMRB	5.45	02/25/02	01/20/32	592,781.27	593,816.87			(2,193.20)	590,588.07	606,673.06	(15,049.39)	0.00
GNMA	2001 A-E RMRB	4.95	02/25/02	02/20/32	1,280,344.60	1,243,573.10			(6,489.92)	1,273,854.68	1,278,537.19	(41,454.01)	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	458,862.48	459,664.13			(1,754.71)	457,107.77	469,557.34	(11,647.92)	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	05/20/32	1,391,167.14	1,351,212.76			(102,978.18)	1,288,188.96	1,292,924.09	(44,689.51)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.95	05/24/02	05/20/32	955,076.02	927,846.24			(3,703.19)	951,372.83	954,869.96	30,926.91	0.00
GNMA	2001 A-E RMRB	5.45	05/24/02	05/20/32	473,664.58	474,492.09			(1,783.11)	471,881.47	484,733.41	12,024.43	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	1,389,529.43	1,391,957.01			(5,049.06)	1,384,480.37	1,422,187.48	35,279.53	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	146,449.44	146,705.28			(537.53)	145,911.91	149,885.89	3,718.14	0.00
GNMA	2001 A-E RMRB	4.95	03/21/02	02/20/32	1,006,215.03	977,316.50			(4,147.03)	1,002,068.00	1,005,751.43	32,581.96	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	04/20/32	2,081,823.41	2,085,460.40			(141,126.92)	1,940,696.49	1,993,552.40	49,218.92	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	03/20/32	232,176.51	232,582.11			(832.67)	231,343.84	237,644.60	5,895.16	0.00
GNMA	2001 A-E RMRB	4.95	04/17/02	04/20/32	1,864,273.22	1,810,731.26			(10,555.29)	1,853,717.93	1,860,531.90	60,355.93	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	149,867.36	150,129.19			(85,617.69)	64,249.67	65,999.55	1,488.05	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	2,455,499.30	2,384,977.36			(10,790.46)	2,444,708.84	2,453,695.25	79,508.35	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	911,188.77	912,780.63			(3,486.25)	907,702.52	932,424.27	23,129.89	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	84,746.92	82,312.97			(341.33)	84,405.59	84,715.82	2,744.18	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	417,318.06	418,047.14			(1,504.08)	415,813.98	427,138.91	10,595.85	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	04/20/32	336,565.73	326,899.55			(1,346.67)	335,219.06	336,451.26	10,898.38	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	04/20/32	132,339.08	132,570.27			(477.30)	131,861.78	135,453.10	3,360.13	0.00
GNMA	2001 A-E RMRB	5.45	08/29/02	08/20/32	597,680.74	598,724.88			(2,463.10)	595,217.64	611,428.68	15,166.90	0.00
GNMA	2001 A-E RMRB	4.95	08/29/02	08/20/32	645,481.10	626,942.89			(93,680.68)	551,800.42	553,828.76	20,566.55	0.00
GNMA	2001 A-E RMRB	5.45	06/03/02	05/20/32	395,812.32	396,503.82			(1,430.14)	394,382.18	405,123.40	10,049.72	0.00
GNMA	2001 A-E RMRB	4.95	06/03/02	05/20/32	1,310,252.86	1,272,622.16			(100,776.96)	1,209,475.70	1,213,921.52	42,076.32	0.00
GNMA	2001 A-E RMRB	5.45	06/10/02	05/20/32	52,584.31	52,676.18			(187.94)	52,396.37	53,823.42	1,335.18	0.00
GNMA	2001 A-E RMRB	4.95	06/10/02	05/20/32	567,851.63	551,542.92			(2,931.53)	564,920.10	566,996.65	18,385.26	0.00
GNMA	2001 A-E RMRB	5.45	06/19/02	06/20/32	103,687.92	103,869.07			(391.20)	103,296.72	106,110.07	2,632.20	0.00
GNMA	2001 A-E RMRB	4.95	06/19/02	06/20/32	393,385.89	382,087.83			(1,603.51)	391,782.38	393,222.51	12,738.19	0.00
GNMA	2001 A-E RMRB	5.45	06/25/02	05/20/32	365,898.91	366,538.16			(1,408.06)	364,490.85	374,417.96	9,287.86	0.00
GNMA	2001 A-E RMRB	4.95	06/25/02	06/20/32	280,168.29	272,121.85			(80,837.77)	199,330.52	200,063.23	8,779.15	0.00
GNMA	2001 A-E RMRB	5.45	07/05/02	06/20/32	716,993.00	718,245.61			(2,517.72)	714,475.28	733,934.41	18,206.52	0.00
GNMA	2001 A-E RMRB	4.95	07/05/02	06/20/32	1,071,920.53	1,041,134.97			(4,249.27)	1,067,671.26	1,071,595.87	34,710.17	0.00
GNMA	2001 A-E RMRB	5.45	07/15/02	06/20/32	312,935.86	313,482.57			(1,089.08)	311,846.78	320,340.10	7,946.61	0.00
GNMA	2001 A-E RMRB	4.95	07/15/02	06/20/32	390,516.14	379,300.50			(1,543.99)	388,972.15	390,401.94	12,645.43	0.00
GNMA	2001 A-E RMRB	5.45	07/22/02	06/20/32	174,269.37	174,573.82			(881.13)	173,408.24	178,131.10	4,418.41	0.00
GNMA	2001 A-E RMRB	4.95	07/22/02	07/20/32	872,591.06	847,530.22			(122,410.36)	750,180.70	752,938.24	27,818.38	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	166,898.55	167,190.14			(684.32)	166,234.23	170,761.73	4,235.91	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	119,558.87	119,767.72			(475.90)	119,082.97	122,326.24	3,034.42	0.00
GNMA	2001 A-E RMRB	4.95	07/29/02	07/20/32	452,294.95	439,305.02			(1,730.99)	450,563.96	452,220.15	14,646.12	0.00
GNMA	2001 A-E RMRB	5.45	08/01/02	07/20/32	66,083.13	66,198.58			(229.19)	65,853.94	67,647.51	1,678.12	0.00
GNMA	2001 A-E RMRB	4.95	08/01/02	06/20/32	58,443.76	56,764.55			(244.25)	58,199.51	58,412.70	1,892.40	0.00
GNMA	2001 A-E RMRB	5.45	08/12/02	07/20/32	618,317.63	619,397.85			(2,167.97)	616,149.66	632,930.82	15,700.94	0.00
GNMA	2001 A-E RMRB	4.95	08/12/02	07/20/32	252,553.78	245,300.43			(992.47)	251,561.31	252,486.01	8,178.05	0.00
GNMA	2001 A-E RMRB	5.45	08/23/02	08/20/32	1,400,443.39	1,402,890.00			(90,232.71)	1,310,210.88	1,345,894.97	33,237.68	0.00
GNMA	2001 A-E RMRB	4.95	08/23/02	08/20/32	1,755,363.79	1,704,949.70			(125,512.35)	1,629,851.44	1,635,842.51	56,405.16	0.00
GNMA	2001 A-E RMRB	5.45	11/12/02	10/20/32	701,202.13	702,427.18			(3,202.63)	697,999.50	717,009.93	17,785.38	0.00
GNMA	2001 A-E RMRB	5.45	09/12/02	08/20/32	585,784.18	586,807.55			(119,545.24)	466,238.94	478,937.20	11,674.89	0.00
GNMA	2001 A-E RMRB	4.95	09/12/02	08/20/32	660,733.52	641,757.25			(2,565.01)	658,168.51	660,587.84	21,395.60	0.00
GNMA	2001 A-E RMRB	5.45	09/19/02	09/20/32	213,130.65	213,503.00			(738.57)	212,392.08	218,176.89	5,412.26	0.00
GNMA	2001 A-E RMRB	4.95	09/19/02	09/20/32	575,862.11	559,323.32			(2,966.63)	572,895.58	575,001.44	18,644.85	0.00
GNMA	2001 A-E RMRB	5.45	09/26/02	09/20/32	793,506.28	794,892.51			(2,774.91)	790,731.37	812,267.32	20,149.72	0.00
GNMA	2001 A-E RMRB	4.95	09/26/02	09/20/32	480,419.58	466,621.91			(83,118.42)	397,301.16	398,761.56	15,258.07	0.00
GNMA	2001 A-E RMRB	5.45	10/10/02	09/20/32	1,096,899.58	1,098,615.55			(113,426.77)	983,272.81	1,010,052.80	24,864.02	0.00
GNMA	2001 A-E RMRB	4.95	10/10/02	09/20/32	465,312.23	451,948.44			(1,783.50)	463,528.73	465,232.57	15,067.63	0.00
GNMA	2001 A-E RMRB	5.45	10/21/02	10/20/32	266,428.47	266,893.94			(911.50)	265,516.97	272,748.48	6,786.04	0.00
GNMA	2001 A-E RMRB	4.95	10/21/02	10/20/32	444,631.81	431,861.97			(1,671.20)	442,960.61	444,588.86	14,398.09	0.00
GNMA	2001 A-E RMRB	5.45	10/29/02	11/20/32	132,096.93	132,327.70			(451.65)	131,645.28	135,230.71	3,354.66	0.00
GNMA	2001 A-E RMRB	4.95	10/29/02	11/20/32	327,605.01	318,196.19			(1,245.11)	326,359.90	327,559.54	10,608.46	0.00
GNMA	2001 A-E RMRB	5.45	11/05/02	10/20/32	443,087.34	443,861.41			(1,589.81)	441,497.53	453,521.94	11,250.34	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	4.95	11/05/02	10/20/32	289,223.45	261,491.36			(1,010.52)	268,212.93	269,198.85	8,718.01	0.00
GNMA	2001 A-E RMRB	5.45	11/19/02	11/20/32	227,430.40	227,827.72			(777.37)	226,853.03	232,826.04	5,775.69	0.00
GNMA	2001 A-E RMRB	4.95	11/19/02	11/20/32	76,741.21	74,537.19			(284.85)	76,456.36	76,737.39	2,485.05	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	555,565.65	556,536.26			(119,609.77)	435,955.88	447,829.40	10,902.91	0.00
GNMA	2001 A-E RMRB	4.95	11/26/02	11/20/32	82,922.38	80,540.85			(308.24)	82,614.14	82,917.82	2,685.21	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	351,922.13	352,536.94			(2,802.77)	349,119.36	358,627.82	8,893.65	0.00
GNMA	2001 A-E RMRB	4.95	12/12/02	11/20/32	198,197.31	192,505.07			(754.42)	197,442.89	198,168.65	6,418.00	0.00
GNMA	2001 A-E RMRB	5.45	12/12/02	11/20/32	538,558.28	539,499.15			(2,211.43)	536,346.85	550,954.54	13,666.82	0.00
GNMA	2001 A-E RMRB	5.45	12/19/02	12/20/32	435,896.78	436,658.32			(1,700.94)	434,195.84	446,021.42	11,064.04	0.00
GNMA	2001 A-E RMRB	4.95	12/19/02	11/20/32	68,306.13	66,344.37			(252.00)	68,054.13	68,304.29	2,211.92	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	455,198.46	455,993.70			(1,806.66)	453,391.80	465,740.18	11,553.14	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	106,923.93	107,110.73			(61,822.88)	45,101.05	46,329.40	1,041.55	0.00
GNMA	2001 A-E RMRB	4.95	12/30/02	12/20/32	134,006.34	130,157.68			(503.90)	133,993.18	133,993.18	4,339.40	0.00
GNMA	2001 A-E RMRB	5.45	01/09/03	12/20/32	115,371.68	115,573.21			(938.74)	114,432.92	117,549.56	2,915.09	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	473,002.85	473,647.70			(1,786.59)	471,216.26	483,888.31	12,027.20	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	395,644.41	384,125.69			(1,796.67)	393,847.74	395,219.91	12,890.89	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	193,623.80	193,887.79			(660.68)	192,963.12	198,162.34	4,925.23	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	59,837.29	58,095.21			(665.56)	59,171.73	59,377.89	1,948.24	0.00
GNMA	2001 A-E RMRB	5.45	01/30/03	12/20/32	299,330.54	299,853.49			(1,747.48)	297,583.06	306,687.92	7,581.91	0.00
GNMA	2001 A-E RMRB	4.95	01/30/03	01/20/33	79,924.10	77,597.20			(291.47)	79,632.63	79,910.06	2,604.33	0.00
GNMA	2001 A-E RMRB	5.45	02/12/03	01/20/33	326,075.50	326,520.04			(1,255.79)	324,819.71	333,554.82	8,290.57	0.00
GNMA	2001 A-E RMRB	4.95	02/12/03	02/20/33	249,845.82	242,571.85			(920.40)	248,925.42	249,792.68	8,141.23	0.00
GNMA	2001 A-E RMRB	5.45	02/20/03	02/20/33	188,203.83	188,460.41			(684.69)	187,519.14	192,561.95	4,786.23	0.00
GNMA	2001 A-E RMRB	5.45	02/27/03	02/20/33	96,057.00	96,187.98			(321.06)	95,735.94	98,310.51	2,443.59	0.00
GNMA	2001 A-E RMRB	4.95	02/27/03	02/20/33	147,359.53	143,069.32			(731.33)	146,628.20	147,139.04	4,801.05	0.00
GNMA	2001 A-E RMRB	5.45	03/12/03	10/20/32	49,780.31	49,867.27			(169.08)	49,611.23	50,962.42	1,264.23	0.00
GNMA	2001 A-E RMRB	4.95	03/12/03	02/20/33	201,803.91	195,928.62			(741.96)	201,061.95	201,762.44	6,575.78	0.00
GNMA	2001 A-E RMRB	5.45	03/20/03	02/20/33	334,286.45	334,742.19			(1,597.07)	332,689.38	341,636.13	8,491.01	0.00
GNMA	2001 A-E RMRB	4.95	03/20/03	02/20/33	216,802.51	210,490.56			(796.79)	216,005.72	216,758.28	7,064.51	0.00
GNMA	2001 A-E RMRB	5.45	04/02/03	03/20/33	239,189.90	239,515.99			(832.91)	238,356.99	244,766.94	6,083.86	0.00
GNMA	2001 A-E RMRB	5.45	04/10/03	03/20/33	130,292.04	130,469.07			(471.52)	129,820.52	133,311.69	3,313.54	0.00
GNMA	2001 A-E RMRB	5.45	04/17/03	03/20/33	59,371.24	59,452.18			(195.63)	59,175.61	60,766.97	1,510.42	0.00
GNMA	2001 A-E RMRB	5.45	04/29/03	04/20/33	231,672.44	231,988.29			(968.75)	230,703.69	236,907.83	5,888.29	0.00
GNMA	2001 A-E RMRB	5.45	05/08/03	04/20/33	216,458.23	216,753.33			(880.09)	215,578.14	221,375.52	5,502.28	0.00
GNMA	2001 A-E RMRB	4.95	05/08/03	04/20/33	152,431.61	147,993.74			(550.98)	151,880.63	152,409.77	4,967.01	0.00
GNMA	2001 A-E RMRB	4.95	05/15/03	04/20/33	154,822.96	150,315.46			(565.95)	154,267.01	154,804.47	5,044.96	0.00
GNMA	2001 A-E RMRB	5.45	05/22/03	04/20/33	160,401.35	160,620.01			(535.11)	159,866.24	164,165.37	4,080.47	0.00
GNMA	2001 A-E RMRB	5.45	05/29/03	05/20/33	297,871.12	298,277.21			(1,148.96)	296,722.16	304,701.67	7,573.42	0.00
GNMA	2001 A-E RMRB	5.45	06/10/03	05/20/33	275,667.41	276,043.21			(909.03)	274,758.38	282,147.23	7,013.05	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	177,521.81	177,763.81			(586.28)	176,935.53	181,693.72	4,516.19	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	236,056.27	236,378.08			(865.30)	235,190.97	241,515.76	6,002.98	0.00
GNMA	2001 A-E RMRB	5.45	06/26/03	06/20/33	112,596.12	112,749.61			(2,081.52)	110,514.60	113,486.57	2,818.48	0.00
GNMA	2001 A-E RMRB	5.45	07/10/03	06/20/33	51,849.25	51,919.94			(167.79)	51,681.46	53,071.29	1,319.14	0.00
GNMA	2001 A-E RMRB	5.45	07/17/03	07/20/33	128,400.26	128,575.31			(413.05)	127,987.21	131,429.07	3,268.81	0.00
GNMA	2001 A-E RMRB	5.45	07/24/03	07/20/33	51,791.83	51,862.44			(168.47)	51,623.36	53,011.63	1,317.66	0.00
GNMA	2001 A-E RMRB	5.45	07/30/03	07/20/33	54,560.64	54,635.02			(175.51)	54,385.13	55,847.66	1,388.15	0.00
GNMA	2001 A-E RMRB	5.45	08/07/03	07/20/33	107,351.07	107,497.42			(848.69)	106,502.38	109,366.47	2,717.74	0.00
GNMA	2001 A-E RMRB	5.45	08/28/03	08/20/33	59,298.81	59,379.65			(332.09)	58,966.72	60,552.46	1,504.90	0.00
GNMA	2001 A-E RMRB	5.45	09/04/03	08/20/33	85,003.61	85,119.50			(271.81)	84,731.80	87,010.42	2,162.73	0.00
GNMA	2001 A-E RMRB	5.45	09/18/03	07/20/33	106,962.13	107,107.94			(344.10)	106,618.03	109,485.22	2,721.38	0.00
GNMA	2001 A-E RMRB	5.45	09/29/03	09/20/33	56,417.66	56,494.59			(179.37)	56,238.29	57,750.67	1,435.45	0.00
GNMA	2001 A-E RMRB	4.95	09/29/03	09/20/33	128,917.02	125,163.74			(460.94)	128,456.08	128,903.61	4,200.81	0.00
GNMA	2001 A-E RMRB	5.45	10/23/03	10/20/33	52,046.94	52,117.88			(189.31)	51,857.63	53,252.19	1,323.62	0.00
GNMA	2001 A-E RMRB	5.45	11/13/03	10/20/33	53,711.05	53,784.27			(169.70)	53,541.35	54,981.20	1,366.63	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognize Gain
GNMA	2001 A-E RMRB	5.45	11/20/03	10/20/33	55,485.71	55,561.36			(175.29)	55,310.42	56,797.84	1,411.77	0.0
GNMA	2001 A-E RMRB	5.45	11/26/03	06/20/33	66,788.60	66,879.65			(228.60)	66,560.00	68,349.95	1,698.90	0.0
GNMA	2001 A-E RMRB	5.45	12/04/03	11/20/33	257,320.29	257,671.09			(812.05)	256,508.24	263,406.31	6,547.27	0.0
GNMA	2001 A-E RMRB	4.95	12/04/03	11/20/33	106,707.65	103,600.98			(408.98)	106,298.67	106,669.01	3,477.01	0.0
GNMA	2001 A-E RMRB	5.45	12/11/03	12/20/33	62,980.45	63,066.31			(196.61)	62,783.84	64,472.23	1,602.53	0.0
GNMA	2001 A-E RMRB	4.95	01/15/04	01/20/34	128,448.51	124,606.41			(437.48)	128,011.03	128,300.60	4,131.67	0.0
GNMA	2001 A-E RMRB	4.95	01/22/04	01/20/34	522,760.13	504,510.38			(2,515.36)	520,244.77	518,794.76	16,799.74	0.0
GNMA	2001 A-E RMRB	5.45	01/22/04	12/20/33	54,319.33	54,393.37			(169.59)	54,149.74	55,605.94	1,382.16	0.0
GNMA	2001 A-E RMRB	5.45	01/29/04	11/20/33	53,708.03	53,781.24			(168.68)	53,539.35	54,979.13	1,366.57	0.0
GNMA	2001 A-E RMRB	5.45	02/12/04	11/20/33	54,307.87	54,381.91			(170.57)	54,137.30	55,593.18	1,381.84	0.0
GNMA	2001 A-E RMRB	5.45	03/11/04	02/20/34	54,752.85	54,782.16			(168.90)	54,583.95	56,019.87	1,406.61	0.0
GNMA	2001 A-E RMRB	4.95	03/11/04	02/20/34	134,356.81	130,337.97			(455.07)	133,901.74	134,204.63	4,321.73	0.0
GNMA	2001 A-E RMRB	4.95	04/08/04	02/20/34	105,801.31	102,107.75			(358.33)	105,442.98	105,149.09	3,399.67	0.0
GNMA	2001 A-E RMRB	5.49	04/16/04	04/20/34	102,345.57	102,620.49			(413.62)	101,931.95	104,818.26	2,611.39	0.0
GNMA	2001 A-E RMRB	5.45	04/17/02	03/01/32	302,570.22	301,001.50			(1,125.20)	301,445.02	307,866.16	7,989.86	0.0
FNMA	2001 A-E RMRB	4.95	05/15/02	04/01/32	220,452.94	212,811.03			(1,422.46)	219,030.48	218,574.95	7,186.38	0.0
FNMA	2001 A-E RMRB	4.95	06/10/02	06/01/32	180,757.00	174,491.13			(1,186.88)	179,570.12	179,196.65	5,892.40	0.0
FNMA	2001 A-E RMRB	4.95	07/22/02	06/01/32	257,585.00	248,655.91			(2,209.56)	255,375.44	254,844.29	8,397.94	0.0
FNMA	2001 A-E RMRB	5.45	09/19/02	08/01/32	249,866.90	248,571.43			(880.75)	248,986.15	254,289.85	6,599.17	0.0
FNMA	2001 A-E RMRB	4.95	09/26/02	09/01/32	292,310.83	282,177.97			(95,591.26)	196,719.57	196,310.41	9,723.70	0.0
FNMA	2001 A-E RMRB	5.45	01/23/03	11/01/32	320,662.36	318,999.85			(1,337.94)	319,324.42	326,126.41	8,464.50	0.0
FNMA	2001 A-E RMRB	4.95	07/24/03	09/01/32	241,919.02	233,532.97			(1,403.06)	240,515.96	240,015.70	7,885.79	0.0
FNMA	2001 A-E RMRB	5.45	09/18/03	01/01/33	71,195.75	70,779.42			(237.47)	70,958.28	72,411.31	1,869.36	0.0
FNMA	2001 A-E RMRB	5.45	12/04/03	11/01/33	98,082.51	97,508.93			(416.60)	97,665.91	99,665.82	2,573.49	0.0
FNMA	2001 A-E RMRB	4.95	02/26/04	09/01/33	140,196.30	135,229.38			(670.64)	139,525.66	139,165.37	4,606.63	0.0
FNMA	2001 A-E RMRB	5.45	04/08/04	01/01/32	28,464.42	28,316.84			(102.39)	28,362.03	28,966.18	751.73	0.0
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04	806,856.77	806,856.77	0.00			806,856.77	806,856.77	-	0.0
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04	127,445.29	127,445.29	414.43			127,859.72	127,859.72	-	0.0
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04	626,276.94	626,276.94		(118,583.90)		507,693.04	507,693.04	-	0.0
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04	175,020.69	175,020.69	569.10			175,589.79	175,589.79	-	0.0
Repo Agmt	2001 A-E RMRB	1.58	08/31/04	09/01/04	590.25	590.25	1.91			592.16	592.16	-	0.0
GNMA	2001 A-E RMRB	5.49	03/12/03	03/20/33	5,069.01	5,086.93			(16.59)	5,052.42	5,198.40	128.06	0.0
GNMA	2001 A-E RMRB	5.49	03/20/03	02/20/33	12,296.09	12,339.56			(48.59)	12,247.50	12,601.36	310.39	0.0
GNMA	2001 A-E RMRB	5.49	04/02/03	03/20/33	57,946.79	58,151.58			(12,438.01)	45,508.78	46,823.60	1,110.03	0.0
GNMA	2001 A-E RMRB	4.80	04/02/03	03/20/33	11,822.84	11,373.68			(44.10)	11,778.74	11,718.68	389.10	0.0
GNMA	2001 A-E RMRB	5.49	04/10/03	03/20/33	17,880.21	17,943.42			(59.13)	17,821.08	18,335.99	451.70	0.0
GNMA	2001 A-E RMRB	4.80	04/10/03	04/20/33	72,868.41	70,100.10			(270.14)	72,598.27	72,228.03	2,398.07	0.0
GNMA	2001 A-E RMRB	5.49	04/17/03	04/20/33	84,833.07	85,132.89			(284.18)	84,548.89	86,991.64	2,142.93	0.0
GNMA	2001 A-E RMRB	4.80	04/17/03	03/20/33	9,965.68	9,587.07			(36.98)	9,928.70	9,878.06	327.97	0.0
GNMA	2001 A-E RMRB	5.49	04/24/03	04/20/33	12,559.73	12,604.12			(40.92)	12,518.81	12,880.51	317.31	0.0
GNMA	2001 A-E RMRB	4.80	04/24/03	04/20/33	24,526.59	23,594.84			(90.30)	24,436.29	24,311.68	807.14	0.0
GNMA	2001 A-E RMRB	5.49	04/29/03	04/20/33	13,545.07	13,592.94			(49.82)	13,495.25	13,885.14	342.02	0.0
GNMA	2001 A-E RMRB	4.80	04/29/03	03/20/33	10,168.20	9,781.91			(38.20)	10,130.00	10,078.34	334.63	0.0
GNMA	2001 A-E RMRB	5.49	05/08/03	05/20/33	41,596.64	41,743.67			(135.73)	41,460.91	42,658.80	1,050.86	0.0
GNMA	2001 A-E RMRB	5.49	05/15/03	05/20/33	15,726.31	15,781.91			(51.28)	15,675.03	16,127.92	397.29	0.0
GNMA	2001 A-E RMRB	4.80	05/15/03	04/20/33	40,491.65	38,953.34			(215.91)	40,275.74	40,070.33	1,332.90	0.0
GNMA	2001 A-E RMRB	5.49	05/22/03	05/20/33	50,233.56	50,411.12			(176.85)	50,056.71	51,502.95	1,268.68	0.0
GNMA	2001 A-E RMRB	4.80	05/22/03	04/20/33	27,389.58	26,349.03			(101.16)	27,288.42	27,149.26	901.39	0.0
GNMA	2001 A-E RMRB	5.49	05/29/03	05/20/33	33,182.45	33,299.74			(109.62)	33,072.83	34,028.37	838.25	0.0
GNMA	2001 A-E RMRB	4.80	05/29/03	05/20/33	20,878.81	20,085.62			(77.17)	20,801.64	20,695.56	687.11	0.0
GNMA	2001 A-E RMRB	5.49	06/10/03	05/20/33	21,562.17	21,638.38			(69.92)	21,492.25	22,113.19	544.73	0.0
GNMA	2001 A-E RMRB	4.80	06/10/03	05/20/33	37,330.78	35,912.56			(150.68)	37,180.10	36,990.49	1,228.61	0.0
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	11,932.70	11,974.87			(38.69)	11,894.01	12,237.62	301.44	0.0
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	10,972.38	10,555.52			(39.96)	10,932.42	10,876.67	361.11	0.0

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
					25,951.73	26,043.45			(84.79)	25,866.94	26,614.26	855.60	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	22,319.35	21,471.43			(15,341.91)	6,977.44	6,941.86	812.34	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	5,290.09	5,308.79			(17.04)	5,273.05	5,425.38	133.63	0.00
GNMA	2001 A-E RMRB	4.80	06/26/03	06/20/33	11,341.45	10,910.59			(53.00)	11,288.45	11,230.89	373.30	0.00
GNMA	2001 A-E RMRB	5.49	07/03/03	06/20/33	27,073.43	27,169.12			(87.34)	26,986.09	27,765.75	683.97	0.00
GNMA	2001 A-E RMRB	5.49	07/10/03	06/20/33	33,691.06	33,810.18			(112.14)	33,578.92	34,549.10	851.08	0.00
GNMA	2001 A-E RMRB	4.80	07/10/03	06/20/33	14,942.19	14,374.52			(55.95)	14,886.24	14,810.32	491.75	0.00
GNMA	2001 A-E RMRB	4.80	07/17/03	06/20/33	81,085.52	78,005.05			(385.86)	80,699.66	80,288.11	2,668.92	0.00
GNMA	2001 A-E RMRB	5.49	07/24/03	07/20/33	53,229.16	53,417.30			(213.60)	53,015.56	54,547.27	1,343.57	0.00
GNMA	2001 A-E RMRB	4.80	07/24/03	07/20/33	41,233.02	39,666.56			(151.98)	41,081.04	40,871.53	1,356.95	0.00
GNMA	2001 A-E RMRB	4.80	07/30/03	07/20/33	12,418.50	12,462.41			(44.63)	12,373.87	12,731.39	313.61	0.00
GNMA	2001 A-E RMRB	5.49	08/07/03	07/20/33	28,909.46	29,011.66			(104.24)	28,805.22	29,637.47	730.05	0.00
GNMA	2001 A-E RMRB	4.80	08/07/03	06/20/33	11,378.35	10,946.08			(41.41)	11,336.94	11,279.11	374.44	0.00
GNMA	2001 A-E RMRB	5.49	08/14/03	08/20/33	16,877.75	16,937.39			(54.33)	16,823.42	17,309.46	426.40	0.00
GNMA	2001 A-E RMRB	4.80	08/14/03	07/20/33	33,146.12	31,886.88			(120.03)	33,026.09	32,857.67	1,090.82	0.00
GNMA	2001 A-E RMRB	5.49	08/14/03	07/20/33	12,813.45	12,858.74			(57.10)	12,756.35	13,124.90	323.26	0.00
GNMA	2001 A-E RMRB	5.49	08/21/03	08/20/33	22,852.78	22,933.53			(105.53)	22,747.25	23,404.44	576.44	0.00
GNMA	2001 A-E RMRB	5.49	08/28/03	08/20/33	13,566.70	13,051.29			(49.11)	13,517.69	13,448.65	446.47	0.00
GNMA	2001 A-E RMRB	4.80	08/28/03	08/20/33	16,639.17	16,697.96			(70.27)	16,568.90	17,047.59	419.90	0.00
GNMA	2001 A-E RMRB	5.49	09/04/03	08/20/33	11,666.82	11,223.58			(41.80)	11,625.02	11,565.71	383.93	0.00
GNMA	2001 A-E RMRB	4.80	09/04/03	09/20/33	54,274.30	54,466.13			(173.33)	54,100.97	55,664.04	1,371.24	0.00
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33	48,314.27	46,478.80			(185.54)	48,128.73	47,883.29	1,590.03	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	30,926.82	31,036.14			(99.93)	30,826.89	31,717.54	781.33	0.00
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33	17,565.90	16,898.57			(63.08)	17,502.82	17,413.56	578.07	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	68,841.03	69,084.36			(228.13)	68,612.90	70,595.27	1,739.04	0.00
GNMA	2001 A-E RMRB	5.49	09/29/03	09/20/33	64,412.34	61,965.30			(243.07)	64,169.27	63,842.03	2,119.80	0.00
GNMA	2001 A-E RMRB	4.80	09/29/03	09/20/33	10,312.74	10,349.18			(32.63)	10,280.11	10,577.11	260.56	0.00
GNMA	2001 A-E RMRB	5.49	10/16/03	09/20/33	108,805.92	108,645.49			(394.10)	108,411.82	111,269.22	3,017.83	0.00
GNMA	2001 A-E RMRB	5.49	10/30/03	10/20/33	283,852.98	271,664.71			(1,136.53)	282,716.45	279,861.45	9,333.27	0.00
GNMA	2001 A-E RMRB	4.80	10/30/03	10/20/33	21,627.48	21,595.62			(99.52)	21,527.96	22,095.39	599.29	0.00
GNMA	2001 A-E RMRB	5.49	11/13/03	10/20/33	145,390.75	139,867.29			(774.29)	144,616.46	143,878.95	4,785.95	0.00
GNMA	2001 A-E RMRB	4.80	11/13/03	10/20/33	5,762.62	5,783.00			(46.29)	5,716.33	5,881.50	144.79	0.00
GNMA	2001 A-E RMRB	5.49	11/20/03	11/20/33	178,778.36	171,101.85			(727.19)	178,051.17	176,253.11	5,878.45	0.00
GNMA	2001 A-E RMRB	4.80	11/20/03	11/20/33	6,819.12	6,843.23			(21.45)	6,797.67	6,994.07	172.29	0.00
GNMA	2001 A-E RMRB	5.49	11/26/03	10/20/33	55,556.47	53,445.85			(284.69)	55,271.78	54,989.90	1,828.74	0.00
GNMA	2001 A-E RMRB	4.80	11/26/03	11/20/33	90,447.80	86,564.08			(495.25)	89,952.55	89,044.15	2,975.32	0.00
GNMA	2001 A-E RMRB	4.80	12/04/03	12/20/33	5,223.10	5,241.57			(18.29)	5,204.81	5,355.19	131.91	0.00
GNMA	2001 A-E RMRB	5.49	12/04/03	11/20/33	54,921.23	52,562.98			(313.17)	54,608.06	54,056.60	1,806.79	0.00
GNMA	2001 A-E RMRB	4.80	12/11/03	12/20/33	11,291.05	11,330.96			(35.61)	11,255.44	11,580.61	285.26	0.00
GNMA	2001 A-E RMRB	5.49	12/11/03	09/20/33	5,864.21	5,884.96			(18.18)	5,846.03	6,014.96	148.18	0.00
GNMA	2001 A-E RMRB	4.80	12/18/03	12/20/33	47,489.93	45,685.77			(177.77)	47,312.16	47,070.89	1,562.89	0.00
GNMA	2001 A-E RMRB	5.49	12/18/03	12/20/33	12,160.36	12,203.35			(39.83)	12,120.53	12,470.74	307.22	0.00
GNMA	2001 A-E RMRB	4.80	12/23/03	12/20/33	33,624.24	32,180.47			(118.71)	33,505.53	33,167.18	1,105.42	0.00
GNMA	2001 A-E RMRB	4.80	12/23/03	12/20/33	10,424.38	10,028.36			(36.70)	10,387.68	10,334.71	343.05	0.00
GNMA	2001 A-E RMRB	4.80	01/08/04	12/20/33	55,858.00	56,008.04			(225.91)	55,632.09	57,207.36	1,425.23	0.00
GNMA	2001 A-E RMRB	5.49	01/15/04	01/20/34	41,951.00	41,853.17			(131.65)	41,819.35	42,897.54	1,176.02	0.00
GNMA	2001 A-E RMRB	5.49	01/22/04	01/20/34	40,536.88	38,967.40			(143.19)	40,393.69	40,135.89	1,311.68	0.00
GNMA	2001 A-E RMRB	4.80	01/22/04	01/20/34	21,445.13	21,502.74			(74.86)	21,370.25	21,975.37	547.51	0.00
GNMA	2001 A-E RMRB	5.49	01/29/04	01/20/34	8,837.51	8,501.77			(31.30)	8,806.21	8,761.31	290.84	0.00
GNMA	2001 A-E RMRB	4.80	01/29/04	11/20/33	21,865.92	20,911.13			(105.03)	21,760.89	21,513.23	707.13	0.00
GNMA	2001 A-E RMRB	4.80	02/12/04	01/20/34	45,291.22	45,412.88			(170.53)	45,120.69	46,398.34	1,155.99	0.00
GNMA	2001 A-E RMRB	5.49	02/12/04	02/20/34	43,904.04	41,986.94			(217.60)	43,886.44	43,189.24	1,419.90	0.00
GNMA	2001 A-E RMRB	4.80	02/26/04	02/20/34	22,784.04	22,729.89			(71.10)	22,712.94	23,297.49	638.70	0.00
GNMA	2001 A-E RMRB	4.80	03/11/04	03/20/34	26,669.54	25,504.99			(93.30)	26,576.24	26,273.77	862.08	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
		5.49	03/11/04	03/20/34	75,715.93	75,919.31			(289.76)	75,426.17	77,561.94	1,932.39	0.00
GNMA	2001 A-E RMRB	5.49	03/25/04	03/20/34	29,913.59	29,843.81			(91.04)	29,822.55	30,591.41	838.64	0.00
GNMA	2001 A-E RMRB	4.80	03/30/04	03/20/34	11,562.43	11,114.77			(40.26)	11,522.17	11,448.64	374.13	0.00
GNMA	2001 A-E RMRB	5.49	07/09/04	07/20/34			16,066.75			16,066.75	16,521.69	454.94	0.00
GNMA	2001 A-E RMRB	4.80	07/08/04	06/20/34			10,225.16			10,225.16	10,108.78	(116.38)	0.00
GNMA	2001 A-E RMRB	4.80	04/22/04	04/20/34	32,620.71	31,357.72			(113.76)	32,506.95	32,299.49	1,055.53	0.00
GNMA	2001 A-E RMRB	5.49	04/22/04	04/20/34	26,595.62	26,667.06			(107.83)	26,487.79	27,237.82	678.59	0.00
GNMA	2001 A-E RMRB	4.80	04/29/04	04/20/34	23,720.87	22,685.08			(84.61)	23,636.26	23,367.26	786.79	0.00
GNMA	2001 A-E RMRB	5.49	04/29/04	04/20/34	11,157.52	11,187.49			(39.49)	11,118.03	11,432.84	284.84	0.00
GNMA	2001 A-E RMRB	4.80	05/06/04	04/20/34	18,490.40	17,774.50			(166.43)	18,323.97	18,207.03	598.96	0.00
GNMA	2001 A-E RMRB	5.49	05/06/04	04/20/34	7,272.06	7,291.59			(21.92)	7,250.14	7,455.43	185.76	0.00
GNMA	2001 A-E RMRB	5.49	05/13/04	04/20/34	11,450.31	11,481.07			(52.84)	11,397.47	11,720.21	291.98	0.00
GNMA	2001 A-E RMRB	4.80	05/13/04	04/20/34	11,517.66	11,071.72			(39.90)	11,477.76	11,404.51	372.69	0.00
GNMA	2001 A-E RMRB	5.49	05/27/04	05/20/34	19,696.06	19,748.97			(76.07)	19,619.99	20,175.66	502.66	0.00
GNMA	2001 A-E RMRB	5.49	06/03/04	05/20/34			18,111.79			18,111.79	18,624.65	512.86	0.00
GNMA	2001 A-E RMRB	5.49	06/24/04	06/20/34			14,238.40			14,238.40	14,641.57	403.17	0.00
GNMA	2001 A-E RMRB	5.49	07/15/04	04/20/34			12,319.23			12,319.23	12,668.07	348.84	0.00
GNMA	2001 A-E RMRB	5.49	07/22/04	07/20/34			11,945.37			11,945.37	12,283.61	338.24	0.00
GNMA	2001 A-E RMRB	5.49	07/29/04	07/20/34			6,794.45			6,794.45	6,986.84	192.39	0.00
GNMA	2001 A-E RMRB	5.49	08/05/04	08/20/34			27,333.49			27,333.49	28,107.47	773.98	0.00
GNMA	2001 A-E RMRB	5.49	08/19/04	08/20/34			23,523.84			23,523.84	24,189.95	666.11	0.00
GNMA	2001 A-E RMRB	5.49	08/26/04	08/20/34			13,921.86			13,921.86	14,316.07	394.21	0.00
GNMA	2001 A-E RMRB	5.49	05/29/03	04/01/33	29,841.78	29,732.34			(97.13)	29,744.65	30,415.61	780.40	0.00
FNMA	2001 A-E RMRB	4.80	09/18/03	07/01/33	24,146.39	23,084.45			(90.70)	24,055.69	23,790.55	796.80	0.00
FNMA	2001 A-E RMRB	5.49	12/04/03	11/01/33	24,598.04	24,507.85			(78.50)	24,519.54	25,072.67	643.32	0.00
FNMA	2001 A-E RMRB	4.80	01/15/04	11/01/33	35,882.51	34,304.44			(127.48)	35,755.03	35,360.93	1,183.97	0.00
FNMA	2001 A-E RMRB	4.80	02/26/04	01/01/34	12,506.79	11,943.94			(81.37)	12,425.42	12,264.50	401.93	0.00
FNMA	2001 A-E RMRB	5.49	04/08/04	06/01/33	8,038.46	8,008.98			(29.85)	8,008.61	8,189.26	210.13	0.00
	2001 A-E RMRB Total				85,202,530.76	85,941,540.49	204,664.08	(3,831,596.13)	(2,850,756.51)	78,724,842.20	80,975,792.87	1,511,940.94	0.00
Repo Agmt	2002 RMRB	1.58	08/31/04	09/01/04	295,918.06	295,918.06				13,928.95	13,928.95	-	0.00
Repo Agmt	2002 RMRB	1.58	08/31/04	09/01/04	1,735.14	1,735.14	282,716.65			284,451.79	284,451.79	-	0.00
GIC's	2002 RMRB				330,384.99	330,384.99		(330,384.99)		12,092.89	12,092.89	-	0.00
Repo Agmt	2002 RMRB	1.58	08/31/04	09/01/04	6,506.86	6,506.86	5,586.03			482,586.25	482,586.25	-	0.00
Repo Agmt	2002 RMRB	1.58	08/31/04	09/01/04	481,022.23	481,022.23	1,564.02			585,048.99	585,048.99	-	0.00
GIC's	2002 RMRB	4.20	12/18/02	04/01/34	572,151.85	572,151.85	12,897.14			1.46	1.46	-	0.00
Mutual Fund	2002 RMRB	1.20	08/01/04	09/01/04	1.46	1.46	0.00			68.00	68.00	-	0.00
Repo Agmt	2002 RMRB	1.58	08/31/04	09/01/04	67.33	67.33	0.67					-	0.00
GIC's	2002 RMRB				320,747.71	320,747.71		(320,747.71)		41,300.12	42,493.37	1,046.79	0.00
GNMA	2002 RMRB	5.49	03/12/03	03/20/33	41,435.69	41,582.15			(135.57)	41,300.12	42,493.37	1,046.79	0.00
GNMA	2002 RMRB	5.49	03/20/03	02/20/33	100,512.16	100,867.43			(397.16)	100,115.00	103,007.51	2,537.24	0.00
GNMA	2002 RMRB	5.49	04/02/03	03/20/33	473,674.93	475,349.13			(101,672.04)	372,002.89	382,750.69	9,073.60	0.00
GNMA	2002 RMRB	4.80	04/02/03	03/20/33	96,643.60	92,972.05			(360.38)	96,283.22	95,792.18	3,180.51	0.00
GNMA	2002 RMRB	5.49	04/10/03	03/20/33	146,158.60	146,675.18			(483.24)	145,675.36	149,884.16	3,692.22	0.00
GNMA	2002 RMRB	4.80	04/10/03	03/20/33	595,649.10	573,020.14			(2,208.22)	593,440.88	590,414.50	19,602.58	0.00
GNMA	2002 RMRB	5.49	04/17/03	04/20/33	693,451.82	695,902.81			(2,322.99)	691,128.83	711,096.74	17,516.92	0.00
GNMA	2002 RMRB	4.80	04/17/03	03/20/33	81,462.52	78,367.72			(302.26)	81,160.27	80,746.37	2,680.90	0.00
GNMA	2002 RMRB	5.49	04/24/03	04/20/33	102,667.10	103,029.98			(334.42)	102,332.68	105,289.26	2,593.70	0.00
GNMA	2002 RMRB	4.80	04/24/03	04/20/33	200,488.19	192,871.55			(738.23)	199,749.96	198,731.28	6,597.96	0.00
GNMA	2002 RMRB	5.49	04/29/03	04/20/33	110,721.60	111,112.95			(407.28)	110,314.32	113,501.50	2,795.83	0.00
GNMA	2002 RMRB	4.80	04/29/03	03/20/33	83,118.07	79,960.38			(312.22)	82,805.85	82,383.47	2,735.31	0.00
GNMA	2002 RMRB	5.49	05/08/03	05/20/33	340,023.94	341,225.74			(1,109.40)	338,914.54	348,706.35	8,590.01	0.00
GNMA	2002 RMRB	5.49	05/15/03	05/20/33	128,551.92	129,006.25			(419.15)	128,132.77	131,834.70	3,247.60	0.00
GNMA	2002 RMRB	4.80	05/15/03	04/20/33	330,991.19	318,416.72			(1,764.87)	329,226.32	327,547.37	10,895.52	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognize Gain
GNMA	2002 RMRB	5.49	05/22/03	05/20/33	410,624.91	412,076.23			(1,445.60)	409,179.31	421,001.17	10,370.54	0.0
GNMA	2002 RMRB	4.80	05/22/03	04/20/33	223,890.87	215,385.16			(826.78)	223,064.09	221,926.51	7,368.13	0.0
GNMA	2002 RMRB	5.49	05/29/03	05/20/33	271,243.79	272,202.48			(896.11)	270,347.68	278,158.48	6,852.11	0.0
GNMA	2002 RMRB	4.80	05/29/03	05/20/33	170,669.94	164,186.13			(630.78)	170,039.16	169,172.02	5,616.67	0.0
GNMA	2002 RMRB	5.49	06/10/03	05/20/33	176,255.83	176,878.80			(571.55)	175,684.28	180,760.08	4,452.83	0.0
GNMA	2002 RMRB	4.80	06/10/03	05/20/33	305,153.43	293,560.52			(1,231.62)	303,921.81	302,371.88	10,042.98	0.0
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	97,541.54	97,886.30			(316.41)	97,225.13	100,034.15	2,464.26	0.0
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	89,691.54	86,284.14			(326.53)	89,365.01	88,909.27	2,951.66	0.0
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	212,137.55	212,887.34			(693.20)	211,444.35	217,553.33	5,359.19	0.0
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	182,445.30	175,514.14			(125,409.54)	57,035.76	56,744.90	6,640.30	0.0
GNMA	2002 RMRB	5.49	06/26/03	06/20/33	43,242.86	43,395.69			(139.43)	43,103.43	44,348.75	1,092.49	0.0
GNMA	2002 RMRB	4.80	06/26/03	06/20/33	92,708.56	89,186.52			(433.20)	92,275.36	91,804.77	3,051.45	0.0
GNMA	2002 RMRB	5.49	07/03/03	06/20/33	221,306.71	222,088.91			(714.08)	220,592.63	226,965.92	5,591.09	0.0
GNMA	2002 RMRB	5.49	07/10/03	06/20/33	275,401.38	276,374.79			(916.61)	274,484.77	282,415.11	6,956.93	0.0
GNMA	2002 RMRB	4.80	07/10/03	06/20/33	122,142.02	117,501.79			(457.34)	121,684.68	121,064.12	4,019.67	0.0
GNMA	2002 RMRB	4.80	07/17/03	06/20/33	662,818.34	637,637.59			(3,154.14)	659,664.20	656,300.08	21,816.63	0.0
GNMA	2002 RMRB	5.49	07/24/03	07/20/33	435,111.74	436,649.62			(1,746.07)	433,365.67	445,886.34	10,982.79	0.0
GNMA	2002 RMRB	4.80	07/24/03	07/20/33	337,051.53	324,246.81			(1,242.37)	335,809.16	334,096.62	11,092.18	0.0
GNMA	2002 RMRB	5.49	07/30/03	07/20/33	101,512.84	101,871.63			(364.81)	101,148.03	104,070.36	2,563.54	0.0
GNMA	2002 RMRB	5.49	08/07/03	07/20/33	236,315.12	237,150.36			(852.13)	235,462.99	242,265.91	5,967.68	0.0
GNMA	2002 RMRB	4.80	08/07/03	06/20/33	93,010.17	89,476.69			(338.63)	92,671.54	92,198.95	3,060.89	0.0
GNMA	2002 RMRB	5.49	08/14/03	08/20/33	137,963.92	138,451.55			(444.20)	137,519.72	141,492.90	3,485.55	0.0
GNMA	2002 RMRB	4.80	08/14/03	07/20/33	270,946.64	260,653.27			(981.09)	269,965.55	268,588.81	8,916.63	0.0
GNMA	2002 RMRB	5.49	08/21/03	08/20/33	104,741.17	105,111.37			(466.81)	104,274.36	107,287.02	2,642.46	0.0
GNMA	2002 RMRB	5.49	08/28/03	08/20/33	186,805.58	187,465.85			(862.61)	185,942.97	191,315.18	4,711.94	0.0
GNMA	2002 RMRB	4.80	08/28/03	08/20/33	110,898.43	106,685.36			(401.48)	110,496.95	109,933.46	3,649.58	0.0
GNMA	2002 RMRB	5.49	09/04/03	08/20/33	136,013.61	136,494.35			(574.40)	135,439.21	139,352.29	3,432.34	0.0
GNMA	2002 RMRB	4.80	09/04/03	09/20/33	95,368.06	91,744.99			(341.70)	95,026.36	94,541.74	3,138.45	0.0
GNMA	2002 RMRB	5.49	09/18/03	09/20/33	443,655.04	445,223.11			(1,416.83)	442,238.21	455,015.21	11,208.93	0.0
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	394,935.97	379,932.21			(1,516.67)	393,419.30	391,412.98	12,997.44	0.0
GNMA	2002 RMRB	5.49	09/18/03	09/20/33	252,805.56	253,699.08			(816.92)	251,988.64	259,289.01	6,386.85	0.0
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	143,589.16	138,134.14			(515.70)	143,073.46	142,343.82	4,725.38	0.0
GNMA	2002 RMRB	5.49	09/29/03	09/20/33	562,728.20	564,717.11			(1,864.74)	560,863.46	577,067.72	14,215.35	0.0
GNMA	2002 RMRB	4.80	09/29/03	09/20/33	526,526.65	508,523.68			(1,986.98)	524,539.67	521,864.65	17,327.95	0.0
GNMA	2002 RMRB	5.49	10/16/03	09/20/33	84,299.51	84,597.46			(266.75)	84,032.76	86,460.59	2,129.88	0.0
GNMA	2002 RMRB	5.49	10/30/03	10/20/33	889,413.46	888,102.13			(3,221.54)	886,191.92	909,549.27	24,668.68	0.0
GNMA	2002 RMRB	4.80	10/30/03	10/20/33	2,320,302.82	2,220,672.12			(9,290.35)	2,311,012.47	2,287,674.79	76,293.02	0.0
GNMA	2002 RMRB	5.49	11/13/03	10/20/33	176,789.95	176,529.29			(813.51)	175,976.44	180,614.64	4,898.86	0.0
GNMA	2002 RMRB	4.80	11/13/03	10/20/33	1,188,469.26	1,143,318.84			(6,329.30)	1,182,139.96	1,176,111.38	39,121.84	0.0
GNMA	2002 RMRB	5.49	11/20/03	11/20/33	47,105.56	47,272.06			(378.29)	46,727.27	48,077.30	1,183.53	0.0
GNMA	2002 RMRB	4.80	11/20/03	11/20/33	1,461,390.03	1,398,639.91			(5,944.40)	1,455,445.63	1,440,747.87	48,052.36	0.0
GNMA	2002 RMRB	5.49	11/26/03	10/20/33	55,741.68	55,938.70			(175.31)	55,566.37	57,171.78	1,408.39	0.0
GNMA	2002 RMRB	4.80	11/26/03	11/20/33	454,135.89	436,883.09			(2,327.20)	451,808.69	449,504.60	14,948.71	0.0
GNMA	2002 RMRB	4.80	12/04/03	12/20/33	739,348.41	707,601.80			(4,048.38)	735,300.03	727,874.65	24,321.23	0.0
GNMA	2002 RMRB	5.49	12/04/03	11/20/33	42,695.32	42,846.23			(149.52)	42,545.80	43,775.03	1,078.32	0.0
GNMA	2002 RMRB	4.80	12/11/03	12/20/33	448,943.21	429,666.18			(2,559.96)	446,383.25	441,875.46	14,769.24	0.0
GNMA	2002 RMRB	5.49	12/11/03	09/20/33	92,296.59	92,622.81			(291.22)	92,005.37	94,663.56	2,331.97	0.0
GNMA	2002 RMRB	5.49	12/18/03	12/20/33	47,936.03	48,105.44			(148.50)	47,787.53	49,168.15	1,211.21	0.0
GNMA	2002 RMRB	4.80	12/18/03	12/20/33	388,197.57	373,449.79			(1,453.12)	386,744.45	384,772.18	12,775.51	0.0
GNMA	2002 RMRB	5.49	12/23/03	12/20/33	99,402.67	99,753.99			(325.52)	99,077.15	101,939.65	2,511.18	0.0
GNMA	2002 RMRB	4.80	12/23/03	12/20/33	274,855.13	263,053.21			(970.42)	273,884.71	271,118.90	9,036.11	0.0
GNMA	2002 RMRB	4.80	01/08/04	12/20/33	85,212.16	81,974.90			(300.03)	84,912.13	84,479.10	2,804.23	0.0
GNMA	2002 RMRB	5.49	01/15/04	01/20/34	456,600.68	457,827.20			(1,846.77)	454,753.91	467,630.77	11,850.34	0.0
GNMA	2002 RMRB	5.49	01/22/04	01/20/34	342,920.81	342,120.85			(1,076.13)	341,844.68	350,657.89	9,613.17	0.0

