

**BOARD MEETING OF May 8, 2008**  
**C. Kent Conine, Chair**



Gloria Ray, Vice-Chair  
Leslie Bingham Escareño, Member  
Tomas Cardenas, Member  
Sonny Flores, Member  
Juan Muñoz, 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  
May 8, 2008**

**ROLL CALL**

	Present	Absent
Bingham Escareño, Leslie, Member	_____	_____
Cardenas, Tomas, Member	_____	_____
Conine, C. Kent, Chair	_____	_____
Muñoz, Juan, Member	_____	_____
Ray, Gloria, Vice-Chair	_____	_____
Flores, Sonny, Member	_____	_____
Number Present	_____	
Number Absent		_____

\_\_\_\_\_, Presiding Officer

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

**May 8, 2008  
9:30 am  
Capitol Extension, E1.028  
1500 N. Congress**

**A G E N D A**

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

Kent Conine, Chairman

**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:

**CONSENT AGENDA**

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

**Item 1: Approval of the following items presented in the Board materials:**

***General Administration:***

- a) Minutes of the March 13, 2008 Board Meeting

Kevin Hamby  
Secretary to Governing Board

***Legal:***

- b) Presentation, Discussion and Possible Approval to publish in the Texas Register a notice of intent to conduct a rule review pursuant to Government Code §2001.039 of certain rules in 10 TAC Chapter 1, concerning administration:  
 §1.3 Delinquent Audits and Related Issues  
 §1.4 Protest Procedures for Contractors  
 §1.6 Historically Underutilized Businesses  
 §1.7 Staff Appeals Process  
 §1.8 Board Appeals Process  
 §1.16 Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers  
 §1.17 Alternative Dispute Resolution and Negotiated Rulemaking
- c) Presentation, Discussion and Possible Approval of a Request for Proposals for Disclosure Counsel

Kevin Hamby  
General Counsel

***Texas Homeownership Division Items:***

- d) Presentation, Discussion and Possible Approval to use deobligated Housing Trust Fund (HTF) funds for homebuyer counseling services in support of the Texas Foreclosure Prevention Task Force

Eric Pike  
Dir. Texas Homeownership

***Multifamily:***

- e) Presentation, Discussion and Possible Approval of Housing Tax Credit Extensions for Completion of Substantial Construction

Robbye Meyer  
Dir. Multifamily Finance

***Real Estate Analysis:***

- f) Presentation, Discussion and Possible Approval of Housing Tax Credit Extensions of Cost Certification Submission

Tom Gouris  
Acting Deputy ED for Programs

**Community Affairs:**

- g) Presentation, Discussion and Possible Approval of the Draft Program Year (PY) 2009 Low Income Home Energy Assistance Program (LIHEAP) State Plan for posting to the TDHCA website and Public Comment
- h) Presentation, Discussion and Possible Approval of the Request for Application Packet for the Weatherization Assistance Program in Maverick and Hidalgo Counties

Amy Oehler  
Dir. Community Affairs

**ACTION ITEMS****Item 2: Community Affairs Division Items:**

- a) Presentation, Discussion and Possible Approval of the 2008 Emergency Shelter Grants Program (ESGP) Funding Recommendations

Amy Oehler  
Dir. Community Affairs

## List of all ESGP potentially eligible applicants:

Region	Organization
1	Panhandle Crisis Center, Inc.
1	City of Amarillo
1	Driskill Halfway House, Inc.
1	Hutchinson County Crisis Center, Inc.
1	Crisis Center of the Plains
1	Women's Protective Services of Lubbock, Inc.
2	Pecan Valley Regional Domestic Violence Shelter
2	Abilene Hope Haven, Inc.
2	Salvation Army of Abilene
3	Dallas Jewish Coalition
3	Grayson County Juvenile Alternatives, Inc.
3	Family Gateway, Inc.
3	The Family Place
3	New Beginning Center, Inc.
3	Grayson County Shelter
3	Henry and Viola Ford Ministries, Inc.
3	City of Denton
3	Johnson County Family Crisis Center
3	Legal Aid of Northwest Texas
3	Salvation Army for Casa Shelter
3	Four Rivers Outreach, Inc.
3	Salvation Army for Carr P. Collins Service Center
3	Presbyterian Night Shelter
3	Salvation Army for Family Life Center
3	Hope's Door
3	Safe Haven of Tarrant County
3	Salvation Army for The First Choice Program
3	Brighter Tomorrows, Inc.
3	Promise House, Inc.
3	Salvation Army of Sherman
3	Housing Crisis Center
3	The Arlington Life Shelter
3	Mission Granbury, Inc.
3	City of Fort Worth
4	Sabine Valley Center
4	Shelter Agencies for Families in East Texas, Inc.
4	Randy Sam's Outreach Shelter, Inc.
4	East Texas Crisis Center
4	Salvation Army of Tyler
5	H.O.W. Center
5	Love I.N.C. of Nacogdoches
5	Port Cities Rescue Mission Ministries
5	Family Services of Southeast Texas, Inc.
5	Women's Shelter of East Texas, Inc.
6	Northwest Assistance Ministries
6	The Women's Home
6	Memorial Assistance Ministries
6	Fort Bend County Women's Center
6	SEARCH
6	Westside Homeless Partnership
6	Focusing Families
6	The Children's Center, Inc.
6	YWCA Greater Houston
6	Harris County
6	Houston Area Women's Center

- 6 Covenant House Texas
- 6 Bridge Over Troubled Waters, Inc.
- 6 Harmony House, Inc.
- 6 Salvation Army of Galveston
- 6 Montgomery County Women's Center
- 7 Travis County Domestic Violence & Sexual Assault Survival Center
- 7 Bastrop County Women's Shelter
- 7 Advocacy Outreach
- 7 Salvation Army of Austin
- 7 Williamson-Burnet County Opportunities, Inc.
- 7 Hays County Women's Center
- 7 Youth and Family Alliance
- 7 Highland Lakes Family Crisis Center
- 8 Compassion Ministries of Waco, Inc.
- 8 Families In Crisis, Inc.
- 8 Just As I AM Ministries, Inc.
- 8 Brazos Valley Community Action Agency, Inc.
- 8 Twin City Mission, Inc.
- 8 Family Abuse Center, Inc.
- 8 Salvation Army of Waco
- 8 Faith Mission and Help Center, Inc.
- 8 EOAC Planning Region XI
- 9 Seton Home
- 9 Community Council of South Central Texas, Inc.
- 9 St. Peter – St. Joseph Children's Home
- 9 Comal County Family Violence Shelter, Inc.
- 9 Hope Action Care
- 9 Connections Individual and Family Services, Inc.
- 9 Salvation Army of Kerrville
- 9 San Antonio Metropolitan Ministries, Inc.
- 9 Salvation Army of San Antonio
- 9 Catholic Charities, Archdioceses of San Antonio, Inc.
- 9 Family Violence Prevention Services, Inc.
- 10 Women's Shelter of South Texas
- 10 Corpus Christi Metro Ministries, Inc.
- 10 Corpus Christi Hope House, Inc.
- 10 Mid-Coast Family Services, Inc.
- 10 Salvation Army of Corpus Christi
- 10 Salvation Army of Victoria
- 11 Providence Ministry Corporation
- 11 United Way of Southern Cameron County
- 11 City of Brownsville
- 11 Bethany House of Laredo
- 11 Family Crisis Center, Inc.
- 11 Amistad Family Violence and Rape Crisis Center
- 11 The Advocacy Resource Center for Housing
- 11 Wintergarden Women's Shelter, Inc.
- 11 Women Together Foundation, Inc.
- 11 Salvation Army of McAllen
- 12 Safe Place of the Permian Basin
- 12 Institute of Cognitive Development, Inc.
- 12 Midland Fair Havens, Inc.
- 12 Salvation Army of Odessa
- 12 Salvation Army of Big Spring
- 13 Opportunity Center for the Homeless
- 13 YWCA El Paso del Norte Region
- 13 Center Against Family Violence
- 13 El Paso Villa Maria
- 13 Child Crisis Center of El Paso
- 13 International AIDS Empowerment
- 13 La Posada Home, Inc.
- 13 Project Vida
- 13 Salvation Army of El Paso
- 13 El Paso MHMR
- 13 Sin Fronteras Organizing Project

**Item 3: Possible Approval to Publish Final Department Rules in the *Texas Register***

- a) Presentation, Discussion and Possible Approval for publication in the Texas Register of a final order adopting new 10 TAC §8.1, Project Access Program Rules

Brenda Hull  
Housing Resources Manager

**Item 4: Housing Resource Center Items:**

- a) Presentation, Discussion and Possible Approval of a Request For Proposals for a Market Analysis of Deaf Smith, Parmer, and Castro Counties

Tom Gouris  
Acting Deputy ED for Programs

- b) Presentation and Discussion of Development of 2010-2011 Legislative Appropriations Request and 2009-2013 Strategic Plan

Bill Dally  
Deputy ED for Administration

**Item 5: HOME Division Items:**

Jeannie Arellano  
Dir. HOME Division

- a) Presentation, Discussion and Possible Action for HOME Division Appeals

Appeals Timely Filed

07346           Creek View Apartments           Johnson City

- b) Presentation of current HOME Fund Balance Report

- c) Presentation, Discussion and Possible Approval of HOME Program Disaster Relief Award Recommendations:

2008-0009    City of Cleveland  
2008-0010    City of Ames  
2008-0011    Liberty County  
2008-0029    Baylor County

- d) Presentation, Discussion and Possible Approval of HOME Tenant-Based Rental Assistance Award Recommendations:

2008-0007    Ellis Community Resources, Inc.  
2008-0016    Spindletop MHMR  
2008-0024    Affordable Caring Housing, Inc.  
2008-0025    Special Health Resource for Texas, Inc.  
2008-0027    Affordable Caring Housing, Inc.  
2008-0028    Affordable Caring Housing, Inc.

- e) Presentation, Discussion and Possible Approval of HOME Homebuyer Assistance Award Recommendations:

2008-0002    Community Development Corporation of Brownsville  
2008-0003    Cameron County Housing Finance Corporation  
2008-0004    City of Paris  
2008-0005    Southeast Texas Housing Finance Corporation  
2008-0006    El Paso Collaborative for Community and Economic Development  
2008-0008    Southeast Texas Housing Finance Corporation  
2008-0012    San Benito Housing Authority  
2008-0013    City of Hughes Springs  
2008-0014    City of Nash  
2008-0015    Travis County Housing Finance Corporation  
2008-0017    City of Midland  
2008-0018    City of Bay City  
2008-0019    Temple Housing Authority  
2008-0023    City of McKinney  
2008-0030    City of Terrell

- f) Presentation, Discussion and Possible Approval of HOME Investment Partnerships Program Rental Housing Development Program Award Recommendations:

08325           Brackettville Seniors Apartments    Brackettville  
08324           Fredericksburg Senior Apartments   Fredericksburg  
08326           Buena Vida Apartments               La Feria

- g) Presentation, Discussion and Possible Approval of HOME Investment Partnerships Program Community Housing Development Organization (CHDO) Single Family and Rental Housing Development Program Award Recommendations:
- 07347            Floresville Senior Village            Floresville
- h) Presentation, Discussion and Possible Approval of the amended HOME Investment Partnerships Program Community Housing Development Organization (CHDO) and Rental Housing Development (RHD) Program Notices of Funding Availability (NOFA's)
- i) Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program 2008 Contract for Deed Notice of Funding Availability (NOFA)
- j) Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program 2008 Rental Housing Development (RHD) Program Notice of Funding Availability (NOFA)
- k) Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program 2008 Community Housing Development Organization (CHDO) Rental Housing Development (RHD) Program Notice of Funding Availability (NOFA)
- l) Presentation, Discussion and Possible Approval of Requests for Amendments to HOME Program Contracts/Commitments:
- 06102            BETCO-Jasper  
2006-0215        CDC Brownsville
- m) Presentation, Discussion and Possible Approval of the amended the 2008 Housing Trust Fund Rental Production Program Notice of Funding Availability (NOFA)
- n) Presentation, Discussion and Possible Approval of Housing Trust Fund 2008 Homeownership SuperNOFA Award Recommendation:
- 2008-0026        Dallas Area Habitat for Humanity

**Item 6: Bond Division Items:**

- a) Presentation, Discussion and Approval of a Request for Proposal ("RFP") for Underwriter Services from investment banking firms interested in developing a drawdown bond for TDHCA's single family mortgage revenue bond recycling program

Matt Pogor  
Dir. Bond Finance

**Item 7: Disaster Recovery Division Items:**

- a) Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG Round 1 and Round 2 funding and FEMA AHPP Contracts Administered by TDHCA
- b) Presentation, Discussion and Possible Approval of Requests for Amendments to CDBG Disaster Recovery Contracts Administered by TDHCA for CDBG Round 1 Funding
- C060003            Houston-Galveston Area Council of Governments

Kelly Crawford  
Dep. ED Disaster Recovery

**Item 8: Multifamily Division Items - Housing Tax Credit Program Items:**

- a) Presentation, Discussion and Possible Action on Housing Tax Credit Amendments
- 07295            The Bluestone            Mabank  
05207            CityView at the Park        Austin

Robbye Meyer  
Dir. Multifamily Finance



- b) Presentation, Discussion and Possible Action for 2008 Competitive Housing Tax Credit Appeals:

08301	Ysleta del Sur Pueblo Homes I	Socorro
08147	Northside Apartments	Weslaco
08206	Lincoln Terrace	Fort Worth
08248	Champion Homes of La Joya	La Joya
08229	Fairwood Commons Senior	Bastrop
08182	Suncrest Apartments	El Paso
08179	Homes at Cypress Ridge	Nacogdoches
08084	Washington Hotel Lofts	Greenville
08225	Oakwood Apartments	Brownwood
08249	Terrell Seniors Terraces III	Terrell

Appeals Timely Filed

**Item 9: Multifamily Division Items--Private Activity Bond Program Items:**

Robbye Meyer  
Dir. Multifamily Finance

- a) Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:

08402      Mansions at Moses Lake, Texas City  
Southeast Texas HFC is the Issuer  
Recommended Credit Amount of \$838,687

- b) Presentation, Discussion and Possible Action of a waiver of the 14-day submission requirement for the consistency with the consolidated plan letter in §50.9(h)(7)(B) and §50.12(b) of the 2008 Qualified Allocation Plan ("QAP")
- c) Presentation, Discussion and Possible Issuance of Multifamily Mortgage Revenue Bonds Series 2008 and a Determination Notice of Housing Tax Credits with TDHCA as the Issuer:

08603      West Oaks Senior Village Apartments, Houston, Harris County  
Texas for a bond Amount Not to Exceed \$14,000,000 and the  
Issuance of a Determination Notice Recommended Credit  
Amount of \$841,297. Resolution No. 08-018

- d) Presentation, Discussion and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2008, Resolution No. 08-019

08609	Providence Town Square	Deer Park
08610	St. James Manor Apartments	Dallas
08611	People's El Shaddai Apartments	Dallas

- e) Presentation, Discussion and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2008, Resolution No. 08-021

08606      Ennis Family and Senior Estates      Ennis

**Item 10: Financial Administration:**

David Cervantes  
Dir. Financial Administration

- a) Presentation, Discussion and Possible Approval of 2nd Quarter Investment Report

Kent Conine, Chairman

**EXECUTIVE SESSION**

- a) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551
- b) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee
- c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:
  1. With Respect to pending litigation styled *Brandal v. TDHCA* Filed in State Court in Potter County
  2. With Respect to pending litigation styled *Rick Sims v. Texas Department of Housing and Community Affairs* filed in federal district court (new filing of previously dismissed suit)
  3. With Respect to pending litigation styled *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al* filed in federal district court
  4. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

**OPEN SESSION**

Kent Conine, Chairman

Action in Open Session on Items Discussed in Executive Session

**REPORT ITEMS**

1. TDHCA Outreach Activities, February/March 2008
2. HOME Quarterly Amendments Report

**ADJOURN**

To access this agenda & details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) or contact Nidia Hiroms, 512-475-3934; TDHCA, 221 East 11<sup>th</sup> Street, Austin, Texas 78701, 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 Nidia Hiroms, 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.

**LEGAL SERVICES DIVISION**

**BOARD ACTION REQUEST**

**May 8, 2008**

**Action Item**

Minutes of the Board Meeting of March 13, 2008.

**Required Action**

Review minutes of the March 13, 2008 Board meeting and make any necessary corrections.

**Background**

The Board is required to keep minutes of each of their meetings.

**Recommendation**

Staff recommends approval of minutes with any requested corrections.

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

**March 13, 2008  
9:30 am  
Capitol Extension, E1.028  
1500 N. Congress**

**MINUTES**

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

**Kent Conine  
Chair of Board**

**Meeting was called to order at 9:37 a.m. All members were present except for Tom Cardenas.**

**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 presented former board member The Honorable Norberto Salinas with a gift for his service to the TDHCA Governing Board and low income Texans.**

**Jeff Crozier, Rural Rental Housing Association—addressing the difficulties in affordable housing**

**Mark Mayfield, Texas Housing Foundation—addressing small community housing issues**

**Diana McIver, DMA Development Company—requesting placement on the May agenda of an additional request of funds for a development named Prospect Point in Jasper, Texas. The board requested the item to be placed on the May Agenda.**

**Amy Young, Texas Council for Developmental Disabilities—providing information on the council and the project access rule on the agenda.**

**Steve Moore, owner of Premier Apartments in Houston—addressing the crime rates in the communities' neighborhood.**

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

**CONSENT AGENDA**

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

**Agenda Item 1: Approval of the following items presented in the Board materials:**

***General Administration:***

- a) Minutes of the Board Meeting of December 15, 2007
- b) Minutes of the Board Meeting of January 31, 2008

***Legal Services:***

- c) Presentation, Discussion and Possible Approval of interest rate to be used in agreements entered into by the Department pursuant to H.B. 1196
- d) Resolution of the Board of Directors rescinding Resolution No. 06-036, designating signature authority, and adoption of new Resolution No. 08-012 due to reorganization and new signature authorities designated
- e) Adoption of Resolution of the Board of Directors No. 08-011 regarding policy related to 10 Texas Administrative Code §1.10 on public comment time limits

**Item 1(e) was removed and approved prior to public comment on a Motion from Sonny Flores and a second by Gloria Ray; passed unanimously. The remainder of the consent agenda was passed on a Motion by Ms. Ray and seconded by Mr. Flores and passed unanimously.**

## **ACTION ITEMS**

### **Agenda Item 2: Election of Board Officers and Appointment of Board Committees.**

**Gloria Ray was nominated to serve as Vice Chairman by Mr. Sonny Flores and seconded by Leslie Bingham Escareño and passed unanimously. Chairman Conine appointed Ms. Gloria Ray as chair of the Audit Committee and appointed Tom Cardenas and Leslie Bingham Escareño to serve as members.**

### **Agenda Item 3: Presentation, Discussion and Possible Approval of Community Affairs Division Items:**

- a) Presentation, Discussion and Possible Approval of the 2008 Department of Energy (DOE) Weatherization Assistance Program Annual Plan  
**Motion made to approve staff recommendation by Mr. Sonny Flores and seconded by Ms. Gloria Ray and passed unanimously.**
- b) Presentation, Discussion and Possible Approval of the Department of Energy (DOE) and Low Income Home Energy Assistance Program (LIHEAP) Weatherization Program Contracts  
**Motion made to approve staff recommendation by Mr. Sonny Flores and seconded by Ms. Gloria Ray and passed unanimously.**
- c) Presentation, Discussion and Possible Approval of staff recommendations (based on a Request for Application process) to designate Community Services Block Grant eligible entities to serve Duval, Jim Hogg, McMullen, Starr, and Zapata counties to administer the Community Services Block Grant, the Comprehensive Energy Assistance Program, and the Weatherization Assistance Program  
**Motion made to approve staff recommendation by Ms. Leslie Bingham Escareño and seconded by Dr. Juan Muñoz and passed unanimously.**

### **Agenda Item 4: Presentation, Discussion and Possible Approval of Housing Resource Center Items:**

- a) Presentation, Discussion and Possible Approval of a Request for Proposals for a Market Study Surveying the Need for Affordable Multifamily Housing in the McAllen-Edinburg-Pharr and Brownsville-Harlingen Metropolitan Statistical Areas  
**Public Comment form Darrell Jack**

**Motion made to approve staff recommendation with changes to include a change in time due to September and a change to include the use of the most recent census data by Ms. Gloria Ray, seconded by Mr. Sonny Flores; passed unanimously.**

- a) Presentation, Discussion and Possible Approval of the Final 2008 State of Texas Low Income Housing Plan and Annual Report  
**Motion made to approve staff recommendation by Ms. Gloria Ray and seconded by Ms. Leslie Bingham Escareño; passed unanimously.**

**Agenda Item 5: Presentation, Discussion and Possible Approval to Publish Draft Department Rules in the *Texas Register***

- a) Presentation, Discussion and Possible Approval to publish the draft of proposed new 10 TAC §8.1, Project Access Program Rules, for comment in the *Texas Register*  
**Public Comment by Sarah Mills of Advocacy Inc.**

**Motion made to approve staff recommendation by Ms. Gloria Ray, seconded by Mr. Sonny Flores; passed unanimously.**

**Agenda Item 6: Presentation, Discussion and Approval of HOME Division Items:**

- a) Presentation, Discussion and Possible Approval of HOME Program Award Recommendation for Disaster Relief for Crystal City in the amount \$500,000  
**Motion made to approve staff recommendation by Mr. Sonny Flores and seconded by Dr. Juan Muñoz; passed unanimously**

- b) Presentation, Discussion and Possible Approval of the Amended Housing Trust Fund Rental Production Program Notice of Funding Availability (NOFA)  
**Motion made to approve staff recommendation by Mr. Sonny Flores and seconded by Ms. Gloria Ray and passed unanimously.**

- c) Presentation, Discussion and Possible Approval of 2007 Housing Trust Fund Texas Veterans Housing Support Program Award Recommendations:

2007-43 U.S. Veterans Initiative (Houston, TX) VRA

**Motion made to approve staff recommendation by Mr. Sonny Flores and seconded by Ms. Leslie Bingham Escareño; passed unanimously.**

**Agenda Item 7: Presentation, Discussion and Approval of Texas Homeownership Division Items:**

- a) Presentation, Discussion and Possible Approval of the 2008 Texas Statewide Homebuyer Education Program (TSHEP) contract award  
**Motion made to approve staff recommendation by Ms. Gloria Ray, seconded by Mr. Sonny Flores; passed unanimously.**

**Agenda Item 8: Presentation, Discussion and Approval of Bond Division Items:**

- a) Presentation, discussion and approval of Resolution No. 08-015 authorizing the change in liquidity facility for impending expiration of liquidity support for four outstanding variable rate demand obligations and a liquidity facility for a contemplated new issuance of variable rate single family revenue bonds

**Dr. Juan Muñoz was not present for this item. Motion made to approve staff recommendation by Ms. Leslie Bingham Escareño, seconded by Mr. Flores; passed unanimously.**

- b) Presentation, Discussion and Approval of Resolution No. 08-013 authorizing application to the Texas Bond Review Board for reservation of 2008 single family private activity bond authority and presentation, discussion and approval of a Mortgage Credit Certificate Program (MCC) for first time homebuyers (Program 72) to be administered by the Texas Department of Housing and Community Affairs

**Motion made to approve staff recommendation by Mr. Sonny Flores and seconded by Ms. Leslie Bingham Escareño; passed unanimously.**

**Agenda Item 9: Presentation, Discussion and Possible Approval of Disaster Recovery Division Items:**

- a) Presentation and Discussion of the Community Development Block Grant (CDBG) Disaster Recovery Status Report for CDBG Round 1 Funding relating to Housing

**No Action taken.**

- b) Presentation and Discussion of the Community Development Block Grant (CDBG) Disaster Recovery Status Report for CDBG Round 2 Disaster and Federal Emergency Management Agency (FEMA) Affordable Housing Pilot Program (AHPP) Program

**Public Comment from Don Atwell with ACS and Madison Sloan with Texas Appleseed. Ms. Appleseed spoke on the difficulties in collection of disaster recovery applications, heir property title rights, and gap funding.**

**No Action taken.**

- c) Presentation, Discussion and Possible Approval of certain policies related to Round 2 CDBG Disaster funding for the Homeowner Assistance Program and Sabine Pass Restoration Program

**Public Comment from Miranda Johnson, Loye Kemp and Joe Higgs of the South East Texas Interfaith Organization.**

**Motion made to approve staff recommendation by Ms. Gloria Ray, seconded by Mr. Sonny Flores; passed unanimously.**

- d) Presentation, Discussion and Possible Approval of amendments relating to the ORCA Memorandums Of Understanding for CDBG Disaster Funds Round 1 and Round 2

**No Action taken. Mr. Gerber explained change in status where ORCA amendments are no longer required to be heard by the Board due to a change in the assignment by the Governor's office.**

- e) Presentation, Discussion and Possible Approval of Requests for Amendments to CDBG contracts administered by TDHCA for CDBG Round 1 Funding

C060001 Houston-Galveston Area Council

**Motion made to approve staff recommendation by Mr. Sonny Flores and seconded by Ms. Leslie Bingham Escareño; passed unanimously.**

**Agenda Item 10: Presentation, Discussion and Possible Approval of Multifamily Division Items:**

- a) Presentation, Discussion and Possible Action on HTC Amendments  
05613 Providence at Mockingbird  
**Public Comment by Matt Harris of Provident Realty Advisers and Barry Palmer**  
**Motion made to grant waiver with no penalty points by Mr. Sonny Flores and**  
**seconded by Ms. Gloria Ray and passed unanimously.**  
07091 City Walk at Akard  
**Motion made to approve staff recommendation by Ms. Gloria Ray, seconded by Dr.**  
**Juan Muñoz; passed unanimously.**  
07164 Covington Townhomes  
**Public Comment received from Richard Herrington Jr., Executive Director of the**  
**Housing Authority of the City of Texarkana; Letter from Senator Kevin Eltife**  
**submitted for the record; The Honorable Derrick McGary, Mayor Pro Tem of City**  
**of Texarkana and Craig Lindholm, City of Texarkana**  
**Motion made to grant waiver with no penalty points by Ms. Gloria Ray and**  
**seconded by Mr. Sonny Flores, and passed unanimously.**  
07249 Bluffs Landing Senior Village  
**Motion made to approve staff recommendation by Mr. Sonny Flores and**  
**seconded by Ms. Leslie Bingham Escareño; passed unanimously.**
- b) Presentation, Discussion and Possible Action for 2008 Competitive Housing Tax Credit Appeals:  
Appeals Timely Filed  
**None Filed**
- c) Presentation, Discussion and Possible Action on Amendments to the Bond Documents for Tower Ridge Apartments, #04602  
**Motion made to approve staff recommendation by Ms. Leslie Bingham Escareño,**  
**seconded by Mr. Flores; passed unanimously.**

**Agenda Item 11: Presentation, Discussion and Possible Approval of Multifamily Division Items – Specifically Multifamily Private Activity Bond Program Items:**

- a) Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:
- 08408 Park Shadow Apartments, Beaumont  
Jefferson County HFC is the Issuer  
Recommended Credit Amount of \$504,949  
**Motion made to approve staff recommendation by Mr. Sonny Flores and**  
**seconded by Ms. Gloria Ray and passed unanimously.**
- 08409 Seville Row Apartments, Beaumont  
Jefferson County HFC is the Issuer  
Recommended Credit Amount of \$300,616  
**Motion made to approve staff recommendation by Mr. Sonny Flores and seconded by**  
**Ms. Leslie Bingham Escareño; passed unanimously.**
- b) Presentation, Discussion, and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2008, Resolution No. 08-017



Motion made to approve staff recommendation by Mr. Sonny Flores and seconded by Ms. Gloria Ray and passed unanimously.

## EXECUTIVE SESSION

Kent Conine, Chairman

No Executive Session was held.

- a) The Board may go into Executive Session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551
- b) The Board may go into Executive Session Pursuant to Texas Government Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee
- c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:
  1. With Respect to pending litigation styled *Brandal v. TDHCA* Filed in State Court in Potter County
  2. With Respect to pending litigation styled *Rick Sims v. Texas Department of Housing and Community Affairs* filed in federal district court (new filing of previously dismissed suit)
  3. With Respect to Any Other Pending Litigation Filed Since the Last Board Meeting

## REPORT ITEMS

Report only No Action taken.

1. Executive Director's Report
2. TDHCA Outreach Activities, January 2008
3. Quarterly HTC Ownership Transfers
4. Quarterly HTC Amendments
5. Report on changes related to CDBG Program and ORCA

## ADJOURN

Since there was no other business to come before the Board, the meeting was adjourned at 4:10 p.m.

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Mr. Kevin Hamby  
Board Secretary

## NOTE:

For a full transcript of this meeting, please see the TDHCA website at: [www.TDHCA.state.tx.us](http://www.TDHCA.state.tx.us)

**LEGAL SERVICES DIVISION**

**BOARD ACTION REQUEST**

**MAY 8, 2008**

**Action Items**

Presentation, discussion and possible approval to publish in the Texas Register a notice of intent to conduct a rule review pursuant to Government Code §2001.039 of certain rules in 10 TAC Chapter 1, concerning administration:

§1.3 Delinquent Audits and Related Issues.

§1.4 Protest Procedures for Contractors

§1.6 Historically Underutilized Businesses

§1.7 Staff Appeals Process

§1.8 Board Appeals Process

§1.16 Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers

§1.17 Alternative Dispute Resolution and Negotiated Rulemaking

**Required Action**

Approve, deny, or approve with changes the publication in the *Texas Register* of the above-referenced notice of intent to review rules.

**Background**

Section 2001.039 of the Government Code requires a state agency to review its rules every four years and consider whether each rule should be readopted, repealed or amended. The purpose of the law is to reduce unnecessary regulation and to assure that an agency's rules are relevant and effective. The Board may initiate this review by publishing in the *Texas Register* a notice of its intent to conduct the review. As part of this review process public comment is taken but limited to the issue of whether the reasons for initially adopting the rule continue to exist. If in response to these comments the Department decides to propose amendments or to repeal the rule, the comments and the proposed changes must be published for an additional comment period before the Board can take final action.

In addition to the rules listed above, there are other Department rules that are ready for a four-year review. However, in addition to conducting the four-year review of these rules, the Department plans to propose to either repeal or amend those rules as they exist. With respect to these rules, the Department will present their combined amendment/repeal and four-year review proposals at a later Board meeting.

**Recommendation**

Approve for publication in the *Texas Register* the above-referenced notice of intent to conduct a rule review.

Notice of Intent to Review Rules  
Texas Department of Housing and Community Affairs  
Title 10, Part 1

The Texas Department of Housing and Community Affairs (“Department”) files this Notice of Intent to Review the following sections of Title 10 of the Texas Administrative Code, Chapter 1, concerning Administration:

- §1.3 Delinquent Audits and Related Issues.
- §1.4 Protest Procedures for Contractors
- §1.6 Historically Underutilized Businesses
- §1.7 Staff Appeals Process
- §1.8 Board Appeals Process
- §1.16 Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers
- §1.17 Alternative Dispute Resolution and Negotiated Rulemaking

The text of the rule sections will not be published. The review is being conducted in accordance with Texas Government Code §2001.039, which requires state agencies to review and consider for repeal, readoption or readoption with amendments, their administrative rules every four years. This review shall assess only whether the reasons for initially adopting the rules continue to exist. The Department is not proposing any amendments or repeals at this time.

For 30 days following the publication of this notice, the Department will accept public comments concerning whether the reasons for initially adopting each rule continues to exist.

The Department intends to publish a notice readopting these rules at the end of this comment period unless comments are received that show that the reasons for initially adopting one or more of the above rules no longer exist. If the Department proposes any changes to these rules as a result of this review, the proposed changes will be published in the Proposed Rules section of the *Texas Register* and will be open for an additional 30-day public comment period prior to proposing any final action.

Any written comments pertaining to this notice should be directed to Kevin Hamby, General Counsel, Texas Department of Housing and Community Affairs, P.O. Box 13941, Austin, Texas 78711-3941, or [kevin.hamby@tdhca.state.tx.us](mailto:kevin.hamby@tdhca.state.tx.us).

**LEGAL SERVICES DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion, and possible action on draft Request for Proposals for Disclosure Counsel

**Requested Action**

Approve, deny or approve with modifications the draft RFP for publication in the Texas Register

**Background and Recommendations**

Last year, the Board approved two disclosure counsels for use in bond transactions. Andrews and Kurth, L.L.P. was selected to be the disclosure counsel for transactions involving multi family transactions and McCall Parkhurst and Horton, L.L.P. was retained for single family bond transactions. The Board at the time placed a one year limitation on the contracts. Both contracts will expire in August and it is now time to post the RFP again in order to have time to publish and process the awards prior to their termination on August 31, 2008.

The RFP is largely unchanged from prior years, although it is clear in this RFP. There have been no issues brought forward by staff with the bifurcated counsel during the course of the year. There is no obligation on the part of the Department to continue this system. Both firms are eligible to submit proposals for part or all of the disclosure counsel positions as well as any other firm.

**Staff Recommendation:**

Staff recommends approval of the Request for Proposal for Disclosure Counsel for bond transactions.

**REQUEST FOR PROPOSALS**  
**FOR**  
**BOND/SECURITIES DISCLOSURE COUNSEL**

**I. BACKGROUND ON THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**A. PURPOSE**

The Texas Department of Housing and Community Affairs (“TDHCA”), is a public and official governmental agency of the state, pursuant to Chapter 2306, Texas Government Code (the “Act”). One purpose of TDHCA is to provide for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income. Pursuant to the Act, TDHCA may issue bonds, notes or other obligations to finance or refinance residential housing and multi-family developments and to refund bonds previously issued by Texas Housing Agency, TDHCA, or certain other quasi-governmental issuers. The Act specifically provides that the revenue bonds of the Agency become revenue bonds of TDHCA.

**B. ORGANIZATION**

TDHCA is governed by an executive director employed by a seven-member board. The members of the board are appointed by the Governor upon the advice and consent of the Texas Senate for staggered six-year terms, with the terms of two or three members expiring on January 31 of each odd-numbered year. The board is responsible for authorizing the allocation of bonds by TDHCA and all other acts in connection therewith specified in the Act. The executive director is responsible for the overall administration of TDHCA and its programs and for employing its staff.

**C. BOND PROGRAMS.**

Single Family Housing Bond Program. TDHCA has established a Single Family Mortgage Revenue Bond Program pursuant to the Act for the purpose of assisting in financing the costs of acquisition of residences within the State of Texas by eligible borrowers. The program offers interest rates below conventional market rates through the sale of tax-exempt mortgage revenue bonds. The guidelines adopted by TDHCA from time to time in connection with the program establish the eligibility of lenders to participate in the program, time limitations with respect to commitments for and originations of mortgage loans, the types of mortgage loans eligible for purchase by the servicer, the eligibility of mortgagors, the requirements for dwellings which secure mortgage loans, the fees which a mortgage lender may charge to originate a mortgage loan, the fees which a lending institution may charge for servicing a mortgage loan, as well as other aspects of the program.

Multi-Family Bond Program. The Multi-Family Bond Program finances below market loans to non-profit and for-profit developers of apartment projects serving moderate income persons and families that agree to set aside at least 20% of a project's unit for rental to very low and low income persons and families. In addition, at least 5% must be rented to persons with special needs. TDHCA funds the loans through the sale of tax-exempt and taxable mortgage revenue bonds.

## **II. SCOPE OF SERVICES.**

### **A. NATURE OF SERVICES REQUIRED.**

TDHCA anticipates the need for legal services in connection with the issuance of bonds at any time and from time to time during the term of the contract at the request of TDHCA. Bond/Securities Disclosure Counsel is expected to assign those attorneys and professionals employed by the firm who are best suited to appropriately respond to such requests in connection with the issuance of bonds and with ongoing compliance of any/all trust indentures. The firm will provide any such services as Bond/Securities Disclosure Counsel, which includes preparation of all Official Statements of TDHCA in connection with bond issues being sold into the public market.

### **B. TERMS OF AGREEMENT**

Subject to the approval of Bond/Securities Disclosure Counsel by the governing board of the TDHCA, and negotiation of an acceptable contract by TDHCA and such outside counsel, TDHCA will execute an agreement with Bond/Securities Disclosure Counsel for at least a one year term with optional extensions as required based on performance and on such other terms and conditions as may be acceptable to the parties subject to required approval of the Attorney General of Texas. Any such agreement shall provide that TDHCA will retain the right to terminate the contract for any reason and at any time upon the payment of fees and expenses then due and payable.

## **III. RFP INSTRUCTIONS**

### **A. PROPOSAL FORM AND FORMAT**

Four (4) copies of the proposal are requested and should be sent by registered mail or delivered in person to the attention of Mr. Kevin Hamby, General Counsel, Texas Department of Housing and Community Affairs, 221 East 11<sup>th</sup> Street, Austin, Texas 78701, no later than the deadline for submission of proposals specified below. The proposals must include each question or request for information, as specified herein, followed by the narrative answer in the standard format for interrogatories, limited to one side of a single 8 1/2" x 11" page. Supplemental information (such as firm brochure, annual reports or background material), if any, must be restricted to Appendices following the responses. The pages of the proposal should be numbered sequentially with the name of the firm on each page. The proposal should be submitted in a loose-leaf binder.

**B. DEADLINE FOR SUBMISSION**

The deadline for submission in response to the Request for Proposals is **4:00 p.m.**, Central Daylight Saving Time, on \_\_\_\_\_. No proposal will be accepted after the deadline.

**C. GENERAL INFORMATION**

TDHCA reserves the right to accept or reject any (or all) proposals submitted. The information contained in this proposal request is intended to serve only as a general description of the services desired by TDHCA, and TDHCA intends to use responses as a basis for further negotiation of specific project details with offerors. This request does not commit TDHCA to pay for any costs incurred prior to the execution of a contract and is subject to availability of funds. Issuance of this request for proposal in no way obligates TDHCA to award a contract or to pay any costs incurred in the preparation of a response.

**D. RELEASE OF INFORMATION**

Information submitted relative to this request for proposals shall not be released by TDHCA during the proposed evaluation process or prior to contract award. All information submitted to and retained by TDHCA becomes subject to disclosure under the Texas Public Information Act, unless an exception under such Act is applicable.

**E. PROPRIETARY INFORMATION**

If a firm does not desire proprietary information in the proposal to be disclosed under the Texas Public Information Act or otherwise, it is required to clearly identify (and segregate, if possible) all proprietary information in the proposal, which identification shall be submitted concurrently with the proposal. If such information is requested under the Texas Public Information Act, the firm will be notified and given an opportunity to present its position to the Attorney General of Texas, who shall make the statutory determination. If the firm fails to clearly identify proprietary information, it agrees, by the submission of a proposal, that those sections shall be deemed non-proprietary and made available upon public request after the contract is awarded.

**IV. REQUESTED INFORMATION**

Respondent must:

- A. Provide a general description of your law firm, including historical background, number and location of firm offices, number of attorneys and major areas of practice;
- B. Provide a general description of your firm's practice in the field of public finance, including the size and scope of the practice, the number of attorneys active in the practice and other resources of the firm relevant to the practice;



- C. Provide a complete list of bond issues for which the firm has acted as Bond/Securities Disclosure Counsel during the past five years; indicate, for each of the five years, the number and aggregate dollar amount of bond issues for which the firm acted as Bond/Securities Disclosure Counsel.
- D. Indicate subtotals for each of the following categories; state general obligation bonds, local general obligation bonds, state revenue bonds, and local revenue bonds; provide a description of the firm's practice in the field of housing finance, the number of attorneys active in the practice and other resources of the firm relevant to the practice; provide a listing of each single-family and multi-family housing bond issue handled by the firm as Bond/Securities Disclosure Counsel during the past ten years. For each bond issue, indicate the name of the issuer, the size of the bond issue and provide a capsule description of the type of transaction (e.g., nature of credit enhancement, tender option provisions or other unusual features); describe five innovative finance transactions in which the firm played a significant role, including at least three housing transactions; identify the individuals who will be assigned to the TDHCA account if the firm is selected as Bond/Securities Disclosure Counsel.
- E. Provide information regarding the background and experience of each individual, in particular their housing finance experience, if any, and designate the percentage of work for which each individual will be responsible; provide five public finance client references, preferably including at least two state agency clients; describe in detail the services that the firm normally provides as Bond/Securities Disclosure Counsel for a transaction and other matters not directly related to bond transactions in which the firm anticipates its services may be necessary.
- F. Explain the reasons why and the extent to which additional involvement may be necessary; discuss briefly the firm's views as to the major problems to be faced by the TDHCA during the next three years; and discuss the role of Bond/Securities Disclosure Counsel in helping to find solutions to those problems.
- G. Compensation. As required by the outside counsel contract provided by the Office of the Attorney General of Texas, your firm's proposed method of charging for legal services shall be submitted to the Agency on a monthly basis and shall provide a detailed accounting of the time charged and the respective charge for each increment of time and contain detail of specific expenses allowed by the Attorney General of Texas and set by the State of Texas Comptroller of Public Accounts. All proposals must include a statement that they are valid for the duration of the contract.
- H. Diversity within Organization. Each submission should include information relevant to participation in the firm by racial minorities, women and others who would otherwise be eligible, if sought individually, to be designated as a Historically Underutilized Business.
- I. Impact on the Marketplace. Each proposal should include a discussion of the strengths and weaknesses of changing or keeping counsel and its impact both positive and negative and changing Disclosure Counsel at this time. For purposes of this discussion, the responder should assume that current counsel has been in place for more than ten

years. The discussion should include how the current market (as of date of release of RFP and for the initial one year term) would be impacted by a change.

**V. REVIEW.**

- A. In accordance with law, TDHCA will make its selection based upon its perception of the need for Bond/Securities Disclosure Counsel, the demonstrated competence, experience, knowledge, and qualifications, on the reasonableness of the proposed fee for the services to be performed. By this Request for Proposals, however, TDHCA has not committed itself to employ Bond/Securities Disclosure Counsel for any or all of the above-described matters, nor does the suggested scope of services or term of agreement require that Bond/Securities Disclosure Counsel be employed for any of those purposes. TDHCA reserves the right to make those decisions after receipt of responses, and TDHCA's decision on these matters is final.
- B. TDHCA reserves the right to negotiate all elements which comprise the proposal of the firm(s) to ensure that the best possible consideration be afforded to all concerned. TDHCA reserves the right to reject any and all proposals and to resolicit in such an event. TDHCA permits proposals utilizing joint ventures of any two or more firms, if appropriate. TDHCA may sever the multi family and single family bond transactions and award to different counsels.
- C. Conflict of Interest. TDHCA will not contract with any firm in which the provisions of conflict of interest, as set out in the 2003 Outside Counsel Contract provided by the Attorney General of Texas, are not met, as follows:

8.12 CONFLICT OF INTEREST. If the legal services to be performed by an attorney pursuant to this Agreement involve representation of the Agency in a contested matter, the Outside Counsel represents that Outside Counsel, and such attorney, does not, and shall not during the term hereof, represent a plaintiff in a proceeding seeking monetary damages from the State of Texas or any of its agencies. Outside Counsel shall conduct a conflicts analysis on any subcontractor and disclose any, actual or potential conflict to the Agency and the Attorney General. For these purposes, "proceedings seeking money damages" do not include actions for tax refunds or reimbursement of costs of litigation and attorneys' fees.

**VI. ADDITIONAL INFORMATION.**

For additional information concerning the requirements of this request for proposals, please contact Mr. Kevin Hamby, General Counsel, at (512) 475-3948. Communication with any member of the Board of Directors, the Executive Director, or TDHCA staff other than Mr. Hamby, or his assistant, concerning any matter relating to this request for proposals is grounds for immediate disqualification.

Issued in Austin, Texas on \_\_\_\_\_

*Michael Gerber*

Michael Gerber, Executive Director

**TEXAS HOMEOWNERSHIP DIVISION**

**BOARD ACTION REQUEST  
MAY 8, 2008**

**Action Items**

Presentation, Discussion and Possible Approval to commit deobligated Housing Trust Fund (HTF) funds to the Texas Foreclosure Prevention Task Force to help defray the costs of foreclosure prevention counseling.

**Required Action**

Approve or deny the commitment of deobligated Housing Trust Fund (HTF) funds to the Texas Foreclosure Prevention Task Force to help defray the costs of foreclosure prevention counseling.

**Background**

**Summary**

The Texas Foreclosure Prevention Task Force was formed by industry and community stakeholders concerned about the mounting foreclosure crisis in Texas. Facilitated by NeighborWorks America, the Texas Foreclosure Prevention Task Force is comprised of representatives from over 50 organizations representing state, local, and federal government organizations, the financial industry and the non-profit sector working together toward a common goal – to avert home mortgage foreclosures and the impact of foreclosure on Texas Families and communities. The task force membership is divided into four committees: Outreach & Education, Counseling, Legislative Initiatives and Resource Development & Outcomes. The Texas State Affordable Housing Corporation (TSAHC) operating as a 501c3 is the fiscal agent for the task force.

The task force is focusing on a number of activities and several are listed below:

- Raising awareness about the nationally endorsed bilingual Homeowner's HOPE Hotline 888-995-HOPE, available toll free 24/7 to all Texas homeowners struggling with their mortgage payments;
- Supporting the outreach efforts of local foreclosure prevention initiatives, such as the coordinated efforts already occurring in many Texas markets including Dallas, Houston, San Antonio, El Paso and Austin, while supporting the creation of new initiatives in areas with high mortgage default rates; and
- Identifying and sharing information about available mortgage assistance programs, including rescue and refinance products.

TDHCA and the task force have recently conducted a series of very successful press events around the state to raise awareness about the formation of the task force and the HOPE hotline. Next, the task force will enlist HUD approved non-profit foreclosure counseling organizations that will provide default and foreclosure counseling to families at danger of losing their homes across the state of Texas. As homeowners contact the national hotline, they will be referred to the nearest organization in their area.

Counseling can include a range of activities depending on the client's financial situation and the severity of the mortgage delinquency. Many clients in the early stages of delinquency may benefit from brief

counseling sessions that result in an Action Plan they can follow to get back on track and prevent foreclosure. More complex workouts, sometimes involving negotiations with mortgage lenders or servicers, require staff with additional expertise and will take longer to resolve. Recognizing this, a national model for foreclosure intervention funding has identified a three-tiered structure for defining and estimating the cost of counseling activity. Level One counseling has been set at \$150, Level Two at \$200 and Level Three at \$350. Level Three activities combine those offered under Levels One and Two. It is anticipated based on national statistics that approximately 20,000 calls will be received by the HOPE hotline from Texas residents over the next 12 – 18 months. To help compensate for these costs, the task force has identified a counseling budget of approximately \$750,000. To date, NeighborWorks has awarded a \$100,000 challenge grant to help meet this goal. The task force is currently seeking funds from other organizations in order to achieve its goal. To assist in this fundraising effort, Department staff is recommending the approval of \$130,000 in deobligated HTF funds to help defray the costs of foreclosure prevention counseling.

At its January 31, 2008 meeting, the TDHCA Board approved \$250,000 in HTF funds for use as match for the National Foreclosure Mitigation Counseling (NFMC) Program grant application. The grant funds were intended to defray some of the costs associated with counseling homeowners at risk of foreclosure. Although the Department did not receive an award through this competition, funds were awarded to several HUD approved housing counseling intermediaries and NeighborWorks network members that have operations within the state. Additionally, the Department recently received a \$10,000 grant from NFMC and NeighborWorks America to assist in co-hosting a placed based foreclosure intervention and default counseling training. Should this new recommendation be approved, \$130,000 of the previously committed but unexpended funds will be used to help support counseling efforts through a number of foreclosure counseling programs that are in partnership with the Texas Foreclosure Prevention Task Force.

### **Recommendation**

Approve the commitment of \$130,000 in deobligated Housing Trust Fund (HTF) funds to fund several foreclosure counseling programs that are in partnership with the Texas Foreclosure Prevention Task Force.

**MULTIFAMILY FINANCE PRODUCTION DIVISION  
BOARD ACTION REQUEST  
May 8, 2008**

**Action Items**

Presentation, Discussion and Possible Approval for extensions to submit documentation for the commencement of substantial construction.

**Required Action**

Approve, Amend or deny the requests for extension related to a 2006 Housing Tax Credit commitment.

**Background**

Pertinent facts about the requests for extensions are given below. Each request was accompanied by a mandatory \$2,500 extension request fee.

**HTC No. 060177, Casa Edcouch**  
**(Commencement of Construction)**

Summary of Request: Applicant requests an extension of the deadline to submit the commencement of substantial construction package. The owner reported that they are still working with a construction schedule that will allow them to have the buildings placed in service by the end of the year. A current summary of the progress is as follows: foundations will be completed by May 30, 2008, framing will be completed by June 31, 2008, 30% of the construction contract should be spent by the end of April, and the first units will be placed in service by September 2008. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Edcouch Housing Development, L. P.
General Partner:	Rufino Contreras Affordable Housing Corp
Developer:	Rufino Contreras Affordable Housing Corp & National Farm Workers Service Center
Principals/Interested Parties:	Paul F. Chavez, Esa Vasquez-Camacho, Emilio Huerta
City/County:	Edcouch/Hidalgo
Set-Aside:	Nonprofit
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	General Population
Units:	73 HTC units
2006 Allocation:	\$589,102
Allocation per HTC Unit:	\$8,609
Extension Request Fee Paid:	\$2,500
Current Deadline:	March 30, 2008
New Deadline Requested:	June 1, 2008 (date required documentation was submitted)
<b>New Deadline Recommended:</b>	<b>June 1, 2008</b>
Previous Extensions:	December 1, 2007 extended to March 30, 2008
<b>Staff Recommendation:</b>	<b>Approve the extension as requested.</b>



**National Farm Workers Service Center, Inc. Housing and Economic Development Fund**

Main Office: 634 S. Spring St., Ste. 400, Los Angeles, CA 90014 – Tel. (213)362-0260 – Fax (213)362-0265

Texas Office: 908 E. 5th Street, Suite 201, Austin, TX 78702- Tel. (512) 474-5003 Fax- (512) 474-5010

March 28, 2008

Ben Sheppard  
Texas Department of Housing and Community Affairs  
2211 East 11<sup>th</sup> Street  
Austin, TX 78701-2410

Re: 2006 HTC Construction Progress Report – Commencement of Substantial Construction  
Casa Edcouch, TDHCA # 060177

Dear Mr. Sheppard,

I am writing to request an additional extension on the 2006 HTC Construction Progress Report – Commencement of Substantial Construction for Casa Edcouch, TDHCA #060177. On November 14, 2007, we submitted a request to extend this deadline to June 1, 2008. The Department granted an extension through March 30, 2008. We did begin construction on this project on December 3, 2007, but we have not met all of the updated requirements for the March 30 deadline. Those requirements included the following:

- Submission of building permits
- Evidence that all foundations for residential buildings and the clubhouse have been poured
- 50% of the framing has been completed
- General contractor's draw request forms show that 20% of the construction budget has been expended

While all of these requirements have not been met, we are still working with a construction schedule that will allow us to have all buildings placed in service by the end of the year. We started pouring foundations today, March 28, and will be 100% complete by May 30. Framing will begin on March 31 and be completed by June 31. We anticipate having spent 20% of our construction contract by mid-April and 30% by the end of April. We are on schedule to have our first units placed in service by September 2008 and the entire development completed by December 2008. Attached are photographs taken on March 26 of the progress at the construction site, along with our original request and the letter from the Department granting the first extension. If you need further information, please feel free to contact me.

We would like to have the filing deadline extended to June 1, 2008, as was originally requested.

Thank you for your consideration.

Sincerely,



Jean Coburn  
Project Manager



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
Elizabeth Anderson, *Chair*  
Shadrick Bogany  
C. Kent Conine  
Sonny Flores  
Gloria Ray  
Norberto Salinas

December 14, 2007

Ms. Jean Coburn  
908 E. 5<sup>th</sup> Street, Ste. 201  
Austin, TX 78702

Re: Casa Edcouch (the Development), Edcouch  
Housing Tax Credit Development No. 060177

Dear Ms. Coburn:

The Texas Department of Housing and Community Affairs (Department) received your letter of November 14, 2007. The letter requested an extension of the December 1, 2007 deadline for fulfilling the commencement of substantial construction requirement. As stated in §50.20(L) of the 2008 Qualified Allocation Plan and Rules, an extension that exceeds the original deadline by less than six months may be approved administratively. You stated that construction on this Development began on December 3, 2007.

The updated requirements for documentation include the submission of building permits, evidence that all foundations for residential buildings and the clubhouse have been poured, 50% of the framing has been completed, and the general contractor's draw request forms show that 20% of the construction budget has been expended.

Your request is granted. Your new deadline for submitting the commencement of substantial construction documentation is March 30, 2008. Please include this letter with the submission of your cost certification.

Thank you for your letter.

Sincerely,



Michael Gerber  
Executive Director

MFP/kb

Cc: Robbye Meyer, Director of Multifamily Finance Production  
Wendy Quackenbush, Manager of Compliance Monitoring





**National Farm Workers Service Center, Inc. Housing and Economic Development Fund**

Main Office: 634 S. Spring St., Ste. 400, Los Angeles, CA 90014 – Tel. (213)362-0260 – Fax (213)362-0265

Texas Office: 908 E. 5th Street, Suite 201, Austin, TX 78702- Tel. (512) 474-5003 Fax- (512) 474-5010

November 14, 2007

Ben Sheppard  
Texas Department of Housing and Community Affairs  
2211 East 11<sup>th</sup> Street  
Austin, TX 78701-2410

Re: 2006 HTC Construction Progress Report – Commencement of Substantial Construction  
Casa Edcouch, TDHCA # 060177

Dear Mr. Sheppard,

I am writing to request an extension on the 2006 HTC Construction Progress Report – Commencement of Substantial Construction for Casa Edcouch, TDHCA #060177. We will begin construction on this project on December 3, 2007. We would like to have the filing deadline extended to June 1, 2008.

Enclosed is a check for \$2500 for the extension fee.

Thank you for your consideration.

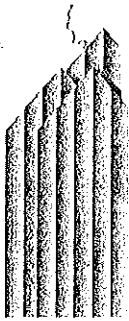
Sincerely,

Jean Coburn  
Project Manager  
(512) 474-5003

**HTC No. 060027, Parkway Ranch**  
**(Commencement of Construction)**

Summary of Request: Applicant requests an extension of the deadline to submit the commencement of substantial construction package. The owner reported that excessive rain in the Houston area slowed the Development's progress. The concrete is being poured and framing will begin shortly. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Parkway Ranch, Ltd.
General Partner:	HKM Parkway, LLC
Developer:	HKM Parkway Development, LTD
Principals/Interested Parties:	John E. Hettig, W. Barry Kahn, and Issac Matthews
City/County:	Houston/Harris
Set-Aside:	N/A
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	General Population
Units:	107 HTC units
2006 Allocation:	\$1,242,595
Allocation per HTC Unit:	\$11,613
Extension Request Fee Paid:	\$2,500
Current Deadline:	May 30, 2008
New Deadline Requested:	September 1, 2008 (date required documentation was submitted)
<b>New Deadline Recommended:</b>	<b>September 1, 2008</b>
Previous Extensions:	December 1, 2007 extended to May 30, 2008
<b>Staff Recommendation:</b>	<b>Approve the extension as requested.</b>



# HETTIG/KAHN HOLDINGS, INC

March 28, 2008

Mr. Kent Bedell  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, Texas 78701-2410

Re: Parkway Ranch  
TDHCA #060027

03-31-08A 11:33 RCVD

Dear Mr. Bedell:

On behalf of Parkway Ranch, we request an additional extension for commencement of substantial construction until September 1, 2008 due to the excessive rain experienced in the Houston area. All underground is in, concrete is being poured, and framing is to commence shortly.

Enclosed is our check for \$2,500 for the extension. Thank you in advance for your assistance on this matter.

Very truly yours,

W. Barry Kahn

WBK/ad

Enclosure

**REAL ESTATE ANALYSIS DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of Housing Tax Credit Extensions of Cost Certification Submission

**Requested Action**

Approve or amend staff's recommendation to extend the Cost Certification submission deadline for certain 2004 and 2005 Housing Tax Credit developments pursuant to §50.20(l) of the 2008 Qualified Allocation Plan and Rules.

**Background and Recommendations**

Housing Tax Credits allocated to developments pursuant to the Qualified Allocation Plan and Rules ("QAP") must complete the Department's Cost Certification process prior to the issuance of IRS Forms 8609. The IRS Form 8609 is the Internal Revenue Service document that must be submitted with a federal income tax return in order to enable a taxpayer to claim the Housing Tax Credit. The Cost Certification process allows the Department to ensure that a development was constructed according to the representations made in the application and that sufficient eligible costs were incurred to support the allocation of Housing Tax Credits prior to issuing IRS Forms 8609 to the owner.

Pursuant to §50.16(a) of the 2004 QAP and §49.15(a) of the 2005 QAP, "Developments requesting IRS Forms 8609 must submit the required Cost Certification documentation no later than April 1 of the year following the date the buildings were placed in service." "Developments receiving a Carryover Allocation must be placed in service by December 31 of the second year following the year the Carryover Allocation Agreement was executed."

Extensions of the Cost Certification deadline are allowed pursuant to §50.20(l) of the 2008 QAP; however, "such request must be submitted to the Department no later than the date for which the extension is being requested. All requests for extensions totaling less than 6 months may be approved by the Executive Director and are not required to have Board approval."

2005 Housing Tax Credit ("HTC") developments awarded from the 2005 State Housing Credit Ceiling ("Ceiling"), Tax-Exempt Bond developments that placed in service in 2007, and one 2004 HTC development awarded from the 2004 Ceiling which received an extension of the placement in service deadline due to a disaster declaration were subject to an April 1, 2008 Cost Certification deadline. As of April 1, 2008, 19 developments which were expected to submit a cost certification this year did not submit the required Cost Certification documentation and did

not request an extension of the Cost Certification deadline. This includes eight 2005 Competitive HTC developments that did not submit a Cost Certification and did not request an extension; two 2005 Competitive HTC developments that requested an extension of the Cost Certification deadline prior to April 1, 2008, but did not submit the required extension fee until after April 1, 2008; one 2004 Competitive Housing Tax Credit development that received a one year disaster related placement in service extension to 2007 but did not submit a Cost Certification and did not request an extension; eight 2005 Tax-Exempt Bond developments that did not submit a Cost Certification and did not request an extension; one 2005 Tax-Exempt Bond development that requested an extension of the Cost Certification deadline prior to April 1, 2008, but did not submit the required extension fee until after April 1, 2008; and one 2005 Tax-Exempt Bond development that did not request an extension and submitted a Cost Certification after April 1, 2008. The developments that missed the April 1, 2008 deadline and did not request an extension of the submission deadline by April 1, 2008 are listed in the attached “Developments that Missed the April 1, 2008 Cost Certification Submission Deadline” exhibit. The owner of each of these developments has been sent a notice to inform them of the missed deadline, the potential additional penalties that may apply if credits are ultimately returned but cannot be reused, and the need to request an extension approval from the Board.

Since April 1, 2008, 12 of these developments have submitted the \$2,500 extension fee and requested an extension of the Cost Certification deadline as of the date of Board Book posting. Because the extensions were requested after the date the Cost Certifications were due to the Department, the extensions are not allowed to be approved by the Executive Director pursuant to the 2008 QAP.

<b>Development Number</b>	<b>Date of Extension Request</b>	<b>New Cost Certification Deadline Requested</b>	<b>New Cost Certification Deadline Recommended</b>
04066 / 07018	April 29, 2008	June 1, 2008	June 1, 2008
05020 / 08007	April 30, 2008	June 15, 2008	June 15, 2008
05034 / 08016	April 30, 2008	May 31, 2008	May 31, 2008
05118 / 08037	March 31, 2008 (Fee Received After April 1, 2008)	May 31, 2008	May 31, 2008
05124 / 08038	April 17, 2008	July 1, 2008	July 1, 2008
05127 / 08040	April 1, 2008 (Fee Received After April 1, 2008)	June 30, 2008	June 30, 2008
05163 / 08049	April 23, 2008	June 30, 2008	June 30, 2008
05195 / 08059	April 15, 2008	July 1, 2008	July 1, 2008
05445	April 1, 2008 (Fee Received After April 1, 2008)	June 30, 2008	June 30, 2008
05446	April 24, 2008	July 1, 2008	July 1, 2008
05454	April 23, 2008	June 30, 2008	June 30, 2008
05613	April 24, 2008	N/A – Cost Cert Received April 21, 2008	N/A – Cost Cert Received April 21, 2008

### **Recommendation**

Staff recommends that the Board approve the extension requests for the developments identified above with the new Cost Certification submission deadlines recommended above.

<b>Developments that Missed the April 1, 2008 Cost Certification Submission Deadline</b>						
<b>Development Number</b>	<b>Development Type</b>	<b>Development Name</b>	<b>Development City</b>	<b>Region</b>	<b>Award Amount</b>	<b>Amount of Additional Credits</b>
04066 / 07018	2004 9%	Pineywoods Community Orange	Orange	5	\$403,142	\$26,874
05001 / 08001	2005 9%	Mountainview Apartments	Alpine	13	\$66,861	\$2,010
05002 / 08002	2005 9%	Villa Apartments	Marfa	13	\$32,432	\$1,143
05003 / 08003	2005 9%	Oasis Apartments	Fort Stockton	12	\$55,422	\$1,946
05020 / 08007	2005 9%	Central Place	Hereford	1	\$277,501	\$20,089
05034 / 08016	2005 9%	Gardens of Taylor, LP	Taylor	7	\$275,212	\$26,325
05118 / 08037	2005 9%	Vista Verde I & II Apartments	San Antonio	9	\$1,126,771	\$ 63,584
05124 / 08038	2005 9%	TownParc at Amarillo	Amarillo	1	\$931,177	\$86,710
05127 / 08040	2005 9%	Navigation Pointe	Corpus Christi	10	\$ 800,000	\$ 67,974
05163 / 08049	2005 9%	Timber Pointe Apartment Homes	Lufkin	5	\$560,454	\$40,362
05195 / 08059	2005 9%	San Gabriel Senior Village	Georgetown	7	\$712,154	\$64,206
05441	2005 4% / Bond	Cobblestone Manor Senior Community	Fort Worth	3	\$444,656	N/A
05445	2005 4% / Bond	Bayview Apartments	Baytown	6	\$887,593	N/A
05446	2005 4% / Bond	Providence at Marine Creek	Fort Worth	3	\$992,460	N/A
05447	2005 4% / Bond	Providence Place II	Denton	3	\$1,071,070	N/A
05452	2005 4% / Bond	Linbergh Parc Senior Apartments	Fort Worth	3	\$740,255	N/A
05454	2005 4% / Bond	Lodge at Silverdale Apartment Homes	Conroe	6	\$606,538	N/A
05612	2005 4% / Bond	Park Manor Senior Community	Sherman	3	\$492,922	N/A
05613	2005 4% / Bond	Providence at Mockingbird	Dallas	3	\$811,971	N/A

**COMMUNITY AFFAIRS DIVISION  
BOARD ACTION REQUEST  
May 8, 2009**

**Action Item**

Presentation, discussion, and possible approval of the draft Program Year (PY) 2009 Low Income Home Energy Assistance Program (LIHEAP) State Plan for posting to the TDHCA website and Public Comment.

**Required Action**

Review and approval from the Board of the draft PY 2009 LIHEAP State Plan.

**Background**

The Texas Department of Housing and Community Affairs (the Department) develops and submits a Low Income Home Energy Assistance Program (LIHEAP) plan each year on or before September 1 to the U.S. Department of Health and Human Services (HHS). HHS provides a model plan to guide the format and content, which the Department follows. The Department develops the plan, with review and comment by Energy Assistance (EA) staff, the Community Affairs Division Director, Legal Services, the Financial Services Division, and the Executive Team. The draft, if approved by the Board today will be released for public comment and a public hearing. The public hearing provides opportunity for comment from the public as well as the subrecipient network. Upon completion of the public hearing and public comment period, EA staff modifies the plan based on public comment. Staff will present the revised plan to the Board for review and final approval on July 21, or July 31, 2008. Staff recommends that if the Department does not receive public comment, the Board grant the Executive Director the authority to submit the State Plan to the U.S. Department of Health and Human Services as drafted.

**Summary of Programs**

LIHEAP is comprised of two primary programs as described below.

Comprehensive Energy Assistance Program (CEAP) provides utility assistance to eligible client households. Additionally, some households can qualify for repair and/or replacement of inefficient heating and cooling unit or appliances in their household. An applicant seeking utility assistance applies to the CEAP subrecipient for assistance. The subrecipient determines income-eligibility, prioritizes status (this includes a review of billing history to determine energy burden and consumption), and determines which CEAP component is most appropriate for that eligible applicant. There are currently 49 subrecipient agencies that administer the CEAP program.

Subrecipients utilize the LIHEAP Weatherization (WAP) funding to provide cost effective weatherization measures to improve the energy efficiency of eligible client households.



Typical weatherization measures include attic and wall insulation, weather-stripping and air sealing measures, heating and cooling unit repair and/or replacement, refrigerator replacement, and minor roof repair. Potential WAP client households apply for assistance with the WAP subrecipient. The subrecipient determines if the household is income-eligible and whether they meet one or more of the priority groups. Typically, if the applicant is determined eligible, the applicant is placed on a waiting list. Statewide the weatherization waiting list exceeds 14,000 households.

As scheduling allows, the subrecipient conducts an energy assessment on the applicant's home and results are entered into an energy audit to determine if weatherization measures are appropriate. If the applicant is still income eligible, the subrecipient weatherizes the client's home. The weatherization work typically is performed by an independent contractor procured through competition and with whom the subrecipient has contracted. There are currently 34 subrecipient agencies that administer the WAP program.

The Department assisted over 71,159 households in PY 2007 with LIHEAP funding (weatherization final reports due 5/31/2008 will increase the total).

### **Highlights of the Plan**

- The format of the plan follows the "model plan" as provided by LIHEAP.
- Eligibility determination is at 125% of Federal Poverty Income Guidelines.

### **Funding Formula**

TDHCA determines the budget allocation proportions by county and subrecipient, based on poverty income, elderly poverty, local available services, median household income (2000 U.S. Census), and climate data (Southern Regional Climate Center, Louisiana State University, June 2002). The five factors used in the formula are calculated as follows:

<b>Fund Allocation Factors</b>	<b>Percentage</b>
Households in poverty with at least 1 member 64 years of age or younger.	40
Households in poverty with at least one member 65 years of age or older.	40
Household density as an inverse ratio.	5
Median income of the county.	5
Weather factor based on heating degree days and cooling degree days.	10

All demographic factors are based on the 2000 U.S. Census.

### **Recommendation**

Staff recommends board approval of the State of Texas draft PY 2009 LIHEAP State Plan. In the event that the Department does not receive public comment, the Board grants the Executive Director the authority to submit the State Plan to the U.S. Department of Health and Human Services.

**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)**



**DETAILED PLAN  
PUBLIC LAW 97-35, AS AMENDED  
FISCAL YEAR (FY) 2009**

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

**EIN: .....17426105429**

**ADDRESS:.....P.O. Box 13941  
.....Austin, TX 78711-3941**

**NAME OF LIHEAP COORDINATOR: ...Michael DeYoung**

**EMAIL:.....michael.deyoung@tdhca.state.tx.us**

**TELEPHONE: .....(512) 475-2125      FAX: (512) 475-3935**

**PLEASE CHECK ONE: TRIBE     STATE     INSULAR AREA**

**Department of Health and Human Services  
Administration for Children and Families  
Office of Community Services  
Washington, DC 20447**

**August 1987, revised 05/92, 02/95, 03/96, 12/98, 11/01  
OMB Approval No. 0970-0075  
Expiration Date: 10/31/2008**

**THE PAPERWORK REDUCTION ACT OF 1995 (Pub. L. 104-13)**

Use of this model plan is optional. However, the information requested is required in order to receive a Low Income Home Energy Assistance Program (LIHEAP) grant in years in which the grantee is not permitted to file an abbreviated plan. Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

**OMB Approval No. 0970-0075**

**Table of Contents**

Assurances ..... 3

Certification to the Assurances ..... 6

Components Operated Under LIHEAP ..... 7

    Use of Funds ..... 7

    Alternate Use of Crisis Assistance Funds ..... 7

Eligibility ..... 8

Outreach Activities ..... 10

Coordination ..... 10

Benefit Levels: Equal Treatment ..... 10

Determination of Benefits ..... 11

    Heating Component ..... 11

        Benefit Levels ..... 11

    Cooling Component ..... 12

        Benefit Levels ..... 12

    Crisis Component ..... 12

        Benefit Levels ..... 13

WEATHERIZATION & OTHER ENERGY RELATED HOME REPAIR AND IMPROVEMENTS ..... 13

    Types of Assistance ..... 13

    Benefit Levels ..... 13

    Types of Rules (DOE or LIHEAP) ..... 14

Agency Designation ..... 14

Targeting of Assistance ..... 14

Energy Suppliers ..... 15

Owners & Renters ..... 15

Program, Fiscal Monitoring, and Audit ..... 15

Timely and Meaningful Public Participation ..... 17

Fair Hearing Procedures ..... 17

Alternate Outreach and Intake ..... 18

Assurance 16 Activities ..... 18

Leveraging ..... 19

ADDITIONAL CERTIFICATIONS AND REQUIREMENTS ..... 21

Attachments ..... 21

**Assurances**

The Texas Department of Housing & Community Affairs agrees to:  
(Grantee Name)

- (1) use the funds available under this title to--
- (A) conduct outreach activities and provide assistance to low income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy, consistent with paragraph (5);
  - (B) intervene in energy crisis situations;
  - (C) provide low-cost residential weatherization and other cost-effective energy-related home repair; and
  - (D) plan, develop, and administer the State's program under this title including leveraging programs,

and the State agrees not to use such funds for any purposes other than those specified in this title;

- (2) make payments under this title only with respect to--
- (A) households in which one or more individuals are receiving--
    - (i) assistance under the State program funded under part A of title IV of the Social Security Act;
    - (ii) supplemental security income payments under title XVI of the Social Security Act;
    - (iii) food stamps under the Food Stamp Act of 1977; or
    - (iv) payments under section 415, 521, 541, or 542 of title 38, United States Code, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or
  - (B) households with incomes which do not exceed the greater of—
    - (i) an amount equal to 150 percent of the poverty level for such State; or
    - (ii) an amount equal to 60 percent of the State median income;

except that a State may not exclude a household from eligibility in a fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for such State, but the State may give priority to those households with the highest home energy costs or needs in relation to household income.

- (3) conduct outreach activities designed to assure that eligible households, especially households with elderly individuals or disabled individuals, or both, and households with high home energy burdens, are made aware of the assistance available under this title, and any similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

- (4) coordinate its activities under this title with similar and related programs administered by the Federal Government and such State, particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under the low-income weatherization assistance program

**GRANTEE: TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS/ FFY 2009**

under title IV of the Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(5) provide, in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size, except that the State may not differentiate in implementing this section between the households described in clauses 2(A) and 2(B) of this subsection;

(6) to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, to give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that—

(A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and

(B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made;

(7) if the State chooses to pay home energy suppliers directly, establish procedures to --

(A) notify each participating household of the amount of assistance paid on its behalf;

(B) assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this title;

(C) assure that the home energy supplier will provide assurances that any agreement entered into with a home energy supplier under this paragraph will contain provisions to assure that no household receiving assistance under this title will be treated adversely because of such assistance under applicable provisions of State law or public regulatory requirements; and

(D) ensure that the provision of vendor payments remains at the option of the State in consultation with local grantees and may be contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households, including providing for agreements between suppliers and individuals eligible for benefits under this Act that seek to reduce home energy costs, minimize the risks of home energy crisis, and encourage regular payments by individuals receiving financial assistance for home energy costs;

(8) provide assurances that,

(A) the State will not exclude households described in clause (2)(B) of this subsection from receiving home energy assistance benefits under clause (2), and

(B) the State will treat owners and renters equitably under the program assisted under this title;

(9) provide that--

**GRANTEE: TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS/ FFY 2009**

(A) the State may use for planning and administering the use of funds under this title an amount not to exceed 10 percent of the funds payable to such State under this title for a fiscal year; and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the program assisted under this title and will not use Federal funds for such remaining cost (except for the costs of the activities described in paragraph (16));

(10) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that the State will comply with the provisions of chapter 75 of title 31, United States Code (commonly known as the "Single Audit Act");

(11) permit and cooperate with Federal investigations undertaken in accordance with section 2608;

(12) provide for timely and meaningful public participation in the development of the plan described in subsection (c);

(13) provide an opportunity for a fair administrative hearing to individuals whose claims for assistance under the plan described in subsection (c) are denied or are not acted upon with reasonable promptness; and

(14) cooperate with the Secretary with respect to data collecting and reporting under section 2610.

(15) \* beginning in fiscal year 1992, provide, in addition to such services as may be offered by State Departments of Public Welfare at the local level, outreach and intake functions for crisis situations and heating and cooling assistance that is administered by additional State and local governmental entities or community-based organizations (such as community action agencies, area agencies on aging and not-for-profit neighborhood-based organizations), and in States where such organizations do not administer functions as of September 30, 1991, preference in awarding grants or contracts for intake services shall be provided to those agencies that administer the low-income weatherization or energy crisis intervention programs.

**\* This assurance is applicable only to States, and to territories whose annual regular LIHEAP allotments exceed \$200,000. Neither territories with annual allotments of \$200,000 or less nor Indian tribes/tribal organizations are subject to Assurance 15.**

(16) use up to 5 percent of such funds, at its option, to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors, and report to the Secretary concerning the impact of such activities on the number of households served, the level of direct benefits provided to those households, and the number of households that remain unserved.

**Certification to the Assurances**

As Chief Executive Officer, I agree to comply with the sixteen assurances contained in Title XXVI of the Omnibus Budget Reconciliation Act of 1981, as amended. By signing these assurances, I also agree to abide by the standard assurances on lobbying, debarment and suspension, and a drug-free workplace.

- Signature of the Tribal or Board Chairperson or Chief Executive Officer of the State or Territory.

Signature: \_\_\_\_\_

Title: Executive Director

Date: \_\_\_\_\_

**The Governor of Texas has delegated the responsibility of signing this document to the Executive Director of the Texas Department of Housing and Community Affairs. A copy of the letter is attached.**

**The EIN (Entity Identification Number) of the Texas Department of Housing & Community Affairs, which receives the grant funds, appears on the cover of this application.**

In the above assurances which are quoted from the law, "State" means the 50 States, the District of Columbia, an Indian Tribe or Tribal Organization, or a Territory; "title" of the Act refers to Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (OBRA), as amended, the "Low Income Home Energy Assistance Act"; "section" means Section 2605 of OBRA; and, "subsection" refers to Section 2605(b) of OBRA.

**Components Operated Under LIHEAP**

Statutory references

2605(a) 2605(b)(1)	➤ Please check which components you will operate under the LIHEAP program. (Note: You must provide information for each component designated here as requested elsewhere in this plan.)
-----------------------	---

**Use of Funds**

	Program Component	Dates of Operation
<input checked="" type="checkbox"/>	heating assistance	December – February
<input checked="" type="checkbox"/>	cooling assistance	March – November
<input checked="" type="checkbox"/>	crisis assistance	January - December
<input checked="" type="checkbox"/>	weatherization assistance	April - March

2605(c)(1)(C)	➤ Please estimate what amount of available LIHEAP funds will be used for each component that you will operate: <b>The total of all percentages must add up to 100%.</b>	
Use of Funds	10%	heating assistance
	50%	cooling assistance
	10%	crisis assistance
2605(k)(1)	15%	weatherization assistance
	0%	carryover to the following fiscal year
2605(b)(9)	10%	administrative and planning costs
2605(b)(16)	5%	services to reduce home energy needs including needs assessment (assurance 16)
	0%	used to develop and implement leveraging activities (limited to the greater of 0.08% or \$35,000 for States, the greater of 2% or \$100 for territories, tribes and tribal organizations).
	100%	<b>TOTAL</b>

**Alternate Use of Crisis Assistance Funds**

2605(c)(1)(C)	➤ The funds reserved for winter crisis assistance that have not been expended by March 15 will be reprogrammed to:	
	<input type="checkbox"/>	Heating assistance
	<input type="checkbox"/>	Cooling assistance
	<input type="checkbox"/>	weatherization assistance
	<input checked="" type="checkbox"/>	Other(specify): Year-round crisis

➤ Do you accept applications for energy crisis assistance at sites that are geographically accessible to all households in the area to be served? (This is required by the statute.)

Yes  No



**Eligibility**

2605(b)(2) 2605(c)(1)(A)	▶ What are your maximum eligibility limits? (Please check the components to which they apply.) <b>Current year guidelines must be used.</b>				
<input type="checkbox"/>	150% of the poverty guidelines:	Heating <input type="checkbox"/>	Cooling <input type="checkbox"/>	Crisis <input type="checkbox"/>	WX <input type="checkbox"/>
<input checked="" type="checkbox"/>	125% of the poverty guidelines:	Heating <input checked="" type="checkbox"/>	Cooling <input checked="" type="checkbox"/>	Crisis <input checked="" type="checkbox"/>	WX <input checked="" type="checkbox"/>
<input type="checkbox"/>	110% of the poverty guidelines:	Heating <input type="checkbox"/>	Cooling <input type="checkbox"/>	Crisis <input type="checkbox"/>	WX <input type="checkbox"/>
<input type="checkbox"/>	60% of the State's median income:	Heating <input type="checkbox"/>	Cooling <input type="checkbox"/>	Crisis <input type="checkbox"/>	WX <input type="checkbox"/>

N/A	*	Households automatically eligible if one person is receiving						
	TANF	<input type="checkbox"/>	SSI	<input type="checkbox"/>	Food Stamps	<input type="checkbox"/>	WX	<input type="checkbox"/>
N/A	<b>NONE</b>	Certain means-tested veterans programs						
	Heating	<input type="checkbox"/>	Cooling	<input type="checkbox"/>	Crisis	<input type="checkbox"/>	WX	<input type="checkbox"/>

\* Subrecipient agencies will base applicant household eligibility on TAC Title 10, Part 1, Chapter 6, Subchapter B, §6.105 for WAP and on Subchapter C, §6.205 for CEAP.

2605(c)(1)(A) 2605(b)(2) (eligibility)	▶ Do you have additional eligibility requirements for:	<b>Yes</b>	<b>No</b>
	<b>Heating Assistance?</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	▶ Do you use:		
	Assets test?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	▶ Do you give priority in eligibility to:		
	Elderly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Disabled?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Young children?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Other: (If Yes, please describe)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>High energy burden, High energy consumption.</b>		

2605(c)(1)(A) 2605(b)(2) (eligibility)	▶ Do you have additional eligibility requirements for:	<b>Yes</b>	<b>No</b>
	<b>Cooling Assistance?</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	▶ Do you use:		
	Assets test?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	▶ Do you give priority in eligibility to:		
	Elderly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Disabled?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Young children?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Other: (If Yes, please describe)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>High energy burden, High energy consumption.</b>		

2604(c) 2605(c)(1)(A) (eligibility)	➤ Do you have additional eligibility requirements for: <b>Crisis Assistance?</b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
	➤ Do you use:		
	Assets test?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Must the household have received a shut-off notice or have an empty tank?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Must the household have exhausted regular benefit?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Must the household have received a rent eviction notice?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Must heating/cooling be medically necessary?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Other (Please explain):	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	➤ What constitutes a crisis? (Please describe) A <i>bona fide</i> energy crisis exists when extraordinary events or situations resulting from extreme weather conditions or fuel supply shortages have depleted or will deplete household financial resources and/or have created problems in meeting basic household expenses, particularly bills for energy so as to constitute a threat to the well-being of the household, particularly the elderly, the disabled, or very young children.  A utility disconnection notice may constitute an energy crisis if client demonstrates a history of good faith in paying prior utility bills, or if brought about by sudden or unexpected events.		