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/ Purchases	Amortizations/ Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
GNMA	2002 RMRB	4.80	01/22/04	01/20/34	331,361.22	318,531.74			(1,170.52)	330,190.70	328,083.34	10,722.12	0.00
GNMA	2002 RMRB	5.49	01/29/04	01/20/34	175,299.18	175,770.06			(612.13)	174,687.05	179,633.50	4,475.57	0.00
GNMA	2002 RMRB	4.80	01/29/04	11/20/33	72,240.59	69,496.15			(255.75)	71,984.84	71,617.74	2,377.34	0.00
GNMA	2002 RMRB	4.80	02/12/04	01/20/34	178,738.82	170,934.05			(858.52)	177,880.30	175,855.86	5,780.33	0.00
GNMA	2002 RMRB	5.49	02/12/04	02/20/34	370,224.61	371,219.09			(1,393.94)	368,830.67	379,274.50	9,449.35	0.00
GNMA	2002 RMRB	4.80	02/26/04	02/20/34	358,885.32	343,214.33			(1,778.81)	357,106.51	353,042.29	11,606.77	0.00
GNMA	2002 RMRB	5.49	02/26/04	02/20/34	186,235.64	185,801.20			(581.18)	185,654.46	190,440.89	5,220.87	0.00
GNMA	2002 RMRB	4.80	03/11/04	03/20/34	218,005.05	208,485.70			(762.64)	217,242.41	214,769.97	7,046.91	0.00
GNMA	2002 RMRB	5.49	03/11/04	03/20/34	618,925.63	620,588.18			(2,368.58)	616,557.05	634,015.53	15,795.93	0.00
GNMA	2002 RMRB	5.49	03/25/04	03/20/34	244,522.95	243,952.54			(744.22)	243,778.73	250,063.69	6,855.37	0.00
GNMA	2002 RMRB	4.80	03/30/04	03/20/34	94,514.98	90,855.60			(329.08)	94,185.90	93,584.79	3,058.27	0.00
GNMA	2002 RMRB	5.49	07/09/04	07/20/34			131,334.56			131,334.56	135,053.44	3,718.88	0.00
GNMA	2002 RMRB	4.80	07/08/04	06/20/34			83,583.57			83,583.57	82,632.31	(951.26)	0.00
GNMA	2002 RMRB	4.80	04/22/04	04/20/34	266,651.84	256,327.75			(929.89)	265,721.95	264,026.06	8,628.20	0.00
GNMA	2002 RMRB	5.49	04/22/04	04/20/34	217,400.97	217,984.95			(881.48)	216,519.49	222,650.48	5,547.01	0.00
GNMA	2002 RMRB	4.80	04/29/04	04/20/34	193,901.81	185,434.94			(691.59)	193,210.22	191,011.29	6,267.94	0.00
GNMA	2002 RMRB	5.49	04/29/04	04/20/34	91,205.03	91,450.02			(322.89)	90,882.14	93,455.57	2,328.44	0.00
GNMA	2002 RMRB	4.80	05/06/04	04/20/34	151,146.36	145,294.34			(1,360.38)	149,785.98	148,830.00	4,896.04	0.00
GNMA	2002 RMRB	5.49	05/06/04	04/20/34	59,444.08	59,603.73			(179.20)	59,264.86	60,943.01	1,518.48	0.00
GNMA	2002 RMRB	5.49	05/13/04	04/20/34	93,598.38	93,849.80			(431.88)	93,168.50	95,804.62	2,386.70	0.00
GNMA	2002 RMRB	4.80	05/13/04	04/20/34	94,148.95	90,503.74			(326.11)	93,822.84	93,224.04	3,046.41	0.00
GNMA	2002 RMRB	5.49	05/27/04	05/20/34	161,001.79	161,434.27			(621.80)	160,379.99	164,921.32	4,108.85	0.00
GNMA	2002 RMRB	5.49	06/03/04	05/20/34			148,051.51			148,051.51	152,243.75	4,192.24	0.00
GNMA	2002 RMRB	5.49	06/24/04	06/20/34			116,389.12			116,389.12	119,684.81	3,295.69	0.00
GNMA	2002 RMRB	5.49	07/15/04	04/20/34			100,701.30			100,701.30	103,552.77	2,851.47	0.00
GNMA	2002 RMRB	5.49	07/22/04	07/20/34			97,645.12			97,645.12	100,410.05	2,764.93	0.00
GNMA	2002 RMRB	5.49	07/29/04	07/20/34			55,539.96			55,539.96	57,112.63	1,572.67	0.00
GNMA	2002 RMRB	5.49	08/05/04	08/20/34			223,432.47			223,432.47	229,759.20	6,326.73	0.00
GNMA	2002 RMRB	5.49	08/19/04	08/20/34			192,291.25			192,291.25	197,736.18	5,444.93	0.00
GNMA	2002 RMRB	5.49	08/26/04	08/20/34			113,801.58			113,801.58	117,023.99	3,222.41	0.00
FNMA	2002 RMRB	5.49	05/29/03	04/01/33	243,935.96	243,041.36			(793.90)	243,142.06	248,626.66	6,379.20	0.00
FNMA	2002 RMRB	4.80	09/18/03	07/01/33	197,380.13	188,699.55			(741.29)	196,638.84	194,471.41	6,513.15	0.00
FNMA	2002 RMRB	5.49	12/04/03	11/01/33	201,072.20	200,334.80			(641.55)	200,430.65	204,951.80	5,258.55	0.00
FNMA	2002 RMRB	4.80	01/15/04	11/01/33	293,314.82	280,415.15			(1,042.00)	292,272.82	289,051.27	9,878.12	0.00
FNMA	2002 RMRB	4.80	02/26/04	01/01/34	102,234.37	97,633.44			(665.11)	101,569.26	100,253.79	3,285.46	0.00
FNMA	2002 RMRB	5.49	04/08/04	06/01/33	65,708.90	65,467.92			(244.03)	65,464.87	66,941.58	1,717.69	0.00
Repo Agmt GIC's	2002 RMRB	1.58	08/31/04	09/01/04	12,590,763.93	12,590,763.93	11,314,340.46			11,314,340.46	11,314,340.46	-	0.00
Repo Agmt	2002 RMRB	1.58	08/31/04	09/01/04	8,094.02	8,094.02	26.24			8,120.26	8,120.26	-	0.00
	2002 RMRB Total				41,237,354.27	40,652,331.87	12,879,901.65	(13,523,885.74)	(330,509.17)	40,262,861.01	40,500,973.70	823,135.09	0.00
Repo Agmt GIC's	1999 B-D RMRB	1.58	08/31/04	09/01/04	218,759.79	218,759.79			(194,380.04)	24,379.75	24,379.75	-	0.00
Repo Agmt GIC's	1999 B-D RMRB	6.40	12/02/99	07/01/32	8,505,675.04	8,505,675.04			(5,311,979.75)	3,193,695.29	3,193,695.29	-	0.00
Repo Agmt GIC's	1999 B-D RMRB	1.58	08/31/04	09/01/04	0.28	0.28	2,548.30			2,548.58	2,548.58	-	0.00
GNMA	1999 B-D RMRB	6.40	12/02/99	07/01/32	80,377.08	80,377.08	0.00			80,377.08	80,377.08	-	0.00
GNMA	1999 B-D RMRB	8.18	04/01/91	01/20/21	69,922.93	76,941.19			(533.16)	69,389.77	76,229.68	(178.35)	0.00
GNMA	1999 B-D RMRB	8.18	08/01/90	06/20/20	271,548.78	299,058.43			(2,368.39)	269,180.39	295,676.38	(1,013.66)	0.00
GNMA	1999 B-D RMRB	7.18	08/01/90	06/20/20	159,943.34	172,637.58			(1,791.85)	158,151.49	170,872.00	26.27	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	751,391.43	827,512.26			(73,105.64)	678,285.79	745,050.89	(9,355.73)	0.00
GNMA	1999 B-D RMRB	8.18	07/02/90	05/20/20	122,774.80	135,212.71			(19,665.07)	103,109.73	113,259.06	(2,288.58)	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	313,442.08	345,195.77			(3,884.69)	309,557.39	340,027.76	(1,283.32)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	08/20/20	449,345.49	494,867.12			(42,525.79)	406,819.70	446,863.85	(5,477.48)	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	129,237.27	142,329.85			(1,574.97)	127,662.30	140,228.37	(526.51)	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	08/20/20	259,371.94	285,647.94			(1,902.46)	257,469.48	282,812.69	(932.79)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognize Gain
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	216,152.46	238,050.10			(4,218.34)	211,934.12	232,795.22	(1,036.54)	0.0
GNMA	1999 B-D RMRB	7.18	11/01/90	09/20/20	152,564.78	164,673.32			(1,320.60)	151,244.18	163,409.02	56.30	0.0
GNMA	1999 B-D RMRB	8.18	12/03/90	10/20/20	122,616.46	135,038.25			(1,411.10)	121,205.36	133,135.81	(491.34)	0.0
GNMA	1999 B-D RMRB	8.75	12/28/89	09/20/18	1,899,839.41	2,121,538.25			(211,013.16)	1,688,826.25	1,891,196.85	(19,328.24)	0.0
GNMA	1999 B-D RMRB	8.75	11/30/89	10/20/18	111,320.48	124,310.90			(1,842.69)	109,477.79	122,596.46	128.25	0.0
GNMA	1999 B-D RMRB	8.75	11/30/89	09/20/18	153,603.23	171,527.74			(1,886.14)	151,717.09	169,897.24	255.64	0.0
GNMA	1999 B-D RMRB	8.75	01/01/90	11/20/18	356,648.36	398,266.88			(4,071.53)	352,576.83	394,825.80	830.45	0.0
GNMA	1999 B-D RMRB	8.75	01/01/90	12/20/18	183,017.05	204,373.90			(1,850.00)	181,167.05	202,876.09	352.19	0.0
GNMA	1999 B-D RMRB	8.75	02/27/90	01/20/19	215,328.62	240,668.18			(2,937.24)	212,391.38	238,106.78	375.84	0.0
GNMA	1999 B-D RMRB	8.75	05/29/90	04/20/19	165,000.28	184,417.26			(1,866.68)	163,133.60	182,885.08	334.50	0.0
GNMA	1999 B-D RMRB	8.75	06/28/90	05/20/19	54,773.14	61,218.77			(450.71)	54,322.43	60,899.56	131.50	0.0
GNMA	1999 B-D RMRB	7.18	02/01/91	11/20/20	198,542.46	214,300.17			(42,917.88)	155,624.58	168,141.83	(3,240.46)	0.0
GNMA	1999 B-D RMRB	8.18	02/25/91	11/20/20	147,827.55	162,803.40			(5,499.02)	142,328.53	156,338.17	(966.21)	0.0
GNMA	1999 B-D RMRB	7.18	05/02/91	02/20/21	221,867.53	239,416.25			(2,007.61)	219,859.92	237,521.63	112.99	0.0
GNMA	1999 B-D RMRB	8.75	09/28/90	08/20/19	132,795.95	148,423.13			(1,221.03)	131,574.92	147,505.36	303.26	0.0
GNMA	1999 B-D RMRB	8.75	10/23/90	09/20/19	120,662.58	134,861.98			(44,970.41)	75,692.17	84,856.66	(5,034.91)	0.0
GNMA	1999 B-D RMRB	8.75	11/28/90	09/20/19	148,846.00	166,361.95			(1,136.21)	147,709.79	165,593.80	368.06	0.0
GNMA	1999 B-D RMRB	8.75	12/21/90	09/20/19	82,626.08	92,348.27			(636.07)	81,989.01	91,915.86	203.66	0.0
GNMA	1999 B-D RMRB	8.75	01/25/91	12/20/19	202,694.51	226,547.30			(3,838.15)	198,856.36	222,933.00	223.85	0.0
GNMA	1999 B-D RMRB	8.75	02/22/91	12/20/19	29,621.53	33,107.31			(265.54)	29,355.99	32,910.25	68.48	0.0
GNMA	1999 B-D RMRB	8.75	03/28/91	02/20/20	55,997.20	62,629.67			(444.10)	55,553.10	62,332.29	146.72	0.0
GNMA	1999 B-D RMRB	8.75	03/28/91	12/20/19	86,425.73	96,596.18			(24,737.62)	61,688.11	69,157.03	(2,701.53)	0.0
GNMA	1999 B-D RMRB	8.18	05/02/91	03/20/21	312,551.62	343,923.00			(94,019.37)	218,532.25	240,073.59	(9,830.04)	0.0
GNMA	1999 B-D RMRB	6.10	07/28/00	07/20/30	2,253,408.15	2,307,039.26			(80,148.65)	2,173,259.50	2,264,710.25	37,819.64	0.0
FNMA	1999 B-D RMRB	6.10	04/28/00	04/01/30	241,618.12	247,489.44			(1,272.67)	240,345.45	250,519.27	4,302.50	0.0
GNMA	1999 B-D RMRB	6.10	04/20/00	04/20/30	1,859,685.20	1,903,945.70			(127,024.73)	1,732,660.47	1,805,570.82	28,649.85	0.0
GNMA	1999 B-D RMRB	6.10	04/27/00	04/20/30	1,878,137.85	1,922,837.50			(8,829.16)	1,869,308.69	1,947,969.17	33,960.83	0.0
GNMA	1999 B-D RMRB	6.10	06/26/00	06/20/30	2,844,903.99	2,912,612.70			(266,095.76)	2,578,808.23	2,687,324.47	40,807.53	0.0
GNMA	1999 B-D RMRB	6.10	05/30/00	03/20/30	3,168,899.78	3,244,319.62			(44,276.45)	3,124,623.33	3,256,107.52	56,064.35	0.0
FNMA	1999 B-D RMRB	6.10	05/30/00	05/01/30	300,545.85	307,849.10			(1,938.25)	298,607.60	311,247.65	5,336.80	0.0
FNMA	1999 B-D RMRB	6.10	06/26/00	06/01/30	105,985.41	108,560.86			(864.76)	105,120.65	109,570.41	1,874.31	0.0
GNMA	1999 B-D RMRB	6.10	09/14/00	08/20/30	4,581,794.00	4,690,840.71			(215,622.88)	4,366,171.12	4,549,899.62	74,681.79	0.0
GNMA	1999 B-D RMRB	6.10	10/19/00	09/20/30	1,399,994.05	1,433,313.93			(173,706.46)	1,226,287.59	1,277,889.80	18,282.33	0.0
GNMA	1999 B-D RMRB	6.10	10/23/00	10/20/30	579,980.84	593,784.37			(2,209.04)	577,771.80	602,084.43	10,509.10	0.0
GNMA	1999 B-D RMRB	6.10	10/27/00	10/20/30	277,334.35	283,934.90			(1,581.65)	275,752.70	287,356.36	5,003.11	0.0
GNMA	1999 B-D RMRB	6.10	10/30/00	10/20/30	405,212.53	414,856.58			(101,766.86)	303,445.67	316,214.65	3,124.93	0.0
FNMA	1999 B-D RMRB	6.10	07/24/00	07/01/30	122,028.48	124,993.77			(608.24)	121,520.24	126,664.19	2,178.66	0.0
GNMA	1999 B-D RMRB	6.10	01/16/01	12/20/30	245,726.91	251,575.21			(1,234.50)	244,492.41	254,780.65	4,439.94	0.0
GNMA	1999 B-D RMRB	6.10	01/29/01	12/20/30	143,637.09	147,055.65			(605.82)	143,031.27	149,050.03	2,600.20	0.0
GNMA	1999 B-D RMRB	6.10	11/16/00	11/20/30	30,397.57	31,121.03			(3,595.95)	26,801.62	27,929.43	404.35	0.0
GNMA	1999 B-D RMRB	6.10	12/21/00	11/20/30	631,231.97	646,255.29			(3,352.56)	627,879.41	654,300.57	11,397.84	0.0
GNMA	1999 B-D RMRB	6.10	12/27/00	12/20/30	373,406.47	382,293.55			(2,323.56)	371,082.91	386,698.08	6,728.09	0.0
GNMA	1999 B-D RMRB	6.10	02/20/01	01/20/31	277,657.08	284,193.12			(83,250.38)	194,406.70	202,548.44	1,605.70	0.0
GNMA	1999 B-D RMRB	6.10	03/15/01	03/20/31	275,613.31	282,101.24			(956.02)	274,657.29	286,159.93	5,014.71	0.0
GNMA	1999 B-D RMRB	6.10	03/29/01	03/20/31	110,529.74	113,131.61			(383.29)	110,146.45	114,759.38	2,011.06	0.0
GNMA	1999 B-D RMRB	6.10	05/10/01	04/20/31	1,054,939.43	1,079,772.71			(4,244.43)	1,050,695.00	1,094,698.11	19,169.83	0.0
FNMA	1999 B-D RMRB	6.10	09/11/00	08/01/30	1,102,358.13	1,129,145.44			(8,175.07)	1,094,183.06	1,140,499.84	19,529.47	0.0
FNMA	1999 B-D RMRB	6.10	10/06/00	10/01/30	131,300.47	134,491.07			(1,464.76)	129,835.71	135,331.66	2,305.35	0.0
GNMA	1999 B-D RMRB	6.10	05/30/01	05/20/31	499,058.18	510,806.01			(1,927.16)	497,131.02	517,950.86	9,072.01	0.0
GNMA	1999 B-D RMRB	6.10	06/18/01	04/20/31	231,878.70	237,337.12			(2,086.87)	229,791.83	239,415.51	4,165.26	0.0
GNMA	1999 B-D RMRB	6.10	07/25/01	06/20/31	702,813.80	719,358.03			(2,847.27)	699,966.53	729,281.13	12,770.37	0.0
GNMA	1999 B-D RMRB	6.10	08/31/01	08/20/31	732,212.19	749,448.45			(2,474.27)	729,737.92	760,299.33	13,325.15	0.0
FNMA	1999 B-D RMRB	6.10	12/27/00	11/01/30	219,566.73	224,902.19			(56,607.41)	162,959.32	169,857.38	1,562.60	0.0
FNMA	1999 B-D RMRB	6.10	01/12/01	12/01/30	118,744.79	121,630.29			(798.24)	117,946.55	122,939.23	2,107.18	0.0

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
FNMA	1999 B-D RMRB	6.10	02/05/01	01/01/31	317,211.96	324,920.21			(2,261.62)	314,950.34	328,282.19	5,623.60	0.0
GNMA	1999 B-D RMRB	6.10	12/27/01	10/20/31	68,161.05	69,765.56			(245.91)	67,915.14	70,759.43	1,239.78	0.0
GNMA	1999 B-D RMRB	6.10	09/20/01	08/20/31	427,420.75	437,482.22			(1,722.21)	425,698.54	443,526.79	7,766.78	0.0
GNMA	1999 B-D RMRB	6.10	09/28/01	09/20/31	277,619.92	284,155.09			(94,812.13)	182,807.79	190,463.78	1,120.82	0.0
GNMA	1999 B-D RMRB	6.10	10/17/01	09/20/31	188,205.42	192,635.77			(654.50)	187,550.92	195,405.55	3,424.28	0.0
GNMA	1999 B-D RMRB	6.10	10/30/01	05/20/31	44,437.29	45,483.34			(228.55)	44,208.74	46,060.20	805.41	0.0
FNMA	1999 B-D RMRB	6.10	03/15/01	02/01/31	378,139.51	387,328.30			(2,684.80)	375,454.71	391,347.71	6,704.21	0.0
GNMA	1999 B-D RMRB	6.10	01/22/02	12/20/31	185,006.08	189,361.12			(596.70)	184,409.38	192,132.44	3,368.02	0.0
GNMA	1999 B-D RMRB	6.10	01/30/02	01/20/32	178,977.73	183,323.31			(620.23)	178,357.50	185,784.31	3,081.23	0.0
GNMA	1999 B-D RMRB	6.10	02/25/02	02/20/32	1,289,291.26	1,320,595.25			(62,283.79)	1,227,007.47	1,278,100.05	19,788.59	0.0
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	77,856.18	79,746.53			(272.64)	77,583.54	80,814.12	1,340.23	0.0
GNMA	1999 B-D RMRB	6.10	05/24/02	05/20/32	248,867.31	254,909.81			(915.31)	247,952.00	258,276.72	4,282.22	0.0
GNMA	1999 B-D RMRB	6.10	03/21/02	03/20/32	884,824.93	906,308.52			(2,901.20)	881,923.73	918,647.08	15,239.76	0.0
GNMA	1999 B-D RMRB	6.10	04/17/02	03/20/32	1,107,530.92	1,134,421.76			(192,259.99)	915,270.93	953,982.80	11,221.03	0.0
GNMA	1999 B-D RMRB	6.10	04/29/02	04/20/32	699,775.14	716,765.67			(2,901.37)	696,873.77	725,891.58	12,027.28	0.0
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	99,664.70	102,084.56			(313.16)	99,351.54	103,488.54	1,717.14	0.0
GNMA	1999 B-D RMRB	6.10	06/03/02	05/20/32	406,286.43	416,151.06			(1,731.98)	404,554.45	421,400.10	6,981.02	0.0
GNMA	1999 B-D RMRB	6.10	06/10/02	05/20/32	105,731.89	108,299.06			(331.00)	105,400.89	109,789.78	1,821.72	0.0
GNMA	1999 B-D RMRB	6.10	06/19/02	04/20/32	310,151.31	317,681.78			(980.10)	309,171.21	322,045.10	5,343.42	0.0
GNMA	1999 B-D RMRB	6.10	06/28/02	06/20/32	222,845.56	228,256.25			(70,351.00)	152,494.56	158,844.43	939.18	0.0
GNMA	1999 B-D RMRB	6.10	09/26/02	09/20/32	86,164.06	88,256.12			(262.05)	85,902.01	89,478.97	1,484.90	0.0
GNMA	1999 B-D RMRB	6.10	10/21/02	09/20/32	100,262.28	102,696.65			(304.93)	99,957.35	104,119.57	1,727.85	0.0
GNMA	1999 B-D RMRB	6.10	10/29/02	10/20/32	74,774.56	76,590.09			(988.97)	73,785.59	76,858.02	1,256.90	0.0
GNMA	1999 B-D RMRB	6.10	11/12/02	10/20/32	95,428.77	97,745.78			(289.92)	95,138.85	99,100.43	1,644.57	0.0
GNMA	1999 B-D RMRB	6.10	11/26/02	11/20/32	96,439.31	98,780.86			(292.85)	96,146.46	100,150.00	1,661.99	0.0
GNMA	1999 B-D RMRB	6.10	12/19/02	12/20/32	111,723.18	114,435.82			(333.36)	111,389.82	116,028.09	1,925.63	0.0
GNMA	1999 B-D RMRB	6.10	01/30/03	01/20/33	111,165.74	113,845.95			(329.43)	110,836.31	115,545.74	2,029.22	0.0
GNMA	1999 B-D RMRB	6.10	02/12/03	01/20/33	73,088.69	74,850.86			(217.59)	72,871.10	75,967.39	1,334.12	0.0
FNMA	1999 B-D RMRB	6.10	10/17/01	09/01/31	153,145.64	156,772.13			(25,088.61)	128,057.03	133,429.02	1,745.50	0.0
FNMA	1999 B-D RMRB	6.10	01/28/02	11/01/31	273,542.72	280,020.21			(918.17)	272,624.55	284,061.15	4,959.11	0.0
FNMA	1999 B-D RMRB	6.10	04/17/02	02/01/32	36,535.04	37,443.30			(116.31)	36,418.73	37,947.59	620.60	0.0
Repo Agmt	1999 B-D RMRB	1.58	08/31/04	09/01/04	2.69	2.69	0.00			2.69	2.69	-	0.0
	1999 B-D RMRB Total				52,333,991.44	54,031,729.28	2,548.30	(5,506,359.79)	(2,272,296.72)	44,557,883.23	46,770,684.29	515,063.22	0.0
Repo Agmt	2000 A RMRB	1.58	08/31/04	09/01/04	274,903.67	274,903.67	893.83			275,797.50	275,797.50	-	0.0
Repo Agmt	2000 A RMRB	1.58	08/31/04	09/01/04	95,889.71	95,889.71		(74,763.55)		21,126.16	21,126.16	-	0.0
GIC's	2000 A RMRB	6.51	05/01/00	07/01/31	5,796,732.42	5,796,732.42		(4,371,329.00)		1,425,403.42	1,425,403.42	-	0.0
Repo Agmt	2000 A RMRB	1.58	08/31/04	09/01/04	0.47	0.47	1,325.99			1,326.46	1,326.46	-	0.0
GIC's	2000 A RMRB	6.51	05/01/00	07/01/31	31,878.27	31,878.27	0.00			31,878.27	31,878.27	-	0.0
GNMA	2000 A RMRB	6.45	07/28/00	07/20/30	1,047,571.48	1,085,577.33			(4,235.76)	1,043,335.72	1,098,820.28	17,478.71	0.0
GNMA	2000 A RMRB	6.45	09/14/00	08/20/30	3,356,217.82	3,477,981.40			(113,818.11)	3,242,399.71	3,414,830.52	50,667.23	0.0
GNMA	2000 A RMRB	6.45	10/16/00	09/20/30	1,176,444.00	1,219,125.37			(85,419.25)	1,091,024.75	1,149,045.43	15,339.31	0.0
GNMA	2000 A RMRB	6.45	10/23/00	10/20/30	1,143,308.92	1,184,788.16			(164,503.07)	978,805.85	1,030,858.74	10,573.65	0.0
GNMA	2000 A RMRB	6.45	10/30/00	10/20/30	727,489.85	753,893.55			(94,580.77)	632,919.08	666,577.73	7,264.95	0.0
FNMA	2000 A RMRB	6.45	07/28/00	06/01/30	342,274.72	354,504.19			(1,227.62)	341,047.10	358,788.37	5,511.80	0.0
GNMA	2000 A RMRB	6.45	01/08/01	12/20/30	292,158.42	302,757.94			(1,004.13)	291,154.29	306,637.88	4,884.07	0.0
GNMA	2000 A RMRB	6.45	01/29/01	01/20/31	308,978.15	320,135.34			(86,306.24)	222,671.91	234,480.18	651.08	0.0
GNMA	2000 A RMRB	6.45	11/16/00	11/20/30	1,233,135.09	1,277,873.23			(4,491.65)	1,228,643.44	1,293,982.71	20,601.13	0.0
GNMA	2000 A RMRB	6.45	11/29/00	11/20/30	504,515.44	522,819.27			(1,886.59)	502,628.85	529,358.66	8,425.98	0.0
GNMA	2000 A RMRB	6.45	12/21/00	11/20/30	898,515.80	931,113.93			(85,793.38)	812,722.42	855,942.98	10,622.43	0.0
GNMA	2000 A RMRB	6.45	12/27/00	11/20/30	355,620.44	368,522.37			(1,216.45)	354,403.99	373,251.21	5,945.29	0.0
GNMA	2000 A RMRB	6.45	02/20/01	01/20/31	422,667.71	437,930.23			(61,212.86)	361,454.85	380,622.79	3,905.42	0.0
GNMA	2000 A RMRB	6.45	02/28/01	02/20/31	557,170.71	577,290.12			(110,334.34)	446,836.37	470,532.07	3,576.29	0.0
GNMA	2000 A RMRB	6.45	03/15/01	06/20/31	486,830.43	504,409.87			(1,893.00)	484,937.43	510,653.65	8,136.78	0.0

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
GNMA	2000 A RMRB	6.45	03/29/01	02/20/31	181,540.03	188,095.44			(966.19)	180,573.84	190,149.67	3,020.42	0.00
GNMA	2000 A RMRB	6.45	04/30/01	04/20/31	446,692.92	462,823.03			(1,769.05)	444,923.87	468,518.21	7,464.23	0.00
FNMA	2000 A RMRB	6.45	09/11/00	08/01/30	669,324.98	693,239.96			(3,604.17)	665,720.81	700,351.61	10,715.82	0.00
FNMA	2000 A RMRB	6.45	10/06/00	09/01/30	156,902.44	162,508.57			(532.41)	156,370.03	164,504.40	2,528.24	0.00
FNMA	2000 A RMRB	6.45	11/16/00	10/01/30	289,943.22	300,302.89			(994.10)	288,949.12	303,980.25	4,671.46	0.00
GNMA	2000 A RMRB	6.45	05/30/01	05/30/31	524,742.90	543,691.58			(1,803.49)	522,939.41	550,671.10	8,783.01	0.00
GNMA	2000 A RMRB	6.45	06/18/01	03/20/31	312,006.77	323,273.33			(1,141.51)	310,865.26	327,350.44	5,218.62	0.00
GNMA	2000 A RMRB	6.45	07/16/01	06/20/31	218,427.66	226,315.08			(740.22)	217,687.44	229,231.41	3,656.55	0.00
GNMA	2000 A RMRB	6.45	08/08/01	07/20/31	282,320.11	292,514.69			(896.28)	281,423.83	296,347.73	4,729.32	0.00
GNMA	2000 A RMRB	6.45	08/31/01	08/20/31	315,903.67	327,310.95			(1,140.43)	314,763.24	331,455.13	5,284.61	0.00
GNMA	2000 A RMRB	6.45	08/27/00	11/01/30	284,100.75	294,251.68			(1,011.48)	283,089.27	297,815.59	4,575.39	0.00
FNMA	2000 A RMRB	6.45	02/05/01	01/01/31	97,247.69	100,722.35			(552.33)	96,695.36	101,725.45	1,555.43	0.00
GNMA	2000 A RMRB	6.45	11/29/01	11/20/31	715,000.81	740,819.47			(2,369.50)	712,631.31	750,422.13	11,972.16	0.00
GNMA	2000 A RMRB	6.45	12/17/01	11/20/31	475,163.76	492,321.91			(86,185.02)	388,978.74	409,606.27	3,469.38	0.00
GNMA	2000 A RMRB	6.45	12/27/01	12/20/31	775,571.88	803,577.80			(73,481.39)	702,090.49	739,322.36	9,225.95	0.00
GNMA	2000 A RMRB	6.45	09/25/01	09/20/31	543,258.07	562,875.14			(1,719.80)	541,538.27	570,255.05	9,100.71	0.00
GNMA	2000 A RMRB	6.45	09/28/01	09/20/31	925,367.46	958,782.46			(97,734.84)	827,632.62	871,521.96	10,474.34	0.00
GNMA	2000 A RMRB	6.45	10/17/01	10/20/31	541,969.46	561,539.96			(3,224.98)	538,744.48	567,314.08	8,999.10	0.00
GNMA	2000 A RMRB	6.45	10/30/01	10/20/31	546,948.99	566,699.32			(2,017.11)	544,931.88	573,829.63	9,147.42	0.00
GNMA	2000 A RMRB	6.45	11/15/01	11/20/31	318,564.60	330,067.97			(54,200.36)	264,364.25	278,383.49	2,515.87	0.00
FNMA	2000 A RMRB	6.45	03/29/01	02/01/31	319,770.97	331,196.39			(2,680.10)	317,090.87	333,585.94	5,069.65	0.00
GNMA	2000 A RMRB	6.45	01/22/02	01/20/32	701,768.10	727,136.99			(2,910.33)	698,857.77	735,722.49	11,495.83	0.00
GNMA	2000 A RMRB	6.45	01/30/02	12/20/31	136,764.64	141,703.21			(451.59)	136,313.05	143,541.73	2,290.11	0.00
GNMA	2000 A RMRB	6.45	02/25/02	02/20/32	1,832,543.86	1,898,790.30			(65,921.60)	1,766,622.26	1,859,811.56	26,942.86	0.00
GNMA	2000 A RMRB	6.45	07/12/01	06/01/31	143,674.73	148,713.40			(463.25)	143,211.48	150,665.64	2,415.49	0.00
GNMA	2000 A RMRB	6.45	05/15/02	04/20/32	92,640.21	95,989.15			(288.06)	92,352.15	97,223.73	1,522.64	0.00
GNMA	2000 A RMRB	6.45	05/24/02	05/20/32	220,164.89	228,123.85			(981.63)	219,183.26	230,745.18	3,602.96	0.00
GNMA	2000 A RMRB	6.45	03/21/02	02/20/32	501,545.09	519,675.96			(1,625.69)	499,919.40	526,290.17	8,239.90	0.00
GNMA	2000 A RMRB	6.45	04/17/02	03/20/32	557,189.84	577,332.26			(2,043.88)	555,145.96	584,429.91	9,141.53	0.00
GNMA	2000 A RMRB	6.45	04/29/02	04/20/32	142,152.83	147,291.65			(426.79)	141,726.04	149,202.09	2,337.23	0.00
GNMA	2000 A RMRB	6.45	05/15/02	03/20/32	68,991.18	71,485.21			(213.90)	68,777.28	72,405.28	1,133.97	0.00
GNMA	2000 A RMRB	6.45	08/29/02	04/20/32	49,520.64	51,310.81			(149.12)	49,371.52	51,975.87	814.18	0.00
GNMA	2000 A RMRB	6.45	08/29/02	08/20/32	66,220.25	68,614.11			(190.46)	66,029.79	69,512.86	1,089.21	0.00
GNMA	2000 A RMRB	6.45	06/03/02	05/20/32	71,044.24	73,612.49			(559.66)	70,484.58	74,202.64	1,149.81	0.00
GNMA	2000 A RMRB	6.45	07/05/02	03/20/32	47,424.08	49,138.46			(685.12)	46,738.96	49,204.44	751.10	0.00
GNMA	2000 A RMRB	6.45	08/01/02	05/20/32	83,268.44	85,555.59			(185.73)	83,082.71	86,410.32	1,040.46	0.00
GNMA	2000 A RMRB	6.45	11/12/02	11/20/32	136,385.36	141,315.69			(389.50)	135,995.86	143,169.64	2,243.45	0.00
GNMA	2000 A RMRB	6.45	09/12/02	08/20/32	60,353.78	62,535.57			(183.86)	60,169.92	63,343.88	992.17	0.00
GNMA	2000 A RMRB	6.45	10/21/02	10/20/32	76,105.21	78,856.41			(215.72)	75,889.49	79,892.66	1,251.97	0.00
GNMA	2000 A RMRB	6.45	10/29/02	10/20/32	66,314.24	68,711.50			(196.59)	66,117.65	69,605.36	1,090.45	0.00
GNMA	2000 A RMRB	6.45	11/26/02	11/20/32	45,958.81	47,620.22			(129.39)	45,829.42	48,246.92	756.09	0.00
GNMA	2000 A RMRB	6.45	12/19/02	11/20/32	122,531.77	126,961.29			(345.01)	122,186.76	128,632.11	2,015.83	0.00
GNMA	2000 A RMRB	6.45	12/30/02	12/20/32	68,802.42	71,289.63			(192.42)	68,610.00	72,229.18	1,131.97	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	80,805.10	83,720.55			(242.58)	80,562.52	84,763.86	1,285.89	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	147,334.59	152,650.42			(413.79)	146,920.80	154,582.72	2,346.09	0.00
FNMA	2000 A RMRB	6.45	09/28/01	09/01/31	168,238.62	174,138.75			(740.64)	167,497.98	176,216.25	2,818.14	0.00
FNMA	2000 A RMRB	6.45	10/17/01	09/01/31	222,536.09	230,340.43			(776.11)	221,759.98	233,302.59	3,738.27	0.00
GNMA	2000 A RMRB	6.45	02/20/03	02/20/33	73,051.71	75,687.42			(260.26)	72,791.45	76,587.52	1,160.36	0.00
FNMA	2000 A RMRB	6.45	12/27/01	11/01/31	214,791.43	222,324.16			(4,514.04)	210,277.39	221,222.33	3,412.21	0.00
FNMA	2000 A RMRB	6.45	04/17/02	03/01/32	124,809.04	129,143.66			(457.39)	124,351.65	130,832.86	2,146.59	0.00
Repo Agmt	2000 A RMRB	1.58	08/31/04	09/01/04	14,729.24	14,729.24	0.00			14,729.24	14,729.24	-	0.00
Repo Agmt	2000 A RMRB Total				34,310,743.09	35,325,555.19	2,219.82	(4,446,092.55)	(1,242,842.08)	28,624,028.28	30,044,958.94	406,118.56	0.00
Repo Agmt	2003A RMRB	1.58	08/31/04	09/01/04	249,980.81	249,980.81	119,027.66			369,008.47	369,008.47	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
GIC's	2003A RMRB	1.22	08/20/03	02/01/05	998,989.38	998,989.38		(99,121.82)		899,867.56	899,867.56	-	0.00
Repo Agmt	2003A RMRB	1.58	08/31/04	09/01/04	518,292.47	518,292.47		(175,735.18)		342,557.29	342,557.29	-	0.00
Repo Agmt	2003A RMRB	1.58	08/31/04	09/01/04	95.71	95.71	0.14			95.85	95.85	-	0.00
GIC's	2003A RMRB	4.13	08/20/03	07/01/34	1,019,946.01	1,019,946.01		(1,018,123.72)		1,822.29	1,822.29	-	0.00
GNMA	2003A RMRB	4.49	03/25/04	03/20/34	12,628,201.28	11,840,612.03			(51,951.13)	12,576,250.15	12,202,740.91	414,080.01	0.00
GNMA	2003A RMRB	4.49	03/30/04	03/20/34	1,984,037.92	1,860,294.61			(7,425.71)	1,976,612.21	1,917,907.68	65,038.78	0.00
GNMA	2003A RMRB	4.49	07/08/04	07/20/34			1,476,892.30			1,476,892.30	1,433,029.23	(43,863.07)	0.00
GNMA	2003A RMRB	5.49	07/08/04	06/20/34			173,756.58			173,756.58	178,676.69	4,920.11	0.00
GNMA	2003A RMRB	4.49	07/08/04	07/20/34			190,298.21			190,298.21	185,634.19	(4,664.02)	0.00
GNMA	2003A RMRB	5.49	07/08/04	07/20/34			179,196.96			179,196.96	183,816.90	4,619.94	0.00
GNMA	2003A RMRB	4.49	04/08/04	04/20/34	2,132,118.92	2,009,851.91			(8,490.37)	2,123,628.55	2,071,580.61	70,219.07	0.00
GNMA	2003A RMRB	5.49	04/08/04	04/20/34	463,417.37	464,691.56			(1,440.37)	461,977.00	475,058.38	11,807.19	0.00
GNMA	2003A RMRB	5.49	04/08/04	04/20/34	45,505.62	45,628.31			(137.22)	45,368.40	46,653.06	1,161.97	0.00
GNMA	2003A RMRB	4.49	04/15/04	04/20/34	1,339,570.36	1,262,762.72			(5,466.57)	1,334,103.79	1,301,406.30	44,110.15	0.00
GNMA	2003A RMRB	5.49	04/15/04	04/20/34	65,255.06	65,430.99			(343.48)	64,911.58	66,749.62	1,662.11	0.00
GNMA	2003A RMRB	4.49	04/22/04	04/20/34	1,533,719.49	1,445,746.76			(5,842.53)	1,527,876.96	1,490,430.30	50,526.07	0.00
GNMA	2003A RMRB	5.49	04/22/04	04/20/34	91,717.56	91,964.83			(276.56)	91,440.98	94,030.22	2,341.97	0.00
GNMA	2003A RMRB	4.49	04/29/04	04/20/34	1,114,546.72	1,045,022.97			(4,158.38)	1,110,388.34	1,077,410.29	36,545.70	0.00
GNMA	2003A RMRB	5.49	04/29/04	04/20/34	62,037.02	62,204.27			(187.06)	61,849.96	63,601.30	1,584.09	0.00
GNMA	2003A RMRB	4.49	05/06/04	05/20/34	871,825.01	817,424.54			(4,842.04)	866,982.97	841,233.95	28,651.45	0.00
GNMA	2003A RMRB	4.49	05/13/04	05/20/34	556,890.85	522,141.76			(2,207.36)	554,683.49	538,209.64	18,275.24	0.00
GNMA	2003A RMRB	4.49	05/20/04	05/20/34	1,563,199.74	1,465,658.60			(12,790.23)	1,550,409.51	1,504,363.00	51,494.63	0.00
GNMA	2003A RMRB	4.49	05/27/04	05/20/34	677,827.12	635,531.80			(2,475.97)	675,351.15	655,293.52	22,237.69	0.00
GNMA	2003A RMRB	4.49	06/03/04	06/20/34			1,098,348.91			1,098,348.91	1,065,728.42	(32,620.49)	0.00
GNMA	2003A RMRB	4.49	06/10/04	06/20/34			571,639.78			571,639.78	554,662.32	(16,977.46)	0.00
GNMA	2003A RMRB	4.49	06/17/04	06/20/34			1,320,407.20			1,320,407.20	1,281,191.67	(39,215.53)	0.00
GNMA	2003A RMRB	4.49	06/24/04	06/20/34			1,480,767.53			1,480,767.53	1,436,789.38	(43,978.15)	0.00
GNMA	2003A RMRB	5.49	06/24/04	06/20/34			1,258,387.50			1,258,387.50	1,294,020.10	35,632.60	0.00
GNMA	2003A RMRB	5.49	07/15/04	06/20/34			54,481.97			54,481.97	56,024.69	1,542.72	0.00
GNMA	2003A RMRB	4.49	07/15/04	07/20/34			511,742.22			511,742.22	496,543.69	(15,198.53)	0.00
GNMA	2003A RMRB	5.49	07/22/04	07/20/34			64,184.32			64,184.32	66,001.77	1,817.45	0.00
GNMA	2003A RMRB	4.49	07/22/04	07/20/34			602,068.35			602,068.35	584,187.19	(17,881.16)	0.00
GNMA	2003A RMRB	4.49	07/29/04	07/20/34			574,366.98			574,366.98	580,289.85	(14,077.13)	0.00
FNMA	2003A RMRB	5.49	07/29/04	07/20/34			262,766.86			262,766.86	270,207.39	7,440.53	0.00
GNMA	2003A RMRB	4.49	08/05/04	08/20/34			347,156.89			347,156.89	338,648.44	(8,508.45)	0.00
GNMA	2003A RMRB	5.49	08/05/04	07/20/34			112,007.18			112,007.18	115,178.78	3,171.60	0.00
GNMA	2003A RMRB	4.49	08/12/04	08/20/34			405,455.88			405,455.88	395,518.58	(9,937.30)	0.00
GNMA	2003A RMRB	5.49	08/12/04	07/20/34			87,844.09			87,844.09	90,331.49	2,487.40	0.00
GNMA	2003A RMRB	4.49	08/19/04	08/20/34			513,334.71			513,334.71	500,753.41	(12,581.30)	0.00
GNMA	2003A RMRB	5.49	08/19/04	08/20/34			373,399.51			373,399.51	383,972.72	10,573.21	0.00
FNMA	2003A RMRB	4.49	03/25/04	02/01/34	313,239.56	293,056.29			(1,241.59)	311,997.97	302,167.01	10,352.31	0.00
FNMA	2003A RMRB	4.49	07/29/04	07/01/34			322,776.08			322,776.08	312,605.51	(10,170.57)	0.00
FNMA	2003A RMRB	4.49	08/26/04	08/01/34			281,295.47			281,295.47	272,431.94	(8,663.53)	0.00
GIC's	2003A RMRB	1.22	08/20/03	02/01/05	45,822,561.93	45,822,561.93		(12,191,087.08)		33,631,474.85	33,631,474.85	-	0.00
Repo Agmt	2003A RMRB	1.58	08/31/04	09/01/04			33.99			33.99	33.99	-	0.00
	2003A RMRB Total				74,052,975.91	72,537,890.26	12,381,637.27	(13,484,067.80)	(109,276.59)	72,841,266.79	71,949,940.44	623,757.30	0.00
GNMA	1999 A RMRB	7.50	08/31/89	07/20/18	509,029.95	553,128.86			(29,759.96)	479,269.99	520,978.56	(2,390.34)	0.00
GNMA	1999 A RMRB	7.50	10/31/89	09/20/18	1,349,187.59	1,466,072.04			(42,239.13)	1,306,948.46	1,420,685.87	(3,147.04)	0.00
GNMA	1999 A RMRB	8.75	10/31/89	09/20/18	259,047.65	289,276.91			(37,459.12)	221,588.53	248,141.38	(3,676.41)	0.00
GNMA	1999 A RMRB	7.50	11/30/89	10/20/18	975,420.78	1,059,924.60			(59,070.90)	916,349.88	996,095.38	(4,758.32)	0.00
GNMA	1999 A RMRB	8.75	11/30/89	09/20/18	126,747.46	141,538.07			(1,397.70)	125,349.76	140,370.32	229.95	0.00
GNMA	1999 A RMRB	7.50	01/01/90	11/20/18	541,378.38	588,279.71			(6,301.23)	535,077.15	581,642.30	(336.18)	0.00
GNMA	1999 A RMRB	8.75	01/01/90	11/20/18	139,155.81	155,394.41			(1,580.57)	137,575.24	154,060.79	246.95	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in Market Value	Recognized Gain
GNMA	1999 A RMRB	7.50	01/01/90	12/20/18	325,598.37	353,806.02			(3,145.08)	322,453.29	350,514.87	(146.07)	0.00
GNMA	1999 A RMRB	7.50	02/27/90	12/20/18	138,396.96	150,386.80			(1,366.88)	137,030.08	148,955.21	(64.71)	0.00
GNMA	1999 A RMRB	8.75	05/29/90	02/20/19	244,207.63	272,945.69			(40,289.20)	203,918.43	228,608.03	(4,048.46)	0.00
GNMA	1999 A RMRB	7.50	03/30/90	01/20/19	404,642.40	439,754.75			(36,412.98)	368,229.42	400,411.51	(2,930.26)	0.00
GNMA	1999 A RMRB	8.75	03/30/90	01/20/19	232,312.89	259,651.11			(33,696.97)	198,615.92	222,663.43	(3,290.71)	0.00
GNMA	1999 A RMRB	7.50	04/26/90	03/20/19	414,371.18	450,327.89			(27,885.84)	386,485.34	420,263.11	(2,178.94)	0.00
GNMA	1999 A RMRB	8.75	04/26/90	03/20/19	252,026.42	281,684.51			(3,759.21)	248,267.21	278,328.29	400.99	0.00
GNMA	1999 A RMRB	7.50	05/29/90	04/20/19	477,867.47	519,333.95			(5,626.22)	472,241.25	513,513.77	(193.96)	0.00
GNMA	1999 A RMRB	7.50	06/28/90	04/20/19	75,320.56	81,856.44			(997.59)	74,322.97	80,818.60	(40.25)	0.00
GNMA	1999 A RMRB	8.75	06/28/90	04/20/19	105,044.63	117,406.15			(1,190.39)	103,854.24	116,428.47	212.71	0.00
GNMA	1999 A RMRB	7.50	10/31/90	07/20/19	80,107.02	87,058.26			(19,462.99)	60,644.03	65,944.18	(1,551.09)	0.00
GNMA	1999 A RMRB	7.50	12/21/90	08/20/19	53,848.90	58,521.58			(560.82)	53,288.08	57,945.30	(15.46)	0.00
GNMA	1999 A RMRB	8.75	12/21/90	08/20/19	32,292.46	36,092.60			(271.17)	32,021.29	35,898.30	76.87	0.00
GNMA	1999 A RMRB	7.50	03/28/91	11/20/19	44,699.41	48,578.15			(386.61)	44,312.80	48,185.61	(5.93)	0.00
GNMA	1999 A RMRB	8.75	04/28/91	01/20/20	204,915.19	229,185.83			(2,187.32)	202,727.87	227,466.81	468.30	0.00
GNMA	1999 A RMRB	8.75	04/29/91	02/20/20	161,175.62	180,265.65			(83,304.28)	77,871.36	87,374.06	(9,587.33)	0.00
GNMA	1999 A RMRB	7.50	04/29/91	12/20/19	149,188.72	162,134.47			(1,354.07)	147,834.65	160,755.03	(26.37)	0.00
GNMA	1999 A RMRB	5.35	01/31/01	08/20/30	44,356.64	43,803.54			(182.36)	44,174.28	44,787.88	1,166.70	0.00
GNMA	1999 A RMRB	5.35	01/31/01	01/20/31	457,261.53	451,431.45			(1,887.80)	455,373.73	461,270.82	11,727.17	0.00
GNMA	1999 A RMRB	5.35	03/15/01	01/20/31	124,330.36	122,745.15			(76,696.92)	47,633.44	48,250.29	2,202.06	0.00
GNMA	1999 A RMRB	5.35	05/10/01	04/20/31	158,876.42	156,850.75			(617.39)	158,259.03	180,308.49	4,075.13	0.00
GNMA	1999 A RMRB	5.35	06/22/01	05/20/31	56,870.44	56,145.34			(222.93)	56,647.51	57,381.10	1,458.69	0.00
GNMA	1999 A RMRB	5.35	06/29/01	05/20/31	151,280.06	149,351.24			(647.40)	150,632.66	152,583.35	3,879.51	0.00
GNMA	1999 A RMRB	5.35	03/15/01	10/01/30	260,518.36	257,045.65			(1,251.53)	259,266.83	262,549.15	6,755.03	0.00
FNMA	1999 A RMRB	5.35	06/18/01	03/01/31	73,334.33	72,268.78			(667.09)	72,667.24	73,574.13	1,972.44	0.00
FNMA	1999 A RMRB	5.35	03/18/02	02/20/32	41,322.83	40,774.89			(150.28)	41,172.55	41,679.38	1,054.77	0.00
GNMA	1999 A RMRB	1.58	08/31/04	09/01/04	401,199.23	401,199.23	0.00			401,199.23	401,199.23	-	0.00
Repo Agmt	1999 A RMRB Total				9,065,333.65	9,734,220.47	0.00	0.00	(522,029.91)	8,543,303.74	9,209,631.00	(2,559.56)	0.00
Total Residential Mortgage Revenue Bonds Investment Summary					506,276,562.80	509,335,454.89	33,166,059.99	(57,114,564.52)	(15,881,415.20)	466,446,643.07	477,330,571.46	7,825,036.30	0.00

Texas Department of Housing and Community Affairs
 Collateralized Home Mortgage Revenue Bonds Investment Summary
 For Period Ending August 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/ Purchases	Amortizations/ Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in Market Value	Recognized Gain
Repo Agmt	1990 A&B CHMRB	1.58	08/31/04	09/01/04	45,835.58	45,835.58	149.02			45,984.60	45,984.60	-	0.00
Repo Agmt	1990 A&B CHMRB	1.58	08/31/04	09/01/04	74,111.49	74,111.49	241.00			74,352.49	74,352.49	-	0.00
Mutual Fund	1990 A&B CHMRB	0.90	08/01/04	09/01/04	23.19	23.19		(0.03)		23.16	23.16	-	0.00
Repo Agmt	1990 A&B CHMRB	1.58	08/31/04	09/01/04	204,733.99	204,733.99	665.65			205,399.64	205,399.64	-	0.00
	1990 A&B CHMRB Total				324,704.25	324,704.25	1,055.67	(0.03)	0.00	325,759.89	325,759.89	0.00	0.00
Repo Agmt	1991 A CHMRB	1.58	08/31/04	09/01/04	96,718.91	96,718.91	314.47			97,033.38	97,033.38	-	0.00
Repo Agmt	1991 A CHMRB	1.58	08/31/04	09/01/04	6,447.62	6,447.62	20.96			6,468.58	6,468.58	-	0.00
	1991 A CHMRB Total				103,166.53	103,166.53	335.43	0.00	0.00	103,501.96	103,501.96	0.00	0.00
Repo Agmt	1992 A-C CHMRB	1.58	08/31/04	09/01/04	190,095.07	190,095.07	230,907.90			421,002.97	421,002.97	-	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	3,554,241.93	3,554,241.93		(2,962,219.30)		592,022.63	592,022.63	-	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	12/01/23	74,125.16	79,236.58			(41,531.87)	32,593.29	35,337.41	(2,367.30)	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/23	242,856.36	259,602.82			(2,218.56)	240,637.80	260,897.48	3,513.22	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	06/01/23	371,306.39	396,854.20			(4,466.05)	366,840.34	397,714.08	5,325.93	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	02/01/25	2,122,380.05	2,264,697.34			(223,770.53)	1,898,609.52	2,056,165.11	15,238.30	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	1,715,400.19	1,830,427.20			(203,736.28)	1,511,663.91	1,637,108.88	10,417.96	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	428,200.76	456,914.00			(3,468.88)	424,731.88	459,978.15	6,533.03	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	1,429,017.20	1,524,840.64			(128,489.09)	1,300,528.11	1,408,452.03	12,100.48	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	1,662,952.52	1,772,472.58			(191,691.69)	1,471,260.83	1,590,837.74	10,056.85	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/96	12/20/22	513,965.26	550,452.27			(43,101.52)	470,863.74	508,675.38	1,324.63	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	01/20/23	407,316.15	435,911.47			(2,956.80)	404,359.35	436,410.27	3,455.60	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/23	410,066.29	438,854.69			(32,706.64)	377,359.65	407,270.52	1,122.47	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	07/20/23	656,795.81	702,905.71			(58,620.99)	598,174.82	645,588.30	1,303.58	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	08/20/23	391,949.53	419,466.12			(2,512.23)	389,437.30	420,305.53	3,351.64	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	134,428.09	143,865.52			(12,332.15)	122,095.94	131,773.70	240.33	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	59,662.13	63,850.68			(1,289.38)	58,372.75	62,999.60	438.30	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	12/20/23	628,219.37	672,323.04			(47,308.90)	580,910.47	626,955.47	1,941.33	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/23	74,803.08	80,054.58			(849.80)	73,953.28	79,815.08	610.30	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/25	922,510.04	985,571.08			(63,198.49)	859,311.55	926,799.45	4,426.86	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/25	1,097,094.56	1,172,089.91			(7,232.97)	1,089,861.59	1,175,456.28	10,599.34	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	06/20/25	927,706.70	991,122.99			(77,078.27)	850,628.43	917,434.41	3,389.69	0.00
Repo Agmt	1992 A-C CHMRB	1.58	08/31/04	09/01/04	0.22	0.22	0.00			0.22	0.22	-	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	100,099.95	100,099.95		(100.22)		99,999.73	99,999.73	-	0.00
Repo Agmt	1992 A-C CHMRB	1.58	08/31/04	09/01/04			28.06			28.06	28.06	-	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	960,501.60	960,501.60		(285,998.14)		674,503.46	674,503.46	-	0.00
FNMA	1992 A-C CHMRB	6.91	04/28/95	06/01/23	240,486.00	257,069.02			(5,624.67)	234,861.33	254,634.69	3,190.34	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/23	1,568,968.58	1,679,116.90			(160,104.95)	1,408,863.63	1,520,535.18	1,523.23	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	01/20/25	3,756,802.66	4,013,610.70			(222,838.08)	3,533,964.58	3,811,512.29	20,739.67	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	02/20/25	3,181,683.47	3,399,177.40			(51,886.66)	3,129,796.81	3,375,602.27	28,311.53	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/25	4,317,455.13	4,612,588.30			(271,326.54)	4,046,128.59	4,363,900.19	22,638.43	0.00
Repo Agmt	1992 A-C CHMRB	1.58	08/31/04	09/01/04	10,077.62	10,077.62	32.76			10,110.38	10,110.38	-	0.00
	1992 A-C CHMRB Total				32,151,167.87	34,445,962.91	230,968.72	(3,248,317.69)	(1,860,341.99)	27,273,476.94	29,309,826.94	169,425.74	0.00
	Total CHMRB Investment Summary				32,579,038.65	34,445,962.91	232,359.82	(3,248,317.69)	(1,860,341.99)	27,702,738.79	29,739,088.79	169,425.74	0.00

Texas Department of Housing and Community Affairs
Multi Family Investment Summary
For Period Ending August 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
								(1.01)		50.83	50.83	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.86	08/01/04	09/01/04	51.84	51.84	0.00			76.04	76.04	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.86	08/01/04	09/01/04	76.04	76.04		(8,664.72)		32,153.08	32,153.08	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.86	08/01/04	09/01/04	40,817.80	40,817.80		(3,805.25)		22,306.96	22,306.96	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	0.86	08/01/04	09/01/04	26,112.21	26,112.21		(12,470.98)	0.00	54,586.91	54,586.91	0.00	0.00
	1996 A&B MF (Brighton/LasColi) Total				67,057.89	67,057.89	0.00						0.00
								(2,248.91)		1.09	1.09	-	0.00
Mutual Fund	1998 M/F (Dallas-Oxford Rfdg)	0.86	08/01/04	09/01/04	2,250.00	2,250.00		(6,908.80)		24,261.67	24,261.67	-	0.00
Mutual Fund	1998 M/F (Dallas-Oxford Rfdg)	0.86	08/01/04	09/01/04	31,170.47	31,170.47				460.33	460.33	-	0.00
Mutual Fund	1998 M/F (Dallas-Oxford Rfdg)	0.86	08/01/04	09/01/04	460.33	460.33	0.00			24,723.09	24,723.09	0.00	0.00
	1998 M/F (Dallas-Oxford Rfdg) Total				33,880.80	33,880.80	0.00	(9,157.71)	0.00				0.00
										66,539.35	66,539.35	-	0.00
Money Market	1984 A & B M/F (Summer Bend)	0.46	08/01/04	09/01/04	58,389.17	58,389.17	8,150.18	0.00	0.00	66,539.35	66,539.35	0.00	0.00
	1984 A & B M/F (Summer Bend) Total				58,389.17	58,389.17	8,150.18						0.00
										47.45	47.45	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	0.86	08/01/04	09/01/04	47.45	47.45	0.00	(0.24)		37,780.97	37,780.97	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)				0.24	0.24		(7,851.50)		37,828.42	37,828.42	0.00	0.00
Mutual Fund	1996 A&B MF (Braxton's)	0.90	08/01/04	09/01/04	45,632.47	45,632.47	0.00	(7,851.74)	0.00				0.00
	1996 A&B MF (Braxton's) Total				45,680.16	45,680.16	0.00						0.00
										1,008,425.48	1,008,425.48	-	0.00
T-Note	1993 A&B M/F(Reming. Hill/HP)	5.73	08/17/04	01/13/05	957,307.95	957,307.95	51,117.53			525.81	525.81	-	0.00
Repo Agmt	1993 A&B M/F(Reming. Hill/HP)	1.58	08/31/04	09/01/04	524.24	524.24	1.57			93,933.16	93,933.16	-	0.00
T-Bill	1993 A&B M/F(Reming. Hill/HP)	5.81	08/18/04	09/01/04	92,956.86	92,956.86	976.30			22,747.10	22,747.10	-	0.00
Repo Agmt	1993 A&B M/F(Reming. Hill/HP)	1.58	08/31/04	09/01/04	22,673.41	22,673.41	73.69			1,125,631.55	1,125,631.55	0.00	0.00
	1993 A&B M/F(Reming. Hill/HP) Total				1,073,462.46	1,073,462.46	52,169.09	0.00	0.00				0.00
										916,328.93	916,328.93	-	0.00
Repo Agmt	1987 South Tx. Rental Housing	1.58	08/31/04	09/01/04	913,359.17	913,359.17	2,969.76	0.00	0.00	916,328.93	916,328.93	0.00	0.00
	1987 South Tx. Rental Housing Total				913,359.17	913,359.17	2,969.76						0.00
										4.26	4.26	-	0.00
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)	0.86	08/01/04	09/01/04	4.26	4.26	0.00	(34,687.16)		949,861.88	949,861.88	-	0.00
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)	0.86	08/01/04	09/01/04	984,549.04	984,549.04				26,405.02	26,405.02	-	0.00
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)	0.86	08/01/04	09/01/04	26,375.22	26,375.22	29.80			276,442.48	276,442.48	-	0.00
Mutual Fund	1996 A-D M/F(Dallas-Ft Worth)	0.86	08/01/04	09/01/04	276,130.51	276,130.51	311.97	(34,687.16)	0.00	1,252,713.64	1,252,713.64	0.00	0.00
	1996 A-D M/F(Dallas-Ft Worth) Total				1,287,059.03	1,287,059.03	341.77						0.00
										59,255.80	59,255.80	-	0.00
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	0.86	08/01/04	09/01/04	53,647.23	53,647.23	5,608.57	(151,304.91)		62,785.38	62,785.38	-	0.00
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	0.86	08/01/04	09/01/04	214,090.29	214,090.29		(26,816.08)		171,495.63	171,495.63	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	6.25	11/12/96	07/01/26	198,311.71	198,311.71				68,678.29	68,678.29	-	0.00
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	0.86	08/01/04	09/01/04	46,572.06	46,572.06	22,106.23			0.01	0.01	-	0.00
Mutual Fund	1996 A-D M/F(Harbors/Plumtree)	0.86	08/01/04	09/01/04	0.01	0.01	0.00			86,743.95	86,743.95	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	6.75	11/05/96	07/01/26	86,743.95	86,743.95	0.00			777,671.25	777,671.25	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	6.75	11/05/96	07/01/26	777,671.25	777,671.25	0.00			177,500.00	177,500.00	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	6.75	11/05/96	07/01/26	177,500.00	177,500.00	0.00			129,802.07	129,802.07	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	5.90	11/12/96	07/01/26	338,712.24	338,712.24		(208,910.17)		12,360.46	12,360.46	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	5.90	11/12/96	07/01/26	39,551.68	39,551.68		(47,637.48)		32,246.14	32,246.14	-	0.00
Inv Agmt	1996 A-D M/F(Harbors/Plumtree)	5.90	11/12/96	07/01/26	79,883.62	79,883.62			0.00	1,578,538.98	1,578,538.98	0.00	0.00
	1996 A-D M/F(Harbors/Plumtree) Total				2,012,684.04	2,012,684.04	27,714.80	(461,859.86)					0.00
										0.02	0.02	-	0.00
Mutual Fund	1996 A&B M/F(NHP Project)	0.86	08/01/04	09/01/04	0.02	0.02	0.00	1.00		1.00	1.00	0.00	0.00
Inv Agmt	1996 A&B M/F(NHP Project)	6.70	11/21/96	01/01/27				0.00	0.00	1.02	1.02	0.00	0.00
	1996 A&B M/F(NHP Project) Total				0.02	0.02	1.00						0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/ Purchases	Amortizations/ Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
Mutual Fund	1997 M/F (Meadow Ridge)	0.86	08/01/04	09/01/04			52,728.80			52,728.80	52,728.80	-	0.00
Mutual Fund	1997 M/F (Meadow Ridge)				249.52	249.52		(249.52)				-	0.00
Inv Agmt	1997 M/F (Meadow Ridge)				308,391.17	308,391.17		(308,391.17)				-	0.00
Mutual Fund	1997 M/F (Meadow Ridge)	0.86	08/01/04	09/01/04	3.38	3.38	0.00			3.38	3.38	-	0.00
	1997 M/F (Meadow Ridge) Total				308,644.07	308,644.07	52,728.80	(308,640.69)	0.00	52,732.18	52,732.18	0.00	0.00
Mutual Fund	1998 M/F (Pebble Brook)	0.86	08/01/04	09/01/04	62.28	62.28	409.18			471.46	471.46	-	0.00
Mutual Fund	1998 M/F (Pebble Brook)	0.86	08/01/04	09/01/04	170,323.89	170,323.89	5,662.57			175,986.46	175,986.46	-	0.00
Inv Agmt	1998 M/F (Pebble Brook)	5.20	04/30/98	12/01/30	192,709.62	192,709.62		(192,709.00)		0.62	0.62	-	0.00
Mutual Fund	1998 M/F (Pebble Brook)	0.86	08/01/04	09/01/04	39,506.75	39,506.75	44.62			39,551.37	39,551.37	-	0.00
	1998 M/F (Pebble Brook) Total				402,602.54	402,602.54	6,116.37	(192,709.00)	0.00	216,009.91	216,009.91	0.00	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.90	08/01/04	09/01/04	219,453.60	219,453.60	66.48			219,520.08	219,520.08	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.90	08/01/04	09/01/04	15.15	15.15	0.00			15.15	15.15	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.90	08/01/04	09/01/04	62,930.96	62,930.96		(59,455.25)		3,475.71	3,475.71	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.90	08/01/04	09/01/04	122,693.76	122,693.76	8,871.75			131,565.51	131,565.51	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.90	08/01/04	09/01/04	1,683.79	1,683.79	31,506.80			33,190.59	33,190.59	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.90	08/01/04	09/01/04	30.63	30.63	117,073.71			117,104.34	117,104.34	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	0.90	08/01/04	09/01/04	86,517.75	86,517.75	25,484.92			112,002.67	112,002.67	-	0.00
	1998 M/F (Residence Oaks Proj) Total				493,325.64	493,325.64	183,003.66	(59,455.25)	0.00	616,874.05	616,874.05	0.00	0.00
Mutual Fund	1998 M/F (Volente Project)	0.86	08/01/04	09/01/04	10,081.42	10,081.42		(2,110.21)		7,971.21	7,971.21	-	0.00
Mutual Fund	1998 M/F (Volente Project)	0.86	08/01/04	09/01/04	60,792.13	60,792.13		(58,621.63)		2,170.50	2,170.50	-	0.00
Inv Agmt	1998 M/F (Volente Project)	5.22	05/14/98	01/01/31	77,543.23	77,543.23	457.00			78,000.23	78,000.23	-	0.00
Mutual Fund	1998 M/F (Volente Project)	0.86	08/01/04	09/01/04	3,882.69	3,882.69	22.86			3,905.55	3,905.55	-	0.00
Mutual Fund	1998 M/F (Volente Project)	0.86	08/01/04	09/01/04	1.24	1.24	0.00			1.24	1.24	-	0.00
Mutual Fund	1998 M/F (Volente Project)	0.86	08/01/04	09/01/04	195,045.13	195,045.13		(134,081.36)		60,963.77	60,963.77	-	0.00
	1998 M/F (Volente Project) Total				347,345.84	347,345.84	479.86	(194,813.20)	0.00	153,012.50	153,012.50	0.00	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.86	08/01/04	09/01/04	38,119.20	38,119.20	9,375.00			47,494.20	47,494.20	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.86	08/01/04	09/01/04	175,867.23	175,867.23	85,253.49			261,120.72	261,120.72	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	0.86	08/01/04	09/01/04	6,500.92	6,500.92	102.47			6,603.39	6,603.39	-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail)	4.94	03/22/01	09/01/30	45,000.86	45,000.86	45,000.00			90,000.86	90,000.86	-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail)	4.94	09/10/98	09/01/30	173,713.63	173,713.63	173,710.50			347,424.13	347,424.13	-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail)	4.94	03/22/01	09/01/30	30,223.39	30,223.39	13,672.47			43,895.86	43,895.86	-	0.00
	1998 M/F (Greens-Hickory Trail Total)				469,425.23	469,425.23	327,113.93	0.00	0.00	796,539.16	796,539.16	0.00	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.90	08/01/04	09/01/04	88,215.12	88,215.12	56,739.14			144,954.26	144,954.26	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.90	08/01/04	09/01/04	1.78	1.78	0.00			1.78	1.78	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.90	08/01/04	09/01/04	174,680.38	174,680.38		(44,370.01)		130,310.37	130,310.37	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.90	08/01/04	09/01/04	61,769.31	61,769.31	43.38			61,812.69	61,812.69	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.90	08/01/04	09/01/04	55.37	55.37	43,507.75			43,563.12	43,563.12	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.90	08/01/04	09/01/04	47.61	47.61	156,349.56			156,397.17	156,397.17	-	0.00
Mutual Fund	1999 M/F (Mayfield Apts)	0.90	08/01/04	09/01/04	0.16	0.16	0.00			0.16	0.16	-	0.00
	1999 M/F (Mayfield Apts) Total				324,769.73	324,769.73	256,639.83	(44,370.01)	0.00	537,039.55	537,039.55	0.00	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.90	08/01/04	09/01/04	8,799.23	8,799.23	2,729.83			11,529.06	11,529.06	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.86	08/01/04	09/01/04	69,074.65	69,074.65		(24,597.25)		44,477.40	44,477.40	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.90	08/01/04	09/01/04	82.19	82.19		(0.04)		82.15	82.15	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.90	08/01/04	09/01/04	1,302.41	1,302.41	0.00			1,302.41	1,302.41	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.90	08/01/04	09/01/04	197,333.49	197,333.49	17,963.88			215,297.37	215,297.37	-	0.00
Mutual Fund	1999 M/F (Woodglen Village)	0.90	08/01/04	09/01/04	26,166.45	26,166.45	8.58			26,175.03	26,175.03	-	0.00
	1999 M/F (Woodglen Village) Total				302,758.42	302,758.42	20,702.29	(24,597.29)	0.00	298,863.42	298,863.42	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in Market Value	Recognized Gain
Mutual Fund	2000 M/F (Timber Point Apts)	0.86	08/01/04	09/01/04	13,009.04	13,009.04	4,583.09			17,592.13	17,592.13	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.86	08/01/04	09/01/04	2.33	2.33	0.00			2.33	2.33	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.86	08/01/04	09/01/04	3.53	3.53	0.00			3.53	3.53	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.86	08/01/04	09/01/04	31,221.01	31,221.01	23,200.19			54,421.20	54,421.20	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	0.86	08/01/04	09/01/04	31,221.01	31,221.01	23,200.19			54,421.20	54,421.20	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts) Total				44,235.91	44,235.91	27,783.28	0.00	0.00	72,019.19	72,019.19	0.00	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.86	08/01/04	09/01/04	114,306.81	114,306.81	62,225.97			176,532.78	176,532.78	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.86	08/01/04	09/01/04	118,880.06	118,880.06	13,096.15			131,976.21	131,976.21	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.86	08/01/04	09/01/04	676.70	676.70	0.96			677.66	677.66	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.86	08/01/04	09/01/04	0.04	0.04	0.00			0.04	0.04	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.86	08/01/04	09/01/04	93,627.09	93,627.09		(90.81)		93,536.28	93,536.28	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.86	08/01/04	09/01/04	10,246.74	10,246.74	7,494.28			17,741.02	17,741.02	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	0.86	08/01/04	09/01/04	337,737.44	337,737.44	82,817.36	(90.81)	0.00	420,463.99	420,463.99	0.00	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton) Total							(350.00)		6,032.00	6,032.00	-	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	0.86	08/01/04	09/01/04	6,382.00	6,382.00				0.02	0.02	-	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	0.86	08/01/04	09/01/04	0.02	0.02	0.00			4.76	4.76	-	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	0.86	08/01/04	09/01/04	181,051.50	181,051.50		(116,035.88)		65,015.82	65,015.82	-	0.00
Inv Agmt	2000 M/F (Deerwood Apts)	6.15	05/23/00	06/01/32	187,433.52	187,433.52	4.76	(116,385.68)	0.00	71,052.60	71,052.60	0.00	0.00
Mutual Fund	2000 M/F (Deerwood Apts) Total									6,032.00	6,032.00	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.90	08/01/04	09/01/04	11,594.94	11,594.94	3,524.59			15,119.53	15,119.53	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.90	08/01/04	09/01/04	2.84	2.84		(0.01)		2.83	2.83	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	0.90	08/01/04	09/01/04	226.08	226.08		(0.12)		225.96	225.96	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts) Total				11,823.86	11,823.86	3,524.59	(0.13)	0.00	15,348.32	15,348.32	0.00	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.86	08/01/04	09/01/04	24,993.32	24,993.32			(17,329.10)	7,664.22	7,664.22	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.86	08/01/04	09/01/04	116,753.80	116,753.80	13,071.84			129,825.64	129,825.64	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.86	08/01/04	09/01/04	10.87	10.87	0.01			10.88	10.88	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.86	08/01/04	09/01/04	260.01	260.01	0.37			260.38	260.38	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.86	08/01/04	09/01/04	91,042.82	91,042.82		(59.66)		90,983.16	90,983.16	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.86	08/01/04	09/01/04	99,431.21	99,431.21	57,803.45			157,234.66	157,234.66	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	0.86	08/01/04	09/01/04	332,492.03	332,492.03	70,875.67	(17,388.76)	0.00	385,978.94	385,978.94	0.00	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld) Total							(54,991.76)		17,443.20	17,443.20	-	0.00
Mutual Fund	2000 M/F (Honey Creek)	0.90	08/01/04	09/01/04	72,434.96	72,434.96				5.40	5.40	-	0.00
Mutual Fund	2000 M/F (Honey Creek)	0.90	08/01/04	09/01/04	4.83	4.83	0.57			17,448.60	17,448.60	0.00	0.00
Mutual Fund	2000 M/F (Honey Creek) Total				72,439.79	72,439.79	0.57	(54,991.76)	0.00	17,448.60	17,448.60	0.00	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.90	08/01/04	09/01/04	13,132.30	13,132.30	106,820.26			119,952.56	119,952.56	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.90	08/01/04	09/01/04	4,779.69	4,779.69	12,517.19			17,296.88	17,296.88	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.90	08/01/04	09/01/04	59,584.70	59,584.70	4,795.54			64,380.24	64,380.24	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.90	08/01/04	09/01/04	61,647.49	61,647.49	187,215.61			248,863.10	248,863.10	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	0.90	08/01/04	09/01/04	139,144.18	139,144.18	311,348.60	0.00	0.00	450,492.78	450,492.78	0.00	0.00
Mutual Fund	2000 A-C MF Highland Meadows Total									10,310.46	10,310.46	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.86	08/01/04	09/01/04	50,310.47	50,310.47		(40,000.01)		84.32	84.32	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	0.86	08/01/04	09/01/04	96,946.81	96,946.81		(96,862.49)				-	0.00
Mutual Fund	2000 A/B MF Greenbridge				62.94	62.94		(62.94)				-	0.00
Inv Agmt	2000 A/B MF Greenbridge	6.15	11/09/00	11/01/40	191,908.91	191,908.91		(5,403.46)		186,505.45	186,505.45	-	0.00
Mutual Fund	2000 A/B MF Greenbridge				339,229.13	339,229.13	0.00	(142,328.90)	0.00	196,900.23	196,900.23	0.00	0.00
Mutual Fund	2000 A/B MF Greenbridge Total									23,648.42	23,648.42	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.90	08/01/04	09/01/04	5,282.00	5,282.00	18,366.42		(38,757.32)	147,892.14	147,892.14	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.90	08/01/04	09/01/04	186,649.46	186,649.46				50,059.28	50,059.28	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.90	08/01/04	09/01/04	5.87	5.87	50,053.41			303,788.63	303,788.63	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	0.90	08/01/04	09/01/04								-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/ Purchases	Amortizations/ Sales (38,757.32)	Maturities 0.00	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in Market Value 0.00	Recognized Gain 0.00
	2000 A-C MF Collingham Park Total				191,937.33	191,937.33	372,208.46			525,388.47	525,388.47		0.00
								(38,500.00)		6,013.09	6,013.09	-	0.00
										14.72	14.72	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.86	08/01/04	09/01/04	44,513.09	44,513.09				12,700.21	12,700.21	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.86	08/01/04	09/01/04	14.72	14.72	0.00			1,404.70	1,404.70	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.86	08/01/04	09/01/04	1,636.15	1,636.15	11,064.06			0.66	0.66	-	0.00
Mutual Fund	2000 A/B MF Williams Run	0.86	08/01/04	09/01/04	1,402.71	1,402.71	1.99			20,133.38	20,133.38	0.00	0.00
Mutual Fund	2000 A/B MF Williams Run	0.86	08/01/04	09/01/04	0.66	0.66	0.00					-	0.00
	2000 A/B MF Williams Run Total				47,567.33	47,567.33	11,066.05	(38,500.00)	0.00	732,534.44	732,534.44	-	0.00
										17,250.46	17,250.46	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.86	08/01/04	09/01/04	731,492.60	731,492.60	1,041.84			75,864.23	75,864.23	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.86	08/01/04	09/01/04	13,674.86	13,674.86	3,575.60			89,137.50	89,137.50	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.86	08/01/04	09/01/04	66,969.44	66,969.44	8,894.79			177,966.98	177,966.98	-	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.86	08/01/04	09/01/04	2.29	2.29	89,135.21			1,092,753.61	1,092,753.61	0.00	0.00
Mutual Fund	2000 A/B MF Red Hills Villas	0.86	08/01/04	09/01/04	127,779.36	127,779.36	50,187.62		0.00			-	0.00
	2000 A/B MF Red Hills Villas Total				939,918.55	939,918.55	152,835.06					-	0.00
										1.33	1.33	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.86	08/01/04	09/01/04	1.33	1.33	0.00			18,700.63	18,700.63	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.86	08/01/04	09/01/04	10,760.65	10,760.65	7,939.98			163,311.41	163,311.41	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.86	08/01/04	09/01/04	99,768.91	99,768.91	63,542.50			79,478.71	79,478.71	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.86	08/01/04	09/01/04	66,875.90	66,875.90	12,602.81			99,135.86	99,135.86	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.86	08/01/04	09/01/04	99,136.80	99,136.80		(0.94)		37,073.66	37,073.66	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	0.86	08/01/04	09/01/04	261,723.60	261,723.60		(224,649.94)		397,701.60	397,701.60	0.00	0.00
	2001A MF Bluffview Sr. Apts. Total				538,267.19	538,267.19	84,085.29	(224,650.88)	0.00			-	0.00
										9,073.94	9,073.94	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.86	08/01/04	09/01/04	156.37	156.37	8,917.57			207,972.69	207,972.69	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.86	08/01/04	09/01/04	127,837.68	127,837.68	80,135.01			83,924.55	83,924.55	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	0.86	08/01/04	09/01/04	70,617.04	70,617.04	13,307.51					-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts				125,509.92	125,509.92		(125,509.92)				-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts				271,444.88	271,444.88		(271,444.88)		300,971.18	300,971.18	0.00	0.00
	2001A MF Knollwood Villas Apts Total				595,565.89	595,565.89	102,360.09	(396,954.80)	0.00			-	0.00
										37,052.53	37,052.53	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.86	08/01/04	09/01/04	40,555.38	40,555.38		(3,502.85)		33,333.31	33,333.31	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.86	08/01/04	09/01/04	8,333.33	8,333.33	24,999.98			2,093.60	2,093.60	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.86	08/01/04	09/01/04	21,849.41	21,849.41		(19,755.81)		76,999.97	76,999.97	-	0.00
Mutual Fund	2001A MF Skyway Villas	0.86	08/01/04	09/01/04	56,000.00	56,000.00	20,999.97			59,635.19	59,635.19	-	0.00
Mutual Fund	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	18,483.51	18,483.51	41,151.68			13,333.33	13,333.33	-	0.00
Inv Agmt	2001A MF Skyway Villas	5.00	08/30/04	12/01/34				(144,703.76)		192,938.30	192,938.30	-	0.00
Inv Agmt	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	337,642.06	337,642.06		(167,962.42)	0.00	415,386.23	415,386.23	0.00	0.00
	2001A MF Skyway Villas Total				482,863.69	482,863.69	100,484.96					-	0.00
										1,967.96	1,967.96	-	0.00
Mutual Fund	2001AB MF Cobb Park	0.86	08/01/04	09/01/04	16,162.75	16,162.75		(14,194.79)		129,626.20	129,626.20	-	0.00
Mutual Fund	2001AB MF Cobb Park	0.86	08/01/04	09/01/04	79,290.37	79,290.37	50,335.83			51,873.50	51,873.50	-	0.00
Mutual Fund	2001AB MF Cobb Park	0.86	08/01/04	09/01/04	43,121.49	43,121.49	8,752.01					-	0.00
Mutual Fund	2001AB MF Cobb Park				72,377.21	72,377.21		(72,377.21)		51,424.29	51,424.29	-	0.00
Mutual Fund	2001AB MF Cobb Park	0.86	08/01/04	09/01/04	51,351.16	51,351.16	73.13			234,891.95	234,891.95	0.00	0.00
	2001AB MF Cobb Park Total				262,302.98	262,302.98	59,160.97	(86,572.00)	0.00			-	0.00
										374.69	374.69	-	0.00
Mutual Fund	2001A MF Greens Road Apts	1.20	08/01/04	09/01/04	373.61	373.61	1.08			163,670.72	163,670.72	-	0.00
Mutual Fund	2001A MF Greens Road Apts	1.20	08/01/04	09/01/04	277,741.52	277,741.52		(114,070.80)		155.46	155.46	-	0.00
Inv Agmt	2001A MF Greens Road Apts	4.01	09/14/01	06/01/34	155.46	155.46	0.00			164,200.87	164,200.87	0.00	0.00
	2001A MF Greens Road Apts Total				278,270.59	278,270.59	1.08	(114,070.80)	0.00			-	0.00
										145.11	145.11	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.90	08/01/04	09/01/04	145.11	145.11	0.00			2.38	2.38	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.90	08/01/04	09/01/04	1,440.87	1,440.87		(1,438.49)				-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
Mutual Fund	2001AB MF Meridian Apts	0.90	08/01/04	09/01/04	0.01	0.01	0.00			0.01	0.01	-	0.00
Mutual Fund	2001AB MF Meridian Apts	0.90	08/01/04	09/01/04	7,581.87	7,581.87		(2,225.09)		5,356.78	5,356.78	-	0.00
	2001AB MF Meridian Apts Total				9,167.86	9,167.86	0.00	(3,663.58)	0.00	5,504.28	5,504.28	0.00	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.90	08/01/04	09/01/04	13,941.23	13,941.23	18.20			13,959.43	13,959.43	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.90	08/01/04	09/01/04	12,820.12	12,820.12		(3,656.13)		9,163.99	9,163.99	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.90	08/01/04	09/01/04	0.02	0.02	0.00			0.02	0.02	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	0.90	08/01/04	09/01/04	179.57	179.57	0.00			179.57	179.57	-	0.00
	2001AB MF Wildwood Branch Total				26,940.94	26,940.94	18.20	(3,656.13)	0.00	23,303.01	23,303.01	0.00	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	1.20	08/01/04	09/01/04	92,784.33	92,784.33		(32,988.22)		59,796.11	59,796.11	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	1.20	08/01/04	09/01/04	2,619.31	2,619.31	14,824.08			17,443.39	17,443.39	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	1.20	08/01/04	09/01/04	31.63	31.63	0.00			31.63	31.63	-	0.00
	2001ABC MF Fallbrook Apts Total				95,435.27	95,435.27	14,824.08	(32,988.22)	0.00	77,271.13	77,271.13	0.00	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.86	08/01/04	09/01/04	430,000.00	430,000.00		(0.15)		429,999.85	429,999.85	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.86	08/01/04	09/01/04	12,090.38	12,090.38	3,856.20			15,946.58	15,946.58	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.86	08/01/04	09/01/04	35,792.05	35,792.05	7,704.99			43,497.04	43,497.04	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.86	08/01/04	09/01/04	77,505.33	77,505.33		(77,505.22)		0.11	0.11	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.86	08/01/04	09/01/04	68,224.55	68,224.55	48,622.95			116,847.50	116,847.50	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	0.86	08/01/04	09/01/04	60.39	60.39	188.24			248.63	248.63	-	0.00
	2001 MF Oak Hollow Apts Total				623,672.70	623,672.70	60,372.38	(77,505.37)	0.00	606,539.71	606,539.71	0.00	0.00
Mutual Fund	2001AB MF Hillside Apts	0.86	08/01/04	09/01/04	100,000.00	100,000.00		(0.03)		99,999.97	99,999.97	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.86	08/01/04	09/01/04	15,574.33	15,574.33	4,499.57			20,073.90	20,073.90	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.86	08/01/04	09/01/04	127,677.00	127,677.00		(127,677.00)				-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.86	08/01/04	09/01/04	55,208.60	55,208.60	12,002.89			67,211.49	67,211.49	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.86	08/01/04	09/01/04	121,810.23	121,810.23		(20.96)		121,789.27	121,789.27	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.86	08/01/04	09/01/04	125,107.81	125,107.81	89,279.32			214,387.13	214,387.13	-	0.00
Mutual Fund	2001AB MF Hillside Apts	0.86	08/01/04	09/01/04	37.99	37.99	19.83			57.82	57.82	-	0.00
	2001AB MF Hillside Apts Total				545,415.96	545,415.96	105,801.61	(127,697.99)	0.00	523,519.58	523,519.58	0.00	0.00
Mutual Fund	2002A MF Millstone Apts	0.48	08/01/04	09/01/04			0.10			0.10	0.10	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.48	08/01/04	09/01/04	1.03	1.03		(0.05)		0.98	0.98	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.48	08/01/04	09/01/04	15,007.92	15,007.92	7.35			15,015.27	15,015.27	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.48	08/01/04	09/01/04	1.18	1.18	0.00			1.18	1.18	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.48	08/01/04	09/01/04			2.42			2.42	2.42	-	0.00
Mutual Fund	2002A MF Millstone Apts	0.48	08/01/04	09/01/04	13,231.50	13,231.50	6.28			13,237.78	13,237.78	-	0.00
	2002A MF Millstone Apts Total				28,241.63	28,241.63	16.15	(0.05)	0.00	28,257.73	28,257.73	0.00	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.48	08/01/04	09/01/04			8.67			8.67	8.67	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.48	08/01/04	09/01/04	1.63	1.63	0.00			1.63	1.63	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.48	08/01/04	09/01/04			85,954.18			85,954.18	85,954.18	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.48	08/01/04	09/01/04	2,344.74	2,344.74		(43.47)		2,301.27	2,301.27	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.48	08/01/04	09/01/04	73.48	73.48	0.00			73.48	73.48	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	0.48	08/01/04	09/01/04	26.75	26.75	0.00			26.75	26.75	-	0.00
	2002 MF SugarCreek Apts Total				2,446.60	2,446.60	85,962.85	(43.47)	0.00	88,365.98	88,365.98	0.00	0.00
Mutual Fund	2002 MF West Oaks Apts	0.86	08/01/04	09/01/04	28,047.48	28,047.48	8,444.35			36,491.83	36,491.83	-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.86	08/01/04	09/01/04	87,128.49	87,128.49	7.98			87,136.47	87,136.47	-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.86	08/01/04	09/01/04	9,047.50	9,047.50	3,637.34			12,684.84	12,684.84	-	0.00
Mutual Fund	2002 MF West Oaks Apts	0.86	08/01/04	09/01/04	180,391.18	180,391.18		(146,671.54)		33,719.64	33,719.64	-	0.00
	2002 MF West Oaks Apts Total				304,614.65	304,614.65	12,089.67	(146,671.54)	0.00	170,032.78	170,032.78	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in Market Value	Recognized Gain
Mutual Fund	2002 MF Park Meadows Apts	0.90	08/01/04	09/01/04	92,413.12	92,413.12		(11,788.74)		80,624.38	80,624.38	-	0.00
Mutual Fund	2002 MF Park Meadows Apts	0.90	08/01/04	09/01/04	99,565.36	99,565.36		(60,504.47)		39,060.89	39,060.89	-	0.00
Mutual Fund	2002 MF Park Meadows Apts				118,406.68	118,406.68		(118,406.68)				-	0.00
Money Market	2002 MF Park Meadows Apts				569,620.11	569,620.11		(569,620.11)				-	0.00
	2002 MF Park Meadows Apts Total				880,005.27	880,005.27	0.00	(760,320.00)	0.00	119,685.27	119,685.27	0.00	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.86	08/01/04	09/01/04	95,023.29	95,023.29	96,827.41			191,850.70	191,850.70	-	0.00
Money Market	2002 MF Hickory Trace Apts				360,583.15	360,583.15		(360,583.15)		185.67	185.67	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	0.86	08/01/04	09/01/04	17,489.78	17,489.78		(17,304.11)				-	0.00
Inv Agmt	2002 MF Hickory Trace Apts				66,968.37	66,968.37		(66,968.37)				-	0.00
	2002 MF Hickory Trace Apts Total				540,064.59	540,064.59	96,827.41	(444,855.63)	0.00	192,036.37	192,036.37	0.00	0.00
Mutual Fund	2002 MF Green Crest Apts	0.86	08/01/04	09/01/04			67,403.63			67,403.63	67,403.63	-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.86	08/01/04	09/01/04			9,605.08			9,605.08	9,605.08	-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.86	08/01/04	09/01/04	305,029.06	305,029.06		(304,991.28)		37.78	37.78	-	0.00
Inv Agmt	2002 MF Green Crest Apts	1.32	11/08/02	10/01/04	1,055,425.84	1,055,425.84		(102,971.66)		952,454.18	952,454.18	-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.86	08/01/04	09/01/04	102,602.67	102,602.67	0.00			102,602.67	102,602.67	-	0.00
Mutual Fund	2002 MF Green Crest Apts	0.86	08/01/04	09/01/04			12,096.40			12,096.40	12,096.40	-	0.00
	2002 MF Green Crest Apts Total				1,463,057.57	1,463,057.57	89,105.11	(407,962.94)	0.00	1,144,199.74	1,144,199.74	0.00	0.00
Mutual Fund	2002 MF Ironwood Crossing Apts	0.86	08/01/04	09/01/04	394.20	394.20	0.57			394.77	394.77	-	0.00
Inv Agmt	2002 MF Ironwood Crossing Apts	1.58	11/22/02	12/31/04	866,392.73	866,392.73	3,541.14			869,933.87	869,933.87	-	0.00
Mutual Fund	2002 MF Ironwood Crossing Apts	0.86	08/01/04	09/01/04	1,557.41	1,557.41		(998.53)		558.88	558.88	-	0.00
Mutual Fund	2002 MF Ironwood Crossing Apts	0.86	08/01/04	09/01/04	171.99	171.99	0.24			172.23	172.23	-	0.00
Inv Agmt	2002 MF Ironwood Crossing Apts	1.58	11/22/02	12/31/04	8,725,931.00	8,725,931.00		(1,377,930.36)		7,348,000.64	7,348,000.64	-	0.00
Inv Agmt	2002 MF Ironwood Crossing Apts	1.58	11/22/02	12/31/04	524,700.33	524,700.33		(55,738.40)		468,961.93	468,961.93	-	0.00
Inv Agmt	2002 MF Ironwood Crossing Apts	1.58	11/22/02	12/31/04	687,595.19	687,595.19		(247,186.93)		440,408.26	440,408.26	-	0.00
	2002 MF Ironwood Crossing Apts Total				10,806,742.85	10,806,742.85	3,541.95	(1,681,854.22)	0.00	9,128,430.58	9,128,430.58	0.00	0.00
Mutual Fund	2002 MF Woodway Village	0.86	08/01/04	09/01/04	25.60	25.60	0.14			25.74	25.74	-	0.00
Mutual Fund	2002 MF Woodway Village	0.86	08/01/04	09/01/04	8.20	8.20	0.00			8.20	8.20	-	0.00
Mutual Fund	2002 MF Woodway Village	0.86	08/01/04	09/01/04	54,744.72	54,744.72		(10,896.12)		43,848.60	43,848.60	-	0.00
Mutual Fund	2002 MF Woodway Village	0.86	08/01/04	09/01/04	281,984.42	281,984.42	261.79			282,246.21	282,246.21	-	0.00
Mutual Fund	2002 MF Woodway Village	0.86	08/01/04	09/01/04	158,230.50	158,230.50		(158,189.78)		40.72	40.72	-	0.00
	2002 MF Woodway Village Total				494,993.44	494,993.44	261.93	(169,085.90)	0.00	326,169.47	326,169.47	0.00	0.00
Inv Agmt	2003 AB MF Reading Road	0.01	02/12/03	09/01/04	38,147.55	38,147.55	53,026.48			91,174.03	91,174.03	-	0.00
Mutual Fund	2003 AB MF Reading Road				381.24	381.24		(381.24)				-	0.00
	2003 AB MF Reading Road Total				38,528.79	38,528.79	53,026.48	(381.24)	0.00	91,174.03	91,174.03	0.00	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.90	08/01/04	09/01/04	705,204.98	705,204.98	1,243.52			706,448.50	706,448.50	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.90	08/01/04	09/01/04	676,704.78	676,704.78		(171,384.11)		505,320.67	505,320.67	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.90	08/01/04	09/01/04	69,585.53	69,585.53	114,351.44			183,936.97	183,936.97	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.90	08/01/04	09/01/04			0.00			0.00	0.00	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.90	08/01/04	09/01/04	273,632.50	273,632.50		(273,563.40)		69.10	69.10	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	0.90	08/01/04	09/01/04	8,289.19	8,289.19		(6,882.22)		1,406.97	1,406.97	-	0.00
	2003 AB MF North Vista Apts Total				1,733,416.98	1,733,416.98	115,594.96	(451,829.73)	0.00	1,397,182.21	1,397,182.21	0.00	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.86	08/01/04	09/01/04	2,484,801.60	2,484,801.60		(2,190,649.62)		294,151.98	294,151.98	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.90	08/01/04	09/01/04	57,734.05	57,734.05	121,836.48			179,570.53	179,570.53	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.90	08/01/04	09/01/04	37.42	37.42	1.22			38.64	38.64	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.90	08/01/04	09/01/04	215,300.73	215,300.73		(184,737.31)		30,563.42	30,563.42	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.90	08/01/04	09/01/04	2,625.72	2,625.72		(2,618.81)		6.91	6.91	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	0.90	08/01/04	09/01/04	43,455.74	43,455.74		(43,455.74)				-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
	2003 AB MF West Virginia Apts Total				2,803,955.26	2,803,955.26	121,837.70	(2,421,461.48)	0.00	504,331.48	504,331.48	0.00	0.0
Mutual Fund	2003AB MF Sphinx @ Murdeaux	0.86	08/01/04	09/01/04	4,131.93	4,131.93	3,440.43			7,572.36	7,572.36	-	0.0
Inv Agmt	2003AB MF Sphinx @ Murdeaux	1.22	05/13/03	12/31/04	15,077,827.44	15,077,827.44	0.00			15,077,827.44	15,077,827.44	-	0.0
Inv Agmt	2003AB MF Sphinx @ Murdeaux	2.51	05/13/03	12/01/42	155,094.87	155,094.87	41,193.56			196,288.43	196,288.43	-	0.0
Mutual Fund	2003AB MF Sphinx @ Murdeaux	0.86	08/01/04	09/01/04	164,958.97	164,958.97		(152,723.92)		12,235.05	12,235.05	-	0.0
Inv Agmt	2003AB MF Sphinx @ Murdeaux	1.22	05/13/03	12/31/04	269,578.74	269,578.74		(64,947.21)		204,631.53	204,631.53	-	0.0
	2003AB MF Sphinx @ Murdeaux Total				15,671,591.95	15,671,591.95	44,633.99	(217,671.13)	0.00	15,498,554.81	15,498,554.81	0.00	0.0
Mutual Fund	2003 AB MF Primrose Houston	0.86	08/01/04	09/01/04	59.07	59.07	3.61			62.68	62.68	-	0.0
Mutual Fund	2003 AB MF Primrose Houston	0.86	08/01/04	09/01/04	26.08	26.08	0.03			26.11	26.11	-	0.0
Mutual Fund	2003 AB MF Primrose Houston	0.86	08/01/04	09/01/04	1,516.14	1,516.14		(1,515.51)		0.63	0.63	-	0.0
Mutual Fund	2003 AB MF Primrose Houston	0.86	08/01/04	09/01/04	101.05	101.05	14.75			115.80	115.80	-	0.0
Inv Agmt	2003 AB MF Primrose Houston	1.35	05/23/03	04/15/05	1,312,036.36	1,312,036.36		(687,036.95)		624,999.41	624,999.41	-	0.0
Mutual Fund	2003 AB MF Primrose Houston	0.86	08/01/04	09/01/04	4.85	4.85	0.34			5.19	5.19	-	0.0
Inv Agmt	2003 AB MF Primrose Houston	1.35	05/23/03	04/15/05	247,525.21	247,525.21		(222,679.57)		24,845.64	24,845.64	-	0.0
Mutual Fund	2003 AB MF Primrose Houston	0.86	08/01/04	09/01/04	2,631.11	2,631.11		(2,496.25)		134.86	134.86	-	0.0
	2003 AB MF Primrose Houston Total				1,563,899.87	1,563,899.87	18.73	(913,728.28)	0.00	650,190.32	650,190.32	0.00	0.0
Mutual Fund	2003 AB MF Timber Oaks Apts	0.86	08/01/04	09/01/04			96,967.53			96,967.53	96,967.53	-	0.0
Inv Agmt	2003 AB MF Timber Oaks Apts	1.10	08/15/03	04/01/05	1,500,611.00	1,500,611.00		(446,247.75)		1,054,363.25	1,054,363.25	-	0.0
Mutual Fund	2003 AB MF Timber Oaks Apts	0.86	08/01/04	09/01/04	3,466.10	3,466.10		(3,465.51)		0.59	0.59	-	0.0
Inv Agmt	2003 AB MF Timber Oaks Apts	1.10	08/15/03	04/01/05	425,027.00	425,027.00		(424,694.00)		333.00	333.00	-	0.0
Mutual Fund	2003 AB MF Timber Oaks Apts				315.00	315.00		(315.00)				-	0.0
Inv Agmt	2003 AB MF Timber Oaks Apts				1,371,547.00	1,371,547.00		(1,371,547.00)				-	0.0
Mutual Fund	2003 AB MF Timber Oaks Apts	0.86	08/01/04	09/01/04	45,265.18	45,265.18	7,616.07			52,881.25	52,881.25	-	0.0
Inv Agmt	2003 AB MF Timber Oaks Apts	1.10	08/15/03	04/01/05	412,727.80	412,727.80		(234,249.99)		178,477.81	178,477.81	-	0.0
	2003 AB MF Timber Oaks Apts Total				3,758,959.08	3,758,959.08	104,583.60	(2,480,519.25)	0.00	1,383,023.43	1,383,023.43	0.00	0.0
Mutual Fund	2003 AB MF Ash Creek	0.86	08/01/04	09/01/04	9,458.63	9,458.63		(6,809.58)		2,649.05	2,649.05	-	0.0
Inv Agmt	2003 AB MF Ash Creek	1.31	09/17/03	04/15/05	812,774.05	812,774.05		(218,500.01)		594,274.04	594,274.04	-	0.0
Inv Agmt	2003 AB MF Ash Creek	1.31	09/17/03	04/15/05	4,568,999.13	4,568,999.13		(4,153,165.36)		415,833.77	415,833.77	-	0.0
Mutual Fund	2003 AB MF Ash Creek	0.86	08/01/04	09/01/04	106,492.00	106,492.00		(80,884.55)		25,607.45	25,607.45	-	0.0
Mutual Fund	2003 AB MF Ash Creek	0.86	08/01/04	09/01/04	4.64	4.64				4.64	4.64	-	0.0
Mutual Fund	2003 AB MF Ash Creek	0.86	08/01/04	09/01/04	10,731.11	10,731.11	15.29			10,746.40	10,746.40	-	0.0
	2003 AB MF Ash Creek Total				5,508,459.56	5,508,459.56	15.29	(4,459,359.50)	0.00	1,049,115.35	1,049,115.35	0.00	0.0
Mutual Fund	2003 AB MF Peninsula	0.86	08/01/04	09/01/04	205.31	205.31		(174.25)		31.06	31.06	-	0.0
Inv Agmt	2003 AB MF Peninsula				102,374.08	102,374.08		(102,374.08)				-	0.0
Mutual Fund	2003 AB MF Peninsula	0.86	08/01/04	09/01/04	8,530.14	8,530.14	21.03			8,551.17	8,551.17	-	0.0
Inv Agmt	2003 AB MF Peninsula	1.10	10/03/03	01/15/05	5,932,338.27	5,932,338.27		(5,178,038.39)		754,299.88	754,299.88	-	0.0
Mutual Fund	2003 AB MF Peninsula	0.86	08/01/04	09/01/04	118.59	118.59	0.42			119.01	119.01	-	0.0
Inv Agmt	2003 AB MF Peninsula	1.10	10/03/03	01/15/05	50.00	50.00	0.00			50.00	50.00	-	0.0
Mutual Fund	2003 AB MF Peninsula	0.86	08/01/04	09/01/04	207,069.66	207,069.66	113,166.09			320,235.75	320,235.75	-	0.0
Mutual Fund	2003 AB MF Peninsula	0.86	08/01/04	09/01/04	21,524.82	21,524.82	53.09			21,577.91	21,577.91	-	0.0
	2003 AB MF Peninsula Total				6,272,210.87	6,272,210.87	113,240.63	(5,280,586.72)	0.00	1,104,864.78	1,104,864.78	0.00	0.0
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.86	08/01/04	09/01/04	69,592.08	69,592.08		(69,202.66)		389.42	389.42	-	0.0
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.86	08/01/04	09/01/04	17.66	17.66	350,744.93			350,762.59	350,762.59	-	0.0
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.86	08/01/04	09/01/04	69,243.82	69,243.82		(69,150.08)		93.74	93.74	-	0.0
Mutual Fund	2003 A MF Evergreen @ Mesquite	0.86	08/01/04	09/01/04	163,941.23	163,941.23	395,268.37			559,209.60	559,209.60	-	0.0
Inv Agmt	2003 A MF Evergreen @ Mesquite	7.55	08/29/03	08/27/06	6,683,357.37	6,683,357.37		(2,090,020.26)		4,593,337.11	4,593,337.11	-	0.0
	2003 A MF Evergreen @ Mesquite Total				6,986,152.16	6,986,152.16	746,013.30	(2,228,373.00)	0.00	5,503,792.46	5,503,792.46	0.00	0.0

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in Market Value	Recognized Gain
Mutual Fund	2003 AB Arlington Villas	0.86	08/01/04	09/01/04	3,802.70	3,802.70	4,036,074.53			4,039,877.23	4,039,877.23	-	0.00
Inv Agmt	2003 AB Arlington Villas	6.45	11/20/03	03/15/05	42,911.87	42,911.87		(42,869.38)		42.49	42.49	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.86	08/01/04	09/01/04	75,564.17	75,564.17	11,479.10			87,043.27	87,043.27	-	0.00
Inv Agmt	2003 AB Arlington Villas	6.45	11/20/03	03/15/05	5,438,684.98	5,438,684.98		(4,209,857.28)		1,228,827.70	1,228,827.70	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.86	08/01/04	09/01/04	6,367.10	6,367.10	1,998.37			8,365.47	8,365.47	-	0.00
Inv Agmt	2003 AB Arlington Villas	6.45	11/20/03	03/15/05	704,604.00	704,604.00		(49,373.45)		655,230.55	655,230.55	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.86	08/01/04	09/01/04	5,210.67	5,210.67	1,878.34			7,089.01	7,089.01	-	0.00
Inv Agmt	2003 AB Arlington Villas	6.45	11/20/03	03/15/05	725,358.58	725,358.58		(165,560.92)		559,797.66	559,797.66	-	0.00
Mutual Fund	2003 AB Arlington Villas	0.86	08/01/04	09/01/04	8,840.78	8,840.78	12.59			8,853.37	8,853.37	-	0.00
	2003 AB Arlington Villas Total				7,011,344.85	7,011,344.85	4,051,442.93	(4,467,661.03)	0.00	6,595,126.75	6,595,126.75	0.00	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.86	08/01/04	09/01/04	4,463.61	4,463.61	23.38			4,486.99	4,486.99	-	0.00
Inv Agmt	2003 AB Parkview Twnhms	1.31	12/23/03	12/01/05	9,817,765.56	9,817,765.56		(3,441,697.57)		6,376,067.99	6,376,067.99	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.86	08/01/04	09/01/04	747,520.87	747,520.87		(351,298.79)		396,222.08	396,222.08	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.86	08/01/04	09/01/04	63,315.59	63,315.59		(32,780.99)		30,534.60	30,534.60	-	0.00
Inv Agmt	2003 AB Parkview Twnhms	1.31	12/23/03	12/01/05	524,138.71	524,138.71	0.00			524,138.71	524,138.71	-	0.00
Inv Agmt	2003 AB Parkview Twnhms	1.31	12/23/03	12/01/05	200,000.00	200,000.00	0.00			200,000.00	200,000.00	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	0.86	08/01/04	09/01/04	8.70	8.70	0.00			8.70	8.70	-	0.00
Inv Agmt	2003 AB Parkview Twnhms	1.31	12/23/03	12/01/05	725,004.17	725,004.17		(248,793.78)		476,210.39	476,210.39	-	0.00
	2003 AB Parkview Twnhms Total				12,082,217.21	12,082,217.21	23.38	(4,074,571.13)	0.00	8,007,669.46	8,007,669.46	0.00	0.00
Mutual Fund	2003 MF NHP-Asmara-Rfndg	0.86	08/01/04	09/01/04	52,930.74	52,930.74	37,409.03			90,339.77	90,339.77	-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg				349,095.74	349,095.74			(349,095.74)			-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg				348,805.72	348,805.72			(348,805.72)			-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg				199,183.33	199,183.33			(199,183.33)			-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg	0.80	01/23/04	10/04/04	198,895.00	198,895.00	0.00			198,895.00	198,895.00	-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg	0.80	01/23/04	11/12/04	198,660.67	198,660.67	0.00			198,660.67	198,660.67	-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg	0.80	01/23/04	09/01/04	199,062.67	199,062.67	0.00			199,062.67	199,062.67	-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg	3.88	01/26/04	02/01/05	205,950.37	205,950.37	0.00			205,950.37	205,950.37	-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg	3.88	01/26/04	03/15/05	206,662.45	206,662.45	0.00			206,662.45	206,662.45	-	0.00
FHLB	2003 MF NHP-Asmara-Rfndg	4.63	01/26/04	04/15/05	208,662.88	208,662.88	0.00			208,662.88	208,662.88	-	0.00
FHLB	2003 MF NHP-Asmara-Rfndg	1.50	01/26/04	05/13/05	201,026.67	201,026.67	0.00			201,026.67	201,026.67	-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg	0.90	01/26/04	12/10/04	198,497.33	198,497.33	0.00			198,497.33	198,497.33	-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg	0.90	01/26/04	01/07/05	198,269.44	198,269.44	0.00			198,269.44	198,269.44	-	0.00
FHLB	2003 MF NHP-Asmara-Rfndg	1.80	01/26/04	06/15/05	200,536.54	200,536.54	0.00			200,536.54	200,536.54	-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg	7.00	04/07/04	07/15/05	214,448.00	214,448.00	0.00			214,448.00	214,448.00	-	0.00
FHLB	2003 MF NHP-Asmara-Rfndg	1.50	05/10/04	08/26/05	350,273.00	350,273.00	0.00			350,273.00	350,273.00	-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg	0.90	06/08/04	12/03/04			348,027.17			348,027.17	348,027.17	-	0.00
FNMA	2003 MF NHP-Asmara-Rfndg	1.88	08/01/04	01/15/04			350,993.08			350,993.08	350,993.08	-	0.00
Mutual Fund	2003 MF NHP-Asmara-Rfndg	0.86	08/01/04	09/01/04	793,353.31	793,353.31		(244,490.34)		548,862.97	548,862.97	-	0.00
Mutual Fund	2003 MF NHP-Asmara-Rfndg	0.86	08/01/04	09/01/04	0.60	0.60	17.06			17.66	17.66	-	0.00
T-Note	2003 MF NHP-Asmara-Rfndg				658,357.00	658,357.00		(658,357.00)				-	0.00
T-Note	2003 MF NHP-Asmara-Rfndg	1.36	12/15/03	01/01/05	691,607.00	691,607.00	0.00			691,607.00	691,607.00	-	0.00
T-Note	2003 MF NHP-Asmara-Rfndg	1.73	12/15/03	07/01/05	704,233.00	704,233.00	0.00			704,233.00	704,233.00	-	0.00
T-Note	2003 MF NHP-Asmara-Rfndg	2.07	12/15/03	01/01/06	697,495.00	697,495.00	0.00			697,495.00	697,495.00	-	0.00
T-Note	2003 MF NHP-Asmara-Rfndg	2.35	12/15/03	07/01/06	712,029.00	712,029.00	0.00			712,029.00	712,029.00	-	0.00
T-Note	2003 MF NHP-Asmara-Rfndg	2.59	12/15/03	01/01/07	24,349,975.00	24,349,975.00	0.00			24,349,975.00	24,349,975.00	-	0.00
Mutual Fund	2003 MF NHP-Asmara-Rfndg	0.86	08/01/04	09/01/04	0.22	0.22	0.00			0.22	0.22	-	0.00
Mutual Fund	2003 MF NHP-Asmara-Rfndg	0.86	08/01/04	09/01/04	338,194.24	338,194.24		(168,254.67)		169,939.57	169,939.57	-	0.00
Mutual Fund	2003 MF NHP-Asmara-Rfndg	0.86	08/01/04	09/01/04	83,505.35	83,505.35	118.94			83,624.29	83,624.29	-	0.00
	2003 MF NHP-Asmara-Rfndg Total				32,559,710.27	32,559,710.27	736,565.28	(1,071,102.01)	(897,084.79)	31,328,088.75	31,328,088.75	0.00	0.00
Mutual Fund	2004 A&B Timber Ridge	0.86	08/01/04	09/01/04	4,335.81	4,335.81	3,257.90			7,593.71	7,593.71	-	0.00
Mutual Fund	2004 A&B Timber Ridge	0.86	08/01/04	09/01/04	63.78	63.78	0.10			63.88	63.88	-	0.00

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					18,416.97	18,416.97	1,139.27			19,556.24	19,556.24	-	0.00
Mutual Fund	2004 A&B Timber Ridge	0.86	08/01/04	09/01/04	5,528,176.97	5,528,176.97		(1,951,538.68)		3,576,638.29	3,576,638.29	-	0.00
Inv Agmt	2004 A&B Timber Ridge	0.90	01/28/04	06/01/05	500,000.00	500,000.00	0.00			500,000.00	500,000.00	-	0.00
Inv Agmt	2004 A&B Timber Ridge	0.90	01/28/04	06/01/05	0.46	0.46	0.17			0.63	0.63	-	0.00
Mutual Fund	2004 A&B Timber Ridge	0.86	08/01/04	09/01/04	141.25	141.25		(92.38)		48.87	48.87	-	0.00
Mutual Fund	2004 A&B Timber Ridge	0.86	08/01/04	09/01/04	138,682.69	138,682.69		(113,569.51)		25,123.18	25,123.18	-	0.00
Inv Agmt	2004 A&B Timber Ridge	0.90	01/28/04	06/01/05	6,189,817.93	6,189,817.93	4,397.44	(2,065,190.57)	0.00	4,129,024.80	4,129,024.80	0.00	0.00
	2004 A&B Timber Ridge Total									8,333.45	8,333.45	-	0.00
Mutual Fund	2004 A&B Century Park	0.86	08/01/04	09/01/04	15,566.73	15,566.73	37,375.01	(7,233.28)		49,833.35	49,833.35	-	0.00
Mutual Fund	2004 A&B Century Park	0.86	08/01/04	09/01/04	12,458.34	12,458.34		(51,912.67)		10,966,376.90	10,966,376.90	-	0.00
Mutual Fund	2004 A&B Century Park				51,912.67	51,912.67		(1,620,212.10)		350.62	350.62	-	0.00
Inv Agmt	2004 A&B Century Park	0.01	01/13/04	05/01/05	12,586,589.00	12,586,589.00	83.86			266.76	266.76	-	0.00
Mutual Fund	2004 A&B Century Park	0.86	08/01/04	09/01/04	266.76	266.76		(880.20)		880.20	880.20	-	0.00
Mutual Fund	2004 A&B Century Park	0.86	08/01/04	09/01/04	42,163.34	42,163.34	60,727.33	(65,419.12)		9.43	9.43	-	0.00
Mutual Fund	2004 A&B Century Park	0.86	08/01/04	09/01/04	65,428.55	65,428.55		(53,325.38)		160,085.62	160,085.62	-	0.00
Inv Agmt	2004 A&B Century Park	0.01	01/13/04	05/01/05	213,411.00	213,411.00		(35,549.99)		35,549.99	35,549.99	-	0.00
Inv Agmt	2004 A&B Century Park				13,024,226.58	13,024,226.58	98,186.20	(1,834,532.74)	0.00	11,287,880.04	11,287,880.04	0.00	0.00
	2004 A&B Century Park Total									82.54	82.54	-	0.00
Mutual Fund	2004 A Addison Park	0.86	08/01/04	09/01/04	82.34	82.34	0.20			0.29	0.29	-	0.00
Mutual Fund	2004 A Addison Park	0.86	08/01/04	09/01/04	0.29	0.29	0.00	(51,219.81)		301,088.92	301,088.92	-	0.00
Mutual Fund	2004 A Addison Park	0.86	08/01/04	09/01/04	352,308.73	352,308.73				10.56	10.56	-	0.00
Mutual Fund	2004 A Addison Park	0.86	08/01/04	09/01/04	10.53	10.53	0.03	(51,219.81)	0.00	301,182.31	301,182.31	0.00	0.00
	2004 A Addison Park Total				352,401.89	352,401.89	0.23			1,364.69	1,364.69	-	0.00
Mutual Fund	2004 A&B MF Veterans Memorial	0.86	09/01/04	09/01/04	693.39	693.39	671.30			213,388.00	213,388.00	-	0.00
Inv Agmt	2004 A&B MF Veterans Memorial	1.27	05/01/04	10/03/05	213,388.00	213,388.00	0.00			74,877.95	74,877.95	-	0.00
Mutual Fund	2004 A&B MF Veterans Memorial	0.86	08/01/04	09/01/04	39,506.05	39,506.05	35,371.90	(1,505,873.01)		10,082,155.77	10,082,155.77	-	0.00
Inv Agmt	2004 A&B MF Veterans Memorial	1.27	02/03/04	11/01/05	11,588,028.78	11,588,028.78		(107,844.08)		7,463.43	7,463.43	-	0.00
Mutual Fund	2004 A&B MF Veterans Memorial	0.86	08/01/04	09/01/04	115,307.51	115,307.51				651,845.22	651,845.22	-	0.00
Inv Agmt	2004 A&B MF Veterans Memorial	1.27	02/03/04	10/03/05	651,845.22	651,845.22	0.00			6,679.16	6,679.16	-	0.00
Mutual Fund	2004 A&B MF Veterans Memorial	0.86	08/01/04	09/01/04	3,841.08	3,841.08	2,838.08	(275,124.99)		721,441.17	721,441.17	-	0.00
Mutual Fund	2004 A&B MF Veterans Memorial	1.27	05/03/04	10/03/05	996,566.16	996,566.16		(1,888,842.08)	0.00	11,759,215.39	11,759,215.39	0.00	0.00
Inv Agmt	2004 A&B MF Veterans Memorial				13,609,176.19	13,609,176.19	38,881.28			6,590,035.20	6,590,035.20	-	0.00
	2004 A&B MF Veterans Memorial Total									44,791.67	44,791.67	-	0.00
Mutual Fund	2004 MF Rush Creek Apts	0.86	08/01/04	09/01/04	7,578,758.20	7,578,758.20		(988,723.00)		18,000.01	18,000.01	-	0.00
Money Market	2004 MF Rush Creek Apts	0.86	08/01/04	09/01/04	44,791.67	44,791.67	0.00			29,195.81	29,195.81	-	0.00
Money Market	2004 MF Rush Creek Apts	0.86	08/01/04	09/01/04	18,000.00	18,000.00	0.01	(121,572.45)		33,679.03	33,679.03	-	0.00
Mutual Fund	2004 MF Rush Creek Apts	0.86	08/01/04	09/01/04	150,768.26	150,768.26		(32,024.99)		6,715,701.72	6,715,701.72	0.00	0.00
Money Market	2004 MF Rush Creek Apts	0.86	08/01/04	09/01/04	65,704.02	65,704.02				368.25	368.25	-	0.00
	2004 MF Rush Creek Apts Total				7,858,022.15	7,858,022.15	0.01	(1,142,320.44)	0.00	376,525.43	376,525.43	-	0.00
Money Market	2004 MF Humble Parkway	0.86	08/01/04	09/01/04	0.09	0.09	368.16	(434.60)		7,907,922.33	7,907,922.33	-	0.00
Inv Agmt	2004 MF Humble Parkway	1.20	02/05/04	12/31/05	376,960.03	376,960.03		(85,348.00)		251,216.66	251,216.66	-	0.00
Money Market	2004 MF Humble Parkway				65,348.00	65,348.00		(1,001,473.04)		132,999.62	132,999.62	-	0.00
Inv Agmt	2004 MF Humble Parkway	1.20	02/05/04	12/31/05	8,909,395.37	8,909,395.37	1,216.66			331,150.55	331,150.55	-	0.00
Inv Agmt	2004 MF Humble Parkway	1.20	02/05/04	12/31/05	250,000.00	250,000.00		(112.38)		3,683.34	3,683.34	-	0.00
Mutual Fund	2004 MF Humble Parkway				112.38	112.38		(119,405.32)		150,151.90	150,151.90	-	0.00
Inv Agmt	2004 MF Humble Parkway	0.04	04/26/04	02/01/10	252,404.94	252,404.94		(188,797.45)		155,551.95	155,551.95	-	0.00
Inv Agmt	2004 MF Humble Parkway	1.20	02/19/04	12/31/05	519,948.00	519,948.00		(5,400.05)		9,154,018.08	9,154,018.08	0.00	0.00
Inv Agmt	2004 MF Humble Parkway	0.86	08/01/04	09/01/04	9,140.00	9,140.00						-	0.00
Mutual Fund	2004 MF Humble Parkway	0.86	08/01/04	09/01/04	155,551.95	155,551.95	1,584.82	(1,386,427.50)	0.00			-	0.00
Mutual Fund	2004 MF Humble Parkway				10,538,860.76	10,538,860.76						-	0.00
	2004 MF Humble Parkway Total											-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
										934.75	934.75	-	0.00
Money Market	2004 MF Chisholm Trail Apts	1.00	08/01/04	09/01/04	293.72	293.72	641.03			1.86	1.86	-	0.00
Money Market	2004 MF Chisholm Trail Apts	1.00	08/01/04	09/01/04	719.08	719.08		(717.22)		275,192.01	275,192.01	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.60	04/13/04	10/01/05	283,192.01	283,192.01		(8,000.00)		718.35	718.35	-	0.00
Inv Agmt	2004 MF Chisholm Trail Apts	0.60	04/13/04	10/01/05			718.35			34,271.76	34,271.76	-	0.00
Inv Agmt	2004 MF Chisholm Trail Apts	1.00	08/01/04	09/01/04	10,735.62	10,735.62	23,536.14			10,190,786.00	10,190,786.00	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.60	04/13/04	10/01/05	10,380,000.00	10,380,000.00		(189,214.00)		28,593.14	28,593.14	-	0.00
Inv Agmt	2004 MF Chisholm Trail Apts	1.00	08/01/04	09/01/04	28,543.64	28,543.64	49.50			709.79	709.79	-	0.00
Money Market	2004 MF Chisholm Trail Apts	1.00	08/01/04	09/01/04	308.89	308.89	400.90			199,493.44	199,493.44	-	0.00
Money Market	2004 MF Chisholm Trail Apts	0.60	04/13/04	10/01/05	221,581.97	221,581.97		(22,088.53)		152,717.04	152,717.04	-	0.00
Inv Agmt	2004 MF Chisholm Trail Apts	1.00	08/01/04	09/01/04	152,452.84	152,452.84	284.40			10,883,418.14	10,883,418.14	0.00	0.00
Money Market	2004 MF Chisholm Trail Apts Total				11,077,827.57	11,077,827.57	25,610.32	(220,019.75)	0.00				0.00
							19,680.15			19,680.15	19,680.15	-	0.00
Money Market	2004 MF Evergreen at Plano	0.77	08/01/04	09/01/04			17,024.05			11,624,533.60	11,624,533.60	-	0.00
Money Market	2004 MF Evergreen at Plano	0.77	08/01/04	09/01/04			11,624,533.60			85,161.00	85,161.00	-	0.00
Money Market	2004 MF Evergreen at Plano	0.77	08/01/04	09/01/04			85,161.00			393,592.65	393,592.65	-	0.00
Money Market	2004 MF Evergreen at Plano	0.77	08/01/04	09/01/04			393,592.65			12,139,991.45	12,139,991.45	0.00	0.00
Money Market	2004 MF Evergreen at Plano Total				0.00	0.00	12,139,991.45	0.00	0.00				0.00
							892.01			892.01	892.01	-	0.00
Mutual Fund	2004 MF Montgomery Pines Apts	1.00	08/01/04	09/01/04			246,000.00	(29,721.64)		216,278.36	216,278.36	-	0.00
Inv Agmt	2004 MF Montgomery Pines Apts	1.81	05/27/04	12/15/05	246,000.00	246,000.00				542.61	542.61	-	0.00
Mutual Fund	2004 MF Montgomery Pines Apts	1.00	08/01/04	09/01/04			542.61			117,620.90	117,620.90	-	0.00
Inv Agmt	2004 MF Montgomery Pines Apts	1.81	05/27/04	12/15/05	154,000.00	154,000.00	200.47	(36,379.10)		200.47	200.47	-	0.00
Mutual Fund	2004 MF Montgomery Pines Apts	1.00	08/01/04	09/01/04				(2,135.40)		50,864.60	50,864.60	-	0.00
Inv Agmt	2004 MF Montgomery Pines Apts	1.81	05/27/04	12/15/05	53,000.00	53,000.00				43,181.70	43,181.70	-	0.00
Mutual Fund	2004 MF Montgomery Pines Apts	1.00	08/01/04	09/01/04			43,181.70			10,957,028.20	10,957,028.20	-	0.00
Inv Agmt	2004 MF Montgomery Pines Apts	1.81	05/27/04	12/15/05	11,468,441.20	11,468,441.20		(511,413.00)		18,993.92	18,993.92	-	0.00
Money Market	2004 MF Montgomery Pines Apts	0.86	08/01/04	09/01/04	102,176.25	102,176.25		(83,182.33)		11,405,602.77	11,405,602.77	0.00	0.00
Money Market	2004 MF Montgomery Pines Apts Total				12,023,617.45	12,023,617.45	44,816.79	(662,831.47)	0.00				0.00
							1,665.38			1,665.38	1,665.38	-	0.00
Mutual Fund	2004 MF Bristol Apts	1.00	08/01/04	09/01/04				(41,038.15)		400,836.85	400,836.85	-	0.00
Inv Agmt	2004 MF Bristol Apts	1.85	05/28/04	05/15/06	441,875.00	441,875.00				107,112.30	107,112.30	-	0.00
Mutual Fund	2004 MF Bristol Apts	1.00	08/01/04	09/01/04			107,112.30			413,391.25	413,391.25	-	0.00
Inv Agmt	2004 MF Bristol Apts	1.85	05/28/04	05/15/06	413,391.25	413,391.25	0.00			40,204.96	40,204.96	-	0.00
Mutual Fund	2004 MF Bristol Apts	1.00	08/01/04	09/01/04			40,204.96			10,014,326.89	10,014,326.89	-	0.00
Inv Agmt	2004 MF Bristol Apts	1.85	05/28/04	05/15/06	10,014,326.89	10,014,326.89		0.00		19,748.57	19,748.57	-	0.00
Mutual Fund	2004 MF Bristol Apts	1.00	08/01/04	09/01/04			19,748.57			10,997,286.20	10,997,286.20	0.00	0.00
Mutual Fund	2004 MF Bristol Apts Total				10,869,593.14	10,869,593.14	168,731.21	(41,038.15)	0.00				0.00
							1,793.09			1,793.09	1,793.09	-	0.00
Mutual Fund	2004 MF Pinnacle Apts	1.00	08/01/04	09/01/04				(36,356.97)		471,143.03	471,143.03	-	0.00
Inv Agmt	2004 MF Pinnacle Apts	1.81	05/28/04	05/15/06	507,500.00	507,500.00				289,559.67	289,559.67	-	0.00
Mutual Fund	2004 MF Pinnacle Apts	1.00	08/01/04	09/01/04			289,559.67			121,900.00	121,900.00	-	0.00
Inv Agmt	2004 MF Pinnacle Apts	1.81	05/28/04	05/15/06	288,332.75	288,332.75		(166,432.75)		42,657.45	42,657.45	-	0.00
Mutual Fund	2004 MF Pinnacle Apts	1.00	08/01/04	09/01/04			42,657.45			11,565,094.73	11,565,094.73	-	0.00
Inv Agmt	2004 MF Pinnacle Apts	1.81	05/28/04	05/15/06	11,565,094.73	11,565,094.73		0.00		19,166.80	19,166.80	-	0.00
Mutual Fund	2004 MF Pinnacle Apts	1.00	08/01/04	09/01/04			19,166.80			12,511,314.77	12,511,314.77	0.00	0.00
Mutual Fund	2004 MF Pinnacle Apts Total				12,360,927.48	12,360,927.48	353,177.01	(202,789.72)	0.00				0.00
							279,965.90			279,965.90	279,965.90	-	0.00
Mutual Fund	2004 MF Tranquility Bay Apts	0.77	08/01/04	09/01/04			369,321.00			4,566,442.52	4,566,442.52	-	0.00
Mutual Fund	2004 MF Tranquility Bay Apts	0.77	08/01/04	09/01/04			4,566,442.52			100,000.00	100,000.00	-	0.00
Mutual Fund	2004 MF Tranquility Bay Apts	0.77	08/01/04	09/01/04			100,000.00			476,300.67	476,300.67	-	0.00
Mutual Fund	2004 MF Tranquility Bay Apts	0.77	08/01/04	09/01/04			476,300.67					-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in Market Value	Recognized Gain
	2004 MF Tranquility Bay Apts Total				0.00	0.00	5,792,030.09	0.00	0.00	5,792,030.09	5,792,030.09	0.00	0.00
GNMA	2004 MF Sphinx @ Defafield	5.42	08/12/04	05/15/07			1,158,526.00			1,158,526.00	1,158,526.00	-	0.00
Money Market	2004 MF Sphinx @ Defafield	0.86	08/01/04	09/01/04			4,962.23			4,962.23	4,962.23	-	0.00
Inv Agmt	2004 MF Sphinx @ Defafield	1.90	07/13/04	01/31/06			10,221,744.00			10,221,744.00	10,221,744.00	-	0.00
inv Agmt	2004 MF Sphinx @ Defafield	1.90	07/13/04	01/31/03			323,081.80			323,081.80	323,081.80	-	0.00
Mutual Fund	2004 MF Sphinx @ Defafield	0.86	08/01/04	09/01/04			14,348.89			14,348.89	14,348.89	-	0.00
	2004 MF Sphinx @ Defafield Total				0.00	0.00	11,722,662.92	0.00	0.00	11,722,662.92	11,722,662.92	0.00	0.00
Mutual Fund	2004 MF Churchill @ Pinnacle	0.77	08/01/04	09/01/04			350,000.00			350,000.00	350,000.00	-	0.00
Mutual Fund	2004 MF Churchill @ Pinnacle	0.77	08/01/04	09/01/04			171,761.98			171,761.98	171,761.98	-	0.00
Mutual Fund	2004 MF Churchill @ Pinnacle	0.77	08/01/04	09/01/04			8,642,772.29			8,642,772.29	8,642,772.29	-	0.00
Mutual Fund	2004 MF Churchill @ Pinnacle	0.77	08/01/04	09/01/04			75,000.00			75,000.00	75,000.00	-	0.00
Mutual Fund	2004 MF Churchill @ Pinnacle	0.77	08/01/04	09/01/04			451,277.92			451,277.92	451,277.92	-	0.00
	2004 MF Churchill @ Pinnacle Total				0.00	0.00	9,690,812.19	0.00	0.00	9,690,812.19	9,690,812.19	0.00	0.00
Mutual Fund	2004 A/B MF Post Oak East Apts	1.00	08/01/04	09/01/04			353.78			353.78	353.78	-	0.00
Mutual Fund	2004 A/B MF Post Oak East Apts	1.00	08/01/04	09/01/04			268.39			268.39	268.39	-	0.00
Inv Agmt	2004 A/B MF Post Oak East Apts	1.87	08/05/04	07/15/06			500,000.00			500,000.00	500,000.00	-	0.00
Inv Agmt	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	-	0.00
Mutual Fund	2004 A/B MF Post Oak East Apts	1.00	08/01/04	09/01/04			7,534.10			7,534.10	7,534.10	-	0.00
Inv Agmt	2004 A/B MF Post Oak East Apts	1.87	08/05/04	07/15/06			10,600,725.00			10,600,725.00	10,600,725.00	-	0.00
Mutual Fund	2004 A/B MF Post Oak East Apts	1.00	08/01/04	09/01/04			26,248.08			26,248.08	26,248.08	-	0.00
	2004 A/B MF Post Oak East Apts Total				0.00	0.00	11,514,436.70	0.00	0.00	11,514,436.70	11,514,436.70	0.00	0.00
Total Multi-Family Investment Summary					222,657,390.94	222,657,390.94	60,467,824.40	(44,168,028.92)	(897,084.79)	238,060,101.63	238,060,101.63	0.00	0.00