2605(c)(1)(A) (eligibility)	➤ Do you have additional eligibility requirements for: <b>Weatherization?</b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
	➤ Do you use:		
	Assets test?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Priority groups? (Please list)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Elderly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Disabled?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Young children?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Other: (If Yes, please describe) <b>High energy burden, High energy consumption.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	➤ Are you using Department of Energy (DOE) Low Income Weatherization Assistance Program (LIWAP) rules to establish eligibility or to establish priority eligibility for households with certain characteristics?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	➤ If Yes, are there exceptions? Please list below. <b>Texas Administrative Code Title 10, Part 1, Chapter 6, Subchapter B, §6.105.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Outreach Activities**

2605(b)(3) 2605(c)(3)(A)	<p>➤ Please check the outreach activities that you conduct that are designed to assure that eligible households are made aware of all LIHEAP assistance available:</p>
	<p><input checked="" type="checkbox"/> provide intake service through home visits or by telephone for the physically infirm (i.e. elderly or disabled).</p>
	<p><input checked="" type="checkbox"/> place posters/flyers in local and county social service offices, offices of aging, Social Security offices, VA, etc.</p>
	<p><input checked="" type="checkbox"/> publish articles in local newspapers or broadcast media announcements.</p>
	<p><input checked="" type="checkbox"/> include inserts in energy vendor billings to inform individuals of the availability of all types of LIHEAP assistance.</p>
	<p><input type="checkbox"/> Make mass mailing to past recipients of LIHEAP.</p>
	<p><input checked="" type="checkbox"/> inform low income applicants of the availability of all types of LIHEAP assistance at application intake for other low-income programs.</p>
	<p><input checked="" type="checkbox"/> execute interagency agreements with other low-income program offices to perform outreach to target groups.</p>
	<p><input type="checkbox"/> other (Please specify):</p>

**Coordination**

2605(b)(4)	<p>➤ <i>Please describe how you will assure that LIHEAP is coordinated with similar and related programs. The description provided applies to all components unless specifically noted.</i></p>
2605 (b)(1)(C)  2605(b)4	<p>Subrecipients coordinate with other social service agencies through cooperative agreements to provide services to client households. Cooperative agreements clarify procedures, roles, and responsibilities of all participants. In particular, subrecipients make documented referrals to the local WAP subrecipient.</p>
2605(b)(7)(D)	<p>Subrecipients coordinate with local energy vendors to arrange for arrearage reduction, reasonably reduced payment schedules, or cost reductions.</p>
2605(b)(6)	<p>Community Action Agencies, local government entities, and other nonprofit agencies, with a few exceptions, also administer the LIHEAP program. To share information, enhance and develop service capacities, and integrate resources, TDHCA works with the Texas Association of Community Action Agencies, the Public Utility Commission, the Texas Railroad Commission, utility companies, and other State entities serving the low-income population.</p>

**Benefit Levels: Equal Treatment**

2605(b)(5) 2605(b)(2) 2605(b)(8A)	<p>➤ <i>The statute requires that there be no difference in the treatment of households eligible because of their income and those eligible because they receive benefits under TANF, Food Stamps, SSI, or certain means-tested veterans programs ("categorically eligible"). How do you ensure</i></p>
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	<i>there is no difference when determining eligibility and benefit amounts? This applies to all components unless specifically noted below.</i>
	There is no difference in treatment based on the receipt or non-receipt of public assistance benefits. Subrecipient agencies will base applicant household eligibility on TAC Title 10, Part 1, Chapter 6, Subchapter B, §6.105 for WAP and on Subchapter C, §6.205 for CEAP.

**Determination of Benefits**

**Heating Component**

2605(b)(5)	➤ Please check the variables you use to determine your benefit levels (check all that apply):
<input checked="" type="checkbox"/>	Income
<input checked="" type="checkbox"/>	family (household) size
<input checked="" type="checkbox"/>	home energy cost or need
<input type="checkbox"/>	fuel type
<input type="checkbox"/>	climate/region
<input checked="" type="checkbox"/>	individual bill
<input type="checkbox"/>	dwelling type
<input checked="" type="checkbox"/>	energy burden (% of income spent on home energy)
<input checked="" type="checkbox"/>	energy need
<input checked="" type="checkbox"/>	other (describe): Household contains inefficient or unsafe equipment.

**Benefit Levels**

2605(b)(5) 2605(c)(1)(B)	➤ Describe how you will assure that the highest benefits go to households with the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size.	
	<i>Please describe benefit levels or attach a copy of your payment matrix.</i>	
	Households With Incomes of:	Household may receive an amount needed to address their energy payment shortfall not to exceed:
	0 to 50% of Poverty	\$1,200.
	50% to 75% of Poverty	\$1,100.
	75% to 125% of Poverty	\$1,000.
	Income eligible household contains inefficient or unsafe equipment.	Allow equipment repair, replacement, and/or retrofit up to \$4,000.
	➤ Do you provide in-kind (e.g., blankets, space heaters) and/or other forms of benefits?	
	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	If Yes, please describe.	

**Cooling Component**

2605(b)(5) 2605(c)(1)(B)	➤ Please check the variables you use to determine your benefit levels (check all that apply):	
	<input checked="" type="checkbox"/>	Income
	<input checked="" type="checkbox"/>	family (household) size
	<input checked="" type="checkbox"/>	home energy cost or need
	<input type="checkbox"/>	fuel type
	<input type="checkbox"/>	climate/region
	<input checked="" type="checkbox"/>	individual bill
	<input type="checkbox"/>	dwelling type
	<input checked="" type="checkbox"/>	energy burden (% of income spent on home energy)
	<input checked="" type="checkbox"/>	energy need
	<input checked="" type="checkbox"/>	other (describe): Household contains inefficient or unsafe equipment.

**Benefit Levels**

2605(b)(5) 2605(c)(1)(B)	➤ Describe how you will assure that the highest benefits go to households with the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size. Please describe benefit levels or attach a copy of your payment matrix.	
	Households With Incomes of:	Household may receive an amount needed to address their energy payment shortfall not to exceed:
	0 to 50% of Poverty	\$1,200.
	50% to 75% of Poverty	\$1,100.
	75% to 125% of Poverty	\$1,000.
	Income eligible household contains inefficient or unsafe equipment.	Allow equipment repair, replacement, and/or retrofit up to \$4,000.
	➤ Do you provide in-kind (e.g., blankets, space heaters, fans) and/or other forms of benefits?	
	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	If Yes, please describe.	

**Crisis Component**

2605(b)(5) 2605(c)(1)(B)	➤ How do you handle crisis situations?	
	<input checked="" type="checkbox"/> Separate component	<input type="checkbox"/> other (please explain)
	➤ If you have a separate component, how do you determine crisis assistance benefits?	
	<input checked="" type="checkbox"/>	amount to resolve crisis, up to maximum
	<input type="checkbox"/>	other (please describe)

**Benefit Levels**

➤ Please indicate the maximum benefit for each type of crisis assistance offered.			
	Heating	\$ n/a	maximum benefit
	Cooling	\$ n/a	maximum benefit
	Year-round	\$1,200	maximum benefit
➤ Do you provide in-kind (e.g. blankets, space heaters, fans) and/or other forms of benefits?			
<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No	
If Yes, please describe.			

**WEATHERIZATION & OTHER ENERGY RELATED HOME REPAIR AND IMPROVEMENTS**

2605(b)(5) 2605(c)(1) (B) & (D)	➤ What LIHEAP weatherization services/materials do you provide? (Check all categories that apply.)
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**Types of Assistance**

<input checked="" type="checkbox"/>	Weatherization needs assessments/audits.
<input checked="" type="checkbox"/>	Caulking, insulation, storm windows, etc.
<input checked="" type="checkbox"/>	Furnace/heating system modifications/repairs
<input checked="" type="checkbox"/>	Furnace replacement
<input checked="" type="checkbox"/>	Cooling efficiency modifications/repairs/replacement
<input checked="" type="checkbox"/>	Other <u>Energy Related Home Repair</u> (Please describe) a) roof, wall, and floor repair to complete weatherization measures; b) repair or replace essential electrical wiring to complete related weatherization measures, while complying with safety codes; c) solar screens or window film (where appropriate); d) replacement of refrigerators 1993 or older or metered to have an SIR of 1 or greater on the TDHCA refrigerator tool; e) mobile home skirting to protect belly insulation; f) overhangs to protect mobile home doors; g) carpentry work to protect outside water heater from exposure; and h) weatherization-related health and safety safeguards as defined by DOE.

**Benefit Levels**

➤ Do you have a maximum LIHEAP weatherization benefit/expenditure per household?			
<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No	
If Yes, what is the maximum amount?			<b>\$4,000</b>

**Types of Rules (DOE or LIHEAP)**

> Under what rules do you administer LIHEAP weatherization? (Check only one.)	
<input type="checkbox"/>	Entirely under LIHEAP (not DOE) rules
<input type="checkbox"/>	Entirely under DOE LIWAP rules
<input checked="" type="checkbox"/>	Mostly under LIHEAP rules with the following DOE LIWAP rule(s) where LIHEAP and LIWAP rules differ (Check all that apply):
<input checked="" type="checkbox"/>	Weatherize buildings if at least 66% of units (50% in 2- & 4-unit buildings) are eligible units or will become eligible within 180 days.
<input checked="" type="checkbox"/>	Weatherize shelters temporarily housing primarily low income persons (excluding nursing homes, prisons, and similar institutional care facilities).
<input checked="" type="checkbox"/>	Other (Please describe)
<input type="checkbox"/>	Mostly under DOE LIWAP rules, with the following LIHEAP rule(s) where LIHEAP and LIWAP rules differ (Check all that apply.)
<input checked="" type="checkbox"/>	Weatherization not subject to DOE LIWAP maximum statewide average cost per dwelling unit.
<input checked="" type="checkbox"/>	Other <u>Energy Related Home Repair</u> (Please describe.) TDHCA will allow the use of a client's LIHEAP weatherization award for structural and ancillary repairs only if required to enable effective weatherization.

**Agency Designation**

2605(b)(6)	The state administers LIHEAP through the following types of local agencies:	
	<input type="checkbox"/>	county welfare offices
	<input checked="" type="checkbox"/>	community action agencies (weatherization component only)
	<input checked="" type="checkbox"/>	community action agencies (heating, cooling or crisis)
	<input checked="" type="checkbox"/>	charitable organizations (nonprofit)
	<input type="checkbox"/>	not applicable (i.e. state energy office)
	<input type="checkbox"/>	tribal office
	<input checked="" type="checkbox"/>	other, describe: <b>Units of local government and Councils of Government.</b>
	> Have you changed local administering agencies from last year?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	If Yes, please describe how you selected them. <b>Request for application (RFA)</b>	
	> What components are affected by the change?	<b>Heating, cooling, crisis, weatherization.</b>

**Targeting of Assistance**

2605(c)(1)(E)	> Please describe any additional steps (other than those described elsewhere in this plan) that will be taken to target assistance to households with high home energy burdens. (This applies to all components. If all steps to target
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	<i>households with high home energy burdens are described elsewhere in the plan, no further information is required here.)</i>
<input checked="" type="checkbox"/>	The Heating & Cooling Equipment Replacement component targets assistance to high energy burden households where inefficient or malfunctioning equipment needlessly increases energy consumption and therefore impairs the household's ability to pay their own home energy bills.

### Energy Suppliers

2605(b)(7)	➤ Do you make payments directly to home energy suppliers?		
	Heating	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	Cooling	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	Crisis	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	If Yes, are there exceptions?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	If Yes, please describe.		

2605(b)(7)(A)	➤ <i>If you make payments directly to home energy suppliers, how do you notify the client of the amount of assistance paid? (Please describe)</i>		
	When the client applies for assistance, the subrecipient agency determines eligibility, the amount of assistance, and the appropriate component. This information is given to the client along with their client agreement.		
2605(b)(7)(B) & (C)	➤ <i>How do you make sure the home energy supplier performs what is required in this assurance? If vendor agreements are used, they may be attached. Indicate each component for which this description applies.</i>		
	Vendor agreements are used in all components. A sample copy is attached.		

### Owners & Renters

2605(b)(8)(B)	➤ Is there any difference in the way owners and renters are treated? If Yes, please describe.		
	Heating Assistance	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	Cooling Assistance	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	Crisis Assistance	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	Weatherization	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Program, Fiscal Monitoring, and Audit

2605(b)(10)	➤ <i>How do you ensure good fiscal accounting and tracking of LIHEAP funds? (Please describe. Include a description of how you monitor fiscal activities.)</i>		
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	<ol style="list-style-type: none"> <li>1. review annual audits;</li> <li>2. monitor fiscal records;</li> <li>3. review Monthly Expenditure and Performance Reports.</li> </ol>						
	<p>➤ <i>How do you monitor program activities? (Please be sure to include a description of how you monitor eligibility and benefit determination.)</i></p> <ul style="list-style-type: none"> <li>• The Department requires each subrecipient to submit monthly funding and performance reports. Reports are due on the fifteenth of the following month.</li> <li>• TDHCA Contract Specialists will complete a desk monitoring review of monthly funding and performance reports to ensure the subrecipient has the capacity to carry out program activities in a timely manner.</li> <li>• TDHCA will assign a Program Officer to each subrecipient in order to track program compliance and performance activities.</li> <li>• Program Officer will perform an onsite monitoring visit of each subrecipient once every two years based on a Risk Assessment Module. On-site monitoring will be performed in conjunction with the Division's Community Service Block Grant whenever possible. TDHCA may monitor a subrecipient more than once based on the previous monitoring report and current contract performance.</li> <li>• Program Officer will review the subrecipient's financial records such as the single audit, general ledgers, receipts, bank statements, bank reconciliation reports, and checks to ensure that program funds are being expended on allowable program activities.</li> <li>• Program Officer will review individual client records to ensure the clients are eligible, prioritized, and served within the contract and TDHCA established guidelines. Client files will also be reviewed to ensure household needs have been identified, the client has been provided client education, and referred to other programs that have been identified by the subrecipient. The Department has set a minimum client record sample of 10 per component.</li> <li>• Program Officer will complete a monitoring check list and report that outlines findings and recommendations.</li> <li>• Upon the Manager's review a report will be mailed to each subrecipient.</li> <li>• Subrecipient must submit a written response within 30 days of the report. The response must address any possible corrective actions if any.</li> <li>• TDHCA will review the response to ensure all possible corrective actions have been implemented by the subrecipient.</li> </ul>						
	<p>➤ How is your LIHEAP program audited?</p> <table border="1" style="width: 100%;"> <tr> <td data-bbox="379 1520 1066 1597">Under the Single Audit Act?</td> <td data-bbox="1066 1520 1235 1597" style="text-align: center;"><input checked="" type="checkbox"/> Yes</td> <td data-bbox="1235 1520 1418 1597" style="text-align: center;"><input type="checkbox"/> No</td> </tr> <tr> <td colspan="3" data-bbox="379 1597 1418 1701">If not, please describe:</td> </tr> </table>	Under the Single Audit Act?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	If not, please describe:		
Under the Single Audit Act?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No					
If not, please describe:							
	<p>For States and Territories:</p>						
	<p>➤ Is there an annual audit of local administering agencies?</p> <table border="1" style="width: 100%;"> <tr> <td data-bbox="379 1771 1066 1810" style="width: 60%;"></td> <td data-bbox="1066 1771 1235 1810" style="text-align: center;"><input checked="" type="checkbox"/> Yes</td> <td data-bbox="1235 1771 1418 1810" style="text-align: center;"><input type="checkbox"/> No</td> </tr> <tr> <td colspan="3" data-bbox="379 1810 1418 1879">If not, please explain. TDHCA contract requires agencies that exceed \$500,000 in expenditures to</td> </tr> </table>		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	If not, please explain. TDHCA contract requires agencies that exceed \$500,000 in expenditures to		
	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No					
If not, please explain. TDHCA contract requires agencies that exceed \$500,000 in expenditures to							

	follow the single Audit procedures and submit a copy of the Audit to the Department for review.
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**Timely and Meaningful Public Participation**

2605(b)(12)	<p>➤ <i>How did you get timely and meaningful public participation in the development of the plan? (Please describe.)</i></p> <ul style="list-style-type: none"> <li>• TDHCA prepared a Draft LIHEAP Plan for FFY 2009 as a means of informing interested parties prior to the annual LIHEAP Public Hearing, July __, 2008.</li> <li>• The draft plan was submitted for TDHCA Board approval at the May 8, 2008 meeting – prior to publication.</li> <li>• A Texas Register announcement (see appendix) and the TDHCA internet publication informed the Texas Legislature and general public about the public hearing.</li> <li>• The Draft LIHEAP Plan appeared on the TDHCA Internet site beginning May 9, 2008.</li> <li>• TDHCA transmitted the Draft LIHEAP Plan by e-mail and fax to all TDHCA Energy Assistance subrecipients, Weatherization Policy Advisory Committee members, and other interested parties and let them know the document's internet location (<a href="http://www.tdhca.state.tx.us/ea.htm">http://www.tdhca.state.tx.us/ea.htm</a>).</li> <li>• TDHCA accepted written and verbal comments within the public participation process through July 13, 2008, 5:00 p.m. TDHCA requested that comments be sent by e-mail to <a href="mailto:john.touchet@tdhca.state.tx.us">john.touchet@tdhca.state.tx.us</a> or by fax (512) 475-3935 or by postal service to TDHCA, Energy Assistance Section, P.O. Box 13941, Austin, Texas 78711-3941.</li> <li>• TDHCA incorporates public comments, including workable suggestions that do not alter the intent of LIHEAP, into the final plan.</li> <li>• TDHCA Board receives the final plan for approval in July (31).</li> </ul>		
2605(a)(2) (public hearings)	<p>➤ Did you conduct public hearings on the proposed use and distribution of your LIHEAP funds?</p>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
	When? June 11, 2008; 2p.m.		
	Where? TDHCA Headquarters, Room 116, Austin, Texas		

**Fair Hearing Procedures**

Fair Hearings 2605(b)(13)	<p>➤ <i>Describe your fair hearing procedures for households whose applications are denied or not acted on in a timely manner. When are applicants informed of these rights?</i></p>		
	<p>TDHCA will ensure that subrecipients provide an opportunity for a fair administrative hearing to individuals whose application for assistance is denied or not acted upon in a timely manner by requiring subrecipients to:</p> <ul style="list-style-type: none"> <li>• print information about clients' rights on the application forms and information sheets;</li> </ul>		

	<ul style="list-style-type: none"> <li>• provide opportunity for fair administrative hearings in cases of application denial, delay, or inaction;</li> <li>• Provide written notification to applicant of denial of assistance within ten (10) days of the adverse determination. Notification includes written instructions of the appeals process and specific reasons for the denial. Applicants wishing to appeal a decision must provide written notice to subrecipient within 10 days of receipt of the denial notice. <u>Subrecipient maintains documentation of appeals in the client files.</u></li> </ul> <p>Applicants may subsequently appeal to TDHCA. An applicant must provide a written appeal request to TDHCA within 10 days of receiving the subrecipient's second determination. A TDHCA appeals committee composed of at least three persons hears the appeal within 10 days of receiving the appeal. The subrecipient provides to TDHCA an audio tape recording or detailed notes of its hearing and pertinent client files. TDHCA will review the recording and notes from the hearing, the committee's decision and any other relevant information. TDHCA will not take additional oral testimony. TDHCA will notify all parties in writing of its decision within 30 days of the receipt of the appeal.</p>
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**Alternate Outreach and Intake**

2605(b)(15)	<b>For States and Puerto Rico only</b> (not applicable to Tribes and tribal organizations, or to territories whose annual regular LIHEAP allotments are \$200,000 or less):
	➤ Does the State agency that administers the following LIHEAP component also administer the State's welfare program?
	Heating Assistance <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe alternate process for outreach and intake:
	Cooling Assistance <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe alternate process for outreach and intake:
	Crisis Assistance <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe alternate process for outreach and intake:

**Assurance 16 Activities**

2605(b)(16)	➤ Do you use LIHEAP funds to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance? (This assurance refers to activities such as needs assessments, counseling, and assistance with energy vendors.)
	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	<i>If Yes, please describe these activities.</i> <ol style="list-style-type: none"> <li>1. Identify household needs.</li> <li>2. Provide literature and energy conservation education.</li> <li>3. Refer client to other appropriate programs.</li> <li>4. Encourage responsible vendor and consumer behavior.</li> </ol>

	Subrecipients provide applications, forms, and energy education materials in Spanish, English, or other language when appropriate.
	<p><i>If Yes, how do you ensure that you don't use more than 5% (statutory ceiling) of your LIHEAP funds for these activities?</i></p> <p>Assurance 16 activities are a separate budget category at both the state and subrecipient levels. Both the accounting and the reporting systems do not allow expenditures over the 5% cap.</p>

**Leveraging**

2607A	<p>➤ Please describe leveraging activities planned for the fiscal year. <b>(This entry is optional.)*</b> Complete this entry if you plan to apply for LIHEAP leveraging incentive funds and to include in your leveraging report resources/benefits provided to low income households this fiscal year under criterion (iii) in 45 CFR 96.87(d)(2). Provide the following information for each:</p> <p>(1) Identify and described each resource/benefit;</p> <p>(2) Identify the source(s) of each resource; and</p> <p>(3) Describe the integration/coordination of each resource/benefit with the LIHEAP program, consistent with 1 or more of conditions A-H in 45 CFR 96.87(d)(2)(iii).</p>
2607(A) 45CFR96 §96.87(d)(2) (i)	In order for subrecipients to serve eligible households in a comprehensive manner, creation of partnerships with private industries and utility vendors is essential. LIHEAP staff members, both at the grantee and the subrecipient level, have devoted substantial time and resources in the negotiation and design of these partnerships.
§96.87(d)(1)	<p>The resources leveraged by these activities are from non-federal sources such as utility companies. They are provided to the LIHEAP grantee or only accessible to LIHEAP clients. They represent a net addition to the total home energy resources available to low-income households, are measurable and quantifiable, and meet the requirements for countable resources.</p> <p>The following resources have been leveraged on behalf of LIHEAP clients:</p>
§96.87(d)(2) (iii)(D) §96.87(d)(2) (iii)(E) §96.87(d)(2) (iii)(F) §96.87(e)(1) (i)	<p>Subrecipients utilize state approved vendor agreements with energy providers. These agreements may provide for waivers on reconnection fees and waivers on deposits. These agreements ensure that the energy vendor will charge the eligible household only the difference between the cost of home energy actually consumed and the amount of the payment made by TDHCA through LIHEAP. Agreements ensure that energy vendors will treat LIHEAP clients with no disadvantage relative to all other customers.</p> <p>TDHCA currently uses written agreements with private, investor owned electric utility companies (IOUs) to provide funding for the following resources or services:</p>

§96.87(d)(2)(ii) §96.87(e)(1)(iii) §96.87(e)(1)(vi)	IOU Weatherization Programs provide additional funding for the LIHEAP-funded Weatherization Assistance Program. Utility funds supplement work on housing units weatherized under the state's WAP. TDHCA administers the funds through its LIHEAP WAP network of weatherization contractors.
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\* Leveraged resources/benefits that are counted under criterion (iii) in 45 CFR 96.87(d)(2) must be identified and described in the grantee's LIHEAP plan and distributed as indicated in the plan. In addition, leveraging resources/benefits that are counted under criterion (ii) must be carried out under one or more components of the grantee's regular LIHEAP program.

## **ADDITIONAL CERTIFICATIONS AND REQUIREMENTS**

Attached are additional certifications required as follows:

- **Lobbying certification**, which must be filed by all States and territories. If applicable, Form LLL, which discloses lobbying payments, must be submitted. (Tribes and tribal organizations are EXEMPT)
- **Debarment and suspension certification**, which must be filed by all grantees.
- **Drug-free workplace requirement certification**, which must be filed by all grantees, unless the grantee has filed a statewide certification with the Department of Health and Human Services. **STATES ONLY:** If you have filed a statewide certification for the drug-free workplace requirement, please check here:
- One of the new requirements included in the 1994 reauthorization of the statute is that grantees must include in their annual application for funds a report on the number and income levels of households applying for and receiving LIHEAP assistance, and on the number of recipient households that have members who are elderly, disabled, or young children.

**All Tribes and those territories with allotments of less than \$200,000** need only submit data on the number of households served by each component (heating, cooling, weatherization and crisis). The approval for the collection of information contained in the **LIHEAP Household Report** is covered by OMB approval number 0970-0060.

- Though not a part of this application, the report on funds to be carried over or available for reallocation as required by section 2607(a) for the preceding year must be submitted by August 1 of each year. A grant award for the current fiscal year may not be made until the carryover/reallocation report is received. The approval for the collection of information contained in the **LIHEAP Carryover and Reallocation Report** is covered by OMB approval number 0970-0106.

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### **Attachments**

- LIHEAP Household Report
- Contractors (Subrecipient Agencies)
- Required Certifications
- Vendor agreement sample copy
- DOE State Plan

Grantee Name: Texas Department of Housing & Community Affairs Contact Person John Touchet, Planner

Phone: (512) 475-1435

Date: 11/13/2007

The LIHEAP Household Report--Long Format is for use by the 50 States, District of Columbia, and insular areas with annual LIHEAP allotments of \$200,000 or more. This Federal Report provides data on both recipient and applicant households for Federal Fiscal Year (FFY) 2007, the period of October 1, 2006 - September 30, 2007. The Report consists of the following sections: (1) Recommended Long Format for Assisted Households and (2) Recommended Format for LIHEAP Applicant Households. Data on assisted households are included in the Department's annual LIHEAP Report to Congress. The data are measuring targeting performance under the Government Performance and Results Act of 1993. As the reported data are aggregated, the information in this report is not considered to be confidential.

There are two types of data: (1) required data which must be reported under the LIHEAP statute and (2) requested data which are optional, in response to House Report 103-483 and Senate Report 103-251 LIHEAP Household Report--Long Format (the Excel file name is *hhsrptsl.xls*) and the instructions on completing the Report (the Word file name is *hhrptins.doc*) can be downloaded in the Forms sections of the Community Services' LIHEAP web site at: [www.acf.hhs.gov/programs/liheap/grantee\\_forms/index.htm#household\\_report](http://www.acf.hhs.gov/programs/liheap/grantee_forms/index.htm#household_report). The spreadsheet is page protected in order to keep the format uniform. The items in other areas of the spreadsheet cannot be modified. For example, the number of assisted and applicant households can not be entered. Each total will be calculated automatically for each type of assistance but when the poverty level data are entered.

Do the data below include estimated figures? No  Final Yes  Mark "X" in the second column below for each type of assistance that has at least one estimated data.

1. RECOMMENDED LONG FORMAT FOR LIHEAP ASSISTED HOUSEHOLDS

Type of assistance	Mark "X" to indicate estimated data	Number of assisted households	REQUIRED DATA					REQUIRED DATA				
			2006 HHS Poverty Guideline interval, based on gross income and household size	101%-125% poverty	126%-150% poverty	Over 150% poverty	At least one member who is 60 years or older	Disabled	At least one member who is Age 5 years or under	At least one member who is Age 2 years or under	Age 3 years through 5 years	
Heating		7,192	Under 75% poverty 4,831	75%-100% poverty 1,499	101%-125% poverty 862	n/a	n/a	3,440	4,115	931	503	590
Cooling		37,099	25,185	7,317	4,597	n/a	n/a	17,162	21,667	5,999	3,307	3,697
Winter/year round crisis		30,765	22,186	5,070	3,507	n/a	n/a	7,662	11,717	9,169	5,545	5,756
Summer crisis		0										
Other crisis (specify)		0										
Weatherization		3,158	1,733	806	606	8	5	1,647	1,409	512	264	324

2. RECOMMENDED FORMAT FOR LIHEAP APPLICANT HOUSEHOLDS (regardless of whether assisted)

Type of assistance	Mark "X" to indicate estimated data	Number of applicant households	REQUIRED DATA					Income data unavailable
			2006 HHS Poverty Guideline interval, based on gross income and household size	75%-100% poverty	101%-125% poverty	126%-150% poverty	Over 150% poverty	
Heating		8,052	Under 75% poverty 4,248	75%-100% poverty 1,622	101%-125% poverty 976	172	19	1015
Cooling		39,354	25,185	7,317	4,597	447	144	1664
Winter/year round crisis		31,583	19,615	5,124	3,391	503	174	2776
Summer crisis		0						
Other crisis (specify)		0						
Weatherization		5,096	1,952	1,102	793	167	312	770

Note: Include any notes below for section 1 or 2 (indicate which section, type of assistance, and item the note is referencing). Applicants for Heating, Cooling, and Crisis can receive assistance from more than one component without submitting a new application.

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
 POST OFFICE BOX 13941, AUSTIN, TX 78711-3941  
 Energy Assistance 512-475-3951

## MASTER LIST OF SUBRECIPIENTS

Current as of 4/2/2008

Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
1 Aspermont Small Business Development Center, Inc.	P.O. Box 188 Aspermont, Texas 79502 Tel: (940) 989-3538 Fax: (940) 989-3445 1(800) 722-0137	Dana Myers Executive Director	Dana Myers Tel: (940) 989-3538 Fax: (940) 989-3445	David Davis 1 Av. D Parnell, Texas 79521 Tel: (940) 864-2851 Fax:	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton
mailto:asbdc@westex.net					
2 Bee Community Action Agency	P.O. Box 1540 Beeville, Texas 78104-1540 Tel: (361) 358-5530 Fax: (361) 358-6591 1(800) 358-5534	Anna Simo Executive Director mailto:anna.simo@bizstx.r.com	Julie Hernandez Tel: (361)358-5530 Fax	Ms. Carmen Garza Tel: Tel: Fax:	Bee, Live Oak, Refugio
mailto:julie.hernandez@bizstx.r.com					
3 Bexar County Community and Development Programs	233 N. Pecos Street, Suite 590 San Antonio, Texas 78207 Tel: (210) 335-3707 Fax: (210) 335-6788	Aurora M. Sanchez Executive Director mailto:asanchez@bexar.org	Delta Perez Tel: (210) 335-6541 Fax: mailto:dperez@bexar.org	Nelson W. Wolff 100 Dolorosa, Suite 1.20 San Antonio, Texas 78205 Tel: (210) 335-2626 Fax: (210) 335-2926	Bexar
4 Big Bend Community Action Committee, Inc.	P.O. Box 265 Marfa, Texas 79843 Tel: (432) 729-4908 Fax: (432) 729-3435	Emma Vasquez Executive Director	Gloria Garcia Tel: Fax:	Judge George Grubb P.O. Box 636 Fl. Davis, Texas 79734 Tel: (432) 426-3968 Fax:	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio
mailto:evbbcac@sbcglobal.net					
5 Brazos Valley Community Action Agency	504 E. 27th Street Bryan, Texas 77803 Tel: (979) 779-7443 Fax: (979) 822-7758 1(877) 260-4925	Karen Garber Executive Director mailto:kgarber@bvcaa.org	Angela Blackwell Tel: 979-260-4920 Fax: 979-260-4828 mailto:ablackwell@bvcaa.org	Ms. Ann Lyons P.O. Box 418 Millican, Texas 77860 Tel: (936) 825-6374 Fax: (936) 825-4560	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Walker, Waller, Washington
mailto:www.bvcaa.org					



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6 Cameron and Willacy Counties Community Projects, Inc.	3302 Boca Chica, Suite 209 Brownsville, Texas 78521-5705 Tel: (956) 544-6411 Fax (956) 544-6414 <a href="mailto:cwccp@orbitbroadband.net">mailto:cwccp@orbitbroadband.net</a>	Amalia C. Garza Executive Director <a href="mailto:cwccp@orbitbroadband.net">mailto:cwccp@orbitbroadband.net</a>	Xochitl C. Rodriguez Tel: Fax	Mr. Miguel Torres 23 West Maple Brownsville, Texas 78521 Tel: (956) 541-4140 Fax	Cameron, Willacy
7 Caprock Community Action Association, Inc.	224 S. Berkshire Crosbyton, Texas 79322 Tel: (806) 675-7307 Fax: (806) 675-2291 1(800) 692-4164 <a href="mailto:www.caprockcaa.org">mailto:www.caprockcaa.org</a>	Claudia Cowley Executive Director <a href="mailto:Claudia.Cowley@spworksource.org">mailto:Claudia.Cowley@spworksource.org</a> <a href="mailto:missar@caprockcaa.org">mailto:missar@caprockcaa.org</a>	Melissa Rubalcado Tel: 1 (800) 692-4164 Fax: (806) 675-2291 <a href="mailto:spworksource.org">mailto:spworksource.org</a>	Ed D. Smith P.O. Box 719 Matador, Texas 79244 Tel: (806) 347-2334 Fax: (806) 347-2072	Crosby, Dickens, Floyd, Hale, King, Motley
8 Central Texas Opportunities, Inc.	P.O. Box 820 Coleman, Texas 76834 Tel: (325) 625-4167 Fax: (325) 625-3335 1(800) 625-4167	George Cormack Executive Director <a href="mailto:gcormack@web-access.net">mailto:gcormack@web-access.net</a>	Hanna Adams Tel: Fax	Kenny Cooke, Jr P.O. Box 611 Ballinger, Texas 76821 Tel: (325) 625-4167 Fax	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels
9 Combined Community Action, Inc.	165 W. Austin Street Giddings, Texas 78942 Tel: (979) 540-2980 Fax: (979) 542-9565 1(800) 688-9065 <a href="mailto:www.ccaction.com">mailto:www.ccaction.com</a>	Rhoda Marie Gersch Executive Director <a href="mailto:rmgersch@yahoo.com">mailto:rmgersch@yahoo.com</a>	Kelly Franke Tel: (979) 540-2985 Fax	Ms. Vi Mueller P.O. Box 1108 La Grange, Texas 78945 Tel: (979) 247-4746 Fax	Austin, Bastrop, Colorado, Fayette, Lee
10 Community Action Committee of Victoria Texas	P.O. Box 3607 Victoria, Texas 77903-3607 Tel: (361) 578-2989 Fax: (361) 578-0082 1(800) 695-0314 <a href="mailto:caav@sbcglobal.net">mailto:caav@sbcglobal.net</a>	Vicki Smith Executive Director	Shawnee Bayer Tel: (361) 575-0478 o Fax	Dr. Glenn Robertson P.O. Box 803 Cuero, Texas 77954 Tel: Fax	Aransas, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Victoria

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Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
11 Community Action Corporation of South Texas	204 E. 1st Street Alice, Texas 78333-1820 Tel: (361) 664-0145 Fax: (361) 664-0120 1(800) 664-0145	Rafael Trevino, Jr. Executive Director	Robert Cuevas Tel: (361) 664-4769 Fax: (361) 664-8731	Servando Garza, Jr. 1426 FM RD 665 Alice, Texas 78332 Tel: (361) 664-5815 Fax:	Brooks, Jim Wells, San Patricio, Kleberg, Kenedy
<a href="mailto:www.cacost.org">mailto:www.cacost.org</a>					
12 Community Action Inc., of Hays, Caldwell and Blanco Counties	P.O. Box 748 San Marcos, Texas 78667-0748 Tel: (512) 392-1161 Fax: (512) 396-4255	Carole Belver Executive Director	Tina Morrow Tel: Ext. 309 Fax: <a href="mailto:cbelver@communityaction.com">mailto:cbelver@communityaction.com</a>	Judge H.T. Wright 110 S. Main St. Lockhart, Texas 78644 Tel: (512) 398-1809 Fax: <a href="mailto:t.morrow@communityaction.com">mailto:t.morrow@communityaction.com</a>	Blanco, Caldwell, Hays
<a href="mailto:www.communityaction.com">mailto:www.communityaction.com</a>					
13 Community Action Program, Inc.	P.O. Box 144 Abilene, Texas 79604-0144 Tel: (325) 673-5785 Fax: (325) 673-5784	Morris Baker Executive Director	Maria Aguilar Tel: Ext. 303 Fax: <a href="mailto:morrisbaker@nts-online.net">mailto:morrisbaker@nts-online.net</a> <a href="mailto:mariaaguilar@nts-online.net">mailto:mariaaguilar@nts-online.net</a>	Ms. Mary Helen Muno P.O. Box 981 Abilene, Texas 79604 Tel: (325) 677-1444 Fax: (325) 794-1339	Shackelford, Stephens, Taylor
<a href="mailto:ccreeves@netwest.com">mailto:ccreeves@netwest.com</a>					
14 Community Council of Reeves County	700 Daggett Street, Suite F Pecos, Texas 79772-4524 Tel: (432) 447-4913 Fax: (432) 447-4914	Mary Jane Rios Executive Director	Rowena Lyles Tel: Fax:	Rojelio Alvarado 1322 East 5th Street Pecos, Texas 79772 Tel: (432) 448-2359 Fax:	Loving, Reeves, Ward, Winkler
<a href="mailto:ccreeves@netwest.com">mailto:ccreeves@netwest.com</a>					
15 Community Council of South Central Texas, Inc.	205-A E. Court Street Seguin, Texas 78155-5705 Tel: (830) 303-4376 Fax: (830) 372-5354	Mary Lou Castillo Executive Director	Carol Kruse Tel: (830) 303-5670 Fax:	Adolfo Aguilar 429 William Drive Pearsall, Texas 78061 Tel: (830) 334-1718 Fax:	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson

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16 Community Council of Southwest Texas, Inc.	P.O. Drawer 1709 Uvalde, Texas 78802-1709 Tel: (830) 278-6268 Fax: (830) 278-4281	Jorge Botello Executive Director <a href="mailto:jorge_botello5@yahoo.com">mailto:jorge_botello5@yahoo.com</a>	Mary Reyna Tel: (830) 278-9167 Fax: (830) 278-2679 <a href="mailto:mary_reyna@uvalde@yahoo.com">mailto:mary_reyna@uvalde@yahoo.com</a>	Herman Gonzales 220 W. Chambers Crystal City, Texas 78839 Tel: (830) 374-5393 Fax:	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala
17 Community Services Agency of South Texas	P.O. Box 488 Carrizo Springs, Texas 78834-6488 Tel: (830) 876-5219 Fax: (830) 876-5280	David Ojeda, Jr. Executive Director <a href="mailto:david_ojeda@csaofsttexas.org">mailto:david_ojeda@csaofsttexas.org</a>	David Avalos Tel: (830) 876-2918 Fax: (830) 876-9623 <a href="mailto:david_avalos@sbcbglobal.net">mailto:david_avalos@sbcbglobal.net</a>	Roel Rodriguez, Jr. c/o Agency , Texas Tel: Fax:	Dimmit, LaSalle, Maverick
18 Community Services of Northeast Texas, Inc.	P.O. Box 427 Linden, Texas 75563 Tel: (903) 756-5596 Fax: (903) 756-7294	Dan Boyd Executive Director <a href="mailto:dan.boyd@csntexas.org">mailto:dan.boyd@csntexas.org</a>	Dan Boyd Tel: Fax:	Howard Tong 200 Sugar Place New Boston, Texas 75570 Tel: (903) 826-1882 Fax:	Camp, Cass, Marion, Morris
19 Community Services, Inc.	P.O. Box 612 Cosicana, Texas 75151-0612 Tel: (903) 872-2401 Fax: (903) 872-0254 1(800) 831-9829	Pauletta Hines Executive Director <a href="mailto:csi_csba@sbcbglobal.net">mailto:csi_csba@sbcbglobal.net</a>	Valerie Nickerson Tel: (903) 875-3727 Fax: <a href="mailto:csi_csap@sbcbglobal.net">mailto:csi_csap@sbcbglobal.net</a>	Larry West 3791 US175 E. Athens, Texas 75751 Tel: Fax:	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt
20 Concho Valley Community Action Agency	P.O. Box 671 San Angelo, Texas 76902 Tel: (325) 653-2411 Fax: (325) 658-3147	Sidney Mabry Executive Director <a href="mailto:sid@suddenlinkmail.com">mailto:sid@suddenlinkmail.com</a>	Janet Appleton Tel: (325) 653-1680 Fax: (325) 658-3147 <a href="mailto:cvcas2@suddenlinkmail.com">mailto:cvcas2@suddenlinkmail.com</a>	Hon. Dianna Spieker 112 West Beauregard San Angelo, Texas 76903 Tel: (325) 659-3263 Fax:	Coke, Concho, Crockett, Inon, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton

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21 Dallas County Department of Health and Human Services	2377 N. Stemmons Fwy, Suite 600, L Dallas, Texas 75207-2710 Tel: (214) 819-1858 Fax: (214) 819-6022	Zachary Thompson Director <a href="mailto:ZThompson@dallascounty.org">mailto:ZThompson@dallascounty.org</a>	Darla Spenser Tel: (214) 819-1848 Fax: (214) 819-2101 <a href="mailto:DThompson@dallascounty.org">mailto:DThompson@dallascounty.org</a>	Jim Foster 411 Elm Street, 2nd Floor Dallas, Texas 75202 Tel: (214) 653-7555 Fax:	Dallas
22 Economic Action Committee of The Gulf Coast	P.O. Box 1685 Bay City, Texas 77404-1685 Tel: (979) 245-6901 Fax: (979) 245-5699	Susan Wells Executive Director <a href="mailto:eac.swells@sbcglobal.net">mailto:eac.swells@sbcglobal.net</a>	Jody Johnson Tel: (979) 245-3250 Fax: <a href="mailto:eac-energy@sbcglobal.net">mailto:eac-energy@sbcglobal.net</a>	Andy Hawkins 2601 El Camino Bay City, Texas 77414 Tel: (979) 241-4282 Fax:	Matagorda
23 Economic Opportunities Advancement Corporation of Planning Region XI	500 Franklin Avenue Waco, Texas 76701-2111 Tel: (254) 753-0331 Fax: (254) 754-0046	Johnette Hicks Executive Director <a href="mailto:jhicks@centextbiz.ir.com">mailto:jhicks@centextbiz.ir.com</a>	Claudia Gooch Tel: Ext 218 Fax: <a href="mailto:claudia@centextbiz.ir.com">mailto:claudia@centextbiz.ir.com</a>	Darlene Cates C/O Agency Tel: Fax:	Bosque, Falls, Freestone, Hill, Limestone, McLennan
24 El Paso Community Action Program, Project BRAVO, Inc.	P.O. Box 3445 El Paso, Texas 79923 Tel: (915) 562-4100 Fax: (915) 562-8952	Annie Payton Executive Director <a href="mailto:apayton@projectbravo.org">mailto:apayton@projectbravo.org</a>	Jesus Munoz Tel: Fax: <a href="mailto:jmunoz@projectbravo.org">mailto:jmunoz@projectbravo.org</a>	Dinna Spencer 500 E. San Antonio Street, Room El Paso, Texas 79901 Tel: (915) 546-2059 Fax:	El Paso
25 Fort Worth, City of, Parks & Community Services Department	4200 South Freeway, Suite 2200 Ft Worth, Texas 76115-1499 Tel: (817) 871-5700 Fax: (817) 871-5776	Richard Zavala Director <a href="mailto:leona.johnson@fortworthgov.org">mailto:leona.johnson@fortworthgov.org</a>	Leona Johnson Tel: (817) 871-5772 Fax:	Dale Fissler 1000 Throckmorton Street Fort Worth, Texas 76102 Tel: Fax:	Tarrant

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26 Galveston County Community Action Council, Inc.	P.O. Box 3206 Galveston, Texas 77552 Tel: (409) 765-7878 Fax (409) 765-9951 1(800) 300-3004	Norma R. Mitchell Executive Director mailto:normadmitchell60@hotmail.com mailto:sl_harrell27@hotmail.com	Sabrina Harrell Tel: (409) 762-8418 Fax:	Rev. E.R. Johnson 1422 40th Street Galveston, Texas 77550 Tel: (409) 762-8470 Fax:	Brazoria, Fort Bend, Galveston, Wharton
27 Greater East Texas Community Action Program (GETCAP)	P.O. Box 631938 Nacogdoches, Texas 75963 Tel: (936) 564-2491 Fax (936) 564-0302 1(800) 621-5746	Karen Swenson Executive Director mailto:kswenson@sbcglobal.net mailto:bnorris@academicplanet.com	Beverly Norris Tel: Fax:	Robert Crow P.O. Box 631938 Nacogdoches, Texas 75963 Tel: (936) 569-1151 Fax (936) 564-0302	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood
28 Hidalgo County Community Services Agency	P.O. Box 204 Edinburg, Texas 78540 Tel: (956) 383-6250 Fax (956) 380-4324 1(800) 522-4021	Maribel Navarro-Saenz Executive Director mailto:cssa_lopez@yahoo.com mailto:fiscal_dept@hotmail.com	Theima Vasquez Tel: Ext. 44 Fax:	Jose Perez 423 N. Tower Rd. Alamo, Texas 78516 Tel: Fax:	Hidalgo
29 Hill Country Community Action Association, Inc.	P.O. Box 846 San Saba, Texas 76877 Tel: (325) 372-5167 Fax (325) 372-3526	Tama Shaw Executive Director mailto:tshaw@hccaa.com mailto:cketchum@hccaa.com	Glovia Ketchum Tel: Ext. 232 Fax:	John Fisher P.O. Box 768 Belton, Texas 76513 Tel: Fax:	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba
30 Kleberg County Human Services	720 E. Lee Street Kingsville, Texas 78363 Tel: (361) 595-8572 Fax: (361) 595-8578 1(800) 356-3463	Margie Del Bosque Interim Executive Director davgar68@yahoo.com	David Garcia Tel: (361) 595-8572 Fax:	Pete DeLaGarza 720 East Lee Kingsville, Texas 78363 Tel: (361) 595-8577 Fax: (361) 595-8578	Kenedy, Kleberg

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31 Lubbock, City of, Community Development Department	P.O. Box 2000 Lubbock, Texas 79457 Tel: (806) 775-2301 Fax: (806) 775-3917	Bill Howerton Jr. Director	Joe Rangel Tel: Fax	Peter Laverty 2101 26th Street Lubbock, Texas 79411 Tel: Fax	Lubbock
<a href="mailto:www.housing.ci.lubbock.tx.us">mailto:www.housing.ci.lubbock.tx.us</a>					
32 Montgomery County Emergency Assistance, Inc.	1022 McCall Street Conroe, Texas 77301 Tel: (936) 539-9211 Fax: (936) 539-9239	Chuck Ducharme Interim Executive Director	Connie Carle Tel: (936) 539-9211 Fax: (936) 539-9239	Bill Dougherty 291 North Silverside Circle The Woodlands, Texas 77381 Tel: Fax	Montgomery
<a href="mailto:joanne@mcea-mcha.org">mailto:joanne@mcea-mcha.org</a>					
<a href="mailto:connie@mcea-mcha.org">mailto:connie@mcea-mcha.org</a>					
33 Northeast Texas Opportunities, Inc.	P.O. Box 478 Mount Vernon, Texas 75457 Tel: (903) 537-2256 Fax: (903) 537-2187	Beverly Logan Executive Director	Brenda Fountain Tel: Fax	Judge Jerry Hubbell 200 N. Kaufman Mt. Vernon, Texas 75457 Tel: Fax	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus
<a href="mailto:www.netopportunitiesinc.fcpa">mailto:www.netopportunitiesinc.fcpa</a>					
<a href="mailto:neto@mt-vernon.com">mailto:neto@mt-vernon.com</a>					
34 Nueces County Community Action Agency	101 South Padre Island Drive Corpus Christi, Texas 78405 Tel: (361) 883-7201 Fax: (361) 883-9173	Joe A. Martinez Executive Director	Alicia A. "Addie" Hurd / Dorothy Wade Tel: (361) 883-7201 x Fax	George Rosas 7417 Spiffire Corpus Christi, Texas 78412 Tel: Fax	Nueces
<a href="mailto:jam@nccaabx.org">mailto:jam@nccaabx.org</a>					
<a href="mailto:ahurd@nccaabx.org">mailto:ahurd@nccaabx.org</a>					
35 Panhandle Community Services	P.O. Box 32150 Amarillo, Texas 79120-2150 Tel: (806) 372-2531 Fax: (806) 373-8143 1(800) 676-4727	Johnny Raymond Executive Director	Pauletta Flores & Phyllis Cook Tel: Ext 225 Fax	Judge Donnie Allred Box 195 Vege, Texas 79092 Tel: (806) 267-2607 Fax: (806) 267-2671	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler
<a href="mailto:www.pcsvcs.org">mailto:www.pcsvcs.org</a>					
<a href="mailto:pfflores@pcsvcs.org">mailto:pfflores@pcsvcs.org</a>					
<a href="mailto:phcook@pcsvcs.org">mailto:phcook@pcsvcs.org</a>					

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36 Pecos County Community Action Agency	P.O. Box 940 Fort Stockton, Texas 79735 Tel: (432) 336-7526 Fax: (432) 336-7528	Miguel Ureta Executive Director Tel: Fax:	Mr. Donald Hunt 401 South Elm Pecos, Texas 79772 Tel: Fax:	Mr. Donald Hunt 401 South Elm Pecos, Texas 79772 Tel: Fax:	Crane, Pecos, Terrell
<a href="mailto:pat.larides@co.pecos.tx.us">mailto:pat.larides@co.pecos.tx.us</a>					
37 Programs for Human Services, Inc.	P.O. Box 1607 Orange, Texas 77631-1607 Tel: (409) 886-0125 Fax: (409) 886-2849 1(866) 550-0282	Tish Foyle-Johnson Executive Director <a href="mailto:antachus@gtbizclass.com">mailto:antachus@gtbizclass.com</a>	Connie Gray Tel: (409) 886-4338 Fax: (409) 883-8404	Dana Willis 5 Bayou Bend Orange, Texas 77630 Tel: (409) 886-2522 Fax: (409) 779-2467	Chambers, Hardin, Jefferson, Liberty, Orange
<a href="mailto:nhs@gtbizclass.com">mailto:nhs@gtbizclass.com</a>					
38 Rolling Plains Management Corporation	P.O. Box 490 Crowell, Texas 79227 Tel: (940) 684-1571 Fax: (940) 684-1693 1(800) 633-0852	Felix Taylor Executive Director <a href="mailto:felix.taylor@rollingplainsmgt.com">mailto:felix.taylor@rollingplainsmgt.com</a>	Marsha Anderson Tel: Fax:	Dan Craighead Seymour, Texas 76380 Tel: (940) 889-1050 Fax:	Archer, Baylor, Clay, Cottle, Foard, Harteman, Jack, Montague, Wichita, Wilbarger, Young
<a href="mailto:rpmmc@chipshot.net">mailto:rpmmc@chipshot.net</a>					
39 San Angelo-Tom Green County Health Department	P.O. Box 1751 San Angelo, Texas 76902 Tel: (325) 657-4400 Fax: (325) 481-2632	S. Michael Loving Chief Executive & Program Tel: Fax: <a href="mailto:dontsb@wcc.net">mailto:dontsb@wcc.net</a>	Harold Dominguez P.O. Box 1751 San Angelo, Texas 78204 Tel: (325) 655-9121 Fax:	Harold Dominguez P.O. Box 1751 San Angelo, Texas 78204 Tel: (325) 655-9121 Fax:	Tom Green
40 Senior Citizens Services of Texarkana, Inc.	P.O. Box 619 Texarkana, Texas 75604 Tel: (903) 831-7696 Fax: (903) 831-7869	Eden Leach Executive Director Tel: Fax: <a href="mailto:scsbt@cablone.net">mailto:scsbt@cablone.net</a>	Nancy Bowman Tel: Fax:	Ruth Williams P.O. Box 452 Texarkana, Texas 75504 Tel: Fax:	Bowie
<a href="mailto:scsbt@cablone.net">mailto:scsbt@cablone.net</a>					

# PY 2008 Comprehensive Energy Assistance Program

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
 POST OFFICE BOX 13941, AUSTIN, TX 78711-3941  
 Energy Assistance 512-475-3951

## MASTER LIST OF SUBRECIPIENTS

Current as of 4/2/2008

Subrecipient	Agency Address	Chief Executive	Program Contact	Board Chair	Counties Served
41 Sheltering Arms, Inc.	3838 Aberdeen Way Houston, Texas 77025 Tel: (713) 956-1888 Fax: (713) 956-2079	Robert E. Phillips President	Arcadio Padilla Tel: (713) 956-7456 o Fax: (713) 685-6690	Michelle Beale 31 Hackberry Lane Houston, Texas 77027 Tel: (713) 621-1488 Fax:	Harris
42 South Plains Community Action Association, Inc.	P.O. Box 610 Levelland, Texas 79336 Tel: (806) 894-6104 Fax: (806) 894-5349	W. D. Powell, Jr. Executive Director <a href="mailto:community.services@spcaa.org">mailto:community.services@spcaa.org</a>	Luis Perez Tel: (806) 894-4560 Fax: (806) 894-9695	Joe Dee Brooks 2213 S. College Levelland, Texas 79336 Tel: (806) 894-7263 Fax:	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum
43 Texas Neighborhood Services	1802 Martin Dr. Weatherford, Texas 76086 Tel: (817) 598-4650 Fax: (817) 594-9840 1(800) 325-6944 <a href="mailto:www.tbns.org">mailto:www.tbns.org</a>	Bradley Manning Executive Director <a href="mailto:bmanning@tbns.org">mailto:bmanning@tbns.org</a>	Sunny Erwin Tel: (817) 598-5700 X Fax: <a href="mailto:biz.erwin@tbns.org">mailto:biz.erwin@tbns.org</a>	Hugh Smith 1802 Martin Dr. Weatherford, Texas 76086 Tel: Fax:	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise
44 Texoma Council of Governments	1117 Gallagher Drive, Suite 300 Sherman, Texas 75090 Tel: (903) 893-2161 Fax: (903) 813-3511 1(800) 677-8264 <a href="mailto:www.texoma.cog.tx.us">mailto:www.texoma.cog.tx.us</a>	Frances Pelley Executive Director <a href="mailto:fpelley@texoma.cog.tx.us">mailto:fpelley@texoma.cog.tx.us</a>	Terrell Culbertson Tel: (903) 813-3516 Fax: (903) 813-3539 <a href="mailto:terrell.culbertson@texoma.cog.tx.us">mailto:terrell.culbertson@texoma.cog.tx.us</a>	Bill Lindsay 622 Royal Ridge Dr. Denison, Texas 75020 Tel: (903) 814-9348 Fax:	Cooke, Fannin, Grayson
45 Travis County Health and Human Services Department	P.O. Box 1748 Austin, Texas 78767 Tel: (512) 854-4100 Fax: (512) 854-4123 <a href="mailto:sherry.fleming@co.travis.tx.us">mailto:sherry.fleming@co.travis.tx.us</a>	Sherri Fleming Interim Executive Manager <a href="mailto:lisa.sindermann@co.travis.tx.us">mailto:lisa.sindermann@co.travis.tx.us</a>	Lisa Sindermann Tel: (512) 854-4594 Fax: (512) 473-4123	Sam Biscoe 314 W. 11th St., Suite 250 Austin, Texas 78701 Tel: (512) 473-9555 Fax: (512) 473-9535	Travis



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46 Tri-County Community Action, Inc.	P.O. Drawer 1748 Center, Texas 75935 Tel: (936) 598-6315 Fax: (936) 598-7272	Lenola Wyatt-Tutt Executive Director <a href="mailto:lenolatutt@sbcglobal.net">mailto:lenolatutt@sbcglobal.net</a>	Janette Williams Tel: Fax:	Leroy Hughes P.O. Box 299 San Augustine, Texas 75972 Tel: Fax:	Harrison, Jasper, Newton, Parola, Sabine, San Augustine, Shelby, Tyler, Upshur
47 Webb County Community Action Agency	1110 Washington St, Suite 203 Laredo, Texas 78040-4443 Tel: (956) 523-4182 Fax: (956) 523-5016	Mike Kazen Executive Director <a href="mailto:mikazen@webbcountytx.gov">mailto:mikazen@webbcountytx.gov</a>	Maricela Benavides Tel: Fax: (956) 523-5016	Ms. Patricia Campos 508 Gale, Apt 13 Laredo, Texas 78041 Tel: (956) 721-2350 Fax:	Webb
48 West Texas Opportunities, Inc.	P.O. Box 1308 Lamesa, Texas 79331 Tel: (806) 872-8354 Fax: (806) 872-5816	Janet Everheart Executive Director <a href="mailto:jeverheart.wto@gmail.com">mailto:jeverheart.wto@gmail.com</a>	Karen Faulkner Tel: Ext. 215 Fax:	Don Stribling 813 North 21st Street Lamesa, Texas 79331 Tel: (806) 872-8634 Fax:	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton
49 Williamson-Burnet County Opportunities, Inc.	P.O. Box 740 Georgetown, Texas 78627 Tel: (512) 763-1400 Fax: (512) 763-1411	Andrew Shell Executive Director <a href="mailto:erodriguez@wbco.net">mailto:erodriguez@wbco.net</a>	Estela Rodriguez Tel: (512) 763-1400 Fax: (512) 763-1411	Mr. Larry Nicholson 100 Cavalier Lane Liberty Hill, Texas 78642 Tel: (512) 515-6514 Fax:	Burnet, Williamson

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1 Alamo Area Council of Governments	8700 Tesoro Dr., Ste. 700 San Antonio, Texas 78217 Phone: (210) 362-5245 Fax (210) 225-5937	Gloria C. Arriaga <a href="mailto:gamiaqa@aacog.com">mailto:gamiaqa@aacog.com</a>	Rose Jackson <a href="mailto:riackson@aacog.com">mailto:riackson@aacog.com</a>	James E. Barden 1100 16th Street Hondo, Texas 78861	Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson
2 Bee Community Action Agency	P.O. Box 1540 Beeville, Texas 78104-1540 Phone: (361) 358-5530 Fax (361) 358-6591 1 (800) 358-3534	Anna Simo <a href="mailto:anna.simo@bizstx.rr.com">mailto:anna.simo@bizstx.rr.com</a>	Anna Simo <a href="mailto:annasimo@bizstx.rr.com">mailto:annasimo@bizstx.rr.com</a>	Ms. Carmen Garza  Texas	Bee, Live Oak, Refugio
3 Big Bend Community Action Committee, Inc.	P.O. Box 265 Marfa, Texas 79843 Phone: (432) 729-4908 Fax (432) 729-3435	Emma Vasquez	Beronica Martinez (432) 729-4876	Judge George Grubb P.O. Box 836 Fl. Davis, Texas 79734	Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell
4 Brazos Valley Community Action Agency	504 E. 27th Street Bryan, Texas 77803 Phone: (979) 779-7443 Fax (979) 822-7758 1 (877) 260-4925	Karen Garber <a href="mailto:kgarber@bvcaa.org">mailto:kgarber@bvcaa.org</a>	Rebecca Fortin 979-260-4908 <a href="mailto:evbvcac@sbcglobal.net">mailto:evbvcac@sbcglobal.net</a>	Ms. Ann Lyons P.O. Box 418 Millican, Texas 77860	Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington
5 Cameron and Willacy Counties Community Projects, Inc.	3302 Boca Chica, Suite 209 Brownsville, Texas 78521-5705 Phone: (956) 544-6411 Fax: (956) 544-6414 <a href="mailto:cwccp@orbitroadband.net">mailto:cwccp@orbitroadband.net</a>	Amalia C. Garza <a href="mailto:cwccp@orbitroadband.net">mailto:cwccp@orbitroadband.net</a>	Rigoberto Cavazos (956) 421-2216 <a href="mailto:rfordin@bvcaa.org">mailto:rfordin@bvcaa.org</a>	Mr. Miguel Torres 23 West Maple Brownsville, Texas 78521	Cameron, Willacy

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Subrecipient	Agency Address	Chief Executive	Contact Person	Board Chair	Countries Served
6 Caprock Community Action Association, Inc.  <a href="mailto:www.caprockcaa.org">mailto:www.caprockcaa.org</a>	224 S. Berkshire Crosbyton, Texas 79322 Phone: (806) 675-7307 Fax: (806) 675-2291 1(800) 692-4164	Claudia Cowley  <a href="mailto:Claudia.Cowley@spworksource.org">mailto:Claudia.Cowley@spworksource.org</a>	Mr. Jackie Hamersly	Ed D. Smith P.O. Box 719 Matador, Texas 79244	Crosby, Dickens, Floyd, Hale, King, Motley
7 Combined Community Action, Inc.  <a href="mailto:www.ccaaction.com">mailto:www.ccaaction.com</a>	165 W. Austin Street Giddings, Texas 78942 Phone: (979) 540-2980 Fax: (979) 542-9565 1(800) 688-9065	Rhoda Marie Gersch  <a href="mailto:rmgersch@yahoo.com">mailto:rmgersch@yahoo.com</a>	Kelly Franke (979) 540-2985	Ms. Vi Mueller P.O. Box 1108 La Grange, Texas 78945	Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee
8 Community Action Committee of Victoria Texas  <a href="mailto:caav@sbcglobal.net">mailto:caav@sbcglobal.net</a>	P.O. Box 3607 Victoria, Texas 77903-3607 Phone: (361) 578-2989 Fax: (361) 578-0062 1(800) 695-0314	Vicki Smith	Lisa Wiest	Dr. Glenn Robertson P.O. Box 803 Cuero, Texas 77954	Aranas, Brazoria, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton
9 Community Action Corporation of South Texas  <a href="mailto:www.cacosoft.org">mailto:www.cacosoft.org</a>	204 E. 1st Street Alice, Texas 78333-1820 Phone: (361) 664-0145 Fax: (361) 664-0120 1(800) 664-0145	Rafael Trevino, Jr.	Jorge Zamora (361) 661-1300	Servando Garza, Jr. 1426 FM RD 665 Alice, Texas 78332	Brooks, Jim Wells, San Patricio, Kleberg, Kenedy
10 Community Action Program, Inc.  <a href="mailto:teresasarda@nts-online.net">mailto:teresasarda@nts-online.net</a>	P.O. Box 144 Abilene, Texas 79604-0144 Phone: (325) 673-5785 Fax: (325) 673-5784	Morris Baker  <a href="mailto:morrisbaker@nts-online.net">mailto:morrisbaker@nts-online.net</a>	Teresa Serda Ext. 310	Ms. Mary Helen Munro P.O. Box 981 Abilene, Texas 79604	Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton

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11 Community Council of Reeves County	700 Daggett Street, Suite F Pecos, Texas 79772-4524 Phone: (432) 447-4913 Fax: (432) 447-4914	Mary Jane Rios	Amparo Valenzuela	Rojelio Alvarado 1322 East 5th Street Pecos, Texas 79772	Loving, Reeves, Ward, Winkler
<a href="mailto:ccreeves@netwest.com">mailto:ccreeves@netwest.com</a>					
12 Community Services Agency of South Texas	P.O. Box 488 Carrizo Springs, Texas 78834-6488 Phone: (830) 876-5219 Fax: (830) 876-5280	David Ojeda, Jr.	David Avalos (830) 876-0272	Roel Rodriguez, Jr. c/o Agency , Texas	Dimmit, Edwards, Kinney, La Salle, Real, Uvalde, Val Verde, Zavala
<a href="http://www.csaofstx.com">http://www.csaofstx.com</a>					
13 Community Services, Inc.	P.O. Box 612 Corsicana, Texas 75151-0612 Phone: (903) 872-2401 Fax: (903) 872-0254 1(800) 831-9929	Pauletta Hines <a href="mailto:csi_csbg@sboadlobal.net">mailto:csi_csbg@sboadlobal.net</a>	A.R. Kampschafer (903) 872-2407	Larry West 3791 US175 E. Athens, Texas 75751	Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt
14 Concho Valley Community Action Agency	P.O. Box 671 San Angelo, Texas 76902 Phone: (325) 653-2411 Fax: (325) 658-3147	Sidney Mabry <a href="mailto:sid@suddenlinkmail.com">mailto:sid@suddenlinkmail.com</a>	Janet Appleton (325) 653-1680	Hon. Dianna Spieker 112 West Beaugard San Angelo, Texas 76903	Coke, Coleman, Concho, Crockett, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green
<a href="mailto:cva2@suddenlinkmail.com">mailto:cva2@suddenlinkmail.com</a>					
15 Dallas County Department of Health and Human Services	2377 N. Stemmons Fwy, Suite 600, Dallas, Texas 75207-2710 Phone: (214) 819-1858 Fax: (214) 819-6022	Zachary Thompson <a href="mailto:ZThompson@dallascounty.org">mailto:ZThompson@dallascounty.org</a>	Daniel Araiza (214) 819-1909	Jim Foster 411 Elm Street, 2nd Floor Dallas, Texas 75202	Dallas
<a href="mailto:daraiza@dallascounty.org">mailto:daraiza@dallascounty.org</a>					

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Current as of 4/2/2008

Subrecipient	Agency Address	Chief Executive	Contact Person	Board Chair	Counties Served
16 Economic Opportunities Advancement Corporation of	500 Franklin Avenue Waco, Texas 76701-2111 Phone: (254) 753-0331 Fax: (254) 754-0046	Johnette Hicks mailto:jhicks@centexbiz.rr.com	Richard Huettel ext. 203	Darlene Cates C/O Agency	Bosque, Falls, Freestone, Hill, Limestone, McLennan
17 El Paso Community Action Program, Project BRAVO, Inc.	P.O. Box 3445 El Paso, Texas 79923 Phone: (915) 562-4100 Fax: (915) 562-8952	Annie Payton mailto:apayton@projectbravo.org	Mike Martinez	Dinna Spencer 500 E. San Antonio Street, El Paso, Texas 79901	El Paso
18 Fort Worth, City of, Department of Housing	1000 Throckmorton Street Fort Worth, Texas 76102 Phone: (817) 392-7540 Fax: (817) 392-7528	Jerome E. Walker mailto:jerome.walker@fortworthgov.org	David Maryol (817) 392-7554	, Texas	Tarrant
19 Greater East Texas Community Action Program (GETCAP)	P.O. Box 631938 Nacogdoches, Texas 75963 Phone: (936) 564-2491 Fax: (936) 564-0302 1(800) 621-5746	Karen Swenson mailto:kswenson@sbcglobal.net	Carl Singleton (936) 564-2491	Robert Crow P.O. Box 631938 Nacogdoches, Texas 75963	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood
20 Hill Country Community Action Association, Inc.	P.O. Box 846 San Saba, Texas 76877 Phone: (325) 372-5167 Fax: (325) 372-3526	Tama Shaw mailto:tshaw@hccaa.com	Patti Owen Ext 222 / Ext 282	John Fisher P.O. Box 768 Belton, Texas 76513	Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson

**PY 2008 Weatherization Assistance Program**  
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Subrecipient	Agency Address	Chief Executive	Contact Person	Board Chair	Counties Served
21 Lubbock, City of, Community Development Department	P.O. Box 2000 Lubbock, Texas 79457 Phone: (806) 775-2301 Fax: (806) 775-3917	Bill Howerton Jr.	Brad Reed	Peter Laverly 2101 26th Street Lubbock, Texas 79411	Lubbock
<a href="mailto:www.housing.ci.lubbock.tx.us">mailto:www.housing.ci.lubbock.tx.us</a>					
22 Maverick County Human Services Department	1609 Dei Rio Blvd. Eagle Pass, Texas 78852 Phone: (330) 773-0045 Fax: (330) 773-2754	Romelia Cardona	Fernando Munoz	Rogelio Escobedo 500 Quarry Street Eagle Pass, Texas 78852	Maverick
<a href="mailto:mvcovx@sbcglobal.net">mailto:mvcovx@sbcglobal.net</a>					
23 Nueces County Community Action Agency	101 South Padre Island Drive Corpus Christi, Texas 78405 Phone: (361) 883-7201 Fax: (361) 883-9173	Joe A. Martinez	Alicia A. "Addie" Hurd Ext 33	George Rosas 7417 Spitfire Corpus Christi, Texas 78412	Nueces
<a href="mailto:www.nccaabx.org">mailto:www.nccaabx.org</a>					
24 Panhandle Community Services	P.O. Box 32150 Amarillo, Texas 79120-2150 Phone: (806) 372-2531 Fax: (806) 373-8143 1(800) 876-4727	Johnny Raymond	Margaret Wolfe Ext 220	Judge Donnie Allred Box 195 Vega, Texas 79092	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Farmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler
<a href="mailto:www.pcsvcs.org">mailto:www.pcsvcs.org</a>					
25 Programs for Human Services, Inc.	P.O. Box 1607 Orange, Texas 77631-1607 Phone: (409) 886-0125 Fax: (409) 886-2849 1(866) 550-0282	Tish Foyle-Johnson	Connie Gray (409) 886-4338	Dana Willis 5 Bayou Bend Orange, Texas 77630	Chambers, Galveston, Hardin, Jefferson, Liberty, Orange
<a href="mailto:phs@gtbizclass.com">mailto:phs@gtbizclass.com</a>					
<a href="mailto:cgay@gtbizclass.com">mailto:cgay@gtbizclass.com</a>					

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26 Rolling Plains Management Corporation <a href="mailto:rmnc@chisbot.net">mailto:rmnc@chisbot.net</a>	P.O. Box 490 Crowell, Texas 79227 Phone: (940) 684-1571 Fax: (940) 684-1693 1(800) 633-0852	Felix Taylor <a href="mailto:feltaylor@rollingplainsrmnc.com">mailto:feltaylor@rollingplainsrmnc.com</a>	Mark Halsell <a href="mailto:rmncea@srcaaccess.net">mailto:rmncea@srcaaccess.net</a>	Dan Craighead Seymour, Texas 76380	Archer, Baylor, Cottle, Clay, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young
27 Sheltering Arms, Inc.	3838 Aberdeen Way Houston, Texas 77025 Phone: (713) 956-1888 Fax: (713) 956-2079	Robert E. Phillips	Arcadio Padilla (713) 685-6593	Michelle Beale 31 Hackberry Lane Houston, Texas 77027	Harris
28 South Plains Community Action Association, Inc. <a href="mailto:www.spcaa.org">mailto:www.spcaa.org</a>	P.O. Box 610 Levelland, Texas 79336 Phone: (806) 894-6104 Fax: (806) 894-5349	W. D. Powell, Jr. <a href="mailto:community.services@spcaa.org">mailto:community.services@spcaa.org</a>	Henry Tarrango (806) 894-4560 <a href="mailto:hentarrango.commsent@mts-online.net">mailto:hentarrango.commsent@mts-online.net</a>	Joe Dee Brooks 2213 S. College Levelland, Texas 79336	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum
29 Texoma Council of Governments <a href="mailto:www.texoma.coa.tx.us">mailto:www.texoma.coa.tx.us</a>	1117 Gallagher Drive, Suite 300 Sherman, Texas 75090 Phone: (903) 893-2161 Fax: (903) 813-3511 1(800) 677-8264	Frances Pelley <a href="mailto:fpelley@texoma.coa.tx.us">mailto:fpelley@texoma.coa.tx.us</a>	Mark Bullard (903) 813-3526 <a href="mailto:mbullard@texoma.coa.tx.us">mailto:mbullard@texoma.coa.tx.us</a>	Bill Lindsay 622 Royal Ridge Dr. Denison, Texas 75020	Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus
30 Travis County Health and Human Services Department	P.O. Box 1748 Austin, Texas 78767 Phone: (512) 854-4100 Fax: (512) 854-4123	Sherri Fleming <a href="mailto:sherry.fleming@co.travis.tx.us">mailto:sherry.fleming@co.travis.tx.us</a>	Robert Peterson (512) 479-8355 <a href="mailto:bob.peterson@co.travis.tx.us">mailto:bob.peterson@co.travis.tx.us</a>	Sam Biscoe 314 W. 11th St., Suite 250 Austin, Texas 78701	Travis

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Subrecipient	Agency Address	Chief Executive	Contact Person	Board Chair	Counties Served
31 Tri-County Community Action, Inc.	P.O. Drawer 1748 Center, Texas 75935 Phone: (936) 598-6315 Fax: (936) 598-7272	Lenola Wyatt-Tutt <a href="mailto:mailto:lenolatutt@sbcglobal.net">mailto:lenolatutt@sbcglobal.net</a>	Steven Hennigan Ext. 23	Leroy Hughes P.O. Box 299 San Augustine, Texas 75972	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur
32 Webb County Community Action Agency	1110 Washington St, Suite 203 Laredo, Texas 78040-4443 Phone: (956) 523-4182 Fax: (956) 523-5016	Mike Kazen <a href="mailto:mailto:mikazen@webbcountytx.gov">mailto:mikazen@webbcountytx.gov</a>	Veronica Verduzco (956) 523-4174	Ms. Patricia Campos 508 Gale, Apt 13 Laredo, Texas 78041	Webb
33 West Texas Opportunities, Inc.	P.O. Box 1308 Lamesa, Texas 79331 Phone: (806) 872-8354 Fax: (806) 872-8816	Janet Everheart <a href="mailto:mailto:j.everheart.wto@gmail.com">mailto:j.everheart.wto@gmail.com</a>	Mark Shofner Ext. 221	Don Stribling 813 North 21st Street Lamesa, Texas 79331	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton



## **CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS**

### **Certification Regarding Debarment, Suspension, and Other Responsibility Matters-- Primary Covered Transactions**

#### **Instructions for Certification**

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is being submitted for assistance in obtaining a copy of those regulations.
6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under

48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

\*\*\*\*\*

#### Certification Regarding Debarment, Suspension, and Other Responsibility Matters-- Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

#### Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-- Lower Tier Covered Transactions

#### Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is

providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

4. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this proposal that, [[Page 33043]] should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include this clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

\*\*\*\*\*

**Certification Regarding Debarment, Suspension, Ineligibility an Voluntary Exclusion--  
Lower Tier Covered Transactions**

(1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

(2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

## **CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS**

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This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988: 45 CFR Part 76, Subpart, F. Sections 76.630(c) and (d)(2) and 76.645(a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central point is: Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, SW Washington, DC 20201.

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### **Certification Regarding Drug-Free Workplace Requirements (Instructions for Certification)**

1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.
2. The certification set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, the agency, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. For grantees other than individuals, Alternate I applies.
4. For grantees who are individuals, Alternate II applies.
5. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.
6. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios).
7. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph five).

8. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

*Controlled substance* means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15);

*Conviction* means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

*Criminal drug statute* means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

*Employee* means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All direct charge employees; (ii) All indirect charge employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) Temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subrecipients or subcontractors in covered workplaces).

#### Certification Regarding Drug-Free Workplace Requirements

##### Alternate I. (Grantees Other Than Individuals)

The grantee certifies that it will or will continue to provide a drug-free workplace by:

- (a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- (b) Establishing an ongoing drug-free awareness program to inform employees about --(1)The dangers of drug abuse in the workplace;  
(2) The grantee's policy of maintaining a drug-free workplace;  
(3) Any available drug counseling, rehabilitation, and employee assistance programs; and  
(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- (c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will --

- (1) Abide by the terms of the statement; and
- (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
- (e) Notifying the agency in writing, within ten calendar days after receiving notice under paragraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- (f) Taking one of the following actions, within 30 calendar days of receiving notice under paragraph (d)(2), with respect to any employee who is so convicted -
  - (1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
  - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).
- (B) The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

Place of Performance (Street address, city, county, state, zip code)

---



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Check if there are workplaces on file that are not identified here.

Alternate II. (Grantees Who Are Individuals)

- (a) The grantee certifies that, as a condition of the grant, he or she will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in conducting any activity with the grant;
- (b) If convicted of a criminal drug offense resulting from a violation occurring during the conduct of any grant activity, he or she will report the conviction, in writing, within 10 calendar days of the conviction, to every grant officer or other designee, unless the Federal agency designates a central point for the receipt of such notices. When notice is made to such a central point, it shall include the identification number(s) of each affected grant.

[55 FR 21690, 21702, May 25, 1990]

## CERTIFICATION REGARDING LOBBYING

### Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

### Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

\_\_\_\_\_/s \_\_\_\_\_ Date: 8/30/08

Signature \_\_\_\_\_  
Executive Director

Title

\_\_\_\_\_  
Texas Department of Housing & Community Affairs  
Organization



**VENDOR AGREEMENT**  
**COMPREHENSIVE ENERGY ASSISTANCE PROGRAM**

The purpose of the Comprehensive Energy Assistance Program (CEAP) funded from the Low-Income Home Energy Assistance Program (LIHEAP) grant is to maintain an energy supply to heat and cool the residences of eligible low-income clients.

For purposes of this agreement, a Retail Energy Provider is defined as a natural gas, propane, or wood vendor who sells the energy product to residential customers of energy for the purposes of heating or cooling the residents.

The Retail Energy Provider (Vendor) agrees to honor the purpose of the CEAP and to accept pledges of payment from CEAP agencies only for certified customers to whom Vendor continues to provide energy services. The Energy Assistance Provider (Agency ) agrees to make payments only for eligible low-income clients.

This vendor agreement is by and between:

\_\_\_\_\_ and  
Energy Assistance Provider (Agency)

\_\_\_\_\_  
Retail Energy Provider (Vendor)

Vendor and Agency agree to assist customers in the following counties:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

This agreement shall be effective from the \_\_\_\_\_ day of \_\_\_\_\_ 2004 for a period not to exceed two years from the effective date. Either party may terminate this agreement by written notice. Such written notice of termination shall not affect any obligation by either party incurred prior to the receipt of such notice. Notice shall be sent via certified mail with return receipt requested.

\_\_\_\_\_  
(Vendor Name)

\_\_\_\_\_  
(Vendor Mailing Address)

\_\_\_\_\_  
(Name of Agency)

\_\_\_\_\_  
(Agency Mailing Address)

The Agency named above represents and warrants to Vendor that it is a subrecipient of the Texas Department of Housing and Community Affairs ("TDHCA") and as such is authorized and has received funding from the TDHCA to provide bill payment assistance service for eligible low-income households.

The Vendor named above is a Retail Energy Provider who represents and warrants that it is authorized to receive payments from Agency on behalf of a customer that the Agency has determined to be eligible under the CEAP guidelines and as such is a "Certified Customer".