Texas Department of Housing and Community Affairs
 Single Family Collateralized Home Mortgage Revenue Bonds Series 1993 Investment Summary
 For Period Ending August 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in Market Value	Recognized Gain
					7,430.32	7,430.32	24.13			7,454.45	7,454.45	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.58	08/31/04	09/01/04	87,569.50	87,569.50	73,882.91			161,452.41	161,452.41	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.58	08/31/04	09/01/04	87,179.43	87,179.43	97,926.07			185,105.50	185,105.50	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.58	08/31/04	09/01/04	132,428.08	132,428.08		(93,702.95)		38,725.13	38,725.13	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.58	08/31/04	09/01/04	50,407.69	50,407.69	330,546.48			380,954.17	380,954.17	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.58	08/31/04	09/01/04	413,721.70	413,721.70		(213,019.75)		200,701.95	200,701.95	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.58	08/31/04	09/01/04	310,754.78	323,594.84			(92,033.48)	218,721.30	231,626.80	65.44	0.00
FNMA	1993 SF MRB CHMRB	6.10	06/30/94	06/01/24	420,235.61	447,541.21			(35,126.86)	385,108.75	416,280.77	3,866.42	0.00
FNMA	1993 SF MRB CHMRB	6.90	08/17/94	08/01/24	549,621.78	586,487.36			(43,172.03)	506,449.75	548,452.98	5,137.65	0.00
FNMA	1993 SF MRB CHMRB	6.97	08/17/94	07/01/24	324,005.67	346,890.40			(2,113.72)	321,891.95	346,710.66	1,933.98	0.00
FNMA	1993 SF MRB CHMRB	7.06	08/17/94	07/01/24	73,786.54	78,855.49			(404.51)	73,382.03	79,594.90	1,143.92	0.00
FNMA	1993 SF MRB CHMRB	6.90	05/26/95	01/01/25	150,493.25	162,174.87			(3,112.41)	147,380.84	159,733.42	670.96	0.00
FNMA	1993 SF MRB CHMRB	7.10	08/15/95	05/01/25	2,755,200.65	2,858,886.20			(143,336.72)	2,611,863.93	2,760,246.35	44,696.87	0.00
FNMA	1993 SF MRB CHMRB	6.10	06/30/94	06/20/24	2,326,642.61	2,488,428.13			(305,990.42)	2,020,652.19	2,180,262.39	(2,175.32)	0.00
GNMA	1993 SF MRB CHMRB	6.90	08/17/94	08/20/24	1,845,684.43	1,977,276.38			(298,604.06)	1,547,080.37	1,671,772.64	(6,899.68)	0.00
GNMA	1993 SF MRB CHMRB	6.97	08/17/94	08/20/24	704,052.16	769,181.80			(10,308.27)	693,743.89	749,795.24	921.71	0.00
GNMA	1993 SF MRB CHMRB	7.06	08/17/94	08/20/24	406,048.10	421,529.67			(2,789.57)	403,258.53	426,371.23	7,631.13	0.00
GNMA	1993 SF MRB CHMRB	6.10	01/27/95	10/20/24	617,323.06	661,924.42			(3,860.74)	613,462.32	663,495.62	5,431.94	0.00
GNMA	1993 SF MRB CHMRB	6.97	02/16/95	12/20/24	183,543.10	196,171.10			(1,009.35)	182,533.75	196,955.25	1,793.50	0.00
GNMA	1993 SF MRB CHMRB	6.90	03/30/95	02/20/25	93,705.49	101,093.07			(982.33)	92,723.16	100,264.49	153.75	0.00
GNMA	1993 SF MRB CHMRB	6.97	06/01/95	05/20/25	40,115.72	42,974.49			(373.69)	39,742.03	42,975.60	374.80	0.00
GNMA	1993 SF MRB CHMRB	6.90	08/15/95	02/20/25	53,886.57	57,628.71			(291.45)	53,595.12	57,864.33	527.07	0.00
GNMA	1993 SF MRB CHMRB	6.90	08/15/95	02/20/25	43,165.40	46,547.51			(253.72)	42,911.68	46,390.51	96.72	0.00
GNMA	1993 SF MRB CHMRB	7.06	06/29/95	04/20/25	363,243.02	391,617.81			(60,059.15)	303,183.87	327,680.90	(3,877.76)	0.00
GNMA	1993 SF MRB CHMRB	7.10	06/29/95	05/20/25	35,496.52	38,246.72			(174.56)	35,321.96	38,154.54	82.38	0.00
GNMA	1993 SF MRB CHMRB	7.06	08/15/95	06/20/25	712,486.55	768,731.01			(68,090.46)	644,396.09	696,996.34	(3,644.21)	0.00
GNMA	1993 SF MRB CHMRB	1.58	08/31/04	09/01/04	4.82	4.82	0.00			4.82	4.82	-	0.00
GNMA	1993 SF MRB CHMRB	1.58	08/31/04	09/01/04	5.78	5.78	0.00			5.78	5.78	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.58	08/31/04	09/01/04	356.50	356.50	0.74			357.24	357.24	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.58	08/31/04	09/01/04	3.29	3.29	0.00			3.29	3.29	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.58	08/31/04	09/01/04	8.97	8.97	0.00			8.97	8.97	-	0.00
Repo Agmt	1993 SF MRB CHMRB	1.58	08/31/04	09/01/04	12,788,607.09	13,534,897.27	502,380.33	(306,722.70)	(1,072,087.50)	11,912,177.22	12,716,398.67	57,931.27	0.00
	1993 SF MRB CHMRB Total				12,788,607.09	13,534,897.27	502,380.33	(306,722.70)	(1,072,087.50)	11,912,177.22	12,716,398.67	57,931.27	0.00
Total 1993 SF MRB CHMRB Investment Summary					12,788,607.09	13,534,897.27	502,380.33	(306,722.70)	(1,072,087.50)	11,912,177.22	12,716,398.67	57,931.27	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
GNMA	1994 SF MRB CHMRB	7.10	01/30/97	12/20/26	224,969.84	242,458.27			(1,110.60)	223,859.24	242,003.02	655.35	0.00
GNMA	1994 SF MRB CHMRB	7.10	03/27/97	03/20/27	253,061.52	272,365.70			(1,111.28)	251,950.24	272,060.38	805.96	0.00
GNMA	1994 SF MRB CHMRB	6.72	05/15/97	01/20/27	456,922.53	484,869.13			(67,985.05)	388,937.48	417,157.16	273.08	0.00
GNMA	1994 SF MRB CHMRB	6.70	07/30/97	06/20/27	420,784.63	446,508.79			(1,864.52)	418,920.11	449,322.28	4,678.01	0.00
GNMA	1994 SF MRB CHMRB	6.72	09/18/97	09/20/27	501,787.50	532,394.52			(70,715.68)	431,071.82	462,276.00	597.16	0.00
GIC's	1994 SF MRB CHMRB	6.05	06/27/96	11/01/26	74,426.45	74,426.45	0.00			74,426.45	74,426.45	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.58	08/31/04	09/01/04	1,556.35	1,556.35	5.00			1,561.35	1,561.35	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.58	08/31/04	09/01/04	423.88	423.88	1.18			425.06	425.06	-	0.00
Repo Agmt	1994 SF MRB CHMRB	1.58	08/31/04	09/01/04	79.90	79.90	0.00			79.90	79.90	-	0.00
	1994 SF MRB CHMRB Total				23,036,533.34	24,540,816.15	210,755.39	(499,461.33)	(2,560,251.17)	20,187,576.23	21,675,518.73	(16,340.31)	0.00
Repo Agmt	1995 A/B SF MR Rfndg Bnds	1.58	08/31/04	09/01/04	0.01	0.01	0.00			0.01	0.01	-	0.00
	1995 A/B SF MR Rfndg Bnds Total				0.01	0.01	0.00	0.00	0.00	0.01	0.01	0.00	0.00
Total 1994/1995 SF MRB CHMRB Investment Summary					23,036,533.35	24,540,816.16	210,755.39	(499,461.33)	(2,560,251.17)	20,187,576.24	21,675,518.74	(16,340.31)	0.00

Texas Department of Housing and Community Affairs
 Comm Paper Investment Summary
 For Period Ending August 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
					391,844.34	391,844.34		(215,387.47)		176,456.87	176,456.87	-	0.00
Repo Agent	Commercial Paper	1.58	08/31/04	09/01/04			14,225,000.00			14,225,000.00	14,225,000.00	-	0.00
31C's	Commercial Paper	1.99	08/11/04	09/10/04			18,240,000.00			36,552,000.00	36,552,000.00	-	0.00
31C's	Commercial Paper	2.14	07/22/04	10/29/04	18,312,000.00	18,312,000.00			0.00	50,953,456.87	50,953,456.87	0.00	0.00
	Commercial Paper Total				18,703,844.34	18,703,844.34	32,465,000.00	(215,387.47)	0.00	50,953,456.87	50,953,456.87	0.00	0.00
Total Commercial Paper Investment Summary					18,703,844.34	18,703,844.34	32,465,000.00	(215,387.47)	0.00	50,953,456.87	50,953,456.87	0.00	0.00

Texas Department of Housing and Community Affairs
 General Fund Investment Summary
 For Period Ending August 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in Market Value	Recognized Gain
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	2,528,013.80	2,528,013.80	8,219.69			2,536,233.49	2,536,233.49	-	0.00
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	2,549,042.81	2,549,042.81	8,288.03			2,557,330.84	2,557,330.84	-	0.00
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	2,178,858.68	2,178,858.68		(659,812.43)		1,519,046.25	1,519,046.25	-	0.00
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	170,720.48	170,720.48	16,280.70			187,001.18	187,001.18	-	0.00
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	9,335.23	9,335.23	18,442.09			27,777.32	27,777.32	-	0.00
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	309,758.20	309,758.20	1,007.13			310,765.33	310,765.33	-	0.00
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	140,972.79	140,972.79	458.35			141,431.14	141,431.14	-	0.00
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	348,663.70	348,663.70		(75,174.16)		273,489.54	273,489.54	-	0.00
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	304,837.39	304,837.39	991.17			305,828.56	305,828.56	-	0.00
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	85,687.51	85,687.51	6,605.71			92,293.22	92,293.22	-	0.00
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	623,665.13	623,665.13	2,027.80			625,692.93	625,692.93	-	0.00
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	1,213,768.00	1,213,768.00		(682,974.19)		530,793.81	530,793.81	-	0.00
Repo Agmt	General Fund	1.58	08/31/04	09/01/04	289,037.77	289,037.77	110,808.38			399,846.15	399,846.15	-	0.00
General Fund Total					10,752,361.49	10,752,361.49	173,129.05	(1,417,960.78)	0.00	9,507,529.76	9,507,529.76	0.00	0.00
Total General Fund Investment Summary					10,752,361.49	10,752,361.49	173,129.05	(1,417,960.78)	0.00	9,507,529.76	9,507,529.76	0.00	0.00

Texas Department of Housing and Community Affairs
Housing Trust Fund Investment Summary
For Period Ending August 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	Housing Assistance Fund	1.58	08/31/04	09/01/04	565,561.99	565,561.99	13,847.57			579,409.56	579,409.56	-	0.00
Repo Agmt	Housing Trust Fund	1.58	08/31/04	09/01/04	614,686.02	614,686.02	318,101.40			932,787.42	932,787.42	-	0.00
Repo Agmt	Housing Trust Fund	1.58	08/31/04	09/01/04	167,343.74	167,343.74	8,626.83			175,972.57	175,972.57	-	0.00
Repo Agmt	Housing Trust Fund	1.58	08/31/04	09/01/04	1,936,335.75	1,936,335.75	6,085.55			1,942,421.30	1,942,421.30	-	0.00
Repo Agmt	Housing Trust Fund	1.58	08/31/04	09/01/04	737,988.56	737,988.56	62,267.31			800,255.87	800,255.87	-	0.00
Repo Agmt	Housing Trust Fund	1.58	08/31/04	09/01/04	438,568.89	438,568.89	16,456.11			455,025.00	455,025.00	-	0.00
Repo Agmt	Housing Trust Fund	1.58	08/31/04	09/01/04	362,852.67	362,852.67	1,099.66			363,952.33	363,952.33	-	0.00
Repo Agmt	Housing Trust Fund				784,714.11	784,714.11		(784,714.11)				-	0.00
Repo Agmt	Housing Trust Fund	1.58	08/31/04	09/01/04	2,012,150.16	2,012,150.16	6,325.75			2,018,475.91	2,018,475.91	-	0.00
Repo Agmt	Housing Trust Fund Total				7,620,201.89	7,620,201.89	432,812.18	(784,714.11)	0.00	7,268,299.96	7,268,299.96	0.00	0.00
Total Housing Trust Fund Investment Summary					7,620,201.89	7,620,201.89	432,812.18	(784,714.11)	0.00	7,268,299.96	7,268,299.96	0.00	0.00

Texas Department of Housing and Community Affairs
Administration Investment Summary
For Period Ending August 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
Repo Agmt		1.58	08/31/04	09/01/04	135,510.68	135,510.68	379.12	0.00	0.00	135,889.80	135,889.80	0.00	0.00
	Administration				135,510.68	135,510.68	379.12	0.00	0.00	135,889.80	135,889.80	0.00	0.00
	Administration Total				135,510.68	135,510.68	379.12	0.00	0.00	135,889.80	135,889.80	0.00	0.00
	Total Administration Investment Summary				135,510.68	135,510.68	379.12	0.00	0.00	135,889.80	135,889.80	0.00	0.00

Texas Department of Housing and Community Affairs
 Compliance Investment Summary
 For Period Ending August 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in In Market Value	Recognized Gain
Repo Agmt	RTC	1.58	08/31/04	09/01/04	290,454.47	290,454.47		(149,294.17)		141,160.30	141,160.30	-	0.00
Repo Agmt	Multi Family	1.58	08/31/04	09/01/04	581,995.25	581,995.25	76,277.04			638,272.29	638,272.29	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.58	08/31/04	09/01/04	421,308.18	421,308.18		(325,964.46)		95,343.72	95,343.72	-	0.00
Compliance Prog. Total					1,273,757.90	1,273,757.90	76,277.04	(475,258.63)	0.00	874,776.31	874,776.31	0.00	0.00
Total Compliance Investment Summary					1,273,757.90	1,273,757.90	76,277.04	(475,258.63)	0.00	874,776.31	874,776.31	0.00	0.00

Texas Department of Housing and Community Affairs
Housing Initiatives Investment Summary
For Period Ending August 31, 2004

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 05/31/04	Beginning Market Value 05/31/04	Accretions/Purchases	Amortizations/Sales	Maturities	Ending Carrying Value 08/31/04	Ending Market Value 08/31/04	Change in Market Value	Recognized Gain
Repo Agmt	S/F Interim Construction	1.58	08/31/04	09/01/04	437,068.58	437,068.58	1,334.84	(49.40)		438,403.42	438,403.42	-	0.00
Repo Agmt	S/F Interim Construction	1.58	08/31/04	09/01/04	324.73	324.73		(49.89)		275.33	275.33	-	0.00
Repo Agmt	S/F Interim Construction	1.58	08/31/04	09/01/04	154.87	154.87				104.98	104.98	-	0.00
Repo Agmt	Mig. Credit Certificate	1.58	08/31/04	09/01/04	66,094.67	66,094.67	188.04			66,282.71	66,282.71	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.58	08/31/04	09/01/04	638,872.57	638,872.57	95,351.12			734,223.69	734,223.69	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.58	08/31/04	09/01/04	969,443.74	969,443.74	740,659.56			1,710,103.30	1,710,103.30	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	1.58	08/31/04	09/01/04	135,998.15	135,998.15	64,600.75			200,598.90	200,598.90	-	0.00
	Housing Initiatives Total				2,247,957.31	2,247,957.31	902,134.31	(99.29)	0.00	3,149,992.33	3,149,992.33	0.00	0.00
	Total Housing Initiatives Investment Summary				2,247,957.31	2,247,957.31	902,134.31	(99.29)	0.00	3,149,992.33	3,149,992.33	0.00	0.00
	Total Investment Summary				1,350,788,465.88	1,363,169,843.09	181,624,196.60	(142,327,447.23)	(36,953,783.58)	1,353,131,431.67	1,377,190,589.69	11,677,780.91	0.00

SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 14, 2004

Action Items

Consider appeal of 2004 Single Family HOME Investment Partnerships (HOME) Program funding decision for Futuro Communities, Inc., Application #2004-0205.

Required Action

Board deny appeal of awarding additional points to HOME Application #2004-0205.

Background and Recommendations

Summary

Futuro Communities, Inc. wishes to appeal the score awarded on the 2004 Single Family HOME Application for Homebuyer Assistance (HBA) #2004-0205. Application #2004-0205 received 53 out of a total of 142 points. An appeal was submitted to the Executive Director on August 17, 2004 requesting the applicant receive the additional seventy-five (75) points. With staff's recommendation, the Executive Director awarded an additional thirty-five points for income targeting, but the remaining points were not awarded, and the appeal for a funding recommendation denied. Futuro Communities, Inc. is now appealing to the Board to award an additional 25 points not granted in the appeal to the Executive Director for matching funds.

According to the HOME application guidelines points will be awarded based on the dollar amount of eligible match as a percentage (up to 25%) of the requested project funds. Applicants must provide firm commitments as defined in the Match Guide (Appendix 11) and as outlined in the Program Budget (Attachment IV).

Applicants are requested to formulate and submit a Program Budget which will be used to implement the Applicant's program, if awarded (Attachment IV). Firm commitments and/or resolutions for match and cash reserves must be provided as support to the Program Budget. Match must be documented on the Match Detail Worksheet. The budget and supporting documentation will be utilized in the scoring criteria for match and cash reserves.

All supporting documentation is required to be submitted along with the Program Budget under Tab 5 of the application. The Program Budget states that \$204,300 will be supplied by International Bancshares, Incorporated. There is no letter of commitment from International Bancshares, Inc. supplied with the Program Budget under Tab 5 or elsewhere in the application.

As the appeal letter from Futuro Communities, Inc. states, a letter from the International Bank of Commerce was submitted. However, this letter was submitted behind Tab 8 to be scored as a letter from a lender interested in participating in the applicant's program. Under this particular tab, applicants were required to *submit commitment letters from lenders interested in*

participating in the proposed Homebuyer Assistance program. The letter should be written on the lender's letterhead and describe funds to be leveraged. The letters must be dated within the three (3) months prior to the application submission. The letter submitted by the International Bank of Commerce was awarded the full five points for this specific scoring criteria. Even if staff determined this letter to be eligible as match documentation, a firm dollar commitment was not stated in the commitment letter nor supplied as match documentation under Tab 5 of the application submitted. The match donor would have had to identify the below market interest rate they would be offering to those receiving HBA Assistance. The savings of lower interest rate would have been eligible as match. Again, this information was not supplied.

Recommendation

It is staff's recommendation that the appeal to the Board be denied. However, if the additional twenty-five (25) points are awarded, the revised score would warrant a funding recommendation of \$172,500 in project funds, with an additional four percent (4%) equaling \$6,900 in administrative funds, totaling \$179,400 to assist 10 households.

Middle Rio Grande
FUTURO
COMMUNITIES, INC.

RECEIVED
SEP 7 2004
EXECUTIVE

September 2, 2004

Families
United
To
Utilize
Regional
Opportunities

Texas Department of Housing and Community Affairs
Ms. Beth Anderson, Chair
P.O. Box 13941
Austin, TX 78711

**RE: Appeal of HOME Application # 2004-0205, FUTURO Communities, Inc.
Region 11**

Dear Ms. Anderson:

FUTURO Communities, Inc. is requesting an appeal for the scores received on the 2004 HOME Grant Application. Please review the following areas of concern:

EZ/EC PROGRAMS

Regional Business
Service Center

Family Loan Program

CASHH-Center for Area
Self-Help Housing

Economic Development

Grant Writing

Match possible pts 25 received 0

The International Bank of Commerce pledged 60% of the permanent financing for the Self-Help Housing Project proposed for the low and extremely low families of Maverick County, by this application. In the narrative, IBC was referred to as International Bancshares, which is the corporate holding company which owns International Bank of Commerce, IBC, in Eagle Pass, Maverick County, Texas. IBC also pledged, to FUTURO, that the organization would set the rate and service the loans independent of the traditional banking system. At the time of submission a rate had not been set, however, it is the mission and philosophy of FUTURO to serve the region by providing assistance to those most in need. The budget clearly stated IBC would provide \$204,300, (60%) and FUTURO would provide \$136,300, (40%) of the required permanent financing. While the actual interest rate was not given, the match is still present and the funds continue to be available.

SPONSORS

USDA, Rural Development

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Texas Department of
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Affairs

Ms. Anderson, the loss of these very valuable points has resulted in this application being rejected for funding. The families of Maverick County need this project to implement the beginning of a project with many years and many successes to come. Please take this into consideration when you review this appeal.

FUTURO Communities, Inc. is requesting consideration in the awarding of a portion of the possible points available for this segment of the application.

Thank you for the opportunity to submit this letter of appeal to the Board of the Texas Department of Housing and Community Affairs.

Sincerely,



Tammye Trevino
Chief Executive Officer

330 East Main
Uvalde, Texas 78801

Phone: 830-278-6817
Fax: 830-278-6905



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 FAX (361) 888-5243

IBC Zapata
 US Hwy 83 at 10th Avenue
 P.O. Box 1030
 Zapata, TX 78076-1030
 (956) 765-8361
 FAX (956) 765-9593

IBC Port Lavaca
 311 N. Virginia St.
 P.O. Box 228
 Port Lavaca, TX 77979
 (361) 552-9771
 FAX (361) 552-8937

IBC McAllen
 One South Broadway
 P.O. Box 579
 McAllen, TX 78505-0579
 (956) 686-0263
 FAX (956) 632-3565

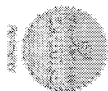
IBC Eagle Pass
 439 East Main Street
 Eagle Pass, TX 78852
 (830) 773-2313
 FAX (830) 773-6461


IBC Austin
 9606 N. Mopac Expressway
 Suite 110
 Austin, TX 78759
 (512) 346-3900
 FAX (512) 343-2538

IBC Oklahoma
 3601 NW 63rd Street
 Oklahoma City, OK 73116
 (405) 841-8922
 FAX (405) 841-2175

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Equal Housing Lender 
Member FDIC/International Bancshares Corporation



IBC

International Bank
of Commerce

April 16, 2004

FUTURO Communities, Inc.
Tammy C. Treviño, CEO
330 E. Main
Uvalde, Texas 78802

Dear Ms. Treviño:

It is my pleasure to support your application to the Texas Department of Housing and Community Affairs, 2004 HOME Program for the Construction of ten self-help housing units in Eagle Pass, Texas. FUTURO Communities, Inc. will be providing a great service in impoverished rural areas of Texas where the need for affordable housing is critical.

To assist you in this project and to assist those most in need in our area, **International Bank of Commerce**, will qualify each applicant as per policy credit criteria and will then provide sixty percent of the first lien, permanent financing. It is understood that FUTURO will contribute the remainder of forty percent of financing with Empowerment Zone funds thus retaining a second lien. HOME funds will make down payment assistance and closing costs available to the qualified homebuyer.

Please feel free to call on me at anytime.

Sincerely,

Hector J. Cerna
President and CEO
IBC - Eagle Pass

HJC:EO

Middle Rio Grande

FUTURO

COMMUNITIES, INC.

100 W. South Street
Uvalde Texas 78801

Phone: 830-278-6817
Fax: 830-278-6905
<http://www.futurocommunities.org>
fcinfo@futurocommunities.org

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REGIONAL
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*Regional Business
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216 West Main
Uvalde, TX
78801

1200 Ferry Street
Eagle Pass, TX
78852

315 North 1st Street
Crystal City, TX
78839

307 West Nopal Street
Carrizo Springs, TX
78834

Hwy 97 East
Cotulla HS, Building C
Cotulla, TX
78014

In Partnership with:
Cotulla ISD

Carrizo Springs ISD

Middle Rio Grande
Workforce Board

Middle Rio Grande
Development Council

April 15, 2004

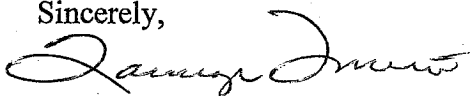
Texas Department of Housing and Community Affairs
Mr. Eric Pike
507 Sabine, Suite 700
Austin, Texas 78701

Dear Mr. Pike:

FUTURO Communities, Inc. has been awarded \$497,050 for FY '04 Round III Rural Empowerment Zone Grant, FY04 (year 2). Of these funds, we are targeting \$300,000 for Interim Financing for the 2004 HOME Program and \$136,200 to provide for forty percent of the Permanent Financing. A partnership with International Bancshares, Inc. will provide sixty percent of the Permanent Financing for the ten Self-Help homes to be constructed in Eagle Pass, Maverick County, Texas.

If I can provide additional information, please do not hesitate to contact me at 830-278-6817.

Sincerely,



Tammye Trevino, CEO
FUTURO Communities, Inc.

Attachment IV: Homebuyer Assistance Program Budget

Applicants must complete the Program Budget and the Budget Detail Worksheet.

SOURCES OF PERMANENT FUNDS TO BE APPLIED TO THE HOME PROJECT							
BUDGET CATEGORIES	HOME Funds from State of Texas (Column A)	Other Federal Funds (Column B)	State Funds from Non-Federal Source (Column C)	Local Government Funds (Column D)	Private Funds (Column E)	In-Kind Contributions (Column F)	Total Category Cost
Line 1. Downpayment/Closing Costs/Gap Financing	\$159,500	\$	\$	\$	\$	\$	\$159,500
Line 2. HBA Project Soft Costs (Cannot exceed 10% of Line 1)	\$	\$13,000	\$	\$	\$	\$	\$13,000
Line 3. Subtotal of Program Costs (Add Lines 1-2)	\$172,500	\$	\$	\$	\$	\$	\$172,500
Line 4. Administrative Costs (Cannot exceed 4% of Line 3.)	\$6,900	\$	\$	\$	\$	\$	\$6,900
Line 5. Other (Please Specify)		\$136,200	\$	\$	\$204,300	\$32,000	\$375,500
TOTAL PROGRAM COSTS	\$179,400	\$149,200	\$	\$	\$204,300	\$32,000	\$727,400

SOURCES OF NON-PERMANENT FUNDS TO BE APPLIED TO THE HOME PROJECT							
BUDGET CATEGORIES	HOME Funds from State of Texas (Column A)	Other Federal Funds (Column B)	State Funds from Non-Federal Source (Column C)	Local Government Funds (Column D)	Private Funds (Column E)	In-Kind Contributions (Column F)	Total Category Cost
Bridge Loan or Cash Reserves			\$	\$	\$300,000	\$	\$

MATCH DETAIL WORKSHEET

The following Match Detail Worksheet must identify all funds the Applicant will be using as matching funds. These funds should appear on the Homebuyer Assistance Program Budget under the appropriate columns. Support must be verified by a *resolution* from the Applicant's governing body specifying the dollar amount, not percentage, of match designated for the proposed HOME award. If an entity other than the Applicant is providing match, the support must be verified by a ***firm written commitment*** from the donor identifying the dollar amount given to the Applicant. The Applicant must also document how match is calculated. Ineligible forms of match and those funds without proper documentation will not be counted.

MATCH CODE			DONOR OF MATCH	AMOUNT OF MATCH	DOCUMENTATION OF MATCH	TYPE OF CONTRIBUTION	SOURCE OF FUNDS
<input checked="" type="checkbox"/> CASH	<input type="checkbox"/> LBRV	<input type="checkbox"/> LAND	FUTURO Communities, Inc	\$300000	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other	Interim Financing	<input type="checkbox"/> State Non-Federal <input type="checkbox"/> Local Government <input checked="" type="checkbox"/> Private <input type="checkbox"/> In-Kind
<input type="checkbox"/> LBRP	<input type="checkbox"/> INFR	<input type="checkbox"/> SPCM					
<input type="checkbox"/> SUPP	<input type="checkbox"/> RNVL	<input type="checkbox"/> SWEQ					
<input type="checkbox"/> WAIV	<input type="checkbox"/> COUN						
<input checked="" type="checkbox"/> CASH	<input type="checkbox"/> LBRV	<input type="checkbox"/> LAND	FUTURO Communities, Inc	\$136200	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other	permanent Financing 40%	<input type="checkbox"/> State Non-Federal <input type="checkbox"/> Local Government <input checked="" type="checkbox"/> Private <input type="checkbox"/> In-Kind
<input type="checkbox"/> LBRP	<input type="checkbox"/> INFR	<input type="checkbox"/> SPCM					
<input type="checkbox"/> SUPP	<input type="checkbox"/> RNVL	<input type="checkbox"/> SWEQ					
<input type="checkbox"/> WAIV	<input type="checkbox"/> COUN						
<input checked="" type="checkbox"/> CASH	<input type="checkbox"/> LBRV	<input type="checkbox"/> LAND	International Bancshares, Inc.	\$204300	<input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Donor Letter <input type="checkbox"/> Other	Permanent Financing 60%	<input type="checkbox"/> State Non-Federal <input type="checkbox"/> Local Government <input checked="" type="checkbox"/> Private <input type="checkbox"/> In-Kind
<input type="checkbox"/> LBRP	<input type="checkbox"/> INFR	<input type="checkbox"/> SPCM					
<input type="checkbox"/> SUPP	<input type="checkbox"/> RNVL	<input type="checkbox"/> SWEQ					
<input type="checkbox"/> WAIV	<input type="checkbox"/> COUN						
<input type="checkbox"/> CASH	<input type="checkbox"/> LBRV	<input type="checkbox"/> LAND	Qualified Families receiving assistance	\$32000	<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input checked="" type="checkbox"/> Other	Self-Help Housing Application/qualificatio	<input type="checkbox"/> State Non-Federal <input type="checkbox"/> Local Government <input type="checkbox"/> Private <input checked="" type="checkbox"/> In-Kind
<input type="checkbox"/> LBRP	<input type="checkbox"/> INFR	<input type="checkbox"/> SPCM					
<input type="checkbox"/> SUPP	<input type="checkbox"/> RNVL	<input checked="" type="checkbox"/> SWEQ					
<input type="checkbox"/> WAIV	<input type="checkbox"/> COUN						
<input type="checkbox"/> CASH	<input type="checkbox"/> LBRV	<input type="checkbox"/> LAND	Proyecto Azteca David Arizmendi	\$2500	<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input checked="" type="checkbox"/> Other	Program Mentoring	<input type="checkbox"/> State Non-Federal <input type="checkbox"/> Local Government <input type="checkbox"/> Private <input checked="" type="checkbox"/> In-Kind
<input checked="" type="checkbox"/> LBRP	<input type="checkbox"/> INFR	<input type="checkbox"/> SPCM					
<input type="checkbox"/> SUPP	<input type="checkbox"/> RNVL	<input type="checkbox"/> SWEQ					
<input type="checkbox"/> WAIV	<input type="checkbox"/> COUN						
<input type="checkbox"/> CASH	<input type="checkbox"/> LBRV	<input type="checkbox"/> LAND		\$	<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other		<input type="checkbox"/> State Non-Federal <input type="checkbox"/> Local Government <input type="checkbox"/> Private <input type="checkbox"/> In-Kind
<input type="checkbox"/> LBRP	<input type="checkbox"/> INFR	<input type="checkbox"/> SPCM					
<input type="checkbox"/> SUPP	<input type="checkbox"/> RNVL	<input type="checkbox"/> SWEQ					
<input type="checkbox"/> WAIV	<input type="checkbox"/> COUN						
<input type="checkbox"/> CASH	<input type="checkbox"/> LBRV	<input type="checkbox"/> LAND		\$	<input type="checkbox"/> Resolution <input type="checkbox"/> Donor Letter <input type="checkbox"/> Other		<input type="checkbox"/> State Non-Federal <input type="checkbox"/> Local Government <input type="checkbox"/> Private <input type="checkbox"/> In-Kind
<input type="checkbox"/> LBRP	<input type="checkbox"/> INFR	<input type="checkbox"/> SPCM					
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In accordance with Program HOME guidelines, the FUTURO Communities, Inc. Housing Committee members will be comprised of three currently seated Board members. Mr. Raymond A. Landrum, elected La Salle County Representative, has faithfully served as a Charter member, is a real estate developer and former banker, (résumé attached). Mr. Oscar Garcia, Low Income Representative elected from Uvalde County, brings housing construction experience and is currently Maintenance Supervisor of the physical plant at the local community college, (résumé attached). Mr. Sabino Garza, board member, serves as Executive Director of CASSE, Inc., public program providing assistance to colonia residents of Maverick, County, Texas. Mr. Johnny Ruiz, Director of Operations, Middle Rio Grande Development Council, based in Eagle Pass, Texas.

FUTURO VISTA SELF-HELP HOUSING DEVELOPMENT

Construction of 10 single-family, self-help homes during the next two years in Maverick County, Texas.

FUTURO Communities, Inc. Chief Executive Officer has located several parcels of residential zoned property and is currently preparing offers to be presented to the real estate brokers representing the property owners. Cost of each lot is based on current market value and highest and best use appraisal.

FUTURO Communities, Inc. will construct 10 single-family homes using the Self-Help method:

1. Publish Criteria for pre-screening and selection of 10 families
2. Hire Construction Foreman
3. Secure House Plans and Reasonable Costs
4. Secure Underwriting and Mortgage
5. Schedule and Train in Pre-Post Homeownership Counseling and Money Smart Modules including pre-purchase financial education and debt management
6. Determine the total amount of Down-Payment Assistance each family is eligible
7. Draft and execute agreement with family to commit to no less than 320 hours of "sweat equity" per housing unit

The construction of these homes will be completed with FUTURO Communities, Inc. as the general contractor. A FUTURO staff construction foreman will train family members and oversee the building project. Request for public bid will be published in local newspapers and trade journals for the foundation, roofing, air conditioning/heating, plumbing and electrical contracts as per State Regulations for Procurement.

International Bancshares, Inc. (IBC) will provide mortgage packaging for each participant family. Construction will begin concurrently; foundations built, walls erected, roofs in place. Closings will be within 60 days of completion and permanent financing.

- **HOME** funds to be used for:
 - Down payment Assistance
 - Closing Costs
 - Gap Financing
- International Bancshares, Inc., mortgage funds 60% 1st Lien
- Reserve Fund – FUTURO Communities, Inc.
- FUTURO, mortgage funds 40% 2nd Lien
- Sweat Equity contribution from participant families

The entire project will be completed within 24 months of funding approval. This program is planned as an ongoing, growth potential, self-help project with a minimum of 10 years expansion.

Counties whose median income is below the statewide median income of \$53,000 are eligible to utilize the Rider 3 Limits when delineating households to serve upon award in the application process. The Rider 3 Limits are as follows:

Number of Persons in the Family	Maximum Annual Income
1 Person	\$13,000
2 Persons	\$16,000
3 Persons	\$17,000
4 Persons	\$19,000
5 Persons	\$21,000

*For each additional person add \$1,500.

Counties whose median income is at or below the statewide median income will receive the same number of points for income targeting when serving households at or below 50% Area Median Family Income (AMFI) as those counties exceeding the statewide median income targeting households at or below 30% AMFI.

Applicants must identify the number of households proposed to serve at the applicable AMFI percentages using the income limits determined by HUD, and published by the Department. The 2004 Income Limits have been supplied as an Appendix in the application.



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August 30, 2004

RICK PERRY

Governor

EDWINA P. CARRINGTON

Executive Director

BOARD MEMBERS

Elizabeth Anderson, Chair

Shadrick Bogany

C. Kent Conine

Vidal Gonzalez

Patrick R. Gordon

Norberto Salinas

Tammy Trevino, Chief Executive Officer
Futuro Communities, Inc.
330 East Main
Uvalde, Texas 78801

RE: Appeal of HOME Application #2004-0205, Futuro Communities, Inc., Region 11

Dear Ms. Trevino:

The Texas Department of Housing and Community Affairs (Department) is in receipt of the appeal submitted by the Zavala County for 2004 HOME Program Application #2004-0205 for Homebuyer Assistance (HBA) in State Service Region Eleven. The Department regrets to inform you that the appeal submitted has been denied. A breakdown of this appeal is as follows:

Match (0 of a maximum of 25 points awarded)

According to the application guidelines points will be awarded based on the dollar amount of eligible match as a percentage (up to 25%) of the requested project funds. Applicants must provide firm commitments as defined in the Match Guide (Appendix 11) and as outlined in the Program Budget (Attachment IV).

Applicants are requested to formulate and submit a Program Budget which will be used to implement the Applicant's program, if awarded (Attachment IV). Firm commitments and/or resolutions for match and cash reserves must be provided as support to the Program Budget. Match must be documented on the Match Detail Worksheet. The budget and supporting documentation will be utilized in the scoring criteria for match and cash reserves.

All supporting documentation is required to be submitted along with the Program Budget under Tab 5 of the application. The Program Budget states that \$204,300 will be supplied by International Bancshares, Inc., not the International Bank of Commerce, in the form of permanent financing. There is no letter of commitment from International Bancshares, Inc. supplied with the Program Budget under Tab 5 or elsewhere in the application.

As the appeal letter from Futuro Communities, Inc. states, a letter from the International Bank of Commerce was submitted. This letter was submitted behind Tab 8 to be scored as

a letter from a lender interested in participating in the applicant's program. Under this particular tab, applicant's were required to *submit commitment letters from lenders interested in participating in the proposed Homebuyer Assistance program. The letter should be written on the lender's letterhead and describe funds to be leveraged. The letters must be dated within the three (3) months prior to the application submission.* The letter submitted by the International Bank of Commerce was awarded the full five points for this specific scoring criteria. Even if staff determined this letter to be eligible as match documentation, a firm dollar commitment was not stated in the commitment letter. Permanent financing as presented in the letter was determined to be an eligible form of match. The match donor would have had to identify the below market interest rate they would be offering to those receiving HBA Assistance. The savings of lower interest rate would have been eligible as match. Again, this information was not supplied.

Staff does not recommend awarding the additional 25 points for match.

Cash Reserves (0 of a maximum of 15 points awarded)

According to the application, points will be awarded based on the dollar amount of cash reserves as a percentage (up to 50%) of the requested project funds. Applicants must provide firm commitments as outlined in the Program Budget (Attachment IV).

A letter from Futuro Communities, Inc. was supplied committing \$300,000 of FY '04 Round III Rural Empowerment Zone Grant funds as cash reserves. Such funds have been determined to be ineligible cash reserves. Cash reserves must be funds readily at the applicant's disposal. The applicant did supply email correspondence between themselves and USDA Rural Development. This correspondence states that the use of such funds could possibly be used as mortgage financing, but such a use must be incorporated into the applicant's strategic plan. It is important to note that the correspondence also stated that the funds could not be drawn down at once. This indicates that the funds are not readily available for the applicant's use, and function similarly to the HOME Program's reimbursement draw down system, when first a request must be submitted and then approved before the applicant has access to the funds. Therefore, these funds do not constitute the Department's definition of cash reserves.

Additionally, as presented in the application, the \$300,000 supplied by Futuro Communities, Inc. per the Match Detail Workshop, lists these funds as match, not cash reserves. USDA funds are federal funds, and would not be admissible as an eligible form of match per HUD's Final Rule.

Staff does not recommend awarding the additional 15 points for cash reserves.

Income Targeting (maximum 35 points)

According to the application, points will be awarded based on the percentage of the total units targeted to specific income levels. The applicant should consider the income limits of the program and evaluate how the community's needs fit into those limits to determine the target population. Applicants are required to indicate the number of individuals that will be served through the program, and the Area Median Family Income (AMFI) to be targeted. Additionally, the score sheets available prior to the April 16th deadline, state points will be awarded based on the percentage of total units targeted to specific income

levels. Please refer to Tab 1, Section 4 of the Uniform Application for the Applicant's income targeted units. Calculate the percentage of total units targeted at or below 60% AMFI and circle the associated points. No points will be awarded for targeting households between 61-80% AMFI. The Uniform Application states that ten individuals will be assisted at 80% AMFI. This would award zero points for income targeting.

Staff was accurate in the score of zero points originally awarded based on the information supplied under Tab 1, Section 4 of the Uniform Application. However, after review of the Program Design submitted under a separate tab of the application and not used when scoring this criteria, it has been clarified that all ten individuals to be assisted if the application would have been recommended would be at 30% AMFI.

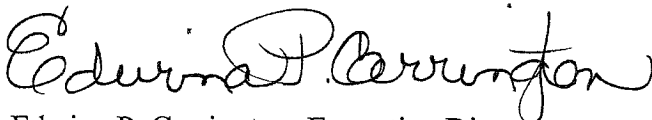
Staff concurs with Futuro Communities, Inc. and grants the additional 35 points for income targeting.

With the addition of 35 points, the revised score equals 88 points. This score does exceed the initial threshold of 85 points to be considered for a funding recommendation. However, it still would not have scored high enough to receive a funding recommendation. Staff was only able to recommend three applications, with the lowest of the three scoring 93 points. Funds were not able to fully fund the third highest scoring applicant. A fourth application would not have been recommended.

According to 10 TAC 1.7, an Applicant does have the ability to appeal the Executive Director's decision. If Zavala County so chooses, an appeal can be presented to the Governing Board of Directors. Those policies and procedures outlined at 10 TAC 1.7 must be followed for the appeal to be heard by the Governing Board of Directors.

If you have any questions, please contact Paige McGilloway, Project Manager for Program Awards, with the Single Family Finance Production Division at (512) 475-4604.

Sincerely,



Edwina P. Carrington, Executive Director
Texas Department of Housing and Community Affairs

cc: Eric Pike
Paige McGilloway

Middle Rio Grande
FUTURO
COMMUNITIES, INC.

August 17, 2004

Texas Department of Housing and Community Affairs
 Office of the Executive Director
 Ms. Edwina Carrington
 P.O. Box 13941
 Austin, TX 78711

Subject: Appeal of 2004 HOME Application Scoring

Dear Ms. Carrington:

FUTURO Communities, Inc. is requesting an appeal for the scores received on the 2004 HOME Grant Application. Please review the following areas of concern:

Income Targeting possible pts 35 received 0

In the fillable form, a typo was made in the median percentages of 80%, while throughout the entire application and narrative, the targeted population was at 30% or below. In this geographic area of Maverick County, Texas, unemployment and poverty is rampant. The families of this area, including the recognized Kickapoo Traditional Tribe of Texas, have been anxiously awaiting news of this funding to provide much needed safe, affordable housing. Please review the narrative and consider awarding points for this section of the application.

Match possible pts 25 received 0

The International Bank of Commerce pledged 60% of the permanent financing for the Self-Help Housing Project proposed by this application. The letter of commitment and budget document clearly states the dollar amount of \$ 204,300.

Cash Reserves possible pts 15 received 0

Cash reserves in the amount of \$300,000 pledged by this organization from Empowerment Zones funds allocated to this region is clearly stated in the budget, narrative and the required correspondence. The EZ funds are made available primarily due to the abject poverty of the area.

Ms. Carrington, the loss of these very valuable points has resulted in this application being rejected for funding. The families of Maverick County need this project to implement the beginning of a project with many years and many successes to come. Please take this into consideration when you review this appeal.

Thank you for the opportunity to submit this letter of appeal to Texas Department of Housing and Community Affairs.

Sincerely,


 Phyllis R. Varnon for Tammye Trevino, Chief Executive Officer

SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 14, 2004

Action Items

Consider appeal of 2004 Single Family HOME Investment Partnerships (HOME) Program funding decision for Zavala County, Application #2004-0119.

Required Action

Board deny appeal of awarding additional points to HOME Application #2004-0119.

Background and Recommendations

Summary

Zavala County wishes to appeal the score awarded on the 2004 Single Family HOME Application for Owner Occupied Housing Assistance (OCC) #2004-0119. Application #2004-0119 was awarded ten (10) out of the fifteen (15) possible points for local contractor letters. Zavala County asks that an additional five (5) points be awarded for local contractor letters. An appeal was submitted to the Executive Director on August 17, 2004 requesting the applicant receive the additional five (5) points. The Executive Director denied this appeal and no additional points were awarded.

According to the score sheets posted prior to the application deadline, points will be awarded based on a review of the letters (up to three letters) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed program. To be considered for scoring, the letters must be on the contractor's letterhead or include the contractor's full name and address and the contractor must be headquartered within the regional service area proposed in the application. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area.

In addition to the information on the scoring sheet, the application contains the following regarding the local contractor letters: *Submit letters from up to three (3) potential contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed HOME program, if awarded. Acceptable letters must be from contractors headquartered within the regional service area proposed in the application to receive maximum points. If the applicant cannot identify potential contractors headquartered in the regional service area proposed in the application, the applicant may submit a notarized certification from the authorized signature authority with letters of interest from up to three (3) potential contractors headquartered outside of the regional service area but will receive only a portion of the maximum points allowed.*

Zavala County submitted four letters from contractors willing to participate in the program if the County was recommended an award. Only two of the four letters met the requirements to receive points. The letter submitted by Mr. Correa did not include an address in order to determine if the contractor was located in the service region, nor was it on letterhead. The fourth letter submitted did include an address, but the contractor was headquartered outside of the service region. Zavala County is not contesting this letter and agrees with Single Family Finance Production staff's decision in not awarding points.

With 191 OCC applications to review, it would have been infeasible to verify over 573 contractors and their addresses for accuracy. It is important to note that staff consistently did not award points to any contractor letter without an address for location verification. Based on the competitiveness of the funding cycle, those applicants that submitted the proper information and had high enough scores, received a funding recommendation, versus those that did not properly submit the documentation requested.

Under the program rules, staff has the ability to request clarification through the Department's deficiency process. However, at no time was a deficiency notice sent to any applicant for local contractor location verification; again, consistency being the utmost goal. We did not feel this constituted a deficiency. A deficiency notice was sent only to clarify conflicting information or to properly categorize an application for competition purposes.

This appeal differs from those appeals submitted by the City of Ralls and the City of Lorenzo. The City of Ralls and the City of Lorenzo are arguing that we should grant the additional five points due to the fact the letters were on official company letterhead but excluded the address for verification. The letter submitted by Mr. Correa was not on letterhead and did not include an address.

Recommendation

It is staff's recommendation that the appeal to the Board be denied. However, if the additional five (5) points are awarded, the revised score would warrant a funding recommendation of \$500,000 in project funds, with an additional four percent (4%) equaling \$20,000 in administrative funds, totaling \$520,000 to assist 9 households.

COUNTY OF ZAVALA

OFFICE OF THE

200 E. UVALDE ST.
CRYSTAL CITY, TEXAS 78839

COUNTY JUDGE

TEL. 830-374-3810
FAX 830-374-5634JOE LUNA
ZAVALA COUNTY JUDGE

September 7, 2004

Elizabeth Anderson, Chair of Board of Directors
Single Family Finance Production
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, Texas 78701
Via Facsimile: 512-475-4798

**RE: *Zavala County 2004
Owner Occupied Housing Assistance Program Application***

Dear Ms. Anderson:

This letter is a requested to the Board of Directors, by Zavala County, to appeal the Executive Director's decision concerning the County's 2004 application to the Texas Department of Housing and Community Affairs' 2004 Owner Occupied Housing Assistance Program.

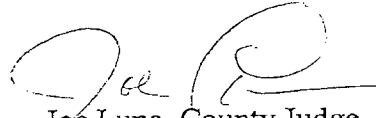
In accordance with the grant application guidelines, Zavala County submitted four letters from contractors to provide rehabilitation and reconstruction services in our proposed project. Three of four contractors were local contractors from the region. In the scoring process, our application only received ten points; however, we are of the opinion that we should have received fifteen points, since the requisite three local contractors supplied letters of interest.

Our consulting firm, Public Management, discussed this matter with Ms. Paige McGilloway. She stated that one contractor did not have his address on the letter. I personally know the contractor in questions, and I did see him prepare the letter of intent after a Commissioners Court meeting at our request. The contractor states in his letter that he is "a local contractor that works in Zavala County." This is in compliance with our Section 3 Local Opportunity Plan, where we encourage local participation by our workforce at every opportunity, and clearly meets the intent of your program, which is to see that here are local contractors to do the projected work. The contractors address is P.O. Box 473, Batesville, Texas 78829.

Elizabeth Anderson, Chair of Board of Directors
September 7, 2004
Page 2 of 2

I feel strongly that our application should rank number two (2) in the regional score. If the idea of awarding funds is to select entities that clearly have a demonstrated need based on your scoring system, then I implore you to grant funds to Zavala County. To do so will undoubtedly go a long way in meeting true human need in a poor county such as ours.

Respectfully submitted,

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

Joe Luna, County Judge
Zavala County



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August 30, 2004

RICK PERRY
Governor

Joe Luna, County Judge
Zavala County
200 E. Uvalde Street
Crystal City, Texas 78839

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS

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

RE: Appeal of HOME Application #2004-0119, Zavala County, Region 11

Dear Judge Luna:

The Texas Department of Housing and Community Affairs (Department) is in receipt of the appeal submitted by the Zavala County for 2004 HOME Program Application #2004-0119 for Owner Occupied Housing Assistance (OCC) in State Service Region Eleven. The Department regrets to inform you that the appeal submitted has been denied.

Zavala County submitted four letters from contractors willing to participate in the program if the County was recommended an award. Only two of the four letters met the requirements to receive points. The letter submitted by Mr. Correa did not include an address in order to determine if the contractor was located in the service region, nor was it on letterhead. The fourth letter submitted did include an address, but the contractor was headquartered outside of the service region.

With 191 OCC applications to review, it would have been infeasible to verify over 573 contractors and their addresses for accuracy. It is important to note that staff consistently did not award points to any contractor letter without an address for location verification. Based on the competitiveness of the funding cycle, those applicants that submitted the proper information and high enough scores, received a funding recommendation, versus those that did not properly submit the documentation requested.

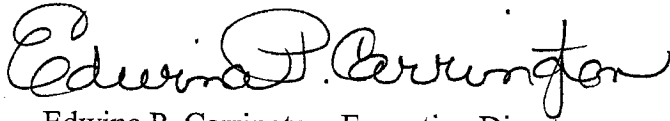
Under the program rules, staff has the ability to request clarification through the Department's deficiency process. However, at no time was a deficiency notice sent to any applicant for local contractor location verification; again, consistency being the utmost goal. We did not feel this constituted a deficiency. A deficiency notice was sent only to clarify conflicting information or to properly categorize an application for competition purposes.

The additional five points requested will not be awarded for the local contractor letter submitted by Mr. Correa, and no funding recommendation will be made.

According to 10 TAC 1.7, an Applicant does have the ability to appeal the Executive Director's decision. If Zavala County so chooses, an appeal can be presented to the Governing Board of Directors. Those policies and procedures outlined at 10 TAC 1.7 must be followed for the appeal to be heard by the Governing Board of Directors.

If you have any questions, please contact Paige McGilloway, Project Manager for Program Awards, with the Single Family Finance Production Division at (512) 475-4604.

Sincerely,

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

Edwina P. Carrington, Executive Director
Texas Department of Housing and Community Affairs

cc: Eric Pike
Paige McGilloway

COUNTY OF ZAVALA



OFFICE OF THE

COUNTY JUDGE

200 E. UVALDE ST.
CRYSTAL CITY, TEXAS 78839

TEL. 830-374-3810
FAX 830-374-5634

JOE LUNA
ZAVALA COUNTY JUDGE

RECEIVED
AUG 18 2004
EXECUTIVE

August 17, 2004

Ms. Edwina Carrington, Executive Director
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, Texas 78711-3941

**RE: *Zavala County 2004
Owner Occupied Housing Assistance Program Application***

Dear Ms. Carrington:

This letter is a request by Zavala County to use the Board Appeals Process of the Texas Department of Housing and Community Affairs for reviewing the award of applications for the 2004 Owner Occupied Housing Assistance Program.

In accordance with the grant application guidelines, Zavala County submitted four letters from contractors to provide rehabilitation and reconstruction services in our proposed project. Three of those four contractors were local contractors from the "region". In the scoring process, our application only received ten points, however, we are of the opinion that we should have received fifteen points, since the requisite three local contractors supplied letters of intent.

Our consulting firm, Public Management, discussed this matter with Ms. Paige McGilloy. She stated that one contractor did not have his address on the letter. I personally know the contractor in question, and I did see him prepare the letter of intent after a Commissioners Court meeting at our request. The contractor states in his letter that he is "a local contractor that works in Zavala County". This is in compliance with our section 3 Local Opportunity Plan, where we encourage "local" participation by our workforce at every opportunity, and clearly meets the intent of your program, which is to see that there are "local" contractors to do the projected work. The contractor's address is PO Box 473, Batesville, Texas 78829.

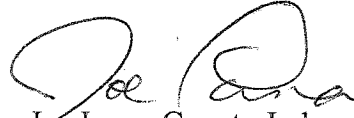
Edwina Carrington, Executive Director

August 17, 2004

Page 2 of 2

I feel strongly that our application should rank number 2 in the regional score. If the idea of awarding funds is to select entities that clearly have a demonstrated need based on your scoring system, then I implore you to grant funds to Zavala County. To do so will undoubtedly go a long way in meeting true human need in a poor county such as ours.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Joe Luna". The signature is fluid and cursive, with the first name "Joe" and last name "Luna" clearly distinguishable.

Joe Luna, County Judge
Zavala County

SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 14, 2004

Action Items

Consider appeal of 2004 Single Family HOME Investment Partnerships (HOME) Program funding decision for City of Lorenzo, Application #2004-0165.

Required Action

Board deny appeal of awarding additional points to HOME Application #2004-0165.

Background and Recommendations

Summary

The City of Lorenzo wishes to appeal to the Board the score awarded on the 2004 Single Family HOME Application for Owner Occupied Housing Assistance (OCC) #2004-0165. Application #2004-0165 was awarded ten (10) out of the fifteen (15) possible points for local contractor letters. The City of Lorenzo asks that an additional five (5) points be awarded for local contractor letters. An appeal was submitted to the Executive Director on August 17, 2004 requesting the applicant receive the additional five (5) points. The Executive Director denied this appeal and no additional points were awarded.

According to the score sheets posted prior to the application deadline, points will be awarded based on a review of the letters (up to three letters) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed program. To be considered for scoring, the letters must be on the contractor's letterhead or include the contractor's full name and address and the contractor must be headquartered within the regional service area proposed in the application. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area.

In addition to the information on the scoring sheet, the application contains the following regarding the local contractor letters: Submit letters from up to three (3) potential contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed HOME program, if awarded. Acceptable letters must be from contractors headquartered within the regional service area proposed in the application to receive maximum points. If the applicant cannot identify potential contractors headquartered in the regional service area proposed in the application, the applicant may submit a notarized certification from the authorized signature authority with letters of interest from up to three (3) potential contractors headquartered outside of the regional service area but will receive only a portion of the maximum points allowed.

The City of Lorenzo submitted three letters from contractors willing to participate in the program if the City was recommended an award. Only two of the three letters met the requirements to receive points. The letter submitted by Sunwest Construction, despite being on letterhead, did not include an address in order to determine if the contractor was located in the service region. Additionally, the letter does not state they are headquartered in the service region, but only states their willingness to provide contracting services. The attachment supplied with the appeal acknowledging the contractor's address was not supplied with the application materials.

With 191 OCC applications to review, it would have been infeasible to verify over 573 contractors and their addresses for accuracy. It is important to note that Single Family Finance Production staff consistently did not award points to any contractor letter without an address for location verification. Based on the competitiveness of the funding cycle, those applicants that submitted the proper information and had high enough scores, received a funding recommendation, versus those that did not properly submit the documentation requested.

Under the program rules, staff has the ability to request clarification through the Department's deficiency process. However, at no time was a deficiency notice sent to any applicant for local contractor location verification; again, consistency being the utmost goal. We did not feel this constituted a deficiency. A deficiency notice was sent only to clarify conflicting information or to properly categorize an application for competition purposes.

GrantWorks, Inc. is representing the City of Lorenzo and submitted the application on behalf of the City. GrantWorks, Inc. submitted proper local contractor letters, and received the full fifteen (15) points, for all the other applications submitted excluding the letter supplied by Sunwest Construction. This same contractor also submitted a letter to participate as a contractor on the City of Ralls' application. The City of Ralls also did not receive the full fifteen (15) points, and is appealing to the Board the Department's decision regarding the same matter.

Recommendation

It is staff's recommendation that the appeal to the Board be denied. However, if the additional five (5) points are awarded, the revised score would warrant a funding recommendation of \$469,640 in project funds, with an additional four percent (4%) equaling \$18,786 in administrative funds, totaling \$488,426 to assist 9 households.



P.O. Box 430
703 5th Street
Lorenzo, Texas 79343
www.cityoflorenzo.org
(806) 634-5596

Lester Bownds, Mayor

Rhonda Cypert, City Administrator

Ms. Elizabeth Anderson
Board Chair, TDHCA
P.O. Box 13941
Austin, TX 78711-13941

Dear Ms. Anderson:

We wish to be placed on the agenda for the next TDHCA Governing Board meeting in order to appeal the score awarded to the HOME Program Owner-Occupied Application submitted by the City of Lorenzo (application 2004-0165). We ask that the Board award an additional five (5) points to the application under the "Local Contractors Letters" section. Our application was awarded only ten (10) points and we believe that this was a procedural error on the part of the Texas Department of Housing and Community Affairs.

Our application had three letters from local contractors but only received ten (10) out of fifteen (15) points. We understand that the five (5) point deduction occurred because one of the letters, from Sunwest Construction, Inc., was on their letterhead which lacks an address or phone number. They are, however, headquartered within the region in Lubbock and the letter is on Sunwest's letterhead.

The application contains the following regarding the "Local Contractor Letters" section:

"Points will be awarded based on the submission of documents. An applicant will receive points for the documents described under the scoring items on page 12" (pg. 9)

"Submit letters from up to three (3) potential contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed HOME program, if awarded. Acceptable letters must be from contractors headquartered within the regional service area proposed in the application to receive maximum points." (pg. 12)

According to the scoring sheets, *"To be considered for scoring, the letters must be on the contractor's letterhead **OR** include the contractor's full name and address and the contractor must be headquartered within the regional service area proposed in the application."*

As stated in the denial letter sent by Ms Edwina Carrington, *"Based on the competitiveness of the funding cycle, those applicants that submitted the proper information and high enough scores, received a funding recommendation, versus those that did not properly submit the documentation requested."*

Clearly, from all of the written application guidance provided by TDHCA, the letter in question does meet the proper submission documentation requirement.

In her denial letter, Ms. Carrington goes on to state that, *"Under the program rules, staff has the ability to request clarification through the Department's deficiency process. However, at no time was a deficiency notice sent to any applicant for local contractor location verification; again, consistency being the utmost goal...A deficiency notice was sent only to clarify conflicting information or to properly categorize an application for competition purposes."*

Since three letters were submitted to achieve maximum points, and the Department made the assumption that one of the contractors was not located in the service region, this would appear to be "conflicting information" and a deficiency letter should have been sent for clarification.

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Lester Bowns, Mayor

Rhonda Cypert, City Administrator

In regard to "consistency", the only way for the Department to properly demonstrate consistency is for it to apply the standards set forth in writing. The Department demonstrated a lack of consistency with its own written materials by denying the points for the Sunwest letter, which meet all requirements of the application.

Because of the intense competition for funds, TDHCA should adhere to a strict interpretation of its application instructions and rules; if a letter is on the letterhead of an eligible contractor, it satisfies the requirements stated in the application material and on the scoring sheet and must be awarded five (5) points. The application scorers may have preferred to have the address readily available on every letter for verification, and the Program may have intended to make this an explicit requirement in its application materials, but it did not.

Finally, the Texas Administrative Code does not address this issue in the HOME rules. Therefore, the only guidance was the information provided in the HOME Application packet.

Once again, the information submitted was in full accordance with the instructions provided by TDHCA; the refusal to award the five (5) points contradicts the agency's own scoring sheet, and in my opinion the spirit and intent of local contractor requirement. Therefore, we respectfully request that the Board award the additional five (5) points to our application.

Regards,



Lester Bowns, Mayor
City of Lorenzo

Enclosures: Selection Criteria for Owner Occupied Housing Assistance (pp. 9 & 12)
Scoring sheet for Owner Occupied Housing Assistance (last page)
Merriam-Webster definition of "letterhead"
Yellow page listing for Sunwest Construction

CC: GrantWorks, Inc.
Edwina Carrington, TDHCA Executive Director
Eric Pike, Director Single Family Production
The Honorable Representative Pete Lancy
The Honorable Senator Robert Duncan

Selection Criteria for Owner Occupied Housing Assistance

Following is the selection criteria to be used by Single Family Finance Production staff for the competitive scoring of an Owner Occupied Housing Assistance application under the HOME Program. The maximum score of 137 points is divided among 4 main scoring factors. A threshold score of 82 points is required for a recommendation of a HOME Program award.

General Selection Criteria	Scoring Factor	Points
Needs Assessment	Affordable Housing Need	20
Program Design & Implementation	Income Targeting	35
	Citizen Forms	15
	Serving Special Needs or Persons with Disabilities	5
	Local Contractor Letters	15
Financial Design	Match	25
	Cash Reserves	15
Capability of Applicant	Financial Oversight	2
	Previous HOME Award	5
	Total Points available	137

Affordable Housing Need (AHN) Score Component (maximum 20 points)

The HOME Program Affordable Housing Need (AHN) Score Component was developed in conjunction with the Department's Center for Housing Research, Planning, and Communication. For more information regarding the HOME Program Affordable Housing Need (AHN) Score Component methodology, score determination and a complete listing of scores for each city and/or county (also available under Appendix 1), please refer to our website at <http://www.tdhca.state.tx.us>.

Income Targeting (maximum 35 points)

Points will be awarded based on the percentage of the total units targeted to specific income levels. The applicant should consider the income limits of the program and evaluate how the community's needs fit into those limits to determine the target population.

Citizen Forms (maximum 15 points)

Points will be awarded based on the number of completed forms as a percentage of the total number of units proposed (Attachment II).

Serving Special Needs or Persons with Disabilities (maximum 5 points)

Points will be awarded if an Applicant is choosing to assist either Special Needs populations or Persons with Disabilities. Points will be awarded under this category only if the proposed Activity targets 100% of the units to Persons with Disabilities or 100% of the units to Special Needs populations, as defined in the 2004 Consolidated Plan and outlined on page 5.

* Local Contractor Letters (maximum 15 points)

Points will be awarded based on the submission of documents. An applicant will receive points for the documents described under the scoring items on page 12.

Match (maximum 25 points)

Points will be awarded based on the dollar amount of eligible match as a percentage (up to 25%) of the requested project funds. Applicants must provide firm commitments as defined in the Match Guide (Appendix 11) and as outlined in the Program Budget (Attachment IV).

Cash Reserves (maximum 15 points)

Points will be awarded based on the dollar amount of cash reserves as a percentage (up to 50%) of the requested project funds. Applicants must provide firm commitments as outlined in the Program Budget (Attachment IV).

Tab 6. Resolution

Resolution from the Applicant's direct governing body authorizing an application for HOME funds should be submitted. The resolution must be signed and dated within the six (6) months prior of the application submission deadline. The Resolution must also include the amount of funds being requested, any matching funds and cash reserves being provided by the Applicant, and the individual authorized to execute the HOME agreement upon award. Matching funds and cash reserves must be given in dollar amounts, with a brief explanation of how these funds will be utilized. It is important to note, the individual authorized to execute the contract will be responsible for the administration and contract oversight, regardless if the Applicant is utilizing the services of a consultant, upon award.

If the applicant wishes the Department to waive the application fee, the applicant must state in the Resolution that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services to be eligible for this fee exemption.

Tab 7. Evidence of Financial Oversight

Submit the Applicant's "Independent Auditor's Report" from the most current audited financial statements. This letter is also known as the opinion letter.

Tab 8. Letters from Local Contractors



Submit letters from up to three (3) potential contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed HOME program, if awarded. Acceptable letters must be from contractors headquartered within the regional service area proposed in the application to receive maximum points. If the applicant cannot identify potential contractors headquartered in the regional service area proposed in the application, the applicant may submit a notarized certification from the authorized signature authority with letters of interest from up to three (3) potential contractors headquartered outside of the regional service area but will receive only a portion of the maximum points allowed.

Local Contractors Letters of Interest:

Points will be awarded based on a review of the letters (**up to three letters**) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed program. Please refer to **Tab 8** for the letters. To be considered for scoring, the letters must be on the contractor's letterhead or include the contractor's full name and address and the contractor must be headquartered within the regional service area proposed in the application. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area. **Circle** the associated points for each item below and total.



Type of letter	Points awarded
Letters of Interest within regional service area: Enter number of valid letters _____ @ 5 points =	
Letters of Interest not with in regional service area <i>with</i> notarized statement: Enter number of valid letters _____ @ 3 points =	

MAX 15 points

Enter total points in right column → → → → → → → → → → → → → → → →

Previous HOME Award:

Points will be awarded based on the chart below. Please refer to the award list to determine the Applicant's HOME award status. *Receiving an award prior to the 2002-2003 funding cycle AND an award during the 2002-2003 funding cycle will result in a score of 0 points.* Circle the associated points below.

HOME Award Status	Points awarded
Applicant has never received a HOME award	5 points
Applicant received HOME award prior to 2002-2003 funding cycle	1 point
Applicant received HOME award during 2002-2003 funding cycle	0 points

MAX 5 points

Enter total points in right column → → → → → → → → → → → → → → → →

Total Points in right-hand column and enter "Final Score" on front page.

Contract Preparation Information:

All of the information must be reviewed for discrepancies and verified by the scorer. Person authorized to execute HOME agreement (**Tab 1, Exhibit 1, Part A.**)

Name: _____

Title: _____

Total units proposed: _____

Units at 61%-80% AMFI: _____ Units at 31%-60% AMFI: _____ Units at or below 30% AMFI: _____

Total \$ amount of Match funds (amount for which points were awarded): _____



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Thesaurus

One entry found for **letterhead**.

Main Entry: **let-ter-head** Ⓜ

Pronunciation: -"hed

Function: *noun*

1 : a sheet of stationery printed or engraved usually with the name and address of an organization

2 : the heading at the top of a letterhead

For **More Information on "letterhead"** go to Britannica.com

Get the **Top 10 Search Results for "letterhead"**

Pronunciation Symbols

* Please note, the definition of letterhead does not require the address or phone number to be included.



letterhead

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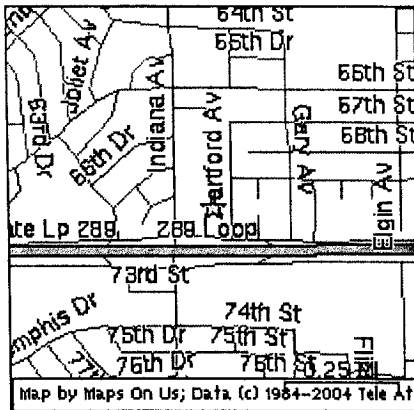
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Sunwest Construction

3330 70th St Ste 111
Lubbock, TX 79413-6136
Phone: (806)797-2775

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..... August 30, 2004

RICK PERRY
Governor

Lester Bownds, Mayor
City of Lorenzo
703 5th Street
Lorenzo, Texas 79343

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS

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

RE: Appeal of HOME Application #2004-0165, City of Lorenzo, Region 1

Dear Mayor Bownds:

The Texas Department of Housing and Community Affairs (Department) is in receipt of the appeal submitted by the City of Lorenzo for 2004 HOME Program Application #2004-0165 for Owner Occupied Housing Assistance in State Service Region One. The Department regrets to inform you that the appeal submitted has been denied.

The City of Lorenzo submitted three letters from contractors willing to participate in the program if the City was recommended an award. Only two of the three letters met the requirements to receive points. The letter submitted by Sunwest Construction, despite being on letterhead, did not include an address in order to determine if the contractor was located in the service region. Additionally, the letter does not state they are headquartered in the service region, but only states their willingness to provide contracting services.

With 191 OCC applications to review, it would have been infeasible to verify over 573 contractors and their addresses for accuracy. It is important to note that Single Family Finance Production staff consistently did not award points to any contractor letter without an address for location verification. Based on the competitiveness of the funding cycle, those applicants that submitted the proper information and high enough scores, received a funding recommendation, versus those that did not properly submit the documentation requested.

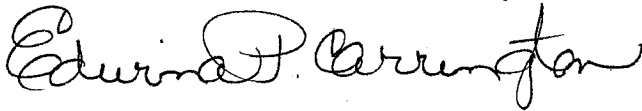
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The additional five points requested will not be awarded for the local contractor letter submitted by Sunwest Construction, and no funding recommendation will be made.

According to 10 TAC 1.7, an Applicant does have the ability to appeal the Executive Director's decision. If the City of Lorenzo so chooses, an appeal can be presented to the Governing Board of Directors. Those policies and procedures outlined at 10 TAC 1.7 must be followed for the appeal to be heard by the Governing Board of Directors.

If you have any questions, please contact Paige McGilloway, Project Manager for Program Awards, with the Single Family Finance Production Division at (512) 475-4604.

Sincerely,

A handwritten signature in black ink that reads "Edwina P. Carrington". The signature is written in a cursive style with a large, prominent initial "E".

Edwina P. Carrington, Executive Director
Texas Department of Housing and Community Affairs

cc: Eric Pike
Paige McGilloway



P.O. Box 430
703 5th Street
Lorenzo, Texas 79343
www.cityoflorenzo.org
(806) 634-5596

Lester Bownds, Mayor

Rhonda Cypert, City Administrator

RECEIVED
AUG 18 2004

August 17, 2004

Ms. Edwina Carrington
Executive Director, TDHCA
P.O. Box 13941
Austin, TX 78711-13941

Dear Ms. Carrington:

We wish to appeal the score awarded to the HOME Program Owner-Occupied Application submitted by the City of Lorenzo (application 2004-0165). We ask that you award an additional five (5) points to the application under the "Local Contractors Letters" section. Our application was awarded only ten (10) points and we believe that this was a procedural error on the part of the Texas Department of Housing and Community Affairs.

Our application had three letters from local contractors but only received ten (10) out of fifteen (15) points. We understand that the five (5) point deduction occurred because one of the letters, from Sunwest Construction, Inc., was on their letterhead which lacks an address or phone number. They are, however, headquartered within the region in Lubbock and the letter is on Sunwest's letterhead.

The application contains the following regarding the "Local Contractor Letters" section:

"Points will be awarded based on the submission of documents. An applicant will receive points for the documents described under the scoring items on page 12" (pg. 9)

"Submit letters from up to three (3) potential contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed HOME program, if awarded. Acceptable letters must be from contractors headquartered within the regional service area proposed in the application to receive maximum points." (pg. 12)

According to the scoring sheets, "[T]o be considered for scoring, the letters must be on the contractor's letterhead or include the contractor's full name and address and the contractor must be headquartered within the regional service area proposed in the application." (emphasis added)

Because of the intense competition for funds, TDHCA should adhere to a strict interpretation of its application instructions and rules; if a letter is on the letterhead of an eligible contractor, it satisfies the requirements stated in the application material and on the scoring sheet and must be awarded five (5) points. The application scorers may have preferred to have the address readily available on every letter for verification, and the Program may have intended to make this an explicit requirement in its application materials, but it did not.

Finally, the Texas Administrative Code does not address this issue in the HOME rules but does allow for deficiencies, which "require clarification or correction". Having a letter, on letterhead, which meets the written requirements of the program, is not a deficiency. However, if the

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Lester Bownds, Mayor

Rhonda Cypert, City Administrator

scoring team needed clarification as to where the construction company was located, this would seem to fall under the category of an item needing "clarification or correction."

Once again, the information submitted was in full accordance with the instructions provided by TDHCA in the application; the refusal to award the five (5) points contradicts the agency's own scoring sheet, and in my opinion the spirit and intent of local contractor requirement. Therefore, we respectfully request that you award the additional five (5) points to our application.

Regards,



Mayor
City of Lorenzo

Enclosures: Selection Criteria for Owner Occupied Housing Assistance (pp. 9 & 12)
Scoring sheet for Owner Occupied Housing Assistance (last page)
Merriam-Webster definition of "letterhead"
Yellow page listing for Sunwest Construction

CC: GrantWorks, Inc.
Eric Pike

Selection Criteria for Owner Occupied Housing Assistance

Following is the selection criteria to be used by Single Family Finance Production staff for the competitive scoring of an Owner Occupied Housing Assistance application under the HOME Program. The maximum score of 137 points is divided among 4 main scoring factors. A threshold score of 82 points is required for a recommendation of a HOME Program award.

General Selection Criteria	Scoring Factor	Points
Needs Assessment	Affordable Housing Need	20
Program Design & Implementation	Income Targeting	35
	Citizen Forms	15
	Serving Special Needs or Persons with Disabilities	5
	Local Contractor Letters	15
Financial Design	Match	25
	Cash Reserves	15
Capability of Applicant	Financial Oversight	2
	Previous HOME Award	5
	Total Points available	137

Affordable Housing Need (AHN) Score Component (maximum 20 points)

The HOME Program Affordable Housing Need (AHN) Score Component was developed in conjunction with the Department's Center for Housing Research, Planning, and Communication. For more information regarding the HOME Program Affordable Housing Need (AHN) Score Component methodology, score determination and a complete listing of scores for each city and/or county (also available under Appendix 1), please refer to our website at <http://www.tdhca.state.tx.us>.

Income Targeting (maximum 35 points)

Points will be awarded based on the percentage of the total units targeted to specific income levels. The applicant should consider the income limits of the program and evaluate how the community's needs fit into those limits to determine the target population.

Citizen Forms (maximum 15 points)

Points will be awarded based on the number of completed forms as a percentage of the total number of units proposed (Attachment II).

Serving Special Needs or Persons with Disabilities (maximum 5 points)

Points will be awarded if an Applicant is choosing to assist either Special Needs populations or Persons with Disabilities. Points will be awarded under this category only if the proposed Activity targets 100% of the units to Persons with Disabilities or 100% of the units to Special Needs populations, as defined in the 2004 Consolidated Plan and outlined on page 5.

*** Local Contractor Letters (maximum 15 points)**

Points will be awarded based on the submission of documents. An applicant will receive points for the documents described under the scoring items on page 12.

Match (maximum 25 points)

Points will be awarded based on the dollar amount of eligible match as a percentage (up to 25%) of the requested project funds. Applicants must provide firm commitments as defined in the Match Guide (Appendix 11) and as outlined in the Program Budget (Attachment IV).

Cash Reserves (maximum 15 points)

Points will be awarded based on the dollar amount of cash reserves as a percentage (up to 50%) of the requested project funds. Applicants must provide firm commitments as outlined in the Program Budget (Attachment IV).

Tab 6. Resolution

Resolution from the Applicant's direct governing body authorizing an application for HOME funds should be submitted. The resolution must be signed and dated within the six (6) months prior of the application submission deadline. The Resolution must also include the amount of funds being requested, any matching funds and cash reserves being provided by the Applicant, and the individual authorized to execute the HOME agreement upon award. Matching funds and cash reserves must be given in dollar amounts, with a brief explanation of how these funds will be utilized. It is important to note, the individual authorized to execute the contract will be responsible for the administration and contract oversight, regardless if the Applicant is utilizing the services of a consultant, upon award.

If the applicant wishes the Department to waive the application fee, the applicant must state in the Resolution that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services to be eligible for this fee exemption.

Tab 7. Evidence of Financial Oversight

Submit the Applicant's "Independent Auditor's Report" from the most current audited financial statements. This letter is also known as the opinion letter.

Tab 8. Letters from Local Contractors

Submit letters from up to three (3) potential contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed HOME program, if awarded. Acceptable letters must be from contractors headquartered within the regional service area proposed in the application to receive maximum points. If the applicant cannot identify potential contractors headquartered in the regional service area proposed in the application, the applicant may submit a notarized certification from the authorized signature authority with letters of interest from up to three (3) potential contractors headquartered outside of the regional service area but will receive only a portion of the maximum points allowed.





Local Contractors Letters of Interest:

Points will be awarded based on a review of the letters (**up to three letters**) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed program. Please refer to **Tab 8** for the letters. To be considered for scoring, the letters must be on the contractor's letterhead or include the contractor's full name and address and the contractor must be headquartered within the regional service area proposed in the application. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area. **Circle** the associated points for each item below and total.

Type of letter	Points awarded
Letters of Interest within regional service area:	
Enter number of valid letters _____ @ 5 points =	
Letters of Interest not with in regional service area <i>with</i> notarized statement:	
Enter number of valid letters _____ @ 3 points =	

MAX 15 points

Enter total points in right column → → → → → → → → → → → → → → → →

Previous HOME Award:

Points will be awarded based on the chart below. Please refer to the award list to determine the Applicant's HOME award status. *Receiving an award prior to the 2002-2003 funding cycle AND an award during the 2002-2003 funding cycle will result in a score of 0 points.* Circle the associated points below.

HOME Award Status	Points awarded
Applicant has never received a HOME award	5 points
Applicant received HOME award prior to 2002-2003 funding cycle	1 point
Applicant received HOME award during 2002-2003 funding cycle	0 points

MAX 5 points

Enter total points in right column → → → → → → → → → → → → → → → →

Total Points in right-hand column and enter "Final Score" on front page.

Contract Preparation Information:

All of the information must be reviewed for discrepancies and verified by the scorer. Person authorized to execute HOME agreement (**Tab 1, Exhibit 1, Part A.**)

Name: _____

Title: _____

Total units proposed: _____

Units at 61%-80% AMFI: _____ Units at 31%-60% AMFI: _____ Units at or below 30% AMFI: _____

Total \$ amount of Match funds (amount for which points were awarded): _____

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One entry found for **letterhead**.

Main Entry: **let-ter-head**

Pronunciation: -"hed

Function: *noun*

1 : a sheet of stationery printed or engraved usually with the name and address of an organization

2 : the heading at the top of a letterhead

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Pronunciation Symbols

* Please note, the definition of letterhead does not require the address or phone number to be included.

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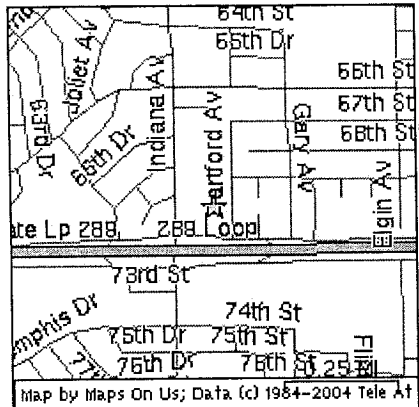
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Sunwest Construction

3330 70th St Ste 111
Lubbock, TX 79413-6136
Phone: (806)797-2775

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SINGLE FAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

October 14, 2004

Action Items

Consider appeal of 2004 Single Family HOME Investment Partnerships (HOME) Program funding decision for City of Ralls, Application #2004-0151.

Required Action

Board deny appeal of awarding additional points to HOME Application #2004-0151.

Background and Recommendations

Summary

The City of Ralls wishes to appeal to the Board the score awarded on the 2004 Single Family HOME Application for Owner Occupied Housing Assistance (OCC) #2004-0151. Application #2004-0151 was awarded ten (10) out of the fifteen (15) possible points for local contractor letters. The City of Ralls asks that an additional five (5) points be awarded for local contractor letters. An appeal was submitted to the Executive Director on August 18, 2004 requesting the applicant receive the additional five (5) points. The Executive Director denied this appeal and no additional points were awarded.

According to the score sheets posted prior to the application deadline, points will be awarded based on a review of the letters (up to three letters) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed program. To be considered for scoring, the letters must be on the contractor's letterhead or include the contractor's full name and address and the contractor must be headquartered within the regional service area proposed in the application. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area.

In addition to the information on the scoring sheet, the application contains the following regarding the local contractor letters: Submit letters from up to three (3) potential contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed HOME program, if awarded. Acceptable letters must be from contractors headquartered within the regional service area proposed in the application to receive maximum points. If the applicant cannot identify potential contractors headquartered in the regional service area proposed in the application, the applicant may submit a notarized certification from the authorized signature authority with letters of interest from up to three (3) potential contractors headquartered outside of the regional service area but will receive only a portion of the maximum points allowed.

The City of Ralls submitted three letters from contractors willing to participate in the program if the City was recommended an award. Only two of the three letters met the requirements to receive points. The letter submitted by Sunwest Construction (enclosed), despite being on letterhead, did not include an address in order to determine if the contractor was located in the service region. Additionally, the letter does not state they are headquartered in the service region, but only states their willingness to provide contracting services. The attachment supplied with the appeal acknowledging the contractor's address was not supplied with the application materials.

With 191 OCC applications to review, it would have been infeasible to verify over 573 contractors and their addresses for accuracy. It is important to note that Single Family Finance Production staff consistently did not award points to any contractor letter without an address for location verification. Based on the competitiveness of the funding cycle, those applicants that submitted the proper information and had high enough scores, received a funding recommendation, versus those that did not properly submit the documentation requested.

Under the program rules, staff has the ability to request clarification through the Department's deficiency process. However, at no time was a deficiency notice sent to any applicant for local contractor location verification; again, consistency being the utmost goal. We did not feel this constituted a deficiency. A deficiency notice was sent only to clarify conflicting information or to properly categorize an application for competition purposes.

GrantWorks, Inc. is representing the City of Ralls and submitted the application on behalf of the City. GrantWorks, Inc. submitted proper local contractor letters, and received the full fifteen (15) points, for all the other applications submitted excluding the letter supplied by Sunwest Construction. This same contractor also submitted a letter to participate as a contractor on the City of Lorenzo's application. The City of Lorenzo also did not receive the full fifteen (15) points, and is appealing to the Board the Department's decision regarding the same matter.

Recommendation

It is staff's recommendation that the appeal to the Board be denied. However, if the additional five (5) points are awarded, the revised score would warrant a funding recommendation of \$469,640 in project funds, with an additional four percent (4%) equaling \$18,786 in administrative funds, totaling \$488,426 to assist 9 households.



CITY OF RALLS

BOX 785
RALLS, TEXAS 79357-0785
(806) 253-2558

Ms. Elizabeth Anderson
Board Chair, TDHCA
P.O. Box 13941
Austin, TX 78711-13941

Dear Ms. Anderson:

We wish to be placed on the agenda for the next TDHCA Governing Board meeting in order to appeal the score awarded to the HOME Program Owner-Occupied Application submitted by the City of Ralls (application 2004-0151). We ask that the Board award an additional five (5) points to the application under the "Local Contractors Letters" section. Our application was awarded only ten (10) points and we believe that this was a procedural error on the part of the Texas Department of Housing and Community Affairs.

Our application had three letters from local contractors but only received ten (10) out of fifteen (15) points. We understand that the five (5) point deduction occurred because one of the letters, from Sunwest Construction, Inc., was on their letterhead which lacks an address or phone number. They are, however, headquartered within the region in Lubbock and the letter is on Sunwest's letterhead.

The application contains the following regarding the "Local Contractor Letters" section:

"Points will be awarded based on the submission of documents. An applicant will receive points for the documents described under the scoring items on page 12" (pg. 9)

"Submit letters from up to three (3) potential contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed HOME program, if awarded. Acceptable letters must be from contractors headquartered within the regional service area proposed in the application to receive maximum points." (pg. 12)

According to the scoring sheets, *"To be considered for scoring, the letters must be on the contractor's letterhead or include the contractor's full name and address and the contractor must be headquartered within the regional service area proposed in the application."*

As stated in the denial letter sent by Ms Edwina Carrington, *"Based on the competitiveness of the funding cycle, those applicants that submitted the proper information and high enough scores, received a funding recommendation, versus those that did not properly submit the documentation requested."*

Clearly, from all of the written application guidance provided by TDHCA, the letter in question does meet the proper submission documentation requirement.

In her denial letter, Ms. Carrington goes on to state that, "Under the program rules, staff has the ability to request clarification through the Department's deficiency process. However, at no time was a deficiency notice sent to any applicant for local contractor location verification; again, consistency being the utmost goal...A deficiency notice was sent only to clarify conflicting information or to properly categorize an application for competition purposes."

Since three letters were submitted to achieve maximum points, and the Department made the assumption that one of the contractors was not located in the service region, this would appear to be "conflicting information" and a deficiency letter should have been sent for clarification.

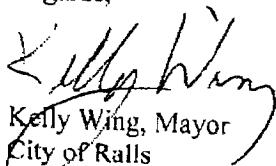
In regard to "consistency", the only way for the Department to properly demonstrate consistency is for it to apply the standards set forth in writing. The Department demonstrated a lack of consistency with its own written materials by denying the points for the Sunwest letter, which meet all requirements of the application.

Because of the intense competition for funds, TDHCA should adhere to a strict interpretation of its application instructions and rules; if a letter is on the letterhead of an eligible contractor, it satisfies the requirements stated in the application material and on the scoring sheet and must be awarded five (5) points. The application scorers may have preferred to have the address readily available on every letter for verification, and the Program may have intended to make this an explicit requirement in its application materials, but it did not.

Finally, the Texas Administrative Code does not address this issue in the HOME rules. Therefore, the only guidance was the information provided in the HOME Application packet.

Once again, the information submitted was in full accordance with the instructions provided by TDHCA; the refusal to award the five (5) points contradicts the agency's own scoring sheet, and in my opinion the spirit and intent of local contractor requirement. Therefore, we respectfully request that the Board award the additional five (5) points to our application.

Regards,


Kelly Wing, Mayor
City of Falls

Enclosures: Selection Criteria for Owner Occupied Housing Assistance (pp. 9 & 12)
Scoring sheet for Owner Occupied Housing Assistance (last page)
Merriam-Webster definition of "letterhead"
Yellow page listing for Sunwest Construction

City of Falls
Edward Carrington, TDHCA Administrative Director
Eric Pike, Director Single Family Production
The Honorable Representative Pete Loney
The Honorable Senator Robert Duncan

Selection Criteria for Owner Occupied Housing Assistance

Following is the selection criteria to be used by Single Family Finance Production staff for the competitive scoring of an Owner Occupied Housing Assistance application under the HOME Program. The maximum score of 137 points is divided among 4 main scoring factors. A threshold score of 82 points is required for a recommendation of a HOME Program award.

General Selection Criteria	Scoring Factor	Points
Needs Assessment	Affordable Housing Need	20
Program Design & Implementation	Income Targeting	35
	Citizen Forms	15
	Serving Special Needs or Persons with Disabilities	5
	Local Contractor Letters	15
Financial Design	Match	25
	Cash Reserves	15
Capability of Applicant	Financial Oversight	2
	Previous HOME Award	5
	Total Points available	137

Affordable Housing Need (AHN) Score Component (maximum 20 points)

The HOME Program Affordable Housing Need (AHN) Score Component was developed in conjunction with the Department's Center for Housing Research, Planning, and Communication. For more information regarding the HOME Program Affordable Housing Need (AHN) Score Component methodology, score determination and a complete listing of scores for each city and/or county (also available under Appendix 1), please refer to our website at <http://www.tdhca.state.tx.us>.

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Citizen Forms (maximum 15 points)

Points will be awarded based on the number of completed forms as a percentage of the total number of units proposed (Attachment II).

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*

Local Contractors Letters of Interest:

Points will be awarded based on a review of the letters (up to three letters) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed program. Please refer to **Tab 8** for the letters. To be considered for scoring, the letters must be on the contractor's letterhead or include the contractor's full name and address and the contractor must be headquartered within the regional service area proposed in the application. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area. Circle the associated points for each item below and total.



Type of letter	Points awarded
Letters of Interest within regional service area:	
Enter number of valid letters _____ @ 5 points =	
Letters of Interest not with in regional service area <i>with</i> notarized statement:	
Enter number of valid letters _____ @ 3 points =	

MAX 15 points

Enter total points in right column → → → → → → → → → → → → → → → →

Previous HOME Award:

Points will be awarded based on the chart below. Please refer to the award list to determine the Applicant's HOME award status. *Receiving an award prior to the 2002-2003 funding cycle AND an award during the 2002-2003 funding cycle will result in a score of 0 points.* Circle the associated points below.

HOME Award Status	Points awarded
Applicant has never received a HOME award	5 points
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MAX 5 points

Enter total points in right column → → → → → → → → → → → → → → → →

Total Points in right-hand column and enter "Final Score" on front page.

Contract Preparation Information:

All of the information must be reviewed for discrepancies and verified by the scorer. Person authorized to execute HOME agreement (**Tab 1, Exhibit 1, Part A.**)

Name: _____

Title: _____

Total units proposed: _____

Units at 61%-80% AMFI: _____ Units at 31%-60% AMFI: _____ Units at or below 30% AMFI: _____

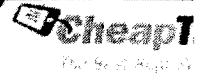
Total \$ amount of Match funds (amount for which points were awarded): _____



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Thesaurus

Main Entry: **let-ter-head** 🔊

Pronunciation: -"hed

Function: *noun*

1 : a sheet of stationery printed or engraved usually with the name and address of an organization

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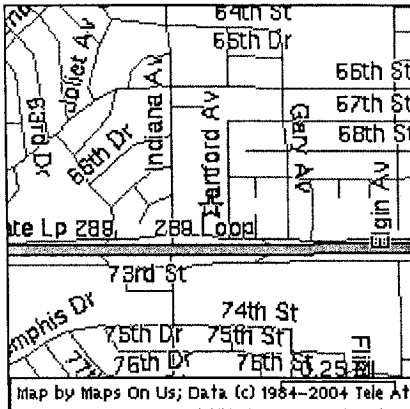
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..... August 30, 2004

RICK PERRY
Governor

Kelly Wing, Mayor
City of Ralls
P.O. Box 785
Ralls, Texas 79357

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS

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

RE: Appeal of HOME Application #2004-0151, City of Ralls, Region 1

Dear Mayor Wing:

The Texas Department of Housing and Community Affairs (Department) is in receipt of the appeal submitted by the City of Ralls for 2004 HOME Program Application #2004-0151 for Owner Occupied Housing Assistance in State Service Region One. The Department regrets to inform you that the appeal submitted has been denied.

The City of Ralls submitted three letters from contractors willing to participate in the program if the City was recommended an award. Only two of the three letters met the requirements to receive points. The letter submitted by Sunwest Construction, despite being on letterhead, did not include an address in order to determine if the contractor was located in the service region. Additionally, the letter does not state they are headquartered in the service region, but only states their willingness to provide contracting services.

With 191 OCC applications to review, it would have been infeasible to verify over 573 contractors and their addresses for accuracy. It is important to note that Single Family Finance Production staff consistently did not award points to any contractor letter without an address for location verification. Based on the competitiveness of the funding cycle, those applicants that submitted the proper information and high enough scores, received a funding recommendation, versus those that did not properly submit the documentation requested.

Under the program rules, staff has the ability to request clarification through the Department's deficiency process. However, at no time was a deficiency notice sent to any applicant for local contractor location verification; again, consistency being the utmost goal. We did not feel this constituted a deficiency. A deficiency notice was sent only to clarify conflicting information or to properly categorize an application for competition purposes.

The additional five points requested will not be awarded for the local contractor letter submitted by Sunwest Construction, and no funding recommendation will be made.

According to 10 TAC 1.7, an Applicant does have the ability to appeal the Executive Director's decision. If the City of Ralls so chooses, an appeal can be presented to the Governing Board of Directors. Those policies and procedures outlined at 10 TAC 1.7 must be followed for the appeal to be heard by the Governing Board of Directors.

If you have any questions, please contact Paige McGilloway, Project Manager for Program Awards, with the Single Family Finance Production Division at (512) 475-4604.

Sincerely,

A handwritten signature in black ink that reads "Edwina P. Carrington". The signature is fluid and cursive, with the first name being the most prominent.

Edwina P. Carrington, Executive Director
Texas Department of Housing and Community Affairs

cc: Eric Pike
Paige McGilloway



CITY OF RALLS

BOX 785
RALLS, TEXAS 79357-0785
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RECEIVED

AUG 13 2004

Ms. Edwina Carrington
Executive Director, TDHCA
P.O. Box 13941
Austin, TX 78711-13941

Dear Ms. Carrington:

We wish to appeal the score awarded to the HOME Program Owner-Occupied Application submitted by the City of Ralls (application 2004-0151). We ask that you award an additional five (5) points to the application under the "Local Contractors Letters" section. Our application was awarded only ten (10) points and we believe that this was a procedural error on the part of the Texas Department of Housing and Community Affairs.

Our application had three letters from local contractors but only received ten (10) out of fifteen (15) points. We understand that the five (5) point deduction occurred because one of the letters, from Sunwest Construction, Inc., was on their letterhead which lacks an address or phone number. They are, however, headquartered within the region in Lubbock and the letter is on Sunwest's letterhead.

The application contains the following regarding the "Local Contractor Letters" section:

"Points will be awarded based on the submission of documents. An applicant will receive points for the documents described under the scoring items on page 12" (pg. 9)

"Submit letters from up to three (3) potential contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed HOME program, if awarded. Acceptable letters must be from contractors headquartered within the regional service area proposed in the application to receive maximum points." (pg. 12)

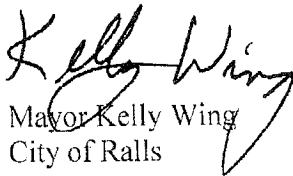
According to the scoring sheets, "[T]o be considered for scoring, the letters must be on the contractor's letterhead or include the contractor's full name and address and the contractor must be headquartered within the regional service area proposed in the application." (emphasis added)

Because of the intense competition for funds, TDHCA should adhere to a strict interpretation of its application instructions and rules; if a letter is on the letterhead of an eligible contractor, it satisfies the requirements stated in the application material and on the scoring sheet and must be awarded five (5) points. The application scorers may have preferred to have the address readily available on every letter for verification, and the Program may have intended to make this an explicit requirement in its application materials, but it did not.

Finally, the Texas Administrative Code does not address this issue in the HOME rules but does allow for deficiencies, which "require clarification or correction". Having a letter, on letterhead, which meets the written requirements of the program, is not a deficiency. However, if the scoring team needed clarification as to where the construction company was located, this would seem to fall under the category of an item needing "clarification or correction."

Once again, the information submitted was in full accordance with the instructions provided by TDHCA in the application; the refusal to award the five (5) points contradicts the agency's own scoring sheet, and in my opinion the spirit and intent of local contractor requirement. Therefore, we respectfully request that you award the additional five (5) points to our application.

Regards,



Mayor Kelly Wing
City of Ralls

Enclosures: Selection Criteria for Owner Occupied Housing Assistance (pp. 9 & 12)
Scoring sheet for Owner Occupied Housing Assistance (last page)
Merriam-Webster definition of "letterhead"
Yellow page listing for Sunwest Construction

CC: GrantWorks, Inc.
Eric Pike

Selection Criteria for Owner Occupied Housing Assistance

Following is the selection criteria to be used by Single Family Finance Production staff for the competitive scoring of an Owner Occupied Housing Assistance application under the HOME Program. The maximum score of 137 points is divided among 4 main scoring factors. A threshold score of 82 points is required for a recommendation of a HOME Program award.

General Selection Criteria	Scoring Factor	Points
Needs Assessment	Affordable Housing Need	20
Program Design & Implementation	Income Targeting	35
	Citizen Forms	15
	Serving Special Needs or Persons with Disabilities	5
	Local Contractor Letters	15
Financial Design	Match	25
	Cash Reserves	15
Capability of Applicant	Financial Oversight	2
	Previous HOME Award	5
	Total Points available	137

Affordable Housing Need (AHN) Score Component (maximum 20 points)

The HOME Program Affordable Housing Need (AHN) Score Component was developed in conjunction with the Department's Center for Housing Research, Planning, and Communication. For more information regarding the HOME Program Affordable Housing Need (AHN) Score Component methodology, score determination and a complete listing of scores for each city and/or county (also available under Appendix 1), please refer to our website at <http://www.tdhca.state.tx.us>.

Income Targeting (maximum 35 points)

Points will be awarded based on the percentage of the total units targeted to specific income levels. The applicant should consider the income limits of the program and evaluate how the community's needs fit into those limits to determine the target population.

Citizen Forms (maximum 15 points)

Points will be awarded based on the number of completed forms as a percentage of the total number of units proposed (Attachment II).

Serving Special Needs or Persons with Disabilities (maximum 5 points)

Points will be awarded if an Applicant is choosing to assist either Special Needs populations or Persons with Disabilities. Points will be awarded under this category only if the proposed Activity targets 100% of the units to Persons with Disabilities or 100% of the units to Special Needs populations, as defined in the 2004 Consolidated Plan and outlined on page 5.

* Local Contractor Letters (maximum 15 points)

Points will be awarded based on the submission of documents. An applicant will receive points for the documents described under the scoring items on page 12.

Match (maximum 25 points)

Points will be awarded based on the dollar amount of eligible match as a percentage (up to 25%) of the requested project funds. Applicants must provide firm commitments as defined in the Match Guide (Appendix 11) and as outlined in the Program Budget (Attachment IV).

Cash Reserves (maximum 15 points)

Points will be awarded based on the dollar amount of cash reserves as a percentage (up to 50%) of the requested project funds. Applicants must provide firm commitments as outlined in the Program Budget (Attachment IV).

Tab 6. Resolution

Resolution from the Applicant's direct governing body authorizing an application for HOME funds should be submitted. The resolution must be signed and dated within the six (6) months prior of the application submission deadline. The Resolution must also include the amount of funds being requested, any matching funds and cash reserves being provided by the Applicant, and the individual authorized to execute the HOME agreement upon award. Matching funds and cash reserves must be given in dollar amounts, with a brief explanation of how these funds will be utilized. It is important to note, the individual authorized to execute the contract will be responsible for the administration and contract oversight, regardless if the Applicant is utilizing the services of a consultant, upon award.

If the applicant wishes the Department to waive the application fee, the applicant must state in the Resolution that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services to be eligible for this fee exemption.

Tab 7. Evidence of Financial Oversight

Submit the Applicant's "Independent Auditor's Report" from the most current audited financial statements. This letter is also known as the opinion letter.

Tab 8. Letters from Local Contractors

Submit letters from up to three (3) potential contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed HOME program, if awarded. Acceptable letters must be from contractors headquartered within the regional service area proposed in the application to receive maximum points. If the applicant cannot identify potential contractors headquartered in the regional service area proposed in the application, the applicant may submit a notarized certification from the authorized signature authority with letters of interest from up to three (3) potential contractors headquartered outside of the regional service area but will receive only a portion of the maximum points allowed.



Local Contractors Letters of Interest:

Points will be awarded based on a review of the letters (**up to three letters**) submitted from potential local contractors who indicate a willingness or availability to participate in an invitation for bid under the applicant's proposed program. Please refer to **Tab 8** for the letters. To be considered for scoring, the letters must be on the contractor's letterhead or include the contractor's full name and address and the contractor must be headquartered within the regional service area proposed in the application. If the contractors that submit letters are not headquartered within the regional service area proposed in the application, the applicant must submit a notarized certification for each potential contractor outside of the regional service area. **Circle** the associated points for each item below and total.



Type of letter	Points awarded
Letters of Interest within regional service area:	
Enter number of valid letters _____ @ 5 points =	
Letters of Interest not with in regional service area <i>with</i> notarized statement:	
Enter number of valid letters _____ @ 3 points =	

MAX 15 points

Enter total points in right column → → → → → → → → → → → → → → → →

Previous HOME Award:

Points will be awarded based on the chart below. Please refer to the award list to determine the Applicant's HOME award status. *Receiving an award prior to the 2002-2003 funding cycle AND an award during the 2002-2003 funding cycle will result in a score of 0 points.* Circle the associated points below.

HOME Award Status	Points awarded
Applicant has never received a HOME award	5 points
Applicant received HOME award prior to 2002-2003 funding cycle	1 point
Applicant received HOME award during 2002-2003 funding cycle	0 points

MAX 5 points

Enter total points in right column → → → → → → → → → → → → → → → →

Total Points in right-hand column and enter "Final Score" on front page.

Contract Preparation Information:

All of the information must be reviewed for discrepancies and verified by the scorer. Person authorized to execute HOME agreement (**Tab 1, Exhibit 1, Part A.**)

Name: _____

Title: _____

Total units proposed: _____

Units at 61%-80% AMFI: _____ Units at 31%-60% AMFI: _____ Units at or below 30% AMFI: _____

Total \$ amount of Match funds (amount for which points were awarded): _____

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Thesaurus

One entry found for **letterhead**.

Main Entry: **let·ter·head** ˈhɛd

Pronunciation: -"hed

Function: *noun*

1 : a sheet of stationery printed or engraved usually with the name and address of an organization

2 : the heading at the top of a letterhead

For **More Information on "letterhead"** go to [Britannica.com](#)

Get the **Top 10 Search Results for "letterhead"**

[Pronunciation Symbols](#)

* Please note, the definition of letterhead does not require the address or phone number to be included.

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- Dictionary
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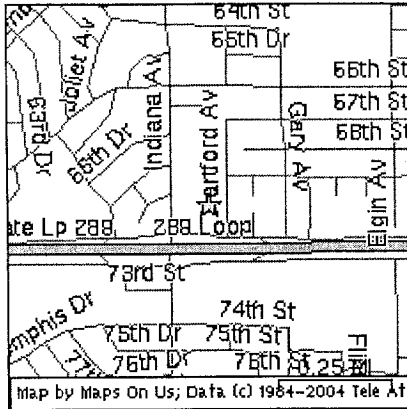
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Sunwest Construction

3330 70th St Ste 111
 Lubbock, TX 79413-6136
 Phone: (806)797-2775

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AUDIT COMMITTEE MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, Room 437, Austin, Texas 78701
Thursday, October 14, 2004 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 August 19, 2004 | Shad Bogany |
| Item 2 | Presentation, discussion and possible approval of the FY 2005 Internal Audit Plan | David Gaines |

REPORT ITEMS

- | | | |
|--------|---|--------------|
| Item 3 | Discussion of the FY 2004 Annual Internal Audit Report | David Gaines |
| Item 4 | Discussion of Report to the Office of the Governor Regarding Executive Order RP36 | David Gaines |
| Item 5 | Discussion of Risk Assessment Methodology to Implement RP36 | David Gaines |

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 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
State Capitol Extension Auditorium, 1100 Congress, Austin, Texas 78701
August 19, 2004 8:00 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 August 19, 2004 was called to order by Chair Shad Bogany at 8:08 a.m. It was held at the Texas State Capitol Extension Auditorium, 1100 Congress Avenue, 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)

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

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 May 12, 2004.

Motion made by Patrick Gordon and seconded by Shad Bogany to approve the minutes of the May 12, 2004 Audit Committee Meeting.

Passed Unanimously

REPORT ITEMS

(2) Discussion of HUD Annual Assessment for Program Year 2003

Mr. Gaines stated this is a HUD annual assessment for the 2003 program year and stated the department received congratulations from HUD on the accomplishments during the past year. The report discussed performance in various programs of the department and all conclusions relating to programs and operations of the department are considered to be acceptable. Under the Young v. Jackson, HUD stated that the department continues to make excellent progress in this initiative.

Under the HOME program area, they stated that the state's performance in its commitment of HOME funds is excellent and the expenditure rate is acceptable. The expenditure rate for the CHDO funds was also very good. The report also commented on the HUD audit of 2001 and it was noted that the department continues to make appropriate changes in its operations to ensure that these issues will not reoccur in the future. Under the Emergency Shelter Grant the department was commended for achieving the 24 month spending requirement prior to the deadline.

(3) SAO Audit Report on Compliance with Benefits Proportional by Fund Requirements in Fiscal Years 2002 and 2003

Mr. Gaines stated this is a state auditor report on state entity compliance with benefits proportional by fund requirements. The purpose of this review was to determine whether state agencies complied with very specific requirements relating to payroll, salaries, wages and benefits, and that benefits were proportional to the sources of funds used to fund the salaries to ensure that general revenue is used appropriately, that state agencies refrain from using general revenue to pay benefits associated with salaries and wages funded by other funding sources and that agencies submitted the proper reports demonstrating that benefits were proportional to salaries by the source of funding of those salaries.

(4) Comptroller of Public Accounts Post-Payment Audit of Certain Disbursement Transaction Types

Mr. Gaines stated that this report documents the results of an audit conducted by the Comptrollers Claims Division of certain payroll, purchase and travel transactions of the department. The purpose of the audit was to determine compliance with certain state laws and regulations concerning the expenditures of funds and the processing requirements of the uniform statewide accounting system and the statewide payroll system. The auditors commended the department on the overall high performance of the staff's attention to detail and knowledge of the rules and laws governing expenditures and on the implementation of internal control issues. They did identify a few monetary errors within purchases and payroll samples.

Audit findings related to two instances of underpayment of benefit replacement pay to employees. There were ten instances of incorrect longevity payment amounts. There were two payments not properly scheduled and the department paid them too early. The requirements are to pay them as late as possible but not too late as to have to lose any interest income.

(5) Status of Prior Audit Issues

Mr. Gaines stated this is the fewest prior audit issues that have ever been brought to the Committee. There are only six issues that have not been cleared by either the external auditors or monitors. These issues are in the process of being cleared and on several, the department is waiting to hear from the Department of Housing and Urban Development.

Ms. Carrington thanked David Gaines, Kelly Crawford and Ruth Cedillo and the directors that have worked very long and very hard to clear these issues.

Mr. Bogany thanked the staff for doing a super job on trying to get these issues cleared and getting them down to the few that remain.

(6) Status of Internal/External Audits

Mr. Gaines stated the SAO audit on the HOME and Housing Trust Fund programs is just beginning. The audit objectives are to determine whether the department has a process in place to deliver housing services to the neediest parts of the state; whether the department objectively awards contracts; effectively monitors contracts; ensures funds are disbursed in a timely manner and whether the department has used appropriations for these programs in accordance with the limitations and directions imposed by federal and state law and department policy. The SAO audit on the annual financial statements and the revenue bond enterprise fund statements is in process and the SAO completed their interim testing and will return in the fall to conclude this audit. The SAO also is auditing the Section 8 program and will provide the results to KPMG for inclusion in the statewide report. The financial portion of this report will be completed by February 2005 and the compliance and control reports related to this report are released a month or two later. The State Energy Conservation Office had an on-site program monitoring review to determine the department's effectiveness in accomplishing the SECO objectives of the contract and whether the department had been

adequately administering the contract.

There is also an audit on the manufactured housing division in its capacity as a state administering agency acting on HUD's behalf in regulating manufacturers of manufactured homes in Texas. The conclusion from this audit was that the department is effective in carrying out the plan and administering on behalf of HUD. The manufactured housing division was receptive to the recommendations and has responded that it will take appropriate corrective actions on several issues.

On the internal audit projects, there is an audit of the department's subrecipient monitoring function. The bigger areas on the project relate to completing the review of the draw process and field visits. There is significant work left to conclude the review and to report on the results of this function. This work also relates to the HOME and Housing Trust Fund programs as similar work needs to be considered for the programs administered by the Community Affairs Division and the Office of Colonia Initiatives. The staff will also prepare an internal auditing report that summarizes their activities for this year and is due November 1 of each year. This report will be given to the Committee at a later meeting.

The peer review work that was planned for this year did not happen and the Internal Audit is expecting to be called on to deliver these services next year.

(7) Status of Central Database

Mr. Gaines stated that the work has been completed on the CTMS tracking system. The technical knowledge transfer work reflects the status of the work of the departments technical team, the work they did with the consultant to ensure that they had an adequate knowledge and understanding of the system prior to the departure of the consultant. After discussions at the May Audit Committee Meeting, the department decided that it would be in the best interest to proceed and extend the contract with the consultant. The contractor ended up accepting another engagement and it turned out that the department was not able to extend the contract.

On the multifamily module, the requirements have been development and they need to be reviewed by the users and the design confirmed by the users. As soon as the multifamily staff has time, the module will be reviewed with them and these meetings will be scheduled now that the multifamily funding cycles are over. The program monitoring module will provide the portfolio management staff with a system to track program monitoring, facilitate risk assessment, schedule and review functions and accommodate the tracking and reporting needs associated with the single audit function. The design work for this has been completed and confirmed by the users. The construction module is the last major phase planned for the central database. This application and construction module will provide the ability to create and store applications, guidelines, threshold information, scoring criteria and templates to be used in the application scoring process. The module will help coordinate and manage the construction monitoring activities and will provide the ability to capture pertinent information regarding construction monitoring activities and consolidate the results of different monitoring activities of an entity in a common location for planning, operational risk assessment and report purpose.

There were questions on an underwriting module and that division has developed systems and processes that work for them.

Mr. Bogany had questions on the next step and how to move forward and was advised by Ms. Carrington that it requires a regular reminder to staff that this is a priority of our agency, the modules have been identified and the issues have been identified are a priority to the agency. She also advised that this work will be tied to staff's job performance and job status.