**Vendor will, with reference to a Certified Customer:**

- Extend the CEAP applicant's energy service for up to five (5) business days while the Agency determines whether the CEAP applicant is eligible pursuant to the CEAP guidelines;
- Upon accepting pledge from Agency for Certified Customer, continue or restore energy service to Certified Customer without any increase in energy charges, services charges, or other charges affecting the total cost of the bill;
- Invoice the Certified Customer in accordance with Vendor's normal billing practices.
- Upon verbal or written request from Agency, provide at no cost to the Agency the Certified Customer's billing and usage history for the previous twelve (12) months, or available history plus monthly estimates if less than 12 months of billing history and usage is available. Vendor will transmit such billing history via electronic mail or facsimile no later than the end of the next business day following the request. Wood and propane vendors may provide alternative consumption histories, if known.
- Work with Agency and Certified Customer to explore the feasibility of offering flexible payment arrangements that may include, without limitation, waiving security deposits, reconnect fees, application fees, and all other fees whenever possible;
- Not discriminate against Certified Customer in price or services, including the availability of deferred payment plans, level or average payment plans, discount, budget, advance payment or other credit plans;
- Not refuse to provide energy service or otherwise discriminate in the marketing and provision of energy service to any Certified Customer because of race, creed, color, national origin, ancestry, sex, marital status, lawful source of income, level of income, disability, financial status, location of customer in an economically distressed geographic area, or qualification for low-income or energy-efficiency services;
- Allow Agency forty-five (45) days from the date of the pledge to forward payment to the vendor. Vendor agrees not to consider the portion of the Certified Customer's account to be paid by the Agency delinquent if said payment is received within the above mentioned forty-five (45) day period and Vendor is provided with a signed pledge from the Agency within 5 days of identifying a Certified Customer and making the pledge;
- Not interrupt service if Certified Customer enters into an agreement with the Vendor concerning how the Certified Customer will pay the balance owed Vendor and the Certified Customer is meeting the obligations under such agreement.

- **The Agency will:**
- Not provide pledges on behalf of a Certified Customer to Vendor without having adequate funds to pay such pledge;
- Pay pledges within forty-five (45) days of making pledge to Vendor;
- Determine if a customer is a Certified Customer within five (5) business days of contacting Vendor.
- Provide Vendor a list of names, telephone numbers and e-mail addresses of Agency staff designated to make pledges on behalf of the Agency and Certified Clients.

\_\_\_\_\_  
 Authorized Vendor Signature

\_\_\_\_\_  
 Date Agreement Signed

\_\_\_\_\_  
 Typed Name of Authorized Signature

\_\_\_\_\_  
 Title of Authorized Signature

\_\_\_\_\_  
 (Area Code) Telephone Number

\_\_\_\_\_  
 Authorized Agency Signature

\_\_\_\_\_  
 Date Agreement Signed

\_\_\_\_\_  
 Typed Name of Authorized Signature

\_\_\_\_\_  
 Title of Authorized Signature

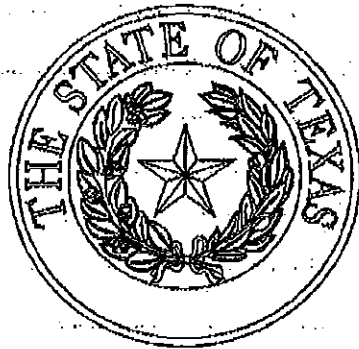
\_\_\_\_\_  
 (Area Code) Telephone Number

(Funding allocation based on DOE's Weatherization Program Notice #08-2.)

# ***DRAFT* 2008 DOE WAP STATE PLAN**

**TEXAS DEPARTMENT OF HOUSING**

**AND COMMUNITY AFFAIRS**



**PY 2008 STATE PLAN & APPLICATION FOR  
WEATHERIZATION ASSISTANCE  
PROGRAM FOR LOW-INCOME PERSONS**

**April 2008**

## TABLE OF CONTENTS

ANNUAL FILE.....	3
SECTION 1: GRANT APPLICATION FOR FEDERAL ASSISTANCE STANDARD FORM 424.....	4
SECTION 2: BUDGET.....	9
BUDGET INFORMATION – NON CONSTRUCTION PROGRAMS.....	10
BUDGET INFORMATION – NON CONSTRUCTION PROGRAMS.....	11
BUDGET INFORMATION – NON CONSTRUCTION PROGRAMS.....	12
BUDGET EXPLANATION FOR FORMULA GRANTS.....	13
SECTION 3: SUBRECIPIENTS.....	18
SECTION 4: WAP PRODUCTION SCHEDULE.....	22
SECTION 5: ENERGY SAVINGS.....	23
SECTION 6: TRAINING, TECHNICAL ASSISTANCE, AND MONITORING ACTIVITIES.....	24
SECTION 7: DOE-FUNDED LEVERAGING ACTIVITIES.....	26
SECTION 8: POLICY ADVISORY COUNCIL MEMBERS.....	26
CURRENT POLICY ADVISORY COUNCIL MEMBERS.....	27
SECTION 9: STATE PLAN HEARINGS.....	27
SECTION 10: ADJUSTMENTS TO ON-FILE INFORMATION.....	28
SECTION 11: MISCELLANEOUS.....	28
SECTION 12: ASSURANCES AND CERTIFICATIONS.....	30

**ANNUAL FILE**

**Section 1: Grant Application for Federal Assistance Standard Form 424**

**APPLICATION FOR FEDERAL ASSISTANCE SF-424**

Version 02

1. Type of Submission:  
 Preapplication  
 Application  
 Changed/Corrected Application

2. Type of Application: If Revision, select appropriate letter(s)  
 New  
 Continuation Other (specify):  
 Revision

3. Date Received: \_\_\_\_\_ 4. Applicant Identifier: R830010

5a. Fed Entity Identifier: \_\_\_\_\_ 5b. Federal Award Identifier: R830010

**State Use Only:**

6. Date Received by State: \_\_\_\_\_ 7. State Application Identifier: 20080128

**8. APPLICANT INFORMATION:**

a. Legal Name: STATE OF TEXAS

b. Employer/Taxpayer Identification Number (EIN/TIN): 742810542  
c. Organizational DUNS: 808781802

d. Address:  
Street 1: P.O. BOX 13941  
Street 2:  
City: AUSTIN  
County: TRAVIS  
State: TX  
Province:  
Country: U.S.A.  
Zip / Postal Code: 78711-3941

e. Organizational Unit:  
Department Name: TEXAS HOUSING & COMMUNITY AFF.  
Division Name: ENERGY ASST., COMM. AFF. DIV.

**f. Name and contact information of person to be contacted on matters involving this application:**

Prefix: Ms. First Name: Amy  
Middle Name:  
Last Name: Oehler  
Suffix:

Title:

Organizational Affiliation:

Telephone Number: (512)475-3884 Fax Number: (512)475-3935

Email: amy.oehler@dhca.state.tx.us



**APPLICATION FOR FEDERAL ASSISTANCE SF-424**

Version 02

**9. Type of Applicant:**

A State Government (State)

**10. Name of Federal Agency:**

U. S. Department of Energy

**11. Catalog of Federal Domestic Assistance Number:**

81.042

**CFDA Title:**

Weatherization Assistance For Low Income Persons

**12. Funding Opportunity Number:**

DE-FA26-008000008-

**Title:**

**13. Competition Identification Number:**

**Title:**

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

Statewide

**15. Descriptive Title of Applicant's Project:**

<b>APPLICATION FOR FEDERAL ASSISTANCE SF-424</b>		<b>Version 02</b>
<b>16. Congressional District Of:</b>		
a. Applicant: 10	b. Program/Project: Statewide	
Attach an additional list of Program/Project Congressional Districts if needed:		
<b>17. Proposed Project:</b>		
a. Start Date: 04/01/2008	b. End Date: 03/31/2009	
<b>18. Estimated Funding (\$):</b>		
a. Federal	5,549,413.00	
b. Applicant	0.00	
c. State	0.00	
d. Local	0.00	
e. Other	0.00	
f. Program Income	0.00	
<b>g. TOTAL</b>	<b>5,549,413.00</b>	
<b>19. Is Application subject to Review By State Under Executive Order 12372 Process?:</b>		
<input type="checkbox"/> a. This application was made available to the State under the Executive Order 12372 Process for review on:		
<input checked="" type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review.		
<input type="checkbox"/> c. Program is not covered by E.O. 12372		
<b>20. Is the applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation)</b>		
No		
<b>21. By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code Title 28, Section 1001)</b>		
<input type="checkbox"/> I AGREE		
** The list of certifications and assurances, or an Internet site where you may obtain this list, is contained in the announcement or agency specific instructions.		
<b>Authorized Representative:</b>		
Prefix:	First Name:	
Middle Name:		
Last Name:		
Suffix:		
Title:		
Telephone Number:	Fax Number:	
Email:		
Signature of Authorized Representative:		Date Signed:

**APPLICATION FOR FEDERAL ASSISTANCE SF-424**

**Version 02**

**Applicant Federal Debt Delinquency Explanation:**

The following field should contain an explanation if the Applicant is delinquent on any Federal Debt. Maximum number of characters that can be entered is 4,000. Try and avoid extra spaces and carriage returns to maximize the availability of space.

**Section 2: Budget**

**Budget Information – Non Construction Programs**

Section A – Budget Summary						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		Total (g)
		Federal (c)	Non-Federal (d)	Federal (e)	Non-federal (f)	
1. DOE	81.042			\$5,549,413		\$5,549,413
2.						
3.						
4.						
5. Totals				\$5,549,413		\$5,549,413
Section B – Budget Categories						
Grant Program, Function or Activity						
		(1) Grantee Administration	(2) Subgrantee Administration	(3) Grantee T&TA	(4) Subgrantee T&TA	Total All Budget (5)
<b>6. Object Class Categories</b>						
a. Personnel		136,913		161,983		298,896
b. Fringe Benefits		31,490		37,256		68,746
c. Travel		19,705		21,962		41,667
d. Equipment		0		0		0
e. Supplies		17,854		24,873		42,727
f. Contractual		0	483,069	41,500	68,154	4,940,339
g. Construction		0		0		0
h. Other		862		1,946		2,808
i. Total Direct Charges (sum of 6a-6h)		206,824	483,069	289,520	68,154	5,395,183
j. Indirect Charges		70,647		83,583		154,230
k. Totals (sum of 6i and 6j)		277,471	483,069	373,103	68,154	5,549,413
7. Program Income						

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**Budget Information – Non Construction Programs**

Section A – Budget Summary		Estimated Unobligated Funds		New or Revised Budget		Total (g)
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Federal (c)	Non-Federal (d)	Federal (e)	Non-federal (f)	
1.						
2.						
3.						
4.						
5.	Totals					
Section B – Budget Categories		Grant Program, Function or Activity		Total All Budget		(5)
6. Object Class Categories	(1) Program Operations	(2) Health and Safety	(3) Vehicles and Equipment	(4) Liability Insurance/FOI		
a. Personnel						298,896
b. Fringe Benefits						68,746
c. Travel						41,667
d. Equipment						0
e. Supplies						42,727
f. Contractual	3,805,741	422,860			91,815	4,940,339
g. Construction						0
h. Other						2,808
i. Total Direct Charges (sum of 6a-6h)	3,805,741	422,860			91,815	5,395,183
j. Indirect Charges						154,230
k. Totals (sum of 6i and 6j)	3,805,741	422,860			91,815	5,549,413
7. Program Income						

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Budget Information – Non Construction Programs

OMB Approval No. 0348-0044

Section A – Budget Summary						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds Federal (c)	Non-Federal (d)	New or Revised Budget Federal (e)	Non-Federal (f)	Total (g)
1.						
2.						
3.						
4.						
5.	Totals					
Section B – Budget Categories						
6. Object Class Categories	Grant Program, Function or Activity			(3)	(4)	Total All Budget (5)
	(1) Leveraging (Admin. / I&TA Funds)	(2) Financial Audits	(4)			
a. Personnel						298,896
b. Fringe Benefits						68,746
c. Travel						41,667
d. Equipment						0
e. Supplies						42,727
f. Contractual	0	27,200				4,940,339
g. Construction						0
h. Other						2,808
i. Total Direct Charges (sum of 6a-6h)	0	27,200				5,395,163
j. Indirect Charges						154,230
k. Totals (sum of 6i and 6j)	0	27,200				5,549,413
7. Program Income						

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**BUDGET EXPLANATION FOR FORMULA GRANTS**

Provide detailed information to support each Cost Category using this form. Cost breakdown estimates may be entered on this form or attach a breakdown of costs using your own format as Attachment A.

1. **PERSONNEL** - Prime Applicant only (all other participant costs must be listed on 6. below and form DOE F 4600.4, Section B, Line 6.f. Contracts and Sub Grants.
2. Identify, by title, each position to be supported under the proposed award.

Title	Rate	Grantee Admin.	Grantee T&TA	Totals
Manager of Energy Assistance	70,221	16,853	9,831	26,684
Project Manager of Energy Assistance	59,939	10,789	14,985	25,774
Project Manager of Energy Assistance	59,694	8,954	5,969	14,924
Trainer (1)	50,490	5,049	17,672	22,721
Senior Planner	51,665	14,466	0	14,466
Planner	44,248	4,425	0	4,425
Program Officers (7)	324,360	58,385	113,526	171,911
Contract Specialist	42,424	15,697	0	15,697
Contract Specialist	45,900	2,295	0	2,295
<b>6-a TOTAL, PERSONNEL</b>		<b>136,913</b>	<b>161,983</b>	<b>298,895</b>

- a. Briefly specify the duties of professionals to be compensated under this project.

Manager of Energy Assistance (EA)	<i>Overall program management and staff supervision.</i>
Project Manager of EA	<i>Program management and staff supervision of program officers and trainers.</i>
Project Manager of EA	<i>Program management and staff supervision of fiscal, contract specialists, and planners.</i>
Trainer	<i>Subrecipient training in all aspects of the WAP</i>
Senior Planner	<i>Develop State Plan/Applications and reporting.</i>
Planner	<i>Develop State Plan/Applications and reporting.</i>
Program Officers (7)	<i>Programmatic monitoring of WAP subrecipients and technical assistance.</i>
Contract Specialist	<i>Process payment requests and develop contracts.</i>
Contract Specialist	<i>Process payment requests and develop contracts.</i>

**3. FRINGE BENEFITS -**

- a. Are the fringe cost rates approved by a Federal Agency? If so, identify the agency and date of latest rate agreement or audit below, and include a copy of the rate agreement.

No

- b. If a above does not apply, indicate the basis for computation of rates, including the types of benefits to be provided, the rate(s) used, and the cost base for each rate. You may provide the information below or provide the calculations as an attachment.

\$68,746



Benefit	Rate	Cost base
Retirement	6.00%	Salary
Insurance	10.50%	Salary
OASDI	5.50%	Salary
Medicare	1.00%	Salary
<b>Total</b>	<b>23%</b>	

3. TRAVEL - Identify total Foreign and Domestic Travel as separate items.

a. Indicate the purpose(s) of proposed travel.

Foreign Travel \$-0-  
Domestic Travel \$41,667

Monitoring

Number of trips: 35  
Point of origin: Austin  
Destination: All areas of the State  
Purpose: Monitoring of WAP subrecipients and training and technical assistance as needed during visit

T&TA

Number of trips: 35  
Point of origin: Austin  
Destination: All areas of the State  
Purpose: Training and technical assistance for WAP subrecipients

Grant Guidance

Number of trips: 1 staff  
Point of origin: Austin  
Destination: Denver, CO  
Purpose: Grant Guidance Meeting

National Association of State Community Service Programs Conference

Number of trips: 1 staff  
Point of origin: Austin  
Destination: Out-of-State, Location T.B.D.  
Purpose: Conference Training and Technical Assistance

b. Specify the basis for computation of travel expenses (e.g., current airline ticket quotes, past trips of a similar nature, federal government or organization travel policy, etc.).

Cost of transportation is based on historical data and the State of Texas contracted travel providers.

Subsistence (hotel and per diem) is based on the State of Texas travel policy which allows for up to \$121 maximum for in-state travel (hotel: \$85, meals: \$36) and \$85 to \$259 maximum for out-of-state travel.

Monitoring

Transportation @ 200 X 35 = \$7,000  
Subsistence @ 121 X 35 X 3 days = \$12,705

T&TA

Transportation @ 200 X 35 = \$7,000  
Subsistence @ 121 X 35 X 3 days = \$12,705

Grant Guidance

Transportation @ \$533 X 1 = \$533

Subsistence @ 168 X 3 days = \$504

National Association for State Community Service Programs Conference

Transportation @ \$500 X 1 = \$500

Subsistence @ Meals \$60 x 4 days/Hotel \$160 x 3 nights = \$720

4. EQUIPMENT - as defined in 10 CFR 600.202. Definitions can be found at CHAPTER II--DEPARTMENT OF ENERGY, PART 600--FINANCIAL ASSISTANCE RULES.

N/A

- a. Provide the basis for the equipment cost estimates (e.g., vendor quotes, prior purchases of similar or like items, etc.).
- b. Briefly justify the need for items of equipment to be purchased.

5. MATERIALS AND SUPPLIES - as defined in 10 CFR 600.202. Definitions at CHAPTER II--DEPARTMENT OF ENERGY, PART 600--FINANCIAL ASSISTANCE RULES

- a. Provide the basis for the materials and supplies cost estimates (e.g., vendor quotes, prior purchases of similar or like items, etc.).

Energy Savers Calendars

8,540 @ \$3.50 = \$29,890

Vendor National Energy Assistance Director's Association (NEADA)

Temperature Strips

8,558 @ \$1.50 = \$12,837

Historical data. Vendor quotes.

- b. Briefly justify the need for items of material to be purchased.

The printed material will be used for client education purposes. The material will be available for potential clients who apply for WAP services. The Department requires WAP Assessors to provide client education to all clients who receive WAP services. The Assessors will recommend where to place the temperature strips in the client's homes.

6. CONTRACTS AND SUBGRANTS - All other participant costs including subcontractor, sub-grants, and consultants.

Provide the information below for new proposed subrecipients and subcontractors. For ongoing subcontractors and subrecipients, if this information is provided elsewhere in the application, it does not have to be restated here, but please indicate the document and page numbers where it can be found. \* For example-Competitive, Historical, Quote, Catalog

<u>Name of Proposed Subrecipient</u>	<u>Basis of Cost</u>	<u>Total Cost</u>
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Weatherization Subrecipients

Weatherization Subrecipients are listed in Section 3 of this Plan. The Department anticipates the program subrecipients will purchase 5 vehicles during PY 2008.

Subrecipient Travel Allowance Pool (Subrecipients are listed in Section 3 of this Plan.)

35 Subrecipients - The Texas Association of Community Action Agencies Conference in May 2008; Cost for each is based on the number of staff attending, their location, and estimated travel expenditures according to the allowable Texas travel rates. \$22,134

35 Subrecipients – Community Affairs Division Training Conference July 2008: Cost for each is based on the number of staff attending, their location, and estimated travel expenditures according to the allowable Texas travel rates. The Department will focus on Lead Safe Weatherization \$22,134

17 Subrecipients – Mobile Home Training: Two Cluster Workshops. Cost for each is based on the number of staff attending, their location, and estimated travel expenditures according to the allowable Texas travel rates. \$11,380

21 Subrecipients – Heating Ventilation and Air Conditioning (HVAC) System Design and Performance Verification Four Cluster Workshops. Cost for each is based on the number of staff attending, their location, and estimated travel expenditures according to the allowable Texas travel rates. \$12,506

In-state and out-of-state travel allowances for subrecipients to attend in-state and out-of-state DOE/state sponsored workshops and conferences. Without the allowance, most subrecipients would not be able to attend these trainings.

Expert Trainer Services

Cost for Mobile Home Insulation Training services for subrecipients for 2 cluster workshops. The estimated cost is \$2,250/per day x 3 days per cluster workshop x 2 workshops = \$13,500. Cost is based on historical data.

Cost for Heating Ventilation and Air Conditioning services for subrecipients for 4 cluster workshops. The estimated cost is \$1,500/per day x 3 days per cluster workshop x 4 workshops = \$18,000. Cost is based on historical data.

Cost for Lead Safe Weatherization Training services. The estimated cost is \$2,000/per day x 1 day per cluster workshop x 5 workshops = \$10,000. Cost is based on historical data.

7. OTHER DIRECT COSTS - Include all direct costs not included in above categories.

a. Provide the basis for the cost estimates (e.g., vendor quotes, prior purchases of similar or like items, etc.).

Miscellaneous/Other Direct Costs (estimated based prior purchases and historical data): \$2,808  
These costs include off-site training facility rental, membership dues, subscriptions/publications, maintenance/repair, and delivery services.

b. Briefly justify the need for items to be purchased.

OTHER DIRECT COSTS - Includes all direct costs and miscellaneous items not included in the other budget categories.

Off-site training facility rental

Facility space to conduct cluster workshops and other trainings or conferences in subrecipient service areas or State sponsored workshops or conferences. \$1,000

Membership Dues

Costs for membership dues for technical and professional organizations. \$750

Subscriptions/Publications

Costs of Energy Assistance Section's subscriptions to program-related professional and technical periodicals. \$238

Maintenance/Repair

Maintenance and repair costs include minor maintenance/repair of office space, such as broken door locks, overhead light fixture, minor plumbing repair, heating/air conditioning repair, cost of utilities, janitorial services, elevator service, necessary maintenance, and normal repairs and alterations necessary. \$424

Delivery

Postage and handling services, mail services, and delivery services. \$396

8. INDIRECT COSTS -

- a. Are the indirect cost rates approved by a Federal Agency? If so, identify the agency and date of latest rate agreement or audit below, and include a copy of the rate agreement.

This is based on the new approved indirect cost rate. A copy of the letter will be sent to DOE to be added to our master file. We calculated the indirect rate at 51.60% of Personnel for this plan.

\$154,230 -- Indirect costs are calculated at 51.60% of Personnel.

- b. If a above does not apply, indicate the basis for computation of rates, including the types of benefits to be provided, the rate(s) used, and the cost base for each rate. You may provide the information below or provide the calculations as an attachment.

## Section 3: Subrecipients

Organization/ Counties	Address	Type	Funding	Units	District
1. <u>ALAMO AREA COUNCIL OF GOVERNMENTS</u> Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	8700 Tesoro Dr., Ste 700 San Antonio, Texas 78217 (210) 362-5245 (210) 225-5937 – FAX	COG	349,999	94	11, 20, 21, 23, 25, 28
2. <u>BEE COMMUNITY ACTION AGENCY</u> Bee, Live Oak, Refugio	PO Box 1540 Beeville, Texas 78104-1540 (361) 358-5530 (361) 358-6591 – FAX	CAA	21,755	6	15, 25
3. <u>BIG BEND CAC</u> Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	PO Box 265 Marfa, Texas 79843 (432) 729-4908 (432) 729-3435 – FAX	CAA	65,514	18	11, 23
4. <u>BRAZOS VALLEY CAA</u> Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	504 East 27th Street Bryan, Texas 77803-4025 (979) 779-7443 (979) 822-7758 – FAX	CAA	171,214	46	06, 08, 10, 17, 31
5. <u>CAMERON-WILLACY COUNTIES COMMUNITY PROJECTS</u> Cameron, Willacy	3302 Boca Chica, Suite #209 Brownsville, TX 78521-5705 (956) 544-6411 (956) 544-6414 – FAX	CAA	149,155	40	15, 27
6. <u>CAPROCK CAA</u> Crosby, Dickens, Floyd, Hale, King, Motley	224 South Berkshire Crosbyton, Texas 79322 (806) 675-7307 (806) 675-2291 – FAX	CAA	52,218	14	13, 19
7. <u>COMBINED CAA, Inc.</u> Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	165 W. Austin St. Giddings, Texas 78942 (979) 540-2980 (979) 542-9565 – FAX	CAA	97,062	26	09, 10, 14, 15, 21, 22, 25, 28
8. <u>CAC OF VICTORIA</u> Aransas, Brazoria, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton	PO Box 3607 Victoria, Texas 77903-3607 (361) 578-2989 (361) 578-0062 – FAX	CAA	135,004	36	14, 15, 22, 25
9. <u>CA CORPORATION OF SOUTH TEXAS (plus temporary counties)</u> Brooks, Jim Wells, San Patricio (permanent assignment) and *Hidalgo, *Kenedy, *Kleberg (*temporary assignment)	204 E. 1 <sup>st</sup> Street Alice, Texas 78333-1820 (361) 664-0145 (361) 664-0120 – FAX	CAA	313,741	85	15, 25, 27
10. <u>TBD (To Be Determined) (prior CA Council of South Texas)</u> Duval, Jim Hogg, McMullen, Starr, Zapata	TBD Texas (#) # (#) # – FAX	TBD	66,788	18	25, 28
11. <u>COMMUNITY ACTION PROGRAM, INC.</u>	PO Box 144 Abilene, Texas 79604	CAA	115,990	31	11, 13, 19

Draft Texas PY 2008 DOE State Plan

Organization/ Counties	Address	Type	Funding	Units	District
Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton	(325) 673-5785 (325) 673-5784 – FAX				
12. <u>CC REEVES COUNTY, INC.</u> Loving, Reeves, Ward, Winkler	700 Dagett St, Suite F Pecos, Texas 79772-4524 (432) 447-4913 (432) 447-4914 – FAX	CAA	19,672	5	11, 23
13. <u>CONCHO VALLEY CAA</u> Coke, Coleman, Concho, Crockett, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	PO Box 671 San Angelo, Texas 76902 (325) 653-2411 (325) 658-3147 – FAX	CAA	101,666	27	11, 23
14. <u>CSA OF South Texas (DIMMIT, LaSALLE)</u> Dimmit, Edwards, Kinney, LaSalle, Real, Uvalde, Val Verde, Zavala	PO Box 488 Carrizo Springs, TX 78834-6488 (830) 876-5219 (830) 876-5280 – FAX	CAA	75,698	20	23, 28
15. <u>COMMUNITY SERVICES, INC.</u> Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	PO Box 612 Corsicana, Texas 75151-0612 (903) 872-2401 (903) 872-0254 – FAX	CAA	280,735	76	01, 03, 04, 05, 06, 12, 13, 17, 24, 26
16. <u>DALLAS COUNTY HHS</u> Dallas	2377 N. Stemmons Fwy, Suite 600 Dallas, Texas 75207-2710 (214) 819-1858 (214) 819-6022 – FAX	PPNP	349,999	94	03, 05, 24, 26, 30, 32
17. <u>EOAC OF PLANNING REGION XI</u> Bosque, Falls, Freestone, Hill, Limestone, McLennan	500 Franklin Ave. Waco, Texas 76701-2111 (254) 753-0331 (254) 754-0046 – FAX	CAA	106,917	29	06, 17, 31
18. <u>EL PASO CAP – PROJECT BRAVO, INC.</u> El Paso	P.O. Box 3445 El Paso, Texas 79923 (915) 562-4100 (915) 562-8952 – FAX	CAA	207,852	56	16, 23
19. <u>CITY OF FORT WORTH, Dept of Housing</u> Tarrant	1000 Throckmorton Street Fort Worth, Texas 76102 (817) 392-7540 (817) 392-7328 – FAX	PPNP	218,112	59	06, 12, 24, 26
20. <u>GREATER EAST TEXAS COMMUNITY ACTION PROGRAM</u> Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	PO Drawer 631938 Nacogdoches, Texas 75963 (936) 564-2491 (936) 564-0302 – FAX	CAA	166,460	45	01, 05, 06, 08
21. <u>HILL COUNTRY CAA</u> Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	PO Box 846 San Saba, Texas 76877 (325) 372-5167 (325) 372-3526 – FAX	CAA	125,315	34	11, 17, 31

Draft Texas PY 2008 DOE State Plan

Organization/ Counties	Address	Type	Funding	Units	District
22. <u>LUBBOCK, CITY OF, COMMUNITY DEVELOPMENT DEPARTMENT</u> Lubbock	P.O. Box 2000 Lubbock, Texas 79457 (806) 775-2301 (806) 775-3917 – FAX	PPNP	70,390	19	19
23. <u>MAVERICK COUNTY HUMAN SERVICES</u> Maverick	1609 Del Rio Blvd Eagle Pass, Texas 78852 (830) 773-0045 (830) 773-2754 – FAX	PPNP	27,864	7	23
24. <u>NUECES COUNTY CAA</u> Nueces	101 South Padre Island Dr. Corpus Christi, Texas 78405 (361) 883-7201 (361) 883-9173 – FAX	CAA	88,550	24	27
25. <u>PANHANDLE COMMUNITY SERVICES, INC.</u> Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	PO Box 32150 Amarillo, Texas 79120-2150 (806) 372-2531 (806) 373-8143 – FAX	CAA	176,278	48	13, 19
26. <u>PROGRAMS FOR HUMAN SERVICES, Inc.</u> Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	PO Box 1607 Orange, Texas 77631-1607 (409) 886-0125 toll-free: 1(866) 550-0282 (409) 886-2849 – FAX	CAA	182,429	49	02, 08, 14, 22
27. <u>ROLLING PLAINS MGMT. CORP.</u> Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young	PO Box 490 Crowell, Texas 79227 (940) 684-1571 (940) 684-1693 – FAX	CAA	92,961	25	12, 13, 19
28. <u>SHELTERING ARMS, INC.</u> Harris	3838 Aberdeen Way Houston, Texas 77025 (713) 956-1888 (713) 956-2079 – FAX	PPNP	349,999	94	02, 07, 09, 10, 18, 22, 29
29. <u>SOUTH PLAINS CAA</u> Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	PO Box 610 Levelland, Texas 79336 (806) 894-6104 (806) 894-5349 – FAX	CAA	44,175	12	19
30. <u>TEXOMA COUNCIL of GOVERNMENT</u> Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	1117 Gallagher Drive, Suite. 300 Sherman, Texas 75090 (903) 893-2161 (903) 813-3511 – FAX	COG	169,798	46	01, 04, 13, 26
31. <u>TRAVIS COUNTY HEALTH &amp; HUMAN SERVICES DEPT.</u> Travis	PO Box 1748 Austin, Texas 78767 (512) 854-4100	PPNP	130,814	35	10, 21, 25

		<i>Draft Texas PY 2008 DOE State Plan</i>			
Organization/ Counties	Address	Type	Funding	Units	District
32. <u>TRI-COUNTY CAA</u> Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	(512) 854-4123 – FAX PO Drawer 1748 Center, Texas 75935 (936) 598-6315 (936) 598-7272 – FAX	CAA	97,862	26	01, 08
33. <u>WEBB COUNTY CAA</u> Webb	1110 Washington St., Suite 203 Laredo, Texas 78040-4443 (956) 523-4182 (956) 523-5016 – FAX	CAA	66,941	18	23, 28
34. <u>WEST TEXAS OPPORTUNITIES, INC.</u> Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	PO Box 1308 Lamesa, Texas 79331 (806) 872-8354 (806)872-5816 – FAX	CAA	141,758	38	11, 19
<b>TOTAL: 254 Counties</b>			<b>4,830,685</b>	<b>1,300</b>	

**Note:** The Department allocated funds to subrecipients by formula based upon the DOE allocation for program year 2008. The allocation formulas reflect the 2000 Census data. The Community Action Council of South Texas contract has been terminated. Community Action Corporation of South Texas will serve some of those counties under temporary assignment as noted. A Request for Applications was published and the Department is in the process of assigning a new subrecipient(s) to provide services to the temporarily assigned county areas as well as the counties listed under the "To Be Determined—TBD" county service areas. Adjustments will be made to those temporarily assigned areas and to the unassigned areas as needed. The Department will notify DOE of permanent assignments. If any carryover funds are available, they will be used to increase the number of units to be weatherized and distributed by allocation formula as detailed in 10 TAC §6.3.

The adjusted average expenditure limit per unit for program year 2008 is \$2,966.

Texas limits reweatherization to 5% of all units weatherized only with the Department's prior approval.

If the Department determines it is necessary to permanently reassign a service area to a new subrecipient, the subrecipient will be chosen in accordance with 10 CFR § 440.15 and 10 TAC §6.7.

The fund allocations for individual service areas are determined by a distribution formula with five (5) factors:

- (1) Number of non-elderly poverty households per county;
- (2) Number of elderly poverty households (65+) per county;
- (3) Median income variance per county;
- (4) Inverse poverty household density ratio per county; and
- (5) Heating/Cooling Degree days per county.

For further details of the distribution of funds formula, see 10 TAC §6.3.

The Department may deobligate all or part of the funds provided under this contract, if subrecipient has not expended funds as specified in the contract of each subrecipient according to the expenditure rate and households served during the sixth month of the program year.



Subrecipient's failure to expend the funds provided under this contract in a timely manner may also result in the subrecipient's ineligibility to receive additional funding during the program year.

Note: CFR: Code of Federal Regulation; TAC: Texas Administrative Code

**Section 4: WAP Production Schedule**

	Annual Total
Weatherization Units (Total)	1,300
Reweatherization Units	

**Vehicles and Equipment \$5,000 or more Average Cost per Dwelling Unit (DOE Rules)**

- A. Total of Vehicles and Equipment Budget .....\$0
- B. Total Units to be Weatherized, from Production Schedule above ..... 1,300
- C. Units to be Reweatherized, from Production Schedule above .....0
- D. Total Units to be Weatherized, plus Planned Reweatherized  
 Units from Production Schedule above (B plus C) ..... 1,300
- E. Average Vehicles and Equipment Cost per Dwelling Unit (A divided by D) .....\$0

**Average Cost per Dwelling Unit (DOE Rules)**

- F. Total of Funds for Program Operations .....\$3,805,741
- G. Total Units to be Weatherized, plus Planned Reweatherized  
 Units from Production Schedule above (total from D above) ..... 1,300
- H. Average Cost per Dwelling Unit, less Vehicles and Equipment (F divided by G) .....\$2,927
- I. Average Cost per Dwelling Unit for Vehicles and Equipment (total from E) .....\$0.
- J. Total Average Cost per Dwelling Unit (H plus I) .....\$2,927

## Section 5: Energy Savings

DOE Program	Amount	Line
Total DOE State Weatherization Allocation	\$5,549,413	(a)
Total Cost associated with Administration, T&TA, Financial and Energy Audits or 15% of allocation.	\$1,743,671	(b)
Subtract the amount entered in line (b) from line (a), for a total Federal (DOE) funds available to weatherize homes	\$3,805,741	(c)
State Average Cost per Home or National WAP Program Year Average Cost per Home (i.e., PY 2008 \$2,966)	\$2,927	(d)
Divide the amount entered on line (c) by the amount entered on line (d), for Total Estimated Homes to be Weatherized	1,300 Homes	(e)
Multiply (e) by 30.5 MBTU for Total Annual Estimated Energy Savings resulting from DOE appropriated funds	39,650 MBTU	(f)
All Funding Sources		
Total funds (e.g., DOE WAP, State, Leveraged, LIHEAP, and other non-Federal sources of funds) used by State to weatherize homes	\$5,549,413	(g)
Total Cost associated with administration of Weatherization funds or 15% of total funds available to weatherize homes.	\$1,743,671	(h)
Subtract the amount entered in line (h) from line (g), for total funds available to weatherize homes	\$3,805,741	(i)
State Average Cost per Home or National WAP Program Year Average Cost per Home (i.e., PY 2008 \$2,966)	\$2,927	(j)
Divide the amount entered on line (i) by the amount entered on line (j), for Total Estimated Homes to be Weatherized	1,300 Homes	(k)
Multiply (k) by 30.5 MBTU for Total Annual Estimated Energy Savings resulting from all funding sources	39,650 MBTU	(l)

Method used to calculate energy savings:      WAP Algorithm       Other (describe below)

*The PY 2008 energy saving calculations methodology was developed by the Department using the most recent Metaevaluation of the National Weatherization Assistance Program (ORNL/CON-493). This methodology estimates annual savings of 30.5 MBtu according to DOE's PY 2005 Application Instructions and Forms for PY 2006. The same methodology will be used for PY 2008 as was used for PY 2006 and PY 2007. The 2008 Plan is estimated according to funding allocation and adjusted average expenditure limit per unit allowed to weatherize a home. The total number of units projected to be weatherized in PY 2008 is 1,300 for a total of annual estimated energy savings of 39,650 MBtu.*

Estimated energy savings: 39,650 (MBtu)

Estimated prior year savings: 46,543      Actual: Pending final report

If variance is large, explain:

## **Section 6: Training, Technical Assistance, and Monitoring Activities**

The Texas Department of Housing and Community Affairs (the Department) plans to monitor the Weatherization Assistance Program (WAP) with the staff included in the budget. Each of the WAP subrecipients, unless identified as an exemplary subrecipient, shall be monitored for contract compliance at least once during the program year (April 1 through March 31). Training and technical assistance shall be provided to the subrecipient, whenever necessary, by the Program Officer during monitoring. Assigned staff members will conduct subsequent visits to ensure that corrective actions have taken place. If a subrecipient continues to show deficiencies, then a team of weatherization specialists will conduct extra training and technical assistance as needed.

Monitorings will be scheduled using a risk management-based assessment. Primary consideration will consist of amount of contract, previous findings, status of finding resolution, and submission and condition of annual independent audit. Periodic desk reviews of expenditures and production levels will be conducted during the program year. The scheduling of on-site monitoring will depend on availability of staff, minimum number of completed units, geographic and climatic considerations. The schedule may vary and dates will be confirmed with each subrecipient in advance. The purpose of the monitoring is to ensure that weatherization programs are managed within federal and state guidelines and that eligible low-income families are receiving quality and appropriate weatherization of their homes.

The Department has established a goal to monitor a minimum of 10% of the client files and 10% of the weatherized units at the time of the monitoring. The Department will concentrate on inspecting weatherized units whose work completion dates are less than 60 days from the date of monitoring. Additional units will be inspected if the minimum monitoring requirements have not been met by this criterion. Monitoring will include health and safety procedures, energy audit, and client education procedures. In addition, Program Officers will monitor financial management control and ensure the quality of work via established monitoring procedures.

In 2008, the Department will continue to emphasize training and technical assistance for heating and cooling systems assessments, materials installation, office operations, and financial accountability. The training staff will conduct periodic surveys to solicit input from subrecipients as to their training needs.

The Department will conduct training and technical assistance throughout the program year. A Program Officer may determine that additional training is needed for a particular subrecipient or the subrecipient may request it. The Senior Trainer is actively conducting training and technical assistance and is working with program officers and subrecipients to determine additional training needs on an on-going basis.

The Department does not require licensing or certifications of subrecipient staff. Should a subrecipient hire a new weatherization coordinator, the subrecipient will be required to notify the Department in writing within 30 days of the date of hiring the coordinator and request training. The Department will contact subrecipients within 30 days of the date of notification to arrange for training. The Department will use in-house staff as well as other subrecipient staff to provide training. The Department will provide travel assistance to subrecipients that receive training.

The Department will conduct cluster workshops throughout the program year to continue training the subrecipients on heating and cooling systems assessments, and material installation techniques. Expert trainers will be hired for topics where the Department lacks in-house expertise.

The Department WAP program year is April 1 through March 31. Upon the Department's completion of the PY 2007 Monitoring process, the Department will review all monitoring findings in order to evaluate any improvements in the agencies' performances in May. The Department will submit to DOE a written summary of its monitoring findings.

The Department has scheduled the following training dates for WAP Network:

Texas Association of Community Action Agencies Annual Conference May 2008  
Community Affairs Training Conference, July or August 2008

The Department has not scheduled training dates for other state or regional trainings. The Department plans to provide training for mobile home insulation (2 cluster workshops), HVAC (4 cluster workshops), Lead Safe Training (5 cluster workshops), and Health and Safety. The Department will forward a schedule to DOE once the training schedule has been confirmed.

#### **Energy Audit Procedures**

The EASY Audit has been approved by DOE for use on single family dwellings, mobile homes, and multi-family buildings containing 24 or fewer units. EASY has not been approved for multi-family buildings containing 25 or more units. To date, Texas subrecipients have not proposed weatherizing a building with 25 or more units. In the event that the Department approves such a proposal, the Department will acquire a DOE approved energy audit, such as EA-QUIP, for use in auditing multi-family buildings containing 25 or more units.

#### **Energy Savings**

The State will cooperate with the Department of Energy as they implement a national evaluation project.

#### **Evaluation of Training Activities**

In order to evaluate the efficiency of its training activities, the training staff will annually review its training activities and compare those to the subrecipient monitoring reports, and the annual analysis of an in-house evaluation study. Additionally, subrecipients will be given the opportunity to provide feedback through evaluation forms distributed at all training sessions.

#### **Lead-Based Paint Safe Work Practices**

The State of Texas provided the Lead-Based Paint Safe Work Practices training methodology (developed by Montana State University) to all weatherization subrecipients during program year 2002. The Department plans to train the subrecipient sub contractors in Program Year 2008. The State will provide Lead-Based Paint Safe Work Practices to new subrecipient hires on an on-going basis.

#### **Mold**

The State of Texas provided the Mold Work Practices training methodology (developed by Montana State University) to all weatherization subrecipients during program year 2006. The subrecipients will be responsible for providing the training to their weatherization contractors. The State will provide Mold Work Practices to new subrecipient hires on an on-going basis.

The Texas Department of Health, beginning at Title 25, Texas Administrative Code, Section 295.301, has adopted procedures for addressing mold problems existing in residential dwellings that cover areas of 25 contiguous square feet or more by requiring the remediation to be addressed by a licensed mold remediation specialist.

If the energy auditor discovers a mold condition which the weatherization contractor cannot adequately address, then the unit should be referred to the appropriate public agency for remedial action. The applicant is to be provided written notification that their home cannot, at this time, be weatherized and why. They should also be informed which agency they should contact to report the mold condition. The applicant should be advised that when the mold issue is resolved they may reapply for weatherization.

If the energy auditor determines that the mold is treatable and covers less than the 25 contiguous square feet limit allowed to be addressed by the Texas Department of Health's guidelines, the applicant is to be provided written notification of the existence of the mold and potential health hazards, the proposed action to eliminate the mold, and that no guarantee is offered that the mold will be eliminated and that the

mold may return. The auditor must obtain written approval from the applicant to proceed with the weatherization work.

Upon appropriate guidance from DOE, the Department will arrange to train all subrecipients to recognize mold problems and acceptable actions to resolve mold occurrences. The Department will also provide applicant notification and release forms to its subrecipients.

The limited cost incurred to remove the mold is to be charged to the health and safety portion of the subrecipient's budget.

**Client Education**

The Department will continue to require WAP subrecipients to provide client education to each WAP client. Subrecipients will be required to provide (at a minimum) state produced educational materials in verbal and written format. Client education will include temperature strips that indicate the temperature in the room and an energy savings calendars.

**Section 7: DOE-Funded Leveraging Activities**

N/A

**Section 8: Policy Advisory Council Members**

**Introduction:** The Policy Advisory Council is broadly representative of organizations and agencies and provides balance, background, and sensitivity with respect to solving the problems of low-income persons, including the weatherization and energy conservation problems. The Council has the responsibility of advising the Department.

Prior to the expenditure of any grant funds, the Department shall establish a policy advisory council which:

- (1) Has special qualifications and sensitivity with respect to solving the problems of low-income persons, including the weatherization and energy conservation problems of these persons;
- (2) Is broadly representative of organizations and agencies, including consumer groups that represent low-income persons, particularly elderly and disabled low-income persons and low-income Native Americans, in the State or geographical area in question; and
- (3) Has responsibility for advising the appropriate official or agency administering the allocation of financial assistance in the State or area with respect to the development and implementation of a weatherization assistance program.

**Current Policy Advisory Council Members**

<b>Weatherization Providers</b>	<b>Energy Group</b>	<b>Consumer &amp; Related Group</b>
<b>Johnette Hicks, Executive Director, Chairwoman Economic Opportunities Advancement Corporation -- Planning Region XI</b>	<b>Heather Ball, Director Marketing &amp; Public Education Railroad Commission of Texas Alternative Fuels Research and Education Division</b>	<b>Doug Garrett, CEM, CDSM Building Performance and Comfort Heating, Ventilation &amp; Air Conditioning</b>
<b>Karen Swenson, Executive Director Greater East Texas Community Action Program</b>		<b>Michael P. Wilson, PhD. Texas Department of Aging and Disability Services</b>
<b>Francis Pelley, Executive Director (Mark Bullard, WAP Coordinator) Texoma Council of Governments</b>		

The Policy Advisory Council (PAC) is currently in place; however, membership changes are expected to occur prior to the final PY 2008 DOE WAP Plan submission. At the present time, the PAC consists of six members. The Department is in the process of adding members to the PAC. The PAC meets annually. The Department seeks the PAC's guidance and approval on WAP Plans each year, and hosts other meetings, as needed.

**Section 9: State Plan Hearings**

The PY 2008 WAP Public Hearing and WAP Policy Advisory Council Meeting will both held on February 15, 2008. The transcripts will be available upon request.

Newspapers that publicized the hearings and the dates that the notice was published: Texas Register February 1, 2008—Statewide distribution. The public comment period will begin by February 1, 2008. The Department's web site publication of the draft plan will be available by February 1<sup>st</sup> and continue through February 22, 2008. Subrecipients were notified of the publication availability for public comment via mail out notification prior to February 1, 2008.

The hearing and council meeting transcript copies will be provided to the DOE.

**Section 10: Adjustments to On-File Information**

(This section references changes made to the PY 2007 On-File Information.)

No changes will be made to the On-File Information.

**Section 11: Miscellaneous**

**Intergovernmental Review Data**

To comply with the provisions of Executive Order 12372, the State of Texas established the Texas Review and Comment System (TRACS). TRACS is a statewide system that provides state and local officials opportunities to review and to comment upon State plans, applications for federal or state financial assistance, and environmental impact statements related to projects or programs that affect their jurisdictions before the proposals are approved or funded. Comments made during the process are for the applicant's use in improving the project, and if necessary, for the funding agency's use in deciding whether to approve the application.

Related state provisions designate the regional review agencies and the state Single Point of Contact; the programs for which reviews will be required; delineate the respective responsibilities of applicants, state agencies, and review agencies; establish uniform review procedures and criteria; and describe procedures for seeking accommodation of review comments. State provisions specifically incorporate by reference Executive Order 12372, as amended by Executive Order 12416, the Demonstration Cities and Metropolitan Development Act of 1966, §204 (42 United States Code §3334); the Intergovernmental Cooperation Act of 1968, §401(a) (United States Code §4231(a)); and the National Environmental Policy Act of 1969, §102(2C)(42 United States Code §4332(2C)).

The TRACS State Single Point of Contact is Denise S. Francis, Governor's Office of Budget, Planning, & Policy, P.O. Box 12428, Austin, Texas 78711. This plan application was provided in draft to the State Single Point of Contact, made accessible to all regional councils, available to all the Department's weatherization program subrecipients and other interested parties prior to the public hearings and as a part of the public comment process.

**Liability Insurance**

The liability insurance separate line item was increased to enable subrecipients to purchase pollution occurrence insurance in addition to the general liability insurance. Most regular liability insurance policies do not provide coverage for pollution occurrence. Subrecipients should review existing policies to ensure that lead paint measures are also covered and if not, secure adequate coverage for all units to be weatherized. If subrecipients require additional funding for liability insurance, they must first provide the Department with three price quotes. When approved, additional liability insurance costs may be paid from administrative or program support categories. The Department strongly recommends the subrecipients require their contractors to carry pollution occurrence insurance to avoid being liable for any mistakes the contractors may make. Each subrecipient should get a legal opinion regarding the best course to take for implementing the pollution occurrence insurance coverage.

**Training & Technical Assistance Carryover Funds**

Training and technical assistance funds will not be used to purchase vehicles or equipment for local agencies to perform weatherization services. The cost of these vehicles and equipment to support the program must be charged to program support and program operations categories. The Department acknowledges that, should unexpended training and technical assistance funds remain at the end of the Program Year, DOE requires these funds to be used to weatherize homes during the following year.

**Formula Distribution**

The Department updates the budget allocation proportion by county and subrecipient based on poverty income, elderly poverty, median household income (from the 2000 U.S. Census data), and climate data (from the Southern Regional Climate Center, Louisiana State University, June 2002).

**Electric Base Load Measures (EBL)**

DOE has approved the inclusion of selected Electric Base Load (EBL) measures as part of the weatherization of eligible residential units. Currently, the approved EBL measures include replacement of refrigerators, electric water heaters, and compact fluorescent lights. All EBL measures must be determined cost effective with an SIR of 1 or greater by either audit analysis or separate DOE approved analytical tools.

DOE has approved analytical tools to measure EBL. Detailed instructions for incorporating EBL measures in to the WAP are provided by the Department's Policy Issuance System. All dwelling units will be evaluated to determine the most cost effective measures to be installed in each unit weatherized and to determine the order in which measures will be installed. The evaluation of each unit must include building envelope measures, mechanical measures, and Electric Base Load measures.



**Section 12: Assurances and Certifications**

*Forms have been filed separately in a Master Document File*

**COMMUNITY AFFAIRS DIVISION  
BOARD ACTION REQUEST  
May 8, 2009**

**Action Item**

Presentation, Discussion and Possible Approval of the Request for Application Packet for the Weatherization Assistance Program in Maverick and Hidalgo Counties.

**Required Action**

Review, approve, or approve with changes the Request for Application (RFA) packet.

**Background**

The Community Action Council of South Texas (CACST) relinquished their Community Services Block Grant (CSBG), Comprehensive Energy Assistance Program (CEAP), and Weatherization Assistance Program (WAP) contracts in July 2007. The Community Action Council of South Texas provided weatherization services in 9 counties. The Department is now seeking a qualified applicant to serve Hidalgo County with weatherization services.

In January 2008, the Department was notified by Maverick County Commissioner's Court that the County would relinquish the Weatherization Assistance Program (WAP) at the end of the contract period (March 31, 2008). The Department is now seeking a qualified applicant to serve Maverick County with weatherization services

The Department intends to release the RFA to solicit applications from qualified applicants. The Department developed the RFA, with review and comment by Energy Assistance (EA) staff, the Community Affairs Division Director, Legal Services, and the Executive Team.

**Recommendation**

Staff recommends board approval and subsequent release of the Request for Application (RFA) packet for the Weatherization Assistance Program for Maverick County and Hidalgo County.

# APPLICATION SUBMISSION REQUIREMENTS FOR WAP

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**Eligibility Requirements:** Applications which are not materially complete will not be reviewed nor scored. In order for an application to be deemed eligible for review, the following minimum requirements must be met. 1. Meet requirements as set forth on page 4 of Application, II. Eligible Applicant Organization; 2. Private non-profits must provide documentation of their status as a 501(c) tax-exempt entity; 3. Provide Fiscal Accountability Documentation as set forth on page 12 of Application, Part D. 7, and 4. Neither it nor its current principle parties be included in the Excluded Parties List System (EPLS) maintained by the General Services Administration.

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**DEADLINE FOR RECEIPT:** Monday, April 30, 2008 by 5:00 p.m. CST

**THREE COPIES DUE: One Original and Two Complete Copies**

Applicants must submit one original and two complete copies by the deadline. Applications that arrive after the deadline will not be considered. Diskettes or other electronic documents will not be accepted.

**Mailing Address:**

(All U.S. Postal Service  
including Express)

Mr. Michael DeYoung  
Energy Assistance Section  
Texas Department of Housing and Community Affairs  
Post Office Box 13941  
Austin, Texas 78711-3941

**Courier Delivery:**

(FedEx, UPS, Overnight, etc).

221 East 11<sup>th</sup> Street, 1st Floor  
Austin, Texas 78701

**Hand Delivery:**

If you are hand delivering the application, contact Michael DeYoung at (512) 475-2125 or Marco Cruz (512) 475-3860 when you arrive at TDHCA so they may accept your application.

Please use the following format for the narrative portion of the application:

- Minimum 11 font (12 font preferred), must be Double Spaced
- Standard 8½ " x 11" paper with 1" margins
- Narrative must not exceed 5 consecutively numbered pages, double spaced.

The original application must contain original signatures and original pictures. Applications must be bound using binder clips not folders or notebooks.

**Questions** pertaining to the content of this application packet may only be directed to Michael DeYoung. This application is posted on the Department's website: <http://www.tdhca.state.tx.us/ea>.

# TABLE OF CONTENTS

## **PART A. GENERAL INFORMATION**

<b>I. Background and Purpose of the WAP</b>	<b>4</b>
<b>II. Eligible Applicant Organizations</b>	<b>4</b>
<b>III. Eligible Use of WAP Funds</b>	<b>5</b>
<b>IV. FFY 2008 Service Area Funding Estimates and Distribution Formula</b>	<b>5-6</b>
<b>V. Subrecipient Requirements</b>	<b>6</b>
A. Service Area Coverage Requirement/Unserved Area	6
B. Client Eligibility Requirement	6
C. Ineligible Use of Funds	7
D. Reporting Requirements	7
E. Auditing Requirements	7
F. Policies and Procedures	7

**TABLE OF CONTENTS**  
(Continued)

<b>PART B. APPLICATION REVIEW PROCESS</b>	8
<b>PART C. PROJECT NARRATIVE INSTRUCTIONS</b>	9
<b>PART D. APPLICATION CONTENT</b>	12

**ATTACHMENTS:**

- A. State of Texas Application Form
- B. Standard Form 424
- C. Roster for Board of Directors
- D. Attendance Roster for Board of Directors
- E. Budget Forms
- F. Current Services Provided
- G. Unmet Needs Documentation Form
- H. Audit Certification Form

**PART E. APPENDICES**

- A. Low Income Home Energy Assistance Program Statute
- B. Final Rule for Weatherization Assistance Program for Low-Income Persons
- C. 10 CFR PART 600—Financial Assistance Rules
- D. Texas Administrative Code Energy Assistance Programs
- E. TDHCA General Memo #2008-3.12--2008 USDHHS Poverty Income Guidelines
- F. Distribution Formula for WAP

## **PART A. GENERAL INFORMATION**

### **I. BACKGROUND AND PURPOSE**

#### **Weatherization Assistance Program (WAP)**

The Energy Conservation in Existing Buildings Act of 1976 established the WAP for Low-Income Persons. Current categorical funding for the program is derived from the U. S. Department of Energy and partially funded by the LIHEAP grant. The program is designed to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total residential expenditures, and improve their health and safety, especially to low income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with children, high residential energy users, and households with high energy burden.

### **II. ELIGIBLE APPLICANT ORGANIZATIONS**

Organizations eligible to apply must be a private nonprofit organization or a political subdivision of the State. The designation of a new eligible WAP entity may be:

- a private nonprofit organization (which may include an existing eligible entity) that is geographically located in the unserved area;
- a private nonprofit eligible entity that is geographically located in an area contiguous to or within reasonable proximity of the unserved area and that is already providing related services in the unserved area; or,
- if no private nonprofit organization is identified to serve the unserved area as an eligible entity, then a political subdivision of the State may be designated to serve as an eligible entity for the area. In order to serve as the eligible entity for the area, the political subdivision shall have a board or other governing mechanism as required by 42 U.S.C. § 9902 (1) (A) of the CSBG Act. Section VI.A. of the RFA describes the requirements related to the governing board structure.

For this application, eligible applicant organizations must be willing to serve Maverick County, Hidalgo County, or both counties.

### III. ELIGIBLE USE OF FUNDS

#### Eligible Use of WAP Funds

The WAP funds must be used to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total residential expenditures, and improve their health and safety, especially low income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with children, high residential energy users, and households with high energy burden. Typical weatherization work includes the installation of attic and wall insulation, caulking, weather stripping, repair or replacement of inefficient appliances, doors, windows, and minor energy-related repairs. The type of weatherization that a household may receive is contingent upon a household's income eligibility, a comprehensive assessment of the household's energy efficiency, and the availability of weatherization funds.

The WAP funds provided by the U.S. Department of Energy (DOE) allow 10% of funds to be utilized for administration and 10% for health and safety, the Low Income Home Energy Assistance Program (LIHEAP) funds utilized for the WAP are limited to 7% for administration and 10% for health and safety. For the DOE the maximum expenditure allowed per home is \$2,966. The maximum for the LIHEAP WAP is \$4,000 per home.

The Department's contract's with WAP subrecipient's contains a budget format for categorizing the funds received on an annual basis. The WAP budget categories are as follows: Materials, Labor, Program Support, Travel, Administration, Audit, Health and Safety, and Pollution Occurrence Insurance.

Organizations shall follow the Texas Administrative Code Title Part 1 Chapter 6, 10 CFR 440 Final Rule (February 1, 2002), and 10 CFR 600. (See Appendices A, B, and C)

### IV. FFY 2008 SERVICE AREA FUNDING ESTIMATES AND DISTRIBUTION FORMULA

#### A. Funding Estimates

The applicant organization chosen through this competitive process will be offered a DOE and LIHEAP WAP contract for Program Year 2008 and each year thereafter as long as they remain in good standing.

The estimates for FFY 2008 funding are based upon the amount of funds provided to Maverick and Hidalgo Counties. The estimated funds below are to be utilized to cover costs related to administration, direct program staff costs, and for the provision of the weatherization service.

Allocation Estimate of WAP funds	LIHEAP	DOE	Total
▪ Maverick County	\$ 37,413	\$ 29,474	\$ 66,887
▪ Hidalgo County	\$303,319	\$225,901	\$529,220

**B. Distribution Formula**

The Department uses the following funding allocation formula for the WAP Program. The Department revises the formula using new Census data released at the completion of the decennial census.

This formula allocates funds based on the number of low-income households in a service area, but also takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as follows:

Fund Allocation Factors	Percentage
Households in poverty with at least 1 member 64 years of age or younger.	40
Households in poverty with at least one member 65 years of age or older.	40
Household density as an inverse ratio.	5
Median income of the county.	5
Weather factor based on heating degree days and cooling degree days.	10

All demographic factors are based on the 2000 U.S. Census.

**V. SUBRECIPIENT REQUIREMENTS**

**A. Service Area Coverage Requirement/Unserved Service Area**

The Department is seeking an organization to administer the WAP in Maverick and/or Hidalgo Counties. Organizations interested in responding to this RFA shall submit applications to serve the entire county.

**B. Client Eligibility Requirement**

Clients to be served with WAP must have an annualized gross income not to exceed 125% of the poverty income guidelines as provided by the U. S. Department of Health and Human Services. The income guidelines for the WAP are provided in General Memorandum #2008-3.12 dated February 1, 2008. (See Appendix E)

**C. Ineligible Use of Funds**

WAP funds may not be used to purchase or improve land, or for the purchase of construction or permanent improvement of any building or other facility.

Any entity that receives funds from this proposal, assumes responsibility for planning, developing, and coordinating WAP activities. The funds shall not be used in the provision of services or the employment or assignment of personnel to support the following activities:



any partisan or non-partisan political activity or any political activity in an election for public or party office; any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or any voter registration activity. Any other uses or activities deemed ineligible by state or federal rule will also be ineligible.

#### **D. Reporting Requirements**

Subrecipients must submit a Monthly Funding/Financial and Performance Report (MFFPR) are due by the 15<sup>th</sup> of the month following the month being reported. This is a monthly report, submitted electronically to the Department and contains fiscal expenditures and programmatic performance information. Surecipients must submit a final MFFPR within 60 days of the end of the contract. Failure to submit a final report within the required time period may result in disallowed costs.

#### **E. Auditing Requirements**

The Department requires that each subrecipient organization that expends \$500,000 or more in total federal financial assistance during the organization's fiscal year arrange for the performance of an annual audit of the funds received for that fiscal year. The audit shall be conducted in accordance with the Single Audit Act provisions. Subrecipient organizations expending less than \$500,000 in federal financial assistance shall arrange for the performance of an annual financial statement audit at their own expense. Audits must be submitted to the Department within 30 days of the completion of the audit but not more than nine (9) months after the end of the fiscal audit period.

#### **F. Policies and Procedures**

Each subrecipient organization shall establish and maintain by-laws and current policies and procedures on personnel, travel, financial/accounting, and procurement. The personnel policies and procedures document should include nondiscrimination assurances, grievance procedures, conflict of interest/nepotism provision, and time and leave policies. The organization's procurement procedures should include information for all purchasing activity relative to equipment, supplies, services, facility rent, leases, etc. Fiscal accountability documentation, including current fidelity bond coverage and a complete copy of the last full fiscal audit for fiscal period indicated.

Nonprofit organizations shall follow OMB Circular A-122 for cost principles, OMB Circular A-110 for administrative requirements and OMB Circular A-133 for audit requirements. Local government units shall follow OMB A-87 Circular for cost principles, OMB Circular A-102 for administrative requirements and OMB Circular A-133 for audit requirements. The OMB Circulars may be found at <http://www.whitehouse.gov/omb/circulars/index.html> .

## **PART B. APPLICATION REVIEW PROCESS**

The Department will create a standard review instrument for use by an assigned team of in-house reviewers. Each application will be evaluated using criteria consistent with the information and instructions contained in the RFA. The Department will consider and evaluate prior monitoring and/or audit issues during its application review.

Factors to be considered in the review of each application will include, but not be limited to:

- applicant's compliance with RFA instructions;
- applicant's capacity to effectively administer federal funds and to ensure compliance with regulations;
- ability to demonstrate success in providing services that meet the needs of low-income persons;
- the extent to which activities proposed with funds WAP are compatible and consistent with the needs of the unserved group of counties selected;
- applicant's ability to demonstrate staff and organizational capacity to deliver the proposed services;
- applicant's ability to demonstrate positive past performance with Department funded programs, including the results of Department monitoring reviews, timeliness of submission of reports, results of the last fiscal audit, and other information deemed relevant to performance.

## **Part C. PROJECT NARRATIVE INSTRUCTIONS:**

The application narrative must provide all the information requested and information is to be presented in the order of the outline provided herein. If information is not applicable, in your opinion, please state so and the reason why.

### **I DESCRIPTION OF APPLICANT ORGANIZATION**

#### **A. Board of Directors and Organization**

1. Describe the organization's history and mission. Include information on the current staff size and the educational background and work experience of key management staff.
2. Provide the resumes of each of the board of directors, the regularity of meetings, if quorums have been established at the meetings during the past 12 months, a list of subcommittees, and any other relevant information related to the board of directors.
3. Describe any special certifications or licenses for your organization or its key staff, and information on any special recognition. Provide copies of certifications or licenses.

#### **B. Programs Operated and Funding Sources**

1. Describe the current services and programs operated targeted to low-income persons. Include descriptions of any programs currently administered which relate to:
  - a) Community Service Block Grant (CSBG) or emergency services or assistance and case management;
  - b) Comprehensive Energy Assistance Program (CEAP) or utility assistance; or,
  - c) WAP or weatherization/energy efficiency work.
2. Provide information on Funding Sources and Programs:
  - a) Funding sources and amount of federal, state, local, and private funds currently received by your organization. How long has your organization administered each of the programs and or grants?
  - b) The type(s) of services currently provided and programs operated
  - c) The total number of persons served annually by funding source and program.
  - d) The target group(s) served.
  - e) Monitoring reviews

## **C. Service Delivery**

1. Service Area and Facilities
  - a) Identify the counties currently served in your service area.
  - b) Identify the location of the main office of your organization and the services provided at the main office. Identify the hours of operation and the staffing (number of staff, job title) at the main office.
  - c) Identify field offices currently operated to provide services to low-income clients and describe the services provided at each of those locations. Identify the hours of operation and the staffing (number of staff, job title) at each office.
  - d) Describe the intake and assessment process utilized for low-income clients seeking services and assistance at each location. If the process is the same at all locations, then describe process once and indicate such.
  - e) Describe the process used to refer clients to services and programs operated by your organization.
- 2 Identify any location in your service area that does not have a field office and explain how services are delivered to residents of those localities.
- 3 Describe other methods utilized by your organization to deliver services in the service area. Describe how programs and services are coordinated among the main office and the field offices.
- 4 Describe how field offices report performance data information to main office in order for your organization to submit financial and performance data to funding entities.

## **D. Coordination of Services**

### Process for Linkages and Funding Coordination:

1. Identify the organizations with which your organization links services to clients and coordinates/leverages funding to meet the needs of clients. Please list this information by county. Include city and county governments, faith-based organizations, nonprofit organizations, state agencies, etc.
2. Describe the process utilized by your organization to establish and maintain organization links with other service providers in the service area. Identify how coordination is maintained, either through the attendance at meetings, regular calls to contact organizations, etc. The description may be broken down by the counties in the service area, if necessary.
3. Provide information on any memorandums of understanding and/or service agreements your organization has with any of these entities.
4. Describe the process to refer individuals and/or clients to services and assistance with other entities including, but not limited to, city and county governments, faith-based

organizations, nonprofit organizations, state agencies, etc. Describe how, if any, follow-up service is provided to clients referred.

## **II. UNMET NEED IN SERVICE AREA**

Complete Attachment G, Unmet Needs Documentation form, for each county to be served.

## **III. PROJECT DESCRIPTION**

- A. Describe your organization plans to carry out the WAP if funds are received. Describe your plan and timeline for implementation.
- B. Based on information in Attachment G, Unmet Needs Documentation form, provide a description of the specific unmet need(s) and gaps in services that your organization will meet and address with WAP funds. Specify the specific services which will be provided and state whether the service is currently not provided in the community or is not being adequately provided by the existing service delivery system.
- C. Provide a description of how services will be provided to clients and persons seeking WAP assistance. Include information on sites (city) where services will be provided, hours of operation, staffing (job titles) and duties of staff by site, services to be provided by site, and any other relevant information.
- D. Based on estimated funding found in Part A. IV, and the maximum expenditure per unit found in Part A. III, how many clients your agency plans to assist during a 12 month contract period with WAP funds if your organization is funded?
- E. Provide a narrative description of the proposed costs associated with the provision of services and the administration the WAP grants. Include, for each program, information on direct service costs operation and facility costs, staffing costs for direct program staff, staffing costs for administrative staff, equipment, supplies, travel, other costs, and indirect costs if applicable. Identify how many staff will be supported full or part-time.

## **IV. PROJECT EVALUATION AND CONCLUSION**

- A Describe the process to be utilized by your organization to measure the effectiveness of the services provided with WAP funds. Will outcome measures be set? What data will be maintained? How often will data be gathered?
- B What factors make your organization the most appropriate choice to administer the WAP?

## **Part D APPLICATION CONTENT:**

**All pages of the application, excluding the audit, must be numbered.**

**Each application must contain the items listed below in the following order:**

- 1. State of Texas WAP Application Form** – Form must be placed on the top of the application (**Attachment A**).
- 2. Table of Contents** – must include page numbers.
- 3. Standard Form 424 (Attachment B)** – Complete the blank spaces but do not complete the shaded boxes. The person signing this form must be the authorized signatory for the contract, if awarded.
- 4. Articles of Incorporation** - Include a copy of the section in the organization's Articles of Incorporation which includes the mission and goals for which the organization was established.
- 5. Copy of Bylaws** – Include a copy of the section in the organization's bylaws which authorizes the governing board or equivalent policymaking entity to make policies and decisions for the organization.
- 6. Existing Internal Revenue Service (IRS) ruling** – All private nonprofit organizations must document their status as a **501(c) tax-exempt** entity. The Department prefers that the ruling be on IRS letterhead which is legible and signed by the IRS District Director. Expired advanced rulings from the IRS are not acceptable. Other documentation which may be utilized to document a **501(c)** status may be a letter from the State of Texas Comptroller of Public Accounts or a certified legal document showing status. Local nonprofit affiliate of a State or national nonprofit can be submitted if your organization is a subsidiary of a parent organization. In case of the latter, provide a copy of the page listing your organization in the documents filed with the IRS.
- 7. Fiscal Accountability** - All applications must include documentation of fiscal accountability, even if this information has been previously submitted to the Department. Submit one complete unbound copy of your organization's most recent Single Audit report. **If applicable, a management letter must be included with the audit.** If your organization does not have a Single Audit, the following end-of-the-year financial statements must be included: (1) balance sheet; (2) income statement; and (3) a statement of cash flow. Refer to page 4 for information on audit requirements.
- 8. Project Narrative** – The narrative described in Part C. must not exceed 5 pages. The narrative must be formatted using a minimum of 11 font size, double spaced, on standard 8 ½" x 11" paper with 1" margins. Refer to instructions.
- 9. Roster for Board of Directors (Attachment B).** Complete the form and provide the requested information for member of the applicant's board of directors.

**10. Attendance Roster for Board of Directors (Attachment C).** Complete this form using the official attendance records for the board of directors.

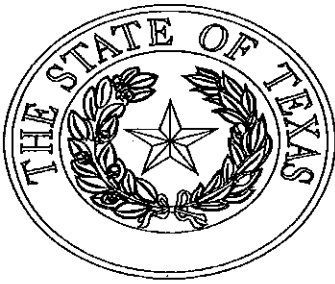
**11. Proposed Budget (Attachment D).** Complete the budget forms provided. Base your budget on the funds available in Part A, IV. Follow the format provided.

**12. Current Services Provided form (Attachment E).** Complete the form which requests information on program or services provided by your organization or through a referral source. Follow the format provided.

**13. (Unmet Needs Documentation Attachment F).** Include verifiable sources for all data included. The Data Required column states the information that is being requested. In the Data Provided column, provide the requested information. The data should be the most recently available data and should be presented briefly and concisely. The text should be a comprehensive summary of the needs of the persons at or below 125% of the federal poverty income guidelines. In the Data Source column, provide the data sources utilized in the Data Provided column and provide dates that census, assessments, or surveys

**14. Audit Certification Form (Attachment G).** All applicants must submit a completed form.

**Part E. APPENDICES**



For Office  
Use Only

# State of Texas WAP Application Form

**Legal Name of Applicant:**

Mailing Address *(Include City and County and Zip Code):*

Agency Phone:

Agency Fax:

Chief Executive and Title:

Program Contact Person:

E-mail Address:

List the counties proposed to be served under this application:

**Type of Organization:**

Nonprofit Organization

Unit of General Local Government

**Is this a Faith-Based Organization?**

Yes

No

What are the dates of your current Fiscal Year? \_\_\_\_\_ (Mo/Yr) to \_\_\_\_\_ (Mo/Yr)

Is your agency subject to the Single Audit requirement?  Yes  No



**APPLICATION FOR  
FEDERAL ASSISTANCE**

Version 9/03

		<b>2. DATE SUBMITTED</b>	Applicant Identifier
<b>1. TYPE OF SUBMISSION:</b> Application		<b>3. DATE RECEIVED BY STATE</b>	State Application Identifier
<input type="checkbox"/> Construction <input type="checkbox"/> Non-construction	Pre-application <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction	<b>4. DATE RECEIVED BY FEDERAL AGENCY</b>	Federal Identifier
<b>5. APPLICANT INFORMATION</b>			
Legal Name:		<b>Organizational Unit:</b>	
Organizational DUNS:		Department:	
<b>Address:</b>		<b>Name and telephone number of person to be contacted on matters involving this application (give area code)</b>	
Street:		Prefix:	First Name:
City:		Middle Name:	
County:		Last Name:	
State:	Zip Code:	Suffix:	
Country:		Email:	
<b>6. EMPLOYER IDENTIFICATION NUMBER (EIN):</b> [ ] [ ] - [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]		Phone Number (give area code)	FAX Number (give area code)
<b>8. TYPE OF APPLICATION:</b> <input type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.)  Other (specify)      [ ]      [ ]		<b>7. TYPE OF APPLICANT:</b> (See back of form for Application Types)  Other (specify)	
<b>10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER:</b> [ ] [ ] - [ ] [ ] [ ] [ ]		<b>9. NAME OF FEDERAL AGENCY:</b>	
TITLE (Name of Program)		<b>11. DESCRIPTIVE TITLE OF APPLICANTS PROJECT:</b>	
<b>12. AREAS AFFECTED BY PROJECT</b> (Cities, Countries, States, etc.)			
<b>13. PROPOSED PROJECT</b>		<b>14. CONGRESSIONAL DISTRICTS OF:</b>	
Start Date	Ending Date	a. Applicant	b. Project
<b>15. ESTIMATED FUNDING:</b>		<b>16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?</b>	
a. Federal	\$ .00	a. YES. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER PROCESS FOR REVIEW ON  DATE:	
b. Applicant	\$ .00	b. NO. <input type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372  <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
c. State	\$ .00	<b>17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?</b>	
d. Local	\$ .00	<input type="checkbox"/> Yes If "Yes," attach an explanation. <input type="checkbox"/> No	
e. Other	\$ .00		
f. Program Income	\$ .00		
g. TOTAL	\$ .00		
<b>18. TO THE BEST OF MY KNOWLEDGE AND BELIEF ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES.</b>			
a. Authorized Representative			
Prefix	First Name	Middle Name	
Last Name		Suffix	
b. Title		c. Telephone Number (give area code)	
Email:		Fax Number (give area code)	
d. Signature of Authorized Representative		e. Date Signed	





Name of Applicant: \_\_\_\_\_

\_\_\_\_\_ (grant) PROPOSED BUDGET

**BUDGET CATEGORIES**

**AMOUNT**

- |  |          |
|--|----------|
| 1. Personnel<br>(Detailed on Budget Support Sheet E.1)       | \$ _____ |
| 2. Fringe Benefits<br>(Detailed on Budget Support Sheet E.2) | \$ _____ |
| 5. Equipment<br>(Detailed on Budget Support Sheet E.3)       | \$ _____ |

\_\_\_\_\_ GRANT BUDGET

BUDGET SUPPORT SHEET E.1

<b>PERSONNEL</b>			
<b>JOB TITLE</b>	<b>NUMBER OF POSITIONS</b>	<b>SALARY PER POSITION</b>	<b>TOTAL AMOUNT OF WAP FUNDS</b>
<b>TOTAL PERSONNEL</b>			

\_\_\_\_\_ GRANT BUDGET

**BUDGET SUPPORT SHEET E.2**

<b>FRINGE BENEFITS</b>	
<b>F.I.C.A.</b>	
<b>UNEMPLOYMENT</b>	
<b>WORKMANS COMP. INSURANCE</b>	
<b>HEALTH INSURANCE</b>	
<b>OTHER</b>	
<b>OTHER</b>	
<b>CSBG BUDGETED AMOUNT</b>	

GRANT BUDGET

BUDGET SUPPORT SHEET E.3

**EQUIPMENT**

Items with a per-unit acquisition cost of \$5,000 or greater will require the Department's written approval prior to purchase.

DESCRIPTION	BRAND AND MODEL	UNIT COST	AMOUNT	% OF USAGE FOR WAP
<b>PURCHASES</b>				
<b>LEASES</b>				
<b>TOTAL EQUIPMENT</b>				

**Name of Organization:** \_\_\_\_\_

**CURRENT SERVICES PROVIDED**

Instructions: Provide a brief description of the programs or services provided or activities currently carried out by your organization in the following areas.



Name of Organization: \_\_\_\_\_

## UNMET NEEDS DOCUMENTATION FOR \_\_\_\_\_ COUNTY

Complete an Unmet Needs Documentation form for each county for which you are applying to serve.

Data Required	Data Provided	Data Source
<p>1. Local poverty statistics on persons at or below 125% of the Federal Poverty Income Guidelines.</p> <p>a. percentage of poverty</p> <p>b. approximate number of persons in poverty</p>		
<p>2. County unemployment rate</p>		
<p>3. List other agencies that assist low-income persons. This list should include as broad a spectrum as exists in the area. Include: agency name, population served, type(s) of assistance offered. (Attach additional pages as necessary.)</p>		
<p>4. Provide information on the gaps in services for low-income persons that exist in the identified county. What types of services are needed or in short supply? Identify the information source used.</p>		
<p>5. Other local events/issues that negatively impact the county's poverty population. (plant layoffs, natural disasters, cuts in funding, etc.)</p>		

## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA) AUDIT CERTIFICATION FORM

Organization: \_\_\_\_\_ Fiscal Year End: \_\_\_\_ / \_\_\_\_ / \_\_\_\_ Cntr#(s) \_\_\_\_\_  
Month Day Year

- We have exceeded the federal or state expenditure threshold of \$500,000. We will have our Single Audit or Program Specific Audit completed and will submit the audit report within nine (9) months after the end of the audited fiscal year.
- We did not exceed the \$500,000 state or \$500,000 federal expenditure threshold required for a Single Audit or a Program Specific Audit to be performed this fiscal year. *(Fill out schedule below)*

*The below information on Federal and State funds must be filled out if Single Audit or Program Audit is not required:*

Federal Funds				
<u>Federal Grantor</u>	<u>Pass-through Grantor</u>	<u>Program Name &amp; CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<i>Total Federal Expenditures for this Fiscal Year</i>				\$ _____

State Funds				
<u>State Grantor</u>	<u>Pass-through Grantor (if any)</u>	<u>Program Name</u>	<u>Contract Number</u>	<u>Expenditures</u>
<i>Total State Expenditures for this Fiscal Year</i>				\$ _____

Authorized Signature <i>(Executive Director or Board Chair)</i>	Printed Name	Title
Mailing Address:	City, State	Zip Code
Email Address:	Phone Number	Fax Number

## Appendix A

### **Low Income Home Energy Assistance Program Statute**

U.S. Department of Health & Human Services

# Administration for Children & Families

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## **LOW INCOME HOME ENERGY ASSISTANCE PROGRAM assistance with heating and cooling costs**

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### **LIHEAP Statute**

LIHEAP Statute, as Amended Through August 1, 1999

- [Sec. 2601. SHORT TITLE](#) | [Sec. 2602. HOME ENERGY GRANTS AUTHORIZED](#)
- [Sec. 2603. DEFINITIONS](#) | [Sec. 2604. STATE ALLOTMENTS](#)
- [Sec. 2605. APPLICATIONS AND REQUIREMENTS](#) | [Sec. 2606. NONDISCRIMINATION PROVISIONS](#)
- [Sec. 2607. PAYMENTS TO STATES](#) | [Sec. 2607A. LEVERAGING INCENTIVE PROGRAM](#)
- [Sec. 2607B. R.E.A.CH](#) | [Sec. 2608. WITHHOLDING](#) | [Sec. 2609. CONSTRUCTION LIMITATION](#) | [Sec. 2609A. TECHNICAL ASSISTANCE AND TRAINING](#)
- [Sec. 2610. STUDIES](#) | [Sec. 2611. REPEALER](#)
- [OTHER RELEVANT STATUTORY PROVISIONS](#)

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### **COMPILATION OF THE LOW-INCOME HOME ENERGY ASSISTANCE ACT OF 1981 As Amended Through August 1, 1999**

Prepared by the Division of Energy Assistance  
Office of Community Services/ACF/HHS

### **LOW-INCOME HOME ENERGY ASSISTANCE ACT OF 1981 (Title XXVI of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, as amended)**

\*\*\*\*\*

[SHORT TITLE](#) | [Top of Page](#)

**Section 2601.** This title may be cited as the "Low-Income Home Energy Assistance Act of 1981".

[HOME ENERGY GRANTS AUTHORIZED](#) | [Top of Page](#)

#### **Section 2602.**

(a) The Secretary is authorized to make grants, in accordance with the provisions of this title, to States to assist low-income households, particularly those with the lowest incomes, that pay a high proportion of household income for home energy, primarily in meeting their immediate home energy needs.

(b) There are authorized to be appropriated to carry out the provisions of this title (other than section 2607A), \$2,000,000,000 for each of fiscal years 1995 through 1999, such sums as may be necessary for each of fiscal years 2000 and 2001, and \$2,000,000,000 for each of fiscal years 2002 through 2004. The authorizations of appropriations contained in this subsection are subject to the program year provisions of subsection (c).

(c) Amounts appropriated under this section for any fiscal year for programs and activities

under this title shall be made available for obligation in the succeeding fiscal year.

(d)(1) There is authorized to be appropriated to carry out section 2607A, \$30,000,000 for each of fiscal years 1999 through 2004, except as provided in paragraph (2).

(2) For any of fiscal years 1999 through 2004 for which the amount appropriated under subsection (b) is not less than \$1,400,000,000, there is authorized to be appropriated \$50,000,000 to carry out section 2607A.

(e) There is authorized to be appropriated in each fiscal year for payments under this title, in addition to amounts appropriated for distribution to all the States in accordance with section 2604 (other than subsection (e) of such section), \$600,000,000 to meet the additional home energy assistance needs of one or more States arising from a natural disaster or other emergency. Funds appropriated pursuant to this subsection are hereby designated to be emergency requirements pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985, except that such funds shall be made available only after the submission to Congress of a formal budget request by the President (for all or a part of the appropriation pursuant to this subsection) that includes a designation of the amount requested as an emergency requirement as defined in such Act.

(42 U.S.C. 8621)

#### **DEFINITIONS** | [Top of Page](#)

**Section 2603.** As used in this title:

(1) The term "emergency" means--

(A) a natural disaster;

(B) a significant home energy supply shortage or disruption;

(C) a significant increase in the cost of home energy, as determined by the Secretary;

(D) a significant increase in home energy disconnections reported by a utility, a State regulatory agency, or another agency with necessary data;

(E) a significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.), the national program to provide supplemental security income carried out under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) or the State temporary assistance for needy families program carried out under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), as determined by the head of the appropriate Federal agency;

(F) a significant increase in unemployment, layoffs, or the number of households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or

(G) an event meeting such criteria as the Secretary, in the discretion of the Secretary, may determine to be appropriate.

(2) The term "energy burden" means the expenditures of the household for home energy divided by the income of the household.

(3) The term "energy crisis" means weather-related and supply shortage emergencies and

other household energy-related emergencies.

(4) The term "highest home energy needs" means the home energy requirements of a household determined by taking into account both the energy burden of such household and the unique situation of such household that results from having members of vulnerable populations, including very young children, individuals with disabilities, and frail older individuals.

(5) The term "household" means any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent;

(6) The term "home energy" means a source of heating or cooling in residential dwellings.

(7) The term "natural disaster" means a weather event (relating to cold or hot weather), flood, earthquake, tornado, hurricane, or ice storm, or an event meeting such other criteria as the Secretary, in the discretion of the Secretary, may determine to be appropriate.

(8) The term "poverty level" means, with respect to a household in any State, the income poverty line as prescribed and revised at least annually pursuant to section 673(2) of the Community Services Block Grant Act, as applicable to such State.

(9) The term "Secretary" means the Secretary of Health and Human Services.

(10) The term "State" means each of the several States and the District of Columbia.

(11) The term "State median income" means the State median income promulgated by the Secretary in accordance with procedures established under section 2002(a)(6) of the Social Security Act (as such procedures were in effect on the day before the date of the enactment of this Act) and adjusted, in accordance with regulations prescribed by the Secretary, to take into account the number of individuals in the household.

(42 U.S.C. 8622)

## **STATE ALLOTMENTS | [Top of Page](#)**

### **Section 2604.**

(a)(1)(A) Except as provided in subparagraph (B), the Secretary shall, from that percentage of the amount appropriated under section 2602(b) for each fiscal year which is remaining after reserving any amount permitted to be reserved under section 2609A and after the amount of allotments for such fiscal year under subsection (b)(1) is determined by the Secretary, allot to each State an amount equal to such remaining percentage multiplied by the State's allotment percentage.

(B) From the sums appropriated therefor after reserving any amount permitted to be reserved under section 2609A, if for any period a State has a plan which is described in section 2605(c)(1), the Secretary shall pay to such State an amount equal to 100 percent of the expenditures of such State made during such period in carrying out such plan, including administrative costs (subject to the provisions of section 2605(b)(9)(B)), with respect to households described in section 2605(b)(2).

(2) For purposes of paragraph (1), for fiscal year 1985 and thereafter, a State's allotment percentage is the percentage which expenditures for home energy by low-income households in that State bears to such expenditures in all States, except that States which thereby receive the greatest proportional increase in allotments by reason of the application of this paragraph from the amount they

received pursuant to Public Law 98-139 shall have their allotments reduced to the extent necessary to ensure that--

(A)(i) no State for fiscal year 1985 shall receive less than the amount of funds the State received in fiscal year 1984; and

(ii) no State for fiscal year 1986 and thereafter shall receive less than the amount of funds the State would have received in fiscal year 1984 if the appropriations for this title for fiscal year 1984 had been \$1,975,000,000, and

(B) any State whose allotment percentage out of funds available to States from a total appropriation of \$2,250,000,000 would be less than 1 percent, shall not, in any year when total appropriations equal or exceed \$2,250,000,000, have its allotment percentage reduced from the percentage it would receive from a total appropriation of \$2,140,000,000.

(3) If the sums appropriated for any fiscal year for making grants under this title are not sufficient to pay in full the total amount allocated to a State under paragraph (1) for such fiscal year, the amount which all States will receive under this title for such fiscal year shall be ratably reduced.

(4) For the purpose of this section, the Secretary shall determine the expenditure for home energy by low-income households on the basis of the most recent satisfactory data available to the Secretary.

(b)(1) The Secretary shall apportion not less than one-tenth of 1 percent, and not more than one-half of 1 percent, of the amounts appropriated for each fiscal year to carry out this title on the basis of need among the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands of the United States, and the Commonwealth of the Northern Mariana Islands. The Secretary shall determine the total amount to be apportioned under this paragraph for any fiscal year (which shall not exceed one-half of 1 percent) after evaluating the extent to which each jurisdiction specified in the preceding sentence requires assistance under this paragraph for the fiscal year involved.

(2) Each jurisdiction to which paragraph (1) applies may receive grants under this title upon an application submitted to the Secretary containing provisions which describe the programs for which assistance is sought under this title, and which are consistent with the requirements of section 2605.

(c) Of the funds available to each State under subsection (a), a reasonable amount based on data from prior years shall be reserved until March 15 of each program year by each State for energy crisis intervention. The program for which funds are reserved by this subsection shall be administered by public or nonprofit entities which have experience in administering energy crisis programs under the Low-Income Energy Assistance Act of 1980 or under this Act, experience in assisting low-income individuals in the area to be served, the capacity to undertake a timely and effective energy crisis intervention program, and the ability to carry out the program in local communities. The program for which funds are reserved under this subsection shall--

(1) not later than 48 hours after a household applies for energy crisis benefits, provide some form of assistance that will resolve the energy crisis if such household is eligible to receive such benefits;

(2) not later than 18 hours after a household applies for crisis benefits, provide some form of assistance that will resolve the energy crisis if such household is eligible to receive such benefits and is in a life-threatening situation; and

(3) require each entity that administers such program--

(A) to accept applications for energy crisis benefits at sites that are geographically accessible to all households in the area to be served by such entity; and

(B) to provide to low-income individuals who are physically infirm the means--

(i) to submit applications for energy crisis benefits without leaving their residences; or

(ii) to travel to the sites at which such applications are accepted by such entity.

The preceding sentence shall not apply to a program in a geographical area affected by a natural disaster in the United States designated by the Secretary, or by a major disaster or emergency designated by the President under the Disaster Relief Act of 1974, for so long as such designation remains in effect, if the Secretary determines that such disaster or such emergency makes compliance with such sentence impracticable.

(d)(1) If, with respect to any State, the Secretary--

(A) receives a request from the governing organization of an Indian tribe within the State that assistance under this title be made directly to such organization; and

(B) determines that the members of such tribe would be better served by means of grants made directly to provide benefits under this title; the Secretary shall reserve from amounts which would otherwise be payable to such State from amounts allotted to it under this title for the fiscal year involved the amount determined under paragraph (2).

(2) The amount determined under this paragraph for a fiscal year is the amount which bears the same ratio to the amount which would (but for this subsection) be allotted to such State under this title for such fiscal year (other than by reason of section 2607(b)(2)) as the number of Indian households described in subparagraphs (A) and (B) of section 2605(b)(2) and residing within the State on the reservation of the tribes or on trust lands adjacent to such reservation bears to the number of all households described in subparagraphs (A) and (B) of section 2605(b)(2) in such State, or such greater amount as the Indian tribe and the State may agree upon. In cases where a tribe has no reservation, the Secretary, in consultation with the tribe and the State, shall define the number of Indian households for the determination under this paragraph.

(3) The sums reserved by the Secretary on the basis of a determination under this subsection shall be granted to--

(A) the tribal organization serving the individuals for whom such a determination has been made; or

(B) in any case where there is no tribal organization serving an



individual for whom such a determination has been made, such other entity as the Secretary determines has the capacity to provide assistance pursuant to this title.

(4) In order for a tribal organization or other entity to be eligible for an amount under this subsection for a fiscal year, it shall submit to the Secretary a plan (in lieu of being under the State's plan) for such fiscal year which meet[s] such criteria as the Secretary may by regulations prescribe.

(e) Notwithstanding subsections (a) through (d), the Secretary may allot amounts appropriated pursuant to section 2602(e) to one or more than one State. In determining whether to make such an allotment to a State, the Secretary shall take into account the extent to which the State was affected by the natural disaster or other emergency involved, the availability to the State of other resources under the program carried out under this title or any other program, and such other factors as the Secretary may find to be relevant. Not later than 30 days after making the determination, but prior to releasing an allotted amount to a State, the Secretary shall notify Congress of the allotments made pursuant to this subsection.

(42 U.S.C. 8623)

## **APPLICATIONS AND REQUIREMENTS | [Top of Page](#)**

### **Section 2605.**

(a)(1) Each State desiring to receive an allotment for any fiscal year under this title shall submit an application to the Secretary. Each such application shall be in such form as the Secretary shall require. Each such application shall contain assurances by the chief executive officer of the State that the State will meet the conditions enumerated in subsection (b).

(2) After the expiration of the first fiscal year for which a State receives funds under this title, no funds shall be allotted to such State for any fiscal year under this title unless such State conduct[s] public hearings with respect to the proposed use and distribution of funds to be provided under this title for such fiscal year.

(b) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify that the State agrees to--

(1) use the funds available under this title to--

(A) conduct outreach activities and provide assistance to low income households in meeting their home energy costs, particularly those with the lowest incomes that pay a high proportion of household income for home energy, consistent with paragraph (5);

(B) intervene in energy crisis situations;

(C) provide low-cost residential weatherization and other cost-effective energy-related home repair; and

(D) plan, develop, and administer the State's program under this title including leveraging programs, and the State agrees not to use such funds for any purposes other than those specified in this title;

(2) make payments under this title only with respect to--

(A) households in which 1 or more individuals are receiving--

- (i) assistance under the State program funded under part A of title IV of the Social Security Act;
- (ii) supplemental security income payments under title XVI of the Social Security Act;
- (iii) food stamps under the Food Stamp Act of 1977; or
- (iv) payments under section 415, 521, 541, or 542 of title 38, United States Code, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or

(B) households with incomes which do not exceed the greater of--

- (i) an amount equal to 150 percent of the poverty level for such State; or
- (ii) an amount equal to 60 percent of the State median income; except that a State may not exclude a household from eligibility in a fiscal year solely on the basis of household income if such income is less than 110 percent of the poverty level for such State, but the State may give priority to those households with the highest home energy costs or needs in relation to household income;

(3) conduct outreach activities designed to assure that eligible households, especially households with elderly individuals or disabled individuals, or both, and households with high home energy burdens, are made aware of the assistance available under this title, and any similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(4) coordinate its activities under this title with similar and related programs administered by the Federal Government and such State, particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under the low-income weatherization assistance program under title IV of the Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(5) provide, in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs or needs in relation to income, taking into account family size, except that the State may not differentiate in implementing this section between the households described in clauses (2)(A) and (2)(B) of this subsection;

(6) to the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, to give special consideration, in the designation of such agencies, to any local public or private nonprofit agency

which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that--

(A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and

(B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made;

(7) if the State chooses to pay home energy suppliers directly, establish procedures to--

(A) notify each participating household of the amount of assistance paid on its behalf;

(B) assure that the home energy supplier will charge the eligible household, in the normal billing process, the difference between the actual cost of the home energy and the amount of the payment made by the State under this title;

(C) assure that the home energy supplier will provide assurances that any agreement entered into with a home energy supplier under this paragraph will contain provisions to assure that no household receiving assistance under this title will be treated adversely because of such assistance under applicable provisions of State law or public regulatory requirements; and

(D) ensure that the provision of vendored payments remains at the option of the State in consultation with local grantees and may be contingent on unregulated vendors taking appropriate measures to alleviate the energy burdens of eligible households, including providing for agreements between suppliers and individuals eligible for benefits under this Act that seek to reduce home energy costs, minimize the risks of home energy crisis, and encourage regular payments by individuals receiving financial assistance for home energy costs;

(8) provide assurances that

(A) the State will not exclude households described in clause (2)(B) of this subsection from receiving home energy assistance benefits under clause (2), and

(B) the State will treat owners and renters equitably under the program assisted under this title;

(9) provide that--

(A) the State may use for planning and administering the use of funds under this title an amount not to exceed 10 percent of the funds payable to such State under this title for a fiscal year; and

(B) the State will pay from non-Federal sources the remaining costs of planning and administering the program assisted under this title and will not use Federal funds for such remaining cost (except for the costs of the activities described in paragraph (16));

(10) provide that such fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of and accounting for Federal funds paid to the State under this title, including procedures for monitoring the assistance provided under this title, and provide that the State will comply with the provisions of chapter 75 of title 31, United States Code (commonly known as the "Single Audit Act");

(11) permit and cooperate with Federal investigations undertaken in accordance with section 2608;

(12) provide for timely and meaningful public participation in the development of the plan described in subsection (c);

(13) provide an opportunity for a fair administrative hearing to individuals whose claims for assistance under the plan described in subsection (c) are denied or are not acted upon with reasonable promptness;

(14) cooperate with the Secretary with respect to data collecting and reporting under section 2610;

(15) beginning in fiscal year 1992, provide, in addition to such services as may be offered by State Departments of Public Welfare at the local level, outreach and intake functions for crisis situations and heating and cooling assistance that is administered by additional State and local governmental entities or community-based organizations (such as community action agencies, area agencies on aging, and not-for-profit neighborhood-based organizations), and in States where such organizations do not administer intake functions as of September 30, 1991, preference in awarding grants or contracts for intake services shall be provided to those agencies that administer the low-income weatherization or energy crisis intervention programs; and

(16) use up to 5 percent of such funds, at its option, to provide services that encourage and enable households to reduce their home energy needs and thereby the need for energy assistance, including needs assessments, counseling, and assistance with energy vendors, and report to the Secretary concerning the impact of such activities on the number of households served, the level of direct benefits provided to those households, and the number of households that remain unserved.

The Secretary may not prescribe the manner in which the States will comply with the provisions of this subsection.

The Secretary shall issue regulations to prevent waste, fraud, and abuse in the programs assisted by this title.

Not later than 18 months after the date of the enactment of the Low-Income Home Energy Assistance Amendments of 1994, the Secretary shall develop model performance goals and measurements in consultation with State, territorial, tribal, and local grantees, that the States may use to assess the success of the States in achieving the purposes of this title. The model performance goals and measurements shall be made available to States to be

incorporated, at the option of the States, into the plans for fiscal year 1997. The Secretary may request data relevant to the development of model performance goals and measurements.

(c)(1) As part of the annual application required in subsection (a), the chief executive officer of each State shall prepare and furnish to the Secretary, in such format as the Secretary may require, a plan which--

(A) describes the eligibility requirements to be used by the State for each type of assistance to be provided under this title, including criteria for designating an emergency under section 2604(c);

(B) describes the benefit levels to be used by the State for each type of assistance including assistance to be provided for emergency crisis intervention and for weatherization and other energy-related home repair;

(C) contains estimates of the amount of funds the State will use for each of the programs under such plan and describes the alternative use of funds reserved under section 2604(c) in the event any portion of the amount so reserved is not expended for emergencies;

(D) describes weatherization and other energy-related home repair the State will provide under subsection (k), including any steps the State will take to address the weatherization and energy-related home repair needs of households that have high home energy burdens, and describes any rules promulgated by the Department of Energy for administration of its Low Income Weatherization Assistance Program which the State, to the extent permitted by the Secretary to increase consistency between federally assisted programs, will follow regarding the use of funds provided under this title by the State for such weatherization and energy-related home repairs and improvements;

(E) describes any steps that will be taken (in addition to those necessary to carry out the assurance contained in paragraph (5) of subsection (b)) to target assistance to households with high home energy burdens;

(F) describes how the State will carry out assurances in clauses (3), (4), (5), (6), (7), (8), (10), (12), (13), and (15) of subsection (b);

(G) states, with respect to the 12-month period specified by the Secretary, the number and income levels of households which apply and the number which are assisted with funds provided under this title, and the number of households so assisted with--

(i) one or more members who had attained 60 years of age;

(ii) one or more members who were disabled; and

(iii) one or more young children; and

(H) contains any other information determined by the Secretary to be appropriate for purposes of this title. The chief executive officer may revise any plan prepared under this paragraph and shall furnish the revised plan to the Secretary.

(2) Each plan prepared under paragraph (1) and each substantial revision thereof shall be made available for public inspection within the State involved in such a manner as will facilitate timely and meaningful review of, and comment upon, such plan or substantial revision.

(3) Not later than April 1 of each fiscal year the Secretary shall make available to the States a model State plan format that may be used, at the option of each State, to prepare the plan required under paragraph (1) for the next fiscal year.

(d) The State shall expend funds in accordance with the State plan under this title or in accordance with revisions applicable to such plan.

(e) Each State shall, in carrying out the requirements of subsection (b)(10), obtain financial and compliance audits of any funds which the State receives under this title. Such audits shall be made public within the State on a timely basis. The audits shall be conducted in accordance with chapter 75 of title 31, United States Code.

(f)(1) Notwithstanding any other provision of law unless enacted in express limitation of this paragraph, the amount of any home energy assistance payments or allowances provided directly to, or indirectly for the benefit of, an eligible house-hold under this title shall not be considered income or resources of such household (or any member thereof) for any purpose under any Federal or State law, including any law relating to taxation, food stamps, public assistance, or welfare programs.

(2) For purposes of paragraph (1) of this subsection and for purposes of determining any excess shelter expense deduction under section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e))--

(A) the full amount of such payments or allowances shall be deemed to be expended by such household for heating or cooling expenses, without regard to whether such payments or allowances are provided directly to, or indirectly for the benefit of, such household; and

(B) no distinction may be made among households on the basis of whether such payments or allowances are provided directly to, or indirectly for the benefit of, any of such households.

(g) The State shall repay to the United States amounts found not to have been expended in accordance with this title or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under this title.

(h) The Comptroller General of the United States shall, from time to time (but not less frequently than every three years), evaluate the expenditures by States of grants under this title in order to assure that expenditures are consistent with the provisions of this title and to determine the effectiveness of the State in accomplishing the purposes of this title.

(i) A household which is described in subsection (b)(2)(A) solely by reason of clause (ii) thereof shall not be treated as a household described in subsection (b)(2) if the eligibility of the household is dependent upon--

(1) an individual whose annual supplemental security income benefit rate is reduced pursuant to section 1611(e)(1) of the Social Security Act by reason of being in an institution receiving payments under title XIX of the Social Security Act with respect to such individual;

(2) an individual to whom the reduction specified in section 1612(a)(2)(A)(i) of the Social Security Act applies; or

(3) a child described in section 1614(f)(2) of the Social Security Act who is living together with a parent, or the spouse of a parent, of the child.

(j) In verifying income eligibility for purposes of subsection (b)(2)(B), the State may apply procedures and policies consistent with procedures and policies used by the State agency administering programs under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under subtitle B of title VI of this Act (relating to community services block grant program), under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act, or under other income assistance or service programs (as determined by the State).

(k)(1) Except as provided in paragraph (2), not more than 15 percent of the greater of--

(A) the funds allotted to a State under this title for any fiscal year; or

(B) the funds available to such State under this title for such fiscal year; may be used by the State for low-cost residential weatherization or other energy-related home repair for low-income households, particularly those low-income households with the lowest incomes that pay a high proportion of household income for home energy.

(2)(A) If a State receives a waiver granted under subparagraph (B) for a fiscal year, the State may use not more than the greater of 25 percent of--

(i) the funds allotted to a State under this title for such fiscal year; or

(ii) the funds available to such State under this title for such fiscal year; for residential weatherization or other energy-related home repair for low-income households, particularly those low-income households with the lowest incomes that pay a high proportion of household income for home energy.

(B) For purposes of subparagraph (A), the Secretary may grant a waiver to a State for a fiscal year if the State submits a written request to the Secretary after March 31 of such fiscal year and if the Secretary determines, after reviewing such request and any public comments, that--

(i)(I) the number of households in the State that will receive benefits, other than weatherization and energy-related home repair, under this title in such fiscal year will not be fewer than the number of households in the State that received benefits, other than weatherization and energy-related home repair, under this title in the preceding fiscal year;

(II) the aggregate amounts of benefits that will be received under this title by all households in the State in such fiscal year will not be less than the aggregate amount of such benefits that were received under this title by all households in the State in the

preceding fiscal year; and

(III) such weatherization activities have been demonstrated to produce measurable savings in energy expenditures by low-income households; or

(ii) in accordance with rules issued by the Secretary, the State demonstrates good cause for failing to satisfy the requirements specified in clause (i).

(l)(1) Any State may use amounts provided under this title for the purpose of providing credits against State tax to energy suppliers who supply home energy at reduced rates to low-income households.

(2) Any such credit provided by a State shall not exceed the amount of the loss of revenue to such supplier on account of such reduced rate.

(3) Any certification for such tax credits shall be made by the State, but such State may use Federal data available to such State with respect to recipients of supplemental security income benefits if timely delivery of benefits to households described in subsection (b) and suppliers will not be impeded by the use of such data.

(42 U.S.C. 8624)

#### **NONDISCRIMINATION PROVISIONS** | [Top of Page](#)

##### **Section 2606.**

(a) No person shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 also shall apply to any such program or activity.

(b) Whenever the Secretary determines that a State that has received a payment under this title has failed to comply with subsection (a) or an applicable regulation, he shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed 60 days, the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to (1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act of 1973, as may be applicable; or (3) take such other action as may be provided by law.

(c) When a matter is referred to the Attorney General pursuant to subsection (b), or whenever he has reason to believe that the State is engaged in a pattern or practice in violation of the provisions of this section, the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

(42 U.S.C. 8625)

#### **PAYMENTS TO STATES** | [Top of Page](#)

##### **Section 2607.**



(a)(1) From its allotment under section 2604, the Secretary shall make payments to each State in accordance with section 203 of the Intergovernmental Cooperation Act of 1968, for use under this title.

(2) Each State shall notify the Secretary, not later than 2 months prior to the close of a fiscal year, of the amount (if any) of its allotment for such year that will not be obligated in such year, and, if such State elects to submit a request described in subsection (b)(2), such State shall submit such request at the same time. The Secretary shall make no payment under paragraph (1) to a State for a fiscal year unless the State has complied with this paragraph with respect to the prior fiscal year.

(b)(1) If--

(A) the Secretary determines that, as of September 1 of any fiscal year, an amount allotted to a State under section 2604 for any fiscal year will not be used by such State during such fiscal year;

(B) the Secretary--

(i) notifies the chief executive officer of such State; and

(ii) publishes a timely notice in the Federal Register; that, after the 30-day period beginning on the date of the notice to such chief executive officer, such amount may be reallocated; and

(C) the State does not request, under paragraph (2), that such amount be held available for such State for the following fiscal year; then such amount shall be treated by the Secretary for purposes of this title as an amount appropriated for the following fiscal year to be allotted under section 2604 for such following fiscal year.

(2)(A) Any State may request that an amount allotted to such State for a fiscal year be held available for such State for the following fiscal year. Such request shall include a statement of the reasons that the amount allotted to such State for a fiscal year will not be used by such State during such fiscal year and a description of the types of assistance to be provided with the amount held available for the following fiscal year. Any amount so held available for the following fiscal year shall not be taken into account in computing the allotment of or the amount payable to such State for such fiscal year under this title.

(B) No amount may be held available under this paragraph for a State from a prior fiscal year to the extent such amount exceeds 10 percent of the amount payable to such State for such prior fiscal year. For purposes of the preceding sentence, the amount payable to a State for a fiscal year shall be determined without regard to any amount held available under this paragraph for such State for such fiscal year from the prior fiscal year.

(C) The Secretary shall reallocate amounts made available under this paragraph for the fiscal year following the fiscal year of the original allotment in accordance with paragraph (1) of this subsection.

(3) During the 30-day period described in paragraph (1)(B), comments may be

submitted to the Secretary. After considering such comments, the Secretary shall notify the chief executive officer of the State of any decision to reallocate funds, and shall publish such decision in the Federal Register.

(42 U.S.C. 8626)

**INCENTIVE PROGRAM FOR LEVERAGING NON-FEDERAL RESOURCES** | [Top of Page](#)

**Section 2607A.**

(a) Beginning in fiscal year 1992, the Secretary may allocate amounts appropriated under section 2602(d) to provide supplementary funds to States that have acquired non-Federal leveraged resources for the program established under this title.

(b) For purposes of this section, the term "leveraged resources" means the benefits made available to the low-income home energy assistance program of the State, or to federally qualified low-income households, that--

(1) represent a net addition to the total energy resources available to State and federally qualified households in excess of the amount of such resources that could be acquired by such households through the purchase of energy at commonly available household rates; and

(2)(A) result from the acquisition or development by the State program of quantifiable benefits that are obtained from energy vendors through negotiation, regulation or competitive bid; or

(B) are appropriated or mandated by the State for distribution--

(i) through the State program; or

(ii) under the plan referred to in section 2605(c)(1)(A) to federally qualified low-income households and such benefits are determined by the Secretary to be integrated with the State program.

(c)(1) Distribution of amounts made available under this section shall be based on a formula developed by the Secretary that is designed to take into account the success in leveraging existing appropriations in the preceding fiscal year as measured under subsection (d). Such formula shall take into account the size of the allocation of the State under this title and the ratio of leveraged resources to such allocation.

(2) A State may expend funds allocated under this title as are necessary, not to exceed 0.08 percent of such allocation or \$35,000 each fiscal year, whichever is greater, to identify, develop, and demonstrate leveraging programs. Funds allocated under this section shall only be used for increasing or maintaining benefits to households.

(d) Each State shall quantify the dollar value of leveraged resources received or acquired by such State under this section by using the best available data to calculate such leveraged resources less the sum of any costs incurred by the State to leverage such resources and any cost imposed on the federally eligible low-income households in such State.

(e) Not later than 2 months after the close of the fiscal year during which the State provided leveraged resources to eligible households, as described in subsection (b), each State shall prepare and submit, to the Secretary, a report that quantifies the leveraged resources of

such State in order to qualify for assistance under this section for the following fiscal year.

(f) The Secretary shall determine the share of each State of the amounts made available under this section based on the formula described in subsection (c) and the State reports. The Secretary shall promulgate regulations for the calculation of the leveraged resources of the State and for the submission of supporting documentation. The Secretary may request any documentation that the Secretary determines necessary for the verification of the application of the State for assistance under this section.

(42 U.S.C. 8626a)

**RESIDENTIAL ENERGY ASSISTANCE CHALLENGE OPTION (R.E.A.CH.)** | [Top of Page](#)

**Section. 2607B.**

(a) PURPOSE.--The purpose of the Residential Energy Assistance Challenge (in this section referred to as "R.E.A.Ch.") program is to--

- (1) minimize health and safety risks that result from high energy burdens on low-income Americans;
- (2) prevent homelessness as a result of inability to pay energy bills;
- (3) increase the efficiency of energy usage by low-income families; and
- (4) target energy assistance to individuals who are most in need.

(b) FUNDING.--

(1) ALLOCATION.--For each fiscal year, the Secretary may allocate not more than 25 percent of the amount made available pursuant to section 2602(d) for such fiscal year to a R.E.A.Ch. fund for the purpose of making incentive grants to States that submit qualifying plans that are approved by the Secretary as R.E.A.Ch. initiatives. States may use such grants for the costs of planning, implementing, and evaluating the initiative.

(2) RESERVATION.--The Secretary shall reserve from any funds allocated under this subsection, funds to make additional payments to State R.E.A.Ch. programs that--

(A) have energy efficiency education services plans that meet quality standards established by the Secretary in consultation with the Secretary of Energy; and

(B) have the potential for being replicable model designs for other programs. States shall use such supplemental funds for the implementation and evaluation of the energy efficiency education services.

(c) CRITERIA.--

(1) IN GENERAL.--Not later than May 31, 1995, the Secretary shall establish criteria for approving State plans required by subsection (a), for energy efficiency education quality standards described in subsection (b)(2)(A), and for the distribution of funds to States with approved plans.

(2) DOCUMENTATION.--Notwithstanding the limitations of section 2605(b) regarding the authority of the Secretary with respect to plans, the Secretary may

require a State to provide appropriate documentation that its R.E.A.Ch. activities conform to the State plan as approved by the Secretary.

(d) FOCUS.--The State may designate all or part of the State, or all or part of the client population, as a focus of its R.E.A.Ch. initiative.

(e) STATE PLANS.--

(1) IN GENERAL.--Each State plan shall include each of the elements described in paragraph

(2), to be met by State and local agencies. (2) ELEMENTS OF STATE PLANS.-- Each State plan shall include--

(A) an assurance that such State will deliver services through community-based nonprofit entities in such State, by--

(i) awarding grants to, or entering into contracts with, such entities for the purpose of providing such services and payments directly to individuals eligible for benefits; or

(ii) if a State makes payments directly to eligible individuals or energy suppliers, making contracts with such entities to administer such programs, including--

(I) determining eligibility;

(II) providing outreach services; and

(III) providing benefits other than payments;

(B) an assurance that, in awarding grants or entering into contracts to carry out its R.E.A.Ch. initiative, the State will give priority to organizations that--

(i) are described in section 673 of the Community Services Block Grant Act (42 U.S.C. 9902(1)), except where significant geographic portions of the State are not served by such entities;

(ii) the Secretary has determined have a record of successfully providing services under the Low-Income Home Energy Assistance Program; and

(iii) receive weatherization assistance program funds under part A of title IV of the Energy Conservation and Production Act (42 U.S.C. 6863 et seq.); except that a State may not require any such entity to operate a R.E.A.Ch. program;

(C) an assurance that, subject to subparagraph (D), each entity that receives a grant or enters into a contract under subparagraph (A)(i) will provide a variety of services and benefits, including--

(i) payments to, or on behalf of, individuals eligible for

residential energy assistance services and benefits under section 2605(b) for home energy costs;

(ii) energy efficiency education;

(iii) residential energy demand management services, including any other energy related residential repair and energy efficiency improvements in coordination with, or delivered by, Department of Energy weatherization assistance programs at the discretion of the State;

(iv) family services, such as counseling and needs assessment, related to energy budget management, payment plans, and related services; and

(v) negotiation with home energy suppliers on behalf of households eligible for R.E.A.Ch. services and benefits;

(D) a description of the methodology the State and local agencies will use to determine--

(i) which households will receive one or more forms of benefits under the State R.E.A.Ch. initiative;

(ii) the cases in which nonmonetary benefits are likely to provide more cost-effective long-term outcomes than payment benefits alone; and

(iii) the amount of such benefit[s] required to meet the goals of the program;

(E) a method for targeting nonmonetary benefits;

(F) a description of the crisis and emergency assistance activities the State will undertake that are designed to--

(i) discourage family energy crises;

(ii) encourage responsible vendor and consumer behavior; and

(iii) provide only financial incentives that encourage household payment;

(G) a description of the activities the State will undertake to--

(i) provide incentives for recipients of assistance to pay home energy costs; and

(ii) provide incentives for vendors to help reduce the energy burdens of recipients of assistance;

(H) an assurance that the State will require each entity that receives a grant or enters into a contract under this section to solicit and be responsive to the views of individuals who are financially eligible for benefits and services under this section in establishing its local program;

(I) a description of performance goals for the State R.E.A.Ch. initiative including--

- (i) a reduction in the energy costs of participating households over one or more fiscal years;
- (ii) an increase in the regularity of home energy bill payments by eligible households; and
- (iii) an increase in energy vendor contributions towards reducing energy burdens of eligible households;

(J) a description of the indicators that will be used by the State to measure whether the performance goals have been achieved;

(K) a demonstration that the plan is consistent with section 2603, paragraphs (2), (3), (4), (5), (7), (9), (10), (11), (12), (13), and (14) of section 2605(b), subsections (d), (e), (f), (g), (h), (i), and (j) of section 2605, and section 2606 of this title;

(L) an assurance that benefits and services will be provided in addition to other benefit payments and services provided under this title and in coordination with such benefit payments and services; and

(M) an assurance that no regulated utility covered by the plan will be required to act in a manner that is inconsistent with applicable regulatory requirements.

(f) COST OR FUNCTION.--None of the costs of providing services or benefits under this section shall be considered to be an administrative cost or function for purposes of any limitation on administrative costs or functions contained in this title.

(42 U.S.C. 8626b)

**WITHHOLDING** | [Top of Page](#)

### **Section 2608.**

(a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State which does not utilize its allotment substantially in accordance with the provisions of this title and the assurances such State provided under section 2605.

(2) The Secretary shall respond in writing in no more than 60 days to matters raised in complaints of a substantial or serious nature that a State has failed to use funds in accordance with the provisions of this title or the assurances provided by the State under section 2605. For purposes of this paragraph, a violation of any one of the assurances contained in section 2605(b) that constitutes a disregard of such assurance shall be considered a serious complaint.

(b)(1) The Secretary shall conduct in several States in each fiscal year investigations of the use of funds received by the States under this title in order to evaluate compliance with the provisions of this title.

(2) Whenever the Secretary determines that there is a pattern of complaints

from any State in any fiscal year, the Secretary shall conduct an investigation of the use of funds received under this title by such State in order to ensure compliance with the provisions of this title.

(3) The Comptroller General of the United States may conduct an investigation of the use of funds received under this title by a State in order to ensure compliance with the provisions of this title.

(c) Pursuant to an investigation conducted under subsection (b), a State shall make appropriate books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request therefor.

(d) In conducting any investigation under subsection (b), the Secretary may not request any information not readily available to such State or require that any information be compiled, collected, or transmitted in any new form not already available.

(42 U.S.C. 8627)

### **LIMITATION ON USE OF GRANTS FOR CONSTRUCTION** | [Top of Page](#)

#### **Section 2609.**

Grants made under this title may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this title, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.

(42 U.S.C. 8628)

### **TECHNICAL ASSISTANCE AND TRAINING** | [Top of Page](#)

#### **Section 2609A.**

(a) Of the amounts appropriated under section 2602(b) for any fiscal year, not more than \$300,000 of such amounts may be reserved by the Secretary-

(1) to-

(A) make grants to State and public agencies and private nonprofit organizations; or

(B) enter into contracts or jointly financed cooperative arrangements or interagency agreements with States and public agencies (including Federal agencies) and private nonprofit organizations; to provide for training and technical assistance related to the purposes of this subtitle, including collection and dissemination of information about programs and projects assisted under this subtitle, and ongoing matters of regional or national significance that the Secretary finds would assist in the more effective provision of services under this title; or

(2) to conduct onsite compliance reviews of programs supported under this title.

(b) No provision of this section shall be construed to prevent the Secretary from making a

grant pursuant to subsection (a) to one or more private nonprofit organizations that apply jointly with a business concern to receive such grant.

(42 U.S.C. 8628a)

**STUDIES** | [Top of Page](#)

**Section 2610.**

(a) The Secretary, after consultation with the Secretary of Energy, shall provide for the collection of data, including--

- (1) information concerning home energy consumption;
- (2) the amount, cost and type of fuels used for households eligible for assistance under this title;
- (3) the type of fuel used by various income groups;
- (4) the number and income levels of households assisted by this title;
- (5) the number of households which received such assistance and include one or more individuals who are 60 years or older or disabled or include young children; and
- (6) any other information which the Secretary determines to be reasonably necessary to carry out the provisions of this title. Nothing in this subsection may be construed to require the Secretary to collect data which has been collected and made available to the Secretary by any other agency of the Federal Government.

(b) The Secretary shall, no later than June 30 of each fiscal year, submit a report to the Congress containing a detailed compilation of the data under subsection (a) with respect to the prior fiscal year, and a report that describes for the prior fiscal year--

- (1) the manner in which States carry out the requirements of clauses (2), (5), (8), and (15) of section 2605(b); and
- (2) the impact of each State's program on recipient and eligible households.

(42 U.S.C. 8629)

**REPEALER** | [Top of Page](#)

**Section 2611.**

Effective October 1, 1981, the Home Energy Assistance Act of 1980 is repealed.

(42 U.S.C. 8601 note)

\*\*\*\*\*

**OTHER RELEVANT STATUTORY PROVISIONS** ([Sec. 927](#) and [Sec. 308](#)) | [Top of Page](#)

**Section 927 of the Housing and Community Development Act of 1992 (Public Law 102-550), as amended by Public Law 103-185 on December 14, 1993**, applies to treatment under the Low-Income Home Energy Assistance Program of certain households that receive utility allowances under programs administered by the U.S. Department of Housing and Urban Development.



**Section 927. CLARIFICATION ON UTILITY ALLOWANCES**

(a) ELIGIBILITY.--Tenants who--

- (1) are responsible for making out-of-pocket payments for utility bills; and
- (2) receive energy assistance through utility allowances that include energy costs under programs identified in subsection c; shall not have their eligibility or benefits under other programs designed to assist low-income people with increases in energy costs since 1978 reduced or eliminated except as provided in subsection (d).

(b) EQUAL TREATMENT IN BENEFIT PROGRAMS.--Tenants described in subsection (a) shall be treated identically with other households eligible for or receiving energy assistance, including in the determination of the home energy costs for which they are individually responsible and in the determination of their incomes for any program in which eligibility or benefits are based on need, except as provided in subsection (d).

(c) APPLICABILITY.--This section applies to programs under the United States Housing Act of 1937, the National Housing Act, section 101 of the Housing and Urban Development Act of 1965, section 202 of the Housing Act of 1959, and title V of the Housing Act of 1949.

(d) SPECIAL RULE FOR LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM.--For purposes of the Low-Income Home Energy Assistance Program, tenants described in subsection (a)(2) who are responsible for paying some or all heating or cooling costs shall not have their eligibility automatically denied. A state may consider the amount of the heating or cooling component of utility allowances received by tenants described in subsection (a)(2) when setting benefit levels under the Low-Income Home Energy Assistance Program. The size of any reduction in Low-Income Home Energy [Assistance] Program benefits must be reasonably related to the amount of the heating or cooling component of the utility allowance received and must ensure that the highest level of assistance will be furnished to those households with the lowest incomes and the highest energy costs in relation to income, taking into account family size, in compliance with section 2605(b)(5) of the Low-Income Home Energy Assistance Act of 1981

(43 U.S.C. 8624(b)(5)).

\*\*\*\*\*

In addition to changes to the LIHEAP statute, **Title III of Public Law 105-285, the Low-Income Home Energy Assistance Amendments of 1998**, contains the following relevant provision **at section 308**.

**Section 308. RESIDENTIAL ENERGY ASSISTANCE CHALLENGE OPTION | [Top of Page](#)**

(a) EVALUATION.--The Comptroller General of the United States shall conduct an evaluation of the Residential Energy Assistance Challenge program described in section 2607B of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8626b).

(b) REPORT.--Not later than 2 years after the date of enactment of this Act, the Comptroller General of the United States shall prepare and submit to Congress a report containing--

- (1) the findings resulting from the evaluation described in subsection (a); and
- (2) the State evaluations described in paragraphs (1) and (2) of subsection (b) of such section 2607B.

\*\*\*\*\*

**LIHEAP and the Energy Policy Act of 2005 (Public Law 109-58) | [Top of Page](#)**

Below are the LIHEAP-related provisions of the law, signed by the President on 8/8/05.

**Section Title I. Subtitle B**

Sec. 121(a) - Increases the authorization of the LIHEAP program to "\$5.1 billion for each of fiscal years 2005 through 2007."

Sec. 121(b) - Adds a new Section 2612 to the LIHEAP statute to authorize participants to purchase renewable fuels with LIHEAP benefits.

Sec 121(c) - Requires the Secretary to report to Congress on the use of renewable fuels in providing assistance under the Low-Income Home Energy Assistance Act of 1981.

**Title III, Subtitle E -- Production Incentives**

Sec. 342(j)(1) - Establishes a provision where the Secretary of Interior may distribute oil and gas royalties to subsidize Federal and State low-income energy assistance programs.

**Title XVIII - Studies**

Sec 1804 - Requires the Secretary of HHS to submit a report on how LIHEAP could be used more effectively to prevent loss of life from extreme temperatures and that HHS should consult with all states on this issue in the preparation of the Report.

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Appendix B

10 CFR 440

**Final Rule for Weatherization Assistance Program for  
Low-Income Persons**

**U.S. Department of Energy - Weatherization Assistance Program for Low-Income Persons - Title 10, Part 440, Direct Final Rule - Federal Register, June 22, 2006**

Direct Final Rule - Federal Register, June 22, 2006 (Regulatory changes mandated by the Energy Policy Act of 2005- PDF format for download)

APPENDIX A TO PART 440 - Standards for Weatherization Materials (PDF format for download)

Searchable Format - Table of Contents (Does not include regulatory changes mandated by the Energy Policy Act of 2005, which will be incorporated into the full regulatory text soon.)

- Sec. 440.1 Purpose and scope.
- Sec. 440.2 Administration of grants.
- Sec. 440.3 Definitions.
- Sec. 440.10 Allocation of funds.
- Sec. 440.11 Native Americans.
- Sec. 440.12 State application.
- Sec. 440.13 Local applications.
- Sec. 440.14 State plans.
- Sec. 440.15 Subgrantees.
- Sec. 440.16 Minimum program requirements.
- Sec. 440.17 Policy Advisory Council.
- Sec. 440.18 Allowable expenditures.
- Sec. 440.19 Labor.
- Sec. 440.20 Low-cost/no-cost weatherization activities.
- Sec. 440.21 Weatherization material standards and energy audit procedures.
- Sec. 440.22 Eligible dwelling units.
- Sec. 440.23 Oversight, training, and technical assistance.
- Sec. 440.24 Recordkeeping.
- Sec. 440.25 Reports.
- Sec. 440.26 to 440.29 [Reserved]
- Sec. 440.30 Administrative review.

Authority: 42 U.S.C. 6861 et seq.; 42 U.S.C. 7101 et seq.

Source: 49 FR 3629, Jan. 27, 1984, unless otherwise noted.

Section 440.1 Purpose and scope.

This part implements a weatherization assistance program to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total residential expenditures, and improve their health and safety, especially low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with children, high residential energy users, and households with high energy burden.

[65 FR 77217, Dec. 8, 2000]

Section 440.2 **Administration of grants.**

Grant awards under this part shall comply with applicable law including, without limitation, the requirements of:

- (a) Executive Order 12372 entitled "Intergovernmental Review of Federal Programs", 48 FR 3130, and the DOE Regulation implementing this Executive Order entitled "Intergovernmental Review of Department of Energy Programs and Activities" (10 CFR part 1005);
- (b) Office of Management and Budget Circular A-97, entitled "Rules and Regulations Permitting Federal Agencies to Provide Specialized or Technical Services to State and Local Units of Government under Title III of the Intergovernmental Coordination Act of 1968;"
- (c) Unless in conflict with provisions of this part, the DOE Financial Assistance Rule (10 CFR part 600); and
- (d) Such other procedures applicable to this part as DOE may from time to time prescribe for the administration of financial assistance.

**Section 440.3 Definitions.**

As used in this part:

**Act** means the Energy Conservation in Existing Buildings Act of 1976, as amended, 42 U.S.C. 6851 et seq.

**Assistant Secretary** means the Assistant Secretary for Conservation and Renewable Energy or official to whom the Assistant Secretary's functions may be redelegated by the Secretary.

**Base Allocation** means the fixed amount of funds for each State as set forth in '440.10(b)(1).

**Base temperature** means the temperature used to compute heating and cooling degree days. The average daily outdoor temperature is subtracted from the base temperature to compute heating degree days, and the base temperature is subtracted from the average daily outdoor temperature to compute cooling degree days.

**CAA** means a Community Action Agency.

**Capital-Intensive furnace or cooling efficiency modifications** means those major heating and cooling modifications which require a substantial amount of funds, including replacement and major repairs, but excluding such items as tune-ups, minor repairs, and filters.

**Children** means dependents not exceeding 19 years or a lesser age set forth in the State plan.

**Community Action Agency** means a private corporation or public agency established pursuant to the Economic Opportunity Act of 1964, Pub. L. 88-452, which is authorized to administer funds received from Federal, State, local, or private funding entities to assess, design, operate, finance, and oversee antipoverty programs.

**Cooling Degree Days** means a population-weighted annual average of the climatological cooling degree days for each weather station within a State, as determined by DOE.

**Deputy Assistant Secretary** means the Deputy Assistant Secretary for Technical and Financial Assistance or any official to whom the Deputy Assistant Secretary's functions may be redelegated by the Assistant Secretary.

**DOE** means the Department of Energy.

**Dwelling Unit** means a house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters.

**Elderly Person** means a person who is 60 years of age or older.

**Electric base-load measures** means measures which address the energy efficiency and energy usage of lighting and appliances.

**Family Unit** means all persons living together in a dwelling unit.

**Formula Allocation** means the amount of funds for each State as calculated based on the formula in Section 440.10 (b)(3).

**Formula Share** means the percentage of the total formula allocation provided to each State as calculated in Section 440.10 (b)(3).

**Governor** means the chief executive officer of a State, including the Mayor of the District of Columbia.

**Grantee** means the State or other entity named in the Notification of Grant Award as the recipient.

**Heating Degree Days** means a population-weighted seasonal average of the climatological heating degree days for each weather station within a State, as determined by DOE.

**High residential energy user** means a low-income household whose residential energy expenditures exceed the median level of residential expenditures for all low-income households in the State.

**Household with a high energy burden** means a low-income household whose residential energy burden (residential expenditures divided by the annual income of that household) exceeds the median level of energy burden for all low-income households in the State.

**Incidental Repairs** means those repairs necessary for the effective performance or preservation of weatherization materials. Such repairs include, but are not limited to, framing or repairing windows and doors which could not

otherwise be caulked or weather-stripped and providing protective materials, such as paint, used to seal materials installed under this program.

**Indian Tribe** means any tribe, band, nation, or other organized group or community of Native Americans, including any Alaskan native village, or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, Pub. L. 92-203, 85 Stat. 688, which (1) is recognized as eligible for the special programs and services provided by the United States to Native Americans because of their status as Native Americans, or (2) is located on, or in proximity to, a Federal or State reservation or rancheria.

**Local Applicant** means a CAA or other public or non profit entity unit of general purpose local government.

**Low Income** means that income in relation to family size which:

(1) Is at or below 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, except that the Secretary may establish a higher level if the Secretary, after consulting with the Secretary of Agriculture and the Secretary of Health and Human Services, determines that such a higher level is necessary to carry out the purposes of this part and is consistent with the eligibility criteria established for the weatherization program under section 222(a)(12) of the Economic Opportunity Act of 1964;

(2) Is the basis on which cash assistance payments have been paid during the preceding twelve month-period under titles IV and XVI of the Social Security Act or applicable State or local law; or

(3) If a State elects, is the basis for eligibility for assistance under the Low Income Home Energy Assistance Act of 1981, provided that such basis is at least 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.

**Native American** means a person who is a member of an Indian tribe.

**Non-Federal leveraged resources** means those benefits identified by State or local agencies to supplement the Federal grant activities and that are made available to or used in conjunction with the DOE Weatherization Assistance Program for the purposes of the Act for use in eligible low-income dwelling units.

**Persons with Disabilities** means any individual (1) who is a handicapped individual as defined in section 7(6) of the Rehabilitation Act of 1973, (2) who is under a disability as defined in section 1614(a)(3)(A) or 223(d)(1) of the Social Security Act or in section 102(7) of the Developmental Disabilities Services and Facilities Construction Act, or (3) who is receiving benefits under chapter 11 or 15 of title 38, U.S.C.

**Program Allocation** means the base allocation plus formula allocation for each State.

**Relevant Reporting Period** means the Federal fiscal year beginning on October 1 and running through September 30 of the following calendar year.

**Rental Dwelling Unit** means a dwelling unit occupied by a person who pays rent for the use of the dwelling unit.

**Residential Energy Expenditures** means the average annual cost of purchased residential energy, including the cost of renewable energy resources.

**Secretary** means the Secretary of the Department of Energy.

**Separate Living Quarters** means living quarters in which the occupants do not live and eat with any other persons in the structure and which have either direct access from the outside of the building or through a common hall or complete kitchen facilities for the exclusive use of the occupants. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements, and includes shelters for homeless persons.

**Shelter** means a dwelling unit or units whose principal purpose is to house on a temporary basis individuals who may or may not be related to one another and who are not living in nursing homes, prisons, or similar institutional care facilities.

**Single-Family Dwelling Unit** means a structure containing no more than one dwelling unit.

**Skirting** means material used to border the bottom of a dwelling unit to prevent infiltration.

**State** means each of the States and the District of Columbia.

**Subgrantee** means an entity managing a weatherization project which receives a grant of funds awarded under this

part from a grantee.

**Regional Office Director** means the Director of the DOE Field Regional Office with the responsibility for grant administration or any official to whom that function may be redelegated by the Assistant Secretary.

**Total Program Allocations** means the annual appropriation less funds reserved for training and technical assistance.

**Tribal Organization** means the recognized governing body of any Indian tribe or any legally established organization of Native Americans which is controlled, sanctioned, or chartered by such governing body.

**Unit of General Purpose Local Government** means any city, county, town, parish, village, or other general purpose political subdivision of a State.

**Vestibule** means an enclosure built around a primary entry to a dwelling unit.

**Weatherization Materials** mean:

- (1) Caulking and weatherstripping of doors and windows;
- (2) Furnace efficiency modifications including, but not limited to --
  - (i) Replacement burners, furnaces, or boilers or any combination thereof;
  - (ii) Devices for minimizing energy loss through heating system, chimney, or venting devices; and
  - (iii) Electrical or mechanical furnace ignition systems which replace standing gas pilot lights;
- (3) Cooling efficiency modifications including, but not limited to --
  - (i) Replacement air conditioners;
  - (ii) Ventilation equipment;
  - (iii) Screening and window films; and
  - (iv) Shading devices.

**Weatherization Project** means a project conducted in a single geographical area which undertakes to weatherize dwelling units that are energy inefficient.

[49 FR 3629, Jan. 27, 1984, as amended at 50 FR 712, Jan. 4, 1985; 50 FR 49917, Dec. 5, 1985; 55 FR 41325, Oct. 10, 1990; 58 FR 12525, Mar. 4, 1993; 60 FR 29480, June 5, 1995]

#### Section 440.10 Allocation of funds.

(a) DOE shall allocate financial assistance for each State from sums appropriated for any fiscal year, upon annual application.

(b) Based on total program allocations at or above the amount of total program allocations under Pub. L. 103-332, DOE shall determine the program allocation for each State from available funds as follows:

- (1) Allocate to each State a "Base Allocation" as listed in Table 1.

#### Table 1

Alabama.....	1,636,000
Alaska .....	1,425,000
Arkansas.....	1,417,000
Arizona.....	760,000
California.....	4,404,000
Colorado.....	4,574,000
Connecticut.....	1,887,000
Delaware.....	409,000
District of Columbia.....	487,000
Florida.....	761,000
Georgia.....	1,844,000

Hawaii.....	120,000
Idaho.....	1,618,000
Illinois.....	10,717,000
Indiana.....	5,156,000
Iowa.....	4,032,000
Kansas.....	1,925,000
Kentucky.....	3,615,000
Louisiana.....	912,000
Maine.....	2,493,000
Maryland.....	1,963,000
Massachusetts.....	5,111,000
Michigan.....	12,346,000
Minnesota.....	8,342,000
Mississippi.....	1,094,000
Missouri.....	4,615,000
Montana.....	2,123,000
Nebraska.....	2,013,000
Nevada.....	586,000
New Hampshire.....	1,193,000
New Jersey.....	3,775,000
New Mexico.....	1,519,000
New York.....	15,302,000
North Carolina.....	2,853,000
North Dakota.....	2,105,000
Ohio.....	10,665,000
Oklahoma.....	1,846,000
Oregon.....	2,320,000
Pennsylvania.....	11,457,000
Rhode Island.....	878,000
South Carolina.....	1,130,000
South Dakota.....	1,561,000
Tennessee.....	3,218,000
Texas.....	2,999,000
Utah.....	1,692,000
Vermont.....	1,014,000
Virginia.....	2,970,000
Washington.....	3,775,000
West Virginia.....	2,573,000
Wisconsin.....	7,061,000
Wyoming.....	967,000
Total.....	171,258,000

(2) Subtract 171,258,000 from total program allocations.

(3) Calculate each State's formula share as follows:

(i) Divide the number of "Low Income" households in each State by the number of "Low Income" households in the United States and multiply by 100.

(ii) Divide the number of "Heating Degree Days" for each State by the median "Heating Degree Days" for all States.

(iii) Divide the number of "Cooling Degree Days" for each State by the median "Cooling Degree Days" for all States, then multiply by 0.1.

(iv) Calculate the sum of the two numbers from paragraph (b)(3)(ii) and (iii) of this section.

(v) Divide the residential energy expenditures for each State by the number of households in the State.

(vi) Divide the sum of the residential energy expenditures for the States in each Census division by the sum of the households for the States in that division.



- (vii) Divide the quotient from paragraph (b)(3)(v) of this section by the quotient from paragraph (b)(3)(vi) of this section.
- (viii) Multiply the quotient from paragraph (b)(3)(vii) of this section for each State by the residential energy expenditures per low-income household for its respective Census division.
- (ix) Divide the product from paragraph (b)(3)(viii) of this section for each State by the median of the products of all States.
- (x) Multiply the results for paragraph (b)(3)(i), (iv) and (ix) of this section for each State.
- (xi) Divide the product in paragraph (b)(3)(x) of this section for each State by the sum of the products in paragraph (b)(3)(x) of this section for all States.
- (4) Calculate each State's program allocation as follows:
- (i) Multiply the remaining funds calculated in paragraph (b)(2) of this section by the formula share calculated in paragraph (b)(3)(xi) of this section,
- (ii) Add the base allocation from paragraph (b)(1) of this section to the product of paragraph (b)(4)(i) of this section.
- (c) Should total program allocations for any fiscal year fall below the total program allocations under Pub. L. 103- 332, then each State's program allocation shall be reduced from its allocated amount under Pub. L. 103-332 by the same percentage as total program allocations for the fiscal year fall below the total program allocations under Pub. L. 103-332.
- (d) All data sources used in the development of the formula are publicly available. The relevant data is available from the Bureau of the Census, the Department of Energy's Energy Information Administration and the National Oceanic and Atmospheric Administration.
- (e) Should updates to the data used in the formula become available in any fiscal year, these changes would be implemented in the formula in the following program year.
- (f) DOE may reduce the program allocation for a State by the amount DOE determines cannot be reasonably expended by a grantee to weatherize dwelling units during the budget period for which financial assistance is to be awarded. In reaching this determination, DOE will consider the amount of unexpended financial assistance currently available to a grantee under this part and the number of dwelling units which remains to be weatherized with the unexpended financial assistance.
- (g) DOE may increase the program allocation of a State by the amount DOE determines the grantee can expend to weatherize additional dwelling units during the budget period for which financial assistance is to be awarded.
- (h) The Support Office Director shall notify each State of the program allocation for which that State is eligible to apply.

[60 FR 29480, June 5, 1995]

#### Section 440.11 **Native Americans.**

- (a) Notwithstanding any other provision of this part, the Support Office Director may determine, after taking into account the amount of funds made available to a State to carry out the purposes of this part, that:
- (1) The low-income members of an Indian tribe are not receiving benefits under this part equivalent to the assistance provided to other low-income persons in the State under this part and
- (2) The low-income members of such tribe would be better served by means of a grant made directly to provide such assistance.
- (b) In any State for which the Support Office Director shall have made the determination referred to in paragraph (a) of this section, the Support Office Director shall reserve from the sums that would otherwise be allocated to the State under this part not less than 100 percent, or more than 150 percent, of an amount which bears the same ratio to the State's allocation for the fiscal year involved as the population of all low-income Native Americans for whom a determination under paragraph (a) of this section has been made bears to the population of all low-income persons in the State.
- (c) The Support Office Director shall make the determination prescribed in paragraph (a) of this section in the event a State:

- (1) Does not apply within the sixty-day time period prescribed in Section 440.12(a);
  - (2) Recommends that direct grants be made for low-income members of an Indian tribe as provided in Section 440.12(b)(5);
  - (3) Files an application which DOE determines, in accordance with the procedures in '440.30, not to make adequate provision for the low-income members of an Indian tribe residing in the State; or
  - (4) Has received grant funds and DOE determines, in accordance with the procedures in '440.30, that the State has failed to implement the procedures required by Section 440.16(6).
- (d) Any sums reserved by the Support Office Director pursuant to paragraph (b) of this section shall be granted to the tribal organization serving the individuals for whom the determination has been made, or where there is no tribal organization, to such other entity as the Support Office Director determines is able to provide adequate weatherization assistance pursuant to this part. Where the Support Office Director intends to make a grant to an organization to perform services benefitting more than one Indian tribe, the approval of each Indian tribe shall be a prerequisite for the issuance of a notice of grant award.
- (e) Within 30 days after the Support Office Director has reserved funds pursuant to paragraph (b) of this section, the Support Office Director shall give written notice to the tribal organization or other qualified entity of the amount of funds reserved and its eligibility to apply therefor.
- (f) Such tribal organization or other qualified entity shall thereafter be treated as a unit of general purpose local government eligible to apply for funds hereunder, pursuant to the provisions of Section 440.13.

[49 FR 3629, Jan. 27, 1984, as amended at 58 FR 12529, Mar. 4, 1993]

**Section 440.12 State application.**

(a) To be eligible for financial assistance under this part, a State shall submit an application to DOE in conformity with the requirements of this part not later than 60 days after the date of notice to apply is received from the Support Office Director. After receipt of an application for financial assistance or for approval of an amendment to a State plan, the Support Office Director may request the State to submit within a reasonable period of time any revisions necessary to make the application complete or to bring the application into compliance with the requirements of this part. The Support Office Director shall attempt to resolve any dispute over the application informally and to seek voluntary compliance. If a State fails to submit timely appropriate revisions to complete the application, the Support Office Director may reject the application as incomplete in a written decision, including a statement of reasons, which shall be subject to administrative review under '440.30 of this part.

(b) Each application shall include:

- (1) The name and address of the State agency or office responsible for administering the program;
- (2) A copy of the final State plan prepared after notice and a public hearing in accordance with Section 440.14(a), except that an application by a local applicant need not include a copy of the final State plan;
- (3) The budget for total funds applied for under the Act, which shall include a justification and explanation of any amounts requested for expenditure pursuant to Section 440.18(d) for State administration;
- (4) The total number of dwelling units proposed to be weatherized with grant funds during the budget period for which assistance is to be awarded --
  - (i) With financial assistance previously obligated under this part, and
  - (ii) With the program allocation to the State;
- (5) A recommendation that a tribal organization be treated as a local applicant eligible to submit an application pursuant to Section 440.13(b), if such a recommendation is to be made;
- (6) A monitoring plan which shall indicate the method used by the State to insure the quality of work and adequate financial management control at the subgrantee level;
- (7) A training and technical assistance plan which shall indicate how funds for training and technical assistance will be used; and
- (8) Any further information which the Secretary finds necessary to determine whether an application meets the

requirements of this part.

(c) On or before 60 days from the date that a timely filed application is complete, the Support Office Director shall decide whether DOE shall approve the application. The Support Office Director may --

(1) Approve the application in whole or in part to the extent that the application conforms to the requirements of this part;

(2) Approve the application in whole or in part subject to special conditions designed to ensure compliance with the requirements of this part; or

(3) Disapprove the application if it does not conform to the requirements of this part.

(Approved by the Office of Management and Budget under control number 1904-0047)

[49 FR 3629, Jan. 27, 1984, as amended at 50 FR 712, Jan. 4, 1985; 55 FR 41325, Oct. 10, 1990; 58 FR 12529, Mar. 4, 1993; 60 FR 29481, June 5, 1995]

#### Section 440.13 **Local applications.**

(a) The Support Office Director shall give written notice to all local applicants throughout a State of their eligibility to apply for financial assistance under this part in the event:

(1) A State, within which a local applicant is situated, fails to submit an application within 60 days after notice in accordance with Section 440.12(a) or

(2) The Support Office Director finally disapproves the application of a State, and, under Section 440.30, either no appeal is filed or the Support Office Director's decision is affirmed.

(b) To be eligible for financial assistance, a local applicant shall submit an application pursuant to Section 440.12(b) to the Support Office Director within 30 days after receiving the notice referred to in paragraph (a) of this section.

(c) In the event one or more local applicants submits an application for financial assistance to carry out projects in the same geographical area, the Support Office Director shall hold a public hearing with the same procedures that apply under section Section 440.14(a).

(d) Based on the information provided by a local applicant and developed in any hearing held under paragraph (c) of this section, the Support Office Director shall determine in writing whether to award a grant to carry out one or more weatherization projects.

(e) If there is an adverse decision in whole or in part under paragraph (d) of this section, that decision is subject to administrative review under Section 440.30 of this part.

(f) If, after a State application has been finally disapproved by DOE and the Support Office Director approves local applications under this section, the Support Office Director may reject a new State application in whole or in part as disruptive and untimely without prejudice to submission of an application for the next program year.

(Approved by the Office of Management and Budget under control number 1904-0047)

[49 FR 3629, Jan. 27, 1984, as amended at 58 FR 12525, 12529, Mar. 4, 1993]

#### Section 440.14 **State plans.**

(a) Before submitting to DOE an application, a State must provide at least 10 days notice of a hearing to inform prospective subgrantees, and must conduct one or more public hearings to receive comments on a proposed State plan. The notice for the hearing must specify that copies of the plan are available and state how the public may obtain them. The State must prepare a transcript of the hearings and accept written submission of views and data for the record.

(b) The proposed State plan must:

(1) Identify and describe proposed weatherization projects, including a statement of proposed subgrantees and the amount of funding each will receive;

(2) Address the other items contained in paragraph (c) of this section; and

(3) Be made available throughout the State prior to the hearing.

(c) After the hearing, the State must prepare a final State plan that identifies and describes:

(1) The production schedule for the State indicating projected expenditures and the number of dwelling units, including previously weatherized units which are expected to be weatherized annually during the program year;

(2) The climatic conditions within the State;

(3) The type of weatherization work to be done;

(4) An estimate of the amount of energy to be conserved;

(5) Each area to be served by a weatherization project within the State, and must include for each area:

(i) The tentative allocation;

(ii) The number of dwelling units expected to be weatherized during the program year; and

(iii) Sources of labor.

(6) How the State plan is to be implemented, including:

(i) An analysis of the existence and effectiveness of any weatherization project being carried out by a subgrantee;

(ii) An explanation of the method used to select each area served by a weatherization project;

(iii) The extent to which priority will be given to the weatherization of single-family or other high energy-consuming dwelling units;

(iv) The amount of non-Federal resources to be applied to the program;

(v) The amount of Federal resources, other than DOE weatherization grant funds, to be applied to the program;

(vi) The amount of weatherization grant funds allocated to the State under this part;

(vii) The expected average cost per dwelling to be weatherized, taking into account the total number of dwellings to be weatherized and the total amount of funds, Federal and non-Federal, expected to be applied to the program;

(viii) The average amount of the DOE funds specified in Section 440.18(c)(1) through (9) to be applied to any dwelling unit;

(ix) [Reserved]

(x) The procedures used by the State for providing additional administrative funds to qualified subgrantees as specified in Section 440.18(d);

(xi) Procedures for determining the most cost-effective measures in a dwelling unit;

(xii) The definition of "low-income" which the State has chosen for determining eligibility for use statewide in accordance with Section 440.22(a);

(xiii) The definition of "children" which the State has chosen consistent with Section 440.3; and

(xiv) The amount of Federal funds and how they will be used to increase the amount of weatherization assistance that the State obtains from non-Federal sources, including private sources, and the expected leveraging effect to be accomplished.

[65 FR 77217, Dec. 8, 2000, as amended at 66 FR 58366, Nov. 21, 2001]

#### Section 440.15 **Subgrantees.**

(a) The grantee shall ensure that:

(1) Each subgrantee is a CAA or other public or nonprofit entity;

(2) Each subgrantee is selected on the basis of public comment received during a public hearing conducted pursuant to Section 440.14(a) and other appropriate findings regarding:

(i) The subgrantee's experience and performance in weatherization or housing renovation activities;

(ii) The subgrantee's experience in assisting low-income persons in the area to be served; and

(iii) The subgrantee's capacity to undertake a timely and effective weatherization program.

(3) In selecting a subgrantee, preference is given to any CAA or other public or nonprofit entity which has, or is currently administering, an effective program under this part or under title II of the Economic Opportunity Act of 1964, with program effectiveness evaluated by consideration of factors including, but not necessarily limited to, the following:

(i) The extent to which the past or current program achieved or is achieving weatherization goals in a timely fashion;

(ii) The quality of work performed by the subgrantee;

(iii) The number, qualifications, and experience of the staff members of the subgrantee; and

(iv) The ability of the subgrantee to secure volunteers, training participants, public service employment workers, and other Federal or State training programs.

(b) The grantee shall ensure that the funds received under this part will be allocated to the entities selected in accordance with paragraph (a) of this section, such that funds will be allocated to areas on the basis of the relative need for a weatherization project by low-income persons.

(c) If DOE finds that a subgrantee selected to undertake weatherization activities under this part has failed to comply substantially with the provisions of the Act or this part and should be replaced, such finding shall be treated as a finding under Section 440.30(i) for purposes of '440.30.

(d) Any new or additional subgrantee shall be selected at a hearing in accordance with Section 440.14(a) and upon the basis of the criteria in paragraph (a) of this section.

(e) A State may terminate financial assistance under a subgrant agreement for a grant period only in accordance with established State procedures that provide to the subgrantee appropriate notice of the State's reasons for termination and afford the subgrantee an adequate opportunity to be heard.

[49 FR 3629, Jan. 27, 1984, as amended at 55 FR 41326, Oct. 10, 1990; 58 FR 12526, Mar. 4, 1993; 65 FR 77218, Dec. 8, 2000]

#### Section 440.16 **Minimum program requirements.**

Prior to the expenditure of any grant funds each grantee shall develop, publish, and implement procedures to ensure that:

(a) No dwelling unit may be weatherized without documentation that the dwelling unit is an eligible dwelling unit as provided in Section 440.22;

(b) Priority is given to identifying and providing weatherization assistance to:

(1) Elderly persons;

(2) Persons with disabilities;

(3) Families with children;

(4) High residential energy users; and

(5) Households with a high energy burden.

(c) Financial assistance provided under this part will be used to supplement, and not supplant, State or local funds, and, to the maximum extent practicable as determined by DOE, to increase the amounts of these funds that would be made available in the absence of Federal funds provided under this part;

(d) To the maximum extent practicable, the grantee will secure the services of volunteers when such personnel are generally available, training participants and public service employment workers, other Federal or State training program workers, to work under the supervision of qualified supervisors and foremen;

(e) To the maximum extent practicable, the use of weatherization assistance shall be coordinated with other Federal, State, local, or privately funded programs in order to improve energy efficiency and to conserve energy;

(f) The low-income members of an Indian tribe shall receive benefits equivalent to the assistance provided to other low-income persons within a State unless the grantee has made the recommendation provided in Section 440.12(b)(5);

(g) No dwelling unit may be reported to DOE as completed until all weatherization materials have been installed and the subgrantee, or its authorized representative, has performed a final inspection(s) including any mechanical work performed and certified that the work has been completed in a workmanlike manner and in accordance with the priority determined by the audit procedures required by Section 440.21; and

(h) Subgrantees limit expenditure of funds under this part for installation of materials (other than weatherization materials) to abate energy-related health and safety hazards, to a list of types of such hazards, permissible abatement materials and their costs which is submitted, and updated as necessary at the same time as an annual application under Section 440.12 of this part and which DOE shall approve if --

(1) Elimination of such hazards are necessary before, or as a result of, installation of weatherization materials; and

(2) The grantee sets forth a limitation on the percent of average dwelling unit costs which may be used to abate such hazards which is reasonable in light of the primary energy conservation purpose of this part;

(i) The benefits of weatherization to occupants of rental units are protected in accordance with Section 440.22(b)(3) of this part.

(Approved by the Office of Management and Budget under control number 1904-0047)

[49 FR 3629, Jan. 27, 1984, as amended at 58 FR 12526, Mar. 4, 1993; 65 FR 77218, Dec. 8, 2000]

#### Section 440.17 **Policy Advisory Council.**

(a) Prior to the expenditure of any grant funds, a State policy advisory council, or a State commission or council which serves the same functions as a State policy advisory council, must be established by a State or by the Regional Office Director if a State does not participate in the Program which:

(1) Has special qualifications and sensitivity with respect to solving the problems of low-income persons, including the weatherization and energy conservation problems of these persons;

(2) Is broadly representative of organizations and agencies, including consumer groups that represent low-income persons, particularly elderly and handicapped low-income persons and low-income Native Americans, in the State or geographical area in question; and

(3) Has responsibility for advising the appropriate official or agency administering the allocation of financial assistance in the State or area with respect to the development and implementation of a weatherization assistance program.

(b) Any person employed in any State Weatherization Program may also be a member of an existing commission or council, but must abstain from reviewing and approving activities associated with the DOE Weatherization Assistance Program.

(c) States which opt to utilize an existing commission or council must certify to DOE, as a part of the annual application, of the council's or commission's independence in reviewing and approving activities associated with the DOE Weatherization Assistance Program.

[49 FR 3629, Jan. 27, 1984, as amended at 58 FR 12529, Mar. 4, 1993; 65 FR 77218, Dec. 8, 2000]

#### Section 440.18 **Allowable expenditures.**

(a) Except as adjusted, the expenditure of financial assistance provided under this part for labor, weatherization materials, and related matters included in paragraphs (c)(1) through (9) of this section shall not exceed an average of \$2,500 per dwelling unit weatherized in the State, except as adjusted in paragraph (b) of this section.

(b) The \$2,500 average will be adjusted annually by DOE beginning in calendar year 2000 by increasing the limitation by an amount equal to:

(1) The limitation amount for the previous year, multiplied by

(2) The lesser of:

(i) The percentage increase in the Consumer Price Index (all items, United States city average) for the most recent calendar year completed before the beginning of the year for which the determination is being made, or

(ii) Three percent.

(3) For the purposes of determining the average cost per dwelling limitation, costs for the purchase of vehicles or other certain types of equipment as defined in 10 CFR part 600 may be amortized over the useful life of the vehicle or equipment.

(c) Allowable expenditures under this part include only:

(1) The cost of purchase and delivery of weatherization materials;

(2) Labor costs, in accordance with Section 440.19;

(3) Transportation of weatherization materials, tools, equipment, and work crews to a storage site and to the site of weatherization work;

(4) Maintenance, operation, and insurance of vehicles used to transport weatherization materials;

(5) Maintenance of tools and equipment;

(6) The cost of purchasing vehicles, except that any purchase of vehicles must be referred to DOE for prior approval in every instance.

(7) Employment of on-site supervisory personnel;

(8) Storage of weatherization materials, tools, and equipment;

(9) The cost of incidental repairs if such repairs are necessary to make the installation of weatherization materials effective;

(10) The cost of liability insurance for weatherization projects for personal injury and for property damage;

(11) The cost of carrying out low-cost/no-cost weatherization activities in accordance with Section 440.20;

(12) The cost of weatherization program financial audits as required by Section 440.23(d);

(13) Allowable administrative expenses under paragraph (d) of this section; and

(14) Funds used for leveraging activities in accordance with Section 440.14(b)(9)(xiv); and

(15) The cost of eliminating health and safety hazards elimination of which is necessary before, or because of, installation of weatherization materials.

(d) Not more than 10 percent of any grant made to a State may be used by the grantee and subgrantees for administrative purposes in carrying out duties under this part, except that not more than 5 percent may be used by the State for such purposes, and not less than 5 percent must be made available to subgrantees by States. A State may provide in its annual plan for recipients of grants of less than \$350,000 to use up to an additional 5 percent of such grants for administration if the State has determined that such recipient requires such additional amount to implement effectively the administrative requirements established by DOE pursuant to this part.

(e) No grant funds awarded under this part shall be used for any of the following purposes:

(1) To weatherize a dwelling unit which is designated for acquisition or clearance by a Federal, State, or local program within 12 months from the date weatherization of the dwelling unit would be scheduled to be completed; or

(2) To install or otherwise provide weatherization materials for a dwelling unit weatherized previously with grant funds under this part, except:

(i) As provided under Section 440.20;

(ii) If such dwelling unit has been damaged by fire, flood, or act of God and repair of the damage to weatherization materials is not paid for by insurance; or

(iii) That dwelling units partially weatherized under this part or under other Federal programs during the period September 30, 1975, through September 30, 1993, may receive further financial assistance for weatherization under this part. While DOE will continue to require these homes to be reported separately, States may count these homes as completions for the purposes of compliance with the per-home expenditure limit in Section 440.18. Each dwelling unit must receive a new energy audit which takes into account any previous energy conservation improvements to the dwelling.

[58 FR 12526, Mar. 4, 1993, as amended at 65 FR 77218, Dec. 8, 2000; 66 FR 58366, Nov. 21, 2001]

Section 440.19 **Labor.**

Payments for labor costs under Section 440.18(c)(2) must consist of:

- (a) Payments permitted by the Department of Labor to supplement wages paid to training participants, public service employment workers, or other Federal or State training programs; and
- (b) Payments to employ labor or to engage a contractor (particularly a nonprofit organization or a business owned by disadvantaged individuals which performs weatherization services), provided a grantee has determined an adequate number of volunteers, training participants, public service employment workers, or other Federal or State training programs are not available to weatherize dwelling units for a subgrantee under the supervision of qualified supervisors.

[65 FR 77218, February 1, 2002]

Section 440.20 **Low-cost/no-cost weatherization activities.**

(a) An eligible dwelling unit may be weatherized without regard to the limitations contained in Section 440.18 (e)(2) or Section 440.21(b) from funds designated by the grantee for carrying out low-cost/no-cost weatherization activities provided:

- (1) Inexpensive weatherization materials are used, such as water flow controllers, furnace or cooling filters, or items which are primarily directed toward reducing infiltration, including weatherstripping, caulking, glass patching, and insulation for plugging and
- (2) No labor paid with funds provided under this part is used to install weatherization materials referred to in paragraph (a)(1) of this section.
- (b) A maximum of 10 percent of the amount allocated to a subgrantee, not to exceed \$50 in materials costs per dwelling unit, may be expended to carry out low-cost/no-cost weatherization activities, unless the Support Office Director approves a higher expenditure per dwelling unit.

[49 FR 3629, Jan. 27, 1984, as amended at 50 FR 713, Jan. 4, 1985; 58 FR 12529, Mar. 4, 1993]

Section 440.21 **Weatherization materials standards and energy audit procedures.**

(a) Paragraph (b) of this section describes the required standards for weatherization materials. Paragraphs (c) and (d) of this section describe the cost-effectiveness tests that weatherization materials must pass before they may be installed in an eligible dwelling unit. Paragraph (e) of this section lists the other energy audit requirements that do not pertain to cost-effectiveness tests of weatherization materials. Paragraphs (f) and (g) of this section describe the use of priority lists and presumptively cost-effective general heat waste reduction materials as part of a State's energy audit procedures. Paragraph (h) of this section explains that a State's energy audit procedures and priority lists must be re-approved by DOE every 5 years.

(b) Only weatherization materials which are listed in Appendix A to this part and which meet or exceed standards prescribed in Appendix A to this part may be purchased with funds provided under this part. However, DOE may approve an unlisted material upon application from any State.

(c) Except for materials to eliminate health and safety hazards allowable under Section 440.18(c)(15), each individual weatherization material and package of weatherization materials installed in an eligible dwelling unit must be cost-effective. These materials must result in energy cost savings over the lifetime of the measure(s), discounted to present value, that equal or exceed the cost of materials, installation, and on-site supervisory personnel as defined by the Department. States have the option of requiring additional related costs to be included in the determination of cost-effectiveness. The cost of incidental repairs must be included in the cost of the package of measures installed in a dwelling.

(d) The energy audit procedures must assign priorities among individual weatherization materials in descending order of their cost-effectiveness according to paragraph (c) of this section after:

- (1) Adjusting for interaction between architectural and mechanical weatherization materials by using generally accepted engineering methods to decrease the estimated fuel cost savings for a lower priority weatherization material in light of fuel cost savings for a related higher priority weatherization material; and
- (2) Eliminating any weatherization materials that are no longer cost-effective, as adjusted under paragraph (d)(1) of



this section.

(e) The energy audit procedures also must --

(1) Compute the cost of fuel saved per year by taking into account the climatic data of the area where the dwelling unit is located, where the base temperature that determines the number of heating or cooling degree days (if used) reasonably approximates conditions when operation of heating and cooling equipment is required to maintain comfort, and must otherwise use reasonable energy estimating methods and assumptions;

(2) Determine existing energy use and energy requirements of the dwelling unit from actual energy bills or by generally accepted engineering calculations;

(3) Address significant heating and cooling needs;

(4) Make provision for the use of advanced diagnostic and assessment techniques which DOE has determined are consistent with sound engineering practices;

(5) Identify health and safety hazards to be abated with DOE funds in compliance with the State's DOE-approved health and safety procedures under Section 440.16(h);

(6) Treat the dwelling unit as a whole system by examining its heating and cooling system, its air exchange system, and its occupants' living habits and needs, and making necessary adjustments to the priority of weatherization materials with adequate documentation of the reasons for such an adjustment; and

(7) Be specifically approved by DOE for use on each major dwelling type that represents a significant portion of the State's weatherization program in light of the varying energy audit requirements of different dwelling types including single-family dwellings, multi-family buildings, and mobile homes.

(f) For similar dwelling units without unusual energy-consuming characteristics, energy audits may be accomplished by using a priority list developed by conducting, in compliance with paragraphs (b) through (e) of this section, site-specific energy audits of a representative subset of these dwelling units. For DOE approval, States must describe how the priority list was developed, how the subset of similar homes was determined, and circumstances that will require site-specific audits rather than the use of the priority lists. States also must provide the input data and list of weatherization measures recommended by the energy audit software or manual methods for several dwelling units from the subset of similar units.

(g) States may use, as a part of an energy audit, general heat waste reduction weatherization materials that DOE has determined to be generally cost-effective. States may request approval to use general heat waste materials not listed in DOE policy guidance by providing documentation of their cost-effectiveness and a description of the circumstances under which such materials will be used.

(h) States must resubmit their energy audit procedures (and priority lists, if applicable, under certain conditions) to DOE for approval every five years. States must also resubmit to DOE, for approval every five years, their list of general heat waste materials in addition to those approved by DOE in policy guidance, if applicable. Policy guidance will describe the information States must submit to DOE and the circumstances that reduce or increase documentation requirements.

[65 FR 77218, Dec. 8, 2000]

#### Section 440.22 **Eligible dwelling units.**

(a) A dwelling unit shall be eligible for weatherization assistance under this part if it is occupied by a family unit:

(1) Whose income is at or below 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget;

(2) Which contains a member who has received cash assistance payments under Title IV or XVI of the Social Security Act or applicable State or local law at any time during the 12-month period preceding the determination of eligibility for weatherization assistance; or

(3) If the State elects, is eligible for assistance under the Low-Income Home Energy Assistance Act of 1981, provided that such basis is at least 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.