Mr. Bogany stated he felt one employee should be identified as a resource from each area to

take lead on the projects. He would like to see the resources allocated when the budgeting is completed on this database and to make sure funds are there if a need arises to bring in temporary help to bring this project to a conclusion.

Mr. Gaines stated there is about \$375,000 available for this project and there are some planned uses for these funds but he felt all of these funds will not be used.

EXECUTIVE SESSION

If permitted by law, the Committee may discuss any item listed on this agenda in Executive Session
Personnel Matters – Discussion Under Sec. 551.074, Texas Government Code of Performance Evaluation for Internal Auditor

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

There was no Executive Session held.

ADJOURN

Motion made by Norberto Salinas and seconded by Patrick Gordon to adjourn the meeting.
Passed Unanimously

The meeting adjourned at 9:30 a.m.

Respectfully submitted,

Board Secretary

p:dg/aumaug

Texas Department of Housing and Community Affairs

*Proposed
FY 2005 Internal Audit Plan*

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INTERNAL AUDIT PLAN (Proposed)
FISCAL YEAR 2005**

PLANNED INTERNAL AUDITS/OTHER AUDIT PROJECTS/ACTIVITIES	
Project	General Objectives
FY 2004 Carryover projects:	
Subrecipient Monitoring	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. Program areas to be audited include HOME Investment Partnership, Housing Trust Fund, and Office of Colonia Initiatives programs.
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.
FY 2005 Projects:	
Executive Order RP36	To provide expertise, knowledge, experience and objective, independent input into the Department's Fraud, Waste and Abuse Detection and Prevention Program.
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.
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.
Other Projects:	
Tracking Status of Prior Audit Issues - To track the status of prior audit issues for management/board report purposes.	
To continue 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.	
To develop an annual audit plan for FY 2006 pursuant to the Texas Internal Auditing Act.	
To prepare an annual internal auditing report for FY 2005 pursuant to the Texas Internal Auditing Act.	
To coordinate and assist external auditors.	

Texas Department of Housing and Community Affairs

FY 2004 Annual Internal Audit Report

October 7, 2004

***Draft ... pending Board approval of FY
2005 Internal Audit Plan, Page 15.***

State Auditor's Office
Robert E. Johnson Building
1501 North Congress Avenue, Suite 4.224
Austin, TX 78701

Attention: *Internal Audit Coordinator*

The accompanying report on the activity of the Texas Department of Housing and Community Affairs' (the Department) Internal Auditing Division (Division) for fiscal year 2004 fulfills the requirement of the Texas Internal Auditing Act (Texas Government Code, Chapter 2102). The purpose of the report is to provide information on the benefits and effectiveness of the internal audit function. In addition, the annual report assists central oversight agencies in their work planning and coordinating efforts.

The work of the Division has contributed to more effective operations of the Department during fiscal year 2004. The Department has also undergone other audits and reviews by its external auditors, oversight agencies, and funding source agencies, including audits and reviews by Deloitte and Touche - CPAs, KPMG - CPAs, the Texas State Auditor's Office, the Texas State Comptroller's Office, and the U.S. Department of Housing and Urban Development. The audits and reviews performed by external teams and the Division have provided coverage over substantially all of the Department's significant financial accounts and many of the Department's significant operations. The Division also participated in various other projects (Section V).

We appreciate the opportunity to participate in this process. For further information about the contents of this report, please contact me at 475-3813.

Sincerely,

David Gaines, CPA, CISA
Director of Internal Auditing

cc: Wayne Roberts, Office of the Governor
Ed Osner, Legislative Budget Board
Joey Longley, Sunset Advisory Commission

Elizabeth Anderson, Chair of the Board of Directors
Edwina Carrington, Executive Director

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2004

I. Internal Audit Plan for Fiscal Year 2004

The audit plan approved by the TDHCA Governing Board on October 9, 2003 is presented below. Several deviations from the Fiscal Year 2004 Audit Plan occurred during the year. Audit project specific deviations are discussed below. Additionally, the Division spent over 200 hours in excess of that budgeted in preparation for Board meetings, the great majority relating to assisting management in preparing and presenting the status of prior audit issues at Board meetings, the Board meeting discussing the results of the State Auditor’s Office report, *Selected Assistance Programs at the Department of Housing and Community Affairs*, and reviewing Board transcripts to assist management in identifying actions requested by the Board.

FY 2004 AUDIT PLAN (Approved by the Board on 10/9/03)		STATUS & EXPLANATION FOR DEVIATIONS FROM PLAN (As of 7/31/04)
PROJECT	GENERAL OBJECTIVES	
Review of the Draw Process	To determine that draws are properly accounted for, adequately supported, and in compliance with Department standards.	Over-budget. Project rolled into Subrecipient Monitoring audit discussed below.
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.	Although Peer Review Services are due to and were offered to SAIAF, they were not needed or requested. May be requested at future date.
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.	On-going. Under-budget. Supporting documentation received from management is reviewed for reasonableness as issues are reported as implemented. More extensive review is necessary in instances where sufficient documentation is not provided and in instances relating to controls over transactions or operations, i.e. a history of activity subject to an implemented control needs to be reviewed to ensure effectiveness of control. Prior audit issues relating to current audit objectives are identified and followed up on in connection with current audits. Also see Tracking Status of Prior Audit Issues under Other Projects below.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit Annual Report for Fiscal Year 2004

FY 2004 AUDIT PLAN (Approved by the Board on 10/9/03)		STATUS & EXPLANATION FOR DEVIATIONS FROM PLAN (As of 7/31/04)
PROJECT	GENERAL OBJECTIVES	
Subrecipient Monitoring	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.	<p>Over-budget. Subrecipient monitoring project divided into logical components for review and reporting purposes, as follows:</p> <ul style="list-style-type: none"> ∅ Draw Process – In Understanding/Fieldwork stage ∅ Single Audit – In Reporting Phase ∅ Set Ups – In Understanding Phase ∅ Desk Reviews – In Reporting Phase ∅ Risk Assessment/Technical Assistance – In Reporting Phase ∅ Field/site visits – Pending <p>Budget Variance Explanation – In summary, the project is over-budget primarily due to more time spent than anticipated/budgeted to develop an understanding of the audit areas sufficient to plan and conduct the audit. Originally planned hours have been consumed and there is a significant portion of the audit remaining to be completed. Further detail is provided below.</p> <p>Draws - Excessive time has been spent on developing an understanding sufficient to adequately plan and perform the audit. Clear criteria (management policies, standard operating procedures, management directives, etc.) by which to measure actual performance have been elusive. There have been several starts and stops due to changes in draw operating procedures and shifting work priorities, with each start requiring a reassessment of internal audit work that had been performed and updating understanding of the draw policies and procedures.</p> <p>Single Audit - Excessive hours were spent on developing an understanding of the Single Audit Function and in preparing the related report. Delay deemed attributable to management of the audit project.</p> <p>Set-Ups – Minimal time expended to date establishing an understanding sufficient to plan and conduct the audit. Remaining work includes finalizing understanding, conducting necessary tests and reporting results.</p> <p>Desk Reviews / Risk Assessment / Technical Assistance – Reasonable time expended to date in conducting audits. Currently in reporting stage.</p>
Tracking Status of Prior Audit Issues	To track the status of prior audit issues for management/board report purposes.	<p>On-going. Under-Budget. Forty issues were reported as implemented during Fiscal Year 2004 of which twelve have been independently verified or otherwise accepted by external third parties.</p>
Internal Audit Director to Serve as non-voting Chair of the Central Database (CDB) Steering Committee	To serve as non-voting Chair of the Central Database (CDB) Steering Committee charged with steering and monitoring the development of the Department's Central Database.	<p>On-going. Over-budget. Time commitment has been significant. Majority of time expended relates to (1) clearly establishing and reinforcing expectations of CDB team members, (2) accumulating, summarizing and reporting status, and (3) monitoring, assessing and managing issues and risks.</p>

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FY 2004 AUDIT PLAN (Approved by the Board on 10/9/03)		STATUS & EXPLANATION FOR DEVIATIONS FROM PLAN (As of 7/31/04)
PROJECT	GENERAL OBJECTIVES	
To develop an annual audit plan for FY 2005.	To focus limited resources on high risk audit areas and to comply with the Texas Internal Auditing Act.	Complete. Under-budget.
To prepare an annual internal auditing report for FY 2004.	To facilitate oversight of the Internal Audit Division and to comply with Texas Internal Auditing Act.	Complete. Under-budget.
To coordinate and assist external auditors.	To facilitate logistics, flow of information, management's consideration of audit issues, and management's responses.	On-going. Over-budget Significant time was spent in planning and preparing for an SAO audit of the HOME and Housing Trust Fund programs, which was not anticipated in the original budget. The time related to working with management and staff to accumulate materials for the SAO to provide a basis for their understanding of the programs as it relates to their audit objectives. Materials were accumulated, indexed, and cross-referenced by audit objective. An Executive Summary was prepared for each objective discussing how the Department accomplished the objectives with references to supporting materials.

II. External Quality Assurance Review

The most recent quality assurance review (QAR) of the Department was conducted as of August 2002 which resulted in a report dated January 30, 2003, and was performed by Catherine A. Melvin, CIA, CPA, Director of Internal Audit, Texas Department of Protective and Regulatory Services, and Lesley C. Wade, CPA, Director of Internal Audit, Texas Department of Economic Development.

The Texas Government Code §2107.007 requires state agency internal audit functions to periodically undergo a comprehensive external peer review, or quality assurance review (QAR). This review was arranged through the State Agency Internal Audit Forum (SAIAF) QAR program and adhered to the guidelines established therein. Quality assurance reviews through SAIAF are conducted at no direct cost to the internal audit function being reviewed, though staff from the reviewed department must agree to participate in subsequent QARs sponsored by SAIAF of other state agency internal audit functions.

The scope of the work included a review of the Department's internal audit function and operations for specific compliance with the:

- ∉ Texas Internal Auditing Act (Tex. Gov't. Code Chapter 2102),
- ∉ Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, and
- ∉ Generally accepted governmental auditing standards promulgated by the U.S. General Accounting Office.

The following is an excerpt from the report's Executive Summary:

"Overall, the internal audit function **fully complies** with the Standards and the Act. Additionally, internal audit employs practices that are considered "best practices" by the internal audit community. These include involving management in the annual planning process, attending senior staff and administrative staff meetings, serving as a liaison with external auditors and reviewers, and providing consultative assistance to management in joint improvement projects and new process development. The results of the interviews and surveys conducted clearly show that the Internal Audit Division is highly regarded."

As indicated from the report excerpt above, the work of the Department's Internal Auditing Division **fully complies** with the Institute of Internal Auditor's *Standards for the Professional Practice of Internal Auditing* and the Texas Internal Auditing Act. This is the highest out of three possible ratings (fully complies, partially complies, does not comply) which can be assigned.

The prior QAR of the Division was conducted the summer of 1999, which resulted in a substantially complies (highest rating) report dated August 30, 1999, and was performed by Caroline Maclay Beyer, CPA, and Charles F. Lyon, CPA.

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III. List of Audits Completed Showing Scope, Observations/Findings, Recommendations and Status

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
N/A	12/15/03	Report to Management - Year Ended August 31, 2003	Annual independent audit of the Department's general purpose financial statements.	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.	Implemented per management.	Ensures adequate reserves for loan losses and proper accounting and reporting.
N/A	02/23/04	Report on FY 2003 Compliance with Requirements A-133 and Internal Controls	Statewide Federal Single Audit for FY August 31, 2003 (SAO contract with KPMG)	<p>The Department did not comply with the reporting compliance requirements for HOME matching reports. When the 2002 match report was prepared, inaccurate dates were used resulting in State Energy Conservation Office expenditures of \$156,442 from October 2002 transactions (eligible for the 2003 match report) and subrecipient amounts of \$9,185 from 2001 transactions (eligible for the 2001 match report) being included. Questioned Cost = \$165,627.</p> <p>Ensure the proper dates are used to prepare the matching reports. In addition, amend the 2001 and 2002 HOME Match Reports for discrepancies noted during the audit.</p> <p>Instances of noncompliance with HOME allowable costs/cost principles requirements were noted. For two of six non-payroll expenditure items selected for test work, the method of allocation for the \$8,595 to the various Federal programs was not documented. Questioned Cost = 8,595.</p> <p>Maintain documentation of the allocation methods of costs incurred to support the allocability of the expenditures.</p>	<p>Implemented per management.</p> <p>Implemented per management.</p>	<p>Ensures program compliance and proper reporting.</p> <p>Ensures program compliance, allowable expenditures and proper matching of expenditures with funding sources.</p>

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Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
N/A	02/23/04	Report on FY 2003 Compliance with Requirements A-133 and Internal Controls	Statewide Federal Single Audit for FY August 31, 2003 (SAO contract with KPMG)	<p>The Department did not comply with the reporting compliance requirements for Section 8 Family Reports, which resulted in a reportable condition. Discrepancies in the HUD-50058 - Family Report were noted when compared to recipient files. Similar deficiencies were noted in the HUD Rental Integrity Monitoring Review report dated 8/28/03.</p> <p>Compare all data related to each family in the database as they are reviewed for renewal during fiscal year 2004 to supporting documentation in the file. Differences should be corrected, and TDHCA should continue to implement their responses to the HUD report.</p>	Implemented per management.	Ensures program compliance and accurate performance reporting.
				<p>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.</p> <p>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.</p>	In process of implementation.	Ensures program compliance and appropriately serving qualified individuals.

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Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
N/A	02/23/04	Report on FY 2003 Compliance with Requirements A-133 and Internal Controls	Statewide Federal Single Audit for FY August 31, 2003 (SAO contract with KPMG)	<p>An instance of noncompliance with Section 8 eligibility requirements was noted. For one of 30 tenants selected for test work, documentation was not available to determine if the tenant met the requirements of citizenship or eligible immigration status. Although the Department noted in a tenant's file that required citizenship documentation was not on hand and that it had been requested, the documentation was not obtained and benefits of \$1,262 were paid during the 2003 fiscal year. Questioned Cost = \$1,262.</p> <p>Ensure that tenants are not renewed if they have not provided all the required documentation. TDHCA should track any open files and follow up on the pending items on a periodic basis.</p>	Implemented per management.	Ensures program compliance and appropriately serving qualified individuals.
				<p>Instances of noncompliance with Section 8 special tests and provisions requirements were noted. Documentation of comparable rents for one of 30 tenants selected for test work was not available. Questioned Cost = \$1,870.</p> <p>Continue the management review of the rent reasonableness worksheets submitted by the local operators and remain cognizant of the need to complete the worksheet with all required information.</p>	Implemented per management.	Ensures program compliance and appropriately serving qualified individuals.
				<p>Instances of noncompliance with Section 8 special tests and provisions requirements were noted. HUD-52580-A forms were not properly completed for three of 38 reinspections reviewed.</p> <p>Require individuals performing quality control inspections to complete each section of the HUD-52580-A form. In addition, the program manager should incorporate into the quality control inspection process a review of the forms for completion.</p>	Implemented per management.	Ensures program compliance and appropriately serving and safety of qualified individuals.

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Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
N/A	02/23/04	Report on FY 2003 Compliance with Requirements A-133 and Internal Controls	Statewide Federal Single Audit for FY August 31, 2003 (SAO contract with KPMG)	<p>The Department did not comply with the special tests and provisions compliance requirements for Section 8, which resulted in a reportable condition. Instances were noted where the local operator records the date of correction of a non-life threatening deficiency to be the date the operator returns to the site to determine if the correction has been made, which may be beyond the required 30 calendar days for corrections to be made.</p> <p>Amend TDHCA policy so the local operators inspect invoices for purchased materials or other documentation to determine if the HQS deficiency corrections are made within 30 calendar days when the return site visit is later than the initial 30-day requirement. Also, TDHCA should create a standard extension notification letter to be sent to the owners and a copy kept in the respective files.</p>	Implemented per management.	Ensures program compliance and appropriately serving and safety of qualified individuals.
				<p>The auditors were not able to conduct their audit of compliance in accordance with generally accepted auditing standards for the compliance requirement discussed below since they were unable to obtain sufficient documentation supporting compliance with the issue. The auditors considered this a material weakness.</p> <p>The Department made July and August 2002 payments on behalf of Section 8 tenants based on a utility rate schedule that had not been updated within the last year, which is required if there has been a rate change of 10% or more for a utility category or fuel type . Questioned Cost: \$72,587 due to past due utility allowance survey certification to compare utility allowance schedule to ensure that rent calculations were up-to-date.</p> <p>The Department should obtain a new survey certification on an annual basis and adjust the utility allowance schedule for any changes greater than 10%.</p>	Implemented per management.	Ensures program compliance and appropriately serving qualified individuals.

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Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
N/A	02/23/04	Report on FY 2003 Compliance with Requirements A-133 and Internal Controls	Statewide Federal Single Audit for FY August 31, 2003 (SAO contract with KPMG)	<p>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.</p> <p>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.</p>	In process of implementation.	Ensures program compliance and allowable expenditures.
				<p>The Department did not comply with the allowable costs/cost principles compliance requirements. The auditors considered this a material weakness.</p> <p>The Department allocated to Federal grants the salaries and benefits of employees that worked on multiple activities or cost objectives (e.g. did not work solely on a single Federal award) during fiscal year 2003 based on budget allocations rather than an after-the fact distribution time based on the actual activity of each employee. Additionally, time sheets were not certified in compliance with requirements for the Section 8 program, whose employees worked solely on the Section 8 program. This condition resulted in the related salaries and benefits, as well as related indirect costs calculated based on direct salaries and wages, being questioned. Questioned Cost = \$439,842. Adjustments were made in November 2003 to correct the allocations.</p> <p>Adjust budgeted salaries and benefits expenditures to actual based on timesheets submitted each reporting period. Once salary and benefit charges are adjusted to actual, calculate the amount of reimbursable indirect cost. Also, establish and implement a certification policy for the agency and ensure that all programs certify their timesheets in accordance with policy.</p>	Implemented per management.	Ensures program compliance and allowable expenditures.

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Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
N/A	06/21/04	Comptroller of Public Accounts: A post-payment audit of certain payroll, purchase, and travel transactions processed during the period beginning February 1, 2003, through January 31, 2004.	To determine whether the Department's expenditures complied with certain state laws and rules concerning expenditures and with the processing requirements of the uniform statewide accounting system (USAS) and the uniform payroll system (USPS).	<p>Underpayment of Benefit Replacement Pay: two employees were identified that did not receive benefit replacement pay (BPR) even though they were eligible.</p> <p>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.</p>	Implemented per management.	Ensures state compliance and proper employee compensation.
				<p>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.</p> <p>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.</p>	Implemented per management.	Ensures state compliance and proper employee compensation.
				<p>Payments Past Prompt Payment Deadline and Payments Not Properly Scheduled: The Department expended a total of \$1,946.36 from its state treasury funds on prompt payment interest. The Department must review its procedures to see if the payment information could be submitted for processing in a timelier manner to avoid incurring interest liabilities. Also, two purchase transactions in the sample were paid early.</p> <p>To minimize the loss of earned interest to the state treasury, the Department must schedule all payments for the latest possible distribution and in accordance with its contracts and purchasing agreements as described in the Comptroller's <i>Prompt Payment and Scheduling Guide</i>.</p>	Implemented per management.	Ensures state compliance and maximum use of funds.

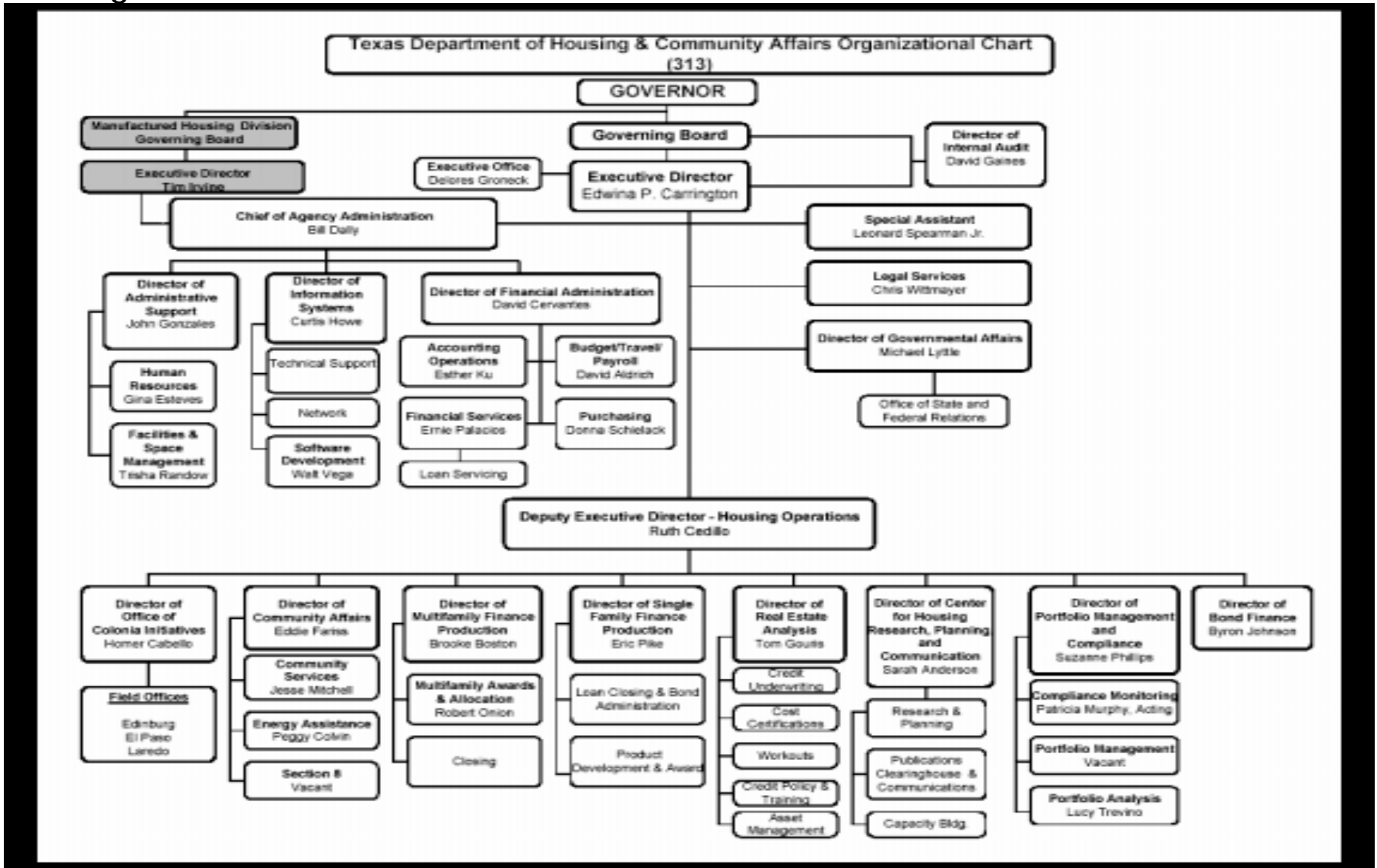
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Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope	Observations/Findings and Recommendations	Current Status	Fiscal / Other Impact
N/A	06/21/04	Comptroller of Public Accounts: A post-payment audit of certain payroll, purchase, and travel transactions processed during the period beginning February 1, 2003, through January 31, 2004.	To determine whether the Department's expenditures complied with certain state laws and rules concerning expenditures and with the processing requirements of the uniform statewide accounting system (USAS) and the uniform payroll system (USPS).	<p>Employees Retained the Ability to Expend Funds And Approve Paper Vouchers After Termination: One employee retained the security that permitted her to electronically approve Department expenditures in USAS after her termination with the Department as well as the ability to approve paper vouchers from Department funds after terminating employment. The Department failed to notify the Comptroller about the employees' termination of employment in a timely manner.</p> <p>Whenever a designated employee terminates employment with an agency, the Comptroller must receive notification of it not later than the fifth day after the effective date of the employee's termination.</p>	Implemented per management.	Ensures proper safeguarding of assets.

Other Audits and Reviews that had positive results, e.g. no audit findings, include the following:

Rpt. No.	Rpt. Date	Name of Report	Audit Objective(s) / Scope
SAO04-039	06/04	An Audit Report on State Entity Compliance with Benefits Proportional by Fund Requirements in Fiscal Years 2002 and 2003	To determine whether entities that are required to pay benefits proportionally by fund complied with the applicable requirements.
N/A	12/15/03	Revenue Bond Enterprise Fund Financial Statements for Year Ended 8/31/02	Annual independent audit of the Revenue Bond Enterprise Fund.
N/A	12/15/03	Computation of Unencumbered Fund Balances 8/31/03	Audit of computation of unencumbered fund balances of the Department's Housing Finance Division as of August 31, 2003.
N/A	12/15/03	Basic Financial Statements for the Year Ended 8/31/03	Annual independent audit of the Department's general purpose financial statements.
N/A	07/01/04	HUD's Annual Assessment for Program Year 2003, State of Texas	To conduct an annual review of performance by grant recipients of Community Development Block Grant, HOME Investment Partnerships Act, Emergency Shelter Grant, and Housing Opportunities for Persons with AIDS programs to determine that each recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received.
HUD S-02-DC-48-0001	09/11/03	HUD Monitoring Report, Emergency Shelter Grant (ESG) Program	To ensure compliance with the Emergency Shelter Grant (ESG) Program requirements and that ESG funds were being used effectively to assist homeless individuals and families. Areas monitored included distribution of funds, management of grants, and annual reporting.

IV. Organizational Chart



Note: TDHCA has an audit committee.

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V. Report on Other Internal Audit Activities

Activity	Impact
<p><u>Maintained Prior Audit Issue Tracking System</u> - The Division maintains the Department's Prior Audit Issue Tracking System that tracks prior internal and external audit findings, management's responses, corrective actions taken by management and the implementation status of unresolved audit findings. Extracts from the System are periodically provided to the Department's management and Governing Board and, as requested, the Department's external auditors, the State Auditor's Office and other oversight agencies.</p>	<p>Allows the Department's management, Governing Board, oversight agencies and other interested parties to readily assess the status of prior audit issues and corrective actions taken to resolve the issues. Promotes accountability for the status of corrective actions taken. Facilitates internal and external audit planning.</p>
<p><u>Coordinated External Auditors</u> - The Internal Auditing Division served as liaison and/or helped coordinate between the Department and KPMG, CPAs in their: Statewide Federal Single Audit for FY August 31, 2003, and the resulting reports including <i>Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133</i>.</p>	<p>Facilitated the audit process:</p> <ul style="list-style-type: none"> € Ensured facility and audit information needs were satisfied. € Monitored progress of the audit by attending the entrance conference, status meetings and exit conferences. € Helped ensure accuracy of audit findings and recommendations and adequacy of management's responses. <p>The Internal Auditing Division's awareness of the Department's operating, financial and compliance considerations was enhanced.</p>
<p><u>Management Assistance - Facilitated Oversight of Development of Department Central Database</u> - The Director of Internal Auditing serves as the nonvoting Chair of the Steering Committee overseeing the development of a central database for the Department.</p>	<p>Promoted oversight and accountability on the status and progress of the project.</p> <p><u>Independence and Objectivity Note:</u> The Internal Audit Division may not be able to audit this activity pursuant to independence standards.</p>

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Activity	Impact
<p><u>Participated in Professional Organizations</u> - Professional staff are encouraged to be members of, and actively involved in, professional organizations. Professional staff memberships include the following professional organizations:</p> <ul style="list-style-type: none"> § Institute of Internal Auditors § Texas Society of Certified Public Accountants § Information Systems Audit Control Association § State Auditor Internal Audit Forum § Association of Government Accountants Association of Certified Fraud Examiners <p>The Director of the Internal Auditing Division was actively involved in the Information Systems Audit Control Association (ISACA). He is currently serving as Board Member of the Austin ISACA Chapter as Past President. He served as President of the Austin Chapter for the second year from June 2003 to May 2004. The Director participated on a joint committee consisting of representatives of the Texas Department of Information Resources, the Information System Security Association, the Association of Contingency Planners and ISACA to develop and present a two and a half day conference, <i>The Southwest Regional Symposium on Business Continuity, Information Security, and Audit (ConSec)</i>, that consummated in September 2003 and provided quality continuing education to over 300 audit, information security and business continuity professionals. The Director has also served on ConSec '04, which consummated with a conference in September 2004.</p>	<p>Enhanced expertise in audit and audit related matters and promoted the internal audit staff's professionalism, knowledge, skills and abilities and provided opportunities to obtain required continuing education credits at affordable prices. The responsibilities of the Board position include the promotion and advancement of information systems audit and control knowledge and information.</p>

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VI. Internal Audit Plan for Fiscal Year 2005

PLANNED INTERNAL AUDITS/OTHER AUDIT PROJECTS/ACTIVITIES	
Project	General Objectives
FY 2004 Carryover projects:	
Subrecipient Monitoring	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. Program areas to be audited include HOME Investment Partnership, Housing Trust Fund, and Office of Colonia Initiatives programs.
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.
FY 2005 Projects:	
Executive Order RP36	To provide expertise, knowledge, experience and objective, independent input into the Department's Fraud, Waste and Abuse Detection and Prevention Program.
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.
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.
Other Projects:	
Tracking Status of Prior Audit Issues - To track the status of prior audit issues for management/board report purposes.	
To continue 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.	
To develop an annual audit plan for FY 2006 pursuant to the Texas Internal Auditing Act.	
To prepare an annual internal auditing report for FY 2005 pursuant to the Texas Internal Auditing Act.	
To coordinate and assist external auditors.	

Texas Department of Housing and Community Affairs

*Report to the Office of the Governor
regarding Executive Order RP36*



October 1, 2004

RICK PERRY
Governor

Cecile Young, Special Assistant, Anti-fraud Coordinator
Office of the Governor
P.O. Box 12428
Austin, TX 78711-2428

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS

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

RE: Executive Order RP36

Dear Ms. Young:

The Texas Department of Housing and Community Affairs (Department) is pleased to submit this report on progress to date in implementing its Fraud Prevention Program and plans in place to have a comprehensive program designed to embrace the intent of Executive Order, RP36, relating to preventing, detecting and eliminating fraud, waste and abuse.

While RP36 focuses on assessing fraud related risks and developing strategies to mitigate unacceptable risks, management recognizes the value of assessing all risks and formally identifying and, as appropriate, seeing that mitigation strategies are developed and put into place. Accordingly, the Department, in addressing RP36, has included assessments of all identified risks. The Department will establish appropriate mitigation strategies for all unacceptable risks that are controllable by the Department.

To ensure a comprehensive and successful response to the mandate of RP36, the Department has established a team that is responsible for putting a plan in place and ensuring the success of the plan. The RP36 Team includes the following executive and key employees:

- ⊘ Edwina Carrington, Executive Director
- ⊘ Ruth Cedillo, Deputy Executive Director
- ⊘ Leonard Spearman, Special Assistant to the ED
- ⊘ Bill Dally, Chief of Agency Administration
- ⊘ John Gonzales, Director of Administrative Support
- ⊘ Anne Reynolds, Deputy General Counsel, Ethics Officer

The Team also includes Tim Irvine, Executive Director of the Manufactured Housing Division. The Internal Audit Division is working with the Team to help ensure a successful program.

The Team is in the process of fully developing and implementing a fraud prevention program that includes, at a minimum, the recommended common or key components developed by the state agency workgroup (Workgroup) appointed by the Governor's Office to develop and provide risk assessment tools and other materials for state agencies to use in developing their fraud prevention programs.

Leonard Spearman, Special Assistant to the Executive Director, has been designated as the Department's fraud prevention coordinator. Mr. Spearman can be contacted at (512) 475-0225. His email address is leonard.spearman@tdhca.state.tx.us.

The following materials describe the current status of the Department's Fraud Prevention Program:

- Ø Attachment A - Recommended statutory changes responsive to your request.
- Ø Attachment B – A copy of a high-level Department-wide risk assessment. The basis of the risk assessment was the Fraud Risk Assessment questionnaire recommended by the Workgroup, which was tailored to suit the needs of the Department. The questionnaire recommended by the Workgroup was complemented with the following:
 - ∄ Key Component areas recommended by the Workgroup that were not already included in the questionnaire were added.
 - ∄ The level of risk associated with not having controls in place was assessed, *e.g.*, the potential adverse impact of not having annual refresher training on the code of conduct for every employee was assessed. The probability of the potential adverse impact occurring was assessed considering the Department's existing processes and controls in place to mitigate the risks.
 - ∄ Action plans to mitigate unacceptable risks were developed where existing controls were not in place or were deemed insufficient to mitigate to an acceptable level the probability of such risks occurring.

The Department-wide risk assessment addresses the “key components” with emphasis concentrating on the assessment of the “Culture of Honesty and Ethics” and “Appropriate Oversight Process” components. The key component “Antifraud Process and Controls” is addressed more thoroughly in Attachments D through F.

- Ø Attachment C - Descriptions of significant controls for the following areas:
 - ∄ Finance and Accounting
 - ∄ Purchasing and Contracting
 - ∄ Information Technology
 - ∄ Human Resources Management

- Attachment D – A copy of the Department’s initial risk *impact* ranking of its major processes. A detailed risk assessment using the methodology will be performed on all Department processes that have been rated as having the potential for a high or moderate impact on the Department if the processes were to fail. The risk assessment will be performed based on the project plan and methodology presented in Attachments E and F, respectively.
- Attachment E - A copy of the project plan to finalize the Program, addressing the “key components.” The project plan identifies who is going to do what by when.

The plan includes performing detailed risk assessments for all of those Department processes and activities identified as having a high and medium impact. The assessments will identify unacceptable risks, controls in place and operating and/or controls to be developed to mitigate such risks, and the level of mitigation appropriate in each instance. The plan also contemplates periodic tests of those controls relating to significant risks.

- Attachment F - A copy of the Department’s Standard Operating Procedure addressing the implementation of RP36.

A risk assessment methodology has also been drafted by the Department. The methodology is based on the forms and instructions that small state agencies use to submit a written risk assessment to the State Auditor’s Office as required by Government Code Section 2102.013(c). The methodology has been tailored to suit the size and complexity of the Department’s programs.

The Department appreciates the Governor’s Office providing leadership and guidance to state agencies in detecting and fighting fraud. The Department welcomes the opportunity to reassess its operations to confirm that it has adequate controls in place to provide reasonable assurance that fraud, waste and abuse are detected and eliminated. Please contact Mr. Spearman or me if you have questions regarding these materials.

Sincerely,



Edwina P. Carrington
Executive Director

Enclosures

cc: Ms. Elizabeth Anderson, TDHCA Board Chair
Mr. Shadrick Bogany, TDHCA Audit Committee Chair
Mr. Tim Irvine, TDHCA Manufactured Housing Division Executive Director

Attachment A

Texas Department of Housing and Community Affairs

Executive Order RP36

Recommended Statutory Changes

Texas Department of Housing and Community Affairs
Executive Order RP-36 (2004)

Recommended Statutory Changes¹

- ∄ Amend Section 2306.033(a), “Removal of Members” to add a subsection (7) to include an additional ground for the removal of a board member if the board member has been indicted for a criminal offense. It has been the experience of TDHCA that the ground for removal in subsection (6) “engages in misconduct or unethical or criminal behavior” is too subjective and it is our belief that a governor would be more likely to pursue removal of a board member if an objective occurrence could be cited, such as a criminal indictment. The process by which a board member is removed pursuant to general state law should also be simplified so that litigation is not necessary to effect a removal.
- ∄ Amend Section 2306.039, "Open Meetings and Open Records," by adding subsection (c) to allow the board to meet in executive session with the Department's internal auditor, fraud prevention coordinator, and ethics officer to discuss issues related to fraud, waste, and abuse and to except the documents related to such discussions from public disclosure.

TDHCA has reviewed its governing statute for changes that could aid in the prevention of fraud and has determined that the following provisions in current law give us sufficient authority to take whatever actions are necessary, with the exceptions noted above.

- ∄ Compliance monitoring/assessments:
Section 2306.057, “Compliance Assessment Required for Project Approval by Board,” requires a compliance assessment to be provided to TDHCA’s board before it is authorized to approve funds for the particular project.
Section 2306.081, “Project Compliance; Database,” requires risk based monitoring during the entire construction phase for projects funded by the Department and to place all such compliance information on an easily accessible database.
Section 2306.257, “Applicant Compliance with State and Federal Laws Prohibiting Discrimination: Certification and Monitoring,” requires monitoring of compliance with specified laws and imposes sanctions for noncompliance.
Section 2306.6719, “Monitoring of Compliance,” requires monitoring of tax credit properties.
- ∄ Ethics:
Section 2306.061, “Standards of Conduct,” requires TDHCA’s executive director to provide information to TDHCA employees and the board of directors regarding the requirements for their office or employment, including standards of conduct laws.
- ∄ Complaint Process:
Section 2306.066, “Information and Complaints,” requires TDHCA to provide a complaint process by which public complaints are resolved.

¹ All statutory references are to the Texas Government Code, unless otherwise indicated.

Section 2306.6022, “Complaints,” requires the Manufactured Housing Division of TDHCA to provide a complaint process by which public complaints are resolved.

∄ Public Participation:

Sections 2306.0661, “Public Hearings;” 2306.1114, “Notice of Receipt of Application or Proposed Applications;” 2306.0723, “Public Participation;” 2306.6021, “Public Participation;” 2306.6704, “Preapplication Process;” 2306.6718, “Elected Officials;” and 2306.6717, “Public Information and Hearings:” TDHCA is required to conduct an extensive public participation process for the distribution of its funds and financial assistance. This process helps ensure that the distribution of such assistance is as transparent as possible.

∄ Audit:

Section 2306.074, “Audit,” requires TDHCA’s books and accounts to be audited each fiscal year as specified in the section.

∄ Ex Parte Communication:

Sections 2306.1112, “Executive Award and Review Advisory Committee” and 2306.1113, “Ex Parte Communications,” restrict communications between certain TDHCA staff members as well as members of TDHCA’s board with project applicants and their affiliates.

Section 2306.6709, “Application Log,” also requires that a log be maintained of any contact between department staff, the board, and tax credit applicants and any related parties.

∄ Disclosure:

Section 2306.6707, “Additional Application Requirement: Disclosure of Interested Persons,” requires tax credit applicants to disclose related parties.

∄ Debarment:

Section 2306.6721, “Debarment From Program Participation,” requires TDHCA’s board to adopt rules providing for the debarment of tax credit awardees for material compliance. The U.S. Department of Housing and Urban Development also provides a debarment process for recipients of funding under the HOME and Emergency Shelter Grants programs.

∄ Revolving Door Prohibitions:

Section 2306.6703, “Ineligibility for Consideration,” and 2306.6733, “Representation by Former Board Member or Other Person,” prohibits former board members and certain staff from participating in the tax credit program for two years and longer.

∄ Efficient and Effective Operations:

Section 2306.052, “Director’s Powers and Duties,” requires the Executive Director to administer and organize the work of the Department in such a way that promotes efficient and effective operations. In fulfilling these responsibilities the Director has issued several standard operating procedures designed to ensure fraud, risk and control considerations receive adequate attention by Department management: SOP 1100.16, “Fraud, Waste and Abuse Detection and Prevention Program;” SOP 1100.09, Internal Controls;” SOP 1240.01, “Reporting Certain Conduct for Investigation to the Office of the State Auditor;” and SOP 1240.02, “Ethics Policy.”

Attachment B

Texas Department of Housing and Community Affairs

Executive Order RP36

Department-wide Risk Assessment

**Texas Department of Housing and Community Affairs
Fraud Prevention and Detection Program
Questionnaire**

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
I. Culture of Honesty and Ethics						
Setting the Tone at the Top:						
1. Is there a written Code of Conduct?	M	L	ML	Y	PP&P 1.10 Standards of Conduct HR Form 429 – Code of Ethics and Standards of Conduct for State Employees SOP 1240.02-Ethics Policy	We need to thoroughly review the current Standards of Conduct with new employees with time for questions and answers and to check for understanding.
a. Does the Code of Conduct address:	M	L	ML			
€ Conflicts of interest	M	L	ML	Y	PP&P 1.10 Standards of Conduct, 3. Outside Employment and Community Service	
€ Confidentiality of information	M	L	ML	Y	PP&P 1.10 Standards of Conduct, 1. Code of Ethics, d. Discussion	
€ Fair Dealing	M	L	ML	Y	PP&P 1.10 Standards of Conduct, 1. Code of Ethics, a. Policy	
€ Related party transactions	M	L	ML	Y	PP&P 1.10, Standards of Conduct, 1. Code of Ethics, d. Discussion, 4 th Bullet	
€ Illegal acts	M	L	ML	Y	PP&P 1.10, Standards of Conduct, 1. Code of Ethics, d. Discussion	
€ Compliance with laws, rules, and regulations	M	L	ML	Y	PP&P 1.10, Standards of Conduct, 1. Code of Ethics, b. General	

¹ Factors to consider in assessing the potential impact on a failed business process include, among others, how critical the activity is to the agency's mission, the relative size of the activity, legal and regulatory requirements, the necessity or sensitivity of the data, and the potential monetary or credibility/reputation loss to the Department. Consider the following criteria in ranking the impact of each of the business processes: High Impact – Failure precludes achieving the agency's mission, might put the public in risk of danger, threatens continuance of the Department or its funding sources, may result in a criminal investigation, may result in the dismissal of a Board Member, the Executive Director or a member of the Management Team, or results in considerable embarrassment to or criticism from the Legislature, Governor's Office, oversight or funding agencies or the Governing Board. Moderate Impact – Failure may interfere in achieving the agency's mission, may result in audit findings or criticism from oversight or funding agencies, or may result in a counseling session or performance improvement plan for a member of the Executive or Management Team, or may result in criticism to or from the Governing Board or Management Team. Low Impact – Failure does not interfere with achieving the agency's mission, may result in slight to mild embarrassment within the agency, or may go unnoticed.

² Rate the probability of the risk that a failed business process will occur as High (probable), Moderate (reasonably possible), or Low (remote). Some factors to consider in determining probability of occurrence, among others, include the newness and/or complexity of the activity, the existence of and/or recent changes to formal policies and procedures, personnel changes, and time since the last review.

³ Adequate formal controls must be in place and operating for considerations rated as High (HH, HM, HL) and Moderate Impacts that are High (MH) or Moderate Probability (MM). If not, action plans identifying who will do what by when must be specified to develop formal controls to mitigate the associated risks. No further work is necessary for Moderate Impacts that are Low Probability (ML) or for any Low Impacts (LH, LM, LL); however, sufficiently understand process/control to assess whether there are opportunities for operational efficiencies.

⁴ Consider 'Best Practices for the Prevention and Detection of Fraud' document submitted to the Office of the Governor by the Fraud Initiative Subcommittee.

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
∅ The monitoring of the code by management	M	L	ML	Y	PP&P 1.10, Standards of Conduct, 1. Ethics, c. Responsibilities	
b. Is the Code of Conduct disseminated to all employees at time of hire?	M	L	ML	Y	Employees are given a Personnel Policies and Procedures handbook, and asked to sign HR Form 429, Code of Ethics and Standards of Conduct for State Employees	
c. Is there at least annual refresher training on the code of conduct for every employee?	M	H	MH	N	Employees are given a Personnel Policies and Procedures handbook, and asked to sign HR Form 429, Code of Ethics and Standards of Conduct for State Employees	Conduct refresher training courses on an annual basis beginning Spring FY05.
d. Is there a method of determining that employees understand the contents of the code of conduct?	M	L	ML	Y	HR staff explains the Standards of Conduct with New Employees in detail and asks them to confirm their knowledge and understanding by signing HR Form 429, Code of Ethics and Standards of Conduct for State Employees	
e. Has the agency developed an ethics policy, a statement of business principles, and/or any other concise summary of guiding principles?	M	L	ML	Y	PP&P 1.10 Standards of Conduct, 1. Code of Ethics SOP 1240.02 Ethics Policy Investment Policy	
f. Has the agency implemented "soft" controls, such as a process to promote ethical behavior that deters wrongdoing and facilitates communication on difficult issues to promote appropriate workplace behavior? (Such a process typically requires a fulltime equivalent position as an ethics or compliance officer).	M	L	ML	Y	The Department has appointed the Deputy General Counsel as the Ethics Officer. Messages are sent out to employees through this office throughout the year reminding them of their obligations and responsibilities towards promoting ethical behavior.	
g. Do employees have a communication avenue for asking questions when ethical situations arise?	M	L	ML	Y	Employees are encouraged through posters, newsletters, emails and reminders to speak to the Ethics Officer or to the HR staff.	
2. Is there a Confidential Reporting Mechanism for employees to use in reporting suspected or possible fraud without fear of reprisal?	M	L	ML	Y	Employees are encouraged to speak with their management, Human Resources staff, Executive staff, or the Ethics Officer to report any issues concerning fraud, waste and abuse.	
a. Is the Confidential Reporting Mechanism contact widely advertised so that all employees are aware of it?	M	L	ML	Y	Employees see frequent emails from the Deputy General Counsel reminding them of the need to conduct agency business in a transparent, professional manner that complies with law and policy.	
b. Is there a protocol for handling all Confidential Reporting Mechanism activity?	M	L	ML	Y	After resolution of issues, documents are filed in a Confidential file for retention purposes.	
c. Is activity of the Confidential Reporting Mechanism reported to	M	L	ML	Y	Executive is briefed on particular issues as they occur.	

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
executive management and the board?						
Creating a Positive Workplace Environment:						
1. Does the agency:						
€ Provide equal employment and promotional opportunities?	H	L	HL	Y	All job postings contain wording that promotes equal employment opportunity for all. All department employees participate in developing policies and procedures for their areas of responsibilities and as participants in committees and/ or Task Forces.	
€ Encourage and set team-oriented, collaborative decision-making policies?	M	L	ML	Y		
€ Set reasonable budget expectations and other financial targets?	M	L	ML	Y		
€ Develop professionally administered training programs and set agency priority for employee career development?	M	L	ML	Y		
2. Has the agency developed clear channels or methods of communication within the agency?	M	L	ML	Y		
3. Is there an employee recognition and reward system or compensation program?	H	M	HM	Y	There is a comprehensive system in place that complies with applicable laws. It is currently undergoing review and update.	Enhance compensation system to ensure pay equity.
4. Is there a whistle blower policy, a system for employees to obtain advice internally before making decisions that have significant legal or ethical implications and/or a process to encourage employees to communicate or report, on a confidential or anonymous basis, without fear of retribution, concerns related to wrongdoing or violations?	M	L	ML	Y	PP&P 1.0 Employment practices , 1.3 The Texas Whistleblower Law, Chapter 554, Texas Government Code	
Hiring and Promoting Appropriate Employees:						
1. Are background checks, both criminal and work, performed on employees, especially those in positions of trust?	M	M	MM	N	The Department has developed a draft standard operating procedure (SOP) that requires work history background checks on all new hires selected for position. The Department also has an SOP that requires obtaining criminal history record information related to persons with	Finalize the SOP that requires work history background checks on all new hires selected for position.

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
					access to information resources or information resources technologies.	
2. Has the agency incorporated into regular performance reviews an evaluation of how each individual has contributed to creating an appropriate workplace environment in line with the agency's values and code of conduct?	M	H	MH	N		Incorporate into the evaluation system, currently under revision, an evaluation of how each individual has contributed to creating an appropriate workplace environment in line with the Department's code of conduct.
3. Has the agency implemented a continuous objective evaluation process of compliance with agency's values and code of conduct with violations being addressed immediately?	M	L	ML	Y	The Department investigates allegations of standards of conduct and administers appropriate corrective action. These investigations are structured on a case-by-case basis using, as appropriate, the Department's Human Resources Division, the Legal Division, and management and, as appropriate, the State Auditors Office to assure prompt, appropriate, lawful responses on a consistent basis.	
Training Employees:						
1. Is there a mechanism for tracking employee training and understanding of the code of conduct?	M	L	ML	Y	Employees who attend any type of mandatory training or training offered through the Human Resources office are documented in the HR database in the Department's Genesis system.	
2. Are new employees trained at the time of hiring about the entity's values and its code of conduct, which covers:	M	L	ML	Y		
☐ Employees' duty to communicate certain matters,	M	L	ML	Y		
☐ A list of the types of matters, including actual or suspected fraud or bribes to be communicated along with specific examples, and	M	L	ML	Y		
☐ Information on how to communicate those matters.	M	L	ML	Y		
3. Do all employees receive refresher training periodically, according to an employee's level within the organization and assigned responsibilities?	M	H	MH	N	Employees are given a Personnel Policies and Procedures handbook, and asked to sign HR Form 429, Code of Ethics and Standards of Conduct for State Employees	Conduct refresher training courses on an annual basis beginning Spring FY05.
4. Are third party or long-term contractors made aware of the agency's fraud policy and code of	M	L	ML	Y		

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
conduct?						
Notification and Confirmation of Compliance:						
1. Are employees held accountable for proactively addressing the potential of fraud in the discharge of their assigned duties?	M	L	ML	Y		
2. Are awareness of fraud and the management of fraud risks included in every managers (perhaps employees) personnel evaluation?	M	H	MH	N		Incorporate into the evaluation system, currently under revision, an evaluation of each supervisor's and manager's awareness of fraud and their management of fraud risks.
Discipline:						
1. Are there consequences for employees who commit fraud and are those consequences consistent and fair?	M	L	ML	Y		
a. Are consequences pre-determined, that is defined in a fraud policy?	M	L	ML	Y	Consequences are incorporated into the Department's Personnel Policies and Procedures manual.	
b. Is there a formal procedure for documenting the consequences of each proven fraud?	M	L	ML	Y		
c. Are there standardized processes and procedures related to:						
€ Rights of employees suspected of fraud	M	L	ML	Y		
€ Disciplinary interviews	M	L	ML	Y		
€ Circumstances of services termination	M	L	ML	Y		
€ Dealing with complaints	M	L	ML	Y		
€ Dealing with theft and threats	M	L	ML	Y		
€ Rights and responsibilities of third parties related to agency's fraud policy	M	L	ML	Y		
§ Use of competent investigators	M	L	ML	Y		
€ Protection of information sources	M	L	ML	Y		
€ Person responsible for making claims under insurance policies	M	L	ML	Y		
€ Notifying the various legal	M	L	ML	Y		

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
authorities						
d. Does the agency perform thorough investigation of incidents of alleged or suspected fraud, abuse, or other criminal activities?	M	L	ML	Y		
e. Does the agency assess and improve relevant controls?	M	L	ML	Y		
f. Are antifraud professionals employed to be responsible for resolving allegations of fraud within the agency and to assist in the detection and deterrence of fraud?	M	L	ML	N	The Department relies on the expertise of Certified Fraud Examiners from the Office of the State Auditor and Attorney General's Offices	
g. Does the agency request assistance from the Special Investigation Unit of the State Auditor's Office to conduct investigation of incident of alleged or suspected fraud?	M	L	ML	Y	The Department has implemented SOP 1240.01. "Reporting Certain Conduct for Investigation to the Office of the State Auditor". The SOP requires the Executive Director to report to the SAO instances where the Department has reasonable cause to believe that money received by the Department from the state as well as money received by third parties from the Department may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the recipient with such money.	
h. Is a responsible person assigned to maintain appropriate documentation of incidents and define appropriate guidelines for access and security of these documents?	M	L	ML	Y	Director of Internal Audit Deputy General Counsel	
i. Are all reasonable means of recovering any identified losses pursued?	M	L	ML	Y		
II. Antifraud Processes and Controls						
Identifying and Measuring Fraud Risks						
1. Is risk assessment performed by each division, location, or segment separately?	H	H	HH	N	The Department has implemented a standard operating procedure that requires appropriate levels of management to maintain a Fraud, Waste and Abuse Program (Program) developed by the Department designed to identify risks associated with fraud, waste and abuse, to measure those risks in quantifiable terms, and to ensure that appropriate processes and controls have been established to minimize the likelihood of the impact of unacceptable risks materializing. The	The SOP specifies that the Division Directors, Section Managers and Staff are responsible for implementing and maintaining the Program. Perform a risk assessment of the Department's business processes even numbered years beginning in January and ending in June. Complete the first agency-wide risk assessment

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
					Program also includes considerations of risks relating to accounting for and safeguarding its assets from loss, ensuring reliable accounting and performance data and information systems, promoting efficient operations, and ensuring compliance with Department policies and applicable laws and regulations.	by the end of fiscal year 2005.
<p>a. Are possible misconduct schemes, fraud scenarios, fraud categories, and applicable business activity or process identified?</p> <p>Examples:</p> <ul style="list-style-type: none"> ⊖ If you were the Controller for the agency, how could you embezzle funds, manipulate the financial records, and not get caught? What various ways an insider or outsider can manipulate this process to commit fraud against the agency? ⊖ What various ways an insider or outsider can manipulate this process to commit fraud against the agency? 	M	H	MH	N	The SOP referred to in II 1. above includes the risk assessment methodology adopted by the Department. The methodology includes consideration of fraud opportunities at the business activity level.	Complete the first agency-wide risk assessment at the business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.
<p>b. Were risk ramifications posed by each scheme and management's tolerance for risks considered?</p> <ul style="list-style-type: none"> ⊖ Reputation damage ⊖ Financial damage - Monetary loss ⊖ Legal damage – Criminal or civil sanctions 	M	H	MH	N	The SOP referred to in II 1. above includes the potential impact of each risk identified. Clear criteria have been developed to assist management and staff in ranking the impact as high, medium or low. The impact criteria include consideration of possible reputation, financial and/or legal damage to the Department.	Complete the first agency-wide risk assessment at the business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.
c. Were they documented?	M	H	MH	N	The SOP referred to in II 1. above requires documentation supporting the risk assessment process to be documented and retained for oversight and business operations improvement purposes.	Maintain appropriate documentation for oversight and business operations improvement purposes.
d. Are fraud risk assessments performed on a comprehensive and recurring basis?	H	H	HH	N	The SOP referred to in II 1. above requires risk assessment to be performed on a comprehensive and recurring basis.	Complete the first agency-wide risk assessment at a comprehensive business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.
<p>e. Does the fraud risk assessment include the following essential elements:</p> <ul style="list-style-type: none"> ⊖ A systematic assessment process ⊖ Consideration of potential fraud schemes and scenarios ⊖ Assessment of risk at agency-wide, 	M	H	MH	N	The SOP referred to in II 1. above requires risk assessment. The SOP and/or the methodology adopted by the Department is a systematic process that considers potential fraud schemes and scenarios. The methodology includes an assessment of the potential impact of each of the Department's business processes if failed and requires that the impact be rated as high, medium or low using defined criteria.	Complete the first agency-wide risk assessment at a comprehensive business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year. Determine strategies to address the risk of

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
<p>business unit, and significant account levels</p> <p>€ Evaluation of the likelihood and significance of each risk to the agency</p> <p>€ Assessment of exposure arising from each of the categories of fraud risk</p> <p>€ Testing the effectiveness of the risk assessment process by internal audit</p> <p>€ Documented oversight by the audit committee, including consideration of the risk of override of controls by management</p>					<p>Activities associated with high and medium impact processes and their related risks are also identified. The potential adverse impact of each risk is assessed as high, medium or low as well as the probability of occurrence.</p> <p>The adequacy of controls is assessed for each of the high and medium impact risks associated with each activity. If controls are not sufficient, the methodology requires an action plan to mitigate the risk to an acceptable level.</p> <p>The Internal Audit Division has been instrumental in the development of the methodology and will assist management in its implementation.</p> <p>The SOP specifies that the Audit Committee of the Governing Board is responsible for systematically and periodically evaluating management's identification of risks, the implementation of prevention and detection measures, and the creation of an appropriate "tone at the top."</p>	<p>override of controls by management in coordination with management and the Audit Committee.</p>
<p>f. Are the nature and extent of management's risk assessment activities commensurate with the size of the agency and complexity of its operations?</p>	H	H	HH	N	<p>The SOP referred to in II 1. above requires risk assessment to be performed on a comprehensive and recurring basis. The methodology adopted by the Department is commensurate with the size of the agency and the complexity of its operations.</p>	<p>Complete the first agency-wide risk assessment at a comprehensive business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.</p>
<p>g. Has management developed a heightened 'fraud awareness' and an appropriate fraud risk-management program, with oversight from the board of directors or audit committee?</p>	H	H	HH	N	<p>The SOP referred to in II 1. above was developed to create a heightened 'fraud awareness' and an appropriate fraud risk-management program and includes responsibilities of the Audit Committee to promote adequate oversight.</p>	<p>Complete the first agency-wide risk assessment at a comprehensive business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.</p> <p>Provide the Audit Committee sufficient information to facilitate addressing its responsibility to 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."</p>
<p>2. Were red flags of fraud considered in the evaluation?</p> <p>€ Personal characteristics or situational pressures that can lead to fraud</p>	M	H	MH	N	<p>The SOP referred to in II 1. above requires risk assessment to be performed on a comprehensive and recurring basis. The methodology adopted by the Department includes consideration of red flags of fraud that are considered in connection with fraud scenarios.</p>	<p>Complete the first agency-wide risk assessment at a comprehensive business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.</p>

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
<ul style="list-style-type: none"> ∅ Agency opportunities that can lead to fraud ∅ Opportunities that allow or encourage management fraud 						
<p>3. Was the likelihood that each particular fraud will occur evaluated?</p> <ul style="list-style-type: none"> ∅ Remote ∅ Reasonably possible ∅ Probable 	M	H	MH	N	The SOP referred to in II 1. above requires risk assessment to be performed on a comprehensive and recurring basis. The methodology adopted by the Department includes consideration of the likelihood of a risk, including particular fraud risk, materializing.	Complete the first agency-wide risk assessment at a comprehensive business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.
<p>4. Were direct or indirect controls applicable to above documented scenarios identified? Basic controls include:</p> <ul style="list-style-type: none"> ∅ Segregation of duties relating to authorization, custody of assets, and recording and reporting of transactions ∅ Supervisory reviews, verifications, reconciliation ∅ Automated edit checks and system controls ∅ Physical and logical security of assets ∅ Embedded audit checks ∅ Fraud detection software 	M	H	MH	N	The SOP referred to in II 1. above requires risk assessment to be performed on a comprehensive and recurring basis. The methodology adopted by the Department requires documentation of controls applicable to various risks identified.	Complete the first agency-wide risk assessment at a comprehensive business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year. Document controls as appropriate.
Mitigating Fraud Risks:						
<p>1. Has the agency considered making changes to agency activities and processes that could help reduce or eliminate certain fraud risks?</p>	M	L	ML	Y	<p>The Department reorganized its housing operations in March 2003. The goal of the reorganization was to be more efficient and effective in achieving the Department's goals. While not specifically aimed at fraud, controls were considered in connection with the reorganization.</p> <p>The SOP referred to in II 1. above requires risk assessment to be performed on a comprehensive and recurring basis.</p>	Consider making changes to agency activities and processes that could help reduce or eliminate certain fraud risks in connection with the periodic risk assessments.
<p>2. Has management considered having internal Audit play an active role in the development, monitoring, and ongoing assessment of the entity's fraud risk-management program?</p>	M	L	ML	Y	The SOP referred to in II 1. above requires risk assessment to be performed on a comprehensive and recurring basis. Internal Audit was integral in development of the methodology. The annual internal audit plan for FY 2005 to be proposed to the Board in October includes internal audit in a risk assessment facilitation role for the year.	