(b) A subgrantee may weatherize a building containing rental dwelling units using financial assistance for dwelling units

eligible for weatherization assistance under paragraph (a) of this section, where:

- (1) The subgrantee has obtained the written permission of the owner or his agent;
- (2) Not less than 66 percent (50 percent for duplexes and four-unit buildings, and certain eligible types of large multi-family buildings) of the dwelling units in the building:
  - (i) Are eligible dwelling units, or
  - (ii) Will become eligible dwelling units within 180 days under a Federal, State, or local government program for rehabilitating the building or making similar improvements to the building; and
- (3) The grantee has established procedures for dwellings which consist of a rental unit or rental units to ensure that:
  - (I) The benefits of weatherization assistance in connection with such rental units, including units where the tenants pay for their energy through their rent, will accrue primarily to the low-income tenants residing in such units;
  - (II) For a reasonable period of time after weatherization work has been completed on a dwelling containing a unit occupied by an eligible household, the tenants in that unit (including households paying for their energy through their rent) will not be subjected to rent increases unless those increases are demonstrably related to matters other than the weatherization work performed;
  - (iii) The enforcement of paragraph (b)(3)(ii) of this section is provided through procedures established by the State by which tenants may file complaints, and owners, in response to such complaints, shall demonstrate that the rent increase concerned is related to matters other than the weatherization work performed; and
  - (iv) No undue or excessive enhancement shall occur to the value of the dwelling units.
- (c) In order to secure the Federal investment made under this part and address the issues of eviction from and sale of property receiving weatherization materials under this part, States may seek landlord agreement to placement of a lien or to other contractual restrictions;
- (d) As a condition of having assistance provided under this part with respect to multifamily buildings, a State may require financial participation, when feasible, from the owners of such buildings. Such financial participation shall not be reported as program income, nor will it be treated as if it were appropriated funds. The funds contributed by the landlord shall be expended in accordance with the agreement between the landlord and the weatherization agency.
- (e) In devising procedures under paragraph (b)(3)(iii) of this section, States should consider requiring use of alternative dispute resolution procedures including arbitration.
- (f) A State may weatherize shelters. For the purpose of determining how many dwelling units exist in a shelter, a grantee may count each 800 square feet of the shelter as a dwelling unit or it may count each floor of the shelter as a dwelling unit.

[58 FR 12528, Mar. 4, 1993, as amended at 65 FR 77219, Dec. 8, 2000]

#### Section 440.23 **Oversight, training, and technical assistance.**

- (a) The Secretary and the appropriate Support Office Director, in coordination with the Secretary of Health and Human Services, shall monitor and evaluate the operation of projects carried out by CAA's receiving financial assistance under this part through on-site inspections, or through other means, in order to ensure the effective provision of weatherization assistance for the dwelling units of low-income persons.
- (b) DOE shall also carry out periodic evaluations of a program and weatherization projects that are not carried out by a CAA and that are receiving financial assistance under this part.
- (c) The Secretary and the appropriate Support Office Director, the Comptroller General of the United States, and for a weatherization project carried out by a CAA, the Secretary of Health and Human Services or any of their duly authorized representatives, shall have access to any books, documents, papers, information, and records of any weatherization project receiving financial assistance under the Act for the purpose of audit and examination.
- (d) Each grantee shall ensure that audits by or on behalf of subgrantees are conducted with reasonable frequency, on a continuing basis, or at scheduled intervals, usually annually, but not less frequently than every two years, in accordance with 10 CFR part 600, and OMB Circular 110, Attachment F, as applicable.
- (e) The Secretary may reserve from the funds appropriated for any fiscal year an amount not to exceed 10 percent to

provide, directly or indirectly, training and technical assistance to any grantee or subgrantee. Such training and technical assistance may include providing information concerning conservation practices to occupants of eligible dwelling units.

[49 FR 3629, Jan. 27, 1984, as amended at 58 FR 12529, Mar. 4, 1993]

#### Section 440.24 **Recordkeeping.**

Each grantee or subgrantee receiving Federal financial assistance under this part shall keep such records as DOE shall require, including records which fully disclose the amount and disposition by each grantee and subgrantee of the funds received, the total cost of a weatherization project or the total expenditure to implement the State plan for which assistance was given or used, the source and amount of funds for such project or program not supplied by DOE, the average costs incurred in weatherization of individual dwelling units, the average size of the dwelling being weatherized, the average income of households receiving assistance under this part, and such other records as DOE deems necessary for an effective audit and performance evaluation. Such recordkeeping shall be in accordance with the DOE Financial Assistance Rule, 10 CFR part 600, and any further requirements of this part.

[58 FR 12529, Mar. 4, 1993]

#### Section 440.25 **Reports.**

DOE may require any recipient of financial assistance under this part to provide, in such form as may be prescribed, such reports or answers in writing to specific questions, surveys, or questionnaires as DOE determines to be necessary to carry out its responsibilities or the responsibilities of the Secretary of Health and Human Services under this part.

(Approved by the Office of Management and Budget under control number 1901-0127)

#### Section 440.26-440.29 **[Reserved]**

#### Section 440.30 **Administrative review.**

(a) An applicant shall have 20 days from the date of receipt of a decision under Section 440.12 or Section 440.13 to file a notice requesting administrative review. If an applicant does not timely file such a notice, the decision under Section 440.12 or Section 440.13 shall become final for DOE.

(b) A notice requesting administrative review shall be filed with the Support Office Director and shall be accompanied by a written statement containing supporting arguments and requesting, if desired, the opportunity for a public hearing.

(c) A notice or any other document shall be deemed filed under this section upon receipt.

(d) On or before 15 days from receipt of a notice requesting administrative review which is timely filed, the Support Office Director shall forward to the Deputy Assistant Secretary, the notice requesting administrative review, the decision under Section 440.12 or Section 440.13 as to which administrative review is sought, a draft recommended final decision for the concurrence of the Deputy Assistant Secretary, and any other relevant material.

(e) If the applicant requests a public hearing, the Deputy Assistant Secretary, within 15 days, shall give actual notice to the State and FEDERAL REGISTER notice of the date, place, time nature.

(f) On or before 45 days from receipt of documents under paragraph (d) of this section or the conclusion of the public hearing, whichever is later, the Deputy Assistant Secretary shall concur in, concur in as modified, or issue a substitute for the recommended decision of the Support Office Director.

(g) On or before 15 days from the date of receipt of the determination under paragraph (f) of this section, the Governor may file an application, with a supporting statement of reasons, for discretionary review by the Assistant Secretary. On or before 15 days from filing, the Assistant Secretary shall send a notice to the Governor stating whether the Deputy Assistant Secretary's determination will be reviewed. If the Assistant Secretary grants review, a decision shall be issued no later than 60 days from the date review is granted. The Assistant Secretary may not issue a notice or decision under this paragraph without the concurrence of the DOE Office of General Counsel.

(h) A decision under paragraph (f) of this section shall be final for DOE if there is no review under paragraph (g) of this section. If there is review under paragraph (g) of this section, the decision thereunder shall be final for DOE, and no appeal shall lie elsewhere in DOE.

(i) Prior to the effective date of the termination of eligibility for further participation in the program because of failure to

comply substantially with the requirements of the Act or of this part, a grantee shall have the right to written notice of the basis for the enforcement action and the opportunity for a public hearing notwithstanding any provisions to the contrary of 10 CFR 600.26, 600.28(b), 600.29, 600.121(c), and 600.443. A notice under this paragraph shall be mailed by the Support Office Director by registered mail, return-receipt requested, to the State, local grantee, and other interested parties. To obtain a public hearing, the grantee must request an evidentiary hearing, with prior FEDERAL REGISTER notice, in the election letter submitted under Rule 2 of 10 CFR 1024.4 and the request shall be granted notwithstanding any provisions of Rule 2 to the contrary.

[55 FR 41326, Oct. 10, 1990, as amended at 58 FR 12529, Mar. 4, 1993]

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#### **APPENDIX A TO PART 440 -- Standards for Weatherization Materials**

*Content updated on 10/11/2007*

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APPENDIX A—STANDARDS FOR WEATHERIZATION  
MATERIALS

If the standards listed in this appendix conflict with those required by current local codes, the local code shall have precedence and a copy of the applicable section will be retained with procurement records.

The following Government standards are produced by the Consumer Product Safety Commission and are published in title 16, Code of Federal Regulations:

Thermal Insulating Materials for Building Elements Including Walls, Floors, Ceilings, Attics, and Roofs Insulation—organic fiber—conformance to Interim Safety Standard in 16 CFR part 1209;

Fire Safety Requirements for Thermal Insulating Materials According to Insulation Use—Attic Floor—insulation materials intended for exposed use in attic floors shall be capable of meeting the same flammability requirements given for cellulose insulation in 16 CFR part 1209;

Enclosed spaces—insulation materials intended for use within enclosed stud or joist spaces shall be capable of meeting smoldering combustion requirements in 16 CFR part 1209.

The following standards which are not otherwise set forth in part 440 are incorporated by reference and made part of part 440. The following standards have been approved for incorporation by reference by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. These materials are incorporated as they exist on January 3, 2002 and a notice of any change in these materials will be published in the FEDERAL REGISTER. The standards incorporated by reference are available for inspection at the Office of the Federal Register Information Center, 800 North Capitol Street, Suite 700, Washington, DC 20001.

The standards incorporated by reference in part 440 can be obtained from the following sources:

Air Conditioning and Refrigeration Institute, 4301 N. Fairfax Drive, Suite 425, Arlington, VA 22203; (703) 524-8800.  
American Architectural Manufacturers Association, 1827 Walden Office Square, Suite 104, Schaumburg, Illinois 60173-4268; (847) 303-5664.  
American Gas Association, 400 N. Capitol Street, NW, Washington, DC 20001; (202) 824-7000.  
American National Standards Institute, Inc., 11 West 42nd Street, New York, NY 10036; (212) 642-4900.  
American Society of Mechanical Engineers, Three Park Avenue, New York, NY 10016-5990; (212) 591-7722.

American Society for Testing and Materials, 100 Bar Harbor Drive, West Conshohocken, PA 19428-2959; (610) 832-9585.

Association of Home Appliance Manufacturers, 1111 19th Street, NW, Suite 402, Washington DC, 20036; (202) 872-5955.

Federal Specifications, General Services Administration, General Services Administration, Federal Supply Service, Office of the CIO and Marketing Division, Room 800, 1941 Jefferson Davis Hwy., Arlington, VA 22202; (703) 305-6288.

Gas Appliance Manufacturers Association, 2107 Wilson Boulevard, Suite 600, Arlington, Virginia 22201; (703) 525-7060.

National Electrical Manufacturers Association, 1300 North 17th Street, Suite 1847, Rosslyn, VA 22209; (703) 841-3200.

National Fire Protection Association, 1 Batterymarch Park, P.O. Box 9101, Quincy, MA 02269-9101; (617) 770-3000.

Sheet Metal and Air Conditioning Contractors Association, 4201 Lafayette Center Drive, Chantilly, Virginia 20151-1209; (703) 803-2980.

Solar Rating and Certification Corporation, c/o FSEC, 1679 Clearlake Road, Cocoa, FL 32922-5703; (321) 638-1537.

Steel Door Institute, 30200 Detroit Road, Cleveland, OH 44145-1967; (440) 899-0010.

Steel Window Institute, 1300 Sumner Avenue, Cleveland, OH 44115-2851; (216) 241-7333.

Tubular Exchanger Manufacturers Association, 25 North Broadway, Tarrytown, NY 10591; (914) 322-0040.

Underwriters Laboratories, Inc., 333 Pfingsten Road, Northbrook, IL 60062-2096; (847) 272-8800.

Window & Door Manufacturers Association, 1400 East Touhy Avenue, Suite 470, Des Plaines, IL 60018; (800) 223-2301.

More information regarding the standards in this reference can be obtained from the following sources:

Environmental Protection Agency, 401 M Street, NW, Washington, DC 20006; (202) 554-1080.

National Institute of Standards and Technology, U.S. Department of Commerce, Gaithersburg, MD 20899; (301) 975-2000.

Weatherization Assistance Program, Office of Building Technology Assistance, Energy Efficiency and Renewable Energy, 1000 Independence Avenue, SW, EE-42, Washington, DC 20585-0121; (202) 586-4074.

**THERMAL INSULATING MATERIALS FOR  
BUILDING ELEMENTS INCLUDING WALLS,  
FLOORS, CEILINGS, ATTICS, AND ROOFS**  
[Standards for conformance]

<b>Insulation--mineral fiber:</b>	
Blanket insulation . . . . .	ASTM <sup>1</sup> C665-98.
Roof insulation board . . . . .	ASTM C726-00a.
Loose-fill insulation . . . . .	ASTM C764-99.
<b>Insulation--mineral cellular:</b>	
Vermiculite loose-fill insulation	ASTM C516-80 (1996)e1.
Perlite loose-fill insulation . . . . .	ASTM C549-81 (1995)e1.
Cellular glass insulation block	ASTM C552-00.
Perlite insulation board . . . . .	ASTM C728-97.
<b>Insulation--organic fiber:</b>	
Cellulosic fiber insulating board	ASTM C208-95.
Cellulose loose-fill insulation	ASTM C739-00.
Cellulose wet-spray insulation	ASTM C1149-97.
<b>Insulation--organic cellular:</b>	
Preformed block-type polystyrene insulation	ASTM C578-95.
Rigid preformed polyurethane insulation board	ASTM C591-00.
Polyurethane or polyisocyanurate insulation board face with aluminum foil on both sides	FS <sup>2</sup> HH-I-1972/1 (1981).
Polyurethane or polyisocyanurate insulation board face with felt on both sides	FS HH-I-1972/2 (1981) and Amendment 1, October 3, 1985).
<b>Insulation--composite boards:</b>	
Mineral fiber insulation board	ASTM C726-00a.
Perlite board	ASTM C728-97.
Gypsum board and polyurethane or polyisocyanurate composite board	FS HH-I-1972/4 (1981).

<sup>1</sup> ASTM indicates American Society for Testing and Materials.

<sup>2</sup> FS indicates Federal Specifications.

**THERMAL INSULATING MATERIALS FOR  
BUILDING ELEMENTS INCLUDING WALLS,  
FLOORS, CEILINGS, ATTICS, AND  
ROOFS--Continued**  
[Standards for conformance]

Materials used as a patch to reduce infiltration through the building envelope	Commercially available.
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**THERMAL INSULATING MATERIALS FOR PIPES,  
DUCTS, AND EQUIPMENT SUCH AS BOILERS  
AND FURNACES**  
[Standards for conformance]

<b>Insulation--mineral fiber:</b>	
Preformed pipe insulation . . . . .	ASTM <sup>1</sup> C547-00.
Blanket and felt insulation (industrial type)	ASTM C553-00.
Blanket insulation and blanket type pipe insulation (metal-mesh covered, industrial type)	ASTM C592-00.
Block and board insulation	ASTM C612-00.
Spray applied mineral fiber thermal and sound absorbing insulation	ASTM C1014-99ae1.
High-temperature fiber blanket insulation	ASTM C892-00.
Duct work insulation . . . . .	ASTM C1290-00.
<b>Insulation--mineral cellular:</b>	
Calcium silicate block and pipe insulation	ASTM C533-95.
Cellular glass insulation . . . . .	ASTM C552-00.
Expanded perlite block and pipe insulation	ASTM C610-99.
<b>Insulation--organic cellular:</b>	
Preformed flexible elastomeric cellular insulation in sheet and tubular form	ASTM C534-99.
Unfaced preformed rigid cellular polyurethane insulation	ASTM C591-00.
Insulation skirting . . . . .	Commercially available.

<sup>1</sup> ASTM indicates American Society for Testing and Materials.

**FIRE SAFETY REQUIREMENTS FOR INSULATING MATERIALS ACCORDING TO INSULATION USE**

[Standards for conformance]

Attic floor . . . .	Insulation materials intended for exposed use in attic floors shall be capable of meeting the same smoldering combustion requirements given for cellulose insulation in ASTM <sup>1</sup> C739-00.
Enclosed space	Insulation materials intended for use within enclosed stud or joist spaces shall be capable of meeting the same smoldering combustion requirements given for cellulose insulation in ASTM C739-00.
Exposed interior walls and ceilings	Insulation materials, including those with combustible facings, which remain exposed and serve as wall or ceiling interior finish, shall have a flame spread classification not to exceed 150 (per ASTM E84-00a).
Exterior envelope walls and roofs	Exterior envelope walls and roofs containing thermal insulation shall meet applicable local government building code requirements for the complete wall or roof assembly.
Pipes, ducts, and equipment	Insulation materials intended for use on pipes, ducts, and equipment shall be capable of meeting a flame spread classification not to exceed 150 (per ASTM E84-00a).

<sup>1</sup> ASTM indicates American Society for Testing and Materials.

**STORM WINDOWS**

[Standards for conformance]

Storm windows:	
All storm windows . . .	AAMA/NWWDA <sup>1</sup> 101/I.S. 2-97.
Aluminum frame storm windows	AAMA <sup>2</sup> 1002.10-93.
Rigid vinyl frame storm windows	ASTM <sup>3</sup> D4726-00.
Frameless plastic glazing storm	Required minimum thickness for windows is 6 mil (0.006 inches). Commercially available.
Movable insulation systems for windows	

<sup>1</sup> AAMA/NWWDA indicates American Architectural Manufacturers Association/National Wood Window & Door Association (now the Window & Door Manufacturers Association).

<sup>2</sup> AAMA indicates American Architectural Manufacturers Association.

<sup>3</sup> ASTM indicates American Society for Testing and Materials.

**REPLACEMENT WINDOWS**

[Standards for conformance]

Replacement windows:	
All windows . . . . .	AAMA/NWWDA <sup>1</sup> 101/I.S. 2-97.
Steel frame windows	Steel Window Institute recommended specifications for steel windows, 1990.
Rigid vinyl frame windows	ASTM <sup>2</sup> D4726-00.

<sup>1</sup> AAMA/NWWDA indicates American Architectural Manufacturers Association/National Wood Window & Door Association (now the Window & Door Manufacturers Association).

<sup>2</sup> ASTM indicates American Society for Testing and Materials.

**STORM DOORS**  
[Standards for conformance]

Storm doors:	
All storm (glass) doors	AAMA/NWWDA <sup>1</sup> 101/I.S. 2-97.
Aluminum frame storm doors	AAMA <sup>2</sup> 1102.7-89.
Sliding glass storm doors	AAMA 1002.10-93.
Rigid vinyl storm doors	ASTM <sup>3</sup> D3678-97 and D4726-00..
Vestibules:	
Materials to construct vestibules	Commercially available.

<sup>1</sup> AAMA/NWWDA indicates American Architectural Manufacturers Association/National Wood Window & Door Association (now the Window & Door Manufacturers Association).

<sup>2</sup> AAMA indicates American Architectural Manufacturers Association.

<sup>3</sup> ASTM indicates American Society for Testing and Materials.

**REPLACEMENT DOORS**  
[Standards for conformance]

Replacement doors:	
All replacement doors	AAMA/NWWDA <sup>1</sup> 101/I.S. 2-97.
Steel doors . . . . .	ANSI <sup>2</sup> A250.8-98.
Wood doors:	
Flush doors . . . . .	ANSI/NWWDA <sup>3</sup> I.S. 1-97 (Amendment, exterior door provisions).
Stile and rail doors	NWWDA <sup>4</sup> I.S. 6-97.

<sup>1</sup> AAMA/NWWDA indicates American Architectural Manufacturers Association/National Wood Window & Door Association (now the Window & Door Manufacturers Association).

<sup>2</sup> ANSI indicates American National Standards Institute.

<sup>3</sup> ANSI/NWWDA indicates American National Standards Institute/National Wood Window & Door Association (now the Window & Door Manufacturers Association).

<sup>4</sup> NWWDA indicates National Wood Window & Door Association (now the Window & Door Manufacturers Association).

**CAULKS AND SEALANTS**  
[Standards for conformance]

Caulks and sealants:	
Glazing compounds for metal sash	ASTM <sup>1</sup> C669-00.
Oil and resin base caulks	ASTM C570-00.
Acrylic (solvent types) sealants	ASTM C920-98e1.
Butyl rubber sealants	FS <sup>2</sup> Commercial Item Description A-A-272 (6/7/95).
Chlorosulfonated polyethylene sealants	ASTM C920-98e1.
Latex sealing compounds	ASTM C834-00e1.
Elastomeric joint sealants (normally considered to include polysulfide, polyurethane, and silicone)	ASTM C920-98e1.
Preformed gaskets and sealing materials	ASTM C509-00.
Duct sealing mastic	UL <sup>3</sup> 181A-M, Second Edition, 1994 and UL 181B-M, First Edition, 1995.

<sup>1</sup> ASTM indicates American Society for Testing and Materials.

<sup>2</sup> FS indicates Federal Specifications.

<sup>3</sup> UL indicates Underwriters Laboratories.



**WEATHERSTRIPPING**  
[Standards for conformance]

Weatherstripping . . . . .	Commercially available. Selected according to the provisions cited in ASTM <sup>1</sup> C755-97. Permeance not greater than 1 perm when determined according to the desiccant method described in ASTM E96-00.
Vapor retarders . . . . .	
Items to improve attic ventilation	Commercially available.

<sup>1</sup> ASTM indicates American Society for Testing and Materials.

**HEAT EXCHANGERS**  
[Standards for conformance]

Heat exchangers, water-to-water and steam-to-water	ASME <sup>1</sup> Boiler and Pressure Vessel Code, 1998, Sections II, V, VIII, IX, and X, as applicable to pressure vessels. Standards of Tubular Exchanger Manufacturers Association, Eighth Edition, 1999.
Heat exchangers with gas-fired appliances <sup>2</sup>	ANSI/UL <sup>3</sup> 462, Ninth Edition, approved by ANSI February 28, 1997.

<sup>1</sup> ASME indicates American Society for Mechanical Engineers.

<sup>2</sup> The heat reclaimer is for installation in a section of the vent connector from appliances equipped with draft hoods or appliances equipped with powered burners or induced draft and not equipped with a draft hood.

<sup>3</sup> ANSI/UL indicates American National Standards Institute/Underwriters Laboratories.

**BOILER/FURNACE CONTROL SYSTEMS**  
[Standards for conformance]

Automatic set back thermostats	Listed by UL <sup>1</sup> . Conformance to NEMA <sup>2</sup> DC3-1989 (R1996).
Line voltage or low voltage room thermostats	Listed by UL. Conformance to NEMA DC3-1989 (R1996).
Clock thermostats . . . . .	Listed by UL. Conformance to NEMA DC3-1989 (R1996).
Automatic gas ignition systems	ANSI <sup>3</sup> Z21.21-2000. AGA <sup>4</sup> Laboratories Certification Seal.
Energy management systems	Listed by UL.
Hydronic boiler controls	Listed by UL.
Other burner controls . . .	Listed by UL.

<sup>1</sup> UL indicates Underwriters Laboratories.

<sup>2</sup> NEMA indicates National Electrical Manufacturers Association.

<sup>3</sup> ANSI indicates American National Standards Institute.

<sup>4</sup> AGA indicates American Gas Association.

### WATER HEATER MODIFICATIONS

[Standards for conformance]

Insulate tank and distribution piping	(See insulation section of this appendix)
Install heat traps on inlet and outlet piping	Applicable local plumbing code.
Install/replace water heater heating elements	Listed by UL <sup>1</sup> .
Electric, freeze-prevention tape for pipes	Listed by UL.
Install stack damper, gas-fueled	ANSI <sup>2</sup> Z21.66-1996, including Exhibits A & B, and ANSI Z223.1-1999 (same as NFPA <sup>3</sup> 54-1999).
Install stack damper, oil-fueled	UL 17, Third Edition, 1994, NFPA 31-2001, NFPA 211-2000 (same as ANSI A52.1), and ANSI/NFPA 70-1999 (same as IEEE <sup>4</sup> National Electrical Code).
Install water flow modifiers	Commercially available.

<sup>1</sup> UL indicates Underwriters Laboratories.

<sup>2</sup> ANSI indicates American National Standards Institute.

<sup>3</sup> NFPA indicates National Fire Prevention Association.

<sup>4</sup> IEEE indicates Institute of Electrical and Electronics Engineers.

### REPLACEMENT WATER HEATERS

[Standards for conformance]

Electric (resistance) water heaters	10 CFR <sup>1</sup> 430 and UL <sup>2</sup> 174.
Heat pump water heaters	UL 1995, Second Edition, 1995. Electrical components to be listed by UL.
Gas water heaters: Rated $\leq 75$ kBtu/hr . . .	10 CFR 430 and ANSI <sup>3</sup> Z21.10.1-1998.
Rated $\geq 75$ kBtu/hr . . .	ANSI Z21.10.3-1998.
Oil water heaters . . . . .	UL 732, Fifth Edition, 1995.

<sup>1</sup> CFR indicates Code of Federal Regulations.

<sup>2</sup> UL indicates Underwriters Laboratories.

<sup>3</sup> ANSI indicates American National Standards Institute.

### SOLAR WATER HEATING SYSTEMS

[Standards for conformance]

Solar water heating systems including forced circulation, integral collector storage, thermo-syphon, and self-pumping systems	System must be certified per SRCC <sup>1</sup> OG 300, July 16, 1998.
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<sup>1</sup> SRCC indicates Solar Rating and Certification Corporation.

### WASTE HEAT RECOVERY DEVICES

[Standards for conformance]

Desuperheater/water heaters	ARI <sup>1</sup> 470-1995 and UL 1995, Second Edition, 1995.
Condensing heat exchangers	Commercially available components installed per manufacturers' specifications. NFPA <sup>2</sup> 211-2000 (same as ANSI A52.1) may apply in certain instances. See also the Heat Exchangers section of this appendix.
Heat pump water heating heat recovery systems	UL 1995, Second Edition, 1995. Electrical components to be listed by UL.
Energy recovery equipment	Energy Systems Analysis and Management, 1997 (SMACNA <sup>3</sup> ).

<sup>1</sup> ARI indicates Air Conditioning and Refrigeration Institute.

<sup>2</sup> NFPA indicates National Fire Prevention Association.

<sup>3</sup> SMACNA denotes Sheet Metal and Air Conditioning Contractors' National Association.

### BOILER REPAIR AND

**BOILER REPAIR AND  
MODIFICATIONS/EFFICIENCY  
IMPROVEMENTS—Continued**

[Standards for conformance]

Install gas conversation burners	ANSI <sup>1</sup> Z21.8-1994 (for gas- or oil-fired systems), ANSI Z21.17-1998, and ANSI Z223.1-1999 (same as NFPA 54-1999). AGA <sup>2</sup> Laboratories Certification Seal.	Replace heat exchangers, tubes	Protection from flame contact with conversion burners by refractory shield.
Replace oil burner . . . .	UL <sup>3</sup> 296, Ninth Edition, 1994 and NFPA 31-2001.	Install/replace thermostatic radiator valves	Commercially available. One-pipe steam systems require air vents on each radiator; see manufacturers' requirements.
Install burners (oil/gas)	ANSI Z223.1-1999 for gas equipment and NFPA <sup>4</sup> 31-2001 for oil equipment.	Install boiler duty cycle control system	Commercially available. ANSI/NFPA 70-1999 (same as IEEE National Electrical Code) and local electrical code provisions for wiring.
Re-adjust boiler water temperature or install automatic boiler temperature reset control	ASME <sup>5</sup> CSD-1-1998, ANSI Z223.1-1999, and NFPA 31-2001.		
Replace/modify boilers	ASME Boiler and Pressure Vessel Code, 1998, Section II, IV, V, VI, VIII, IX, and X. Boilers must be Hydronics Institute Division of GAMA equipment.		
Clean heat exchanger, adjust burner air shutter(s), check smoke no. on oil-fueled equipment. Check operation of pump(s) and replacement filters.	Per manufacturers' instructions.		
Replace combustion chambers	Refractory linings may be required for conversions.		

<sup>1</sup> ANSI indicates American National Standards Institute.  
<sup>2</sup> AGA indicates American Gas Association.  
<sup>3</sup> UL indicates Underwriters Laboratories.  
<sup>4</sup> NFPA indicates National Fire Prevention Association.  
<sup>5</sup> ASME indicates American Society for Mechanical Engineers.

HEATING AND COOLING SYSTEM REPAIRS AND  
TUNE-UPS/EFFICIENCY IMPROVEMENTS  
[Standards for conformance]

Install duct insulation . . .	ASTM <sup>1</sup> C612-00 (see insulation sections of this appendix).
Reduce Input of burner; derate gas-fueled equipment	Local utility company and procedures if applicable for gas-fueled furnaces and ANSI <sup>2</sup> Z223.1-1999 (same as NFPA <sup>3</sup> 54-1999) including Appendix H.
Repair/replace oil-fired equipment	NFPA 31-2001.
Replace combustion chamber in oil-fired furnaces or boilers	NFPA 31-2001.
Clean heat exchanger and adjust burner; adjust air shutter and check CO <sub>2</sub> and stack temperature. Clean or replace air filter on forced air furnace	ANSI Z223.1-1999 (same as NFPA 54-1999) including Appendix H.
Install vent dampers for gas-fueled heating systems	Applicable sections of ANSI Z223.1-1999 (same as NFPA 54-1999) including Appendix H, I, J, and K. ANSI Z21.66-1996 and Exhibits A&B for electrically operated dampers.
Install vent dampers for oil-fueled heating systems	Applicable sections of NFPA 31-2001 for installation and in conformance with UL <sup>4</sup> 17, Third Edition, 1994.

HEATING AND COOLING SYSTEM REPAIRS AND  
TUNE-UPS/EFFICIENCY IMPROVEMENTS—Continued  
[Standards for conformance]

Reduce excess combustion air: A: Reduce vent connector size of gas-fueled appliances B: Adjust barometric draft regulator for oil fuels	ANSI Z223.1-1999 (same as NFPA 54-1999) part 9 and Appendices G & H. NFPA 31-2001 and per furnace and boiler manufacturers' instructions.
Replace constant burning pilot with electric ignition device on gas-fueled furnaces or boilers	ANSI Z21.71-1993.
Readjust fan switch on forced air gas-or oil-fueled furnaces	Applicable sections and Appendix H of ANSI Z223.1-1999 (same as NFPA 54-1999) for gas furnaces and NFPA 31-2001 for oil furnaces.
Replace burners . . . . .	See install burners (oil/gas).
Install/replace duct furnaces (gas)	ANSI Z223.1-1999 (same as NFPA 54-1999).
Install/replace heat pumps	ARI <sup>6</sup> 210/240-1994. UL 1995, Second Edition, 1995. Commercially available.
Replace air diffusers, intakes, registers, and grilles	
Install/replace warm air heating metal ducts	UL 181, Ninth Edition 1996, including UL 181A, Second Edition 1994 and 181B, First Edition, 1995.
Filter alarm units . . . . .	Commercially available.

<sup>1</sup> ASTM indicates American Society for Testing and Materials.

<sup>2</sup> ANSI indicates American National Standards Institute.

<sup>3</sup> NFPA indicates National Fire Prevention Association.

<sup>4</sup> UL indicates Underwriters Laboratories.

<sup>6</sup> ARI indicates Air Conditioning and Refrigeration Institute.

REPLACEMENT FURNACES, BOILERS, AND  
WOOD STOVES

[Standards for conformance]

Chimneys, fireplaces, vents and solid fuel burning appliances	NFPA <sup>1</sup> 211-2000 (same as ANSI <sup>2</sup> A52.1).
Gas-fired furnaces . . . .	ANSI Z21.47-1998 and ANSI Z223.1-1999 (same as NFPA 54- 1999).
Oil-fired furnaces . . . .	UL <sup>3</sup> 727, Eighth Edition, 1994 and NFPA 31- 2001.
Liquefied petroleum gas storage	NFPA 58-2001.
Ventilation fans: Including electric attic, ceiling, and whole-house fans	UL 507, Ninth Edition, 1999.

<sup>1</sup> NFPA indicates National Fire Prevention Association.

<sup>2</sup> ANSI indicates American National Standards Institute.

<sup>3</sup> UL indicates Underwriters Laboratories.

SCREENS, WINDOW FILMS, AND REFLECTIVE  
MATERIALS

[Standards for conformance]

Insect screens . . . . .	Commercially available.
Window films . . . . .	Commercially available.
Shade screens:	
Fiberglass shade screens	Commercially available.
Polyester shade screens	Commercially available.
Rigid awnings:	
Wood rigid awnings	Commercially available.
Metal rigid awnings .	Commercially available.
Louver systems:	
Wood louver awnings	Commercially available.
Metal louver awnings	Commercially available.
Industrial-grade white paint used as a heat- reflective measure on roofs, awnings, window louvers, doors, and exterior duct work (exposed)	Commercially available.

AIR CONDITIONERS AND COOLING EQUIPMENT

[Standards for conformance]

Air conditioners: Central air conditioners Room size units . . . . .	ARI <sup>1</sup> 210/240-1994. ANSI/AHAM <sup>2</sup> RAC 1- 1992.
Other cooling equipment: Including evaporative coolers, heat pumps, and other equipment	UL <sup>3</sup> 1995, Second Edition, 1995.

<sup>1</sup> ARI indicates Air Conditioning and Refrigeration Institute.

<sup>2</sup> ANSI/AHAM indicates American National Standards Institute/Association of Home Appliance Manufacturers.

<sup>3</sup> UL indicates Underwriters Laboratories.

REFRIGERATORS

[Standards for conformance]

Refrigerator/freezers (does not include freezer-only units)	UL <sup>1</sup> 250. Replaced units must be disposed of properly per Clean Air Act 1990, Section 608, as amended by 40 CFR <sup>2</sup> 82, May 14, 1993.
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<sup>1</sup> UL indicates Underwriters Laboratories.

<sup>2</sup> CFR indicates Code of Federal Regulations.

FLUORESCENT LAMPS AND FIXTURES

[Standards for conformance]

Compact fluorescent lamps	ANSI/UL <sup>1</sup> 542, Seventh Edition, February 6, 1997 and UL 1993, First Edition, 1993.
Fluorescent lighting fixtures	UL 1570, Fourth Edition, 1995.

<sup>1</sup> ANSI/UL indicates American National Standards Institute/Underwriters Laboratories.

## Appendix C

### 10 CFR 600 **Financial Rules of Assistance**

This Document contains 136 pages. You may access this document at

<http://www.waptac.org/sp.asp?id=1739>

## Appendix D

### **Texas Administrative Code Energy Assistance Program**

# *Texas Administrative Code Rules*

## *Energy Assistance Programs*

**TITLE 10 COMMUNITY DEVELOPMENT**

**PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**CHAPTER 6 ENERGY ASSISTANCE PROGRAMS**

### Subchapters

<b><u>SUBCHAPTER A</u></b>	<b><u>DEPARTMENT OF ENERGY WEATHERIZATION ASSISTANCE PROGRAM (DOE-WAP)</u></b> .....	<i>Page 2</i>
<b><u>SUBCHAPTER B</u></b>	<b><u>LOW INCOME HOME ENERGY ASSISTANCE PROGRAM WEATHERIZATION ASSISTANCE PROGRAM (LIHEAP-WAP)</u></b> .....	<i>Page 15</i>
<b><u>SUBCHAPTER C</u></b>	<b><u>COMPREHENSIVE ENERGY ASSISTANCE PROGRAM (CEAP)</u></b> .....	<i>Page 28</i>

*Adopted to be Effective April 1, 2007*



# Texas Administrative Code

**TITLE 10** COMMUNITY DEVELOPMENT

**PART 1** TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

**CHAPTER 6** ENERGY ASSISTANCE PROGRAMS

**SUBCHAPTER** DEPARTMENT OF ENERGY WEATHERIZATION ASSISTANCE PROGRAM (DOE-WAP)  
**A**

## Rules

- §6.1 Definitions
- §6.2 Program Overview
- §6.3 Distribution of Funds Formula
- §6.4 Subrecipient Eligibility
- §6.5 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria
- §6.6 Eligibility for Multifamily Dwelling Units
- §6.7 Contract Expiration, Termination, and Nonrenewal
- §6.8 Subrecipient Requirements for Appeals Process for Applicants
- §6.9 WAP Policy Advisory Council (WAP PAC)
- §6.10 Liability Insurance
- §6.11 Mold Work Practices
- §6.12 Mold Conditions
- §6.13 Client Education
- §6.14 Adjusted Average Expenditure Per Dwelling Unit
- §6.15 Energy Audit Procedures
- §6.16 Health and Safety
- §6.17 Training and Technical Assistance Carryover Funds
- §6.18 Electric Base Load Measures
- §6.19 Payments to Contractors and Vendors
- §6.20 State Contract Purchases
- §6.21 Subrecipient Reporting Requirements

### **RULE §6.1 Definitions**

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As used in this subchapter:

- (1) CAA--Community Action Agency.
- (2) Children--households with dependents not exceeding 18 years of age.

- (3) Department (the)--the Texas Department of Housing and Community Affairs
- (4) DOE--the United States Department of Energy.
- (5) Dwelling Unit--a house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters.
- (6) EASY--the Department of Energy approved audit software used to determine the cost effectiveness of weatherization measures to be installed on a dwelling unit.
- (7) Elderly Person--a person who is 60 years of age or older.
- (8) Electric base-load measure--weatherization measures which address the energy efficiency and energy usage of lighting and appliances.
- (9) Families with young children--a family unit that includes a child not exceeding 6 years of age.
- (10) High energy burden--is determined by dividing annual home energy costs by annual gross income. The percentage at which energy burden is considered high is defined by data gathered from the State Data Center and updated each year.
- (11) High energy consumption--the household energy consumption exceeding the data collected from the State Data Center and updated each year.
- (12) Household--all persons living together in a dwelling unit.
- (13) Local units of Government--city, county, or council of governments.
- (14) Low Income--that income in relation to family size which:
  - (A) Is at or below 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget;
  - (B) Is the basis on which cash assistance payments have been paid during the preceding twelve month-period under titles IV and XVI of the Social Security Act or applicable State or local law; or
  - (C) If a State elects, is the basis for eligibility for assistance under the Low Income Home Energy Assistance Act of 1981, provided that such basis is at least 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.
- (15) Multifamily Dwelling Unit--a structure containing more than one dwelling unit.
- (16) Persons with Disabilities--any individual who is:
  - (A) a handicapped individual as defined in §7(6) of the Rehabilitation Act of 1973;
  - (B) under a disability as defined in §1614(a)(3)(A) or §223(d)(1) of the Social Security Act or in §102(7) of the Developmental Disabilities Services and Facilities Construction Act; or
  - (C) receiving benefits under chapter 11 or 15 of title 38, U.S.C.
- (17) Rental Unit--a dwelling unit occupied by a person who pays rent for the use of the dwelling unit.
- (18) Single-Family Dwelling Unit--a structure containing no more than one dwelling unit.
- (19) State--the State of Texas.
- (20) Subrecipient--an entity managing a weatherization project which receives a grant of funds awarded.
- (21) 10 CFR 440--the Code of Federal Regulation describing the Weatherization Assistance for Low Income Persons as administered through the Department of Energy.
- (22) WAP--Weatherization Assistance Program.
- (23) Weatherization Material--the material listed in Appendix A of 10 CFR 440.
- (24) Weatherization Project--a project conducted in a single geographical area which undertakes to weatherize dwelling units that are energy inefficient.

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**Source Note:** The provisions of this §6.1 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.2      Program Overview**

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(a) The Energy Assistance Programs are referred to as the Energy Services Program for Low-Income

Individuals in accordance with Texas Government Code, §2306.097. The Department of Energy Weatherization Assistance Program (DOE-WAP) is funded through the U.S. Department of Energy Weatherization Assistance Program for Low Income Persons grant. DOE-WAP offers grants to community action agencies, nonprofits, and local units of government with targeted beneficiaries being households with low incomes, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income; and households with high energy consumption. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.

(b) The program funds the installation of weatherization materials and provides energy conservation education. The program helps to control energy costs to ensure a healthy and safe living environment.

(c) The Department shall administer and implement the program in accordance with DOE rules. LIHEAP weatherization measures may be leveraged with DOE weatherization measures.

(d) The Department retains 5 percent of the annual allocation to administer the program.

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**Source Note:** The provisions of this §6.2 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.3      Distribution of Funds Formula**

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(a) The Department distributes funds to subrecipients by an allocation formula.

(b) This funding formula was developed with input from subrecipients. This formula allocates funds based on the number of low-income households in a service area and takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as follows:

(1) County Non-elderly Poverty Household Factor is defined as the number of Non-elderly Poverty Households in the County divided by the number of Non-elderly Poverty Households in the State.

(2) County Elderly Poverty Household Factor is defined as the number of Elderly Poverty Households in the County divided by the number of Elderly Poverty Households in the State.

(3) County Inverse Poverty Household Density Factor is defined as:

(A) The number of Square Miles of the County divided by the number of Poverty Households of the County (equals the Inverse Poverty Household Density of the County); and

(B) Inverse Poverty Household Density of the County divided by the Sum of Inverse Household Densities.

(4) County Median Income Variance Factor is defined as:

(A) State Median Income minus the County Median Income (equals County Variance); and

(B) County Variance divided by sum of the State County Variances;

(5) County Weather Factor is defined as:

(A) County Heating Degree Days plus the County Cooling Degree Days, multiplied by the Poverty Households, divided by the sum of County Heating & Cooling Degree Days of Counties (equals County Weather); and

(B) County Weather divided by the total sum of the State County Weather.

(c) The five factors carry the following weights in the allocation formula: number of non-elderly poverty households (40 percent), number of poverty households with at least one member who is 65 years of age or older (40 percent), household density as an inverse ratio (5 percent), the median income of the county (5 percent), and a weather factor based on Heating Degree Days and Cooling Degree

Days (10 percent). All demographic factors are based on the 2000 U.S. Census. The formula is as follows:

- (1) County Non-elderly Poverty Household Factor (0.40) plus;
- (2) County Elderly Poverty Household Factor (0.40) plus;
- (3) County Inverse Poverty Household Density Factor (0.05) plus;
- (4) County Median Income Variance Factor (0.05) plus;
- (5) County Weather Factor (0.10);
- (6) Total sum of paragraph (1)-(5) of this subsection multiplied by total funds allocation equals the County's allocation of funds.

(7) The sum of the county allocation within each subrecipient service area equals the subrecipient's total allocation of funds.

(d) Periodically, the Department must shift resources from low-demand regions to high-demand regions of the state. During the sixth month of the program year, the Department will conduct an in-house performance review of all subrecipients. The performance review will include individual subrecipient expenditure rate and households served as specified in the contract of each subrecipient. Based on the review, the Department may deobligate funds from low performing subrecipients and award the funds to high performing subrecipients. Additional DOE funds received during a program year, beyond the regular grant allocation, may be allocated to subrecipients based upon documented need.

(e) The Department is permitted by 10 CFR §440.18, to obligate an additional five (5) percent of DOE-WAP administrative funds to subrecipient DOE-WAP budgets less than \$350,000. In addition to the DOE funds, the Department utilizes Low Income Home Energy Assistance Program (LIHEAP) funds to provide weatherization services. The Department offsets the funds between DOE and LIHEAP budget awards to allow each subrecipient to receive the maximum allowable administrative funds. Using the distribution formula, the Department makes the corresponding adjustments between the DOE and LIHEAP subrecipient budgets to insure the distribution of funds is appropriately distributed by formula.

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**Source Note:** The provisions of this §6.3 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.4      Subrecipient Eligibility**

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(a) Pursuant to DOE 10 CFR §440.15, the Department shall ensure that:

- (1) Each subrecipient is a CAA or other public or nonprofit entity;
- (2) Each subrecipient is selected on the basis of public comment received during a public hearing conducted pursuant to §440.14(a) and other appropriate findings regarding:

(A) The subrecipient's experience and performance in weatherization or housing renovation activities;

(B) The subrecipient's experience in assisting low-income persons in the area to be served; and

(C) The subrecipient's capacity to undertake a timely and effective weatherization program.

(3) In selecting a subrecipient, preference is given to any CAA or other public or nonprofit entity which has, or is currently administering, an effective program under this part or under title II of the Economic Opportunity Act of 1964, with program effectiveness evaluated by consideration of factors including, but not necessarily limited to, the following:

(A) The extent to which the past or current program achieved or is achieving weatherization goals in a timely fashion;

(B) The quality of work performed by the subrecipient;

(C) The number, qualifications, and experience of the staff members of the subrecipient; and

- (D) The ability of the subrecipient to secure volunteers, training participants, public service employment workers, and other Federal or State training programs.
- (b) The Department shall ensure that the funds received under this part will be allocated to the entities selected in accordance with subsection (a) of this section, such that funds will be allocated to areas on the basis of the relative need for a weatherization project by low-income persons.
- (c) If the Department finds that a subrecipient selected to undertake weatherization activities under this part has failed to comply substantially with the provisions of the Act or this part and should be replaced, such finding shall be treated as a finding under §440.30(i) for purposes of §440.30.
- (d) Any new or additional subrecipient shall be selected at a hearing in accordance with §440.14(a) and upon the basis of the criteria in subsection (a) of this section.
- (e) A State may terminate financial assistance under a subgrant agreement for a grant period only in accordance with established State procedures that provide to the subrecipient appropriate notice of the State's reasons for termination and afford the subrecipient an adequate opportunity to be heard.
- (f) The Department administers the program through subrecipients in accordance with 10 CFR §440.15 and State rules. If subrecipients comply with the requirements of the program, the Department may offer to renew the contract.

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**Source Note:** The provisions of this §6.4 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.5      Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria**

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- (a) The subrecipients shall establish the client eligibility level at 125% of the federal poverty level in effect at the time the client makes an application for services. Dwelling units that contain household members who receive SSDI only are not automatically eligible.
- (b) The subrecipients shall establish eligibility and priorities criteria to increase the energy efficiency of dwellings owned or occupied by low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with young children, high residential energy users, and households with high energy burden. High residential energy users and households with high energy burden are considered to be as follows:
- (1) Households with high energy burden. The energy burden is determined by dividing annual home energy costs by annual gross income. The percentage at which energy burden is considered high is defined by data gathered from the State Data Center and updated each year.
  - (2) Households with high energy consumption as determined by using data collected from the State Data Center and updated each year.
- (c) The subrecipients shall follow the Department rules and established state and federal guidelines for determining eligibility for multifamily dwelling units as referenced in §6.6 of this subchapter.
- (d) Subrecipients shall base annualized eligibility determinations on household income from the 30 day period prior to the date of application for assistance. Each subrecipient shall document income from all sources for all household members for the entire 30 day period prior to the date of application and multiply by twelve (12) to annualize income. Income documentation must be collected from all income sources for all household members 18 years and older for the entire 30 day period.
- (e) Subrecipients shall calculate annual income using, at a minimum, applicant's income from the previous 30 day period. In the case of migrant, seasonal, part-time, temporary, or self-employed workers a longer period than 30 days may be used for annualizing income. However, the same method must be used for all similarly situated workers.
- (f) If proof of income is unavailable, the applicant must complete and sign a Declaration of Income Statement (DIS). In order to use the DIS form, each subrecipient shall develop and implement a written

policy and procedure on the use of the DIS form. In developing the policy and procedure, subrecipients shall give consideration to limiting the use of the DIS form to cases where there are serious extenuating circumstances that justify the use of the form. Such circumstances might include crisis situations such as applicants that are affected by natural disaster which prevents the applicant from obtaining income documentation, applicants that flee a home due to physical abuse, applicants who are unable to locate income documentation of a recently deceased spouse, or whose work is migratory or seasonal in nature. The Department will review the written policy and its use during on-site monitoring visits.

(g) Subrecipient shall determine income eligibility.

(1) The following list contains the types of income that are included as income in the definition of income for the purpose of determining the total household income:

- (A) Temporary Assistance for Needy Families (TANF);
- (B) money, wages and salaries before any deductions;
- (C) net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses);
- (D) regular payments from social security;
- (E) railroad retirement;
- (F) unemployment compensation;
- (G) strike benefits from union funds;
- (H) worker's compensation;
- (I) veteran's payments;
- (J) training stipends;
- (K) alimony;
- (L) military family allotments;
- (M) private pensions;
- (N) government employee pensions (including military retirement pay);
- (O) regular insurance or annuity payments; and
- (P) dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts; and net gambling or lottery winnings.

(2) The following is a list that contains the types of income that are excluded from the definition of income:

- (A) Social Security Disability Insurance (SSDI) payments;
- (B) Supplemental Security Income (SSI) payments;
- (C) capital gains; any assets drawn down as withdrawals from a bank;
- (D) the sale of property, a house, or a car;
- (E) one-time payments from a welfare agency to a family or person who is in temporary financial difficulty;
- (F) tax refunds, gifts, loans, and lump-sum inheritances;
- (G) one-time insurance payments, or compensation for injury;
- (H) non-cash benefits, such as the employer-paid or union-paid portion of health insurance or other employee fringe benefits;
- (I) food or housing received in lieu of wages;
- (J) the value of food and fuel produced and consumed on farms;
- (K) the imputed value of rent from owner-occupied non-farm or farm housing;
- (L) federal non-cash benefit programs as Medicare, Medicaid, Food Stamps, and school lunches;
- (M) housing assistance and combat zone pay to the military;
- (N) college scholarships, Pell and other grant sources, assistantships, fellowships and work study; and
- (O) child support payments.

(h) A dwelling unit shall be eligible for weatherization assistance if it is occupied by a family unit which contains a current household member who has received TANF or SSI at anytime during the twelve month period preceding the determination of eligibility. Dwelling units that contain household members who receive SSDI only are not automatically eligible. The eligibility of dwelling units for WAP services can be found in 10 CFR Part §440.22.

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**Source Note:** The provisions of this §6.5 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.6 Eligibility for Multifamily Dwelling Units**

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(a) Dwelling units shall be eligible for weatherization assistance if it is occupied by a family unit which contains a household member who has received TANF or SSI at anytime during the twelve month period preceding the determination of eligibility. Dwelling units that contain household members who receive SSDI only are not automatically eligible. The eligibility of dwelling units for WAP services can be found in 10 CFR Part §440.22.

(b) The substantial investment of weatherization funds required to address multifamily units increases the need for additional quality assurance measures in the WAP. The Department has developed this section to ensure that funds used to weatherize multifamily dwelling units are expended within the scope of established State and Federal guidelines. This section addresses weatherization of multifamily buildings containing more than four but less than 25 dwelling units. Approvals are not required for buildings containing twenty-four dwelling units or less that contain shared central heating and/or cooling systems that use compressed air as a coolant.

(c) DOE approved the use of Energy Audit System (EASY) for use in single family, mobile home, and multifamily buildings with fewer than twenty-five dwelling units. The approval does not cover large multifamily buildings containing twenty-five or more dwelling units or those with shared central heating (i.e. boilers) and/or shared cooling plants (i.e. cooling towers that use water as the coolant). DOE defines a building as a group of dwellings under the same roof.

(d) In order to weatherize large multifamily buildings containing twenty-five or more dwelling units or those with shared central heating (i.e. boilers) and/or shared cooling plants (i.e. cooling towers that use water as the coolant) regardless of the number of dwelling units, subrecipients shall submit in writing a request for approval from the Department. In turn, the Department will seek approval from DOE. Approvals from DOE must be received prior to the installation of any weatherization measures in this type of structure.

(e) In order to weatherize shelters, subrecipients shall submit a written request for approval from the Department. Approvals from the Department must be received prior to the installation of any weatherization measures.

(f) If roof replacement is to be considered as part of repair cost under the weatherization process, the expenses must be shared equally by all eligible units weatherized under the same roof. If multiple storied buildings are weatherized, eligible ground story units must be allocated a portion of the roof cost as well as the eligible top story units. All weatherization measures installed in multifamily units must meet the standards set in 10 CFR §440.18(c)(9) and §(15) and Appendix A--Standards for Weatherization Materials, and meet a savings-to-investment ratio of one or greater on the EASY Audit. DOE specifically addresses the eligibility of multifamily units in 10 CFR §440.22 (a)-(d).

(g) WAP subrecipients shall establish a multifamily master file for each multifamily project in addition to the individual unit requirements found in the record keeping requirement section of the contract. Subrecipients shall maintain a multifamily master file for each complex weatherized. The multifamily master file must include, at a minimum, the following forms:

(1) Multifamily Pre-Project Checklist Form;

- (2) Multifamily Post-Project Checklist Form;
- (3) Permission to Perform an Assessment for Multifamily Project Form;
- (4) Landlord Agreement Form;
- (5) Landlord Financial Participation Form; and
- (6) Significant Data Required in all Multifamily Project.

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**Source Note:** The provisions of this §6.6 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.7      Contract Expiration, Termination, and Nonrenewal**

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- (a) If available, DOE-WAP grant funds shall be expended in a timely and effective manner, and services provided must be effective and in full compliance with federal and state requirements.
- (b) The Department may continue to administer the program through the existing subrecipients that have demonstrated that they are operating the program in accordance with 10 CFR §440.15 and state regulations through contract renewal.
- (c) If a subrecipient does not comply with the program requirements, the Department may terminate a contract, in whole or in part, in accordance with 10 CFR §440.15, before the expiration date if:
  - (1) The Department and the subrecipient mutually agree to terminate the contract;
  - (2) Either the Department or the subrecipient provides the other party 30 days written notice that the notifying party intends to terminate the contract;
  - (3) Federal or state laws are changed to reduce or terminate the program;
  - (4) The subrecipient ceases to operate the program without the Department's approval; or
  - (5) The subrecipient does not comply with the terms of the contract or the negotiated service improvement agreement.
- (d) Failure to submit an annual financial and compliance audit, in accordance with the Single Audit Act Amendments of 1996 in a timely manner, shall result in immediate suspension of payments to the subrecipient and may result in termination and/or nonrenewal of contracts.
- (e) Failure to implement proper compliance with materials requirements and the correct installation of materials shall result in contract termination.
- (f) The Department shall send the subrecipient a written notice when a contract is terminated. The subrecipient has the right to appeal this action within 15 days of receiving the notice.
- (g) Subrecipient shall not be relieved of any liability for damages due to the Department by virtue of any prior or future breach of their contract.
- (h) Financial audits resulting in unresolved disallowed costs, and/or unresolved reportable conditions shall result in termination or nonrenewal of contracts.
- (i) The Department shall not be liable for any costs incurred by subrecipient after termination or during the suspension of their contract.
- (j) Subrecipients shall follow the Department guidelines regarding the use of the approved energy audit and blower door technology.
- (k) Subrecipients shall be required to incorporate and implement the Texas Weatherization Field Guide and the Texas Mechanical Systems Field Guide.

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**Source Note:** The provisions of this §6.7 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.8      Subrecipient Requirements for Appeals Process for Applicants**



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- (a) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) days of the adverse determination. If the denial is for any reason other than DOE reweatherization, as specified in 10 CFR 440, the subrecipient will notify the applicant of the adverse determination. This notification shall include written instructions of the appeals process and specific reasons for the denial by component. The applicants wishing to appeal a decision must provide written notice to subrecipient within 10 days of receipt of the denial notice.
  - (b) The subrecipient who receives an appeal shall establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their client files.
  - (c) The subrecipient shall hold the appeal hearing within ten business days after the subrecipient received the appeal request from the applicant.
  - (d) The subrecipient shall tape record the hearing.
  - (e) The hearing shall allow time for a statement by subrecipient staff with knowledge of the case.
  - (f) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.
  - (g) Subrecipient shall notify applicant of the decision in writing. The subrecipient shall mail the notification by close of business on the business day following the decision. (1 day turn-around)
  - (h) If the applicant is not satisfied, they may further appeal the decision in writing to the Department within ten days of notification of an adverse decision.
  - (i) If client appeals to the Department, the subrecipient must retain the maximum allowable cost per unit until the Department renders a decision.
  - (j) The Department may review the tape recording of the hearing, the committee's decision, and any other relevant information necessary.
  - (k) The Department appeals committee shall decide the case and forward their recommendation to the Division Director for final concurrence.
  - (l) The Department will notify all parties in writing of its decision within 30 days of receipt of the appeal.
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**Source Note:** The provisions of this §6.8 adopted to be effective April 1, 2007, 32 TexReg 1728

### **RULE §6.9      WAP Policy Advisory Council (WAP PAC)**

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- (a) In accordance with Texas Government Code §§2110.005, the Department shall establish a State policy advisory council, in accordance with 10 CFR §440.17 and Texas Government Code, Chapter 2110, prior to the expenditure of any grant funds.
  - (b) The policy advisory council shall meet at least once a year to review the program plan and provide advice to the Department and meet as needed throughout the year to provide advice when it is requested.
    - (1) The WAP PAC may also meet as necessary in person, by telephone, or via electronic means to provide the Governing Board or Department guidance and advice with respect to the development and implementation of the weatherization assistance program and its activities; and
    - (2) The WAP PAC will cause minutes of any meetings or telephone conferences to be taken and forwarded to the Department or Governing Board.
  - (c) All meetings shall be held in accordance with Texas Government Code Chapter 551.
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**Source Note:** The provisions of this §6.9 adopted to be effective April 1, 2007, 32 TexReg 1728

**RULE §6.10 Liability Insurance**

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- (a) All subrecipient weatherization work shall be covered by liability insurance. Pollution Occurrence Insurance should be a part of, or an addendum to, general liability insurance. The Department includes funds in the subrecipient budgets for the subrecipients to purchase liability insurance and pollution occurrence insurance as required by DOE.
- (b) Subrecipients shall review and maintain their existing policies at least as frequently as contracts are awarded, to ensure that they and their contractors have adequate insurance coverage for all units to be weatherized.
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**Source Note:** The provisions of this §6.10 adopted to be effective April 1, 2007, 32 TexReg 1728

**RULE §6.11 Mold Work Practices**

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- (a) The Department may provide Mold Work Practices training methodology to all subrecipients.
- (b) The Department may provide Mold Work Practices to new subrecipient hires on an on-going basis.
- (c) The subrecipients shall be responsible for providing the training to their weatherization contractors.
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**Source Note:** The provisions of this §6.11 adopted to be effective April 1, 2007, 32 TexReg 1728

**RULE §6.12 Mold Conditions**

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- (a) If the subrecipient's energy auditor discovers a mold condition which the weatherization contractor cannot adequately address, then the unit shall be referred to the appropriate public agency for remedial action.
- (b) The subrecipient shall provide the applicant written notification that their home cannot, at this time, be weatherized and why. They should also be informed of which agency they should contact to report the mold condition. The applicant should be advised that when the mold issue is resolved they may reapply for weatherization.
- (c) If the energy auditor determines that the mold is treatable and covers less than the 25 contiguous square feet limit allowed to be addressed by the Department of State Health Services guidelines, the subrecipient shall notify the applicant of the existence of the mold and potential health hazards, the proposed action to eliminate the mold, and that no guarantee is offered that the mold will be eliminated and that the mold may return. The auditor must obtain written approval from the applicant to proceed with the weatherization work.
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**Source Note:** The provisions of this §6.12 adopted to be effective April 1, 2007, 32 TexReg 1728

**RULE §6.13 Client Education**

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The subrecipients shall provide client education to each WAP client on energy conservation practices. Subrecipients shall provide education to identify energy waste, manage household energy use, and strategies to promote energy savings. Subrecipients are encouraged to use oral, written, and visual educational materials. These activities are paid with the Department's training and technical assistance

funds and the subrecipients' program support funds.

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**Source Note:** The provisions of this §6.13 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.14      Adjusted Average Expenditure Per Dwelling Unit**

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Expenditures of financial assistance provided under DOE-WAP funding for the weatherization services for labor, weatherization materials, and related matters shall not exceed the adjusted average expenditure limit for the current program year per dwelling unit as provided by DOE, without special agreement via an approved waiver from the Department.

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**Source Note:** The provisions of this §6.14 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.15      Energy Audit Procedures**

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- (a) The Department may set and modify as necessary the allowable Savings-to-Investment Ratio (SIR) for the energy audit procedures to determine the installation of allowable weatherization measures. The weatherization measures must result in energy cost savings over the lifetime of the measure(s), discounted to present value, that equal or exceed the cost of materials, and installation.
- (b) The EASY Audit (EASY) has been approved by DOE for use on single family dwellings, mobile homes, and multi-family buildings containing 24 or fewer units.
- (c) EASY has not been approved for multi-family buildings containing 25 or more units. Since Texas subrecipients rarely propose to weatherize a building with 25 or more units, the Department will acquire a DOE approved energy audit for use in auditing multi-family buildings containing 25 or more units.

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**Source Note:** The provisions of this §6.15 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.16      Health and Safety**

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- (a) Subrecipients shall provide weatherization services with the primary goal of energy efficiency. The Department considers establishing a healthy and safe home environment to be important to ensuring that energy savings result from weatherization work.
- (b) It is the policy of the Department that if health and safety issues identified on an individual unit (which would be exacerbated by any weatherization work performed) cannot be abated within the allowable WAP limits, the unit shall be denied services.
- (c) The Department has determined that repair/replacement windows which do not rank with a SIR of one or greater on the audit may be repaired/replaced, if deemed a threat to health and safety. To be eligible for repair/replacement, broken window panes must pose a potential hazardous condition to the client and/or workers. Documentation for replacement must include a clear comprehensible photo showing the hazardous conditions to the occupants. Failure to provide a photo will result in disallowed costs. Slightly cracked window panes do not constitute a hazardous condition.
- (d) The Department has determined that repair/replacement doors which do not rank with an SIR of one or greater on the audit, may be repaired/replaced, if deemed a threat to health and safety. To be eligible for repair/replacement the doors must be unable to protect the client from outside elements or

unwanted intruders. Documentation for replacement must include a clear comprehensible photo evidencing the hazardous conditions to the occupants. Documentation must be submitted to the assigned Department program officer for approval. The absence of deadbolt locks does not constitute a hazardous health and safety condition by itself.

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**Source Note:** The provisions of this §6.16 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.17      Training and Technical Assistance Carryover Funds**

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- (a) Training and technical assistance funds, allocation figure as provided by DOE, shall not be used to purchase vehicles or equipment for local agencies to perform weatherization services.
- (b) Should unexpended training and technical assistance funds remain at the end of the program year, the Department may require these funds to be used to weatherize homes during the following year.
- (c) If the Department determines these funds are needed for training and technical assistance, DOE can waive this provision if necessary. If this is the case, the Department will provide justification to DOE of the necessity to carryover these funds into the new program year and that they be included as a part of the new training and technical assistance budget.

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**Source Note:** The provisions of this §6.17 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.18      Electric Base Load Measures**

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DOE has approved the inclusion of selected Electric Base Load (EBL) measures as part of the weatherization of eligible residential units. EBL measures must be determined cost effective with an SIR of one or greater by either audit analysis or separate DOE approved analytical tools.

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**Source Note:** The provisions of this §6.18 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.19      Payments to Contractors and Vendors**

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- (a) A vendor agreement is required by the Department and implemented via the subrecipient. The vendor agreement shall contain assurances as to fair billing practices, delivery procedures, and pricing procedures for business transactions involving DOE recipients.
- (b) Subrecipient shall maintain proof of payment to contractors and vendors.

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**Source Note:** The provisions of this §6.19 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.20      State Contract Purchases**

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- (a) Subrecipients shall comply with the Department rules and state procurement standards regarding competitive solicitation of bids for materials, labor, and equipment and shall adhere to guidelines for selection and award of subcontracts.
- (b) Subrecipient shall develop and implement procurement procedures, which conform to the cost principles and uniform administrative requirements set forth in the Uniform Grant and Contract

Management Standards, 1 TAC §5.141 et seq.

(c) The State of Texas conducts competitive solicitations to identify equipment and material vendors to provide specified merchandise at discounted prices to State agencies and their contracted agents. Unless a local vendor is identified through a competitive solicitation who will provide equal or better materials and services at the same price or less, subrecipients shall purchase any equipment, materials, or services paid for with DOE funds from a vendor participating in the Texas Building and Procurement Commission's Cooperative Purchasing Program.

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**Source Note:** The provisions of this §6.20 adopted to be effective April 1, 2007, 32 TexReg 1728

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**RULE §6.21      Subrecipient Reporting Requirements**

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(a) The subrecipient shall electronically submit to the Department a monthly Funding Report of all expenditure of funds, request for advance or reimbursement, and a monthly performance report no later than fifteen (15) days after the end of each month.

(b) The subrecipient shall electronically submit to the Department no later than sixty (60) days after the end of the subrecipient contract term a final expenditure or reimbursement and programmatic report utilizing the Funding Report.

(c) The subrecipient shall submit to the Department no later than sixty (60) days after the end of the contract term an inventory of all vehicles, tools, and equipment with a unit acquisition cost of \$5,000 or more and a useful life of more than one year, if purchased in whole or in part with DOE-WAP funds.

(d) The subrecipient shall submit other reports, data, and information on the performance of the DOE-WAP program activities as required by DOE pursuant to 10 CFR §440.25 or by the Department.

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**Source Note:** The provisions of this §6.21 adopted to be effective April 1, 2007, 32 TexReg 1728

# Texas Administrative Code

**TITLE 10** COMMUNITY DEVELOPMENT  
**PART 1** TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
**CHAPTER 6** ENERGY ASSISTANCE PROGRAMS  
**SUBCHAPTER** LOW INCOME HOME ENERGY ASSISTANCE PROGRAM  
**B** WEATHERIZATION ASSISTANCE PROGRAM (LIHEAP-WAP)

## Rules

- §6.101 Definitions
- §6.102 Program Overview
- §6.103 Distribution of Funds Formula
- §6.104 Subrecipient Eligibility
- §6.105 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria
- §6.106 Eligibility for Multifamily Dwelling Units
- §6.107 Contract Expiration, Termination, and Nonrenewal
- §6.108 Subrecipient Requirements for Appeals Process for Applicants
- §6.109 Liability Insurance
- §6.110 Mold Work Practices
- §6.111 Mold Conditions
- §6.112 Client Education
- §6.113 Allowable Expenditure Per Dwelling Unit
- §6.114 Energy Audit Procedures
- §6.115 Energy Repairs
- §6.116 Health and Safety
- §6.117 Electric Base Load Measures
- §6.118 Payments to Contractors and Vendors
- §6.119 State Contract Purchases
- §6.120 Outreach and Accessibility
- §6.121 Subrecipient Reporting Requirements

### **RULE §6.101 Definitions**

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As used in this subchapter:

- (1) CAA--Community Action Agency.
- (2) Children--households with dependents not exceeding 18 years of age.
- (3) Department (the)--the Department of Housing and Community Affairs.

- (4) DOE--the United States Department of Energy.
- (5) Dwelling Unit--a house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters.
- (6) EASY--the Department of Energy approved audit software used to determine the cost effectiveness of weatherization measures to be installed on a dwelling unit.
- (7) Elderly Person--a person who is 60 years of age or older.
- (8) Electric base-load measure--weatherization measures which address the energy efficiency and energy usage of lighting and appliances.
- (9) Energy Repairs--weatherization related repairs necessary to protect or complete regular weatherization energy efficiency measures.
- (10) Families with young children--a family unit that includes a child not exceeding 6 years of age.
- (11) High energy burden--is determined by dividing annual home energy costs by annual gross income. The percentage at which energy burden is considered high is defined by data gathered from the State Data Center and updated each year.
- (12) High energy consumption--the household energy consumption exceeding the data collected from the State Data Center and updated each year.
- (13) Household--all persons living together in a dwelling unit.
- (14) Local unit of Government--city, county, or council of governments.
- (15) Low Income--that income in relation to family size which:
  - (A) Is at or below 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget;
  - (B) Is the basis on which cash assistance payments have been paid during the preceding twelve month-period under titles IV and XVI of the Social Security Act or applicable State or local law; or
  - (C) If a State elects, is the basis for eligibility for assistance under the Low Income Home Energy Assistance Act of 1981, provided that such basis is at least 125 percent of the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget.
- (16) Multifamily Dwelling Unit--a structure containing more than one dwelling unit.
- (17) Persons with Disabilities--any individual who is:
  - (A) a handicapped individual as defined in §7(6) of the Rehabilitation Act of 1973;
  - (B) under a disability as defined in §1614(a)(3)(A) or §223(d)(1) of the Social Security Act or in §102(7) of the Developmental Disabilities Services and Facilities Construction Act; or
  - (C) receiving benefits under chapter 11 or 15 of title 38, U.S.C.
- (18) Rental Unit--a dwelling unit occupied by a person who pays rent for the use of the dwelling unit.
- (19) Single-Family Dwelling Unit--a structure containing no more than one dwelling unit.
- (20) State--the State of Texas.
- (21) Subrecipient--an entity managing a weatherization project which receives a grant of funds awarded.
- (22) 10 CFR 440--the Code of Federal Regulation describing the Weatherization Assistance for Low Income Persons as administered through the Department of Energy.
- (23) WAP--Weatherization Assistance Program.
- (24) Weatherization Material--the material listed in Appendix A of 10 CFR 440.
- (25) Weatherization Project--a project conducted in a single geographical area which undertakes to weatherize dwelling units that are energy inefficient.

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**Source Note:** The provisions of this §6.101 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.102      Program Overview**

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- (a) The Energy Assistance Programs are referred to as the Energy Services Program for Low-Income Individuals in accordance with Texas Government Code, §2306.097. The Low Income Home Energy Assistance Program Weatherization Assistance Program (LIHEAP-WAP) is funded through the U.S. Department of Health and Human Services' Low Income Home Energy Assistance Program (LIHEAP) grant. LIHEAP-WAP offers grants to community action agencies, nonprofits, and local units of government with targeted beneficiaries being households with low incomes, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income; and households with high energy consumption. In addition to meeting the income-eligibility criteria, the weatherization measures to be installed must meet specific energy-savings goals.
- (b) The program funds the installation of weatherization materials and provides energy conservation education. The program helps to control energy costs to ensure a healthy and safe living environment.
- (c) The Department shall administer and implement the program in accordance with a combination of LIHEAP and DOE rules. LIHEAP weatherization measures may be leveraged with DOE weatherization measures.
- (d) The Department will reserve 15 percent of the federal LIHEAP grant award funds for the LIHEAP-WAP weatherization related activities. The state and local administrative costs associated with administering the weatherization program under LIHEAP shall not exceed 10 percent.
- (e) The Department will reserve 75 percent of the federal LIHEAP grant award funds to implement the Comprehensive Energy Assistance Program (CEAP) activities.
- (f) The Department retains a maximum of 10% of the federal LIHEAP grant award funds for subrecipients' and the Department's administrative funds for LIHEAP-WAP and CEAP.

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**Source Note:** The provisions of this §6.102 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.103      Distribution of Funds Formula**

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- (a) The Department distributes funds to subrecipients by an allocation formula.
- (b) This funding formula was developed with input from subrecipients. This formula allocates funds based on the number of low-income households in a service area and takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as follows:
- (1) County Non-elderly Poverty Household Factor is defined as the number of Non-elderly Poverty Households in the County divided by the number of Non-elderly Poverty Households in the State.
  - (2) County Elderly Poverty Household Factor is defined as the number of Elderly Poverty Households in the County divided by the number of Elderly Poverty Households in the State.
  - (3) County Inverse Poverty Household Density Factor is defined as:
    - (A) The number of Square Miles of the County divided by the number of Poverty Households of the County (equals the Inverse Poverty Household Density of the County); and
    - (B) Inverse Poverty Household Density of the County divided by the Sum of Inverse Household Densities.
  - (4) County Median Income Variance Factor is defined as:
    - (A) State Median Income minus the County Median Income (equals County Variance); and
    - (B) County Variance divided by sum of the State County Variances.



(5) County Weather Factor is defined as:

(A) County Heating Degree Days plus the County Cooling Degree Days, multiplied by the Poverty Households, divided by the sum of County Heating & Cooling Degree Days of Counties (equals County Weather); and

(B) County Weather divided by the total sum of the State County Weather.

(c) The five factors carry the following weights in the allocation formula: number of non-elderly poverty households (40 percent), number of poverty households with at least one member who is 65 years of age or older (40 percent), household density as an inverse ratio (5 percent), the median income of the county (5 percent), and a weather factor based on Heating Degree Days and Cooling Degree Days (10 percent). All demographic factors are based on the 2000 U.S. Census. The formula is as follows:

(1) County Non-elderly Poverty Household Factor (0.40) plus;

(2) County Elderly Poverty Household Factor (0.40) plus;

(3) County Inverse Poverty Household Density Factor (0.05) plus;

(4) County Median Income Variance Factor (0.05) plus;

(5) County Weather Factor (0.10);

(6) Total sum of paragraphs (1)-(5) of this subsection multiplied by total funds allocation equals the County's allocation of funds.

(7) The sum of the county allocation within each subrecipient service area equals the subrecipient's total allocation of funds.

(d) Periodically, the Department management must shift resources from low-demand regions to high-demand regions of the state. During the sixth month of the program year, the Department will conduct an in-house performance review of all subrecipients. The performance review will include individual subrecipient expenditure rate and households served as specified in the contract. Based on the review, the Department may deobligate funds from low performing subrecipients and award the funds to high performing subrecipients. Additional LIHEAP funds received during a program year, beyond the regular grant allocation, may be allocated to subrecipient based upon documented need.

(e) The Department is allowed, in accordance with 10 CFR §440.18, to provide an additional five (5) percent of U.S. Department of Energy (DOE) Weatherization Assistance Program (DOE-WAP) administrative funds for subrecipient DOE-WAP budgets less than \$350,000. The Department offsets the funds between DOE and LIHEAP budget awards to allow each subrecipient to receive the maximum allowable administrative funds. The Department makes the corresponding adjustments between the DOE and LIHEAP subrecipient budgets to insure the distribution of funds is appropriately distributed by formula.

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**Source Note:** The provisions of this §6.103 adopted to be effective April 1, 2007, 32 TexReg 1734

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### **RULE §6.104 Subrecipient Eligibility**

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(a) Pursuant to Low-Income Home Energy Assistance Act of 1981, the Department shall ensure that: To the extent it is necessary to designate local administrative agencies in order to carry out the purposes of this title, to give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that:

(1) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and

(2) if there is no such agency because of any change in the assistance furnished to programs for

economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made.

(b) The Department administers the program through the existing subrecipients that have demonstrated that they are operating the program under the Economic Opportunity Act of 1964, the Low-Income Home Energy Assistance Act of 1981 as amended (42 U.S.C. §6861 et seq.), and in accordance with 10 CFR §440.15 and State rules. If subrecipients are successfully administering the program, the Department may offer to renew the contract.

(c) When the Department determines that an organization is not administering the program satisfactorily, corrective actions are taken to remedy the problem. Thereafter, if subrecipient fails to administer the program correctly, the Department reassigns the service area or a portion to another existing subrecipient or conducts solicitation or selection of a new subrecipient in accordance with the Low-Income Home Energy Assistance Act of 1981 and 10 CFR §440.15.

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**Source Note:** The provisions of this §6.104 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.105      Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria**

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(a) The subrecipients shall establish the client eligibility level at 125% of the federal poverty level in effect at the time the client makes an application for services. Dwelling units that contain household members who receive SSDI only are not automatically eligible.

(b) The subrecipients shall establish eligibility and priorities criteria to increase the energy efficiency of dwellings owned or occupied by low-income persons who are particularly vulnerable such as the elderly, persons with disabilities, families with young children, high residential energy users, and households with high energy burden. High residential energy users and households with high energy burden are considered to be as follows:

(1) Households with high energy burden. The energy burden is determined by dividing annual home energy costs by annual gross income. The percentage at which energy burden is categorized as high is defined by data gathered from the State Data Center and updated each year.

(2) Households with high energy consumption, as determined by using data collected from the State Data Center and updated each year.

(c) The subrecipients shall follow the Department rules and established state and federal guidelines for determining eligibility for multifamily dwelling units as referenced in §6.106 of this subchapter.

(d) Subrecipients shall base annualized eligibility determinations on household income from the 30 day period prior to the date of application for assistance. Each subrecipient shall document income from all sources for all household members for the entire 30 day period prior to the date of application and multiply by twelve (12) to annualize income. Income documentation must be collected from all income sources for all household members 18 years and older for the entire 30 day period.

(e) Subrecipients shall calculate annual income using, at a minimum, applicant's income from the previous 30 day period. In the case of migrant, seasonal, part-time, temporary, or self-employed workers, a longer period than 30 days may be used for annualizing income. However, the same method must be used for all similarly situated workers.

(f) If proof of income is unavailable, the applicant must complete and sign a Declaration of Income Statement (DIS). In order to use the DIS form, each subrecipient shall develop and implement a written policy and procedure on the use of the DIS form. In developing the policy and procedure, subrecipients shall give consideration to limiting the use of the DIS form to cases where there are serious

extenuating circumstances that justify the use of the form. Such circumstances might include crisis situations such as applicants that are affected by natural disaster which prevents the applicant from obtaining income documentation, applicants that flee a home due to physical abuse, applicants who are unable to locate income documentation of a recently deceased spouse, or whose work is migratory or seasonal in nature. The Department will review the written policy and its use during on-site monitoring visits.

(g) Subrecipient shall determine income eligibility.

(1) The following list contains the types of income that are included as income in the definition of income for the purpose of determining the total household income:

- (A) Temporary Assistance for Needy Families (TANF);
- (B) money, wages and salaries before any deductions;
- (C) net receipts from non-farm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses);
- (D) regular payments from social security;
- (E) railroad retirement;
- (F) unemployment compensation;
- (G) strike benefits from union funds;
- (H) worker's compensation;
- (I) veteran's payments;
- (J) training stipends;
- (K) alimony;
- (L) military family allotments;
- (M) private pensions;
- (N) government employee pensions (including military retirement pay);
- (O) regular insurance or annuity payments; and
- (P) dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts; and net gambling or lottery winnings.

(2) The following is a list that contains the types of income that are excluded from the definition of income:

- (A) Social Security Disability Insurance (SSDI) payments;
- (B) Supplemental Security Income (SSI) payments;
- (C) capital gains; any assets drawn down as withdrawals from a bank;
- (D) the sale of property, a house, or a car;
- (E) one-time payments from a welfare agency to a family or person who is in temporary financial difficulty;
- (F) tax refunds, gifts, loans, and lump-sum inheritances;
- (G) one-time insurance payments, or compensation for injury;
- (H) non-cash benefits, such as the employer-paid or union-paid portion of health insurance or other employee fringe benefits;
- (I) food or housing received in lieu of wages;
- (J) the value of food and fuel produced and consumed on farms;
- (K) the imputed value of rent from owner-occupied non-farm or farm housing;
- (L) federal non-cash benefit programs as Medicare, Medicaid, Food Stamps, and school lunches;
- (M) housing assistance and combat zone pay to the military;
- (N) college scholarships, Pell and other grant sources, assistantships, fellowships and work study; and
- (O) child support payments.

(h) A dwelling unit shall be eligible for weatherization assistance if it is occupied by a family unit which contains a current household member who has received TANF or SSI at anytime during the

twelve month period preceding the determination of eligibility. Dwelling units that contain household members who receive SSDI only are not automatically eligible. The eligibility of dwelling units for WAP services can be found in 10 CFR Part §440.22.

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**Source Note:** The provisions of this §6.105 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.106      Eligibility for Multifamily Dwelling Units**

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(a) A dwelling unit shall be eligible for weatherization assistance if it is occupied by a family unit which contains a household member who has received TANF or SSI at anytime during the twelve month period preceding the determination of eligibility. Dwelling units that contain household members who receive SSDI only are not automatically eligible. The eligibility of dwelling units for WAP services can be found in 10 CFR Part §440.22.