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
3. Has the agency performed a periodic self-assessment using questionnaires or other techniques to identify and measure risks?	H	H	HH	N	The SOP referred to in II 1. above requires risk assessment to be performed on a comprehensive and recurring basis. A standard methodology is prescribed by the SOP.	Complete the first agency-wide risk assessment at a comprehensive business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.
4. Does management closely monitor the agency's procurement process?	H	M	HM	Y	The Department has a purchasing manager responsible for procurement. In addition to the monitoring performed by the purchasing manager, the Department's Legal Division oversees the procurement of professional services. There are also various approvals required depending on the documented amount of a purchase.	Assess the risks associated with procurement in connection with the risk assessment planned for FY 2005. Ensure adequate controls are in place for any unacceptable risks.
5. Has management considered the risk of financial statement fraud may be reduced by implementing shared services centers to provide accounting services to multiple segments or geographic locations of an agency's operations?	M	L	ML	N	The Department's accounting operations are centralized. Annual opinion audits are conducted on the Department's financial statements. Remaining financial statement reporting risks are considered acceptable.	
6. Does management monitor compliance with the code of conduct and related training? Monitoring may include requiring at least annual confirmation of compliance and auditing of such confirmations to test completeness and accuracy.	M	H	MH	N		Confirm attendance of staff at the fraud refresher courses that will be provided on an annual basis beginning Spring FY05.
7. Has management established a process to detect, investigate, and resolve potentially significant fraud? Such a process should typically include proactive fraud detection tests that are specifically designed to detect the significant potential frauds identified in the agency's fraud risk assessment. Other measures can include audit "hooks" embedded in the entity's transaction processing systems that can flag suspicious transactions for investigation and/or approval prior to completion of processing. Another measure is the use of leading edge fraud detection methods which include	M	H	MH	N	The Department has implemented SOP 1240.01. "Reporting Certain Conduct for Investigation to the Office of the State Auditor". The SOP requires the Executive Director to report to the SAO instances where the Department has reasonable cause to believe that money received by the Department from the state as well as money received by third parties from the Department may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the recipient with such money.	Consider proactive fraud detection tests designed to detect the significant potential frauds identified in connection with assessing controls over fraud risks. Formalize processes for considering whether fraud has occurred and circumstance warrant informing the SAO Special Investigations Unit as required by Department policy.

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
computerized e-mail monitoring (where legally permitted) to identify use of certain phrases that might indicate planned or ongoing wrongdoing.						
Implementing and Monitoring Appropriate Internal Controls						
1. Does the agency use the fraud risk assessment to identify the processes, controls, and other procedures that are needed to mitigate the identified risks? The agency must consider: <ul style="list-style-type: none"> ☒ Whether the controls implemented are adequate to address all of the individual agency's specific business activities ☒ Whether these controls are properly designed for the purposes of detecting, deterring and mitigating the particular fraud risks to which the agency is exposed ☒ Whether these controls are being applied properly to sufficiently address the agency's unique business operations and fraud risks. 	H	H	HH	N	The SOP referred to in II 1. above includes the risk assessment methodology adopted by the Department. The methodology includes consideration of processes, controls, and other procedures that are needed to mitigate the identified risks.	Complete the first agency-wide risk assessment at the business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.
2. Are the necessary control activities documented to ensure each significant fraud exposure identified during the risk assessment process has been adequately mitigated?	M	H	MH	N	The SOP referred to in II 1. above includes the risk assessment methodology adopted by the Department. The methodology requires documenting controls designed to ensure each significant fraud exposure has been adequately mitigated.	Complete the first agency-wide risk assessment at the business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.
3. Have appropriate oversight measures been implemented by the board of directors or audit committee?	H	H	HH	N	The SOP referred to in II 1. above includes oversight responsibilities of the Executive Director and Audit Committee. The Fraud Prevention Coordinator is responsible for reporting to the Audit Committee and Executive Director in a manner to enable the Committee and the Executive Director to fulfill their responsibilities.	Complete the first agency-wide risk assessment at the business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.
4. Has management implemented appropriate ongoing monitoring imbedded in the course of operations	H	H	HH	N	The SOP referred to in II 1. above defines management's, including monitoring responsibilities. The Division Directors, Section Managers and Staff are responsible for implementing and maintaining the Program. The Program is designed to ensure that	Complete the first agency-wide risk assessment at the business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
<p>and built into the normal, recurring operating activities of the agency? It should include regular management and supervisory activities and other actions personnel take in performing their duties. It is essential that the agency's plan, approach, and scope of monitoring activities be documented and reviewed from time to time. Management's monitoring systems should be evaluated in terms of the following:</p> <ul style="list-style-type: none"> ☒ Management's responsibility for enforcement and monitoring of the antifraud program and policies ☒ Management prompt and sufficient response to significant deficiencies and material internal control weaknesses ☒ Management's responsiveness to internal and external auditor recommendations regarding ways to strengthen antifraud controls ☒ The knowledge and experience of individuals, and whether they receive periodic and adequate training with regard to fraud. 					<p>management takes appropriate action on significant deficiencies and material internal control weaknesses. The Division Directors and managers are also responsible for testing controls in place to mitigate high impact risks to ensure that they are operating as intended.</p> <p>The Department's Audit Committee reviews management's responsiveness to internal and external auditing recommendations on an ongoing basis. Review of prior audit issues is generally a standing agenda item for the Committee meeting which occur on a regular basis.</p>	Provide periodic and adequate training with regard to fraud.
III. Appropriate Oversight Process						
Audit Committee or Board of Directors:						
1. Does the board have key oversight roles with respect to the code of conduct? Evidence of oversight roles should be documented in the board of directors and audit committee charters and meeting minutes.	M	H	MH	N	The Department's Governing Board approved a series of Board Resolutions in March 1997 specifying the Audit Committee's responsibilities and the authority to effectively fulfill them. The Board resolved that in fulfilling its function, the Committee's responsibility for, among other responsibilities, 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.	Include the Department's Code of Conduct on the Audit Committee's agenda for discussion and solicit input regarding its adequacy/sufficiency.

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
<p>2. Does the board evaluate management's activities relating to the following:</p> <ul style="list-style-type: none"> ☒ The process for identifying and documenting fraud risk ☒ The types of fraud considered by management (fraudulent financial reporting, misappropriation of assets, unauthorized or improper receipts and expenditures, and fraud by senior management) ☒ The level at which risk is considered (company-wide, business unit and significant account) ☒ The level of likelihood of fraud (probable, reasonably possible and remote) ☒ The level of significance of fraud (inconsequential, more than inconsequential or material) <p>Agencies will need to reach their own conclusions with respect to the cost of controlling a risk compared to the benefits of mitigating or eliminating that risk. However, an agency should have a documented process that assesses, identifies, and evaluates fraud risk.</p>	H	H	HH	N	<p>The SOP referred to in II 1. above specifies that the Audit Committee of the Governing Board is responsible for systematically and periodically evaluating management's identification of risks, the implementation of prevention and detection measures, and the creation of an appropriate "tone at the top." The SOP also requires that the Department's Fraud Prevention Coordinator report to the Audit Committee in a manner to enable the Committee to fulfill its responsibilities.</p>	<p>Complete the first agency-wide risk assessment at the business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.</p> <p>Provide periodic updates to the Audit Committee on the status of RP36 and the related risk assessments planned and performed by the Department.</p>
<p>3. Does the board have an active oversight to help reinforce management's commitment to creating a culture with 'zero tolerance' for fraud?</p>	H	L	HL	Y	<p>The Board meets on a monthly basis and, among other activities, reviews all Department rules, the Code of Ethics on an annual basis, and management's responses and responsiveness to internal and external audit findings.</p>	
<p>4. Does the board ensure that senior management implements appropriate fraud deterrence and prevention measures to better protect stakeholders?</p>	H	H	HH	N	<p>The SOP referred to in II 1. above includes the risk assessment methodology adopted by the Department. The methodology requires documenting controls designed to ensure each significant fraud exposure has been adequately mitigated. The SOP specifies that the Audit Committee of the Governing Board is responsible for</p>	<p>Complete the first agency-wide risk assessment at the business process level by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year.</p>

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
					systematically and periodically evaluating management's identification of risks, the implementation of prevention and detection measures, and the creation of an appropriate "tone at the top."	Provide periodic updates to the Audit Committee on the status of RP36 and the related risk assessments planned and performed by the Department.
5. Does the board obtain from the internal auditors and independent auditors their views on management's involvement in the financial reporting process and, in particular, the ability of management to override information processed by the entity's financial reporting system (for example, the ability for management or others to initiate or record nonstandard journal entries)?	H	L	HL	Y	In connection with the Department's annual financial statement audit, its external auditors communicate certain matters of interest to management in fulfilling its obligations to oversee the financial reporting disclosure process. This communication is also provided to the Department's Governing Board. The results also include a Report to Management that includes discussion of the auditor's consideration of internal control in order to determine their auditing procedures for the purpose of expressing and opinion on the financial statements. While the auditor's consideration of internal control does not necessarily disclose all material weaknesses, any such weaknesses noted are reported. The report also includes any recommendations noted involving administrative and operating matters that resulted from their observations during their audit.	
6. Does the board request periodic reports of any fraud or unethical conduct to ensure that the board has been notified about all matters that should have been reported and that appropriate communications have taken place? Adequate documentation of the process should exist. In addition, internal audit or an independent party should conduct a walk-through of the hotline/whistleblower process to assist the audit committee in understanding the process.	H	H	HH	N		Provide the Audit Committee reports of any fraud or unethical conduct to ensure that the board has been notified about all matters that should have been reported and that appropriate communications have taken place. Internal audit will review the Department's whistle blower process and provide to the Audit Committee an overview of the process to facilitate Committee members' understanding.
7. Has the audit committee charter been developed to empower the committee to investigate any alleged or suspected wrongdoing brought to its attention and to retain legal, accounting, and other professional advisers as needed to advise the committee and assist in	H	L	HL	Y	The Department's Governing Board approved a series of Board Resolutions in March 1997 specifying the Audit Committee's responsibilities and the authority to effectively fulfill them. The Board 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	

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
its investigation?					resources in order to fulfill its oversight responsibilities it conducts on behalf of the Board, including full cooperation of Department employees. The Board 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. The Board further 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 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 external auditors 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.	
8. Are all audit committee members financially literate, and is there at least one financial expert with an understanding of generally accepted accounting principles and audits of financial statements? The financial expert should also have an experience in internal governance and procedures of audit committees, obtained either as an audit committee member, a senior agency manager responsible for answering to the audit committee, or an external auditor responsible for reporting on the execution and results of annual audits.	H	L	HL	Y	<p>The Chair of the Audit Committee, Mr. Shadrick Bogany, Manager of ERA Bogany Properties, Houston, Texas, is a licensed real estate broker. He has served as Director of Housing Opportunities of Houston, Inc. and is a member of the Houston Association of Realtors, Texas Association of Realtors and National Association of Realtors. Mr. Bogany is a Graduate of the University of North Texas.</p> <p>Patrick Gordon, Audit Committee Member, is a shareholder and attorney at Gordon & Mott, El Paso, Texas. He is a member of the State Bar of Texas, the American Bar Association and the American Institute of Certified Public Accountants. He is a graduate of Texas A & M University and Texas Tech University.</p> <p>Mr. Norberto Salinas, Audit Committee member, is the Mayor of Mission, Texas. He is also the President of S&F Developers and Builders, Mission, Texas. Mr. Salinas is a member of the Anzalduas Bridge Board of Directors, First Vice President of the Lower Rio Grande Valley Development Council and Vice Chair of the Texas Department of Transportation’s Metropolitan Planning Organization</p>	

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
					Policy Committee.	
9. Is there a communication mechanism by which executive management and the board is made aware of antifraud programs, controls, and results?	H	H	HH	N	The SOP referred to in II 1. above specifies various responsibilities relating to the Department's antifraud program and includes the risk assessment methodology adopted by the Department. The Audit Committee is responsible for systematically and periodically evaluating management's identification of risks, the implementation of prevention and detection measures, and the creation of an appropriate "tone at the top." The Executive Director is responsible for considering and acting upon proposed changes to existing rules, policies, organization structure and statutes to better prevent and detect fraud and other unacceptable risks. The Fraud Prevention Coordinator is responsible for reporting to the Audit Committee and Executive Director in a manner to enable the Committee and the Executive Director to fulfill their responsibilities.	Formalize the communication mechanisms by which executive management and the Audit Committee is made aware of antifraud programs, controls, and results.
a. Are they advised of the potential fraud risks in the agency?	H	H	HH	N		Include in the communications potential fraud risks in the agency.
b. Are they made aware of the elements of the agency's antifraud programs and controls?	H	H	H	N		Inform the Audit Committee of the elements of the agency's antifraud programs and controls.
c. Are they advised of all actual frauds and the actions taken to mitigate future similar frauds?	H	H	HH	N		Report to the Audit Committee actual frauds and the actions taken to mitigate future similar frauds.
d. Are they advised of activity to the Confidential Reporting Mechanism?	H	H	HH	N		Advise the Audit Committee of activity to the Confidential Reporting Mechanism.
Management:						
1. Does the agency provide a periodic report, certificate, or similar acknowledgment of the responsibility for the fraud policy administration and the establishment and maintenance of an effective system of internal controls?	H	M	HM	N	The SOP referred to in II 1. refers to various responsibilities associated with the Department's Fraud, Waste and Abuse Program (Program). Also, management, in connection with its annual opinion audit of the Department's financial statements, provides a representation letter to its auditors. Included in the letter is management's acknowledgement of its responsibility for establishing and maintaining an effective system of internal controls.	Require acknowledgement of responsibility for administering the Department's fraud policy and establishing and maintaining an effective system of internal control from each management and supervisory employee in connection with fraud training.
2. Is there a member of executive management designated as the responsible party for the Fraud Environmental Infrastructure?	H	L	HL	Y	Mr. Leonard Spearman has been designated as the Department's fraud prevention coordinator. Mr. Spearman can be contacted at (512) 475-0225. His email address is leonard.spearman@tdhca.state.tx.us .	
a. Is this person the liaison with the Governor's task force on fraud?	H	L	HL	N	The SOP referred to in II 1. above specifies various responsibilities including those of the Department fraud prevention coordinator.	Complement the responsibilities of the Fraud Prevention Coordinator to designate the position as the Department's liaison with the Governor's task force on fraud.
b. Does this person provide continuous reinforcement of the antifraud programs to all employees?	H	H	HH	N	The SOP referred to in II 1. above specifies a risk assessment of the Department's business processes will be performed in even numbered years beginning in January and ending in June. Mr. Spearman will be overseeing the Department's risk assessment program providing continuous reinforcement of the antifraud programs to all employees.	Complete the first agency-wide risk assessment by the end of fiscal year 2005. Thereafter, perform risk assessments each even numbered year. The Fraud Prevention Coordinator will provide continuous reinforcement of the antifraud

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
						program to all employees.
c. Is this person responsible directly to executive management and the board for the antifraud programs of the agency?	H	L	HL	Y	The SOP referred to in II 1. above specifies various responsibilities including those of the Department fraud prevention coordinator. The fraud prevention coordinator is responsible for reporting to the Audit Committee and Executive Director in a manner to enable the Committee and the Executive Director to fulfill their responsibilities relating to the Department's fraud prevention program.	
3. Has management implemented measures, where possible, to eliminate or reduce through process re-engineering each of the significant fraud risks identified in its risk assessment? Basic controls include segregation of duties relating to authorization, custody of assets and recording or reporting of transactions. In some cases, it may be more cost-effective to re-engineer business processes to reduce fraud risks rather than layer on additional controls over existing processes. For example, some fraud risks relating to receipt of funds can be eliminated or greatly reduced by centralizing that function or outsourcing it to a bank's lockbox processing facility, where stronger controls can be more affordable.	H	H	HH	N	The Department reorganized its housing operations in March 2003. The goal of the reorganization was to be more efficient and effective in achieving the Department's goals. While not specifically aimed at fraud, controls were considered in connection with the reorganization.	Implement measures, where possible, to eliminate or reduce significant fraud risks identified in the risk assessment. Consider the value of process re-engineering in assessing mitigation strategies.
4. Has an ongoing process for regular identification of the significant fraud risks to which the agency is exposed been implemented?	H	L	HL	Y	The Department has implemented a standard operating procedure that requires appropriate levels of management to maintain a Fraud, Waste and Abuse Program (Program) developed by the Department to identify risks associated with fraud, waste and abuse, to measure those risks in quantifiable terms, and to ensure that appropriate processes and controls have been established to minimize the likelihood of unacceptable risks materializing.	Perform a risk assessment of the Department's business processes even numbered years beginning in January and ending in June. Complete the first agency-wide risk assessment by the end of fiscal year 2005.
5. Has management implemented measures at the process level designed to prevent, deter, and detect each of the significant fraud risks identified in its risk assessment?	H	H	HH	N		
Other Oversight Resources:						
1. Do internal auditors assist in the deterrence of fraud by identifying	M	M	MM	Y	The SOP referred to in II 1. above requires risk assessment to be performed on a comprehensive and recurring basis. Internal Audit	

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
indicators of fraud and fraud risks, examining and evaluating the adequacy and the effectiveness of the system of internal controls, and recommending action to mitigate risks and improve controls?					was integral in development of the methodology. The annual internal audit plan for FY 2005 to be proposed to the Board in October includes internal audit in a risk assessment facilitation role for the year. The effectiveness of internal controls is assessed in connection with each internal audit to the extent they relate to the objectives of the audit. Recommendations are included in the reports, as appropriate.	
<p>2. Do internal auditors, in carrying out this responsibility, determine if the agency has an environment that fosters control consciousness, realistic goals and objectives, written policies that describe prohibited activities and the action required whenever violations are discovered?</p> <p>They should also determine if agency has:</p> <p>☒ Established and maintains appropriate authorization policies for transactions</p> <p>☒ Developed policies, practices, procedures, reports, and other mechanisms to monitor activities and safeguard assets</p> <p>☒ Developed communication channels that provide adequate and reliable information</p> <p>☒ In addition, if recommendations are needed to be made for the establishment or enhancement of controls to help deter fraud.</p>	M	M	MM	N Y Y Y Y	Internal Audit assesses the Department's compliance with laws and regulations that relate to particular audit objectives. In connection with each audit, Internal Audit assesses the general control environment in determining the nature and extent of its tests. Internal audit typically does not assess whether management's goals and objectives are reasonable as they are generally within the parameters of its performance measures that are reviewed and approved by management and the Legislative Budget Board.	
3. Do internal auditors conduct proactive auditing to search for corruption, misappropriation of assets, and financial statement fraud?	M	M	MM	N	Internal Audits are not directed at searching for corruption, misappropriation of assets and financial statement fraud; however, Internal Audit considers the possibility of fraud within the scope of its audit objectives and considers whether management has reasonable controls in place to detect and prevent occurrences of fraud. The Internal Audit Division also relies on the work of other oversight agencies and/or external audit or monitoring organizations to assist in assessing whether the Department's controls are operating as designed.	
4. Do internal auditors employ analytical and other procedures to isolate anomalies and perform detailed reviews of high-risk accounts and transactions to identify potential	M	M	MM	N		

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
fraud?					The annual internal audit plan is based on the results of a formal risk assessment process and input provided by management, the Department's Governing Board, and its external auditors, including the State Auditor's Office. The results on the risk assessment process, which considers a known history of fraud as a risk factor, and input that has been provided into audit plans have not resulted in any fraud related projects.	
5. Do internal auditors assess the operating effectiveness of the hotline or whistle blower program, if any? Considerations include: <ul style="list-style-type: none"> ⊖ Are employees aware of the hotline ⊖ Is reporting of alleged incidents encouraged ⊖ Are people actually reporting possible instances of misconduct ⊖ Is follow-up appropriate and timely ⊖ Do employees use the hotline to get advice for difficult decisions ⊖ The process should be tested through an examination of the various communications and a sample of alleged incidents. 	M	H	MH	N		Have Internal Audit assess the effectiveness of the whistle blower program.
6. Do internal auditors ensure that executive management is aware each year of what risks are not being covered by the audit plan to alert management to the risks being assumed?	M	M	MM	N	Internal audit discusses the risk assessment process with Executive management in connection with its annual audit plan. The methodology is discussed, in general terms, with the Department's Governing Board and the audit plan is approved by the Board. While significant risks that are not being covered in the audit plan have been discussed with Executive and the Board on prior occasions, the discussion has not occurred on a consistent basis.	Discuss significant risks that are not being covered by the audit plan in connection with the discussion and approval of the audit plan with Executive and the Department's Governing Board.
7. Do internal auditors have an independent reporting line directly to the audit committee, to enable them to express any concerns about management's commitment to appropriate internal controls or to report suspicions or allegations of fraud involving management?	H	L	HL	Y	The Internal Audit Director reports directly to the Department's Governing Board. The Governing Board has established an Audit Committee which meets regularly. The Board is briefed on the results of the Committee's meetings. Internal Audit is able to express concerns about management's commitment to appropriate controls and does so, as warranted, on a regular basis in connection with discussion of audit issues. The Internal Auditor has not had any suspicions or been made aware	

COMPONENT	Impact ¹	Probability ²	Ranking ³	Implemented by TDHCA?		Recommendation or Action Plan ⁴
				Y/N	Description	
					of any allegations of fraud involving management.	
8. Do independent or external auditors provide the audit committee with an assessment of the agency's process for identifying, assessing, and responding to the risks of fraud?	M	M	MM	N	In connection with the Department's annual financial statement audit, its external auditors communicate certain matters of interest to management in fulfilling its obligations to oversee the financial reporting disclosure process. This communication is also provided to the Department's Governing Board.	
9. Do independent auditors have an open and candid dialogue with the board of directors (or audit committee) regarding management's risk assessment process, the system of internal control, the agency susceptibility to fraudulent financial reporting, and the agency's exposure to misappropriation of assets?	M	M	MM	N	The results also include a Report to Management that includes discussion of the auditor's consideration of internal control in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements. While the auditor's consideration of internal control does not necessarily disclose all material weaknesses, any such weaknesses noted are reported. The report also includes any recommendations noted involving administrative and operating matters that resulted from their observations during their audit.	

Texas Department of Housing and Community Affairs

Executive Order RP36

Descriptions of Significant Controls:

- € Finance and Accounting*
- € Purchasing and Contracting*
- € Information Technology*
- € Human Resources Management*

Descriptions of Significant Controls

Background

The Texas Department of Housing and Community Affairs (Department) continually strives to improve its control systems to ensure that its objectives are met, including fraud prevention and detection objectives. The Department's historic approach to identifying, assessing, and controlling risks, including fraud risks, has been administered on a divisional level. By moving to a single, Department-wide structure, there will be better ability to identify and maximize the use of best practices. Also, management and the governing body will be better able to assess the completeness of the Department's Fraud Prevention Program.

Mitigation, or control, strategies developed at the divisional level are generally documented in the form of standardized policies and procedures. Other tools, such as monitoring instruments, checklists, standardized forms, required reviews and approvals, reconciliations, and separation of duties are also used.

The Department uses oversight reviews as well as management reviews as a means of recognizing deficiencies in its control systems and identifying opportunities to improve its operating efficiency and effectiveness. Common oversight reviews include internal audits conducted by the Department's Internal Audit Division; external audits by the Office of the Comptroller, the Texas Building and Procurement Commission, the State Auditor's Office including external auditors engaged to conduct the State's Federal Single Audit (currently KPMG, CPAs), and external auditors engaged by the Department to conduct opinion audits on its annual financial statements (currently Deloitte and Touche, CPAs). The Department's Federal funding sources also conduct regular monitoring reviews of the Department's administration of Federal funds.

The following is a general overview of the significant controls and control systems that have been implemented by the Department's Finance and Accounting, Purchasing and Contracting, Information Systems, and Human Resource divisions. While these controls have not necessarily resulted from a formal risk assessment process as prescribed by RP36, they are believed generally effective in mitigating known risks and ensuring operating objectives are met.

The Department looks forward to implementing RP36 fully and formalizing its risk assessment process not only in the areas discussed below but over all of its significant operations.

Financial Services Division – Finance and Accounting Risk Management and Assessment

Organizational Structure

The Financial Administration (FA) Division has established an organizational structure designed around controllable units that can be effectively managed. The structure is established in a fashion that will allow for the effective flow of information, communication, supervision, and segregation of duties, as well as firm checks and balances.

Standard Operating Procedures (SOP's) and Flowcharted Processes

Management recognizes that an effective accounting system must establish methods and records that identify and record all valid transactions. The system should describe the transactions on a timely basis and in sufficient detail to permit proper classification. The system must also measure the value of transactions in a manner that permits reporting of their proper monetary value in the financial statements and to determine time periods relevant to transactions. FA maintains ongoing procedures that include flowcharted processes that clearly outline roles, responsibilities, proper authorization of transactions and activities, segregation of duties, design and use of adequate documents and records, and independent checks on performance and proper valuation of recorded amounts.

Internal Controls

One of the major strengths of the FA structure relates to the numerous controls that have been established to mitigate fraud, waste and abuse. These controls begin with a hierarchy of staff. This staff is responsible for ensuring that the accounting system shall record separately receipts, disbursements, assets, liabilities and fund balances; provide financial reports for the activities of the Department; record accounting transactions only after proper authorization; properly record accounting transactions in a timely manner; and compile accurate and meaningful financial reports for management.

FA has set in place major systems designed to provide management and the public adequate information to assess the status and safeguarding of its assets, liabilities and fund balances. These systems include MITAS and PeopleSoft accounting applications. The MITAS system is also used for internal loan servicing business.

The FA Division coordinates with the Information System Division (ISD) to establish appropriate management and designation of end user security. This independent process deters inappropriate use of systems that could lead to potential misuse and fraud. FA also maintains signature cards with the State Comptroller, TBPC, federal grantor agencies and other financial institutions for processing various types of transactions. The Director of Financial Administration ensures that cards are promptly revised when a signatory leaves the Department or transfers to a position where signature authority is no longer appropriate.

The risk of fraud, waste and abuse is also mitigated by the fact that interfaces exist with external systems. FA is required to process transactions in coordination with the State Comptroller's Uniform Statewide Accounting System (USAS), State Property Accounting System (SPA) and its Uniform Statewide Payroll Accounting System (USPS), and the Legislative Budget Boards (LBB) Automated Business Evaluation System (ABEST). In addition, TDHCA also interacts with the Integrated Disbursement Information System (IDIS) used by the U.S. Dept. of Housing and Urban Development (HUD).

Budget controls also play a role in safeguarding assets. The agency is charged with preparing a biennial Legislative Appropriations Request (LAR). TDHCA is required to maintain appropriation controls in coordination with the LBB and the Comptroller's Office. FA also prepares and maintains a yearly Board

approved internal operating budget that assists in controlling its resources. Each division is held accountable for preparing and managing their budgets. This tool allows for continuous monitoring of expenditures that must be supported by purchase requests, orders, invoices and associated documentation.

One of the most significant line items in the budget pertains to salaries and wages. The Department maintains a policy related to payroll. The payroll policy specifies that salaries shall be paid once a month in accordance with State law and the guidelines set forth by the State Comptroller's Office; payroll records will be prepared and submitted to the Comptroller's Office in a timely and accurate manner; all payroll changes shall have appropriate approvals and documentation as set forth in the HR SOP's; and that all payroll related reporting requirements by the IRS, Employee Retirement System, Texas Workforce Commission, State Auditor's Office, Comptroller and Attorney General's Office shall be complied with in a timely manner. The Payroll Officer is responsible for ensuring that all payroll changes are timely and accurately updated in USPS. The Human Resource's Officer is responsible for providing completed personnel action forms (PAFs) to the Payroll Officer.

TDHCA is also involved in extensive contract management resulting from federal funds and associated subrecipient contracts. FA maintains PeopleSoft controls for the control of awards, budgets, expenditures and reporting.

Rules and Regulations

There is further mitigation as a result of state and federal regulations that state agencies must abide by. TDHCA currently complies with state and federal regulations prescribed by the LBB, State Comptroller Office, Texas Building and Procurement Commission (TBPC), Texas Bond Review Board and by Federal Funding agencies. TDHCA also complies with Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

Risk Categories with Highest Fraud Potential or Impact

The Department's structure, controls, policies, and procedures are in effect in order to prevent and mitigate fraud, waste and abuse that could occur from instances such as improper vendor payments; illegal contracts; misplacement of receipts while in the possession of the Department; loss of fixed assets and material errors or misstatements that could occur during the maintenance of the accounting records.

Financial Services Division – Purchasing and Contracting Risk Management and Assessment

The Department has established Standard Operating Procedure (SOP) 1210.03. The policy states the following:

Policy – The Department shall acquire all supplies, materials, services and equipment necessary for the Department's operations in the most efficient and cost effective manner consistent with the Texas Government Code and the Texas Building and Procurement Commission's (TBPC) Rules and Procurement Manual for State of Texas agencies.

General – A purchase request is required for procuring supplies, materials, services and equipment for the Department's daily operations. TDHCA staff shall not purchase, order, or acquire supplies, materials, services, and or equipment without proper authorization and an approved Purchase Request.

Responsibilities – The Manager of Purchasing shall be responsible for obtaining the best buy in compliance with the Texas Government Code and the Texas Building and Procurement Commission's Rules and Procurement Manual. The manager of Purchasing is the delegated purchasing authority as governed by the ethical standards in the TBPC Policy Manual, Section IV, as well as responsible for providing senior management with procedure

updates, revisions and general information concerning the guidelines set forth by the TBPC. The Purchasing Manager shall direct and manage the Department's "Purchasers" and "Purchasing Staff" to ensure that purchases are in compliance with TBPC rules, policies and procedures for the acquisition of all goods and services for the Department. The "State of Texas Procurement Manual and Texas Government Code, Title X" shall be referenced when obtaining Best Buy or Best Value.

Division Directors/Managers are responsible for reviewing and approving all Purchase Requests submitted by staff in their divisions/sections.

The Director of Financial Administration and the Budget, Travel & Payroll Manager are responsible for approvals or disapprovals of all Purchase Requests and the allocation of funds for such requests.

The Director of Information Systems is responsible for approvals or disapprovals of all Purchase Requests related to Information Systems goods and/or services.

The Executive Director is responsible for the approvals or disapprovals of all Purchase Requests over \$10,000.

In accordance with the Texas Government Code, Chapter 2161, Subchapter F, Section 2161.251, all contracts with expected value of at least \$100,000 including goods, services, public construction (except federally funded contracts) must include a HUB Subcontracting Plan to be effective April 1, 2000.

Internal Controls

In addition to SOP 1210.03, TDHCA employs other practices to eliminate fraud in contracting, contract management, and procurement. Several of these practices include the following:

1. The Department has implemented a comprehensive process for initiating contracts/projects. This comprehensive process begins with a carefully compiled set of specifications and follows through with a careful risk assessment to make a final determination on whether or not to initiate the project. In cases where the project is approved there is a methodical approach to ensure success. The approach involves carefully crafted expectations and timelines. TDHCA management establishes budget controls and requires that vendors provide ongoing progress reports, detailed billings, documentation and explanations for deviations. Staff is responsible for reviewing this information and approving progress reports and invoices. The purchasing section provides a final review to ensure compliance with State/Federal regulations and with budget restrictions.
2. Purchasing maintains an end user receipt log that has date, item and Purchase Order reference for signature.
3. A locked receiving room.
4. A cross check by the Procurement Manager before processing to Accounting for payment: purchase request, documentation on Purchase Order, and signed receipt slip from vendor. Reference SOP 210.02-Receiving.
5. Bid responses are reviewed and noted if inadvertently opened. They must have been resealed with notation "opened in error" on the bid. These procedures follow TBPC Procurement Manual, Section 2.36.

Risk Categories with Highest Fraud Potential or Impact

The Department's structure, controls, policies, and procedures are in effect in order to prevent and mitigate fraud, waste and abuse that could occur from instances such as improper vendor payments; illegal contracts;

misplacement of receipts while in the possession of the Department; loss of fixed assets and material errors or misstatements that could occur during the maintenance of the accounting records.

Information Systems Division Risk Management and Assessment

Overview

The Information System Division's (ISD) has procedures and practices in place to mitigate risk. ISD performs risk assessment and management activities in the broad categories listed below. ISD's recurring activities listed below are generally supported by standard operating procedures (SOPs), technical documentation, plans, and security reports.

ISD maintains five agency-level standard operating procedures (SOPs) that address user accounts and security; network, Internet, and email usage; hardware and software usage; website updates; and uniform use of Outlook scheduling features. Staff Services and ISD jointly maintain the agency Contingency/Disaster Recovery Plan, which contains the ISD Disaster Recovery Plan. ISD also maintains 12 division-level SOPs as well as an extensive library of agency-IT-specific documentation covering software development; agency applications, network infrastructure, and servers; technical support; and the agency's web presence.

While ISD has worked hard to identify potential risks and put controls in place to mitigate those risks, the division has lacked formal processes for initial and ongoing assessment of risk and looks forward to full implementation of the methodologies developed by the Department to address RP36.

Risk Management and Risk Assessment Activities

TDHCA IT SOPs and State IT Policies

§ ISD staff follows IT SOPs and State IT policies described in the introduction to minimize risk through consistent application of IT practices.

Security

- § Intrusion detection and prevention – firewalls, router access control lists, access logs.
- § IP assignment – DHCP, internal vs. external IP address assignment, NAT, VLANs.
- § Email attachment scanning/blocking.
- § Server and desktop virus protection.
- § Accounts/passwords – restricted levels of access, password aging, coordinated account termination.
- § IT Security Practices and Guidelines for Community Affairs subgrantees – Twenty-nine page document distributed to CA subgrantees.

Currently lacking end user security training.

Disaster Recovery

- § TDHCA Contingency/Disaster Recovery Plan.
- § Nightly backups of servers including all databases.
- § Physical security and environmental control measures implemented in server room.
- § Alternate site agreement with Northrop Grumman put into place in March 2004.

Alternate site agreement allows for disaster recovery testing; need to schedule testing in FY 2005.

Network and Server Resources and Redundancy

- § Network monitoring software is in use, automatic pages sent if virtual or physical servers do not respond, all web applications included.
- § Server disks are mirrored or RAIDed.
- § Redundant servers for network services (DNS, proxy, Sendmail).
- § Full-time database administrator with database integrity and performance responsibilities.

Need more redundancy in Cisco core router/switch, border router, and PIX firewall.

Use of Internet, Email, and Network Resources

- § TDHCA SOP 1264.02 defines the agency policy on acceptable use.
- § Risks associated with inappropriate use are mitigated through ISD network staff responsibility to monitor Internet logs through spot checks and upon director/supervisor request and email usage upon supervisor request. All misuse is reported to HR and director/supervisor.

Selection of Software and Hardware Platforms

- § Risks associated with the selection of software and hardware platforms are managed through formal, division-level SOPs on equipment configuration, network change procedures, and PC lifecycles and through staff training, experience, and communication of objectives.

RFO/Contract Award

- § ISD follows the guidelines of the Financial Administration Division, Purchasing Section in preparing RFOs and awarding contracts.

Project Risk Assessment and Management

- § On recent IT projects (MH Texas Online and Section 8 System), we have improved on assessing risk as a part of deciding whether or not to initiate the project. For other IT projects successfully completed in the last three years (Mitas Loan Servicing System, Genesis Upgrade, WAN Project, and PeopleSoft 7.02 Upgrade), good project planning and staff performance minimized risk. The IS Planning Committee and the Central Database Project Steering Committee play separate but important roles in the project initiation process. The Request for IS Services form and the process for writing capital budget project descriptions could both benefit by including a standard risk assessment methodology.
- § Controls for mitigating Central Database Project risks are described in the project charter. They include the change control process and the risk/issues tracking process. We have had mixed levels of success with these processes.
- § Post-implementation reviews will be performed for all major CDB modules. Post-implementation reviews are performed for other IT projects—the extent of the review is dependent on the scale of the project.

New Employee Selection, Current Staff Evaluation, and Work Ethics

- § Risks associated with hiring new employees are mitigated through following the agency's "Selection and Hiring Guidelines for Supervisors" and *Personnel Policies and Procedures* manual, fine tuning state job classifications to specific functional job descriptions and job postings, screening applications, conducting thorough interviews, and checking references.
- § Risks associated with existing staff performance are mitigated through following the agency's *Personnel Policies and Procedures* manual and the Performance Evaluation procedures and through continuous assessment of performance by IS management.
- § Risks associated with dishonest, unethical, or fraudulent workplace behavior or activities are mitigated by encouraging and maintaining a positive, honest, and ethical business environment.

Risk Categories with Highest Fraud Potential or Impact

The need for controls to prevent fraud-related risks is highest in the categories of 1) Security and 2) New Employee Selection, Current Staff Evaluation, and Work Ethics. Security controls help prevent fraud perpetrated by gaining unauthorized access or levels of access to state or agency financial, personnel, or program systems. IT personnel selection, performance evaluation, and work ethics controls help prevent fraud that could be carried out by systems administrators who have high levels of systems access.

**Administrative Support Division
Human Resources Risk Assessment Activities**

Overview

The Human Resources Management function operates under many state and federal rules, laws and regulations for which it must comply in every aspect of its daily work. To ensure compliance with these laws, HR staff has developed internal TDHCA Level I (Department-wide) and Level II (Division Level) Standard Operating Procedures and Personnel Policies and Procedures which guide HR staff and management staff in their daily Human Resources activities.

In addition, the signatory process at TDHCA ensures that the risks of any wrongful actions are minimized. At TDHCA, all personnel transactions are reviewed and approved by HR staff, Controller / Budget, Chief of Agency Administration, Deputy Executive Director, and the Executive Director.

The table below lists HR function’s routine activities which are strictly controlled by HR SOPs, State Auditor’s Office (SAO) Texas Human Resources Management Statutes Inventory, state laws, and federal laws.

HR Activity	Prevailing Control
Prepare and Process Personal Action Forms	³ SOP 2201.02 Personnel Actions, Insurance Enrollment, & Payroll
Recruitment and Selection (prepare job postings, screen applications, interviewing, hiring, check references, job advertisements)	³ SOP 1201.08 – Hiring of Department Staff ³ SOP 1201.05 – Internship Hiring Process ³ SOP 1201.02 – ADA Reasonable Accommodations for Applicants and Employees ³ PP&P 5.0 Staffing and Organization ³ Selection and Hiring Guidelines for Supervisors ³ The Vietnam Era Veterans’ Readjustment Assistance Act of 1974 ³ The Immigration Reform and Control Act (IRCA) ³ Equal Employment Opportunity Commission (EEOC)
Salary Administration/Compensation (prepare and process personnel actions, enter salary action PAFS into USPS)	³ PP&P 5.0 Staffing & Organization ³ PP&P 5.7 Classification Plan ³ PP&P 5.8 Selection and Hiring Guidelines ³ SAO Texas Human Resources Management Statutes Inventory ³ SOP 2201.02 Personnel Actions, Insurance Enrollment, & Payroll

	<ul style="list-style-type: none"> ³ The Equal Pay Act of 1963 ³ The Age Discrimination in Employment Act (ADEA) ³ The Fair Labor Standards Act (FLSA) ³ Compensation Program in development process now.
<p>Equal Employment Opportunity/Affirmative Action Plan reporting</p>	<ul style="list-style-type: none"> ³ PP&P 1.1, Equal Employment Opportunity Policy ³ PP&P 1.2, Workforce Diversity / Affirmative Action Policy ³ Title VII of the Civil Rights Act of 1964 ³ The Civil Rights Act of 1991 ³ The Americans with Disability Act (ADA) of 1992 ³ The Equal Employment Opportunity Commission (EEOC)
<p>Employee Relations</p>	<ul style="list-style-type: none"> ³ SOP 1201.04 Flexible Work Schedule ³ PP&P 1.5 Sexual Harassment Policy ³ PP&P 1.6, Retaliation ³ PP&P 1.7 AIDS/HIV Workplace Guidelines ³ PP&P 1.8 Drugs and Alcohol in the Workplace ³ PP&P 1.9 Americans with Disabilities Act (ADA) ³ PP&P 1.10 Standards of Conduct ³ PP&P 1.10 (1) Ethics Policy ³ PP&P 1.11 Work Policies ³ PP&P 3.0 Disciplinary Policy ³ PP&P 4.0 Grievance Procedure ³ PP&P 6.0 Work Hours ³ PP&P 8.10 Workers Assistance Program ³ The Rehabilitation Act ³ Harassment law
<p>Workers Compensation (Benefits Coordinator works closely with SORM when submitting, monitoring and tracking claims to ensure that information is up to date)</p>	<ul style="list-style-type: none"> ³ PP&P 8.7, Worker’s Compensation ³ Workers Compensation Act
<p>Time and Leave (FMLA, LWOP, Sick leave pool, Extended sick leave, FLSA)</p>	<ul style="list-style-type: none"> ³ PP&P 9.0 Leaves and Balances ³ PP&P 6.4 Weekly Time Reports ³ PP&P 6.5 Overtime Work and Compensatory Leave Policy ³ The Family and Medical Leave Act of 1993 (FMLA)
<p>Update and maintain grant codes</p>	<ul style="list-style-type: none"> ³ SOP 1210.04 Time Allocation and Certification Policy ³ SOP 2201.01 Grant Codes Policy
<p>Staff Development & Training</p>	<ul style="list-style-type: none"> ³ SOP 1201.07 Staff Development and Training ³ PP&P 7.1, Continuing Education Financial Assistance Program ³ PP&P 7.2, Career Pathing Program
<p>Termination Process –Vacation balances,</p>	<ul style="list-style-type: none"> ³ PP&P 5.6 Separation from Employment

equipment turning, phones, credit cards, pagers, computers, documents, parking stickers, badges, responding to unemployment claims from TWC and attend hearings	
New Employee Orientation – Ethics policy, Standards of Conduct, Personnel Policies and Procedures.	³ PP&P 1.0 Employment Practices ³ SOP 1240.02 Ethics Policy
Benefits (insurance, retirement, EAP, 401K)	³ PP&P 8.0 Salary and Benefits ³ The Employee Retirement and Income Security Act of 1974 (ERISA) ³ The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) ³ Workers Compensation Act
Performance Evaluations (reporting and tracking)	³ PP&P 7.3, Performance Evaluations
Agency receptionist (greeting visitors, parking tags, routing calls, phone directory, admission to working areas)	³ SOP 1200.07 Building Security ³ SOP 1200.12 Visitors Parking

Risk Categories with Highest Fraud Potential or Impact

The greatest risks facing HR is the potential of hiring employees who commit acts of theft, violence, or fraud. These are mitigated by continued checks and balances through finance and audit and frequent reviews by IS staff. Inappropriate acts are followed by prescribed actions through internal investigations by HR staff, review of results by Legal and Executive Management.

Attachment D

Texas Department of Housing and Community Affairs

Executive Order RP36

Initial Risk Impact Ranking of the Department's Major Processes

TDHCA – Business Processes
Initial Risk Ranking Based on Impact

Purpose: To rate the level of impact a failed business process would have on the Department. Full risk assessments will be performed on those processes that, if failed, would have a high or medium impact.

Procedures: Directors and Managers and/or designees reviewed the Department’s processes for completeness and assessed the impact a failed process would have on the Department as High, Medium or Low, based on the criteria provided. The ratings were reviewed by the RP36 Team and adjusted, if considered appropriate.

	DIVISION/SECTION	Process	IMPACT ¹ , if not Successful High (H); Medium (M); Low (L)
1.	ACCOUNTING OPERATIONS	1. Reporting Requirements	H
2.	ACCOUNTING OPERATIONS	2. Warrant Cancellation	L
3.	ACCOUNTING OPERATIONS	3. Grant Reconciliations	M
4.	ACCOUNTING OPERATIONS	4. Program Income/Refunds	M
5.	ACCOUNTING OPERATIONS	5. Accounts Payable Voucher	M
6.	ACCOUNTING OPERATIONS	6. Contract	M
7.	ACCOUNTING OPERATIONS	7. Direct Bill Travel Voucher	M
8.	ACCOUNTING OPERATIONS	8. Grant Voucher	M
9.	ACCOUNTING OPERATIONS	9. Reimbursements/Travel Deposits	M
10.	ACCOUNTING OPERATIONS	10. Section 8 Multi Voucher	M
11.	ACCOUNTING OPERATIONS	11. Travel Advance Voucher	M
12.	ACCOUNTING OPERATIONS	12. Travel Voucher	M
13.	ACCOUNTING OPERATIONS	13. Compliance Fee Set-Up	M
14.	ACCOUNTING OPERATIONS	14. Annual Compliance Fee	M
15.	BOND FINANCE	1. Product Bond Research & Development	H
16.	BOND FINANCE	2. Plan Structure Bonds	H
17.	BOND FINANCE	3. Debt Service	H
18.	BOND FINANCE	4. Commercial Paper	H
19.	BOND FINANCE	5. Bond Compliance	H
20.	BOND FINANCE	6. MF/SF Exposure Disclosure	H
21.	BOND FINANCE	7. Annual Audited Report Disclosure	H
22.	BOND FINANCE	8. Bond Call Disclosure	H
23.	BOND FINANCE	9. Rating Agency Disclosure	H

¹ Factors to consider in assessing the potential impact on a failed business process include, among others, how critical the activity is to the agency’s mission, the relative size of the activity, legal and regulatory requirements, the necessity or sensitivity of the data, and the potential monetary or credibility loss to the Department. Consider the following criteria in ranking the impact of each of the business processes: High Impact – Failure precludes achieving the agency’s mission, puts the public in risk of danger, results in considerable embarrassment to or criticism from the Legislature, Governor’s Office, oversight or funding agencies or the Governing Board, threatens continuance of the Department’s funding sources, may result in the dismissal of a Board Member, the Executive Director or a member of the Management Team, or may result in a criminal investigation. Moderate Impact – Failure may interfere in achieving the agency’s mission, may result in audit findings or criticism from oversight or funding agencies, or may result in a counseling session or performance improvement plan for a member of the Executive or Management Team. Low Impact – Failure does not interfere with achieving the agency’s mission, would be slight to mild embarrassment within the agency, and may go unnoticed.

	DIVISION/SECTION	Process	IMPACT¹, if not Successful High (H); Medium (M); Low (L)
24.	BOND FINANCE	10. Develop Cash Flows	M
25.	BOND FINANCE	11. Website Update	M
26.	BOND FINANCE	12. Bond Reporting	M
27.	BOND FINANCE	13. Bond Issuance	M
28.	BOND FINANCE	14. BRB	M
29.	BOND FINANCE	15. Commercial Paper Pipeline	M
30.	BOND FINANCE	16. Monthly Loan Mortgage Pipeline	M
31.	BOND FINANCE	17. Monthly Origination Status	M
32.	BOND FINANCE	18. Quarterly SRP Receivable	M
33.	BOND FINANCE	19. Quarterly Management Report	M
34.	BUDGET	1. Facilitates Budget processes	H
35.	BUDGET	2. Conduct a general review for budget adherence.	L
36.	BUDGET	3. Code purchase requests for expenditure entry into the accounting system.	M
37.	BUDGET	4. Conduct a general review for allowability.	M
38.	BUDGET	5. Work with IS to load the budget into CSAS	M
39.	BUDGET	6. Work with IS to load the budget into the Management Report.	M
40.	BUDGET	7. Work with Payroll to properly split employees payroll among funding sources, according to budget.	M
41.	BUDGET	8. Prepare two schedules in the AFR	M
42.	BUDGET	9. Submits the APS 11, Proportionality Report	M
43.	CHRPC	1. Complaint Tracking	H
44.	CHRPC	2. Consolidated Plan Annual Performance Report	H
45.	CHRPC	3. Regional Allocation Formula	H
46.	CHRPC	4. Rider 3 Reporting	H
47.	CHRPC	5. Certificate of Consistency with Consolidated Plan Activities	L
48.	CHRPC	6. Community Needs Survey	L
49.	CHRPC	7. Customer Assistance Report	L
50.	CHRPC	8. GIS Mapping	L
51.	CHRPC	9. Program Guide	L
52.	CHRPC	10. Public Housing Authority Certification	L
53.	CHRPC	11. Quarterly Newsletter	L
54.	CHRPC	12. Required Reports Tracking	L
55.	CHRPC	13. Speakers Bureau	L
56.	CHRPC	14. Sponsored Workshops and Hearings	L
57.	CHRPC	15. Trade Shows	L
58.	CHRPC	16. Texas Statewide Homebuyer Education Program	L
59.	CHRPC	17. Press Releases	M
60.	CHRPC	18. Affordable Housing Needs Score	M
61.	CHRPC	19. Housing Finance Corporation Report	M

	DIVISION/SECTION	Process	IMPACT¹, if not Successful High (H); Medium (M); Low (L)
62.	CHRPC	20. Housing Sponsor Report	M
63.	CHRPC	21. Request for Information from Media	M
64.	CHRPC	22. Publications Clearinghouse	M
65.	COMMUNITY AFFAIRS	1. Executive Director's Conference	L
66.	COMMUNITY SERVICES	2. Statewide Data Collection and Reporting	H
67.	COMMUNITY SERVICES	3. Planning and Application for Funds	H
68.	COMMUNITY SERVICES	4. Contract Management and Evaluation	H
69.	COMMUNITY SERVICES	5. Contract Execution and Implementation	H
70.	COMMUNITY SERVICES	6. Emergency CSBG Fund Requests	H
71.	COMMUNITY SERVICES	7. CSBG Special Project & Innovative Funds	H
72.	COMMUNITY SERVICES	8. Request For Proposal Process for Awarding ESGP Funds	H
73.	ENERGY ASSISTANCE	1. State Plan (DOE)	H
74.	ENERGY ASSISTANCE	2. LIHEAP State Plan	H
75.	ENERGY ASSISTANCE	3. Reporting Requirements	M
76.	ENERGY ASSISTANCE	4. Training	M
77.	ENERGY ASSISTANCE	5. Monitoring	M
78.	ENERGY ASSISTANCE	6. Contract Preparation	M
79.	ENERGY ASSISTANCE	7. Contract Management	M
80.	FINANCIAL SERVICES	1. Annual Audit Review	H
81.	FINANCIAL SERVICES	2. Annual Financial Report (AFR)	H
82.	FINANCIAL SERVICES	3. Fixed Asset	L
83.	FINANCIAL SERVICES	4. Fund 896	L
84.	FINANCIAL SERVICES	5. New Bond Issue Set-up	L
85.	FINANCIAL SERVICES	6. Payment of Invoices/Refunds	L
86.	FINANCIAL SERVICES	7. Inspection Invoice Processing and Reimbursement	L
87.	FINANCIAL SERVICES	8. Letters of Instruction	M
88.	FINANCIAL SERVICES	9. Compliance Accounts Receivable	M
89.	FINANCIAL SERVICES	10. Financial Statement	M
90.	FINANCIAL SERVICES	11. Quarterly Investment Report	M
91.	FINANCIAL SERVICES	12. Special Housing	M
92.	GOVERNMENTAL AFFAIRS	1. State Legislative Oversight	H
93.	GOVERNMENTAL AFFAIRS	2. Federal Legislative Oversight	L
94.	GOVERNMENTAL AFFAIRS	3. Request for Information from State, Local and Federal Governments	L
95.	GOVERNMENTAL AFFAIRS	4. Legislative Funding Database	M
96.	GOVERNMENTAL AFFAIRS	5. State Legislation Hearings Oversight	M
97.	GOVERNMENTAL AFFAIRS	6. Federal Legislation Oversight	M
98.	GOVERNMENTAL AFFAIRS	7. Communication with Political Stakeholders	M
99.	HUMAN RESOURCES	1. Employee Relations	H
100.	HUMAN RESOURCES	2. Termination Process –Vacation balances, equipment turning,	H

	DIVISION/SECTION	Process	IMPACT¹, if not Successful High (H); Medium (M); Low (L)
		phones, credit cards, pagers, computers, documents, parking stickers, badges	
101.	HUMAN RESOURCES	3. New Employee Orientation – Ethics policy, Standards of Conduct, Personnel Policies and Procedures.	H
102.	HUMAN RESOURCES	4. Equal Employment Opportunity/Affirmative Action Plan reporting	L
103.	HUMAN RESOURCES	5. Staff Development & Training	L
104.	HUMAN RESOURCES	6. Temporary Services	L
105.	HUMAN RESOURCES	7. Benefits (insurance, retirement, EAP, 401K)	L
106.	HUMAN RESOURCES	8. Performance Evaluations (reporting and tracking)	M
107.	HUMAN RESOURCES	9. Prepare and Process Personal Action Forms	M
108.	HUMAN RESOURCES	10. Recruitment and Selection (prepare job postings, screen applications, interviewing, hiring, check references, job advertisements)	M
109.	HUMAN RESOURCES	11. Salary Administration/Compensation (prepare and process personnel actions, enter salary action PAFS into USPS)	M
110.	HUMAN RESOURCES	12. Workers Compensation (submitting, monitoring and tracking claims)	M
111.	HUMAN RESOURCES	13. Time and Leave (FMLA, LWOP, Sick leave pool, Extended sick leave, FLSA)	M
112.	HUMAN RESOURCES	14. Prepare year end compensable leave report	M
113.	HUMAN RESOURCES	15. Update and maintain grant codes	M
114.	HUMAN RESOURCES	16. Agency receptionist (greeting visitors, parking tags, routing calls, phone directory, admission to working areas)	M
115.	ISD – DIVISION-WIDE PROCESSES	1. Project management	H
116.	ISD – DIVISION-WIDE PROCESSES	2. Website administration	H
117.	ISD – DIVISION-WIDE PROCESSES	3. Manage interfaces between external (USAS, NDC, Texas Online) and internal systems (PeopleSoft, Mitas, APPX)	H
118.	ISD – DIVISION-WIDE PROCESSES	4. Software promotions (DEV STAGE PROD) for CDB applications	H
119.	ISD – DIVISION-WIDE PROCESSES	5. Training for TDHCA staff and end users	H
120.	ISD – DIVISION-WIDE PROCESSES	6. Maintaining technical documentation in the correct directory structure	L
121.	ISD – DIVISION-WIDE PROCESSES	7. Mailing list server installation, maintenance, and administration	M
122.	ISD – DIVISION-WIDE PROCESSES	8. Electronic records management	M
123.	ISD – DIVISION-WIDE PROCESSES	9. Responding to work orders and properly closing out work orders in Track It	M
124.	ISD – DIVISION-WIDE PROCESSES	10. Maintaining and following standard operating procedures, staying abreast of and following State IT policies	M
125.	ISD – DIVISION-WIDE PROCESSES	11. Software evaluation and acquisition	M

	DIVISION/SECTION	Process	IMPACT¹, if not Successful High (H); Medium (M); Low (L)
126.	ISD - MANAGEMENT	1. Prepares IR Strategic Plan (DIR)	H
127.	ISD - MANAGEMENT	2. Provides Information Technology Detail to LBB with oversight from the 3. Information Systems Planning Committee	H
128.	ISD - MANAGEMENT	4. Prepares Statewide IT asset inventory (DIR)	H
129.	ISD - MANAGEMENT	5. Prepares Executive briefs	L
130.	ISD - MANAGEMENT	6. Releases RFOs for planned contract services and major purchases	M
131.	ISD - MANAGEMENT	7. Manages contract services	M
132.	ISD - MANAGEMENT	8. Prepares Agency IT operating budget	M
133.	ISD - MANAGEMENT	9. Develops Disaster recovery plan	M
134.	ISD - MANAGEMENT	10. Responding to board, legislator, and audit requests	M
135.	ISD - MANAGEMENT	11. Manages Information System Change control process	M
136.	ISD – NETWORK & TECH SUPPORT	1. User accounts for TDHCA and ORCA	H
137.	ISD – NETWORK & TECH SUPPORT	2. TDHCA and ORCA data backups and recovery	H
138.	ISD – NETWORK & TECH SUPPORT	3. Virus prevention and removal	H
139.	ISD – NETWORK & TECH SUPPORT	4. Submit monthly security incident reports to DIR	H
140.	ISD – NETWORK & TECH SUPPORT	5. Windows software updates and patches	H
141.	ISD – NETWORK & TECH SUPPORT	6. Software license management	H
142.	ISD – NETWORK & TECH SUPPORT	7. Software patches and upgrades	H
143.	ISD – NETWORK & TECH SUPPORT	8. Physical security of hardware and software	H
144.	ISD – NETWORK & TECH SUPPORT	9. Router, switch, and firewall installation and administration (DNS, DHCP, NIS, LDAP, routing protocols, PIX code)	H
145.	ISD – NETWORK & TECH SUPPORT	10. Mitas system administration	H
146.	ISD – NETWORK & TECH SUPPORT	11. E-Mail administration	H
147.	ISD – NETWORK & TECH SUPPORT	12. Remote access configuration and maintenance	L
148.	ISD – NETWORK & TECH SUPPORT	13. SPAM prevention and removal	L
149.	ISD – NETWORK & TECH SUPPORT	14. Review Internet and application logs	L
150.	ISD – NETWORK & TECH SUPPORT	15. Hardware inventories and surplus equipment	L
151.	ISD – NETWORK & TECH SUPPORT	16. Property transfers	L
152.	ISD – NETWORK & TECH SUPPORT	17. Network cabling	L
153.	ISD – NETWORK & TECH SUPPORT	18. Printer installation and maintenance	L
154.	ISD – NETWORK & TECH SUPPORT	19. PDA installation and maintenance	L
155.	ISD – NETWORK & TECH SUPPORT	20. Server room and wiring assessments	L
156.	ISD – NETWORK & TECH SUPPORT	21. Fax server installation and maintenance	L
157.	ISD – NETWORK & TECH SUPPORT	22. Answer technical support phone line	M
158.	ISD – NETWORK & TECH SUPPORT	23. On call 24*7	M
159.	ISD – NETWORK & TECH SUPPORT	24. Audits on network, email, and Internet usage	M
160.	ISD – NETWORK & TECH SUPPORT	25. Administer Track It and assign work orders to appropriate ISD staff	M
161.	ISD – NETWORK & TECH SUPPORT	26. System support for TDHCA internal and field office staff and	M