(b) The substantial investment of weatherization funds required to address multifamily units increases the need for additional quality assurance measures in the WAP. The Department has developed this section to ensure that funds used to weatherize multifamily dwelling units are expended within the scope of established State and Federal guidelines. This section addresses weatherization of multifamily buildings containing more than four (4) but less than 25 dwelling units. Approvals are not required for buildings containing twenty-four dwelling units or less that contain shared central heating and/or cooling systems that use compressed air as a coolant.

(c) DOE approved the use of Energy Audit System (EASY) for use in single family, mobile home, and multifamily buildings with fewer than twenty-five dwelling units. The approval does not cover large multifamily buildings containing twenty-five or more dwelling units or those with shared central heating (i.e. boilers) and/or shared cooling plants (i.e. cooling towers that use water as the coolant). DOE defines a building as a group of dwellings under the same roof.

(d) In order to weatherize large multifamily buildings containing twenty-five or more dwelling units or those with shared central heating (i.e. boilers) and/or shared cooling plants (i.e. cooling towers that use water as the coolant) regardless of the number of dwelling units, subrecipients shall submit in writing a request for approval from the Department. In turn, the Department will seek approval from DOE. Approvals from DOE must be received prior to the installation of any weatherization measures.

(e) In order to weatherize shelters, subrecipients shall submit a written request for approval from the Department. Approvals from the Department must be received prior to the installation of any weatherization measures.

(f) Subrecipients are reminded that if roof replacement is to be considered as part of repair cost under the weatherization process, the expenses shall be shared equally by all eligible units weatherized under the same roof. If multiple storied buildings are weatherized, eligible ground story units must be allocated a portion of the roof cost as well as the eligible top story units. All weatherization measures installed in multifamily units must meet the standards set in 10 CFR §440.18(c)(9) and (15) and Appendix A--Standards for Weatherization Materials, and meet a savings-to-investment ratio of one (1) or greater on the EASY Audit. DOE specifically addresses the eligibility of multifamily units in 10 CFR §440.22 (a)-(d).

(g) WAP subrecipients shall establish a multifamily master file for each multifamily project in addition to the individual unit requirements found in the record keeping requirement section of the contract. Subrecipients shall maintain a multifamily master file for each complex weatherized. The multifamily master file must include, at a minimum, the following forms:

- (1) Multifamily Pre-Project Checklist Form;
- (2) Multifamily Post-Project Checklist Form;
- (3) Permission to Perform an Assessment for Multifamily Project Form;

- (4) Landlord Agreement Form;
- (5) Landlord Financial Participation Form; and
- (6) Significant Data Required in all Multifamily Project.

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**Source Note:** The provisions of this §6.106 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.107      Contract Expiration, Termination, and Nonrenewal**

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- (a) If available, LIHEAP-WAP grant funds shall be expended in a timely and effective manner, and services provided must be effective and in full compliance with federal and state requirements.
- (b) The Department may continue to administer the program through the existing subrecipients that have demonstrated that they are operating the program in accordance with the Low-Income Home Energy Assistance Act of 1981, 10 CFR §440.15, and state regulations through contract renewal.
- (c) If a subrecipient does not comply with the program requirements, the Department may terminate a contract, in whole or in part, in accordance with the Low-Income Home Energy Assistance Act of 1981, 10 CFR §440.15, before the expiration date if:
  - (1) The Department and the subrecipient mutually agree to terminate the contract;
  - (2) Either the Department or the subrecipient provides the other party 30 days written notice that the notifying party intends to terminate the contract;
  - (3) Federal or state laws are changed to reduce or terminate the program;
  - (4) The subrecipient ceases to operate the program without the Department's approval; or
  - (5) The subrecipient does not comply with the terms of the contract or the negotiated service improvement agreement.
- (d) Failure to submit an annual financial and compliance audit, in accordance with the Single Audit Act Amendments of 1996 in a timely manner, shall result in immediate suspension of payments to the subrecipient and may result in termination and/or nonrenewal of contracts.
- (e) Failure to implement proper compliance with materials requirements and the correct installation of materials shall result in contract termination.
- (f) The Department shall send the subrecipient a written notice when a contract is terminated. The subrecipient has the right to appeal this action within 15 days of receiving the notice.
- (g) Subrecipient shall not be relieved of any liability for damages due to the Department by virtue of any prior or future breach of their contract.
- (h) Financial audits resulting in unresolved disallowed costs, and/or unresolved reportable conditions shall result in termination or nonrenewal of contracts.
- (i) The Department shall not be liable for any costs incurred by subrecipient after termination or during the suspension of their contract.
- (j) Subrecipients shall follow TDHCA guidelines regarding the use of the approved energy audit and blower door technology.
- (k) Subrecipients shall be required to incorporate and implement the Texas Weatherization Field Guide and the Texas Mechanical Systems Field Guide standards as required by program policy.

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**Source Note:** The provisions of this §6.107 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.108      Subrecipient Requirements for Appeals Process for Applicants**

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- (a) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) days of

the adverse determination. If the denial is for any reason other than DOE reweatherization, as specified in 10 CFR 440, the subrecipient will notify the applicant of the adverse determination. This notification shall include written instructions of the appeals process and specific reasons for the denial by component. The applicants wishing to appeal a decision must provide written notice to subrecipient within 10 days of receipt of the denial notice.

- (b) The subrecipient who receives an appeal shall establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their client files.
- (c) The subrecipient shall hold the appeal hearing within ten business days after the subrecipient received the appeal request from the applicant.
- (d) The subrecipient shall tape record the hearing.
- (e) The hearing shall allow time for a statement by subrecipient staff with knowledge of the case.
- (f) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.
- (g) Subrecipient shall notify applicant of the decision in writing. The subrecipient shall mail the notification by close of business on the business day following the decision. (1 day turn-around)
- (h) If the applicant is not satisfied, they may further appeal the decision in writing to the Department within ten days of notification of an adverse decision.
- (i) If client appeals to the Department, the funds should remain encumbered until the Department completes its decision.
- (j) The Department may review the tape recording of the hearing, the committee's decision, and any other relevant information necessary.
- (k) The Department appeals committee shall decide the case and forward their recommendation to the Division Director for final concurrence.
- (l) The Department will notify all parties in writing of its decision within 30 days of receipt of the appeal.

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**Source Note:** The provisions of this §6.108 adopted to be effective April 1, 2007, 32 TexReg 1734

**RULE §6.109      Liability Insurance**

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- (a) All subrecipient weatherization work shall be covered by liability insurance through DOE-WAP funds. Pollution Occurrence Insurance should be a part of, or an addendum to, general liability insurance. The Department includes funds in the DOE-WAP subrecipient budgets for the subrecipients to purchase liability insurance and pollution occurrence insurance as required for all units to be weatherized, including LIHEAP-WAP units.
  - (b) Subrecipients shall review and maintain their existing policies at least as frequently as contracts are awarded, to ensure that they and their contractors have adequate insurance coverage for all units to be weatherized.

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**Source Note:** The provisions of this §6.109 adopted to be effective April 1, 2007, 32 TexReg 1734

**RULE §6.110      Mold Work Practices**

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- (a) The Department may provide Mold Work Practices training methodology to all subrecipients.
  - (b) The Department may provide Mold Work Practices to new subrecipient hires on an on-going basis.
  - (c) The subrecipients shall be responsible for providing the training to their weatherization contractors.
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**Source Note:** The provisions of this §6.110 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.111      Mold Conditions**

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- (a) If the subrecipient's energy auditor discovers a mold condition which the weatherization contractor cannot adequately address, then the unit shall be referred to the appropriate public agency for remedial action.
- (b) The subrecipient shall provide the applicant written notification that their home cannot, at this time, be weatherized and why. They should also be informed of which agency they should contact to report the mold condition. The applicant should be advised that when the mold issue is resolved they may reapply for weatherization.
- (c) If the energy auditor determines that the mold is treatable and covers less than the 25 contiguous square feet limit allowed to be addressed by the Department of State Health Services' guidelines, the subrecipient shall notify the applicant of the existence of the mold and potential health hazards, the proposed action to eliminate the mold, and that no guarantee is offered that the mold will be eliminated and that the mold may return. The auditor must obtain written approval from the applicant to proceed with the weatherization work.

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**Source Note:** The provisions of this §6.111 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.112      Client Education**

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The subrecipients shall provide client education to each WAP client on energy conservation practices. Subrecipients shall provide education to identify energy waste, manage household energy use, and strategies to promote energy savings. Subrecipients are encouraged to use oral, written, and visual educational materials. These activities are paid with the Department's and the subrecipients' program support funds.

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**Source Note:** The provisions of this §6.112 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.113      Allowable Expenditure Per Dwelling Unit**

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Expenditures of financial assistance provided under LIHEAP-WAP funding for the weatherization services for labor, weatherization materials, and related matters shall not exceed the allowable figure as set forth in the annual LIHEAP State Plan. The current allowable amount is set at \$4,000 per dwelling unit.

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**Source Note:** The provisions of this §6.113 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.114      Energy Audit Procedures**

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- (a) The Department may set and modify as necessary the allowable savings-to-investment ratio (SIR) for the energy audit procedures to determine the allowable weatherization measures.
- (b) The EASY Audit (EASY) has been approved by DOE for use on single family dwellings, mobile homes, and multi-family buildings containing 24 or fewer units.

(c) EASY has not been approved for multi-family buildings containing 25 or more units. Since Texas subrecipients rarely propose to weatherize a building with 25 or more units, the Department will acquire a DOE approved energy audit for use in auditing multi-family buildings containing 25 or more units.

(d) The Department may change its blower door requirements in order to gain higher savings.

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**Source Note:** The provisions of this §6.114 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.115      Energy Repairs**

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WAP will provide weatherization energy efficiency and weatherization repair related activities to eligible clients. The list of allowable LIHEAP-WAP weatherization energy related repairs which may be undertaken when necessary to protect and complete regular energy efficiency weatherization measures include:

- (1) roof, wall, and floor repair (excluding leveling);
- (2) repair or replacement of essential electrical wiring;
- (3) solar screens and window film (must be installed in the order of west, east, and south);
- (4) replacement of refrigerators 1993 or older or metered to have an SIR of 1 or greater on the Department refrigerator tool;
- (5) mobile home skirting to protect belly insulation;
- (6) overhangs to protect mobile home doors; and
- (7) carpentry work to protect outside water heater from the elements.

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**Source Note:** The provisions of this §6.115 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.116      Health and Safety**

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(a) Subrecipients shall provide weatherization services with the primary goal of energy efficiency. The Department considers establishing a healthy and safe home environment to be important to ensuring that energy savings result from weatherization work.

(b) It is the policy of the Department that if health and safety issues identified on an individual unit (which would be exacerbated by any weatherization work performed) cannot be abated within the allowable WAP limits, the unit shall be denied services.

(c) The Department has determined that repair/replacement windows which do not rank with a SIR of one or greater on the audit may be repaired/replaced, if deemed a threat to health and safety. To be eligible for repair/replacement, broken window panes must pose a potential hazardous condition to the client and/or workers. Documentation for replacement must include a clear comprehensible photo showing the hazardous conditions to the occupants. Failure to provide a photo will result in disallowed costs. Slightly cracked window panes do not constitute a hazardous condition.

(d) The Department has determined that repair/replacement doors which do not rank with an SIR of one or greater on the audit, may be repaired/replaced, if deemed a threat to health and safety. To be eligible for repair/replacement the doors must be unable to protect the client from outside elements or unwanted intruders. Documentation for replacement must include a clear comprehensible photo evidencing the hazardous conditions to the occupants. Documentation must be submitted to the assigned the Department program officer for approval. The absence of deadbolt locks does not constitute a hazardous health and safety condition by itself.



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**Source Note:** The provisions of this §6.116 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.117      Electric Base Load Measures**

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DOE has approved the inclusion of selected Electric Base Load (EBL) measures as part of the weatherization of eligible residential units. EBL measures will be allowable under the LIHEAP-WAP program. The EBL measures must be determined cost effective with an SIR of one or greater by either audit analysis or separate DOE approved analytical tools.

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**Source Note:** The provisions of this §6.117 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.118      Payments to Contractors and Vendors**

- 
- (a) A vendor agreement is required by the Department and implemented via the subrecipient. The vendor agreement shall contain assurances as to fair billing practices, delivery procedures, and pricing procedures for business transactions involving LIHEAP recipients.
- (b) Subrecipient shall maintain proof of payment to contractors and vendors.

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**Source Note:** The provisions of this §6.118 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.119      State Contract Purchases**

- 
- (a) Subrecipients shall comply with the Department rules and state procurement standards regarding competitive solicitation of bids for materials, labor, and equipment and shall adhere to guidelines for selection and award of subcontracts.
- (b) Subrecipient shall develop and implement procurement procedures, which conform to the cost principles and uniform administrative requirements set forth in the Uniform Grant and Contract Management Standards, 1 TAC §5.141 et seq.
- (c) The State of Texas conducts competitive solicitations to identify equipment and material vendors to provide specified merchandise at discounted prices to State agencies and their contracted agents. Unless a local vendor is identified through a competitive solicitation who will provide equal or better materials and services at the same price or less, subrecipients shall purchase any equipment, materials, or services paid for with LIHEAP funds from a vendor participating in the Texas Building and Procurement Commission's Cooperative Purchasing Program.

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**Source Note:** The provisions of this §6.119 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.120      Outreach and Accessibility**

- 
- (a) The Department may continue to develop interagency collaborations with other low-income program offices and energy providers to perform outreach to targeted groups.
- (b) Subrecipients shall conduct outreach activities.
- (c) Subrecipients and their field offices shall accept applications at sites that are geographically

accessible to all households requesting assistance.

(d) Other outreach activities may include:

- (1) providing information through home visits, site visits, group meetings, or by telephone for disabled low-income persons;
- (2) distributing posters/flyers and other informational materials at local and county social service agencies, offices of aging, social security offices, etc.;
- (3) providing information on the program and eligibility criteria in articles in local newspapers or broadcast media announcements;
- (4) coordinating with other low-income services to provide LIHEAP information in conjunction with other programs;
- (5) providing information on one-to-one basis for applicants in need of translation or interpretation assistance;
- (6) providing LIHEAP applications, forms, and energy education materials in English and/or Spanish (or other appropriate language);
- (7) working with energy vendors in identifying potential applicants;
- (8) assisting applicants to gather needed documentation; and,
- (9) mailing information and applications.

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**Source Note:** The provisions of this §6.120 adopted to be effective April 1, 2007, 32 TexReg 1734

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**RULE §6.121      Subrecipient Reporting Requirements**

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- (a) The subrecipient shall electronically submit to the Department a monthly Funding Report of all expenditure of funds, request for advance or reimbursement, and a monthly performance report no later than fifteen (15) days after the end of each month.
- (b) The subrecipient shall electronically submit to the Department no later than sixty (60) days after the end of the subrecipient contract term a final expenditure or reimbursement and programmatic report utilizing the Funding Report.
- (c) The subrecipient shall submit to the Department no later than sixty (60) days after the end of the contract term an inventory of all vehicles, tools, and equipment with a unit acquisition cost of \$5,000 or more and a useful life of more than one year, if purchased in whole or in part with LIHEAP-WAP funds.
- (d) The subrecipient shall submit other reports, data, and information on the performance of the LIHEAP-WAP program activities as required by the Department.

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**Source Note:** The provisions of this §6.121 adopted to be effective April 1, 2007, 32 TexReg 1734

Appendix E

**TDHCA General Memorandum # 2008-3.12  
2008 USDHHS Poverty Income Guidelines**



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

General Memorandum #2008-3.12

BOARD MEMBERS
Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conline
Sonny Flores
Gloria Ray
Norberto Salinas

Michael Gerber
EXECUTIVE DIRECTOR

TO: CSBG, ESGP, CEAP and WAP Subrecipients
FROM: Amy M. Oehler Acting Director Community Affairs Division
DATE: February 1, 2008
SUBJ/TITLE: Eligibility/FFY 2008 Income Eligibility Guidelines

DISCUSSION

General Memorandum #2007-3.11 is rescinded.

The U.S. Department of Health and Human Services (USHHS) provides poverty income guidelines for use in determining client eligibility. The following tables have been compiled using the annual update of poverty income guidelines for FFY 2008 and are provided for use with Community Affairs Division programs. The FFY 2008 poverty income guidelines are effective as of January 23, 2008.

EFFECTIVE DATE

January 23, 2008

INQUIRIES

If you have any questions, please contact your Program Officer.

Income Eligibility Guidelines for CSBG, CEAP, and WAP

Table with 2 columns: Family Size, 125%. Rows show income limits for family sizes 1 through 8.

For families with more than 8 members, add \$4,500 for each additional member.

**Income Eligibility Guidelines for ESGP**

<u>Family Size</u>	<u>100%</u>
1	\$10,400
2	\$14,000
3	\$17,600
4	\$21,200
5	\$24,800
6	\$28,400
7	\$32,000
8	\$35,600

For families with more than 8 members, add \$3,600 for each additional member.

**Income Calculations for Intake Purposes Only**

<u>Family Size</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>125%</u>	<u>150%</u>
1	\$ 5,200	\$ 7,800	\$10,400	\$13,000	\$15,600
2	\$ 7,000	\$10,500	\$14,000	\$17,500	\$21,000
3	\$ 8,800	\$13,200	\$17,600	\$22,000	\$26,400
4	\$10,600	\$15,900	\$21,200	\$26,500	\$31,800
5	\$12,400	\$18,600	\$24,800	\$31,000	\$37,200
6	\$14,200	\$21,300	\$28,400	\$35,500	\$42,600
7	\$16,000	\$24,000	\$32,000	\$40,000	\$48,000
8	\$17,800	\$26,700	\$35,600	\$44,500	\$53,400

For family units with more than 8 members, add the following amount for each additional member:

<u>Amount to Add for Each Additional Family Member</u>	<u>50%</u>	<u>75%</u>	<u>100%</u>	<u>125%</u>	<u>150%</u>
	\$1,800	\$2,700	\$3,600	\$4,500	\$5,400

For the definition of income, please refer to General Policy Issuance #2006-3.7.

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**Source Note:** Federal Register {January 23, 2008 (Volume 73, Number 15)}, {Pages 3971-3972}, U.S. Department of Health and Human Services notice. This notice provides an update of the USHHS poverty guidelines to account for last calendar year's increase in prices as measured by the Consumer Price Index.

bank holding companies. Unless otherwise noted, these activities will be conducted throughout the United States.

Each notice is available for inspection at the Federal Reserve Bank indicated. The notice also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether the proposal complies with the standards of section 4 of the BHC Act. Additional information on all bank holding companies may be obtained from the National Information Center website at [www.ffiec.gov/nic/](http://www.ffiec.gov/nic/).

Unless otherwise noted, comments regarding the applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than February 6, 2008.

**A. Federal Reserve Bank of St. Louis**  
(Glenda Wilson, Community Affairs Officer) 411 Locust Street, St. Louis, Missouri 63166-2034:

1. *Evolve Financial Group, Inc.*, Cordova, Tennessee, to acquire 100 percent of the voting shares of AFS Investment Advisors, Inc., Austin, Texas, and thereby engage in investment advisory activities, pursuant to section 225.28(b)(6)(i) of Regulation Y.

Board of Governors of the Federal Reserve System, January 17, 2008.

Robert deV. Frierson,  
*Deputy Secretary of the Board.*

[FR Doc. E8-1080 Filed 1-22-08; 8:45 am]

BILLING CODE 8210-01-S

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Office of the Secretary**

**Annual Update of the HHS Poverty Guidelines**

AGENCY: Department of Health and Human Services.

ACTION: Notice.

**SUMMARY:** This notice provides an update of the HHS poverty guidelines to account for last calendar year's increase in prices as measured by the Consumer Price Index.

**DATES:** *Effective Date:* Date of publication, unless an office administering a program using the guidelines specifies a different effective date for that particular program.

**ADDRESSES:** Office of the Assistant Secretary for Planning and Evaluation, Room 404E, Humphrey Building, Department of Health and Human Services (HHS), Washington, DC 20201.

**FOR FURTHER INFORMATION CONTACT:** For information about how the guidelines

are used or how income is defined in a particular program, contact the Federal, State, or local office that is responsible for that program. Contact information for two frequently requested programs is given below:

For information about the Hill-Burton Uncompensated Services Program (free or reduced-fee health care services at certain hospitals and other facilities for persons meeting eligibility criteria involving the poverty guidelines), contact the Office of the Director, Division of Facilities Compliance and Recovery, Health Resources and Services Administration, HHS, Room 10-105, Parklawn Building, 5600 Fishers Lane, Rockville, Maryland 20857. To speak to a person, call (301) 443-5856. To receive a Hill-Burton information package, call 1-800-838-0742 (for callers outside Maryland) or 1-800-492-0359 (for callers in Maryland). You also may visit <http://www.hrsa.gov/hillburton/default.htm>. The Division of Facilities Compliance and Recovery notes that as set by 42 CFR 124.505(b), the effective date of this update of the poverty guidelines for facilities obligated under the Hill-Burton Uncompensated Services Program is sixty days from the date of this publication.

For information about the percentage multiple of the poverty guidelines to be used on immigration forms such as USCIS Form I-864, Affidavit of Support, contact U.S. Citizenship and Immigration Services at 1-800-375-5283 or visit <http://www.uscis.gov/files/form/I-864p.pdf>.

For information about the number of people in poverty or about the Census Bureau poverty thresholds, visit the Poverty section of the Census Bureau's Web site at <http://www.census.gov/hhes/www/poverty.html> or contact the Census Bureau's Demographic Call Center Staff at (301) 763-2422 or 1-866-758-1060 (toll-free).

For general questions about the poverty guidelines themselves, contact Gordon Fisher, Office of the Assistant Secretary for Planning and Evaluation, Room 404E, Humphrey Building, Department of Health and Human Services, Washington, DC 20201—telephone: (202) 690-7507—or visit <http://www.aspe.hhs.gov/poverty/>.

**SUPPLEMENTARY INFORMATION:**

**Background**

Section 873(2) of the Omnibus Budget Reconciliation Act (OBRA) of 1981 (42 U.S.C. 9902(2)) requires the Secretary of the Department of Health and Human Services to update, at least annually, the poverty guidelines, which shall be used as an eligibility criterion for the

Community Services Block Grant program. The poverty guidelines also are used as an eligibility criterion by a number of other Federal programs. The poverty guidelines issued here are a simplified version of the poverty thresholds that the Census Bureau uses to prepare its estimates of the number of individuals and families in poverty.

As required by law, this update is accomplished by increasing the latest published Census Bureau poverty thresholds by the relevant percentage change in the Consumer Price Index for All Urban Consumers (CPI-U). The guidelines in this 2008 notice reflect the 2.8 percent price increase between calendar years 2006 and 2007. After this inflation adjustment, the guidelines are rounded and adjusted to standardize the differences between family sizes. The same calculation procedure was used this year as in previous years. (Note that these 2008 guidelines are roughly equal to the poverty thresholds for calendar year 2007 which the Census Bureau expects to publish in final form in August 2008.) The guideline figures shown represent annual income.

**2008 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA**

Persons in family	Poverty guideline
1	\$10,400
2	14,000
3	17,600
4	21,200
5	24,800
6	28,400
7	32,000
8	35,600

For families with more than 8 persons, add \$3,600 for each additional person.

**2008 POVERTY GUIDELINES FOR ALASKA**

Persons in family	Poverty guideline
1	\$13,000
2	17,500
3	22,000
4	26,500
5	31,000
6	35,500
7	40,000
8	44,500

For families with more than 8 persons, add \$4,500 for each additional person.

## 2008 POVERTY GUIDELINES FOR HAWAII

Persons in family	Poverty guideline
1 .....	\$11,960
2 .....	16,100
3 .....	20,240
4 .....	24,380
5 .....	28,520
6 .....	32,660
7 .....	36,800
8 .....	40,940

For families with more than 8 persons, add \$4,140 for each additional person.

Separate poverty guideline figures for Alaska and Hawaii reflect Office of Economic Opportunity administrative practice beginning in the 1966-1970 period. (Note that the Census Bureau poverty thresholds—the version of the poverty measure used for statistical purposes—have never had separate figures for Alaska and Hawaii.) The poverty guidelines are not defined for Puerto Rico or other outlying jurisdictions. In cases in which a Federal program using the poverty guidelines serves any of those jurisdictions, the Federal office that administers the program is generally responsible for deciding whether to use the contiguous-states-and-DC guidelines for those jurisdictions or to follow some other procedure.

Due to confusing legislative language dating back to 1972, the poverty guidelines have sometimes been mistakenly referred to as the "OMB" (Office of Management and Budget) poverty guidelines or poverty line. In fact, OMB has never issued the guidelines; the guidelines are issued each year by the Department of Health and Human Services. The poverty guidelines may be formally referenced as "the poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2)."

Some programs use a percentage multiple of the guidelines (for example, 125 percent or 185 percent of the guidelines), as noted in relevant authorizing legislation or program regulations. Non-Federal organizations that use the poverty guidelines under their own authority in non-federally-funded activities can choose to use a percentage multiple of the guidelines such as 125 percent or 185 percent.

The poverty guidelines do not make a distinction between farm and non-farm families, or between aged and non-aged units. (Only the Census Bureau poverty thresholds have separate figures for aged

and non-aged one-person and two-person units.)

Note that this notice does not provide definitions of such terms as "income" or "family." This is because there is considerable variation in how different programs that use the guidelines define these terms, traceable to the different laws and regulations that govern the various programs.

Therefore, questions about how a particular program applies the poverty guidelines (for example, Is income before or after taxes? Should a particular type of income be counted? Should a particular person be counted in the family or household unit?) should be directed to the organization that administers the program.

Dated: January 17, 2008.

Michael O. Leavitt,

Secretary of Health and Human Services.

[FR Doc. 08-256 Filed 1-18-08; 9:13 am]

BILLING CODE 4151-05-M

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

**National Institute for Occupational Safety and Health; Decision To Evaluate a Petition To Designate a Class of Employees at Spencer Chemical Co., Jayhawks Works, Pittsburg, KS, To Be Included in the Special Exposure Cohort**

**AGENCY:** National Institute for Occupational Safety and Health (NIOSH), Department of Health and Human Services (HHS).

**ACTION:** Notice.

**SUMMARY:** The Department of Health and Human Services (HHS) gives notice as required by 42 CFR 83.12(e) of a decision to evaluate a petition to designate a class of employees at Spencer Chemical Co., Jayhawks Works, Pittsburg, Kansas, to be included in the Special Exposure Cohort under the Energy Employees Occupational Illness Compensation Program Act of 2000. The initial proposed definition for the class being evaluated, subject to revision as warranted by the evaluation, is as follows:

*Facility:* Spencer Chemical Co., Jayhawks Works.

*Location:* Pittsburg, Kansas.

*Job Titles and/or Job Duties:* All employees.

*Period of Employment:* January 1, 1958 through December 31, 1963.

**FOR FURTHER INFORMATION CONTACT:** Larry Elliott, Director, Office of Compensation Analysis and Support, National Institute for Occupational Safety and Health (NIOSH), 4676

Columbia Parkway, MS C-46, Cincinnati, OH 45226, Telephone 513-533-6800 (this is not a toll-free number). Information requests can also be submitted by e-mail to [OCAS@CDC.GOV](mailto:OCAS@CDC.GOV).

Dated: January 15, 2008.

John Howard,

Director, National Institute for Occupational Safety and Health.

[FR Doc. E8-1031 Filed 1-22-08; 8:45 am]

BILLING CODE 4160-17-P

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

**National Institute for Occupational Safety and Health; Determination Concerning a Petition To Add a Class of Employees to the Special Exposure Cohort**

**AGENCY:** National Institute for Occupational Safety and Health (NIOSH), Department of Health and Human Services (HHS).

**ACTION:** Notice.

**SUMMARY:** The Department of Health and Human Services (HHS) gives notice of a determination concerning a petition to add a class of employees at the Y-12 Plant, Oak Ridge, Tennessee, to the Special Exposure Cohort (SEC) under the Energy Employees Occupational Illness Compensation Program Act of 2000 (EEOICPA), 42 U.S.C. 7384q. On December 14, 2007, the Secretary of HHS determined that the following employees do not meet the statutory criteria for addition to the SEC as authorized under EEOICPA:

Statisticians who performed statistical analysis of biological experiments (working within the Oak Ridge National Laboratory Biological Sciences Division) in all locations at the Y-12 Plant in Oak Ridge, Tennessee, who were employed by the Department of Energy or its contractors between January 1, 1958, and June 30, 1958.

**FOR FURTHER INFORMATION CONTACT:**

Larry Elliott, Director, Office of Compensation Analysis and Support, National Institute for Occupational Safety and Health (NIOSH), 4676 Columbia Parkway, MS C-46, Cincinnati, OH 45226, Telephone 513-533-6800 (this is not a toll-free number). Information requests can also be submitted by e-mail to [OCAS@CDC.GOV](mailto:OCAS@CDC.GOV).

Dated: January 15, 2008.

John Howard,

Director, National Institute for Occupational Safety and Health.

[FR Doc. E8-1033 Filed 1-22-08; 8:45 am]

BILLING CODE 4160-17-P

## Appendix F

### **Description of Criteria and Distribution Formula for WAP Funds**



## DESCRIPTION OF CRITERIA AND DISTRIBUTION FORMULA WAP FUNDS

### WAP and Funds

The Department uses the following funding allocation formula for the WAP Programs. The Department revises the formula using new Census data released at the completion of the decennial census.

This formula allocates funds based on the number of low-income households in a service area, but also takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as follows:

Fund Allocation Factors	Percentage
Households in poverty with at least 1 member 64 years of age or younger.	40
Households in poverty with at least one member 65 years of age or older.	40
Household density as an inverse ratio.	5
Median income of the county.	5
Weather factor based on heating degree days and cooling degree days.	10

All demographic factors are based on the 2000 U.S. Census.

APPLICATION #: \_\_\_\_\_

HIDALGO COUNTY  
MAVERICK COUNTY  
REQUEST FOR APPLICATIONS

2008  
APPLICATION SCORING INSTRUMENT

Applicant Organization \_\_\_\_\_

Scoring Categories and Results

Section 1	Content	(Max 12)	_____
Section 2	Budget	(Max 9)	_____
Section 3	Organization and History	(Max 8)	_____
Section 4	Programs Operated	(Max 11)	_____
Section 5	Service Delivery	(Max 16)	_____
Section 6	Coordination of Services	(Max 8)	_____
Section 7	Unmet Needs	(Max 5)	_____
Section 8	Project Description	(Max 20)	_____
Section 9	Project Evaluation and Conclusion	(Max 8)	_____
Section 10	Financial Documentation	(Max 3)	_____
Maximum number of total points		100	
Total Score			_____
Reviewers Comments			

## Content

- 1) Does the Application contain a State of Texas WAP Application Form? \_\_\_\_\_ 1pt
- 2) Does the Application contain a Table of Contents, including page numbers? \_\_\_\_\_ 1pt
- 3) Does the Application contain a Standard Form 424 signed by the organization's authorized signatory for a state contract(s)? \_\_\_\_\_ 1pt
- 4) Is the applicant organization an eligible unit of local government or a private non-profit organization that has included documentation to confirm its current tax-exempt status? \_\_\_\_\_ 1pt
- 5) Does the Application contain a section from the Articles of Incorporation, which includes reference to mission and goals for which the organization was established? \_\_\_\_\_ 1pt
- 6) Does the Application contain a section from the organization's bylaws that references that the Board of Directors or policymaking entity has the power to make policies and decisions for the organization? \_\_\_\_\_ 1pt
- 7) Does the original copy of the Application contain either an audit based on the Single Audit Act requirements or End-of-the-Year Statements, including a balance sheet, income statement, and statement of cash flow? \_\_\_\_\_ 1pt
- 8) Does the Application's Project Narrative comply with the following: not exceed 5 pages, formatted using a minimum of 11-font size, double-spaced, and on standard 8 1/2" x 11" paper with 1" margins? \_\_\_\_\_ 1pt
- 9) Does the Application contain a completed Roster reflecting the membership of the Board of Directors from January 2007 through January 2008? \_\_\_\_\_ 1pt
- 10) Does the Application contain a completed Attendance Roster for the Board of Directors' meetings held during the period of January 2007 through January 2008? \_\_\_\_\_ 1pt
- 11) Does the Application contain a completed Unmet Needs Documentation form for each county to be served and according to the RFA instructions? \_\_\_\_\_ 1pt
- 12) Does the Application contain a completed and signed Audit Certification Form? \_\_\_\_\_ 1pt

Maximum of 12 points for this section

### **Budget**

- 1) Does the Application contain a completed Personnel Budget category? \_\_\_\_\_ 3pt
- 2) Does the Application contain a completed Fringe Benefits Budget category? \_\_\_\_\_ 3pt
- 3) Does the Application contain a completed Equipment Budget category? \_\_\_\_\_ 3pt

Maximum of 9 points for this section

### **Organization and History**

- 1) Does the Application contain a description of the organization's history and mission? \_\_\_\_\_ 2pt
- 2) Does the application contain the current number of staff and background of key staff members? \_\_\_\_\_ 3pt
- 3) Does the application contain a special certifications or licenses for key staff? \_\_\_\_\_ 3pt

Maximum of 8 points for this section

## Programs Operated

1) Does the application describe the current services and programs operated targeted to low-income persons including any programs currently administered which relate to:

- a) Community Service Block Grant (CSBG)
- b) Comprehensive Energy Assistance Program (CEAP) or utility assistance; or,
- c) WAP or weatherization/energy efficiency work. \_\_\_\_\_ 6pt

2) Did the Application provide information on Funding Sources and Programs: including amounts of federal, state, local, and private funds currently received by your organization.

- a) How long has your organization administered each of the programs and or grants?
- b) The type(s) of services currently provided and programs operated
- c) The total number of persons served annually by funding source and program.
- d) The target group(s) served.
- e) Monitoring reviews \_\_\_\_\_ 5pt

Maximum of 11 points for this section

## Service Delivery

1) Does the application

- a) Identify the counties currently being served.
- b) Identify the location of the main office.
- c) Identify the field offices currently operating services to low income persons.
- d) Describe the intake process utilized to serve low-income persons seeking assistance.
- e) Describe the process used to refer clients to other organizations. \_\_\_\_\_ 5pt

2) Does the application identify a location that does not have a field office and explain how the residents are being served. (5 points if all areas have locations) \_\_\_\_\_ 5pt

3) Does the application describe methods used to deliver services in the area. How does the organization coordinate between the main office and field offices. (3 points if Agency has one location) \_\_\_\_\_ 3pt

4) Does the application describe methods used to report performance measures to the main office from the field offices. (3 points if Agency has one location) \_\_\_\_\_ 3pt

Maximum of 16 points for this section

### Coordination of Services

- 1) Does the application identify the organizations with which your organization links services to clients and coordinates/leverages funding to meet the needs of clients? Please list this information by county. Include city and county governments, faith-based organizations, nonprofit organizations, state agencies, etc \_\_\_\_\_ 2pt
- 2) Does the application describe the process utilized by your organization to establish and maintain organization links with other service providers in the service area. Identify how coordination is maintained, either through the attendance at meetings, regular calls to contact organizations, etc. The description may be broken down by the counties in the service area, if necessary. \_\_\_\_\_ 2pt
- 3) Does the application provide information on any memorandums of understanding and/or service agreements your organization has with any of these entities. \_\_\_\_\_ 2pt
- 4) Does the application describe the process to refer individuals and/or clients to services and assistance with other entities including, but not limited to, city, and county governments, faith-based. \_\_\_\_\_ 2pt

Maximum of 8 points for this section

### Unmet Needs

- 1) Does the application provide the Local poverty statistics on persons at or below 125% of the Federal Poverty Income Guidelines.  
a. Percentage of poverty.  
b. Approximate number of persons in poverty. \_\_\_\_\_ 2pt
- 2) Does the application provide the County unemployment rate? \_\_\_\_\_ 1pt
- 3) Does the application list other agencies that assist low-income persons? \_\_\_\_\_ 1pt
- 4) Provide information on the gaps in services for low-income persons that exist in the identified county. \_\_\_\_\_ 1pt

Maximum of 5 points for this section

### **Project Description**

- 1) Does the application describe the organizations plans to carry out the WAP if funds are awarded. \_\_\_\_\_ 4pt
- 2) Does the application contain a description of the specific unmet need(s) and gaps in services that the applicant organization will address if the WAP funds? \_\_\_\_\_ 4pt
- 3) Does the application describe how services will be provided to WAP clients? \_\_\_\_\_ 4pt
- 4) Does the application describe the number of clients to be assisted during the contract period? \_\_\_\_\_ 4pt
- 5) Does the application describe the costs associated with the provisions of the services and the Administrative costs? \_\_\_\_\_ 4pt

Maximum of 20 points for this section

### **Project Evaluation and Conclusion**

- 1) Does the application describe the process used to measure effectiveness of the service provided? \_\_\_\_\_ 3pt
- 2) Does the application describe the factors that make the organization the most appropriate choice to administer WAP? \_\_\_\_\_ 5pt

Maximum of 8 points for this section

### **Financial Documentation**

- 1) Does the application contain a complete and signed Audit Certification Form? \_\_\_\_\_ 1pt
- 2) Does the application contain one original Audit completed within the last 12 months based on the requirement of the single audit? \_\_\_\_\_ 1pt
- 3) Does the application contain an End of Year Financial Statement including a balance sheet, income statement, and cash flow? \_\_\_\_\_ 1pt

Maximum of 3 points for this section

**COMMUNITY AFFAIRS DIVISION  
EMERGENCY SHELTER GRANTS PROGRAM**

**BOARD ACTION REQUEST  
May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of the 2008 Emergency Shelter Grants Program (ESGP) Funding Recommendations.

**Required Action**

Approve, deny or approve with amendments the list of 2008 ESGP recommended awardees prepared by staff.

**Background**

The Emergency Shelter Grants Program (ESGP) is funded by the U. S. Department of Housing and Urban Development (HUD) and is included in the State of Texas' Consolidated Annual Performance and Evaluation Report. The ESGP regulations authorize HUD to make grants available to states, units of local government, and private nonprofit organizations for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, for the payment of certain operating expenses and for essential services in connection with emergency shelters for the homeless, and for homelessness prevention activities. FY 2008 ESGP funds totaled \$5,261,641. Five percent, \$263,082, of the funds will be retained by the Department to administer and monitor the grant. In addition to the annual ESGP allocation, the Department has \$75,000 in unobligated FY 2007 funds. Those funds are also being distributed in this application cycle. From the five percent state administration, the state must share a portion with four awardees that are city or county governments. The amount of state administration to be shared is \$21,684, which is determined by adding an additional 4% to the amount recommended for funding for the three (3) city and county entities receiving funds. The state administration amount to be added to the contract is not shown in the recommended amount.

HUD requires that the Department commit ESGP grant awards within 65 days of the date of the grant award letter. The deadline is May 22, 2008. Any ESGP funds that are not committed within the 65 day time period may be recovered from the Department by HUD and reallocated.

The Department also has asked all eligible applicants to submit a completed House Bill 1196 form. The Department cannot enter into a contractual agreement with an organization until the signed agreement is received.

On November 1, 2007, the Department released a Request for Proposals (RFP) Application Packet for ESGP competitive funds made available to the Department from HUD. The Department received 120 applications for ESGP funding from this release, only 118 applications were eligible. Of those, 77 are recommended for funding.



Reserved ESGP funds are distributed within each of the 13 Uniform State Service Regions according to the poverty population in the region. Of the 13 regions, four regions (3, 6, 9, and 11) are referred to as large-funded regions, make up 63% of the poverty population and have 63% of the ESGP funds reserved for these four regions. There are nine regions (1, 2, 4, 5, 7, 8, 10, 12, and 13), referred to as small-funded regions, which have 37% of the poverty population and 37% of the funds are reserved for these nine regions. Each region has ESGP funds reserved, according to the poverty population of the region.

Reserved ESGP funds are distributed within each of the 13 Uniform State Service Regions, with the highest ranking application being funded first at 80% and so forth until the funding reserved to the region is exhausted to the extent possible. The last applicant funded within a region may not receive 80% of the request, if that region does not have sufficient funds remaining. In such cases, the applicant next in line will receive the balance remaining in that region or at least \$30,000. Once the funds available for each region are distributed according to the methodology utilized, and the maximum number of applications are funded with the funds reserved, if a balance remains, the balance is utilized to award an application in a small funded region. If a small funded region has remaining funds, but the amount remaining is not sufficient to fund an additional application at the minimum funding level of \$30,000; then, the funds are moved to a small funded region.

The Department utilizes a standardized scoring instrument to evaluate and score each eligible competitive proposal. The scores from the review team members are averaged to establish a raw score, then bonus points are added to determine an adjusted score. Past performance of previously funded ESGP subrecipients is also a factor and is taken into consideration during the final stage of the proposals review process. Points are deducted for previous contract compliance/performance deficiencies. The Department's Compliance Division is consulted to determine if potential applicants have any monitoring, audit, or compliance issues with Department-funded programs. Serious deficiencies in past or current performance can impact funding recommendations and could lead to disqualification for access to ESGP funds for the current funding cycle. Eligible applicants with unresolved monitoring or audit findings from any Department funded programs are ineligible for funding.

The attached document, FY 2008 ESGP Funding Recommendations list the applicants recommended for funding by region and by rank within the region. The ranking takes into account all the cumulative factors previously mentioned. The minimum funding amount is \$30,000 for a single applicant.

Applications are ranked by score within their region and funds are distributed in each region beginning with the applicants with the highest score. In the first distribution of funds, applicants in each region are awarded 80% of their original request. Then the balance is distributed as described in the fund distribution by region. Funds are distributed within each region until the reserved funds for the region are fully distributed to the maximum amount possible.

### **Recommendation**

The Community Affairs Division recommends Board approval of the 77 organizations recommended to receive an FFY 2008 ESGP grant award and the amount of funding recommended on the FY 2008 ESGP Funding Recommendations, pending the receipt of each applicant's completed House Bill 1196 form.

## FFY 2008 ESGP Funding Recommendations

Region	Organization	Funds Recommended
1	Panhandle Crisis Center, Inc.	\$48,890
1	Amarillo, City of	\$122,733
1	Driskill Halfway House, Inc.	\$30,000
	<b>Total</b>	<b>\$201,623</b>
2	Pecan Valley Regional Domestic Violence Shelter	\$32,077
2	Salvation Army of Abilene	\$80,000
	<b>Total</b>	<b>\$112,077</b>
3	Salvation Army for The First Choice Program	\$80,000
3	Salvation Army for Family Life Center	\$80,000
3	Family Place, The	\$56,800
3	Safe Haven of Tarrant County	\$80,000
3	Denton, City of	\$179,380
3	Grayson County Juvenile Alternatives, Inc.	\$48,953
3	Salvation Army for Casa Shelter	\$60,114
3	Dallas Jewish Coalition	\$36,400
3	Family Gateway, Inc.	\$53,000
3	Arlington Life Shelter, The	\$69,893
3	Mission Granbury, Inc.	\$48,687
3	Salvation Army of Sherman	\$40,000
3	Salvation Army for Carr P. Collins Service Center	\$80,000
3	Johnson County Family Crisis Center	\$44,662
	<b>Total</b>	<b>\$957,888</b>
4	Salvation Army of Tyler	\$80,000
4	Sabine Valley Center	\$44,827
4	Randy Sam's Outreach Shelter, Inc.	\$73,353
4	Shelter Agencies for Families in East Texas, Inc.	\$38,000
4	East Texas Crisis Center	\$36,807
	<b>Total</b>	<b>\$272,987</b>
5	Love I.N.C. of Nacogdoches	\$50,270
5	Women's Shelter of East Texas, Inc.	\$36,716
5	Family Services of Southeast Texas, Inc.	\$66,747
5	Port Cities Rescue Mission Ministries	\$42,613
	<b>Total</b>	<b>\$196,347</b>
6	SEARCH	\$159,934

## FFY 2008 ESGP Funding Recommendations

Region	Organization	Funds Recommended
6	Bridge Over Troubled Waters, Inc.	\$60,000
6	Fort Bend County Womens Center	\$47,992
6	Houston Area Women's Center	\$79,979
6	Westside Homeless Partnership	\$52,000
6	Salvation Army of Galveston	\$79,104
6	Womens Home, The	\$49,534
6	Northwest Assistance Ministries	\$80,000
6	Children's Center, Inc., The	\$112,000
6	Covenant House Texas	\$80,000
6	<i>Memorial Assistance Ministries</i>	\$80,000
6	<b>Harmony House, Inc.</b>	\$66,442
6	YWCA Greater Houston	\$79,995
6	Montgomery County Women's Center	\$40,497
	<b>Total</b>	<b>\$1,067,477</b>
7	Youth and Family Alliance	\$53,440
7	Travis County Domestic Violence and Sexual Assault Survival Center	\$31,788
7	Advocacy Outreach	\$80,000
7	Highland Lakes Family Crisis Center	\$36,000
7	Salvation Army of Austin	\$34,692
	<b>Total</b>	<b>\$235,920</b>
8	Faith Mission and Help Center, Inc.	\$79,117
8	Families In Crisis, Inc.	\$55,252
8	Twin City Mission, Inc.	\$80,000
8	Brazos Valley Community Action Agency, Inc.	\$30,000
	<b>Total</b>	<b>\$244,369</b>
9	Comal County Family Violence Shelter, Inc.	\$42,400
9	Family Violence Prevention Services, Inc.	\$80,000
9	Salvation Army of Kerrville	\$60,146
9	Connections Individual and Family Services, Inc.	\$80,000
9	St. Peter - St. Joseph Children's Home	\$80,000
9	Seton Home	\$77,791
	<b>Total</b>	<b>\$420,337</b>

## FFY 2008 ESGP Funding Recommendations

Region	Organization	Funds Recommended
10	Womens Shelter of South Texas	\$79,594
10	Corpus Christi Hope House, Inc.	\$68,083
10	Mid-Coast Family Services, Inc.	\$41,529
10	Salvation Army of Corpus Christi	\$30,000
	<b>Total</b>	<b>\$219,206</b>
11	Family Crisis Center, Inc.	\$160,000
11	Providence Ministry Corporation	\$35,406
11	Brownsville, City of	\$240,000
11	Wintergarden Women's Shelter, Inc.	\$52,515
11	Bethany House of Laredo	\$80,000
11	Advocacy Resource Center for Housing, The	\$54,400
11	Salvation Army of McAllen	\$80,000
11	Amistad Family Violence and Rape Crisis Center	\$38,925
	<b>Total</b>	<b>\$741,247</b>
12	Midland Fair Havens, Inc.	\$65,600
12	Institute of Cognitive Development, Inc.	\$30,000
12	Salvation Army of Odessa	\$39,584
	<b>Total</b>	<b>\$135,184</b>
13	El Paso Villa Maria	\$30,000
13	Project Vida	\$48,778
13	La Posada Home, Inc.	\$54,660
13	Opportunity Center for the Homeless	\$80,000
13	Sin Fronteras Organizing Project	\$55,460
	<b>Total</b>	<b>\$268,898</b>
	<b>Grand Totals</b>	<b>\$5,073,559</b>

**HOUSING RESOURCE CENTER**

**BOARD ACTION REQUEST**

**May 8, 2008**

**Action Items**

Presentation, Discussion and Possible Approval for Publication in the *Texas Register* of a Final Order Adopting New 10 TAC §8.1, Project Access Program Rules.

**Required Action**

Approve, approve with amendments, or deny the publication of the final rule of the Project Access Program in the *Texas Register*.

**Background**

At the March meeting, the Board adopted for publication a draft rule regarding project access after significant public involvement in the draft rule development. The Draft rule was published in the *Texas Register* on March 28, 2008 and the public comment period closed on April 30, 2008. Project Access is a program that utilizes Section 8 Housing Choice Vouchers administered by the Texas Department of Housing and Community Affairs to assist low-income non-elderly persons with disabilities in transitioning from institutions into the community by providing access to affordable housing. The purpose of this rule is to define the eligibility criteria that apply to Project Access voucher recipients.

The Department received no public comment during this period and recommends that the rule be adopted in its current form.

**Recommendation**

Staff recommends approval of the final rule for publication in the *Texas Register*.

TITLE 10 COMMUNITY DEVELOPMENT  
PART 1: TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
CHAPTER 8: PROJECT ACCESS PROGRAM RULES

10 TAC §8.1

(a) Purpose. Project Access is a program that utilizes federal Section 8 Housing Choice Vouchers administered by the Texas Department of Housing and Community Affairs to assist low-income non-elderly persons with disabilities in transitioning from institutions into the community by providing access to affordable housing. The purpose of this rule is to define the eligibility criteria that apply to Project Access voucher recipients.

(b) Definitions.

(1) Board -- The board of directors of the department.

(2) Department -- The Texas Department of Housing and Community Affairs.

(3) Section 8 – The United States Department of Housing and Urban Development Section 8 Housing Choice Voucher Program administered by the Texas Department of Housing and Community Affairs.

(4) At-Risk Applicant – Applicant that meets the following criteria:

(A) current recipient of Tenant-Based Rental Assistance from the Department’s HOME Investments Partnership Program; and

(B) within 120 days prior to expiration of assistance.

(c) Regulations Governing Program. All Section 8 rules and regulations apply to the program.

(d) Project Access Eligibility Criteria. A Project Access voucher recipient must meet all Section 8 eligibility criteria as well as meet all of the following eligibility criteria:

(1) have a permanent disability as defined in Section 223 of the Social Security Code or be determined to have a physical, mental or emotional disability that is expected to be of long-continued and indefinite duration that impedes one’s ability to live independently;

(2) be less than 62 years of age at the time of voucher issuance; and

(3) meet one of the following criteria:

(A) be an At-Risk Applicant and a previous resident of a nursing facility, intermediate care facility, or board and care facility as defined by the U.S. Department of Housing and Urban Development; or

(B) be a current resident of a nursing facility, intermediate care facility, or board and care facility at the time of voucher issuance as defined by the U.S. Department of Housing and Urban Development.

**Housing Resource Center**

**BOARD ACTION ITEM**

**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of a Request for Proposals (RFP) for a Market Analysis of Deaf Smith, Castro, and Parmer Counties.

**Requested Action**

Approve, deny or approve with amendments the RFP for a Market Analysis of Deaf Smith, Castro, and Parmer Counties and authorize the Executive Director to negotiate and approve a contract for market study services in accordance with the RFP.

**Background**

In Chapter 2306 of the Government Code, specifically §2306.259 Affordable Housing Research and Information Program, the Department is required to establish a research and information program and contract for the following types of activities:

- (1) periodic market studies to determine the need for housing for families of extremely low, very low, and low income in census tracts throughout the state;
- (2) research from qualified professionals to determine the effect of affordable housing developments on property values, social conditions, and quality of life in surrounding neighborhoods;
- (3) independent research in affordable housing design and development approaches that enhance community acceptance of affordable housing and improve the quality of life for the residents of the housing; and
- (4) public education and outreach efforts to assist the public in understanding the nature and purpose of affordable housing and the process for public participation in the administration of affordable housing programs.

In the Department's appropriations for the 2008-2009 biennium, the Legislature provided for \$240,000 in funding earmarked for these activities. This Board action item addresses item (1) of the Affordable Housing Research and Information Program. At the March 13<sup>th</sup> meeting, the Board approved an RFP for the McAllen-Edinburg-Pharr and Brownsville-Harlingen Metropolitan Statistical Areas. The deadline for submission of proposals was April 30<sup>th</sup> and the Department is currently reviewing the proposals.

The Department has been working with interested parties and The Center for Public Service at Texas Tech University in Lubbock to design a collaborative market analysis for three counties in the western Panhandle region of the state. In addition to analyzing the existing affordable housing supply and demand, the proposed RFP requires particular focus on the housing needs of migrant farmworkers in the region. The Department recognizes several special needs populations, including farmworkers. Farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and frequent mobility.

The structure of the RFP and resulting market study is unique in the collaborative effort presented with the Center for Public Service at Texas Tech University (Texas Tech). As proposed in the attached RFP, the Department will fund the multifamily portion of the market analysis and Texas Tech will provide the single family portion of the market analysis. The market analyst selected under the proposed RFP will provide consultative services to Texas Tech during the development of the single family market analysis and will provide a professional review of the single family market analysis upon completion by Texas Tech. In addition to the proposed market analyses, Texas Tech will conduct a qualitative regional assessment of affordable housing needs through interviews with local elected officials, employers, local organizations, and housing industry representatives.

An announcement of the proposed RFP for a Market Analysis of Deaf Smith, Castro, and Parmer Counties will be posted on our website and in the Texas Register. As the most likely pool of respondents comes from our existing market analysts, the RFP will also be sent directly to all market analysts on our approved market study provider list.

Staff is also recommending that the Executive Director be given authority to execute a contract with the successful respondent and report status to the Board in order to expedite the commissioning and receipt of the final report. The Houston market study was similarly brought to the Board for authority to release the RFP and staff reported on progress to the Board but processed the contract under executive Director Authority.

#### **Recommendation**

Staff recommends approval of the RFP as proposed for the market analysis and authorization of the Executive Director to negotiate and approve a contract for market study services in accordance with the RFP.



# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

## Request for Proposals to Provide Market Analysis of Deaf Smith, Castro and Parmer Counties

### I. PURPOSE OF THE REQUEST

The Texas Department of Housing and Community Affairs (the Department or TDHCA) is requesting proposals to provide market analysis relating to affordable housing in Deaf Smith, Castro, and Parmer Counties (study area). The market analysis report will be made available to the public and may be used by TDHCA to aid in decisions regarding its various programs.

### II. SCOPE OF WORK

The selected proposal will evaluate the need for additional affordable rental housing in the study area and issue a user friendly report for TDHCA. The respondent will define and analyze submarkets within the study area as part of the overall report. Each submarket analysis will contain the following:

#### A. General and Demographic Information

1. Describe the submarket's general characteristics including a map and an explanation for the selection of the boundaries. Discuss the predominant form of local government and all local government jurisdictions including overlaps and shared responsibilities. Provide additional maps of the submarket clearly identifying major transportation linkages and significant area amenities including retail, medical and educational facilities. Submarket maps should be sufficiently detailed to allow the reader to identify specific sites within the boundaries.
2. Describe the current economy for the submarket including existing major industries and any new or anticipated major employment impacts including significant incentives offered for corporate relocation.
3. Provide 2000 US Census data, current year estimates and five year projections for population and households, citing current, commonly used and well documented data sources. Provide a breakdown of households by tenure, income, household size, and age of head of household. Provide an analysis of the trends and/or shocks indicated by the data.

#### B. Housing Supply Analysis

1. Describe the existing multifamily rental housing supply including total number of units, occupancy, absorption, turnover, number of bedrooms, typical square footages, unit and development amenities and overall condition and quality of rental housing stock. Include information on population served (market rate, low income, very low income, and extremely low income, and project-based assistance) and targeted population (family, independent senior and special needs populations including farm workers). Provide occupancy rate for all Housing Tax Credit, USDA-assisted and HUD-assisted units by income group and number of bedrooms. Provide absorption information for all developments completed within the last two years.
2. Provide an analysis of the existing housing supply and its effect on the demand for new modern units. Include an inventory of all existing affordable housing, including Public Housing and location of HUD Housing Choice Vouchers and USDA housing vouchers currently in use. Discuss waiting lists for affordable housing. Address condition and redevelopment plans for Public Housing Authority housing, and identify rental housing with significant reported code violations within each submarket.
3. Describe all rental developments with rents affordable to households earning up to 100% of the area median income including those approved by TDHCA, under construction or unstabilized (less than one year at 90% occupancy). Discuss planned properties in the submarket and provide an assessment of their impact on the market in relation to demographic trends. Include a property delivery timeline summarizing projected construction periods, placement in service, and lease-up periods.

4. Provide rental data including rental housing stock by population served (market rate, low income and project-based assistance) and type of occupancy (family, independent senior and special needs populations). Include current rents charged, typical concessions, market vacancy rates and absorption rates. Include a comparison of the market rents and the Housing Tax Credit program maximum rents. Submarket maps should provide location of individual market rate multifamily properties and location of individual subsidized affordable multifamily properties.

C. Analysis of Anticipated Demand

1. Provide detailed analysis of total demand by income group (less than 30%, 31% to 40%, 41% to 50%, 51% to 60% and 60% to 80%, 81% to 100% of AMFI), number of bedrooms, household size, and targeted population (family, independent senior, and special needs populations including farm workers).
2. Provide a clear identification of the demand calculation methodology. The demand calculation methodology may ultimately be developed collaboratively with the Department. The demand calculation should include population and household growth and other sources that will be defined and mutually agreed to by the Contractor and the Department. The demand calculation methodology will be consistent throughout the market study based on targeted population. The demand calculation is not limited to that required under Title 10 of the Texas Administrative Code Section 1.33. Two independent models of demand are required and are generally described below.
  - a. Demand based upon strict need, comprised from:
    - i. Household growth;
    - ii. Cost overburdened households;
    - iii. Overcrowding;
    - iv. Substandard housing; and,
    - v. Demand from other non-overlapping sources.
  - b. Demand based upon traditional transitory patterns, comprised from:
    - i. Household growth;
    - ii. Turnover; and,
    - iii. Demand from other non-overlapping sources.
3. The demand analysis should identify the demand for additional affordable housing units for the year with the most recent baseline data available and for four years following that year.

D. Summary and Conclusions

Present summary and conclusions for each submarket in tables that identify the net affordable housing need under both a strict need demand and transitory pattern demand described in C (2) (a) and (b) above by income group, number of bedrooms, and targeted population. The net affordable housing need equals the total demand less existing, approved, under construction and unstabilized supply.

E. Appendix

Include demographic data used to complete the analysis, any relevant third party information, and a list of references cited in the body of the report.

F. Consultative Services

Provide market analysis consultative services to researchers at the Center for Public Service at Texas Tech University preparing the Single Family Market Analysis of Deaf Smith, Castro and Parmer Counties (see Attachment 1 for the Scope of Services). It is intended that these services will be provided via phone and electronic mail contacts with a total amount of time not to exceed 20 hours. The type of consultative services may include advice on the selection and collection of data; formulation of methodology; and calculation of final demand conclusions.

G. Review of the Single Family Market Analysis of Deaf Smith, Castro and Parmer Counties

Review the Single Family Market Analysis of Deaf Smith, Castro and Parmer Counties prepared by researchers at the Center for Public Service at Texas Tech University. Provide an opinion on the quality of data sources selected and analyzed; the completeness and execution of the methodology; and the appropriateness of the conclusions of the single family market study.

### **III. RESPONSE TIME FRAME AND OTHER INFORMATION**

Response submission due: May 30, 2008  
TDHCA Notification: June 9, 2008  
Final Analysis: August 8, 2008

Proposals must comply with rules and statutes relating to purchasing in the State of Texas. Late and/or unsigned proposals will not be considered. The person submitting the proposal must have the authority to bind the organization in a contract. Submissions received after 5:00PM (CST) on the due date will not be considered.

Three hard copies of the proposal should be delivered to the following address: (facsimiles will not be accepted)

Texas Department of Housing and Community Affairs  
Attn: Brenda Hull, Housing Resource Center  
221 East 11<sup>th</sup> Street  
PO Box 13941  
Austin, TX 78711-3941  
(512) 305-9038

All costs directly or indirectly related to the preparation of a response to this RFP shall be the sole responsibility of and shall be borne by the respondent.

It is the express policy of the Department that parties responding to this request refrain from initiating any direct contact or communication with members of the Board of Directors with regard to this Request for Proposals during the selection process. Any violation of this policy will be considered a basis for disqualification.

Additional information regarding this RFP may be obtained from Brenda Hull at TDHCA. All requests must be in writing to (512) 469-9606 (fax) or [brenda.hull@tdhca.state.tx.us](mailto:brenda.hull@tdhca.state.tx.us) (email). All questions and responses will be made available to all applicants via the Department's website (<http://www.tdhca.state.tx.us/>) and will be subject to disclosure under the Public Information Law.

TDHCA shall not be obligated to proceed with any action and may decide it is in the Department's best interest to refrain from pursuing any selection process.

### **IV. RESPONSE FORMAT**

- A. Each item in Section V of this Request for Proposals must be addressed.
- B. Identify the item to be addressed in the introduction to each response.
- C. Please limit your response to 15 pages of text with additional information such as sample work, additional resumes and references submitted in appendix form.

### **V. PROPOSAL CONTENT**

#### **A. General Information**

Provide information regarding the applicant including, but not limited to:

- 1. Resumes of personnel assigned to the market analysis prepared under this RFP;
- 2. Number of market studies performed by the respondent for multifamily properties including those prepared according to the TDHCA Real Estate Analysis Rules and Guidelines; attach a descriptive list of types of assignments performed since 2002; a complete list of assignments performed is not necessary, but may be included in the appendix;
- 3. Description of market analysis similar to that required by this RFP;
- 4. Description of familiarity with transactions involving federal and state housing programs;
- 5. Description of unique qualifications including experience specific to the market study area;
- 6. Certification that the respondent and its principals and key staff assigned to this proposal does not currently and is not anticipated to have an ownership interest in an entity that will apply for

an allocation of funds or tax credits for affordable housing from the Department within twelve months of the due date; additional certification that the respondent and its principals and key staff assigned to this proposal does not currently and is not anticipated to have an ownership interest in an entity that will enter into contract to sell property associated with an allocation of funds or tax credits for affordable housing from the Department within twelve months; additional certification that the respondent has not been barred from receiving funds from the Department or has been removed from the Department's approved list of market analysts for failure to perform a market study with the Department's guidelines any time in the last 24 months.

**B. Approach**

1. Provide a list of the labeled submarkets with a description of the defined boundaries for each and the methodology used to determine the boundaries; include population of each;
2. Provide a description of the source data to be used and the methodology proposed for analysis;

**C. Work Plan and Schedule**

Provide a proposed work plan with specific dates for deliverables including market study outline, draft, and final draft. Identify resources to be dedicated to this assignment.

**D. Fee Schedule**

Provide a proposed itemized cost schedule for the market analysis. Itemize separate costs for Scope of Work A through E; Scope of Work F; and Scope of Work G. For Scope of Work F and G also include an hourly rate and a not-to-exceed total amount for each activity.

**VI. SELECTION PROCEDURE**

Proposals will be referred to a panel of TDHCA staff for evaluation and scoring. Staff will review proposals for compliance with the proposal content requirements and the potential for fulfillment of the scope of work criteria described herein. To assist in the preparation of the proposal, established criteria for review are provided below (weighted values in parentheses).

- A. Evidence of respondent's experience in developing and conducting similar studies (25%).
- B. Evidence that the conceptual framework – demand calculation, definition of submarkets, methods and analysis - is adequately developed and appropriate for the aims of the project (30%).
- C. Submission of a realistic work plan, resources and timeline (20%).
- D. A budget and explanation for the scope and quality needed for successful completion of the project. Emphasis placed on cost efficiency (25%).

**VII. WORK MADE FOR HIRE**

All work performed pursuant to this agreement specifically including all deliverables developed or prepared for TDHCA is the exclusive property of the State of Texas. All right, title and interest in and to said property shall vest in the State of Texas and shall be deemed to be a work made for hire and made in the course of the services rendered pursuant to this agreement. To the extent that title to any work may not, by operation of law, vest in the State of Texas or such work that may not be considered a work made for hire, all rights, title and interest therein are hereby irrevocably assigned to the State of Texas.

TDHCA and/or the State of Texas shall have the right to obtain and to hold in its own name, copyrights, registrations, or such other protection as may be appropriate to the subject matter, and any extensions and renewals thereof. Contractor agrees to give TDHCA and/or the State of Texas and any person designated by TDHCA and/or the State of Texas, reasonable assistance required to assert the rights defined in this paragraph.

## **VIII. LICENSE AGREEMENT**

TDHCA shall grant to the awarded contractor a non-exclusive, irrevocable, world-wide, royalty-free, license to use, reproduce, distribute and display the materials created pursuant to this agreement, subject to the following terms and conditions. The license granted shall terminate on December 31, 2010 unless renewed by the parties in writing, terminated sooner in accordance with its terms, or if the agreement of which this clause is a part, is terminated for cause.

Each copy of the materials that the contractor distributes shall indicate on the cover that the creation of the material was funded by the Texas Department of Housing and Community Affairs. The contractor agrees that it will not charge a fee for the distribution of the materials, except to recover actual duplication and mailing costs. Contractor shall not create derivatives of or modify the content of the materials except with the express written consent of TDHCA.

Failure to comply with the terms of this license may result in immediate termination of the license agreement by TDHCA. Upon termination of this license agreement, contractor shall return the remaining materials to TDHCA, or shall destroy or distribute them, in accordance with the instructions of TDHCA.

With the prior approval of the Department, the contractor may update the market analysis prepared under this RFP. In the 12-month period following the due date, the contractor is required to provide an explanation if a market analysis submitted to TDHCA contains conclusions that contradict the findings of the market analysis prepared under this RFP.

## **IX. OPEN RECORDS**

Information submitted to TDHCA is public information and is available upon request in accordance with the Texas Public Information Act, chapter 552 of the Government Code (the "Act"). An applicant submitting any information it considers confidential as to trade secrets or commercial or financial information, which it desires not to be disclosed, must clearly identify all such information in its proposal. If information so identified by an applicant is requested from TDHCA, the applicant will be notified and given an opportunity to present its position to the Texas Attorney General, who shall make the final determination as to whether such information is excepted from disclosure under the Act. Information not clearly identified as confidential will be deemed to be non-confidential and will be made available by TDHCA upon request.

# **Attachment 1**

## **Research and Single Family Market Analysis Related to Affordable Housing in Deaf Smith, Castro, and Parmer Counties to be Conducted by Texas Tech University**

Researchers at the Center for Public Service at Texas Tech University will provide a market analysis relating to the need for single family affordable housing in Deaf Smith, Castro and Parmer Counties.

- A. Farmworker Demographics and Housing Needs
  - 1. Collect and analyze demographic and housing needs data for the farmworker population in the study area.
- B. Housing Supply Analysis
  - 1. Describe the existing owner-occupied housing supply including total number of units, number of bedrooms and overall condition and quality of owner-occupied housing stock. Include information economic and demographic characteristics of the population residing in owner-occupied housing along with data on the extent to which the different economic submarkets are housing cost burdened (as defined by HUD), severely housing cost burdened, or otherwise living with HUD-defined worst case housing needs. Provide occupancy rate for all housing by income group and number of bedrooms. Provide absorption information for all developments completed within the last two years.
  - 2. Provide data on the number of owner-occupied housing units receiving government housing assistance including FHA, VA, USDA 502, and TDHCA subsidies. For these housing units provide demographic and economic profiles of the homeowners.
  - 3. Provide data on the number and demographic and income characteristics of loans originated within the study area by subprime lenders.
  - 4. Provide data on the number and demographic and income characteristics of the number of owner-occupied households that are delinquent in home mortgage loans, the number of loans posted for foreclosure each of the past five years and the number of mortgage loans foreclosed.
  - 5. Provide data on the number and demographic and economic characteristics of home mortgage loans issued by housing finance agencies including local and regional HFAs, TDHCA and TSAHC.
- C. Analysis of Anticipated Demand
  - 1. Provide detailed analysis of total demand by income group (less than 30%, 31% to 40%, 41% to 50%, 51% to 60% and 60% to 80%, 81% to 100% of AMFI), number of bedrooms, household size, and targeted population (family, independent senior, and special needs populations including farm workers).
  - 2. Provide a clear identification of the demand calculation methodology. The demand calculation should include population and household growth and other sources. The demand calculation methodology will be consistent throughout the market study based on targeted population. The demand calculation is not limited to that required under Title 10 of the Texas Administrative Code Section 1.33. Two independent models of demand are required and are generally described below.
    - a. Demand based upon strict need, comprised from:
      - i. Household growth;
      - ii. Cost overburdened households;
      - iii. Overcrowding;
      - iv. Substandard housing; and,
      - v. Demand from other non-overlapping sources.
    - b. Demand based upon traditional transitory patterns, comprised from:
      - i. Household growth;
      - ii. Turnover; and,
      - iii. Demand from other non-overlapping sources.
  - 3. The demand analysis should identify the demand for additional affordable housing units for the year with the most recent baseline data available and for four years following that year.

D. Summary and Conclusions

Present summary and conclusions for each submarket in tables that identify the net affordable housing need under both a strict need demand and transitory pattern demand described in B (2) (a) and (b) above by income group, number of bedrooms, and targeted population. The net affordable housing need equals the total demand less existing, approved, under construction and unstabilized supply.

E. Appendix

Include demographic data used to complete the analysis, any relevant third party information, and a list of references cited in the body of the report.

**HOUSING RESOURCE CENTER**

**BOARD ACTION REQUEST**

**May 8, 2008**

**Action Items**

Presentation and Discussion of Development of 2010-2011 Legislative Appropriations Request and 2009-2013 Strategic Plan.

**Required Action**

None required at this time.

**Background**

*General State Agency Requirements*

Every biennium, each state agency is required to develop and submit to the Governor's Office of Budget and Planning (GOBP) and the Legislative Budget Board (LBB) a **Strategic Plan** and a **Legislative Appropriations Request (LAR)**. The Strategic Plan lays out the framework for the LAR, which in turn is used by the LBB, the Senate Committee on Finance, and the House Committee on Appropriations in determining appropriate funding levels for each state agency. The General Appropriations Act, see attachment for the 2008-2009 TDHCA appropriations, is the end product of the budgeting process.

The Strategic Plan outlines each agency's goals and strategies for achieving these goals, and how these work within the framework of broader goals established by the Governor's Office. The LAR details historic and requested funding as well as associated performance measures (such as households served) for each strategy. Within the LAR, each agency communicates to the Governor's Office and Legislature the baseline funding needed to continue current operations. In determining baseline funding, each state agency follows guidelines set forth by the GOBP and LBB. For the last several sessions, state agencies have been asked to determine this with an assumption of reduced state General Revenue.

In addition to the baseline funding, the LAR may contain requests for funding over and above this baseline. These are referred to as Exceptional Items. State agencies may also request changes to the Riders found with their "bill pattern," or appropriations as found in the General Appropriations Act.

TDHCA's Strategic Plan is due to the GOBP and the LBB on July 11, 2008. The final deadline for the LAR has not yet been published but will likely be in late August. During the fall, the GOBP and LBB will hold a public hearing on the agency's LAR and study the agency's request. At the beginning of the 81<sup>st</sup> Legislative Session, the LBB will develop the first draft of the General Appropriations Act, reflecting their recommendations for the baseline budget for each



agency. Thereafter, Senate Finance and House Appropriations will hold hearings on each state agency, taking into consideration each agency's Exceptional Item and Rider Change requests.

### *Preparation and Planning*

TDHCA has established a Strategic Planning Steering Committee consisting of the Executive Team and senior staff to provide a forum for policy discussions and provide recommendations to Executive on items to be included in these and other planning documents. The documents are being prepared by the Housing Resource Center and Financial Administration in cooperation with the Division of Public Affairs.

### *Actions Taken to Date and Timeline*

As the first step in submitting its Strategic Plan, TDHCA has submitted to the GOBP and the LBB a request for changes to its budget structure (i.e., the underlying strategies used to achieve the agency's goals) and to performance measures. As previously stated, TDHCA's Strategic Plan is due on July 11, 2008 while the LAR is due in late August.

Staff proposes to hold a public comment period and a public hearing on its LAR prior to the June 26<sup>th</sup>, 2008 board meeting to solicit input on Exceptional Items and other changes to be included in the LAR. Staff contemplates including an Exceptional Item related to the Housing Trust Fund, and this hearing will provide a useful forum for stakeholder input.

### *Future Action Needed from the Board*

Staff will bring the Strategic Plan and proposed Exceptional Items and Rider Changes for inclusion in the LAR before the Board during the June 26<sup>th</sup> Board meeting for their input and approval. The Board will be provided with a summary of public comment provided during the hearing.

### *Additional Background*

The current Strategic Plan can be found on TDHCA's website at <http://www.tdhca.state.tx.us/housing-center/docs/07-stratplanFY07-11.pdf>. The current LAR is available at [http://www.tdhca.state.tx.us/pdf/hf/LAR\\_FY08-FY09-060905.pdf](http://www.tdhca.state.tx.us/pdf/hf/LAR_FY08-FY09-060905.pdf).

## **Recommendation**

Discussion as appropriate.

**HOME DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Action for the applicant's appeal of the termination of the HOME Investment Partnerships Rental Housing Development application for Creek View Apartments (#07346).

**Requested Action**

Approve, Deny or Approve with Amendments a determination on the appeal of the termination of the HOME Investment Partnerships Rental Housing Development application for Creek View Apartments (#07346).

**Background and Recommendations**

On December 13, 2007, an application was submitted for this development to the Department in response to the Rental Housing Development Program NOFA. The Threshold Section 8(e)(iv) of the Open Cycle Notice Of Funding Availability (NOFA), which applies to all HOME applications for Rental Housing Development, states, "To encourage the involvement of other public agencies and private entities in affordable housing, applicants must provide a minimum of 10% of the total development cost from other public agencies and/or private entities."

The application also included a funding request of \$250,000 from the Housing Trust Fund Rental Production Program NOFA. This requirement applied to all HOME applications regardless of whether it was combined with a request for another Department housing program. All HOME applications received under this NOFA were held to the same requirement.

A termination letter was sent to the applicant on April 24, 2008. On April 28, 2008, the Department received a request to appeal the termination decision and requested presentation of the appeal at today's board meeting. On April 30, 2008, the Executive Director denied the appeal request based on the applicant's request to seek a waiver of a Board-approved requirement that provides no authority for such a waiver to be approved by the Executive Director.

As is noted in the above referenced letters, the applicant submitted documentation with the appeal request that indicates a restructure of the proposed development's funding sources as follows: a reduction in the amount of HOME funds requested from \$3,000,000 to \$2,990,000; \$250,000 in Housing Trust Fund, \$35,000 in in-kind or grant funds from Johnson City to cover the costs of paving 500 feet of North Winters Furr Avenue; and, \$50,583 in deferred developer fee. It is worth noting that the HOME Program has not historically accepted deferred developer fees as meeting the 10% requirement for financing from a public agency or private entity and is

clarifying this requirement in current and future NOFA's. Additionally, staff recognizes deferred developer fee as an expense to the project that is paid-out of the future cash flow of the project and not a funding source to finance the development of a project.

All letters cited and relevant documentation related to this appeal is provided behind the Board Action Request.

Applicant:	Creek View, Ltd.
Site Location:	East side of North Winters Furr, north of Dawn Street
City/County:	Johnson City/ Blanco County
Regional Allocation Category:	Rural
Set-Aside:	None
Population Served:	4 Units for Persons with Disabilities
Region:	7
Type of Development:	New Construction
Original Requested Units:	33 HOME Units / 48 Total Units
Revised Requested Units:	28 HOME Units / 28 Total Units
Original HOME Funds Requested:	\$3,000,000
Revised HOME Funds Requested:	\$2,990,000 [per appeal]

### **Recommendation**

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



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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April 24, 2008

Mr. Mark Mayfield  
1110 Broadway  
Marble Falls, Texas 78654  
Telephone: (830) 693-4521  
Telecopier: (830) 693-5128

**Re: Creek View Apartment (#07346)**

Dear Mr. Mayfield:

On December 13, 2007, an application for the above-referenced development was received by the Department requesting an award through the HOME Rental Housing Development Program Notice of Funding Availability (NOFA). In March 2008, the application was restructured and amended to resolve the priority lien issue, however, it has been determined that the application is ineligible for the following reason:

- (I) Failure to provide a minimum of 10% of total development cost in the form of a loan or grant from a private or public entity.

The *Threshold* section of the NOFA states "To encourage the involvement of other public agencies and private entities in affordable housing, applicants must provide a minimum of 10% of the total development cost from other public agencies and/or private entities."

Therefore, please be informed that pursuant to Section 8(e) of the NOFA (as cited above), the Department has terminated the HOME application and no further action will be taken. The Housing Trust Fund rental application will not be considered by the Department unless another source of funds can be provided to replace the HOME funds.

Please be aware that an Appeals Policy exists for the Department. If you wish to appeal this application termination decision, you must appeal to the Executive Director no later than 5:00 pm on or before seven days following the date of this notice. The restrictions and requirements relating to the filing of an appeal can be found in Title 10 Texas Administrative Code §1.7.

If you have any questions, please do not hesitate to me at [jeannie.arellano@tdhca.state.tx.us](mailto:jeannie.arellano@tdhca.state.tx.us) or 512.463.6164.

Sincerely,

*Jeannie Arellano*

Jeannie Arellano  
Director of the HOME Division

JA:bs

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# State Street Housing Advisors, L.P.

Affordable Housing Consulting Services

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April 28, 2008

Via email to: [michael.gerber@tdhca.state.tx.us](mailto:michael.gerber@tdhca.state.tx.us)

Mr. Michael Gerber  
Executive Director  
Texas Department of Housing and Community Affairs  
221 E. 11<sup>TH</sup> Street  
Austin, Texas 78701

Re: Creek View Apartments #07346 – Termination Appeal

Dear Mr. Gerber:

I am writing to appeal the termination of the above referenced application on behalf of my client the Texas Housing Foundation.

As part of our appeal some history of this particular development is necessary. The Texas Housing Foundation is a small regional rural housing authority whose purpose is to provide affordable housing in rural communities in central Texas.

The Creek View development was originally part of a scattered site rural bond development that applied for both bond and HOME funds in 2007. After several attempts to finance this development in early to late 2007, it was finally determined that proceeding with a bond financing structure was going to be infeasible under TDHCA's current regulatory restrictions and a crumbling market for tax credit equity.

The development financing was restructured and the development size was cut from 64 units to 48 units. The financing contemplated was a combination of HOME funds, HTF funds and a RD 538 loan. Our application for HOME funding was then submitted to the agency in December of 2007 using this structure. The application submitted met the 2007 NOFA requirements for HOME and HTF.

This application met all NOFA threshold and underwriting requirements. However underwriting staff would not provide a positive recommendation for the development. Staffs reluctance hinged on one major issue. The inability of the HOME loan to have a first lien position on the property is that one issue. Although we believe that there is no written underwriting requirement for their stance we agreed to work to find an acceptable solution that would satisfy this requirement. After several weeks of discussions with the RD 538 lender and GNMA it was determined that a co-first lien position or second lien position would not be possible for the 538 loan since it was not saleable in the secondary market under the GNMA program. Since staff was unwavering in their first lien requirement both staff and the developer began a collaborative effort to find a solution.

In March TDHCA staff suggested a smaller development funded only with HOME and HTF funding and no conventional first mortgage. Both staff and the applicant saw the merits of this structure and the applicant again restructured their development and revised their application. However as the process progressed staff informed the applicant that it must either come up with 10% of the financing or seek a waiver of the NOFA requirements.

First and foremost we feel that we have met the requirements of the NOFA. The developments total development cost is expected to be \$3,325,582. We have requested HOME funding of \$3,000,000.00 or 90.21% of the total development cost. We would accept HOME funding of just \$10,000 less than the request in the amount of \$2,990,000.00 which put the request below the 90% threshold. A proposed source and use of funds is attached. The remaining 10% of the funding would be provided as follows:

- \$250,000 - Housing Trust Fund
- \$35,000 – City of Johnson City for off-site costs
- \$50,582 – deferred developer fee

Should this structure be deemed not to meet the applicable requirements we would need a waiver of the NOFA requirement. The Texas Housing Foundation does not have the resources available to come up with the required 10% in the form of equity. It has already expended substantial amounts of its available capital in pursuit of this development and a development in Llano. Between the two developments Texas Housing Foundation has expended over \$300,000 in pursuit costs most of which will not be recovered when and if these developments close on their financing.