	DIVISION/SECTION	Process	IMPACT¹, if not Successful High (H); Medium (M); Low (L)
		level 2 support for external system users	
162.	ISD – NETWORK & TECH SUPPORT	27. Hardware and software purchases	M
163.	ISD – NETWORK & TECH SUPPORT	28. Server and PC hardware installation, maintenance, and monitoring	M
164.	ISD – NETWORK & TECH SUPPORT	29. Router, switch, and firewall monitoring	M
165.	ISD – NETWORK & TECH SUPPORT	30. Web application installations and maintenance	M
166.	ISD – NETWORK & TECH SUPPORT	31. Web application monitoring	M
167.	ISD – NETWORK & TECH SUPPORT	32. Write and edit scripts	M
168.	ISD – SOFTWARE DEVELOPMENT	1. PeopleSoft administration	H
169.	ISD – SOFTWARE DEVELOPMENT	2. Database administration	H
170.	ISD – SOFTWARE DEVELOPMENT	3. Software development (three platforms: APPX, PL/SQL, and Java)	H
171.	ISD – SOFTWARE DEVELOPMENT	4. Software quality assurance	H
172.	ISD – SOFTWARE DEVELOPMENT	5. Reports development	H
173.	ISD – SOFTWARE DEVELOPMENT	6. Software retirement	L
174.	ISD – SOFTWARE DEVELOPMENT	7. Feasibility study process	M
175.	ISD – SOFTWARE DEVELOPMENT	8. Post-implementation review	M
176.	ISD – SOFTWARE DEVELOPMENT	9. Requirements and design	M
177.	ISD – SOFTWARE DEVELOPMENT	10. Source code control	M
178.	ISD – SOFTWARE DEVELOPMENT	11. Software sign-off	M
179.	ISD – SOFTWARE DEVELOPMENT	12. Software maintenance, enhancements, and trouble-shooting	M
180.	LOAN SERVICING PROCESSES	1. Annual Financial Report	H
181.	LOAN SERVICING PROCESSES	2. Escrow	H
182.	LOAN SERVICING PROCESSES	3. HOME HBA	H
183.	LOAN SERVICING PROCESSES	4. In-House Loan Servicing	H
184.	LOAN SERVICING PROCESSES	5. Assumption	L
185.	LOAN SERVICING PROCESSES	6. Compliance Tracking of Whole Loan Servicers	L
186.	LOAN SERVICING PROCESSES	7. FHA-MIP	L
187.	LOAN SERVICING PROCESSES	8. Customer Service	M
188.	LOAN SERVICING PROCESSES	9. Management Reports	M
189.	LOAN SERVICING PROCESSES	10. Master Servicing Tracking	M
190.	LOAN SERVICING PROCESSES	11. Pool Bills	M
191.	LOAN SERVICING PROCESSES	12. Whole Loan Delinquency/Foreclosure/Claims	M
192.	LOAN SERVICING PROCESSES	13. Whole Loan Payoffs	M
193.	LOAN SERVICING PROCESSES	14. Whole Loan Servicer Monitoring	M
194.	LOAN SERVICING PROCESSES	15. Cash Flow Analysis	M
195.	MANUFACTURED HOUSING DIVISION	1. Receiving/investigating/resolving consumer complaints	H
196.	MANUFACTURED HOUSING DIVISION	2. Taking administrative action against violators/ collection of penalties	H
197.	MANUFACTURED HOUSING DIVISION	3. Acting as HUD's state administrative agency	H

	DIVISION/SECTION	Process	IMPACT¹, if not Successful High (H); Medium (M); Low (L)
198.	MANUFACTURED HOUSING DIVISION	4. Plant monitoring	H
199.	MANUFACTURED HOUSING DIVISION	5. Shipping reports	H
200.	MANUFACTURED HOUSING DIVISION	6. Administering the Manufactured Homeowners' Recovery Trust Fund	H
201.	MANUFACTURED HOUSING DIVISION	7. Performance measure reporting	H
202.	MANUFACTURED HOUSING DIVISION	8. Document control, including cash and check handling	H
203.	MANUFACTURED HOUSING DIVISION	9. Budgeting and planning	H
204.	MANUFACTURED HOUSING DIVISION	10. Payables, including travel reimbursement	H
205.	MANUFACTURED HOUSING DIVISION	11. HR processes (position descriptions, hiring, evaluations, etc.)	H
206.	MANUFACTURED HOUSING DIVISION	12. Board approvals enforcement actions, rules, contracts, continuing education providers, budget matters	H
207.	MANUFACTURED HOUSING DIVISION	13. Retailer monitoring	L
208.	MANUFACTURED HOUSING DIVISION	14. Device approvals	L
209.	MANUFACTURED HOUSING DIVISION	15. Administration of City inspection contracts	L
210.	MANUFACTURED HOUSING DIVISION	16. Review and approval of continuing education providers	L
211.	MANUFACTURED HOUSING DIVISION	17. Licensing school	L
212.	MANUFACTURED HOUSING DIVISION	18. Issuing new and revised SOLs/maintaining the SOL database	M
213.	MANUFACTURED HOUSING DIVISION	19. Issuing new and renewed licenses/maintaining the licensee database	M
214.	MANUFACTURED HOUSING DIVISION	20. Conducting SOAH hearings for contested cases	M
215.	MANUFACTURED HOUSING DIVISION	21. Installation inspections	M
216.	MANUFACTURED HOUSING DIVISION	22. Maintenance of rules/forms/SOPs/FAQs/web data	M
217.	MULTIFAMILY AWARDS	1. Intake applications and review for threshold and scoring criteria according to Program Guidelines.	H
218.	MULTIFAMILY AWARDS	2. Recommend Applications to TDHCA Board based upon program guidelines.	H
219.	MULTIFAMILY AWARDS	3. Publish Notice of Funds Available or Application Deadline to Submit.	H
220.	MULTIFAMILY AWARDS	4. Close transaction is submitted to PMC for construction draw processing.	L
221.	MULTIFAMILY AWARDS	5. Transfer file to Real Estate Analysis for financial feasibility review and to Portfolio Management for the applicants compliance scoring.	M
222.	MULTIFAMILY AWARDS	6. Issue Commitments/Determination Letters on applications approved by Board.	M
223.	MULTIFAMILY AWARDS	7. If all documentation is acceptable, move to close transaction.	M
224.	MULTIFAMILY AWARDS	8. Send recommendations to the Executive Award Review and Advisory Committee for approval.	M
225.	MULTIFAMILY AWARDS	9. Gather, review, and process all necessary documentation required by Commitment.	M

	DIVISION/SECTION	Process	IMPACT¹, if not Successful High (H); Medium (M); Low (L)
226.	MULTI-FAMILY FINANCE PRODUCTION	1. Award Documentation	H
227.	MULTI-FAMILY FINANCE PRODUCTION	2. LIHTC Change to Application Amendment	H
228.	MULTI-FAMILY FINANCE PRODUCTION	3. LIHTC Construction Loan Closing	L
229.	MULTI-FAMILY FINANCE PRODUCTION	4. LIHTC Carryover of 9% -	L
230.	MULTI-FAMILY FINANCE PRODUCTION	5. Loan Closing	M
231.	MULTI-FAMILY FINANCE PRODUCTION	6. Contract Closing	M
232.	MULTI-FAMILY FINANCE PRODUCTION	7. Contract Template	M
233.	MULTI-FAMILY FINANCE PRODUCTION	8. Application Preparation	M
234.	MULTI-FAMILY FINANCE PRODUCTION	9. Application Intake	M
235.	MULTI-FAMILY FINANCE PRODUCTION	10. LIHTC Carryover of 9%	M
236.	MULTI-FAMILY FINANCE PRODUCTION	11. LIHTC Change to Application Amendment	M
237.	MULTI-FAMILY FINANCE PRODUCTION	12. LIHTC 10% Test for 9% Credits	M
238.	OCI	1. Bootstrap	H
239.	OCI	2. Contract for Deed – Bond & HOME	H
240.	OCI	3. Self Help Center	H
241.	OCI	4. 800 Hotline/Technical Assistance	L
242.	OCI	5. Consumer Education	L
243.	OCI	6. C-RAC Appointment	L
244.	OCI	7. Demonstration Projects	M
245.	PAYROLL	1. Assigns new employees position number	L
246.	PAYROLL	2. Determines if employee needs to be put into a different position number than they are already in (Assigned by HR)	L
247.	PAYROLL	3. Enters Termination PAFs into USPS prepared by HR.	M
248.	PAYROLL	4. Enters PAFs for employees on LWOP prepared by HR	M
249.	PAYROLL	5. Enters PAFs for overtime pay into USPS prepared by HR.	M
250.	PAYROLL	6. Enters payroll deduction amounts into UPPS	M
251.	PAYROLL	7. Processes USAS vouchers to pay unemployment to TWC for claims made by terminated employees.	M
252.	PAYROLL	8. Processes USAS vouchers to pay statement from SORM assessing the agency for worker's compensation claims.	M
253.	PAYROLL	9. Submits FTE report to State Auditors Office	M
254.	PAYROLL	10. Reconciles USAS with ABEST	M
255.	PAYROLL	11. Submit to the budget manager a spreadsheet showing the changes to the payroll each month for purposes of approving payroll.	M
256.	PAYROLL	12. Adjust payroll amounts charged to grant areas (based on budgets) to actual payroll (based on actual hours).	M
257.	PMC - COMPLIANCE MONITORING	1. Onsite Visit	H
258.	PMC - COMPLIANCE MONITORING	2. Compliance History Review	H
259.	PMC - COMPLIANCE MONITORING	3. LIHTC Review for Commencement of Substantial Construction	H

	DIVISION/SECTION	Process	IMPACT¹, if not Successful High (H); Medium (M); Low (L)
260.	PMC - COMPLIANCE MONITORING	4. LURA	H
261.	PMC - COMPLIANCE MONITORING	5. Fair Housing Referrals	H
262.	PMC - COMPLIANCE MONITORING	6. Desk Review	M
263.	PMC - COMPLIANCE MONITORING	7. Owner's Certification	M
264.	PMC - COMPLIANCE MONITORING	8. Site Inspection	M
265.	PMC - COMPLIANCE MONITORING	9. 8609 Inspection	M
266.	PMC - COMPLIANCE MONITORING	10. Technical Assistance	M
267.	PMC - PORTFOLIO MANAGEMENT	1. Construction Inspection & Plan Review	H
268.	PMC - PORTFOLIO MANAGEMENT	2. Draw	H
269.	PMC - PORTFOLIO MANAGEMENT	3. Program/Financial Monitoring	H
270.	PMC - PORTFOLIO MANAGEMENT	4. Project and Contract Close-out	H
271.	PMC - PORTFOLIO MANAGEMENT	5. Risk Assessment	H
272.	PMC - PORTFOLIO MANAGEMENT	6. HOME Environmental Review, Local Government	H
273.	PMC - PORTFOLIO MANAGEMENT	7. HOME Environmental Review, Non Local Government	H
274.	PMC - PORTFOLIO MANAGEMENT	8. HOME Fund Balance Report	H
275.	PMC - PORTFOLIO MANAGEMENT	9. HOME HUD Commitment Report	H
276.	PMC - PORTFOLIO MANAGEMENT	10. HOME Match Report	H
277.	PMC - PORTFOLIO MANAGEMENT	11. HOME Match Verification	H
278.	PMC - PORTFOLIO MANAGEMENT	12. Contract Oversight	H
279.	PMC - PORTFOLIO MANAGEMENT	13. HOME Consolidated Annual Performance and Evaluation Report (CAPER)	H
280.	PMC - PORTFOLIO MANAGEMENT	14. Project Set-up	M
281.	PMC - PORTFOLIO MANAGEMENT	15. Amendments & Waivers	M
282.	PMC - PORTFOLIO MANAGEMENT	16. Single Audit Review	M
283.	PMC - PORTFOLIO MANAGEMENT	17. Training & Manuals/Forms/Web other guidance materials	M
284.	PMC - PORTFOLIO MANAGEMENT	18. Technical Assistance	M
285.	PURCHASING	1. Prepare Professional/Consultant Services report	L
286.	PURCHASING	2. Tracks and monitors Historically Underutilized Businesses	M
287.	PURCHASING	3. Procurement/Acquires goods and services	M
288.	REAL ESTATE ANALYSIS	1. Application Underwriting	H
289.	REAL ESTATE ANALYSIS	2. Asset Management-Advance Intervention	H
290.	REAL ESTATE ANALYSIS	3. General Land Office Property Analysis	L
291.	REAL ESTATE ANALYSIS	4. Owners Financial Certification	M
292.	REAL ESTATE ANALYSIS	5. Cost Certification	M
293.	SECTION 8	1. Rent Adjustments and Terminations	H
294.	SECTION 8	2. Request for Funding from U.S. Department of Housing and Urban Development	H
295.	SECTION 8	3. Required SEMAP Inspections	H
296.	SECTION 8	4. Review Contract Package from Local Operators	H
297.	SECTION 8	5. Active Monthly Contracts	M

	DIVISION/SECTION	Process	IMPACT¹, if not Successful High (H); Medium (M); Low (L)
298.	SECTION 8	6. Monthly REIM Reports	M
299.	SECTION 8	7. Portability	M
300.	SECTION 8	8. Potential Local Operators	M
301.	SECTION 8	9. Provide Technical Assistance to Local Operators	M
302.	SECTION 8	10. Recertifications	M
303.	SINGLE FAMILY FINANCE PRODUCTION	1. Application Intake	H
304.	SINGLE FAMILY FINANCE PRODUCTION	2. Loan Closing	H
305.	SINGLE FAMILY FINANCE PRODUCTION	3. NCHSA Annual Survey	L
306.	SINGLE FAMILY FINANCE PRODUCTION	4. Renew Mortgage Credit Certificates	L
307.	SINGLE FAMILY FINANCE PRODUCTION	5. Contract Template	M
308.	SINGLE FAMILY FINANCE PRODUCTION	6. Application Preparation	M
309.	SINGLE FAMILY FINANCE PRODUCTION	7. Award Documentation	M
310.	SINGLE FAMILY FINANCE PRODUCTION	8. Contract Closing	M
311.	SINGLE FAMILY FINANCE PRODUCTION	9. Set-up Lender Down Payment Assistance	M
312.	SINGLE FAMILY FINANCE PRODUCTION	10. Tracking Lender Down Payment Account	M
313.	SINGLE FAMILY FINANCE PRODUCTION	11. First Time Homebuyer-Administration	M
314.	SINGLE FAMILY FINANCE PRODUCTION	12. First Time Homebuyer-Structure	M
315.	STAFF SERVICES	1. Property Management/Inventory Control	H
316.	STAFF SERVICES	2. Mail processing, including cash receipts for TDHCA	H
317.	STAFF SERVICES	3. Record Retention – ensures that TDHCA records are retained or disposed of properly.	H
318.	STAFF SERVICES	4. Physical safety in the building	H
319.	STAFF SERVICES	5. Driver’s License checks of staff traveling for the Agency	H
320.	STAFF SERVICES	6. Reproduction – provides copying services for TDHCA.	L
321.	STAFF SERVICES	7. Move services – prepares for moves within Agency headquarters and moves for Field Offices.	L
322.	STAFF SERVICES	8. Coordinates the Safety Program for the Agency	L
323.	STAFF SERVICES	9. Performs accident investigations	L
324.	STAFF SERVICES	10. Provides safety training	L
325.	STAFF SERVICES	11. Telephone services – coordinates telephone services for TDHCA headquarters offices and Field office. Monitors telephone invoices to minimize loss.	M
326.	STAFF SERVICES	12. Coordinates insurance purchases/renewals for the Agency through SORM	M
327.	STAFF SERVICES	13. Monitors safety conditions in the Agency to prevent Worker’s Comp claims.	M
328.	STAFF SERVICES	14. Leasing – coordinates with TBPC to provide space for the Agency and its field offices.	M
329.	TDHCA	1. Request For Proposals	H
330.	TDHCA	2. NOFA Development	H

	DIVISION/SECTION	Process	IMPACT¹, if not Successful High (H); Medium (M); Low (L)
331.	TDHCA	3. Rule Development	H
332.	TDHCA	4. CHDO Certification	H
333.	TDHCA	5. Complaint Response	H
334.	TDHCA	6. Public Information Requests	H
335.	TDHCA	7. Appeals	H
336.	TDHCA	8. Rule Development	H
337.	TDHCA	9. Real Estate Owned – Whole Loan Foreclosure	H
338.	TDHCA	10. Board Action Items	H
339.	TDHCA	11. Program Billing	L
340.	TDHCA	12. Program Receipt	L
341.	TDHCA	13. Capacity Building	L
342.	TDHCA	14. Hotlines	M
343.	TDHCA	15. Appeals	M
344.	TDHCA	16. Document Tracking	M
345.	TDHCA	17. Strategic Preparation	M
346.	TDHCA	18. Action Items	M

Recap:

119 – High impact

160 – Medium impact

67 – Low impact

Attachment E

Texas Department of Housing and Community Affairs





























Executive Order RP36

Project Plan for Implementation of the Fraud Prevention Program

**TDHCA
Fraud Prevention Program
Plan/Status as of Fri 10/1/04**

ID		Task Name	Start	Finish	% Complete	Resource Names
1		RP-36: Develop a fraud prevention program	Wed 9/1/04	Thu 6/30/05	34%	RP-36 Team
2		RP-36: ED to designate a contact person.	Wed 9/1/04	Wed 9/1/04	100%	Edwina C.
3		Develop Plan for Department's Fraud Prevention Program	Wed 9/1/04	Fri 10/29/04	96%	
4		Develop draft plan for Program for Director's Consideration/Input	Wed 9/1/04	Fri 9/3/04	100%	Internal Audit
5		Review Plan and Provide Input/Suggestions to Internal Audit	Fri 9/3/04	Tue 9/7/04	100%	Executive & Directors
6		Finalize Plan in Coordination with the RP-36 Team	Mon 9/13/04	Fri 10/29/04	95%	RP-36 Team
7		Monitor the status & progress of the Plan on a regular basis	Fri 10/29/04	Thu 6/30/05	0%	RP-36 Team
8		Conduct Overview, Direction and Assignment Meeting	Mon 10/18/04	Fri 11/5/04	55%	Internal Audit & Directors
9		Prepare materials	Mon 10/18/04	Fri 10/29/04	60%	RP-36 Team
10		Conduct meeting	Fri 11/5/04	Fri 11/5/04	0%	RP-36 Team
11		Complete Fraud Prevention & Detection Program questionnaire	Wed 9/1/04	Thu 9/30/04	100%	RP-36 Team
12		Consider "no" answers & adequacy of "yes" answers - Develop Action Plans	Wed 9/1/04	Thu 9/30/04	100%	RP-36 Team
13		Create Appropriate Culture of Honesty and Ethics	Wed 9/1/04	Thu 6/30/05	73%	RP-36 Team
14		Set the Tone at the Top	Wed 9/1/04	Thu 6/30/05	90%	RP-36 Team
15		Create a Postive Workplace Environment	Wed 9/1/04	Thu 6/30/05	90%	RP-36 Team
16		Hire and Promote Appropriate Employees	Wed 9/1/04	Thu 6/30/05	75%	RP-36 Team
17		Provide Fraud Prevention and Detection Training	Wed 9/1/04	Thu 6/30/05	75%	RP-36 Team
18		Notify employees of expectations and confirm	Wed 9/1/04	Thu 6/30/05	80%	RP-36 Team
19		Develop process for responding to allegations or suspicions of fraud	Wed 9/1/04	Thu 6/30/05	50%	RP-36 Team
20		Assess relevant controls and improve as needed	Wed 9/1/04	Thu 6/30/05	50%	RP-36 Team
21		Establish Appropriate Oversight	Fri 10/1/04	Thu 6/30/05	4%	
22		Audit Committee periodically evaluate mngt's antifraud program	Fri 10/1/04	Thu 6/30/05	5%	Leonard S. & Internal Audit
23		Establish mechanism to inform Committee of fraud issues	Fri 10/1/04	Thu 6/30/05	5%	Leonard S. & Internal Audit
24		Assign managers direct responsibility for their antifraud program	Fri 10/1/04	Fri 11/26/04	0%	
25		Inform Managers of Expectations	Fri 10/1/04	Fri 11/5/04	0%	Edwina C.
26		Formalize Expectations in Manager's Job Descriptions	Fri 11/5/04	Fri 11/26/04	0%	Directors
27		Establish Antifraud Processes and Controls	Fri 9/3/04	Thu 6/30/05	3%	
28		Conduct an internal risk assessment	Fri 9/3/04	Thu 6/30/05	3%	Each Section
29		Identify agency's significant processes	Fri 9/3/04	Thu 9/30/04	100%	Each Section
30		Perform an initial risk ranking of the processes as high, medium or low	Fri 9/3/04	Thu 9/30/04	100%	Each Section

**TDHCA
Fraud Prevention Program
Plan/Status as of Fri 10/1/04**

ID		Task Name	Start	Finish	% Complete	Resource Names
31		For those processes identified as high and medium risk, drill into details	Mon 11/8/04	Thu 6/30/05	0%	
32	 	Identify activities	Mon 11/8/04	Thu 6/30/05	0%	Each Section
33	 	Group related activities into "consolidated" activities	Mon 11/8/04	Thu 6/30/05	0%	Each Section
34	 	Sort consolidated activities in priority order	Mon 11/8/04	Thu 6/30/05	0%	Each Section
35	 	Identify risks associated with each activity within each consolidated activity	Mon 11/8/04	Thu 6/30/05	0%	Each Section
36	 	Determine potential impact of each risk.	Mon 11/8/04	Thu 6/30/05	0%	Each Section
37	 	Determine probability that the risk will occur	Mon 11/8/04	Thu 6/30/05	0%	Each Section
38	 	For each risk, identify related control steps to mitigate risk	Mon 11/8/04	Thu 6/30/05	0%	Each Section
39	 	Submit completed materials to Internal Audit	Mon 11/8/04	Thu 6/30/05	0%	Each Section
40	 	Formalize controls identified as necessary	Mon 11/8/04	Thu 6/30/05	0%	Each Section
41	 	Monitor the agency's fraud risk-assessment and prevention activities	Mon 11/8/04	Thu 6/30/05	0%	Leonard S. & Management
42		Submit required information to Governor's Office	Wed 9/1/04	Fri 10/1/04	100%	
43	 	RP-36: Identify changes needed to better detect and fight fraud	Wed 9/1/04	Thu 9/30/04	100%	Directors and Managers
44	 	RP-36: Report compliance with RP-36	Wed 9/1/04	Thu 9/30/04	100%	Edwina C.
45		Perform Quality Control Review of Materials & route final product to ED	Fri 9/24/04	Thu 9/30/04	100%	RP-36 Team
46		ED reviews materials and approves for release to the Governor's Office	Wed 9/29/04	Fri 10/1/04	100%	Edwina C.

TDHCA
Fraud Prevention Program
Plan/Status as of Fri 10/1/04

1 RP-36: Develop a fraud prevention program

The RP-36 Team is responsible for putting a plan in place and ensuring the success of the plan. The Team includes the following TDHCA positions:

- ⚡ Executive Director
- ⚡ Deputy Executive Director
- ⚡ The Special Assistant to the ED
- ⚡ Chief of Agency Administration
- ⚡ Director of Administration and Support
- ⚡ Deputy General Counsel, Ethics Officer

The Team also includes Tim Irvine, Director of the Manufactured Housing Division. The Internal Audit Division will work with the Team to facilitate a successful outcome.

The Team will develop a fraud prevention program that includes, at a minimum, the recommended common components developed by the state agency workgroup. **These programs must be in place** by October 1, 2004. See Note at task, P-3, "RP-36: Report Compliance with RP-36" for elaboration of having "these programs must be in place."

The state agency workgroup appointed by the Governor's Office is comprised of the State Agency Coordinating Council, the Mid-Size Agency coordinating Council, and the Small State Agency Task Force, to convene a fraud prevention and detection workgroup. The Workgroup has developed and provided the following materials to assist in developing the fraud prevention program (1) Key Components of a Fraud Prevention and Detection Program, (2) Fraud Risk Self-Assessment, (3) Best Practices for the Prevention and Detection of Fraud.

While RP-36 focuses on assessing fraud related risks and developing strategies to mitigate unacceptable fraud related risks, Department management recognizes the value in assessing risks in broader terms whereby non-fraud related risks are formally assessed and, if unacceptable, mitigation strategies are developed and put into place. Accordingly, the Department plans to extend its RE-36 initiative beyond fraud considerations to incorporate consideration of other risks. The Department will establish mitigation strategies for those risks that are controllable by the Department and that are considered unacceptable.

2 RP-36: ED to designate a contact person.

Ms. Carrington appointed Leonard Spearman on 9/1/04 as the Contact Person for the Department's fraud prevention and elimination activities. The contact person reports directly to the agency executive director. The person:

- ⚡ is the liaison with the Governor's task force on fraud,
- ⚡ provides continuous reinforcement of the antifraud programs to all employees, and
- ⚡ is responsible directly to executive management and, through the Executive Director, the Department's Governing Board for the antifraud programs of the agency.

11 Complete Fraud Prevention & Detection Program questionnaire

Internal Audit tailored the questionnaire provided in the Governor's Office Fraud Prevention Materials to better address the needs of the Department.

13 Create Appropriate Culture of Honesty and Ethics

For each of the subtasks, consider results of questionnaire focusing on "no" answers and the adequacy of the "yes" answers. Also consider Best Practices in Chapter 8 of the Fraud Prevention Material provided by the Governor's Office.

14 Set the Tone at the Top

The Tone at the Top is set by directors and officers. Managers and board members must behave ethically and openly communicate their expectations for ethical behavior to members of the agency. The basis of a strong antifraud program is a culture with a strong values system founded on integrity. Additionally, preventing major frauds requires a very strong emphasis and structure around efforts to create a workplace environment that promotes ethical behavior, deters wrongdoing, and encourages and facilitates all agency employees to report any known or suspected wrongdoing.

15 Create a Postive Workplace Environment

A positive workplace environment improves employee morale and loyalty. As a result an employee is more likely to think twice before committing a fraud against the organization. Conversely, without a positive workplace environment, there are more opportunities for poor employee morale, which can affect an employee's attitude about committing fraud. Negative factors that can detract from a positive work environment include not rewarding appropriate behavior, lack of recognition for job performance, perceived inequities, autocratic management, and unreasonable expectations.

**TDHCA
Fraud Prevention Program
Plan/Status as of Fri 10/1/04**

16 Hire and Promote Appropriate Employees

Establishing standards for hiring and promoting the most qualified individuals with emphasis on educational background, prior work experience, past accomplishments, and evidence of integrity and ethical behavior; demonstrate agency commitment to competent and trustworthy people. Proactive hiring and promotion procedures may include conducting background investigations and thoroughly checking a candidate's education, employment history, and personal references.

17 Provide Fraud Prevention and Detection Training

Fraud prevention and detection training must be mandatory for all agency personnel. The training curriculum should include code of conduct, agency standards and procedures, and employees' roles and responsibilities in reporting suspected or actual fraud. New employees must undergo initial training at the time of hiring and subsequent training sessions must be held periodically for all agency personnel.

18 Notify employees of expectations and confirm

Management needs to clearly articulate that all employees will be held accountable to act within the entity's code of conduct. All senior management personnel and other employees in critical positions must be required to sign a code of conduct statement. An effective code of conduct is a fundamental element of the control environment and antifraud program. It must be enforced and monitored by both management and the audit committee.

19 Develop process for responding to allegations or suspicions of fraud

Agencies must develop a standardized process for responding to allegations or suspicions of fraud. When fraud is alleged or suspected, management must thoroughly investigate the incident and take appropriate and consistent actions against violators. Relevant controls should be assessed and improved as needed. Communication and training must take place to reinforce the agency's values, code of conduct, and expectations.

22 Audit Committee periodically evaluate mngt's antifraud program

The audit committee must systematically and periodically evaluate management's identification of fraud risks, the implementation of antifraud prevention and detection measures, and the creation of the appropriate "tone at the top".

Active oversight by the audit committee serves as a deterrent to management and employees engaging in fraudulent activity and helps management's to fulfill its responsibility. Active oversight by the audit committee help to reinforce management's commitment to creating a culture with "zero tolerance" for fraud.

23 Establish mechanism to inform Committee of fraud issues

Establish communication mechanisms/strategies by which executive management and the board are made aware of the antifraud programs, controls, and results. Consider results of the questionnaire focusing on the "no" answers and the adequacy of "yes" answers. Also consider Best Practices in Chapter 8 of the Fraud Prevention Material provided by the Governor's Office.

25 Inform Managers of Expections

Ms. Carrington will provide expectations to Directors and Managers at the Overview, Direction and Assignment meeting.

Fraud prevention and detection requires commitment from both management and the decision makers of the agency. Ideally, managers must be assigned direct responsibility to develop, implement, and maintain effective fraud prevention measures within their area of expertise.

28 Conduct an internal risk assessment

Management should conduct an internal risk assessment to identify and prioritize the different types of fraud risks and apply appropriate fraud mitigation strategies. This process is an essential component of a healthy control environment and can reduce certain fraud risks.

Use risk management tools provided by the State Auditors Office and tailored by the Internal Auditing Division, entitled **Texas Department of Housing and Community Affairs Risk Assesement Methodology**.

THIS PROCESS SHOULD OCCUR EVERY EVEN NUMBERED YEAR BEGINNING IN SEPTEMBER TO BE COMPLETED BY THE END OF FEBURARY OF THE FOLLOWING ODD NUMBERED YEAR.

29 Identify agency's significant processes

Email dated 9/2/04.

**TDHCA
Fraud Prevention Program
Plan/Status as of Fri 10/1/04**

-----Original Message-----

From: David Gaines

Sent: Friday, September 03, 2004 6:59 PM

To: DIRECTORS & MANAGERS

Cc: DIRECTOR'S ASSISTANTS

Subject: RP-36 Action Request: Initial Ranking of Business Processes

Purpose: To rank the impact on the Department of failed business processes. The rankings will be used to prioritize the business processes to be considered for the risk assessment that the Department will be conducting over the next several weeks.

The accompanying attachment list the business processes that were identified in connection with the Reorganization plus additional processes identified in response to a request earlier this week.

Action Request:

1. Please review the completeness of the list. If necessary, add business processes to the list to ensure completeness.
2. For each business process you are responsible, please rank the level of impact it would have on the Department if the process or key component of it failed. Rank the impact as High, Medium, or Low based on the general definitions that are provided as a footnote on the first page of the attachment.

Please provide results to David Gaines or Kelly Crawford by close of business on Wednesday, September 8, 2004.

Please let me know if you have questions or need further information.

30 Perform an initial risk ranking of the processes as high, medium or low

See note for preceding task.

The target date for completion was extended from close of business on 9/8/04 to 9/10/04. As of close of business on 9/8/04, risk rankings on approximately 172 out of 349, or almost 50%, of the processes that have been identified have been initially ranked as high, medium or low impact processes.

A second request to conduct the initial risk assessment was made on 9/9/04.

32 Identify activities

For each process identified as having a high and medium impact, identify all activities. Activities are the processes and procedures used to accomplish agency's objectives and goals. See Methodology Procedure 1.

33 Group related activities into "consolidated" activities

See Methodology Procedure 2.

34 Sort consolidated activities in priority order

Sort the consolidated activities in priority order (highest to lowest) according to their impact on achieving the agency's objectives and goals. See Methodology Procedures 3 and 4.

**TDHCA
Fraud Prevention Program
Plan/Status as of Fri 10/1/04**

35 Identify risks associated with each activity within each consolidated activity

For each consolidated activity, identify the associated various risks, including financial, managerial, compliance risks and other legal risks and possible loss of reputation considering the individual activities that comprise the consolidated activity, e.g. Consider how you could embezzle funds, manipulate financial or performance records and/or avoid responsibilities and not get caught. Are there opportunities to scheme with outsiders for personal gain? Brain-storm various possible misconduct schemes and fraud scenarios. See Methodology Procedure 5.

36 Determine potential impact of each risk.

Rate the potential impact of each risk as high, moderate, or low. Some factors to consider in determining impact, among others, include how critical the activity is to the agency's mission, the relative size of the activity, and sensitivity of data. The impact may relate to reputation or financial (monetary loss) damage to the agency or legal (criminal or civil sanctions). See Methodology Procedure 6.

37 Determine probability that the risk will occur

Rate the probability that the risk will occur as high (probable), moderate (reasonably possible) or low (remote). Some factors to consider in determining probability of occurrence, among others, include the newness of the activity, the existence of and/or changes in policies and procedures, personnel changes, and time since the last review. See Methodology Procedure 7.

38 For each risk, identify related control steps to mitigate risk

For each risk for each of the consolidated activities, identify the steps (control steps) the agency has taken or plans to take to mitigate the risk. Be careful to differentiate between those steps the agency has taken and those that the agency plans to take. See Methodology Procedure 8.

Basic controls include: Segregation of duties relating to authorization, custody of assets, and recording and reporting of financial or performance transactions; Supervisory reviews, verifications, reconciliation; automated edit checks and system controls; physical and logical security of assets; embedded audit checks; fraud detection software.

39 Submit completed materials to Internal Audit

Internal Audit will work with Leonard S. in compiling materials for reporting to the Department's Governing Board its progress in identifying and controlling risks.

40 Formalize controls identified as necessary

Implementing and Monitoring Appropriate Internal Controls: Most risks can be mitigated with an appropriate system of internal control. Once a fraud risk assessment has been performed, the agency must identify the ongoing processes, controls, and other monitoring procedures that are needed to identify and/or mitigate those risks.

Develop formal procedures to ensure appropriate controls are prescribed and operating effectively. Risks vulnerabilities that will be accepted by management must be clearly documented and communicated to Leonard S. and Internal Audit for discussion purposes with the Board.

CONTROLS ESTABLISHED TO MITIGATE THE RISK ASSOCIATED WITH HIGH IMPACT ACTIVITIES MUST BE TESTED BY MANAGEMENT ON A PERIODIC BASIS. ALL SUPPORT DOCUMENTING THE TESTS, RESULTS AND CONCLUSIONS SHOULD BE RETAINED FOR OVERSIGHT PURPOSES.

41 Monitor the agency's fraud risk-assessment and prevention activities

Management has primary responsibility for establishing and monitoring all aspects of the agency's fraud risk-assessment and prevention activities. The fraud risk-assessment process should consider agency vulnerabilities and its exposures to material losses, taking into account the agency's size and the complexity of its operations.

43 RP-36: Identify changes needed to better detect and fight fraud

Each agency shall review its existing rules, policies, organizational structure and statutes to identify changes needed to better detect and fight fraud.

44 RP-36: Report compliance with RP-36

The Department should report, by October 1, the following:

TDHCA
Fraud Prevention Program
Plan/Status as of Fri 10/1/04

- Ø Progress to date in implementing a Fraud Prevention Program, addressing the “key components;” concentrating on completing assessment of the “Culture of Honesty and Ethics” and “Appropriate Oversight Process” components.
- Ø Plans to finalize the Program, addressing the “key components.”
- Ø Recommended changes to rules, policies, organization structure and statues, if any, that are needed to better detect and fight fraud.
- Ø The Department’s fraud risk assessment; the level of detail to be determined by management.

Longer Term Plans (to be completed in FY 05) include a detailed risk assessment for all processes identified as high and medium impact. The assessments will result in identification of controls to be tested periodically by management and vulnerabilities that will either be accepted or controlled by management.

Attachment F

Texas Department of Housing and Community Affairs

Executive Order RP36

Standard Operating Procedure

**Texas Department of Housing and Community Affairs
EXECUTIVE**

Fraud, Waste and Abuse Detection and Prevention Program (Program)

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1.0 Policy

- 1.1 The Department has developed a Fraud, Waste and Abuse Program (Program) designed to identify risks associated with fraud, waste and abuse, to measure those risks in quantifiable terms, and to ensure that appropriate processes and controls have been established to minimize the likelihood of unacceptable risks materializing. Responsibility for the maintenance of the Program has been assigned to appropriate levels of management. The Program also includes considerations of risks relating to accounting for and safeguarding its assets from loss, ensuring reliable accounting and performance data and information systems, promoting efficient operations, and ensuring compliance with Department policies and applicable laws and regulations.

2.0 General

- 2.1 Executive Order RP36, July 12, 2004, requires, among other items, that state agencies develop a fraud prevention program. The Executive Order requires that each agency:
- Ø Designate a contact person (Fraud Prevention Coordinator) for its fraud prevention and elimination activities who shall report directly to the executive director, commissioner, or board chair.
 - Ø Adopt a fraud prevention and reduction program that includes risk assessment tools, best practices and common components developed by an interagency workgroup appointed by the Governor's Office.
 - Ø Review existing rules, policies, organizational structure and statutes to identify changes needed to better detect and fight fraud.
- 2.2 The Texas Government Code, Sec. 2306.052, requires the Executive Director to administer and organize the work of the Department in such a way that promotes efficient and effective operations.

3.0 Responsibilities

- 3.1 The **Governing Board** is responsible for systematically and periodically evaluating management's identification of risks, the implementation of prevention and detection measures, and the creation of an appropriate "tone at the top."
- 3.2 The **Executive Director** is responsible for:
- Ø Directing changes to this SOP, as considered necessary, and for directing the development and maintenance of the Program.
 - Ø Considering and acting upon proposed changes to existing rules, policies, organization structure and statutes to better prevent and detect fraud and other unacceptable risks.

- Ø Reporting to the Governor's Office by October 1 of each even numbered year any recommended changes to statutes to better detect and fight fraud and other unacceptable risks.
 - Ø Reporting to the Governing Board in a manner that will keep its members appropriately informed on a current basis to enable them to fulfill their responsibilities under the Program.
- 3.3 The **Fraud Prevention Coordinator** is responsible for:
- Ø Developing and tracking the status of project plans designed to ensure successful completion of the Department's Program and effectively communicating plans and status of plans.
 - Ø Reporting to the Executive Director in a manner that will enable the Director to fulfill her responsibilities under the Program.
- 3.4 The **Division Directors, Section Managers and Staff** are responsible for implementing and maintaining the Program. Responsibilities include performing a risk assessment of the Department's business processes even numbered years beginning in January and ending in June. The risk assessment process adopted by the Department includes:
- Ø Identifying the Department's significant processes.
 - Ø Performing an initial risk ranking of the processes to identify processes that would have a high or medium impact on the agency if they failed.
 - Ø Identifying activities within the processes assessed as having a high or medium impact.
 - Ø Identifying risks associated with each activity.
 - Ø Determining the potential impact and probability of each risk.
 - Ø Identifying related control processes and steps to mitigate unacceptable risks.
- 3.5 The **Division Directors and Section Managers** are responsible for:
- Ø Formalizing control processes and steps identified as necessary to mitigate unacceptable risks.
 - Ø Testing controls in place to mitigate high impact risks to ensure that controls are operating as intended.
 - Ø Reviewing existing rules, policies, organizational structure and statutes to identify changes needed to better detect and fight fraud. The review should be performed concurrently with the risk assessment.
- 3.6 The **Internal Audit Division** is responsible for providing expertise, knowledge, experience and objective, independent input into the Department's Program.

4.0 Procedures

- 4.1 The **Fraud Prevention Coordinator** develops, communicates and tracks the status of the project plan. The plan is designed to ensure successful completion of the Department's Fraud, Waste and Abuse Detection and Prevention Program. The Fraud Prevention Coordinator:

- Ø Develops a project plan by the end of August of each odd numbered year. The project plan identifies the necessary tasks, resources and timeline to be completed by the end of June of each even numbered year.
- Ø Effectively communicates the plan through the Executive Director to the Department's Governing Board, Management and Staff.
- Ø Monitors the Department's status towards completing the plan.
- Ø Communicates the status of completing the plan to Executive Management and the Directors, minimally on a monthly basis.
- Ø Communicates the status of completing the plan through the Executive Director to the Governing Board, minimally every other month until successful completion of the plan.
- Ø Maintains appropriate documentation supporting the development, communication and status of the project plan for oversight purposes.

4.2 The **Division Directors, Section Managers and Staff**:

- Ø Implement and maintain the Program. Between January and June of each even numbered year, the Division Directors, Section Managers and Staff complete a risk assessment of their business operations and processes using the methodology adopted by the Department. All appropriate staff should participate in the risk assessment.
- Ø Formalize and implement necessary control processes and steps to mitigate unacceptable risks identified in the risk assessment process.
- Ø Test controls in place to mitigate high impact risks to ensure that they are operating as intended. The frequency and extent of tests are functions of the impact of a failed control and the frequency of the process. The responsible Directors, with advice of Managers and Internal Audit, will develop appropriate testing intervals for controls to be tested.
- Ø Accumulate and forward to the Fraud Prevention Coordinator possible changes to rules, policies, organizational structure and statutes to better detect and fight fraud and other unacceptable risks.

4.3 The **Division Directors, Section Managers and Staff** provide a copy of their risk assessments to the Fraud Prevention Coordinator and the Director of Internal Auditing and maintain a copy for their records to assist in mitigating risks and improving their business operations.

4.4 The **Fraud Prevention Coordinator** compiles relevant risk assessment information received from Division Directors, Section Managers and Staff in a clear, concise format for providing relevant information to Executive Management and the Governing Board for oversight purposes. The extent and level of information should be agreed upon between the Coordinator, Executive Management and the Governing Board. Minimally, the report should allow the Executive Director and Governing Board to systematically evaluate management's identification of risks, including fraud risks, the implementation of

antifraud and other risk prevention and detection measures, and the creation of the appropriate “tone at the top.” The report to the Executive Director and to the Governing Board is due prior to the end of each even numbered fiscal year.

- 4.5 The **Fraud Prevention Coordinator** compiles possible changes to rules, policies, organizational structure and statutes to better detect and fight fraud and other unacceptable risks in a clear and concise manner and provides the information to Executive Management for consideration. The compilation report is provided to the Executive Director prior to the end of each even numbered fiscal year.
- 4.6 The **Executive Director** requires commitment from both management and the decision makers of the Department and ensures that managers are assigned direct responsibility to develop, implement, and maintain effective fraud and other unacceptable risks prevention and detection measures within their area of expertise and responsibility.
- 4.7 The **Executive Director** considers and, if warranted, acts upon possible changes to rules, policies, organizational structure and statutes to better detect and fight fraud and other unacceptable risks.
- 4.8 The **Executive Director** reports to the Governor’s Office by October 1 of each even numbered year recommended changes to statutes to better detect and fight fraud and other unacceptable risks.
- 4.9 The **Director of Internal Auditing and Staff** will, as necessary:
 - Provide expertise, knowledge, experience and objective, independent input into the Department’s fraud and risk assessment process.
 - Serve as a facilitator for staff using the risk assessment methodology.
 - Assist in developing prevention and detection measures.

APPROVAL:


Edwina P. Carrington, Executive Director

10/01/04
(date)

Texas Department of Housing and Community Affairs

*Risk Assessment Methodology to Implement
Executive Order RP36*

Task ID	Task	% Complete	Activity 1	Activity 2	Activity 3	Activity 4	Activity 5	Activity 6	Activity 7	Activity 8	Activity 9	Activity 10
1	Examine Mission	0%										
2	Brainstorm Activities	0%										
3	Consolidate Activities	0%										
4	Prioritize Consolidated Activities	0%										
5	Identify Risks	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
6	Evaluate Risks	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
7	Develop Necessary Controls	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
8	Control Risks (apply controls)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Draft Risk Assessment Methodology ... for discussion purposes only.

0% Complete Overall

Prioritized Consolidated Activities

Activity 1	<u>That Consolidated Activity (4,5,7,8)</u>
Activity 2	<u>This Consolidated Activity (1,2,3,6)</u>
Activity 3	<u>Etc. Consolidated Activity (9)</u>
Activity 4	-
Activity 5	-
Activity 6	-
Activity 7	-
Activity 8	-
Activity 9	-
Activity 10	-

Note - This page is to track the status of the Risk Self Assessment Project.

Procedures - This page is manually updated to indicate % Complete within all Task IDs. The spreadsheet will automatically update the % complete overall figure as well as importing the Prioritized Consolidated Activities.

Task 1 - Provide a brief narrative of the mission of the Enterprise (function, process, organization, division, section, workgroup, etc.).



1	He does this.	This Consolidated Activity (1,2,3,6)	That Consolidated Activity (4,5,7,8)
2	She does this.	That Consolidated Activity (4,5,7,8)	This Consolidated Activity (1,2,3,6)
3	They do this.	Etc. Consolidated Activity (9)	Etc. Consolidated Activity (9)
4	They do that.		
5	We do that.		
6	Everyone does this.		
7	No one does that.		
8	Someone does that.		
9	etc.		

Procedures:

Task 2 - Identify and list in the table all activities which the enterprise performs. Activities are the procedures and tasks used to accomplish the enterprise's goals and objectives.

Task 3 - Group related activities into "consolidated activities" and list them in the "Consolidated Activities" table.

Task 4 - Sort the consolidated activities in priority order (highest to lowest) according to their impact on achieving the enterprises's goals and objectives and enter the list in the "Prioritized Consolidated Activities" table.

That Consolidated Activity (4,5,7,8)	IMPACT	PROB. BEFORE CONTROLS	RANKING BEFORE CONTROLS (Note C.)	PROB. AFTER CONTROLS	RANKING AFTER CONTROLS (Note C.)	IDENTIFY CONTROLS / MITIGATION STRATEGIES IN PLACE
risk 1	H	M	HM	L	HL	
risk 2	H	L	HL	L	HL	
risk 3	M	M	MM	L	ML	
etc.	L	H	LH	M	LM	
			n/a		n/a	
			n/a		n/a	
			n/a			
Task 5 - Identify Risks						
1. For each consolidated activity, identify risks that exist within the activity by asking what can go wrong within that activity (risk 1, risk 2, risk 3, etc.).						
Task 6 - Evaluate Risks						
1. For each risk, rank the impact and probability as if there were no controls in place (Ranking Before Controls). Rankings are high (H), medium (M) and low (L).						
2. Identify and provide a description in the right hand column of the worksheet of controls or mitigation strategies that are in place and operating.						
3. Rank the probability of occurrence considering the controls and mitigation strategies that are in place and operating (Ranking After Controls).						
Notes:						
A. A separate worksheet will be generated for each consolidated activity.						
B. The Consolidated Activity will be automatically posted based on the Consolidated Activities identified in connection with the Activities worksheet.						
C. Ranking Before Controls and Ranking After Controls is automatically posted based on the rankings of Impact and Probability (before and after controls).						

This Consolidated Activity (1,2,3,6)	IMPACT	PROB. BEFORE CONTROLS	RANKING BEFORE CONTROLS (Note C.)	PROB. AFTER CONTROLS	RANKING AFTER CONTROLS (Note C.)	IDENTIFY CONTROLS / MITIGATION STRATEGIES IN PLACE
risk 4	H	H	HH	M	HM	
risk 5	H	M	HM	L	HL	
risk 6	M	H	MH	L	ML	
etc.	L	M	LM	L	LL	
			n/a		n/a	
			n/a		n/a	
			n/a		n/a	
			n/a		n/a	
n/a					n/a	
n/a					n/a	
n/a					n/a	
n/a					n/a	
Procedures - See Activity1Risk Worksheet.						

Etc. Consolidated Activity (9)	IMPACT	PROB. BEFORE CONTROLS	RANKING BEFORE CONTROLS (Note C.)	PROB. AFTER CONTROLS	RANKING AFTER CONTROLS (Note C.)	IDENTIFY CONTROLS / MITIGATION STRATEGIES IN PLACE
risk 7	L	H	LH	M	LM	
risk 8	H	L	HL	L	HL	
risk 9	M	L	ML	L	ML	
risk 10	M	M	MM	M	MM	
etc.	H	M	HM	L	HL	
			n/a		n/a	
			n/a		n/a	
			n/a		n/a	
n/a					n/a	
n/a					n/a	
n/a					n/a	
n/a					n/a	
Procedures - See Activity1Risk Worksheet.						

#	ACTIVITIES	RISKS →							
		1	2	3	4	5	6	7	8
1	That Consolidated Activity (4,5,7,8)	HL risk 1	HL risk 2	ML risk 3	LM etc.	- n/a	- n/a	- n/a	- n/a
2	This Consolidated Activity (1,2,3,6)	HM risk 4	HL risk 5	ML risk 6	LL etc.	- n/a	- n/a	- n/a	- n/a
3	Etc. Consolidated Activity (9)	LM risk 7	HL risk 8	ML risk 9	MM risk 10	HL etc.	- n/a	- n/a	- n/a
4	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
5	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
6	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
7	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
8	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
9	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
10	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
<p>Note - This form illustrates activities and their risk ranking (impact times probability) considering controls that are actually in place and assuming that those controls are operating as management intended. The form highlights where additional controls are needed. Management should formalize controls to mitigate risks to an acceptable level as described below or provide sufficient cost/benefit information/rationale for risk acceptance.</p>									
<p>Procedures:</p> <ol style="list-style-type: none"> 1. Color code ranked risk levels based on the legend provided below. 2. Develop and implement necessary controls (see Develop Necessary Controls - Action Plan Worksheet) based on the legend provided below. 									
<p>Develop and Implement Controls or Control Level is Acceptable</p>									
		Develop & Implement Controls				Level of Control is Acceptable			
		HH, HM, MH, MM, LH		HL, ML, LM, LL					
<p>Performance and Monitoring Plan</p>									
<p>Controls related to these activities should be monitored based on their risk ranking before controls are in place (See Risk Matrix BEFORE Consideration of Controls in Place for the Performance Monitoring Plan).</p>									

Consolidated Activity: Risks	Mitigation Strategy / Action Steps	Once Mitigation Strategy Implemented / Action Steps Taken			Assigned to	Expected Completion Date
		Impact	Prob.	Ranking		

Task 7 - Develop Necessary Controls

For each risk that is ranked as HH, HM, MH, MM, and LH, **after** consideration of controls are in place (see Risk Matrix After Consideration of Controls in Place Worksheet), provide the general strategy and steps to be taken to mitigate risks along with who is assigned the action steps and expected date of completion. Sufficient mitigation strategies should be put into place to reduce the probability of risks occurring to an acceptable level, unless management intends to accept the level of risk. If management chooses to accept the level of risk, provide justification such as cost/benefit analysis or other basis for risk acceptance.

Basic controls include: Segregation of duties relating to authorization, custody of assets, and recording and reporting of financial or performance transactions; Supervisory reviews; verifications; reconciliations; automated edit checks and system controls; physical and logical security of assets; embedded audit checks; fraud detection software.

#	ACTIVITIES	RISKS →							
		1	2	3	4	5	6	7	8
1	That Consolidated Activity (4,5,7,8)	HM risk 1	HL risk 2	MM risk 3	LH etc.	- n/a	- n/a	- n/a	- n/a
2	This Consolidated Activity (1,2,3,6)	HH risk 4	HM risk 5	MH risk 6	LM etc.	- n/a	- n/a	- n/a	- n/a
3	Etc. Consolidated Activity (9)	LH risk 7	HL risk 8	ML risk 9	MM risk 10	HM etc.	- n/a	- n/a	- n/a
4	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
5	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
6	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
7	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
8	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
9	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
10	n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a

Note - This form illustrates activities and their risk ranking (impact times probability) before controls are in place to mitigate the risk of a negative impact from a failed or uncontrolled business process. Controls related to these activities should be monitored as described below.

Task 8 - Control Risks (apply controls)

Performance Monitoring Plan

Performance, monitoring and audit activities should be performed based on risks associated with the various activities, as follows:

HH, HM		= Manage, monitor, and test/verify (Manager, Supervisors, Staff)
HL, MH		= Manage and Monitor (Manager or a designee, Supervisors, Staff)
MM, ML, LH		= Monitor (Supervisors, Staff)
LM, LL		= Accept (staff)

Use for Risk Management Plan:

- Division Directors are responsible for ensuring that the Department's Risk Management Program is in place and operating as intended.
- Division Managers should perform oversight controls to ensure that the supervisory & execution controls are working and conduct tests to verify that controls are working as intended.
- The Division Managers (or a designee) should perform oversight functions to ensure that the supervisory and execution controls are working.
- Supervisors should perform oversight function to see that supervisory and execution controls are working.
- Staff should ensure they are following and using correct policies and procedures in their area.

TDHCA OUTREACH ACTIVITIES

The attached document highlights outreach activities on the part of TDHCA staff for September 2004. The information provided focuses primarily on activities Executive and staff has taken on voluntarily, as opposed to those mandated by the Legislature (i.e., tax credit hearings, TEFRA hearings, etc.). This list may not account for every activity undertaken by staff, as there may be a limited number of events not brought to my attention

For brevity sake, the chart provides the name of the event, its location, the date of the event, division(s) participating in the event, and an explanation of what role staff played in the event. Should you wish to obtain additional details regarding these events, I will be happy to provide you with this information.

TDHCA Outreach Activities, September 2004

A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public

Event	Location	Date	Division	Purpose
First Thursday Income Eligibility Training	Austin	September 2	Portfolio Management/ Compliance	Training
National Association of Latino Community Asset Builders	San Antonio	September 2 – 3	Housing Center	Exhibitor
Single Family MRB Refunding Bond hearing	Austin	September 3	Single Family Finance	Public hearing
South Texas Economic Development Conference	George West	September 15	Housing Center	Participant
Gateway Village Seniors grand opening	Beaumont	September 15	Housing Center	Participant
Texas Homeless Network/TICH Conference	San Antonio	September 15 – 17	Housing Center	Participant
Rural Rental Housing Association of Texas Conference	Fort Worth	September 15 – 16	Executive, Single Family, Multifamily, Governmental Affairs, PM/C, Housing Center	Presentation, Participant
Austin Board of Realtors Homebuyers Fair	Austin	September 18	Single Family	Exhibitor
Coalition for Texans with Disabilities conference	Dallas	September 19	Single Family	Presentation
Texas Association of Realtors Conference	Fort Worth	September 19 – 21	Executive, Single Family, Governmental Affairs, Housing Center	Presentation, Participant, Exhibitor
Texas Housing Forum	Austin	September 20	Housing Center	Participants
Texas Manufactured Housing Association annual conference	The Woodlands	September 20	Manufactured Housing	Presentation
Property Compliance Training/Bond Program	Dallas	September 22	Portfolio Management/ Compliance	Training
Property Compliance Training/AHDP Program	Dallas	September 23	Portfolio Management/ Compliance	Training
Houston Association of Realtors Tradeshow	Houston	September 23	Single Family	Exhibitor
Texas Association of Mortgage Brokers	Houston	September 24 – 25	Single Family	Exhibitor

Conference				
Consolidated Hearings	Houston	September 27	Multifamily, Single Family, Community Affairs, PM/C, Housing Center	Public hearing
Consolidated Hearings	El Paso	September 27	Multifamily, Single Family, Community Affairs, PM/C, Housing Center	Public hearing
Villa Hermosa grand opening	Crystal City	September 27	Executive, Housing Center	Participant

Consolidated Hearings	Dallas	September 28	Multifamily, Single Family, Community Affairs, PM/C, Housing Center	Public hearing
Fed Reserve Bank hearing on Immigrant Markets	Dallas	September 29	Office of Colonia Initiatives	Presentation
Consolidated Hearings	San Antonio	September 29	Executive, Multifamily, Single Family, Community Affairs, PM/C, Housing Center	Public hearing
Consolidated Hearings	Victoria	September 29	Multifamily, Single Family, Community Affairs, PM/C, Housing Center	Public hearing
Consolidated Hearings	Waco	September 30	Multifamily, Single Family, Community Affairs, PM/C, Housing Center	Public hearing
Consolidated Hearings	Tyler	September 30	Multifamily, Single Family, Community Affairs, PM/C, Housing Center	Public hearing
Texas Association of CDCs Policy Summit	Austin	September 30	Executive, Multifamily, Single Family, PM/C, Governmental Affairs, Housing Center	Presentation, Participant

SENATE FINANCE COMMITTEE HEARING

The Department testified at the Senate Finance Committee Hearing on October 5, 2004.d

**SENATE COMMITTEE ON INTERNATIONAL RELATIONS AND TRADE
MEETING**

The Department testified at the Senate Committee on International Relations and Trade Meeting on Thursday, October 6, 2004.

EXECUTIVE SESSION

Elizabeth Anderson

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

Consultation with Attorney Pursuant to §551.071, Texas Government Code, Concerning the Proposed 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

Elizabeth Anderson

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS

Executive Directors Report

1. Affordable Housing Partnership with the Texas Association of Realtors
2. Department Outreach Activities – Meetings, Trainings, Conferences, Workshops for September, 2004
5. Senate Finance Committee Hearing on October 5, 2004
6. Senate Committee on International Relations and Trade Meeting on October 6, 2004

ADJOURN

Elizabeth Anderson