We respectfully request that the application be reinstated and that the above structure be deemed acceptable or that the HOME requirement for 10% of the total development cost to come from public or private entities be waived.

Very truly yours,

Jeffrey S. Spicer


Attachments

cc: Mark Mayfield  
Steve Nash

**Volume 1, Tab 4: Funding Request**

**PART A. Summary Sources and Uses of Funds**

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Participants and Development Cost Schedule forms). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

 Applicants must attach a written narrative to this form that describes the financing plan for the Development. The narrative shall include: (a) any non-traditional financing arrangements; (b) the use of funds with respect to the Development; (c) the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and (d) the commitment status of the funding sources

Development Name: **Creek View Apartments**

Source #	Funding Description	Priority of Lien	Construction or Rehab. Loan Stage Amt.	Permanent Loan Stage Amount	Financing Participants
1	Conventional Loan		\$ -	\$ -	
2	Conventional Loan/FHA				
3	Conventional Loan/Letter of Credit				
4	HOME		\$ 2,990,000	\$ 2,990,000	TDHCA
5	Housing Trust Fund		\$ 250,000	\$ 250,000	TDHCA
6	CDBG				
7	Mortgage Revenue Bonds		\$ -	\$ -	
8	HTC Syndication Proceeds		\$ -	\$ -	
9	Historic Tax Credit Syndication Proceeds				
10	USDA/ TXRD Loan(s)				
11	Other Federal Loan or Grant				
12	Other State Loan or Grant				
13	Local Government Loan or Grant				
14	Private Loan or Grant		\$ 35,000	\$ 35,000	Johnson City
15	Cash Equity		\$ -	\$ -	
16	In-Kind Equity/Deferred Developer Fee		\$ 50,583	\$ 50,583	Developer
<b>TOTAL SOURCES OF FUNDS</b>			<b>\$ 3,325,583</b>	<b>\$ 3,325,583</b>	
<b>TOTAL USES OF FUNDS</b>				<b>\$ 3,325,583</b>	

<sup>(1)</sup> Indicate Exclusive Use Financing Participant only where funds from that source are dedicated only for a specific purpose, i.e. CDBG infrastructure funds used only for off-site construction





# CITY OF JOHNSON CITY

September 11, 2007

Texas Housing Foundation  
1110 Broadway  
Marble Falls, Texas 78654

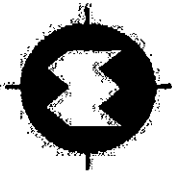
Mr. Mayfield,

The City of Johnson City agrees to pave the unpaved portion of  
N. Winters Furr Avenue.

Thank you

Kermit Roeder  
Mayor

P.O. Box 369  
303 E. Pecan Dr.  
Johnson City, Texas 78636  
830/868-7111



*Willis Environmental Engineering, Inc.*

310 main • marble falls, texas • 78654  
(830) 693-3566 • fax (830) 693-5362  
email: pzipperer@willis-engineering.com

April 16, 2008

Texas Department of Housing  
Attn: Michael Gerber  
P.O. Box 13941  
Austin, Texas 78711-3941

Re: Creek View Apartments in Johnson City, Texas

Mr. Gerber:

I am contacting you on behalf of Steve Nash regarding the estimated cost of paving for North Winter Furr Road located on the west side of the proposed Creek View Apartments in Johnson City, Texas. Our estimated cost of construction for paving the 500 feet of roadway is approximately \$35,000. Please let me know if you require any further information regarding this subject matter.

Sincerely,

A handwritten signature in cursive script that reads "Pauline Zipperer".

Pauline Zipperer, P.E.



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Sonny Flores  
Juan S. Muñoz, Ph.D.  
Gloria Ray

April 30, 2008

Mr. Mark Mayfield  
1110 Broadway  
Marble Falls, Texas 78654  
Telephone: (830) 693-4521  
Telecopier: (830) 693-5128

**Re: Appeal for Creek View #07346**

Dear Mr. Mayfield:

**Appeal Review**

I have carefully reviewed your appeal received by the Texas Department of Housing and Community Affairs (the "Department") on April 28, 2008 regarding the termination (non-acceptance) of the HOME Investment Partnerships Rental Housing Development application for the above referenced development.

I appreciate the time and effort you have spent with staff in attempting to gain a parity lien position for the Department's majority funding and in restructuring this transaction to attempt to develop this project without USDA guarantee funds.

The Threshold Section 8(e)(iv) of the Rental Housing Development Program Notice Of Funding Availability (NOFA), which applies to all HOME applications for Rental Housing Development, states, "To encourage the involvement of other public agencies and private entities in affordable housing, applicants must provide a minimum of 10% of the total development cost from other public agencies and/or private entities."

Your amended application failed to comply with this threshold requirement which was applied to all applications submitted under this NOFA. On April 24, 2008 the Department informed you of this termination.

The documentation submitted with your appeal request indicates that you have restructured the proposed development's funding sources as follows: a reduction in the amount of HOME funds requested from \$3,000,000 to \$2,990,000; \$250,000 in Housing Trust Fund, \$35,000 in in-kind or grant funds from Johnson City to cover the costs of paving 500 feet of North Winters Furr

Mr. Mayfield  
May 1, 2008  
Page 2 of 2

Avenue; and, \$50,583 in deferred developer fee. With this restructure, you are requesting either to allow the Housing Trust Fund funding request to meet the 10% threshold requirement or a waiver of the 10% threshold requirement.

It is worth noting that the HOME Program has not historically accepted deferred developer fees as meeting the 10% requirement for financing from a public agency or private entity and is clarifying this requirement in current and future NOFA's.

Since your appeal request seeks a waiver of a Board-approved requirement and since the requirement provides no authority for such a waiver to be approved by the Executive Director, your request to appeal the staff decision is denied.

Please note that this letter is exclusively utilized to address your HOME application and is being expedited to accommodate your preferred TDHCA Board meeting date and does not pertain to your application for Housing Trust Fund Rental Production Program application.

**Appeal Determination**

Your appeal is denied.

Pursuant to §1.7 of the Texas Administrative Code Title 10, your request for an appeal to the Board has been placed on the May 8, 2008 Board meeting agenda.

If you have questions or comments, please contact Jeannie Arellano, Director of the HOME Division at (512) 463-6164.

Sincerely,



Michael Gerber  
Executive Director

**HOME DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation of the April 14, 2008 HOME Fund Balance Report and Program Year HOME 2008 Allocation.

**Fund Balance Report**

The HOME Fund Balance Report is prepared monthly and is the Department's internal tracking of available balances of HOME funds. It has been revised recently to initiate an accounting of uncommitted, program income and deobligated funds and to ensure reprogramming of any available balances. As required in the Department's rule regarding deobligated funds (10 TAC §1.19), the Department must not retain a balance of deobligated funds that exceeds 15% of the most current annual allocation of HOME funds. This equates to a maximum balance of slightly over \$6 million. Deobligated funds are those that have been voluntarily or involuntarily returned from an individual project address or an awarded contract from a Contract Administrator. The reconciliation of deobligated funds began in September 2007 and included a reconciliation of deobligated funds for specific set-asides for Disaster, Persons with Disabilities, American Dream Downpayment Initiative (ADDI) and Contract for Deed Conversion.

The beginning balance of this report is the previous month's total HOME funds that are available to commit in HUD's Integrated Disbursement Information System (IDIS). This total includes primarily funds that have not been awarded to a Contract Administrator, which may include a balance of funds from an undersubscribed NOFA, deobligated funds and program income received. The reconciliation provides a monthly reconciliation of activities that affect the Department's balance with HUD and ends with the balance of the current month's total HOME funds available in IDIS.

The report then further separates this available balance into two categories of funds – Community Housing Development Organization (CHDO) funds and non-CHDO funds. As you will note, CHDO funds are presented first since this set-aside is a federal mandate and staff attempts to ensure an over-commitment of CHDO funds and a pipeline of committed awards.

The CHDO and non-CHDO categories are further segmented into federal and programmatic set-asides and open Notices of Funding Availability (NOFA's). Additionally, please note a column reflects deobligated funds that are reserved to be used for reprogramming priority into specific set-asides, namely CHDO (required by HUD), Disaster, Persons with Disabilities, American Dream Downpayment Initiative (ADDI) and Contract for Deed Conversion set-asides.

Finally, the Fund Balance Report provides a grand total of HOME funds available for programming after mandated set-asides, Board-approved awards (that do not have executed contracts or commitments), and published, open NOFA's have been reserved. The current report reflects a total of \$18,180,750 in funds available for programming at this time. This amount

includes approximately \$10 million in deobligated funds since September 2007 and approximately \$5 million in declined 2007 awards as detailed in the 2<sup>nd</sup> footnote.

On March 24, 2008, the Department received its Funding Approval and Grant Agreement from the U.S. Department of Housing and Urban Development (HUD). The approval and agreement included \$40,043,225 for the Department's Program Year 2008 allocation of the HOME Investment Partnerships Program. The programming of these funds is described later in this report. However, please note that this report does not reflect the 2008 HOME allocation since it was not available in IDIS at the time of the preparation of this report.

<b>HOME FUND BALANCE REPORT</b>			
As of April 14, 2008			
			<b>Total</b>
<b>Total Available Balance in IDIS on March 17, 2008</b> <sup>1</sup>			<b>\$68,570,586.35</b>
Committed since last report			(\$2,415,956.00)
Program Income received since last report			\$727,312.93
Deobligated since last report			\$2,337,807.43
<b>Total Available Balance in IDIS on April 14, 2008</b> <sup>1</sup>			<b>\$69,219,750.71</b>
<b>CHDO (Community Housing Development Organization) Funds</b>			
	<b>Uncommitted</b>	<b>Reserved Deobligated</b>	<b>Total</b>
<b>Available Balance in IDIS</b>	\$6,112,041.30	\$1,681,696.80	\$7,793,738.10
<b>Programmatic Set-Asides:</b>			
2007 CHDO Operating Funds	(\$305,602.00)		(\$305,602.00)
Colonia Model Subdivision Program	(\$2,000,000.00)		(\$2,000,000.00)
<b>Open Notices of Funding Availability (NOFA's):</b>			
Awards approved by the Board but not committed in IDIS yet	(\$900,000.00)		(\$900,000.00)
2007 Open Cycle CHDO NOFA \$6 Million (expires June 2, 2008)	(\$4,318,303.20)	(\$1,681,696.80)	(\$6,000,000.00)
<b>Total CHDO Funds Available for Programming:</b>	<b>(\$1,411,863.90)</b>		<b>(\$1,411,863.90)</b>
<b>Non-CHDO (Community Housing Development Organization) Funds</b>			
	<b>Uncommitted</b>	<b>Reserved Deobligated</b>	<b>Total</b>
<b>Available Balance in IDIS</b>	\$53,117,835.43	\$8,308,177.18	\$61,426,012.61
<b>Programmatic Set-Asides:</b>			
Disaster Set-Aside	(\$4,750,000.00)	(\$2,050,000.00)	(\$6,800,000.00)
American Dream Downpayment Initiative (ADDI)	(\$1,346,274.00)	(\$2,034,691.89)	(\$3,380,965.89)
Contract for Deed Set-Aside	(\$4,000,000.00)	(\$3,280,000.00)	(\$7,280,000.00)
Persons with Disabilities Set-Aside	(\$231,822.00)	(\$943,485.29)	(\$1,175,307.29)
<b>Open Notices of Funding Availability (NOFA's)/Board-Approved Awards:</b>			
Awards approved by the Board but not committed in IDIS yet	(\$2,197,125.00)		(\$2,197,125.00)
2007 RHD NOFA \$15 Million (expires June 2, 2008)	(\$15,000,000.00)		(\$15,000,000.00)
Homebuyer NOFA \$3 Million (approved by Board December 20, 2007 and expires May 28, 2008)	(\$3,000,000.00)		(\$3,000,000.00)
TBRA NOFA \$3 Million (approved by Board December 20, 2007 and expires May 28, 2008)	(\$3,000,000.00)		(\$3,000,000.00)
<b>Total Non-CHDO Funds Available for Programming:</b>	<b>\$19,592,614.43</b>		<b>\$19,592,614.43</b>
<b>Grand Total of HOME Funds Available for Programming:</b> <sup>2</sup>	<b>\$18,180,750.53</b>		<b>\$18,180,750.53</b>

<sup>1</sup> This amount does not reflect the Program Year 2008 HOME allocation. Of the available balance, the cumulative program income to-date is \$23,627,184.67.

<sup>2</sup> Since September 2007, the Department has deobligated a total of \$10,356,873 in completed, terminated or expired contracts. Additionally, \$5,025,000 in HOME funds were declined from the 2007 awards. This includes \$4,500,000 in OCC awards and one RHD award of \$525,000. The remaining funds available for programming are cumulative program income and deobligations that occurred prior to September 2007 and have not yet been reprogrammed.

Below is a brief status on the activities listed on the Fund Balance Report for which HOME funds have been programmed or reserved:

- **2007 CHDO Operating Funds.** These funds equate to 5% of the annual set-aside for CHDO projects. As awards are made to CHDO's, a portion of these funds is reserved to award to the organization for CHDO operating expenses and is based on the amount the CHDO is eligible for, requests and is approved by the Board as part of the award of the CHDO project funds. One award for \$50,000 is being presented today with the 2007 CHDO award for RHD. As these funds are not utilized, they are returned to the total amount of non-CHDO funds available.
- **Colonia Model Subdivision Program.** In February 2007 the Board approved the first two awards for this program totaling \$3.5 million. Both contracts have been executed and one is being presented to the Board today for an amendment request. In order to develop another proposed NOFA for this program later this year, staff will be revising the programmatic requirements to ensure compliance with federal regulations and to allow the most flexibility and efficiency in the use of the funds for this activity.
- **2007 Community Housing Development Organization (CHDO) Single Family and Rental Housing Development (RHD) NOFA.** In September 2007 the Board approved this open cycle NOFA for \$6 million, which expires June 2, 2008. The Department received 8 applications totaling funds requested in excess of \$18 million. Staff is presenting award recommendations today totaling nearly \$2 million. Since the remaining applications are layered with requests for a housing tax credit allocation, staff is recommending an increase in funds available (and other changes) for this NOFA at today's meeting.
- **Disaster Set-Aside.** While only approximately \$2 million is required to be reserved for disasters pursuant to the Department's rule on deobligated funds (10 TAC §1.19(e)(1), the Disaster Set-Aside includes \$4.7 million of uncommitted 2007 Single Family funds, as approved by the Board in August 2007. With the same action item, the Board also approved \$2.5 million in deobligated funds to be reserved for disasters. These additional funds were set aside by the Board in anticipation of requests resulting from the heavy rains many parts of the State experienced last spring and summer. As reflected on the Fund Balance Report, the total reservation including both uncommitted and deobligated funds is \$6.8 million. As an additional note, staff has experienced an increased interest in these funds since the timeframe reserved for a federal declaration is expiring in many of the communities that were affected by a disaster earlier this year. Today, staff will present for Board action award recommendations totaling \$2,000,000.
- **American Dream Downpayment Initiative (ADDI).** ADDI is a separate allocation of HOME funds received by the Department to provide downpayment and closing cost assistance to eligible first-time homebuyers. As noted below, the Board has approved the inclusion of this balance of uncommitted and deobligated ADDI funds in an open cycle Homebuyer NOFA. The NOFA was published in the January 4, 2008 *Texas Register* and staff is presenting for Board action award recommendations totaling to more than \$3 million today.
- **Contract for Deed Set-Aside.** Historically, the Department has used HOME funds to meet its legislative requirement to allocate \$2 million per year for the conversion of contracts for deed. The Department has not released a NOFA for this activity since 2005 and interest has been expressed by potential applicants that have reached or are reaching the end of their contract term from a previous award. There are relatively few participants in this program and the existing contractor administrators have experienced significant delays in expending funds. With the reorganization of the HOME Division

and the addition of a Performance team, staff has increased the technical assistance and oversight provided to these administrators. Contracts have either expired with limited or no performance, which has resulted in the deobligation of funds, or action plans have been developed and amendments for extensions approved in order to serve a portion or all of the housing units targeted. The new HOME Program Rule adopted by the Board in December 2007 included changes to provide additional funding on a per household basis to address the needs and characteristics of these types of transactions. Additionally, staff has consulted with HUD regarding programmatic improvements and plans to bring a recommendation to publish a new NOFA for the uncommitted and deobligated balances for this set-aside in the coming months. Today, staff is presenting for Board action the approval of a Contract for Deed Conversion Program NOFA, which makes available the unprogrammed balance of \$4 million from 2006 and 2007, the reserved deobligated balance of \$3.2 million and the \$2 million set-aside from the 2008 HOME allocation.

- **Persons with Disabilities Set-Aside.** Staff has identified approximately \$1,175,307 in uncommitted and deobligated funds targeted to assist persons with disabilities through previous year's awards. Staff has been meeting with the Department's Disability Advisory Workgroup to develop proposed programming activities for these funds. It is anticipated that staff will include this balance of funds with the \$2 million set-aside from the 2008 HOME allocation in a NOFA to be presented for Board approval in the near future.
- **2007 Rental Housing Development (RHD) NOFA.** In September 2007 the Board approved this open cycle NOFA for \$15 million, which expires June 2, 2008. The Department has received 34 applications totaling funds requested in excess of \$30 million. Staff is presenting award recommendations today totaling slightly over \$1 million. Since the remaining applications are layered with requests for a housing tax credit allocation, staff is recommending an increase in funds available (and other changes) for this NOFA at today's meeting.
- **Homebuyer NOFA.** At the December 2007 Board meeting, the Board approved the use of \$6 million in HOME funds for an open cycle Homebuyer NOFA. Only \$3 million of the NOFA is being committed from the balance available to commit since the \$3 million in ADDI funds are already reserved from the balance with the Set-Aside amount in the upper portion of the Fund Balance Report. The NOFA was published in the January 4, 2008 *Texas Register* and, as noted above, staff is presenting for Board action award recommendations totaling to more than \$3 million today.
- **TBRA NOFA.** At the December 2007 Board meeting, the Board approved the use of \$3 million in HOME funds for an open cycle TBRA NOFA. The NOFA was published in the January 4, 2008 *Texas Register* and staff is presenting for Board action award recommendations totaling slightly over \$1 million today.

At the January 31, 2008 meeting, the Board approved postponing action on the reprogramming of funds in order to allow time to analyze the subscription rate of the funding requests received for the four open NOFA's. As described above, since demand for the Rental Housing Development (RHD) and Community Housing Development Organization (CHDO) NOFA's exceeded the amount originally made available, staff is presenting action items today that propose amendments to those NOFA's utilizing the balance of funds available for programming from the Fund Balance Report to meet that demand.



**Program Year 2008 HOME Allocation**

As previously mentioned, the Department has received its Funding Approval and Grant Agreement from (HUD). The table below reflects the calculations based on the Department's approved 2008 Consolidated Annual Action Plan and utilizes the actual amount of the allocation of \$40,043,225 and an estimated \$2.5 million in program income. It is also the basis for the presentation of the following NOFA's for approval to the Board today:

- 2008 Rental Housing Development (RHD) NOFA
- 2008 CHDO Rental Housing Development (RHD) NOFA
- 2008 Contract for Deed Conversion Program NOFA

It is anticipated that staff will present proposed NOFA's for the Persons with Disabilities set-aside and general fund for single family activities at future board meetings. With the exception of the set-aside to the Colonia Model Subdivision Program (CMSP), the approval and publication of these NOFA's will ensure that all uncommitted HOME funds and the 2008 allocation HOME funds are made available for funding requests to interested entities and will facilitate the timely expenditure of these funds.

<b>Program Year 2008 HOME Allocation</b>		
<b>Use of Funds</b>	<b>Estimated Available Funding</b>	<b>% of Total HOME Allocation</b>
Administration Funds (10% of PY 2008) *	\$3,977,659	10%
CHDO Project Funds Set Aside (15% of PY 2008) **	\$5,966,488	15%
CHDO Operating Expenses Set Aside (5% of CHDO Set Aside) *	\$298,324	1%
State Mandated Funds for Contract for Deed Conversions *	\$2,000,000	5%
Housing Programs for Persons with Disabilities *	\$2,000,000	5%
Rental Housing Preservation Program	\$2,000,000	5%
Rental Housing Development Program	\$3,000,000	7%
General Funds for Single Family Activities	\$23,034,117	54%
<b>Total PY 2008 HOME Allocation***</b>	<b>\$42,276,588</b>	<b>102%</b>
PY 2008 American Dream Downpayment Initiative (ADDI) Funds	\$266,637	—
<b>Total Estimated Funding Available for Distribution (including ADDI)</b>	<b>\$42,543,225</b>	<b>—</b>
* The funding for these activities is not subject to the Regional Allocation Formula.		
**\$1,000,000 will be reserved from this set-aside for the Colonia Model Subdivision Program. If sufficient applications are not received for this activity, the remaining funds will be used for other CHDO-eligible activities. TDHCA may set aside 10% of the		
***Calculations include \$2,500,000 in estimated Program Income		
<b>Use of General Funds for Single Family Activities</b>	<b>Estimated Available Funding</b>	<b>% of Total SF HOME Allocation</b>
Homebuyer Assistance*	\$3,455,118	15%
Owner Occupied Housing Assistance*	\$16,123,882	69%
Tenant Based Rental Assistance*	\$3,455,118	15%
PY 2008 American Dream Downpayment Initiative (ADDI) Funds	\$266,637	1%
<b>Estimated Total</b>	<b>\$23,300,755</b>	<b>100%</b>
* Includes Allocation and portion of estimated Program Income		

**HOME DIVISION  
BOARD ACTION REQUEST  
May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of HOME Program Disaster Relief Award Recommendations.

**Requested Action**

Approve, Deny or Approve with Amendments the HOME Program Disaster Relief Award Recommendations.

**Background**

On April 13, 2007, Baylor County experienced severe storms and tornadoes which devastated certain areas of the County. The Governor's Office issued a disaster recognition letter on May 25, 2007. Baylor also later experienced heavy flooding. A federal disaster declaration FEMA-1709-DR TX was issued on July 18, 2007 and included Baylor County.

On June 16, 2007, Liberty County experienced which severe storms, tornadoes and flooding which devastated certain areas of the County, including the cities of Cleveland and Ames. On August 21, 2007, Liberty County was included in federal disaster declaration FEMA-1709-DR TX.

In accordance with the Department's HOME Program Rule 10 Texas Administrative Code §53.47(a)(5), HOME disaster relief funds are made available ninety (90) days after the date of the federal declaration date. Applications for disaster relief are accepted within six months after the first day assistance under the owner occupied housing assistance program is made available.

The Department formally notified Baylor and Liberty County officials of the Department's HOME Program. Technical assistance for completing and submitting an application was also offered. The following applications were received:

**Applications Received**

<b>Application #</b>	<b>Applicant Name</b>	<b>Project Funds Requested</b>	<b>Admin. Funds Requested</b>	<b>Number of Units Proposed</b>
2008-0009	City of Cleveland	\$500,000	\$20,000	6
2008-0010	City of Ames	\$500,000	\$20,000	6
2008-0011	Liberty County	\$500,000	\$20,000	5
2008-0029	Baylor County	\$500,000	\$20,000	10
<b>Total</b>		<b>\$2,000,000</b>	<b>\$80,000</b>	<b>27</b>

With the 2008 HOME Program Rule changes, applicants are only eligible for 2% in administrative funds since an increase in the soft cost maximum percentage was adopted. Additionally, the Cities of Cleveland and Ames and Liberty County have applied for a number of units that averages \$83,333 to \$100,000 in assistance per household. It is very likely that this average will exceed the amount of assistance allowed per household. For example, the maximum amount of assistance is \$75,000 for a household with 7 or more household members. Staff has notified the affected applicants of these issues and recommendations are based on adjustments to the award in administrative funds and the number of units required as follows:

#### Award Recommendations

Application #	Applicant Name	Project Funds Recommended	Admin Funds Recomm.	Number of Units Recomm.
2008-0009	City of Cleveland	\$500,000	\$10,000	7
2008-0010	City of Ames	\$500,000	\$10,000	7
2008-0011	Liberty County	\$500,000	\$10,000	7
2008-0029	Baylor County	\$500,000	\$10,000	10
<b>Total</b>		<b>\$2,000,000</b>	<b>\$40,000</b>	<b>31</b>

In their application, the City of Cleveland proposed to assist 6 households that were directly affected by the disaster and reflects that most of the households did not have insurance and are still living in substandard conditions. Upon discussion with the applicant the maximum amount of assistance allowed per household, the City agreed to revise their request to assist a minimum of 7 households. Historically, the City of Cleveland has been awarded 5 Owner-Occupied Housing Assistance contracts totaling \$1,557,480 and has assisted 50 households.

The application for the City of Ames also proposed to assist 6 households that were directly affected by the disaster and reflects that most of the households did not have insurance and are still living in substandard conditions. The City also agreed to revise their request to assist a minimum of 7 households. Previously, the City of Ames was awarded \$237,500 and assisted 11 households with Owner-Occupied Housing Assistance.

Liberty County proposed to assist five households that were directly affected by the disaster and has also revised their request to assist a minimum of 7 households. The Department has previously awarded HOME funds to Liberty County for a Homebuyer Assistance Program totaling \$100,000 in assistance to 20 homebuyers with downpayment and closing costs and an Owner-Occupied Housing Assistance Program to assist 11 households affected by Hurricane Rita in the amount of \$600,000.

Baylor County is requesting funds to assist 10 households, predominately located in the City of Seymour, affected by severe thunderstorms, large hail, and heavy rains. The application states that the County does not have funds set aside to assist households with the repair of their homes after a disaster. Upon discussion with staff, Baylor County did not wish to revise their application to reflect a lower minimum number of units proposed since they expect to serve more than 10 households with rehabilitation only. Baylor County has not previously received HOME funds from the Department. NORTEX Regional Planning Commission assisted Baylor County

with the submission of the application and will be assisting in the administration of the contract if the County is approved for award.

The applications have been thoroughly reviewed for eligibility. The applications have also been reviewed by the Portfolio Management and Compliance Division and no issues of material non-compliance have been identified. Staff will verify during a second compliance review at contract generation that there are no unresolved audit findings, questioned or disallowed costs, and performance issues identified at that time. These applications are recommended for funding under the 2008 HOME Program Rule and the awards are in accordance with the Department's rule on deobligated funds (10 TAC Chapter 1 §1.19) adopted by the Board on April 12, 2007.

### **Recommendation**

Staff recommends approval of these disaster relief award recommendations. Staff also recommends approval of 2% of project funds requested for program administration.

**HOME DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of HOME Tenant-Based Rental Assistance Award Recommendations.

**Requested Action**

Approve, Deny or Approve with Amendments the HOME Tenant-Based Rental Assistance Award Recommendations.

**Background and Recommendations**

**Summary**

On December 20, 2007 the Board approved a Tenant Based Rental Assistance (TBRA) Notice of Funding Availability (NOFA) which made available approximately \$3 million dollars of deobligated and uncommitted HOME Funds. The NOFA was published in the *Texas Register* on January 4, 2008. Applications are being accepted until all funds are awarded or 5:00 p.m. Friday, May 30, 2008, whichever is earlier.

The Tenant-Based Rental Assistance Program provides eligible households rental subsidies, including security and utility deposits to tenants, for up to 24 months and earning 80 percent (80%) or less of the Area Median Family Income (AMFI) as defined by HUD. In accordance with 24 CFR 92.216, not less than 90% of the households assisted with respect to TBRA or rental units, must have incomes at or below 60% of the AMFI, as defined by HUD. Tenants must also participate in a self sufficiency program and the rental unit must be their primary residence. The NOFA limited administrative funds to 4% of the contract award for the Tenant-Based Rental activity.

To date a total of 6 applications have been received for funding requests totaling \$1,027,412 in project funds and \$41,097 in administrative funds. Following is a summary of the applications:

### TBRA Applications Received

Application Number	Applicant	Region	Total Project Funds Requested	Total Admin. Funds Requested	Total Funds Requested	Total Number of Units Proposed
2008-0007	Ellis Community Resources, Inc.	9	\$ 300,000	\$12,000	\$ 312,000	28
2008-0016	Spindletop MHMR Services	5	\$ 163,700	\$ 6,548	\$ 170,248	25
2008-0024	Affordable Caring Housing, Inc.	4	\$ 152,472	\$ 6,099	\$ 158,571	15
2008-0025	Special Health Resources for Texas	4	\$ 300,000	\$ 12,000	\$ 312,000	30
2008-0027	Affordable Caring Housing, Inc.	3	\$ 42,864	\$1,715	\$ 44,579	4
2008-0028	Affordable Caring Housing, Inc.	6	\$ 68,376	\$2,735	\$ 71,111	7
<b>Total</b>			<b>\$1,027,412</b>	<b>\$ 41,097</b>	<b>\$1,068,509</b>	<b>109</b>

### Recommendations

Application Number	Applicant	Region	Total Project Funds Recomm.	Total Admin. Funds Recomm.	Total Funds Recomm.	Total Number of Units Required
2008-0007	Ellis Community Resources, Inc.	9	\$ 300,000	\$12,000	\$ 312,000	28
2008-0016	Spindletop MHMR Services	5	\$ 163,700	\$ 6,548	\$ 170,248	25
2008-0024	Affordable Caring Housing, Inc.	4	\$ 152,472	\$ 6,099	\$ 158,571	15
2008-0025	Special Health Resources for Texas	4	\$ 300,000	\$ 12,000	\$ 312,000	30
2008-0027	Affordable Caring Housing, Inc.	3	\$ 42,864	\$1,715	\$ 44,579	4
2008-0028	Affordable Caring Housing, Inc.	6	\$ 68,376	\$2,735	\$ 71,111	7
<b>Total</b>			<b>\$1,027,412</b>	<b>\$ 41,097</b>	<b>\$1,068,509</b>	<b>109</b>

Ellis Community Resources was formed in 1994 by the New Braunfels Housing Authority to own and operate a 16-unit town home site purchased from the Resolution Trust Corporation under the Affordable Housing Program. Within a few years, the corporation had sufficient reserves to receive its first funds from the Department, a \$50,000 Homebuyer Assistance Program award and assisted 7 households. The organization also became certified by HUD to

operate a 203(k) housing rehabilitation program and to purchase HUD homes. The New Braunfels Housing Authority and Ellis Community Resources have received combined funds from the Department under the HOME Tenant-Based Rental Assistance Program (TBRA) totaling \$993,849 to assist 57 households. The applicant is requesting \$300,000 to serve 28 households in region 9 with TBRA.

Spindletop MHMR Services is currently the mental health and mental retardation authority for 4 counties in the Southeast Texas area, including Chambers, Hardin, Jefferson and Orange Counties, and provides outpatient substance abuse treatment programs for adolescents and adults. The organization has administered 8 HOME TBRA awards between 1995 and 2008 totaling \$1,025,133 and assisting 114 households. The applicant is requesting \$163,700 to assist 25 eligible households in Region 5 with rental subsidies and security and utility deposits.

Affordable Caring Housing, Inc. is a 501(c)(3) non-profit corporation organization formed in 2001 for the purpose of providing low-income decent affordable housing, housing assistance and services for needy and disabled individuals and families in Texas. Affordable Caring Housing has administered HOME Rental Development funds in the amount of \$967,436 for the construction of a 216-unit apartment complex. The applicant has administered 4 HOME TBRA contracts in regions 4 and 6 totaling \$391,228 assisting 85 households and is requesting a total of \$263,712, under three separate applications, to assist 26 households in regions 3, 4, and 6.

Special Health Resources for Texas is a 501(c)(3) non-profit corporation AIDS services organization founded in 1995 and located in East Texas. It has four locations in Longview, Tyler, Paris and Texarkana. Services include street outreach, HIV counseling/testing, case management, intervention services, clinical services, STD screening, dental care, substance abuse counseling, mental health counseling and transportation services. The applicant has administered 2 HOME TBRA awards totaling \$693,587 and assisting 125 households. The applicant is requesting \$300,000 to meet the housing needs of 30 low-income persons with AIDS and related diseases in region 4.

### **Funding Recommendation Methodology**

These funds are not subject to the Regional Allocation Formula since they are made available from uncommitted and deobligated funds. Applications are being processed utilizing the open cycle method and as described in the NOFA. The applications that are being recommended have passed all eligibility and threshold requirements.

The applications have also been reviewed by the Portfolio Management and Compliance Division and no issues of material non-compliance have been identified. Staff will verify during a second compliance review at contract generation that there are no unresolved audit findings, questioned or disallowed costs, and performance issues identified at that time. These applications are recommended for funding under the 2008 HOME Program Rule.

If the above recommendations are approved, a balance of \$1,972,588 will remain available under the HOME TBRA NOFA.

## **Recommendation**

Staff recommends approval of the HOME TBRA Program award recommendations. Staff also recommends approval of four percent (4%) of total project funds awarded for program administration.



**HOME DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of HOME Homebuyer Assistance Award Recommendations.

**Requested Action**

Approve, Deny or Approve with Amendments the HOME Homebuyer Assistance Award Recommendations.

**Background and Recommendations**

**Summary**

On December 20, 2007 the Board approved a Homebuyer Assistance (HBA) Notice of Funding Availability (NOFA) which made available approximately \$6 million dollars of deobligated and uncommitted HOME and American Dream Downpayment Initiative (ADDI) funds. The NOFA was published in the *Texas Register* on January 4, 2008. Funds were made available subject to the Regional Allocation Formula (RAF) until March 3, 2008. On March 4, 2008, any funds not awarded were made available statewide. Applications are being accepted until all funds are awarded or 5:00 p.m. Friday, May 30, 2008, whichever is earlier.

The Homebuyer Assistance Program provides assistance to first time homebuyers earning 80 percent (80%) or less of the Area Median Family Income (AMFI) as defined by HUD, for downpayment and closing costs assistance. The amount of HOME HBA funds provided to any household shall not exceed the greater of six percent of the purchase price of the single family housing or \$10,000.

On March 3, 2008 a total of 14 applications had been received for funding requests totaling \$3,188,095 and were processed subject to the RAF. One (1) application totaling \$200,000 was received after March 3, 2008 and is also being recommended for funding since funds were available on a statewide basis at the time. Following is a summary of the applications:

### HBA Applications Received

Application Number	Applicant	Region	Total Project Funds Requested	Total Admin. Funds Requested	Total Funds Requested	Total Number of Units Proposed
2008-0023	City of McKinney	3	\$ 300,000	\$ 12,000	\$ 312,000	40
2008-0030	City of Terrell	3	\$ 200,000	\$ 12,000	\$ 212,000	20
2008-0004	City of Paris	4	\$ 200,000	\$ 8,000	\$ 208,000	20
2008-0013	City of Hughes Springs	4	\$ 150,000	\$ 6,000	\$ 156,000	15
2008-0014	City of Nash	4	\$ 250,000	\$ 10,000	\$ 260,000	25
2008-0005	Southeast Texas Housing Finance Corporation	6	\$ 251,239	\$ 10,049	\$ 261,288	28
2008-0008	Southeast Texas Housing Finance Corporation	6	\$ 174,842	\$ 6,993	\$ 181,835	18
2008-0018	City of Bay City	6	\$ 250,000	\$ 10,000	\$ 260,000	25
2008-0015	Travis County Housing Finance Corporation	7	\$ 300,000	\$ 12,000	\$ 312,000	40
2008-0019	Temple Housing Authority	8	\$ 120,000	\$ 4,800	\$ 124,800	12
2008-0002	Community Development Corporation of Brownsville	11	\$ 300,000	\$ 12,000	\$ 312,000	30
2008-0003	Cameron County Housing Finance Corporation	11	\$ 300,000	\$ 12,000	\$ 312,000	30
2008-0012	San Benito Housing Authority	11	\$ 300,000	\$ 12,000	\$ 312,000	30
2008-0017	City of Midland	12	\$ 100,000	\$ 4,000	\$ 104,000	10
2008-0006	El Paso Collaborataive for Community and Economic Development	13	\$ 192,014	\$ 8,001	\$ 200,015	20
	<b>15 applicants</b>		<b>\$ 3,388,095</b>	<b>\$ 139,843</b>	<b>\$ 3,527,938</b>	<b>363</b>

Two the applicants requested an inaccurate amount of administrative funds, staff has notified the affected applicants of the issue and recommendations are based on the adjustments to the award in administrative and project funds as follows:

## Recommendations

Application Number	Applicant	Region	Total Project Funds Recomm.	Total Admin. Funds Recomm.	Total Funds Recomm.	Total Number of Units Required
2008-0023	City of McKinney	3	\$ 300,000	\$ 12,000	\$ 312,000	40
2008-0030	City of Terrell	3	\$ 200,000	\$ 8,000	\$ 208,000	20
2008-0004	City of Paris	4	\$ 200,000	\$ 8,000	\$ 208,000	20
2008-0013	City of Hughes Springs	4	\$ 150,000	\$ 6,000	\$ 156,000	15
2008-0014	City of Nash	4	\$ 250,000	\$ 10,000	\$ 260,000	25
2008-0005	Southeast Texas Housing Finance Corporation	6	\$ 251,239	\$ 10,050	\$ 261,289	28
2008-0008	Southeast Texas Housing Finance Corporation	6	\$ 174,842	\$ 6,994	\$ 181,836	18
2008-0018	City of Bay City	6	\$ 250,000	\$ 10,000	\$ 260,000	25
2008-0015	Travis County Housing Finance Corporation	7	\$ 300,000	\$ 12,000	\$ 312,000	40
2008-0019	Temple Housing Authority	8	\$ 120,000	\$ 4,800	\$ 124,800	12
2008-0002	Community Development Corporation of Brownsville	11	\$ 300,000	\$ 12,000	\$ 312,000	30
2008-0003	Cameron County Housing Finance Corporation	11	\$ 300,000	\$ 12,000	\$ 312,000	30
2008-0012	San Benito Housing Authority	11	\$ 300,000	\$ 12,000	\$ 312,000	30
2008-0017	City of Midland	12	\$ 100,000	\$ 4,000	\$ 104,000	10
2008-0006	El Paso Collaborataive for Community and Economic Development	13	\$ 200,000	\$ 8,000	\$ 208,000	20
	<b>15 applicants</b>		<b>\$ 3,396,081</b>	<b>\$ 135,844</b>	<b>\$ 3,531,925</b>	<b>363</b>

In order to encourage the development of affordable housing, the City of McKinney created the Affordable Housing Services Office which has assisted over 223 families in becoming homeowners since June of 2001. McKinney is a CDBG entitlement but not a HOME participating jurisdiction and has made \$340,499 in CDBG funds and \$11,000 in general funds available for housing-related programs in the last year. Historically, McKinney has received \$755,000 in TDHCA HOME Homebuyer Assistance Program (HBA) funds and assisted 79 households. McKinney has also constructed 11 single family units under a Department funded HOME interim construction program. The applicant is proposing to serve 40 households with a \$300,000 award.

The City of Terrell, located east of Dallas, has had an active housing program including the city's involvement in Section 8, owner-occupied housing rehabilitation programs, volunteer housing rehabilitation, and rental rehabilitation. The City has received 4 TDHCA HOME OCC awards for a total of \$1,200,000 and serving 29 households and 1 HOME HBA award totaling \$150,000 and serving 20 households. The applicant is proposing to serve 20 households with a

\$200,000 award and requested an amount of administrative funds that exceeded the maximum amount allowed. The staff recommendation reflects the adjustment from \$12,000 in administrative funds awarded to \$8,000.

The City of Paris is located in northeast Texas and has been active in community development and housing-related programs for over thirty years serving over 200 families through funding provided by TDHCA, Rural Development and HUD. In the past, the city has received TDHCA HOME Owner-Occupied Housing Assistance (OCC) funds totaling \$675,000 that served 39 households and TDHCA HOME HBA funds totaling \$675,000 that served 101 households. The applicant is proposing to serve 20 households with a \$200,000 award.

City of Hughes Springs, a small city in deep east Texas, has been actively pursuing community development since 1984. Hughes Springs has received 2 HOME HBA awards totaling \$350,000 and serving 35 households and 3 OCC awards totaling \$800,000 and serving 15 households. The applicant is proposing to serve 15 households with a \$150,000 award.

The City of Nash is a growing community close to Texarkana that has aggressively pursued funding for community development and housing and notes that of the 8 major awards received since 1994, all have been completed within budget, on time and without audit findings. TDHCA has awarded 2 HOME HBA awards for \$370,000 serving 53 households and \$1,300,000 in OCC awards serving 23 households. The applicant is proposing to serve 25 households with a \$250,000 award.

Southeast Texas Housing Finance Corporation (SETH) is a non-profit housing finance corporation that has served Austin, Brazoria, Chambers, Galveston, Liberty, Matagorda, Walker, Waller and Wharton counties since 1981 through the development of affordable housing and related programs. TDHCA funding has included 8 HOME HBA awards totaling \$2,220,000 and serving 365 households and 1 HOME OCC award serving 8 households for a total of \$200,000. The applicant applied for the total amount of funding available in region 6, under both the rural and urban set-asides, according to the Regional Allocation Formula (RAF) and is proposing to serve 46 households in 11 counties within region 6 with a total award of \$426,081. In accordance with 10 TAC §53.47, applicants whose service area includes multiple counties within a uniform state service region may be awarded up to \$500,000. Staff recommendations reflect an increase of \$1 in administrative funds requested due to correct rounding of the calculation.

The City of Bay City has been an active partner in community development and housing activities, administering funds from TDHCA, ORCA, USDA and TxDot, the city has sponsored a Housing Market Study and established and funded a city Home Buyer Education program which has trained over 400 citizens to date. The city has received 2 TDHCA HOME OCC contracts totaling \$700,000 and assisting 14 households and 2 HBA contracts totaling \$440,000 and assisting 55 households to-date. The City has a current open HBA contract that previously requested and received a Board-approved 9-month extension to June 30, 2008 to serve an additional 16 households. The City has indicated that due to a collapse in the housing market and foreclosures, funds for only 8 of these additional households have been committed and 3 of these households are awaiting loan closing. The applicant is proposing to serve 25 households with a \$250,000 award because they have continued to market the program, have a pipeline of interested applicants, and are anticipating an increase in the purchase of housing in the area with the construction of two nuclear energy reactors within 10 miles of the city. Since the City does not have a pipeline of active participants, staff recommends that this award be conditioned on the

voluntary deobligation of the remaining uncommitted funds on their current contract no later than May 31, 2008.

Within the past 22 years the Travis County Housing Finance Corporation (TCHFC) has managed approximately \$255 million in single family mortgage revenue bonds and \$415 million in multifamily revenue bonds. TCHFC has previously completed 4 HBA awards using TDHCA HOME HBA funding totaling \$705,000 and serving 148 households. TCHFC has a current contract that will expire in October 2008 with 14 of the 25 required units completed. Performance under this contract is being monitored and timely completion of the contractual obligations is expected to occur by the end date. The applicant is proposing to serve 40 households with a \$300,000 award.

The Temple Housing Authority was established in 1938 and owns and manages 969 units in Temple and manages 196 units in Belton. In addition, the authority has renovated units, administered successful home ownership and weatherization programs, and operated a child development center and 3 community centers. Temple Housing Authority has received 7 TDHCA HOME HBA awards totaling \$2,076,000 and serving 267 households; 2 rental housing awards totaling \$1,582,000 and building 87 units; 3 TDHCA HOME TBRA awards totaling \$691,000 and serving 80 households and 1 TDHCA HOME interim construction program for \$250,000 and building 6 single family homes. The applicant is proposing to serve 12 households with a \$180,000 award.

The Community Development Corporation of Brownsville (CDCB) is a private 501(c)(3) organization that has served the Brownsville/Cameron County area since 1974. An approved FHA Title I and II lender, CDCB originated over \$10 million in loans for over 156 homes in the 2005-2006 program year. Since 1995 CDCB has received 5 TDHCA HOME OCC contracts totaling \$1,350,000 and serving 93 households and 7 TDHCA HOME HBA awards totaling \$2,750,000 and serving 281 households. The applicant proposes to serve 30 households with a \$300,000 award.

Since 1999 Cameron County Housing Finance Corporation (CCHFC) has served over 350 households with various programs including 2 TDHCA HOME HBA awards totaling \$550,000 and serving 108 households. CCHFC currently has an active HBA contract which expires in October 2008. CCHFC has completed 23 of the required 28 units with an additional 3 units set-up and pending closing. Based on a performance review, CCHFC is expected to complete contractual requirements prior to the end date. The applicant is proposing to serve 30 households with a \$300,000 award.

San Benito Housing Authority (SBHA) was founded in 1947 as the 25<sup>th</sup> public housing authority in Texas. With over 200 public housing units in addition to Housing Choice Vouchers, SBHA has taken 209 applications for homebuyer assistance. Previously SBHA has received funding for 1 TDHCA HOME HBA award for \$300,000 serving 11 households and has also worked to administer several of the City of San Benito's HOME contracts. The applicant is proposing to serve 30 households with \$300,000 award.

The City of Midland is a CDBG entitlement community but not a HOME participating jurisdiction and therefore, must turn to TDHCA for HOME funds. In doing so, the City has received over \$700,000 in HOME HBA awards assisting 69 households and 5 OCC awards of approximately \$885,000 assisting 36 households. In addition, Midland has used CDBG funds

and the Midland Housing Trust Fund to create affordable housing. Midland has served over 700 households with emergency and minor repairs, an activity not allowed with the HOME Program, using CDBG funds. The applicant is proposing to serve 10 households with a \$100,000 award.

The El Paso Collaborative for Community and Economic Development was founded under the auspices of the El Paso Community Foundation with funding from the Ford foundation in 1996 to facilitate housing, homeownership and economic development in the Paso Del Norte region. The Collaborative has received 2 TDHCA HOME HBA awards totaling \$600,000 and serving 58 households, as well as, a TDHCA HOME Contract for Deed Conversion Program contract for \$500,000 serving 10 families. The applicant proposes to serve 20 households with a \$200,000 award and requested an amount of administrative funds that were included in the amount of project funds requested. Upon discussion with staff, the applicant revised their request to \$200,000 in project funds and \$8,000 in administrative fund, as allowed. The staff recommendation reflects these adjustments.

### **Funding Recommendation Methodology**

These funds were subject to the Regional Allocation Formula (RAF) for applications received through March 3, 2008. The integrity of the RAF was maintained through the award recommendation process ensuring that funds were made available to applicants in the region and area types first. In cases where a region was oversubscribed, funds from undersubscribed regions were utilized to fully fund the eligible applicants in the oversubscribed region.

Applications are being processed utilizing the open cycle method and as described in the NOFA. The applications that are being recommended have passed all eligibility and threshold requirements.

The applications have also been reviewed by the Portfolio Management and Compliance Division and no issues of material non-compliance have been identified. Staff will verify during a second compliance review at contract generation that there are no unresolved audit findings, questioned or disallowed costs, and performance issues identified at that time. These applications are recommended for funding under the 2008 HOME Program Rule.

If the above recommendations are approved, a balance of \$2,603,919 will remain available under the HOME HBA NOFA.

### **Recommendation**

Staff recommends approval of the HOME HBA Program award recommendations with the condition noted above on the award to the City of Bay City. Staff also recommends approval of four percent (4%) of total project funds awarded for program administration.

**HOME DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program Rental Housing Development Program award recommendations.

**Requested Action**

Approve, Deny or Approve with Amendments the HOME Investment Partnerships Program Rental Housing Development Program award recommendations.

**Background and Recommendations**

In July 2007 the Board approved the HOME Rental Housing Development Notice of Funding Availability (NOFA) which made available \$15 million to be utilized for qualified applicants to develop affordable rental housing. Subsequent to the publication of the NOFA and at the December 2007 meeting, the Board approved the amended the NOFA to reflect changes necessitated by the final adopted HOME Program Rule. The Department released and published the amended NOFA in December 2007. The NOFA allows applicants to apply for funding on a statewide first-come, first-served basis and the application deadline is June 2, 2008. The Department has received 34 applications for funding request totaling \$31,648,788. Two applications have been withdrawn, three applications have been terminated, and one application is pending appeal due to termination. The remaining 28 applications received include a housing tax credit allocation request and are continuing to be reviewed for possible award recommendations in conjunction with the tax credit awards at the July 2008 board meeting.

Three of the applications have requested only HOME funds and have completed all three phases of the application review process in accordance with the HOME Program Rule and the eligibility and threshold criteria established in the NOFA. Of these three applications, Buena Vida Apartments is being recommended for an award.

The Real Estate Analysis (REA) Division has evaluated all of the applications and the underwriting Reports are attached. The report for Buena Vida reflects that the proposed transaction is feasible and recommended. The report conditions the recommendation on, among other items, approval by USDA of an increase in the basic rent, which should be achievable based on the comparable units in the area.

The two remaining applications are Brackettville Seniors Apartments and Fredericksburg Senior Apartments, existing USDA transactions submitted by Murray Calhoun. Both are requesting rehabilitation funds in amounts equal to or greater than the existing USDA debt and the existing USDA debt is more than the current appraised value. Both are not being recommended for award based on the assessment performed by the Real Estate Analysis (REA) Division. The

underwriting reports for each also reflect that there will be insufficient funds reserved for rehabilitation reflected to be needed in 15 years.

The application being recommended for approval has been reviewed by the Portfolio Management and Compliance Division and no issues of material non-compliance were identified. All applicants approved by the Board for an award will receive written agreements that reflect all conditions listed in the final underwriting report and any additional conditions deemed appropriate by the Department or Board. Staff will verify during a second compliance review at contract generation that there are no unresolved audit findings and questioned or disallowed cost prior to execution of the written agreement.

#### **Award Recommendation**

<b>Application Number</b>	<b>Applicant Name</b>	<b>Project Funds Recommended</b>	<b>Number of Units</b>
08326	Buena Vida Apartments	\$1,118,980	58
<b>Total</b>		<b>\$1,118,980</b>	<b>58</b>

Attached:

- HOME Rental Housing Development Program Application Log;
- HOME Rental Housing Development Program Award Recommendations;
- Applicant Evaluations; and
- Underwriting Reports.

#### **Recommendation**

Staff recommends approval of the HOME Investment Partnerships Program Rental Housing Development Program award recommendation in the total amount of \$1,118,980.



**HOME Rental Housing Development Program - Application Log**  
**Sorted by Date and Time Received**

**Thursday, May 01, 2008**

File #	Region	Received By:		Development Name	City	Housing Activity <sup>1</sup>	LI Units	Total Units	Target Population <sup>2</sup>	Layering <sup>3</sup>			Requested Project Funds	Contact	Status
		Date	Time							9%	4%	HTF			
<b>Funds Available: \$15,000,000</b>															
08405	7	11/8/2007	4:49 PM	Sierra Ridge Apartments	Georgetown	NC	179	188	General	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	\$2,000,000	Naomi Walker (512) 863-5565	
08257	8	11/20/2007	3:10 PM	Constitution Court	Copperas Cove	NC	108	108	General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$2,900,000	Emanuel H. Glockzin, Jr. (979) 846-8878	
07346	7	12/13/2007	12:00 PM	Creek View Apartments	Johnson City	NC	33	48	Family	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	\$3,000,000	Mark Mayfield (830) 693-4521	Terminated Pending Appeal
08406	3	2/8/2008	2:32 PM	Woodland Park at Weatherford	Weatherford	NC	76	76	General	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	\$1,000,000	Mark Feaster (785) 286-0642	Terminated
08407	3	2/8/2008	2:33 PM	Woodland Park at Decatur	Decatur	NC	72	72	Elderly	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	\$1,000,000	Mark Feaster (785) 286-0642	Terminated
08325	11	2/25/2008	1:27 PM	Brackettville Seniors Apartments	Brackettville	R	32	32	Elderly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$875,973	Murray Calhoun (504) 561-1172	Not Recommended
08324	9	2/25/2008	1:33 PM	Fredericksburg Senior Apartments	Fredericksburg	NC	47	48	Elderly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$1,234,674	Murray Calhoun (504) 561-1172	Not Recommended
08256	3	2/27/2008	3:25 PM	Westway Place	Corsicana	NC	40	40	General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$500,000	Emanuel H. Glockzin, Jr. (979) 846-8878	
08255	3	2/27/2008	3:31 PM	West Park Senior Housing	Corsicana	NC	48	48	Elderly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$400,000	Emanuel H. Glockzin, Jr. (979) 846-8878	
08264	3	2/28/2008	9:17 AM	Cambridge Crossing	Corsicana	NC	58	60	Elderly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$420,000	Diana McIver (512) 328-3232	

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3 = Layering of Other Department Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program, HTF = Housing Trust Fund

File #	Region	Received By: Date	Time	Development Name	City	Housing Activity <sup>1</sup>	LI Units	Total Units	Target <sup>2</sup> Population	Layering <sup>3</sup> 9% 4% HTF	Requested Project Funds	Contact	Status
<b>Funds Available: \$15,000,000</b>													
08229	7	2/28/2008	1:40 PM	Fairwood Commons Senior Apartments	Bastrop	NC	63	66	Elderly	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$600,000	David G. Rae (425) 455-3879	
08253	7	2/28/2008	2:58 PM	Creekside Villas Senior Village	Buda	NC	144	144	Elderly	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$1,200,000	Colby Denison (512) 732-1226	
08266	10	2/29/2008	9:22 AM	Hillcrest at Galloway	Beeville	NC	46	48	General	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$1,200,000	Eileen Manes (512) 450-0933	
08201	5	2/29/2008	10:24 AM	First Huntington Arms	Huntington	R	40	40	General	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$490,519	Louis Williams (936) 560-5702	
08263	7	2/29/2008	11:54 AM	Villas at Lost Pines	Bastrop	NC	64	66	Elderly	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$1,100,000	Diana McIver (512) 328-3232	
08326	11	2/29/2008	12:16 PM	Buena Vida Apartments	La Feria	R	58	58	Elderly	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$1,160,000	Dennis Hoover (512) 756-6809	Pending Award
08130	9	2/29/2008	12:27 PM	Jourdanton Square Apartments	Jourdanton	R	52	52	General	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$437,274	Dennis Hoover (512) 756-6809	
08106	6	2/29/2008	1:23 PM	Brookhollow Manor	Brookshire	R	48	48	General	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$630,000	James W. Fieser (281) 367-8189	
08220	4	2/29/2008	1:31 PM	Northview Apartments	Kilgore	R	72	72	tergeneration	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$760,000	James W. Fieser (281) 367-8189	
08215	3	2/29/2008	1:33 PM	Quail Run Apartments	Decatur	R	40	40	General	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$400,000	James W. Fieser (281) 347-8189	
08216	3	2/29/2008	1:39 PM	Chisum Trail Apartments	Sanger	R	40	40	General	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$450,000	James W. Fieser (281) 347-8189	
08213	2	2/29/2008	1:50 PM	Stamford Place Apartments	Stamford	R	40	40	General	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$530,000	James W. Fieser (281) 347-8189	

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File #	Region	Received By:		Development Name	City	Housing Activity <sup>1</sup>	LI Units	Total Units	Target Population <sup>2</sup>	Layering <sup>3</sup>			Requested Project Funds	Contact	Status
		Date	Time							9%	4%	HTF			
<b>Funds Available: \$15,000,000</b>															
08120	8	2/29/2008	2:55 PM	Applewood Apartments, LP	West	R	24	24	Elderly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$335,957	Gary Maddock (913) 685-9000	
08121	8	2/29/2008	3:01 PM	Cherrywood Apartments	West	R	20	20	Elderly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$241,301	Gary Maddock (913) 685-9000	Withdrawn
08118	6	2/29/2008	3:20 PM	Gardenwood Apartments	Magnolia	R	36	36	General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$620,000	Gary Maddock (913) 685-9000	Withdrawn
08274	3	2/29/2008	4:44 PM	Casa Bella	Sunnyvale	NC	138	144	Elderly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$1,000,000	Manish Verma (210) 530-0090	
08278	3	2/29/2008	4:45 PM	Vista Bella Ranch	Sherman	NC	200	200	General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$1,200,000	Manish Verma (210) 530-0090	
08181	7	3/6/2008	2:40 PM	Park Ridge Apartments	Llano	NC	61	64	General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$350,000	Mark Mayfield (830) 693-4521	
08154	3	3/26/2008	2:12 PM	Mineral Wells Pioneer Crossing	Mineral Wells	NC	80	80	General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$625,000	Noor Allah Jooma (214) 448-0829	
08225	2	3/26/2008	2:29 PM	Oakwood Apartments	Brownwood	R	48	48	General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$250,000	Patrick A. Barbolla (817) 732-1055	
08226	8	3/26/2008	2:30 PM	Whispering Oaks Apartments	Goldthwaite	R	24	24	Elderly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$2,100,000	Patrick A. Barbolla (817) 732-1055	
08296	8	3/26/2008	2:32 PM	Prairie Village Apartments	Rogers	R	24	24	General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$330,000	Patrick A. Barbolla (817) 732-1055	
08297	3	3/26/2008	2:33 PM	St. Charles Place	Crowley	R	52	52	General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$650,000	Patrick A. Barbolla (817) 732-1055	Terminated
08157	4	3/28/2008	4:44 PM	SilverLeaf at Chandler	Chandler	NC	80	80	Elderly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$1,658,090	Mike Sugrue (903) 887-4344	

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File #	Region	Date	Time	Received By:	Development Name	City	Housing Activity	LI Units	Total Units	Target Population	Layering 9%	Layering 4%	Layering HTF	Requested Project Funds	Contact	Status
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Funds Available: \$15,000,000																
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34 Total HOME Applications

Unit Totals: 2,187,230      Fund Totals: \$31,648,788

Amount Remaining in RHD NOFA: (\$16,648,788)

1 = Housing Activity: New Construction=NC, Rehabilitation = R  
 2 = Target Population Abbreviation: Intergenerational=Intg  
 3 = Layering of Other Department Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program, HTF = Housing Trust Fund

**HOME Rental Housing Development Program - Award Recommendations  
Sorted by Date and Time Received**

**Thursday, May 01, 2008**

File #	Region	Date	Time	Received By: Development Name	City	Housing Activity <sup>1</sup>	LI Units	Total Units	Target Population <sup>2</sup>	Layering <sup>3</sup> 9% 4% HTF	Requested Project Funds	Recommended Project Funds	Contact	Status
<b>Funds Available: \$15,000,000</b>														
08326	11	2/29/2008	12:16 PM	Buena Vida Apartments	La Feria	R	58	58	Elderly	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$1,160,000	\$1,118,980	Dennis Hoover (512) 756-6809	Pending Award
<b>Total HOME Applications: 1</b>						<b>Unit Totals:</b>		<b>58</b>	<b>58</b>	<b>Fund Totals:</b>		<b>\$1,160,000</b>	<b>\$1,118,980</b>	
											<b>Funds Remaining in RHD NOFA:</b>		<b>\$13,840,000</b>	<b>\$13,881,020</b>

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# Applicant Evaluation

Project ID # **08325**      Name: **Brackettville Seniors Apartments**      City: \_\_\_\_\_

LIHTC 9%     LIHTC 4%     HOME     BOND     HTF     SECO     ESGP     Other

No Previous Participation in Texas       Members of the development team have been disbarred by HUD

National Previous Participation Certification Received:     N/A       Yes       No

Noncompliance Reported on National Previous Participation Certification:     Yes       No

### Portfolio Management and Compliance

Total # of Projects monitored: <u>35</u>	Projects in Material Noncompliance Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	# in noncompliance: <u>0</u>
Projects zero to nine: <u>28</u>	# monitored with a score less than thirty: <u>35</u>	Projects not reported Yes <input type="checkbox"/>
grouped ten to nineteen: <u>4</u>	# not yet monitored or pending review: <u>1</u>	in application No <input checked="" type="checkbox"/>
by score twenty to twenty-nine: <u>3</u>		# of projects not reported <u>0</u>

#### Contract Monitoring

#### Single Audit

Monitoring review not applicable <input checked="" type="checkbox"/>	Single audit review not applicable <input checked="" type="checkbox"/>
Review found no unresolved issues <input type="checkbox"/>	Single audit review found no unresolved issues <input type="checkbox"/>
HOME RHD outstanding monitoring issues <input type="checkbox"/>	Late Audit Certification Form (comments attached) <input type="checkbox"/>
Audit finding or questioned/disallowed costs - in corrective action period <input type="checkbox"/>	Past due single audit or unresolved single audit issue (comments attached) <input type="checkbox"/>
Unresolved audit finding or questioned/disallowed costs (comments attached) <input type="checkbox"/>	

Reviewer: Wendy Quackenbush      Date 3/17/2008

<p><b>Multifamily Finance Production</b></p> <p>Not applicable <input type="checkbox"/></p> <p>Review pending <input type="checkbox"/></p> <p>No unresolved issues <input checked="" type="checkbox"/></p> <p>Unresolved issues found <input type="checkbox"/></p> <p>Unresolved issues found that warrant disqualification (Comments attached) <input type="checkbox"/></p> <p>Reviewer <u>Teresa Morales</u></p> <p>Date <u>3/17/2008</u></p>	<p style="text-align: center;"><b>HOME</b></p> <p>Not applicable <input checked="" type="checkbox"/></p> <p>Review pending <input type="checkbox"/></p> <p>No unresolved issues <input type="checkbox"/></p> <p>Unresolved issues found <input type="checkbox"/></p> <p>Unresolved issues found that warrant disqualification (Comments attached) <input type="checkbox"/></p> <p>Reviewer <u>Lora Lange</u></p> <p>Date <u>3/14/2008</u></p>	<p style="text-align: center;"><b>Real Estate Analysis (Workout)</b></p> <p>Not applicable <input type="checkbox"/></p> <p>Review pending <input type="checkbox"/></p> <p>No unresolved issues <input checked="" type="checkbox"/></p> <p>Unresolved issues found <input type="checkbox"/></p> <p>Unresolved issues found that warrant disqualification (Comments attached) <input type="checkbox"/></p> <p>Reviewer <u>D. Burrell</u></p> <p>Date <u>3/14/2008</u></p>
<p style="text-align: center;"><b>Community Affairs</b></p> <p>No relationship <input checked="" type="checkbox"/></p> <p>Review pending <input type="checkbox"/></p> <p>No unresolved issues <input type="checkbox"/></p> <p>Unresolved issues found <input type="checkbox"/></p> <p>Unresolved issues found that warrant disqualification (Comments attached) <input type="checkbox"/></p> <p>Reviewer <u>AMO</u></p> <p>Date <u>3/12/2008</u></p>	<p style="text-align: center;"><b>Office of Colonia Initiatives</b></p> <p>Not applicable <input checked="" type="checkbox"/></p> <p>Review pending <input type="checkbox"/></p> <p>No unresolved issues <input type="checkbox"/></p> <p>Unresolved issues found <input type="checkbox"/></p> <p>Unresolved issues found that warrant disqualification (Comments attached) <input type="checkbox"/></p> <p>Reviewer <u>RAUL GONZALES</u></p> <p>Date <u>3/11/2008</u></p>	<p style="text-align: center;"><b>Financial Administration</b></p> <p>No delinquencies found <input checked="" type="checkbox"/></p> <p>Delinquencies found (Comments attached) <input type="checkbox"/></p> <p>Reviewer <u>Melissa M. Whitehead</u></p> <p>Date <u>3/17/2008</u></p>

# Applicant Evaluation

Project ID # **08324**

Name: **Fredericksburg Seniors Apartment**

City:

LIHTC 9%  LIHTC 4%  HOME  BOND  HTF  SECO  ESGP  Other

No Previous Participation in Texas  Members of the development team have been disbarred by HUD

National Previous Participation Certification Received:  N/A  Yes  No

Noncompliance Reported on National Previous Participation Certification:  Yes  No

### Portfolio Management and Compliance

Total # of Projects monitored: 35

Projects in Material Noncompliance

Yes  No

# in noncompliance: 0

Projects grouped by score  
 zero to nine: 28  
 ten to nineteen: 4  
 twenty to twenty-nine: 3

# monitored with a score less than thirty: 35

Projects not reported in application Yes  No

# not yet monitored or pending review: 1

# of projects not reported 0

#### Contract Monitoring

#### Single Audit

Monitoring review not applicable   
 Review found no unresolved issues   
 HOME RHD outstanding monitoring issues   
 Audit finding or questioned/disallowed costs - in corrective action period   
 Unresolved audit finding or questioned/disallowed costs (comments attached)

Single audit review not applicable   
 Single audit review found no unresolved issues   
 Late Audit Certification Form (comments attached)   
 Past due single audit or unresolved single audit issue (comments attached)

Reviewer: Wendy Quackenbush Date 3/17/2008

#### Multifamily Finance Production

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

Reviewer Teresa Morales  
 Date 3/17/2008

#### HOME

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

Reviewer Lora Lange  
 Date 3/14/2008

#### Real Estate Analysis (Workout)

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

Reviewer D. Burrell  
 Date 3/14/2008

#### Community Affairs

No relationship   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that warrant disqualification (Comments attached)

Reviewer AMO  
 Date 3/12/2008

#### Office of Colonia Initiatives

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

Reviewer RAUL  
 Date 3/11/2008

#### Financial Administration

No delinquencies found   
 Delinquencies found (Comments attached)

Reviewer Melissa M. Whitehead  
 Date 3/17/2008

# Applicant Evaluation

Project ID # **08326**

Name: **Buena Vida Apartments**

City: **La Feria**

HTC 9%     HTC 4%     HOME     BOND     HTF     SECO     ESGP     Other

No Previous Participation in Texas       Members of the development team have been disbarred by HUD

### Portfolio Management and Compliance

Total # of MF awards monitored:	<u>72</u>	<b>Projects in Material Noncompliance</b>		Projects grouped by score	
		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		0-9:	<u>68</u>
Total # of MF awards not yet monitored or pending review:	<u>10</u>			10-19:	<u>4</u>
SF Contract Experience <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				20-29:	<u>0</u>
Total # of SF Contracts:	<u>0</u>	Total # of MF Projects in Material Noncompliance:	<u>0</u>	Total monitored with a score 0-29:	<u>72</u>

Completed by: J. Taylor

Reviewer: Wendy Quackenbush

Date: 4/18/2008

Date: 4/18/2008

### Single Audit

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Single audit review not applicable  | <input type="checkbox"/> Late single audit certification form (see comments)                   |
| <input type="checkbox"/> Single audit review found no unresolved issues | <input type="checkbox"/> Past due single audit or unresolved single audit issue (see comments) |

Reviewer: Betty Gallegos

Date: 4/18/2008

Comments (if applicable):

### Financial Administration Loan Servicing

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> No delinquencies found | <input type="checkbox"/> Delinquencies found (see comments) |
|--|---|

Reviewer: Candace Christiansen

Date: 4 /18/2008

Comments (if applicable):

### Financial Administration Financial Services

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> No delinquencies found | <input type="checkbox"/> Delinquencies found (See Comments) |
|--|---|

Reviewer: Monica Guerra

Date: 4 /18/2008

Comments (if applicable):





**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 04/29/08 PROGRAM: HOME FILE NUMBER: 08325

**DEVELOPMENT**

Brackettville Seniors Apartments

Location: 600 W. Spring Street Region: 11  
 City: Brackettville County: Kinney Zip: 78832  OCT  DDA  
 Key Attributes: Multifamily, Elderly, Rural, Rehabilitation

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	\$90,000	0.00%	33 yrs	\$0		
HOME Activity Funds	\$785,973	N/A	N/A	\$0		

**RECOMMENDATION**

- NOT RECOMMENDED DUE TO THE FOLLOWING:
- The development will not be self sufficient to fund the future capital requirements identified by the Capital Needs Assessment and will require as much money as currently being requested to meet the second half of the requested thirty year term for the HOME funds.
  - The Applicant's structure for the HOME funds includes only 10% of the total, at best, as a repayable loan. This analysis has concluded that the entire amount of HOME funds cannot be repaid and without additional relief from USDA in the form of a loan write down or significant increase in basic rents the development is considered financially infeasible since insufficient cash flow is projected to exist to repay the anticipated deferred developer fee and since there is insufficient developer fee to defer to cover the funding gap.
  - The amount of HOME funds requested is more than the current outstanding primary USDA loan, and should be in the form of a first lien or, at a minimum, parity lien position with USDA for the HOME funds, however the Applicant has not begun the process for obtaining such approval from USDA.

**CONDITIONS**

- SHOULD THE BOARD WAIVE THE ABOVE ISSUES AND APPROVE THIS APPLICATION, SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:
- 1 Approval, by closing, from USDA-RD of a parity lien position or a superior lien position for the approved TDHCA HOME award.
  - 2 Receipt, review, and acceptance, by commitment, of approval from USDA-RD of the proposed rents, rehab scope of work and budget and potential relief of a portion of the existing debt.
  - 3 Should the terms and rates of the existing or proposed debt or scope of work change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	2
Low HOME	Low HOME	30

**PROS**

- The application proposes the rehabilitation and revitalization of a 17 year old USDA-RD property.
- There is no acquisition cost or loss due to transfer of ownership and the existing development team is experienced and has substantial financial capacity.

**CONS**

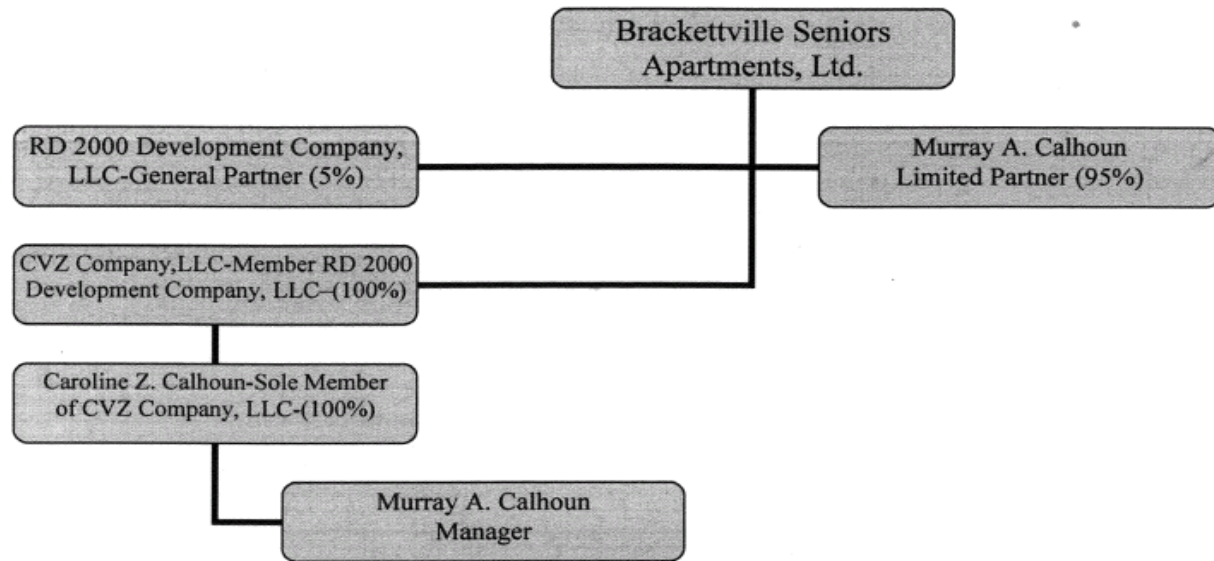
- The development has an income to expense ratio of over 65% and project-based rental assistance is necessary to maintain the development's viability and feasibility.
- The third party Capital Needs Assessment has identified more than \$1.7M in expected repairs and replacement over 30 years following the anticipated rehabilitation.

**PREVIOUS UNDERWRITING REPORTS**

The subject property received HTC funding from TDHCA in 1991. No record of underwriting is available from that allocation.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Murray Calhoun Phone: (504) 561-1172 Fax: (504) 561-1182  
 Email: murraycalhoun@mac-rellc.com

**KEY PARTICIPANTS**

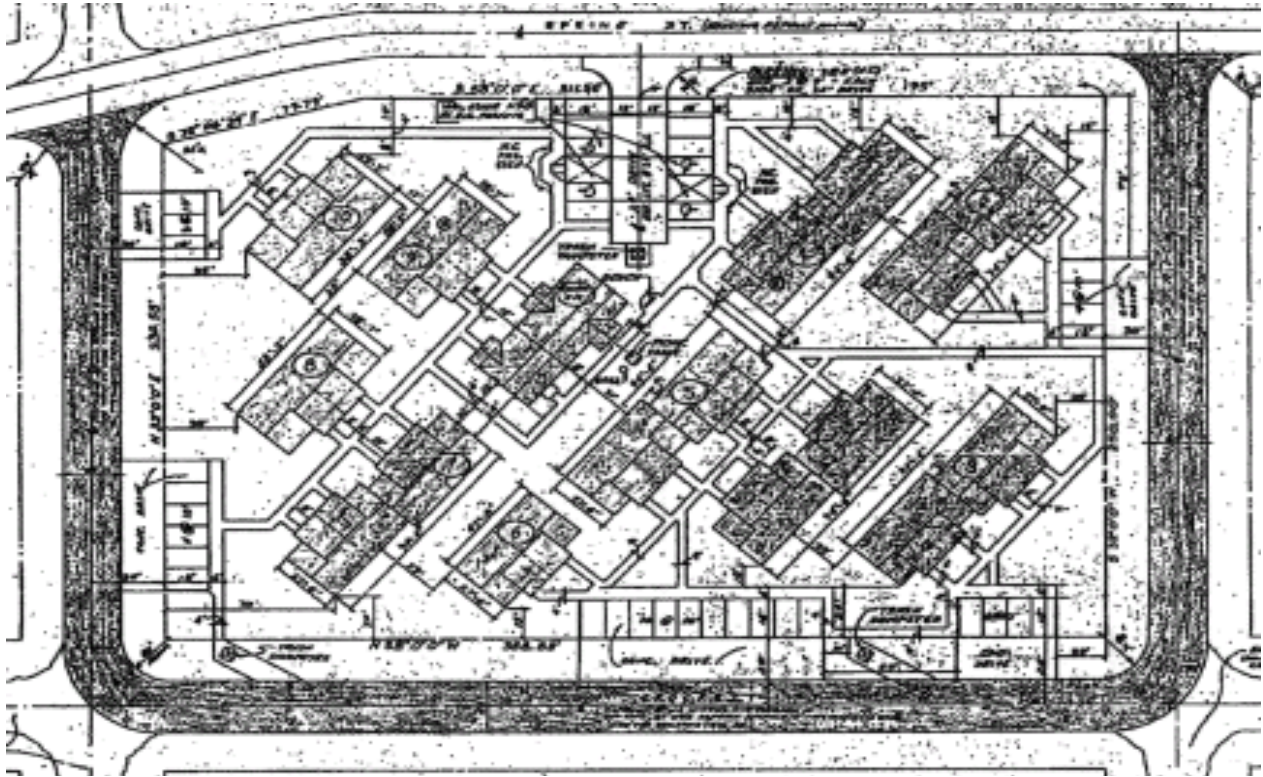
Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
Brackettville Seniors Apartments	Confidential		N/A
Lymac, LLC	Confidential		7
RD 2000 Development Company, LLC	Confidential		7
Murray & Caroline Calhoun	Confidential		7

**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.
- A change in ownership is not proposed in the application. The HOME funds will be used by the current owner for rehabilitation and the existing USDA-RD debt is proposed to remain in place with the same rate and terms.

**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	Fourplex	Duplex	Duplex							Total Buildings
Floors/Stories	1	1	1							
Number	6	1	3							<b>10</b>

BR/BA	SF	Units								Total Units	Total SF
1/1	650	4	2							26	16,900
2/1	812			2						6	4,872
Units per Building		4	2	2						<b>32</b>	<b>21,772</b>

**Rehabilitation Plan:**

The property was originally constructed in 1991 and is a USDA-RD property receiving rental assistance on all 32 units.

The rehabilitation plan calls for the replacement/refurbishment of kitchen appliances, cabinets including countertops, carpeting and vinyl flooring, replace all HVAC, bathroom fixtures, hot water heaters, interior and exterior painting, roof replacement, and modifications throughout the property to achieve full accessibility compliance.

The Applicant provided a Capital Needs Assessment (CNA) performed by On-Site Insight, Inc. A CNA is generally an acceptable substitute for the Property Condition Assessment (PCA) required by the Department for all rehabilitation developments to evaluate the cost of the rehabilitation and the prospective future reserve requirements. The CNA provided in this case does contemplate the entire scope of work that the Applicant is planning and the property's long-term capital needs. The CNA provider recommended several items be added to the immediate scope of work, to include accessibility modifications to the community building restrooms, crack filling of parking area surfaces, installation of emergency lighting in the community building, and replacement of a number of unit bathroom tubs and surrounds.

According to the Applicant, the scope of the repairs do not require a temporary or permanent relocation of the residents on a building by building basis.

#### SITE ISSUES

Total Size: 2.215 acres Scattered site?  Yes  No  
 Flood Zone: \_\_\_\_\_ Within 100-yr floodplain?  Yes  No  
 Zoning: N/A Needs to be re-zoned?  Yes  No  N/A  
 Comments:  
 The application indicates that the site is entirely outside a 100-year Flood Hazard Area.

#### TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 3/13/2008  
 Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable  
 Surrounding Uses:  
 North: Feed Store, Desert beyond East: Single Family Housing  
 South: Desert West: Border Patrol Storage, Desert

#### HIGHLIGHTS of ENVIRONMENTAL REPORTS

A Phase I Environmental Site Assessment was not provided because USDA-RD financed projects are not required to submit this report; however, an appraisal was provided and the appraiser, Rafael Luebbert, MAI, SRA stated that no detrimental issues were noted in his observations of the ground cover, building components nor finishing materials.

#### MARKET HIGHLIGHTS

Provider: Rafael C. Luebbert Date: 2/16/2008  
 Contact: Rafael C. Luebbert Phone: (210) 408-6041 Fax: (210) 408-2539  
 Number of Revisions: 0 Date of Last Applicant Revision: N/A

#### Primary Market Area (PMA):

The appraiser identified the market area as "that geographical region enveloped by the communities of Uvalde and Del Rio ... This is the area which would influence the economics of the property." (p. 29)

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Stardust Village	08294	36	0				
Leona Apartments	08302	40	0				

INCOME LIMITS						
Kinney						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,150	\$10,500	\$11,800	\$13,100	\$14,150	\$15,200
50	\$15,250	\$17,450	\$19,600	\$21,800	\$23,550	\$25,300

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)			Current Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1BR	650 SF	30%	\$394	\$366	\$394	\$0
1BR	650 SF	LH	\$394	\$366	\$394	\$0
2BR	812 Sr	LH	\$475	\$470	\$475	\$0

Comments:

A market study report was not included, as USDA-RD projects are not required to submit this report. A required appraisal is sufficient to satisfy the requirement for a market analysis. An "As Is" appraisal dated February 16, 2008 was prepared by Rafael C. Luebbert. Additionally, the property is currently 97% occupied and it is likely that many of the existing tenants will choose to remain at the property after rehabilitation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:          2          Date of Last Applicant Revision:        3/31/2008  

All units are covered by a USDA-RD rental assistance agreement; therefore, property income is based on the currently approved Basic Rents of \$394 for the one-bedroom units and \$475 for the two-bedroom units. The Applicant's rent schedule reflects a lower net rent for two of the one-bedroom units that are being restricted for households at 30% of AMI, as required by the HOME NOFA. As a result, the Applicant's total projected income is 4% less than the Underwriter's estimate. The Applicant's reduction for these two units is not required because of the project based rental assistance and would likely not be permitted by USDA as they generally do not approve same sized units in a development as having multiple rents. The Applicant has not requested an increase to the USDA rents to support the additional proposed TDHCA debt, however such a request would be unlikely to be approved since the current Basic rents for the one and two-bedroom units are above the market rents as concluded by the appraisal. USDA typically does not approve a contract rent that is higher than the comparable market rent.

The Applicant has included \$1 per unit per month in secondary income, whereas due to the lack of documentation to the contrary the underwriting analysis has assumed the Department minimum of \$5. The Applicant has allowed for losses of 7.0% of potential income due to vacancy and collection; the underwriting analysis has assumed standard losses of 7.5%. Overall, the Applicant's projected effective gross income is 4% less than the underwriting estimate.

Expense:      Number of Revisions:          0          Date of Last Applicant Revision:        N / A  

The Applicant's total annual operating expense estimate of \$3,526 per unit is not within 5% of the Underwriter's estimate of \$3,792, derived from the actual operating history of the property, the TDHCA database, IREM and other sources. The Applicant also has several line item expenses that differ significantly when compared to the Underwriter's estimate, including: repairs and maintenance (\$12K higher); property tax (\$1.4K higher); and reserve for replacements (\$21K lower).

The Applicant has estimated a reserve account expense of \$260 per unit. This is lower than the underwriting guideline of \$300 per unit for rehabilitation developments, subject to higher amounts if identified by a Capital Needs Assessment. The CNA provided by the Applicant identified \$1.7M of capital expenses that would be required over a 30 year period. A replacement reserve of \$931 per unit per year is required to fund these capital expenditures and the Underwriter's analysis includes this increased reserve expense.

Additionally, the Applicant's and Underwriter's expense to income ratios are above the 65% maximum; however, USDA-RD properties receiving rental assistance are exempt from meeting the 65% expense to income ratio requirement.

**Conclusion:**

The Applicant's effective gross income is within 5% of the Underwriter's estimate; however, total expenses and net operating income estimates are not within 5% of the Underwriter's. Therefore, the Underwriter's Year One proforma will be used to determine the development's debt capacity and debt coverage ratio. The proforma, including the Applicant's requested financing structure for the HOME funds requested, results in a debt coverage ratio (DCR) below the Department's current minimum guideline of 1.15.

**Feasibility:**

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. The Applicant has requested that \$90K of the total \$876K HOME funds requested be structured as a repayable loan at 0% interest and 30-year amortization. Using this structure results in a DCR that falls below the Department's minimum guideline of 1.15. As an alternative, the repayable portion of the HOME funds could decrease to an amount sufficient to attain a 1.15 DCR, or the entire HOME funds requested could be awarded as a deferred forgivable loan, resulting in a DCR within the Department's guidelines. However, even under this revised structure the Underwriter's proforma indicates decreasing debt coverage each year, and negative cash flow prior to year 10.

Alternatively, a reserve for replacement expense of \$626 per unit would be sufficient to fund \$429K in capital expenditure requirements for the first 15 years as identified by the CNA, resulting in a DCR of 1.47 based on the Applicant's requested financing structure. Using this estimate would allow the repayable portion of the HOME funds to be increased to \$156K in order to achieve a 1.35 DCR, leaving the remaining \$719K in HOME funds as a deferred forgivable loan or grant. However, under this scenario, the Underwriter's proforma indicates a decreasing DCR shortly after year 15, and negative cash flow by year 30. This operating deficiency is further complicated by the \$1.2M of identified capital expenditures that are expected between years 15 and 30 and that will be unfunded if the lower reserve for replacement figure is utilized.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:	<u>Rafael C. Luebbert</u>	Date:	<u>2/16/2008</u>
Number of Revisions:	<u>                    </u>	Date of Last Applicant Revision:	<u>                    </u>
Land Only:	2.22 acres	\$48,200	As of: <u>2/14/2008</u>
Existing Buildings: (as-is)		\$546,800	As of: <u>2/14/2008</u>
Total Development: (as-is)		\$595,000	As of: <u>2/14/2008</u>

**ASSESSED VALUE**

Land Only:	2.22 acres	\$13,289	Tax Year:	2006
Existing Buildings:		\$391,897	Valuation by:	<u>Kinney County CAD</u>
Total Assessed Value:		\$405,186	Tax Rate:	<u>2.4785</u>

**EVIDENCE of PROPERTY CONTROL**

Type:	<u>Warranty Deed</u>	Acreage:	<u>2.2</u>
Deed Date:	<u>6/24/1991</u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	<u>N/A</u>	Other:	<u>Property acquired and development 1991-1994</u>

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: \_\_\_\_\_ Date of Last Applicant Revision: \_\_\_\_\_

Acquisition Value:

There is no acquisition or transfer of ownership taking place; however, the current balance on the existing primary mortgage, \$799,318, has been identified as both a source and an offsetting use of funds in the Underwriter's analysis. The existing debt is more than \$200,000 above the existing appraised value and yet the Applicant has provided no evidence of an attempt to request that the USDA write down the excess debt.

Sitework Cost:

The Applicant's development cost schedule indicates sitework costs of only \$5.2K for landscaping. However, the scope of work document included in the CNA itemizes \$18.9K of grounds-related work; the Underwriter has included CNA amount as the estimate for sitework.

Direct Construction Cost:

The Applicant's development cost schedule indicates direct construction costs of \$633,300. The total of direct construction and sitework identified in the development cost schedule is within \$50 of the total indicated in the scope of work the Applicant shared with the CNA provider as the intended rehabilitation to be performed. The CNA provider confirmed the scope of work, as well as \$37,425 of additional work recommended to be completed in year one.

Reserves

The Applicant has indicated \$28,000 will be sourced from the reserve account. This will completely deplete the reserve account, and the Applicant has not included any funds to replenish the account. The Underwriter has included \$32,000 to meet the USDA minimum reserve of \$1,000 per unit at completion. This initial reserve balance is included in the funds available for future estimated repairs identified in the CNA and without this initial amount the annual reserve requirement would be significantly higher.

Conclusion:

The Underwriter's cost schedule was derived from the third-party Capital Needs Assessment (CNA) provided by the Applicant and the information presented in the application. The CNA was well documented and appeared to cover the scope of work provided by the Applicant. Thus, the Underwriter's development cost schedule, as derived from the CNA, will be used to determine the development's need for permanent funds.

**FINANCING STRUCTURE**

Source: USDA-RD Type: Permanent Financing

Principal: \$799,318 Interest Rate: 1.0%  Fixed Amort: 396 months

Comments:

Remaining balance of existing USDA-RD Sec 515 loan

Source: TDHCA HOME Type: Permanent Financing

Principal: \$90,000 Interest Rate: 0.00%  Fixed Amort: 360 months

Comments:

The Applicant has requested \$90,000 in HOME funds to be amortized over 30 years at 0%.

Source: TDHCA HOME Type: Grant Requested

Principal: \$785,973 Interest Rate: N/A  Fixed Amort: N/A months

Comments:

The Applicant has requested \$785,973 in HOME funds as a deferred forgivable loan.

Source: Reserve Account Type: Existing Reserve  
 Proceeds: \$28,000 Conditions: \_\_\_\_\_  
 Amount: \$69,830 Type: Applicant's Deferred Developer Fees

**CONCLUSIONS**

Recommended Financing Structure:

The Applicant's formal request indicates a \$90,000 award of HOME funds structured as a repayable loan at a 0% interest rate and 30-year amortization, and the remaining \$785,973 structured as a deferred forgivable loan. The amount of the HOME funds is within the 221(d)(3) limit.

The Underwriter's 30-year proforma analysis, including an increased reserve for replacement expense of \$931/unit derived from the Capital Needs Assessment provided, results in a DCR below 1.15 if the HOME funds are structured as requested by the Applicant. As an alternative, the repayable portion of the HOME loan could be decreased or the entire HOME funds requested could be awarded to the Applicant as a deferred forgivable loan, effectively a grant, and the DCR would be within an acceptable range as required by the Department. However, even under this 100% forgivable loan structure the DCR decreases each year after year one, with negative cash flow by year 10. Moreover, there are insufficient developer fees to defer to support the total gap in financing and even if such deferral of fees did exist there would be insufficient cumulative cash flow to repay such a deferral in the Department's 15 year time horizon.

Alternatively, the Underwriter's 15-year proforma analysis, including a reserve for replacement of \$626/unit to meet only the anticipated repair needs for the first 15 years, results in a DCR above the Department's maximum guideline if the HOME funds are structured as requested. In order to decrease the DCR to an acceptable 1.35, the repayable portion of HOME funds could be increased to \$156,488, with the remaining \$719,485 structured as a deferred forgivable loan or grant. However, under this scenario the DCR falls below 1.15 after year 15 and the property experiences negative cash flow by year 30 and has no reserve to fund significant anticipated repairs after year 15.

Therefore, based on this analysis even if the HOME funds were granted to the development, the property would not be feasible for the long term.

Return on Equity:

This is a USDA-RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:	<i>Thomas Cavanagh</i>	Date:	April 29, 2008
Reviewing Underwriter:	<i>Raquel Morales</i>	Date:	April 29, 2008
Director of Real Estate Analysis:	<i>Tom Gouris</i>	Date:	April 29, 2008



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Brackettville Seniors Apartments, Brackettville, HOME #08325**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	--
TC 30%	2	1	1	650	\$245	\$394	\$788	\$0.61	\$117.00	
LH	24	1	1	650	\$404	\$394	\$9,456	\$0.61	\$117.00	
LH	6	2	1	812	\$485	475	2,850	0.58	134.00	
<b>TOTAL:</b>	<b>32</b>		<b>AVERAGE:</b>	<b>680</b>		<b>\$409</b>	<b>\$13,094</b>	<b>\$0.60</b>	<b>\$32.44</b>	<b>\$0.00</b>

**INCOME**

Total Net Rentable Sq Ft: 21,772

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$5.00  
 Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -7.50%  
 Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	10.32%	\$475	0.70
Management	9.85%	453	0.67
Payroll & Payroll Tax	15.75%	724	1.06
Repairs & Maintenance	8.89%	409	0.60
Utilities	1.85%	85	0.12
Water, Sewer, & Trash	3.53%	162	0.24
Property Insurance	5.22%	240	0.35
Property Tax 2.4785	6.83%	314	0.46
Reserve for Replacements	20.25%	931	1.37
TDHCA Compliance Fees	0.00%	0	0.00
Other: Return to Owner	0.00%	0	0.00
<b>TOTAL EXPENSES</b>	<b>82.47%</b>	<b>\$3,792</b>	<b>\$5.57</b>
<b>NET OPERATING INC</b>	<b>17.53%</b>	<b>\$806</b>	<b>\$1.18</b>

TDHCA	APPLICANT
\$157,128	\$150,744
1,920	384
0	
\$159,048	\$151,128
(11,929)	(10,584)
0	
\$147,119	\$140,544
\$15,188	\$12,570
14,484	15,744
23,174	23,174
13,079	24,700
2,716	3,300
5,187	5,800
7,674	6,653
10,043	11,474
29,792	8,304
0	0
	1,106
\$121,337	\$112,825
\$25,783	\$27,719

COUNTY	IREM REGION	COMPT. REGION
Kinney		11
\$1.00	Per Unit Per Month	
\$0.00	Per Unit Per Month	
-7.00%	of Potential Gross Income	

**DEBT SERVICE**

USDA	14.41%	\$662	\$0.97
TDHCA HOME Loan	2.04%	\$94	\$0.14
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>1.08%</b>	<b>\$50</b>	<b>\$0.07</b>

TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF TOTAL
\$21,193	\$21,221	\$0.97	\$663	15.10%
\$3,000	3,000	\$0.14	\$94	2.13%
0		\$0.00	\$0	0.00%
\$1,589	\$3,498	\$0.16	\$109	2.49%
1.07	1.14			
1.22				

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		43.38%	\$24,979	\$36.71
Off-Sites		0.00%	0	0.00
Sitework		1.03%	591	0.87
Direct Construction		35.66%	20,535	30.18
Contingency	4.72%	1.73%	998	1.47
Contractor's Fees	13.22%	4.85%	2,794	4.11
Indirect Construction		3.90%	2,248	3.30
Ineligible Costs		0.00%	0	0.00
Developer's Fees	14.36%	6.89%	3,969	5.83
Interim Financing		0.81%	469	0.69
Reserves		1.74%	1,000	1.47
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$57,581</b>	<b>\$84.63</b>
<b>Construction Cost Recap</b>		<b>43.27%</b>	<b>\$24,917</b>	<b>\$36.62</b>

TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
\$799,318	\$799,318	\$36.71	\$24,979	45.08%
0	0	0.00	0	0.00%
18,900	5,250	0.24	164	0.30%
657,120	633,300	29.09	19,791	35.72%
31,925	31,925	1.47	998	1.80%
89,401	89,401	4.11	2,794	5.04%
71,927	71,927	3.30	2,248	4.06%
0	0	0.00	0	0.00%
127,000	127,000	5.83	3,969	7.16%
15,000	15,000	0.69	469	0.85%
32,000	0	0.00	0	0.00%
\$1,842,591	\$1,773,121	\$81.44	\$55,410	100.00%
\$797,346	\$759,876	\$34.90	\$23,746	42.86%

**SOURCES OF FUNDS**

USDA existing First Lien Mortgage	43.38%	\$24,979	\$36.71
TDHCA HOME Loan	4.88%	\$2,813	\$4.13
TDHCA HOME Forgivable			
Existing Reserves	1.52%	\$875	\$1.29
Deferred Developer Fees	3.79%	\$2,182	\$3.21
Additional (Excess) Funds Req'd	3.77%	\$2,171	\$3.19
<b>TOTAL SOURCES</b>			

TDHCA	APPLICANT	RECOMMENDED	
\$799,318	\$799,318	\$799,318	Developer Fee Available
90,000	90,000		\$127,000
785,973	785,973	875,973	
28,000	28,000	28,000	% of Dev. Fee Deferred
69,830	69,830		0%
69,470	0	139,300	15-Yr Cumulative Cash Flow
\$1,842,591	\$1,773,121	\$1,842,591	<b>(\$32,925)</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Brackettville Seniors Apartments, Brackettville, HOME #08325**

**PAYMENT COMPUTATION**

<b>Primary</b>	\$833,629	Amort	600
Int Rate	1.00%	DCR	1.22

<b>Secondary</b>	\$90,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.07

<b>Additional</b>	\$785,973	Amort	0
Int Rate	0.00%	Aggregate DCR	1.07

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$21,193
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$4,589</b>

<b>Primary</b>	\$833,629	Amort	600
Int Rate	1.00%	DCR	1.22

<b>Secondary</b>	\$90,000	Amort	0
Int Rate	0.00%	Subtotal DCR	1.22

<b>Additional</b>	\$785,973	Amort	0
Int Rate	0.00%	Aggregate DCR	1.22

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$157,128	\$161,842	\$166,697	\$171,698	\$176,849	\$205,016	\$237,670	\$275,525	\$370,282
Secondary Income	1,920	1,978	2,037	2,098	2,161	2,505	2,904	3,367	4,525
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	159,048	163,819	168,734	173,796	179,010	207,522	240,574	278,892	374,807
Vacancy & Collection Loss	(11,929)	(12,286)	(12,655)	(13,035)	(13,426)	(15,564)	(18,043)	(20,917)	(28,111)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$147,119	\$151,533	\$156,079	\$160,761	\$165,584	\$191,957	\$222,531	\$257,975	\$346,697
EXPENSES at 4.00%									
General & Administrative	\$15,188	\$15,796	\$16,427	\$17,084	\$17,768	\$21,617	\$26,301	\$31,999	\$47,366
Management	14,484	14,919	15,366	15,827	16,302	18,898	21,908	25,398	34,132
Payroll & Payroll Tax	23,174	24,101	25,065	26,068	27,110	32,984	40,130	48,824	72,272
Repairs & Maintenance	13,079	13,602	14,146	14,712	15,301	18,615	22,649	27,555	40,789
Utilities	2,716	2,825	2,938	3,055	3,177	3,866	4,703	5,722	8,470
Water, Sewer & Trash	5,187	5,394	5,610	5,835	6,068	7,383	8,982	10,928	16,176
Insurance	7,674	7,981	8,300	8,632	8,977	10,922	13,289	16,168	23,933
Property Tax	10,043	10,444	10,862	11,296	11,748	14,294	17,390	21,158	31,319
Reserve for Replacements	29,792	30,984	32,223	33,512	34,852	42,403	51,590	62,767	92,911
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	\$121,337	\$126,045	\$130,938	\$136,022	\$141,304	\$170,983	\$206,942	\$250,520	\$367,368
NET OPERATING INCOME	\$25,783	\$25,488	\$25,141	\$24,740	\$24,280	\$20,975	\$15,589	\$7,455	(\$20,672)
DEBT SERVICE									
First Lien Financing	\$21,193	\$21,193	\$21,193	\$21,193	\$21,193	\$21,193	\$21,193	\$21,193	\$21,193
Second Lien	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$1,589	\$1,294	\$948	\$546	\$87	(\$3,219)	(\$8,605)	(\$16,739)	(\$44,865)
DEBT COVERAGE RATIO	1.07	1.05	1.04	1.02	1.00	0.87	0.64	0.31	(0.85)

# 08325 Brackettville Seniors



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**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 04/29/08 PROGRAM: HOME FILE NUMBER: 08324

**DEVELOPMENT**

Fredericksburg Seniors Apartments

Location: 591 East Highway Street Region: 9  
 City: Fredericksburg County: Gillespie Zip: 78624  OCT  DDA  
 Key Attributes: Rural, Multifamily, Elderly, USDA, and Rehabilitation

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	\$225,000	0.00%	30/30	\$0		
HOME Activity Funds	\$1,009,674	N/A	N/A	\$0		

**RECOMMENDATION**

NOT RECOMMENDED DUE TO THE FOLLOWING:

- The development will not be self sufficient to fund the future capital requirements identified by the Capital Needs Assessment and will require as much money as currently being requested to meet the second half of the requested thirty year term for the HOME funds.
- The Applicant's structure for the HOME funds includes only 18% of the total, at best, as a repayable loan. This analysis has concluded that the entire amount of HOME funds cannot be repaid and without additional relief from USDA in the form of a loan write down or significant increase in basic rents the development is considered financially infeasible since insufficient cash flow is projected to exist to repay the anticipated deferred developer fee and since there is insufficient developer fee to defer to cover the funding gap.
- The amount of HOME funds requested is more than the current outstanding primary USDA loan, and should be in the form of a first lien or, at a minimum, parity lien position with USDA for the HOME funds, however the Applicant has not begun the process for obtaining such approval from USDA.

**CONDITIONS**

SHOULD THE BOARD WAIVE THE ABOVE ISSUES AND APPROVE THIS APPLICATION, SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

- 1 Approval, by closing, from USDA-RD of a parity lien position or a superior lien position for the approved TDHCA HOME award.
- 2 Receipt, review, and acceptance, by commitment, of approval from USDA-RD of the proposed rents, rehab scope of work and budget and potential relief of a portion of the existing debt.
- 3 Should the terms and rates of the existing or proposed debt or scope of work change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	3
Low HOME	Low HOME	44

**PROS**

- The application proposes the rehabilitation and revitalization of a 17 year old USDA-RD property.
- The development team is experienced and has substantial financial capacity.

**CONS**

- The development has an income to expense ratio over 65% and project-based rental assistance is necessary to maintain the developments viability and feasibility.
- The third party Capital Needs Assessment has identified more than \$2.6M in expected repairs and replacement over 30 years following the anticipated rehabilitation.

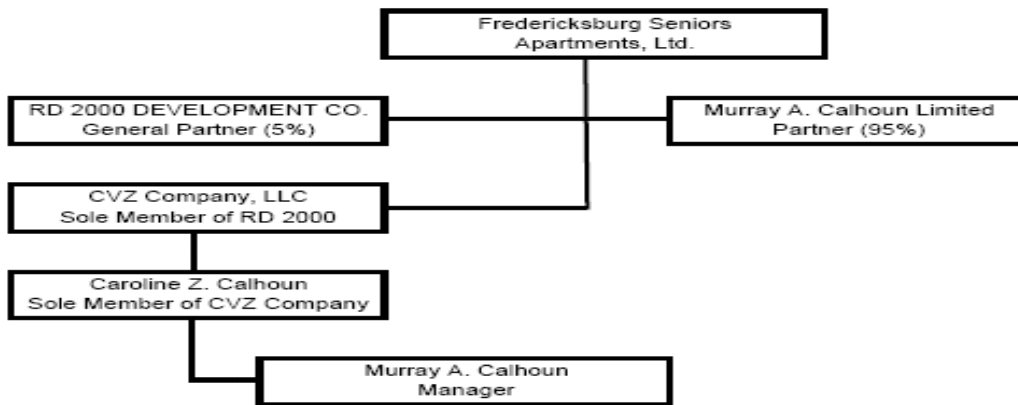
**PREVIOUS UNDERWRITING REPORTS**

The Applicant submitted a tax credit application in 1990 for the same subject property (#70011) and was awarded an annual tax credit allocation of \$45,095. No record of underwriting is available from that allocation.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**

**FREDERICKSBURG SENIORS APARTMENTS, LTD.  
ORGANIZATIONAL CHART**



**CONTACT**

Contact: Murray A. Calhoun Phone: (504) 561-1172 Fax: (504) 561-1182  
 Email: murraycalhoun@mac-rellc.com

**KEY PARTICIPANTS**

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
Fredericksburg Seniors Apartment	Confidential		N/A
Lymac, LLC	Confidential		7
RD 2000 Development Company, LLC	Confidential		7
Murray & Caroline Calhoun	Confidential		7

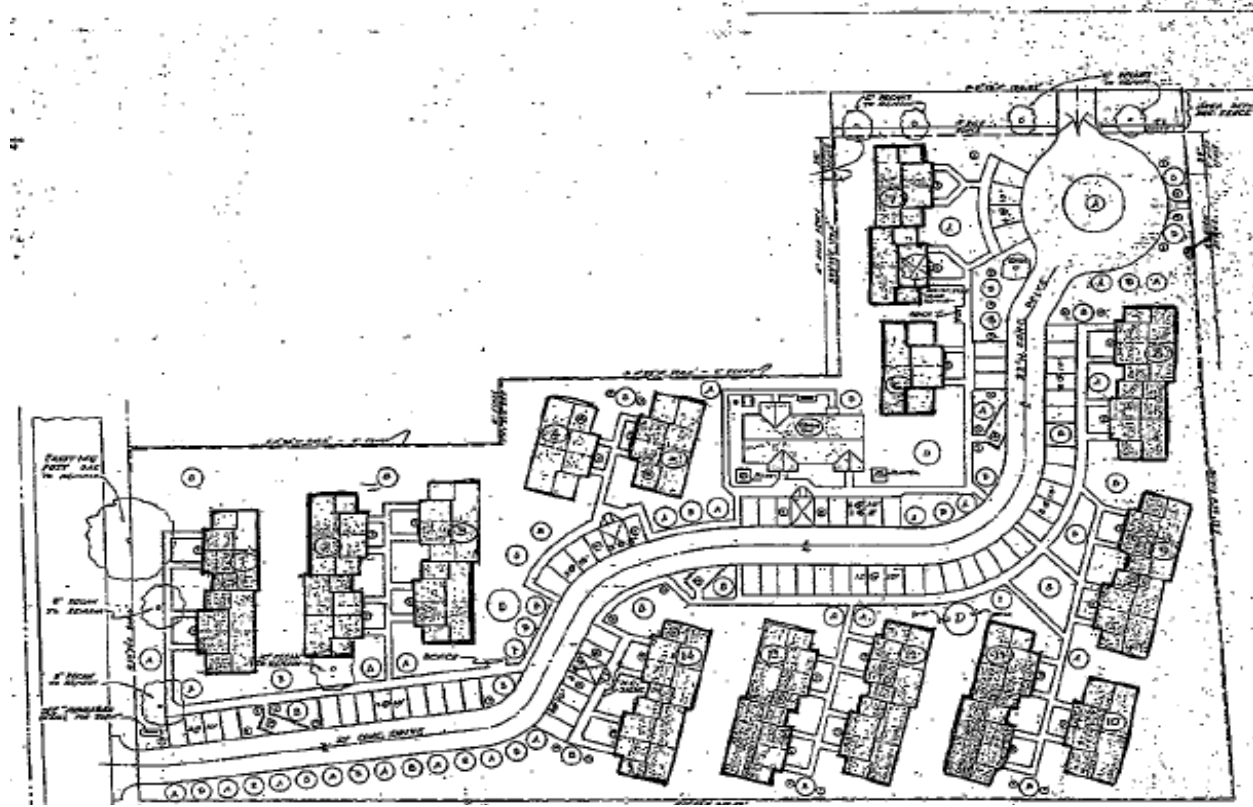
<sup>1</sup> Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.
- A change in ownership is not proposed in the application. The HOME funds will be used by the current owner for rehabilitation and the existing USDA-RD debt is proposed to remain in place with the same rate and terms.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	4 Plex	2 Plex									Total Buildings
Floors/Stories	1	1									
Number	10	4									<b>14</b>

BR/BA	SF	Units								Total Units	Total SF
1/1	635	4								40	25,400
2/2	812		2							8	6,496
Units per Building		4	2							<b>48</b>	<b>31,896</b>

Rehabilitation Plan:

The property was originally constructed in 1991 and is comprised of 14 residential buildings and a management and leasing office. It is a USDA-RD property receiving rental assistance on 47 of the 48 units.

The Applicant provided a Capital Needs Assessment (CNA) performed by On-Site Insight, Inc. A CNA is generally an acceptable substitute for the Property Condition Assessment (PCA) required by the department for all rehabilitation developments to evaluate the cost of the rehabilitation and the prospective future reserve requirements. The CNA provided in this case does contemplate the entire scope of work that the Applicant is planning and the property's long-term capital needs.

The rehabilitation plan calls for the replacement/refurbishment of kitchen appliances, cabinets including countertops, carpeting and vinyl flooring, replace all HVAC, bathroom fixtures, hot water heaters, exterior painting and roof replacement.

The scope of the repairs do not require a temporary or permanent relocation of the residents on a building by building basis.

**SITE ISSUES**

Total Size: 4.09 acres Scattered site?  Yes  No  
 Flood Zone: X Within 100-yr floodplain?  Yes  No  
 Zoning: R-2 Needs to be re-zoned?  Yes  No  N/A

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff Date: 3/5/2008  
 Overall Assessment:  
 Excellent  Acceptable  Questionable  Poor  Unacceptable  
 Surrounding Uses:  
 North: Vacant land immediately adjacent and beyond  
 East: Single-family residential adjacent and beyond  
 South: Single-family residential adjacent and beyond  
 West: Vacant land immediately adjacent and commercial beyond

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

A Phase I Environmental Site Assessment was not provided because USDA-RD financed projects are not required to submit this report; however, an appraisal was provided and the appraiser, Rafael Luebbert, MAI, SRA stated that no detrimental issues were noted in his observations of the ground cover, building components nor finishing materials. Additionally, environmental clearance will be required subsequent to any award of HOME funds but prior to draws.

**MARKET HIGHLIGHTS**

Provider: Rafael C Luebbert Date: 2/11/2008  
 Contact: Rafael C Luebbert Phone: (210) 408-6041 Fax: (210) 408-2539  
 Number of Revisions: 0 Date of Last Applicant Revision: N/A

**Primary Market Area (PMA):**

The Appraiser defined the market area as that geographical region enveloped by the south central sector of Gillespie County and the northeasterly quadrant of the county of Kerr, and the northwesterly quadrant of the county of Kendall."

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
Towne Park	04260	45	39	N/A			
Gardens at Clearwater	08135	80	80	N/A			

INCOME LIMITS						
Gillespie						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$11,500	\$13,100	\$14,750	\$16,400	\$17,700	\$19,000
50	\$19,150	\$21,900	\$24,600	\$27,350	\$29,550	\$31,750

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)			Current Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1BR	635 SF	30%	\$329	\$345	\$329	\$0
1BR	635 SF	LH	\$329	\$345	\$329	\$0
2BR	812 SF	LH	\$355	\$449	\$355	\$0

Comments:

A Market Study report was not included, as USDA-RD-financed projects are not required to submit this report. A required appraisal is sufficient to satisfy the requirement for a market analysis. An "As Is" appraisal dated February 11, 2008 was prepared by Rafael C Luebbert ("Appraiser"). Additionally, the property is currently 94% occupied and it is likely that many of the existing tenants will choose to remain at the property after rehabilitation.

A capture rate was not calculated but is of limited value given the low vacancy at the property and limited anticipated turnover as a result of the rehabilitation.

**OPERATING PROFORMA ANALYSIS**

Income:    Number of Revisions:    1    Date of Last Applicant Revision:    3/31/2008

All units are covered by a USDA-RD rental assistance agreement; therefore, property income is based on the currently approved Basic rents of \$329 for the one-bedroom units and \$355 for the two-bedroom units. The Applicant's rent schedule reflects a lower net rent for three of the one-bedroom units (5% of the total units) that are being restricted for households at 30% of AMI, as required by the HOME NOFA. As a result, the Applicant's total projected income is 2% less than the Underwriter's estimate. The Applicant's reduction for these three units is not required because of the project based rental assistance and would likely not be permitted by USDA as they generally do not approve same sized units in a development as having multiple rents. The Applicant did not indicate that a request has been made to USDA to increase the rents. However, the current Basic rents for both the one and two-bedroom units are below the market rents as concluded by the appraisal. Should the Applicant request an increase to the USDA rents, it is foreseeable that an additional \$16,512 in rental income could be approved by USDA-RD.

The Applicant's estimate of secondary income is in line with Department guidelines. However, the Applicant's estimate of vacancy and collection loss (5%) is slightly lower than the Department standard of 7.5%. Based on the current occupancy rate and the affordability of the USDA-RD rent structure, the underwriting analysis also assumes a vacancy and collection loss of 5%. Overall, the Applicant's estimate of effective gross income is within 5% of the Underwriter's estimate.

Expense:    Number of Revisions:    0    Date of Last Applicant Revision:    N/A

The Applicant's total annual operating expense projection of \$2,905 per unit is not within 5% of the Underwriter's estimate of \$3,232, derived from the actual operating history of the property, the TDHCA database, and other sources. The Applicant also has several line item expenses that differ significantly when compared to the Underwriter's estimate, including: payroll and payroll taxes (\$9.6K higher); water, sewer and trash (\$7.2K higher); property tax (\$3.9K lower), and reserve for replacements (\$34.2K lower).

The Applicant has estimated a reserve account expense of \$254 per unit. This is lower than the minimum underwriting guideline of \$300 per unit for rehabilitation developments, subject to higher amounts if identified by a Capital Needs Assessment. The CNA provided by the Applicant identified \$2.6M of capital expenses that would be required over a 30 year period. A replacement reserve of \$956 per unit per year is required to fund these capital expenditures and the Underwriter's analysis includes this increased reserve expense.



The Underwriter determined that the Applicant's Reserve for Replacements per unit per year number increases significantly based on the repairs and replacement figures provided by the CNA over the next 30 year period. At the end of year 15, the ending reserve balance would be a negative \$633,463 using the \$300 per unit per year reserve for replacement number. The condition only continues to worsen with a negative balance of \$1,796,793 at the end of a 30 year period with the minimum annual reserve. To be able to end year 15 with a \$0 ending reserve balance the reserve number per unit per year would have to increased from \$300 per unit to approximately \$916.

Additionally, the Applicant's and Underwriter's expense to income ratios are above the 65% maximum guideline; however, USDA-RD properties receiving rental assistance are exempt from meeting the 65% expense to income ratio requirement.

**Conclusion:**

The Applicant's effective gross income is within 5% of the Underwriter's estimate; however, total expense and net operating income estimates are not within 5% of the Underwriter's. Therefore, the Underwriter's Year One proforma will be used to determine the development's debt capacity and debt coverage ratio. The Underwriter's proforma, including the Applicant's requested financing structure for the HOME funds requested, results in a debt coverage ratio (DCR) below the Department's minimum underwriting guideline of 1.15.

**Feasibility:**

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. The Applicant has requested that \$225,000 of the total \$1,234,674 HOME funds requested be structured as a repayable loan at 0% interest and 30 year amortization. Using this structure results in a DCR that falls below the Department's minimum guidelines. The Underwriter considered an alternative structure to reflect the entire \$1.2M HOME funds awarded as a deferred forgivable loan. However, even granting the HOME funds requested would not allow the development to achieve even a 1.00 DCR. This operating deficiency is further complicated by the \$1.7M of identified capital expenditures that are expected between years 15 and 30 and that will be unfunded if a reserve for replacement figure for only the first 15 years is utilized.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:	<u>Rafael Luebbert, MAI, SRA</u>	Date:	<u>2/8/2008</u>
Number of Revisions:	<u>0</u>	Date of Last Applicant Revision:	<u>N/A</u>
Land Only:	<u>4.09 acres</u>	<u>\$321,900</u>	As of: <u>2/8/2008</u>
Existing Buildings: (as-is)	<u>\$491,100</u>		As of: <u>2/8/2008</u>
Total Development: (as-is)	<u>\$813,000</u>		As of: <u>2/8/2008</u>

**ASSESSED VALUE**

Land Only:	<u>4.09 acres</u>	<u>\$42,370</u>	Tax Year:	<u>2007</u>
Existing Buildings:	<u>\$358,130</u>		Valuation by:	<u>Gillespie CAD</u>
Total Assessed Value:	<u>\$400,500</u>		Tax Rate:	<u>1.6717</u>

**EVIDENCE of PROPERTY CONTROL**

Type:	<u>Warranty Deed</u>	Acreage:	<u>4.27</u>
Deed Date:	<u>7/12/1991</u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

TITLE

Comments:

An outstanding Deed of Trust dated May 7, 1991, securing payment of a note of even date in the sum of \$1,216,380, payable to the order of United States of America, acting through the Farmers Home Administration (USDA-RD) is set out in the Title Insurance Commitment.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 0 Date of Last Applicant Revision: N/A

Acquisition Value:

The site was acquired by the Applicant in 1990 and the property was developed in 1991. There is no acquisition or transfer of ownership taking place; however, the current balance on the existing primary mortgage of \$1,172,269 has been identified as both a source and an off-setting use of funds in the Underwriter's analysis. The existing debt is more than \$350,000 above the existing appraised value and yet the Applicant has provided no evidence of an attempt request that the USDA write down the excess debt.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of \$149 per unit which is supported by the Capital Needs Assessment provided.

Direct Construction Cost:

The Applicant's direct construction cost estimate is supported by the Capital Needs Assessment (CNA). The underwriting analysis will reflect the CNA value.

Reserves

The Applicant has indicated \$45,000 will be sourced from the reserve account. This will completely deplete the reserve account, and the Applicant has not included any funds to replenish the account. The Underwriter has included \$48,000 to meet the USDA minimum reserve of \$1,000 per unit at completion. This initial reserve balance is included in the funds available for future estimated repairs identified in the CNA and without this initial amount the annual reserve requirement would be significantly higher.

Conclusion:

The Underwriter's cost schedule was derived from information presented in the Application, including a third-party Capital Needs Assessment (CNA). Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule, as derived from the CNA, will be used to determine the development's need for permanent funds.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: 0 Date of Last Applicant Revision: N/A

Source: USDA-RD (existing) Type: Permanent Financing

Principal: \$1,223,179 Interest Rate: 1.0%  Fixed Term: 600 months

Comments:

The property has an existing USDA-RD first lien mortgage that will be remain on the property during and after rehabilitation. The original \$1,223,179 loan funded in 1991 for a term of 600 months at a rate of 8.75%; however, the Applicant also has an Interest Credit Agreement that subsidizes the interest rate on the note to an effective rate of approximately 1%. The amortization of the loan commenced in June 1991. The outstanding principal balance of this loan as of 3/27/2008 was \$1,172,269.

Source: TDHCA HOME Type: Permanent Financing

Principal: \$225,000 Interest Rate: 0.0%  Fixed Term: 360 months

Comments:

The Applicant has requested \$225K in HOME funds to be amortized over 30 years at 0%.

Source: TDHCA HOME Type: Permanent Financing  
Principal: \$1,009,674 Interest Rate: N/A  Fixed Term: N/A months  
Comments:

The Applicant has requested \$1,009,674 in HOME funds as a deferred forgivable loan.

Source: USDA-RD Type: Reserves  
Principal: \$45,000 Interest Rate: N/A  Fixed Amort: N/A months  
Comments:

The development currently has a reserve amount of \$46,150 as reflected and confirmed via a bank statement from Peoples State Bank. The Applicant's CPA also provided a statement indicating that Applicant has the capacity to provide the proposed funding, which includes the \$45K in existing reserves.

Amount: \$92,186 Type: Deferred Developer Fees

### CONCLUSIONS

#### Recommended Financing Structure:

The Applicant requested HOME funds in an amount which is higher than the current outstanding USDA-RD debt on the property, thus requiring a minimum parity first lien with USDA-RD which has not been requested and has requested to structure the HOME funds as a combination grant (80% of total requested) and loan (20% of total). The amount of the HOME funds is within the 221(d)(3) limit.

The Applicant has provided insufficient funds to reserve for future replacement and as such has not fully considered the long term viability of the development. Based on the Underwriter's analysis there is insufficient NOI to service the requested HOME funds even at 0% interest and a 30-year amortization if the reserve for replacement fund is to meet the first 15 years of the affordability period as projected in the CNA. The Capital Needs Assessment reflects that the Applicant will need as much or more money as currently being requested in approximately fifteen years to fund future capital expenditures in order to maintain this property for years 15 to 30. Moreover, there is insufficient anticipated cash flow to fund the anticipated deferred developer fees within the Department's 15 year time horizon.

#### Return on Equity:

This is a USDA-RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:	<u>Carl Hoover</u>	Date:	<u>April 29, 2008</u>
Reviewing Underwriter:	<u>Raquel Morales</u>	Date:	<u>April 29, 2008</u>
Director of Real Estate Analysis:	<u>Tom Gouris</u>	Date:	<u>April 29, 2008</u>

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Fredericksburg Seniors Apartments, Fredericksburg, HOME #08324**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Sewer
TC 30%	3	1	1	635	\$307	\$329	\$987	\$0.52	\$61.00	\$2.00
LH	36	1	1	635	\$497	\$329	\$11,844	\$0.52	\$61.00	\$2.00
EO	1	1	1	635	\$497	\$0	\$0	\$0.00	\$61.00	\$2.00
LH	8	2	2	812	\$612	\$355	\$2,840	\$0.44	\$71.00	\$2.00
<b>TOTAL:</b>	<b>48</b>		<b>AVERAGE:</b>	<b>665</b>		<b>\$326</b>	<b>\$15,671</b>	<b>\$0.49</b>	<b>\$62.67</b>	<b>\$2.00</b>

**INCOME**

Total Net Rentable Sq Ft: **31,896**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$12.15

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -5.00%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	5.94%	\$229	0.35	\$11,006	\$12,120	\$0.38	\$253	6.57%
Management	11.41%	441	0.66	21,147	23,124	0.72	482	12.54%
Payroll & Payroll Tax	10.45%	404	0.61	19,371	28,940	0.91	603	15.70%
Repairs & Maintenance	13.64%	527	0.79	25,281	21,500	0.67	448	11.66%
Utilities	4.85%	187	0.28	8,985	10,000	0.31	208	5.42%
Water, Sewer, & Trash	2.85%	110	0.17	5,286	12,500	0.39	260	6.78%
Property Insurance	4.35%	168	0.25	8,058	7,998	0.25	167	4.34%
Property Tax 1.6717	6.50%	251	0.38	12,036	8,092	0.25	169	4.39%
Reserve for Replacements	23.74%	916	1.38	43,989	12,168	0.38	254	6.60%
TDHCA Compliance Fees	0.00%	0	0.00	0	0	0.00	0	0.00%
Other:	0.00%	0	0.00		3,010	0.09	63	1.63%
<b>TOTAL EXPENSES</b>	<b>83.74%</b>	<b>\$3,232</b>	<b>\$4.86</b>	<b>\$155,159</b>	<b>\$139,452</b>	<b>\$4.37</b>	<b>\$2,905</b>	<b>75.63%</b>
<b>NET OPERATING INC</b>	<b>16.26%</b>	<b>\$628</b>	<b>\$0.94</b>	<b>\$30,136</b>	<b>\$44,928</b>	<b>\$1.41</b>	<b>\$936</b>	<b>24.37%</b>

**DEBT SERVICE**

USDA-RD Existing Loan (First Lien)	16.78%	\$648	\$0.97	\$31,097	\$31,137	\$0.98	\$649	16.89%
TDHCA HOME Loan	4.05%	\$156	\$0.24	7,500	7,500	\$0.24	\$156	4.07%
TDHCA Cash Flow HOME Loan	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>-4.57%</b>	<b>(\$176)</b>	<b>(\$0.27)</b>	<b>(\$8,461)</b>	<b>\$6,291</b>	<b>\$0.20</b>	<b>\$131</b>	<b>3.41%</b>

AGGREGATE DEBT COVERAGE RATIO

0.78 1.16

RECOMMENDED DEBT COVERAGE RATIO

0.97

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		45.22%	\$24,422	\$36.75	\$1,172,269	\$1,172,269	\$36.75	\$24,422	46.08%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		0.28%	149	0.22	7,150	7,150	0.22	149	0.28%
Direct Construction		35.63%	19,241	28.96	923,565	923,565	28.96	19,241	36.30%
Contingency	5.00%	1.79%	969	1.46	46,500	46,500	1.46	969	1.83%
Contractor's Fees	13.99%	5.02%	2,713	4.08	130,200	130,200	4.08	2,713	5.12%
Indirect Construction		2.70%	1,459	2.20	70,045	70,045	2.20	1,459	2.75%
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's Fees	15.04%	6.92%	3,738	5.62	179,400	179,400	5.62	3,738	7.05%
Interim Financing		0.58%	313	0.47	15,000	15,000	0.47	313	0.59%
Reserves		1.85%	1,000	1.50	48,000	0	0.00	0	0.00%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$54,003</b>	<b>\$81.27</b>	<b>\$2,592,129</b>	<b>\$2,544,129</b>	<b>\$79.76</b>	<b>\$53,003</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>42.72%</b>	<b>\$23,071</b>	<b>\$34.72</b>	<b>\$1,107,415</b>	<b>\$1,107,415</b>	<b>\$34.72</b>	<b>\$23,071</b>	<b>43.53%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
USDA-RD Existing Loan (First Lien)	45.22%	\$24,422	\$36.75	\$1,172,269	\$1,172,269	\$1,172,269	Developer Fee Available
TDHCA HOME Loan	8.68%	\$4,688	\$7.05	225,000	225,000		\$179,400
TDHCA Cash Flow HOME Loan	38.95%	\$21,035	\$31.66	1,009,674	1,009,674	1,234,674	
USDA Reserves	1.74%	\$938	\$1.41	45,000	45,000	45,000	% of Dev. Fee Deferred
Deferred Developer Fees	3.56%	\$1,921	\$2.89	92,186	92,186	140,186	78%
Additional (Excess) Funds Req'd	1.85%	\$1,000	\$1.50	48,000	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$2,592,129</b>	<b>\$2,544,129</b>	<b>\$2,592,129</b>	<b>(\$205,650)</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Fredericksburg Seniors Apartments, Fredericksburg, HOME #08324*

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,223,179	Amort	600
Int Rate	1.00%	DCR	0.97

<b>Secondary</b>	\$225,000	Amort	360
Int Rate	0.00%	Subtotal DCR	0.78

<b>Additional</b>	\$1,009,674	Amort	0
Int Rate	0.00%	Aggregate DCR	0.78

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$31,097
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>(\$961)</b>

<b>Primary</b>	\$1,223,179	Amort	600
Int Rate	1.00%	DCR	0.97

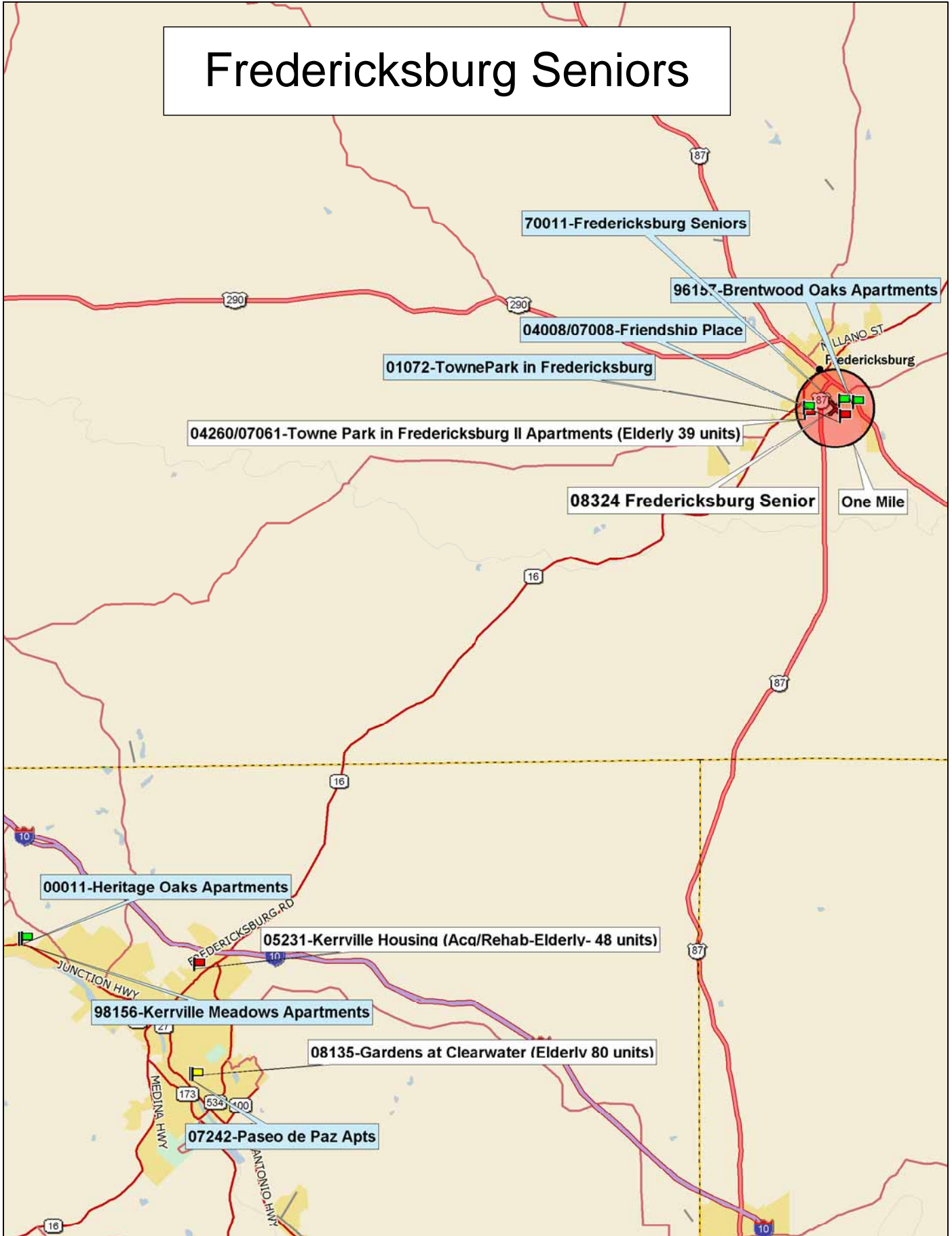
<b>Secondary</b>	\$261,851	Amort	0
Int Rate	0.00%	Subtotal DCR	0.97

<b>Additional</b>	\$972,823	Amort	0
Int Rate	0.00%	Aggregate DCR	0.97

**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	\$188,052	\$193,694	\$199,504	\$205,489	\$211,654	\$245,365	\$284,446	\$329,750	\$443,157
Secondary Income	6,996	7,206	7,422	7,645	7,874	9,128	10,582	12,268	16,487
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	195,048	200,899	206,926	213,134	219,528	254,493	295,028	342,018	459,643
Vacancy & Collection Loss	(9,752)	(10,045)	(10,346)	(10,657)	(10,976)	(12,725)	(14,751)	(17,101)	(22,982)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$185,296	\$190,854	\$196,580	\$202,478	\$208,552	\$241,769	\$280,276	\$324,917	\$436,661
EXPENSES at 4.00%									
General & Administrative	\$11,006	\$11,446	\$11,904	\$12,380	\$12,875	\$15,665	\$19,059	\$23,188	\$34,324
Management	21,147	21,781	22,435	23,108	23,801	27,592	31,987	37,081	49,834
Payroll & Payroll Tax	19,371	20,146	20,952	21,790	22,661	27,571	33,544	40,812	60,411
Repairs & Maintenance	25,281	26,293	27,344	28,438	29,576	35,983	43,779	53,264	78,844
Utilities	8,985	9,344	9,718	10,107	10,511	12,788	15,559	18,930	28,021
Water, Sewer & Trash	5,286	5,497	5,717	5,946	6,184	7,524	9,154	11,137	16,485
Insurance	8,058	8,380	8,716	9,064	9,427	11,469	13,954	16,977	25,130
Property Tax	12,036	12,518	13,018	13,539	14,081	17,131	20,843	25,359	37,537
Reserve for Replacements	43,989	45,748	47,578	49,481	51,461	62,610	76,174	92,678	137,185
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	\$155,159	\$161,154	\$167,383	\$173,854	\$180,577	\$218,334	\$264,053	\$319,425	\$467,772
NET OPERATING INCOME	\$30,136	\$29,700	\$29,197	\$28,624	\$27,975	\$23,435	\$16,223	\$5,492	(\$31,111)
DEBT SERVICE									
First Lien Financing	\$31,097	\$31,097	\$31,097	\$31,097	\$31,097	\$31,097	\$31,097	\$31,097	\$31,097
Second Lien	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	(\$8,461)	(\$8,897)	(\$9,400)	(\$9,973)	(\$10,622)	(\$15,162)	(\$22,374)	(\$33,105)	(\$69,708)
DEBT COVERAGE RATIO	0.78	0.77	0.76	0.74	0.72	0.61	0.42	0.14	(0.81)

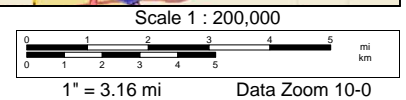
# Fredericksburg Seniors



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**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 04/29/08 PROGRAM: HOME FILE NUMBER: 08326

**DEVELOPMENT**

Buena Vida Apartments

Location: 100 South Kansas City Road Region: 11  
 City: La Feria County: Cameron Zip: 78559  OCT  DDA  
 Key Attributes: Multifamily, Elderly, Rural, At-Risk, USDA, Acquisition/Rehabilitation

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	\$1,160,000	1.00%	360/360	\$1,118,980	1.00%	334/334

\* Parity first lien position; fully amortized over a term equal to remaining term of the USDA 515 loan (approx. 334 months).

**CONDITIONS**

- 1 Receipt, review and acceptance of approval from USDA-RD of a parity first lien position for the recommended TDHCA HOME award.
- 2 Receipt, review, and acceptance of an increase in the Number of HOME units from 25 to 54.
- 3 Receipt, review, and acceptance of USDA-RD approval of an increase over the current contract rents of at least 30% on average.
- 4 Reimbursement of development costs as incurred throughout the construction period in order to minimize accrual of unnecessary construction interest expense on any outside construction loans.
- 5 Should the development budget or financing sources or amounts change, the transaction should be reevaluated and an adjustment to the HOME funds may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA			
Income Limit	Rent/Income Limit	Requested	Recommended
30% of AMI/Low HOME	30% of AMI/Low HOME	3	3
Low HOME	Low HOME	22	51
Market	Market	33	4

**PROS**

- The HOME funds are projected to be fully repayable if the projected increase in contract rents is approved.
- The application proposes the revitalization of a 22 year old USDA-RD Section 515 property receiving rental assistance on all 58 units.
- The Developer has significant experience with the Department's programs and with USDA funded properties.

**CONS**

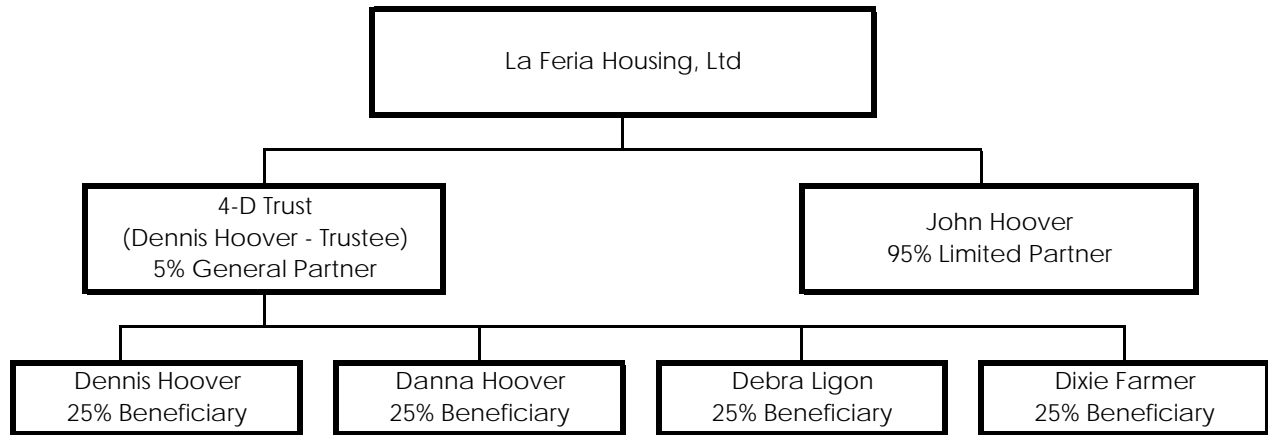
- The anticipated rent increase of 33% to 35% is substantial relative to typical increases approved by USDA-RD.

**PREVIOUS UNDERWRITING REPORTS**

The subject development was underwritten in 2007 for a competitive tax credit allocation. However, the application (07267) was not competitive in its region and did not ultimately receive an allocation.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Dennis Hoover Phone: 512.756.6809 Fax: 512.756.9885  
 Email: dennishoover@hamiltonvalley.com

**KEY PARTICIPANTS**

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
4-D Trust	Confidential		--
Dennis Hoover	Confidential		14 TDHCA awards

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

**IDENTITIES of INTEREST**

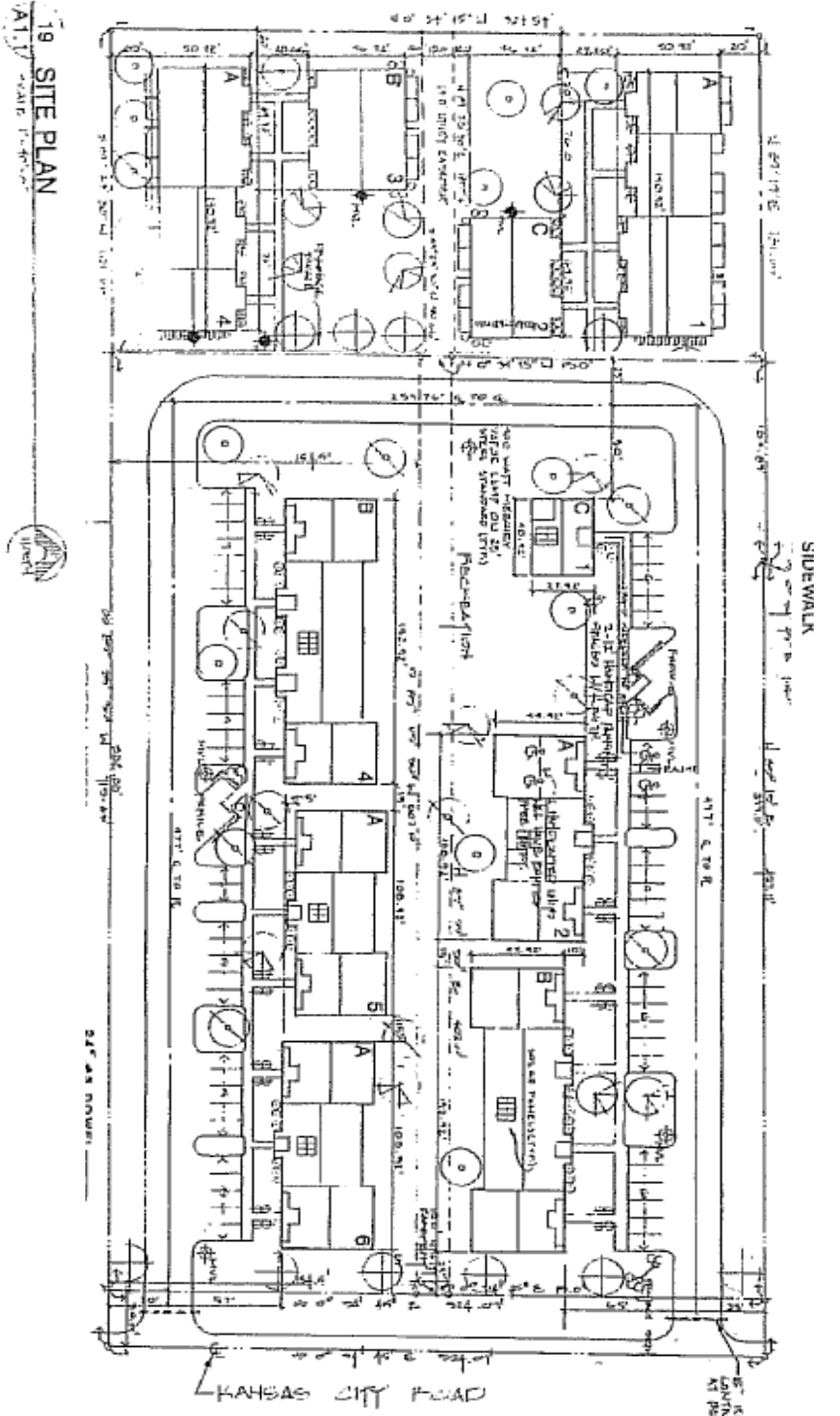
- o The Applicant, Developer, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.
- o No transfer of the property is proposed. The current owner will remain in place.

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PROPOSED SITE

SITE PLAN



19 SITE PLAN  
A1

This section intentionally left blank.

### BUILDING CONFIGURATION

Building Type	A1	B1	A2	B2								Total Buildings
Floors/Stories	1	1	1	1								
Number	3	2	2	2								<b>9</b>

BR/BA	SF	Units										Total Units	Total SF
1/1	659	4	4	6	4							40	26,360
2/1	836	2	4	2								18	15,048
Units per Building		6	8	8	4							<b>58</b>	<b>41,408</b>

**Development Plan:**

The Applicant provided a Capital Needs Assessment reflecting the following scope of work:  
 Repair sidewalks; repair drives/parking areas; repair curbs; replace dumpster enclosures; repair concrete gazebo slabs; accessibility modifications to site and community areas; replace heating and cooling systems in community building; repair exterior brick veneers; replace trim, fascia, soffits, and rake boards; replace 15 unit entry and storage room doors; repair damaged lintels; remove exterior storage closets in Phase I; paint common areas; replace common area flooring; replacement of all components in community area kitchen; replace majority of unit flooring; replacement of all cabinetry and countertops in units; replacement of original appliances; replace approx 20 tubs and surrounds; replace remaining original vanities; replace bathroom accessories; replace older furnaces; replace older water heaters; install ceiling fans and upgrade lighting fixtures.

### SITE ISSUES

Total Size: 5.0869 acres      Scattered site?       Yes       No  
 Flood Zone: Zone B      Within 100-yr floodplain?       Yes       No  
 Zoning: Multifamily      Needs to be re-zoned?       Yes       No       N/A

### TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff      Date: 3/28/2008  
 Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
 Surrounding Uses:  
 North: RV Park / Highway 83      East: Residential  
 South: Residential      West: County PHA / retail / commercial

### HIGHLIGHTS of ENVIRONMENTAL REPORTS

Comments:  
 A Phase I Environmental Site Assessment was not provided because USDA-RD financed projects are not required to submit this report. However, environmental clearance will be required subsequent to any award of HOME funds but prior to draws.

### MARKET HIGHLIGHTS

Comments:  
 A Market Study report was not included, as USDA-RD-financed projects are not required to submit this report. A required appraisal is sufficient to satisfy the requirement for a market analysis. An "As Is" appraisal dated February 28, 2008 was prepared by Rafael C Luebbert ("Appraiser"). Additionally, the property is currently 100% occupied and it is likely that many of the existing tenants will choose to remain at the property after rehabilitation.

Provider: Rafael C Luebbert Date: 2/28/2008  
 Contact: Rafael C Luebbert Phone: 210.408.6041 Fax: 210.408.2539  
 Number of Revisions: 0 Date of Last Applicant Revision: N/A

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
None				N/A			

Comments:

Only one LIHTC property appears to be located within the La Feria area: Las Palmas Apartments (98044) a 36 unit elderly property that received a 9% HTC allocation during the 1998 cycle.

INCOME LIMITS						
Cameron						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$9,150	\$10,500	\$11,800	\$13,100	\$14,150	\$15,200
50	\$15,250	\$17,450	\$19,600	\$21,800	\$23,550	\$25,300

RENT ANALYSIS (Tenant-Paid Net Rents)								
Unit Type (% AMI)				Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR	659 SF	30%		\$315	\$425	\$433	\$425	\$110
2 BR	836 SF	50%		\$360	\$480	\$522	\$480	\$120
1 BR	659 SF	50%		\$315	\$425	\$433	\$425	\$110
2 BR	836 SF	50%		\$360	\$480	\$522	\$480	\$120
1 BR	659 SF	50%		\$315	\$425	\$433	\$425	\$110
2 BR	836 SF	50%		\$360	\$480	\$522	\$480	\$120
2 BR	836 SF	MR		\$360	\$480	\$522	\$480	\$120

**OPERATING PROFORMA ANALYSIS**

Income: \_\_\_\_\_ Number of Revisions: 1 Date of Last Applicant Revision: 3/26/2008

The Applicant's projected net rents per unit are the contract rents that the Applicant has requested as part of the proposal to USDA-RD and all of the units receive rental assistance from USDA-RD. The requested contract rents are 33% to 35% higher than the current contract rents however they are still below the market rents established by the appraiser. The Underwriter has used the Applicant's requested higher rents to determine potential gross rent. Based on the Underwriter's proforma and recommended financing structure a 30% increase on average over the current contract rents is required in order to maintain a debt coverage ratio of 1.15. Therefore, receipt, review, and acceptance of USDA-RD approval of an increase over the current contract rents of at least 30% on average is a condition of this report.

USDA-RD generally does not provide rent increases above the "comparable rents for comparable units" (market rents). However it is likely that the USDA will approve the proposed rents because they are less than the projected market rents reflected in the appraisal.

The Applicant's estimate of secondary income is in line with Department guidelines. However, the Applicant's estimate of vacancy and collection loss (5%) is slightly lower than the Department standard of 7.5%. Based on the current occupancy rate and the affordability of the USDA-RD rent structure (tenants pay 30% of income toward rent), the underwriting analysis also assumes a vacancy and collection loss of 5%. Overall, the Applicant's effective gross income projection is comparable to the Underwriter's estimate.

The Underwriter has recommended a slightly different unit mix restricting all but four of the units to Low HOME rents in order to ensure compliance with the Federal HOME regulations [24 CFR§ 92.205(d)], which state: HOME funds may be used to assist one or more housing units in a multi-unit project. Only the actual HOME eligible development costs of the assisted units may be charged to the HOME program. If the assisted and non-assisted units are not comparable, the actual costs may be determined based on a method of cost allocation. If the assisted and non-assisted units are comparable in terms of size, features and number of bedrooms, the actual cost of the HOME- assisted units can be determined by pro-rating the total HOME eligible development costs of the project so that the proportion of the total development costs charged to the HOME program does not exceed the proportion of the HOME-assisted units in the project.

The existing USDA 515 loan and reserves that will be retained in the reserve account are not actual project costs, and the HOME loan amounts to 92% of the remaining development costs. Therefore, 92% or 54 of 58 units must be HOME units in order to receive the full amount of requested HOME funds. As a result of the Rental Assistance covering all units, this additional restriction should not affect the viability of the transaction.

Expense:    Number of Revisions:        0        Date of Last Applicant Revision:      N/A  

The Applicant's total operating expense estimate of \$3,314 per unit is within 5% of the Underwriter's estimate of \$3,274 per unit derived from historical operations of the subject property, the TDHCA database, and other sources. However, several line items differ significantly from the Underwriter's, including: general and administrative (\$5K lower); management fees (\$9K higher); utilities (\$6K lower); property tax (\$6K lower); and reserve for replacements (\$7K higher). The Underwriter used reserve for replacement of \$300 per unit in line with Department standards and as supported by the CNA. Also of note, while the Applicant claimed TDHCA compliance fees of \$2,160, there are no compliance fees for HOME funded properties.

**Conclusion:**

The Applicant's estimates of total operating expense and net operating income are within 5% of the Underwriter's estimates; therefore, the Applicant's Year One proforma is used to determine the development's debt coverage ratio (DCR) and debt capacity. The Applicant's DCR is within the parameters of the Department's current guideline.

Of note, the development receives USDA-RD rental assistance and USDA will continue to actively monitor the return to owner to ensure that it is not more than 8% per year on the original equity investment. Any profits over that amount will be required to be funded into reserves until such time as 10% of the outstanding loan balance is funded and any profit over that amount is returned to USDA and/or tenants. Moreover, future rent increases under such a scenario would be hampered.

**Feasibility:**

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow for the minimum 15 year period. Therefore, the development can be characterized as feasible. While the development maintains a DCR above 1.15, USDA-RD properties receiving rental assistance are not required to maintain this guideline.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:	<u>Rafael C Luebbert</u>	Date:	<u>2/28/2008</u>
Number of Revisions:	<u>    0    </u>	Date of Last Applicant Revision:	<u>  N/A  </u>
Land Only:	5.09 acres	As of:	<u>2/28/2008</u>
Existing Buildings: (as-is)	<u>\$148,500</u>	As of:	<u>2/28/2008</u>
Favorable Financing:	<u>\$1,187,500</u>	As of:	<u>2/28/2008</u>
Total Development: (as-is)	<u>\$598,000</u>	As of:	<u>2/28/2008</u>
	<u>\$1,934,000</u>	As of:	<u>2/28/2008</u>

**ASSESSED VALUE**

Land Only: 5.09 acres	<u>\$135,654</u>	Tax Year:	<u>2006</u>
Existing Buildings:	<u>\$314,346</u>	Valuation by:	<u>Cameron CAD</u>
Total Assessed Value:	<u>\$450,000</u>	Tax Rate:	<u>2.581391</u>

**EVIDENCE of PROPERTY CONTROL**

Type:	<u>USDA-FmHA Real Estate Deed of Trust for Texas</u>	Acreage:	<u>5.0869</u>
Deed Date:	<u>1/31/1986</u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	<u>N/A</u>	Other:	<u>Property developed in 1985 to 1986.</u>

**TITLE**

Comments:  
The title commitment indicates no items of concern.

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 0 Date of Last Applicant Revision: N/A

Acquisition Value:

The property was originally developed in 1985 and 1986 as two phases of a USDA-RD property. The existing owner, La Feria Housing, Ltd, is not proposing any transfer of the property. The existing USDA-RD 515 loan will be maintained and the current owner will pursue rehabilitation of the property with the requested HOME funds. As this loan amount has been included as a source of funds, the value must also be reflected as a use of funds. The Underwriter has reflected the existing USDA-RD loan balance of \$1,428,747 in the acquisition cost line item of the development cost schedule and as an offsetting source of funds even though an acquisition is not truly taking place.

Sitework Cost:

Since this is a proposed rehabilitation the associated sitework costs are minimal. The Applicant has estimated sitework costs of \$1,655 per unit, which is less than the estimate in the Capital Needs Assessment provided but comparable when considering direct construction costs and sitework combined. The Underwriter has used the CNA sitework estimate.

Direct Construction Cost:

The Applicant's direct construction cost estimate is 3% lower than reflected in the Capital Needs Assessment (CNA). When combined with sitework, the rehab costs are comparable. The underwriting analysis will reflect the CNA value.

Interim Interest Expense:

The Applicant has claimed \$27,500 in interim interest. This appears to be interest on proposed construction financing provided by a related-party to the Applicant. Based on the sources and uses of funds, the Applicant expects the HOME funds to enter the transaction only at completion of construction to repay the interim related-party construction loan.

The Underwriter has not excluded this cost, because some interim interest may be incurred as HOME funds generally reimburse expenses as costs are incurred and although significantly less than currently reflected, it is unclear what that amount will be. Additionally, the current amount claimed is below Department limits should the related-party loan be used. This is discussed further in the financing structure section below.

Contingency & Fees:

The Applicant appears to have overstated contactor fees. However, as indicated below, the Underwriter's costs will be used to determine the financing structure and therefore, any overage will be eliminated.

Conclusion:

The Underwriter's cost schedule was derived from information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule will be used to determine the development's need for permanent funds as discussed in the conclusion section below.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 4/9/2008

Source: BHHH, Inc Type: Interim Financing

Principal: \$1,110,656 Interest Rate: 6.3%  Fixed Term: 12 months

Comments:

As discussed previously, the use of this related party construction loan may result in additional construction interest expense that is ultimately unnecessary. If draws on the HOME funds are made through the construction period as work is completed, then interest expense is minimized. This carries through to the bottom line. This structure does not fully utilize the benefits of the HOME funding. As such, the Underwriter's recommendation is conditioned upon using any outside construction financing as a short term line of credit and reimbursement of expenses with HOME funds as construction progresses.

Source: USDA-RD 515 Type: Permanent Financing

Principal: \$1,428,747 Interest Rate: 1.0%  Fixed Amort: 334 months

Comments:

The Applicant's loan amount is slightly lower than the current remaining principal on the combined Phase I and Phase II loans. However, the Underwriter has assumed the Applicant's estimated remaining balance. \*Also of note, the remaining term for the Phase I loan will end in 2036, while the term for the Phase II loan ends in 2035; however, each loan had an original term of 50 years. There are currently approximately 334 payments remaining on the Phase I loan.

The subject is currently a USDA-RD property with two phases. All of the units are restricted to USDA-RD contract rents and each phase has an individual USDA-RD loan (\$921,500 & \$571,900 respectively) with interest subsidies that lower the effective rates to approximately 1%. The continuation of rental assistance on 100% of the units is dependent upon retention of these loans and the Applicant has indicated that they have no intentions to prepay.

Amount: \$93,161 Type: Existing Reserves (for Rehab)

Amount: \$58,000 Type: Existing Reserves (Retained)

Comments:

The Applicant has indicated that \$93K of the existing reserve account will be utilized for the proposed rehabilitation and approximately \$1,000 per unit (\$58K) will be retained in the existing reserve accounts per USDA guidelines. According to the financial statement provided in the application, the reserve account balances totaled \$149,885 as of 12/31/2007. This amount is less than 1% short of the amount needed to fund the reserve account as suggested and utilize \$93,161 for rehabilitation. The Underwriter has therefore, used the amounts estimated by the Applicant.

The reserves that will be used for rehab are reflected only as a source of funds, while the Underwriter has reflected \$58K in reserves as a source of funds and as a use of funds as this amount will be retained for future capital needs. The Applicant excluded the reserves that will be retained from the application all together.

Amount: \$14,166 Type: Deferred Developer Fees

## CONCLUSIONS

### Recommended Financing Structure:

The Underwriter's total development cost estimate less the existing USDA 515 mortgage of \$1,428,747, the \$93,161 in reserves for rehab and the \$58,000 in reserves for future capital needs indicates the need for \$1,118,980 in gap funds. This amount is less than the Applicant's request of \$1,160,000 due to the reduction in overstated contractor fees described above. As such, the Underwriter recommends a HOME loan of \$1,118,980 based on the gap in need. The Applicant has requested the funds be structured as a fully amortizing and repayable parity first lien with a 1% interest rate and 30 year amortization/term. The Underwriter recommends that the funds be fully amortized over a term equal to the number of remaining months on the USDA 515 loan (approximately 334 months). At this time the rental assistance will be likely to expire and limited value will remain in the property.

The Underwriter's recommended financing structure indicates the need for no deferred developer fees. Therefore, any decrease in the development budget may warrant an adjustment to the amount of HOME funding.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

Underwriter:

\_\_\_\_\_  
*Cameron Dorsey*

Date: April 29, 2008

Reviewing Underwriter:

\_\_\_\_\_  
*Raquel Morales*

Date: April 29, 2008

Director of Real Estate Analysis:

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

Date: April 29, 2008

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Buena Vida Apartments, La Feria, HOME #08326**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 30%/LH	2	1	1	659	\$245	\$425	\$850	\$0.64	\$70.00	\$54.00
TC 30%/LH	1	2	1	836	\$295	\$480	\$480	\$0.57	\$111.00	\$62.00
LH	17	1	1	659	\$404	\$425	\$7,225	\$0.64	\$70.00	\$54.00
LH	5	2	1	836	\$485	\$480	\$2,400	\$0.57	\$111.00	\$62.00
MR (LH)	21	1	1	659	\$404	\$425	\$8,925	\$0.64	\$70.00	\$54.00
MR (LH)	8	2	1	836	\$485	\$480	\$3,840	\$0.57	\$111.00	\$62.00
MR	4	2	1	836		\$480	\$1,920	\$0.57	\$111.00	\$62.00
<b>TOTAL:</b>	<b>58</b>		<b>AVERAGE:</b>	<b>714</b>		<b>\$442</b>	<b>\$25,640</b>	<b>\$0.62</b>	<b>\$82.72</b>	<b>\$56.48</b>

**INCOME**

Total Net Rentable Sq Ft: **41,408**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$11.07

Other Support Income:

**POTENTIAL GROSS INCOME**

Vacancy & Collection Loss % of Potential Gross Income: -5.00%

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.36%	\$225	0.32
Management	6.58%	340	0.48
Payroll & Payroll Tax	15.52%	801	1.12
Repairs & Maintenance	8.38%	433	0.61
Utilities	3.43%	177	0.25
Water, Sewer, & Trash	6.31%	326	0.46
Property Insurance	5.49%	284	0.40
Property Tax 2.581391	7.50%	387	0.54
Reserve for Replacements	5.81%	300	0.42
TDHCA Compliance Fees	0.00%	0	0.00
Other:	0.00%	0	0.00
<b>TOTAL EXPENSES</b>	<b>63.38%</b>	<b>\$3,274</b>	<b>\$4.59</b>

**NET OPERATING INC**

36.62% \$1,892 \$2.65

**DEBT SERVICE**

Existing USDA-RD 515 Loan	12.81%	\$662	\$0.93
TDHCA HOME Loan (Parity Lien)	14.94%	\$772	\$1.08
Additional Financing	0.00%	\$0	\$0.00
<b>NET CASH FLOW</b>	<b>8.87%</b>	<b>\$458</b>	<b>\$0.64</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		52.94%	\$24,634	\$34.50
Off-Sites		0.00%	0	0.00
Sitework		4.23%	1,969	2.76
Direct Construction		24.98%	11,623	16.28
Contingency	2.61%	0.76%	355	0.50
Contractor's Fees	14.00%	4.09%	1,903	2.67
Indirect Construction		2.37%	1,102	1.54
Ineligible Costs		0.00%	0	0.00
Developer's Fees	14.84%	5.81%	2,701	3.78
Interim Financing		2.68%	1,247	1.75
Reserves		2.15%	1,000	1.40
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$46,533</b>	<b>\$65.18</b>

**Construction Cost Recap**

34.06% \$15,849 \$22.20

**SOURCES OF FUNDS**

Existing USDA-RD 515 Loan	52.94%	\$24,634	\$34.50
TDHCA HOME Loan (Parity Lien)	42.98%	\$20,000	\$28.01
Reserves (for rehab)	3.45%	\$1,606	\$2.25
Reserves (retained)	2.15%	\$1,000	\$1.40
HTC Syndication Proceeds	0.00%	\$0	\$0.00
Deferred Developer Fees	0.52%	\$244	\$0.34
Additional (Excess) Funds Req'd	-2.04%	(\$951)	(\$1.33)
<b>TOTAL SOURCES</b>			

TDHCA	APPLICANT
\$307,680	\$307,680
7,704	7,704
0	0
\$315,384	\$315,384
(15,769)	(15,768)
0	0
\$299,615	\$299,616
\$13,074	\$8,179
19,715	28,536
46,486	43,796
25,104	23,467
10,286	4,150
18,920	22,100
16,446	19,500
22,458	16,000
17,400	24,300
0	2,160
0	0
\$189,888	\$192,189
\$109,726	\$107,427
\$38,367	\$38,364
44,772	44,772
0	0
\$26,587	\$24,291
1.32	1.29
	1.27

COUNTY	IREM REGION	COMPT. REGION
Cameron		11
\$11.07	Per Unit Per Month	
\$0.00	Per Unit Per Month	
-5.00%	of Potential Gross Income	
PER SQ FT	PER UNIT	% OF EGI
\$0.20	\$141	2.73%
0.69	492	9.52%
1.06	755	14.62%
0.57	405	7.83%
0.10	72	1.39%
0.53	381	7.38%
0.47	336	6.51%
0.39	276	5.34%
0.59	419	8.11%
0.05	37	0.72%
0.00	0	0.00%
\$4.64	\$3,314	64.15%
\$2.59	\$1,852	35.85%
\$0.93	\$661	12.80%
\$1.08	\$772	14.94%
\$0.00	\$0	0.00%
\$0.59	\$419	8.11%

TDHCA	APPLICANT
\$1,428,747	\$1,428,747
0	0
114,180	96,000
674,150	692,332
20,565	20,565
110,366	165,550
63,890	63,890
0	0
156,671	156,671
72,319	72,319
58,000	0
\$2,698,888	\$2,696,074
\$919,261	\$974,447
\$1,428,747	\$1,428,747
1,160,000	1,160,000
93,161	93,161
58,000	0
0	0
14,166	14,166
(55,186)	0
\$2,698,888	\$2,696,074

**RECOMMENDED**

\$1,428,747	Developer Fee Available
1,118,980	\$0
93,161	
58,000	
0	% of Dev. Fee Deferred
0	#DIV/0!
0	15-Yr Cumulative Cash Flow
\$2,698,888	\$490,749



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Buena Vida Apartments, La Feria, HOME #08326*

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,428,747	Amort	334
Int Rate	1.05%	DCR	2.86

<b>Secondary</b>	\$1,160,000	Amort	360
Int Rate	1.00%	Subtotal DCR	1.32

<b>Additional</b>	\$0	Amort	
Int Rate		Aggregate DCR	1.32

**RECOMMENDED FINANCING STRUCTURE APPLICAN**

Primary Debt Service	\$38,367
Secondary Debt Service	46,074
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$22,987</b>

<b>Primary</b>	\$1,428,747	Amort	334
Int Rate	1.05%	DCR	2.80

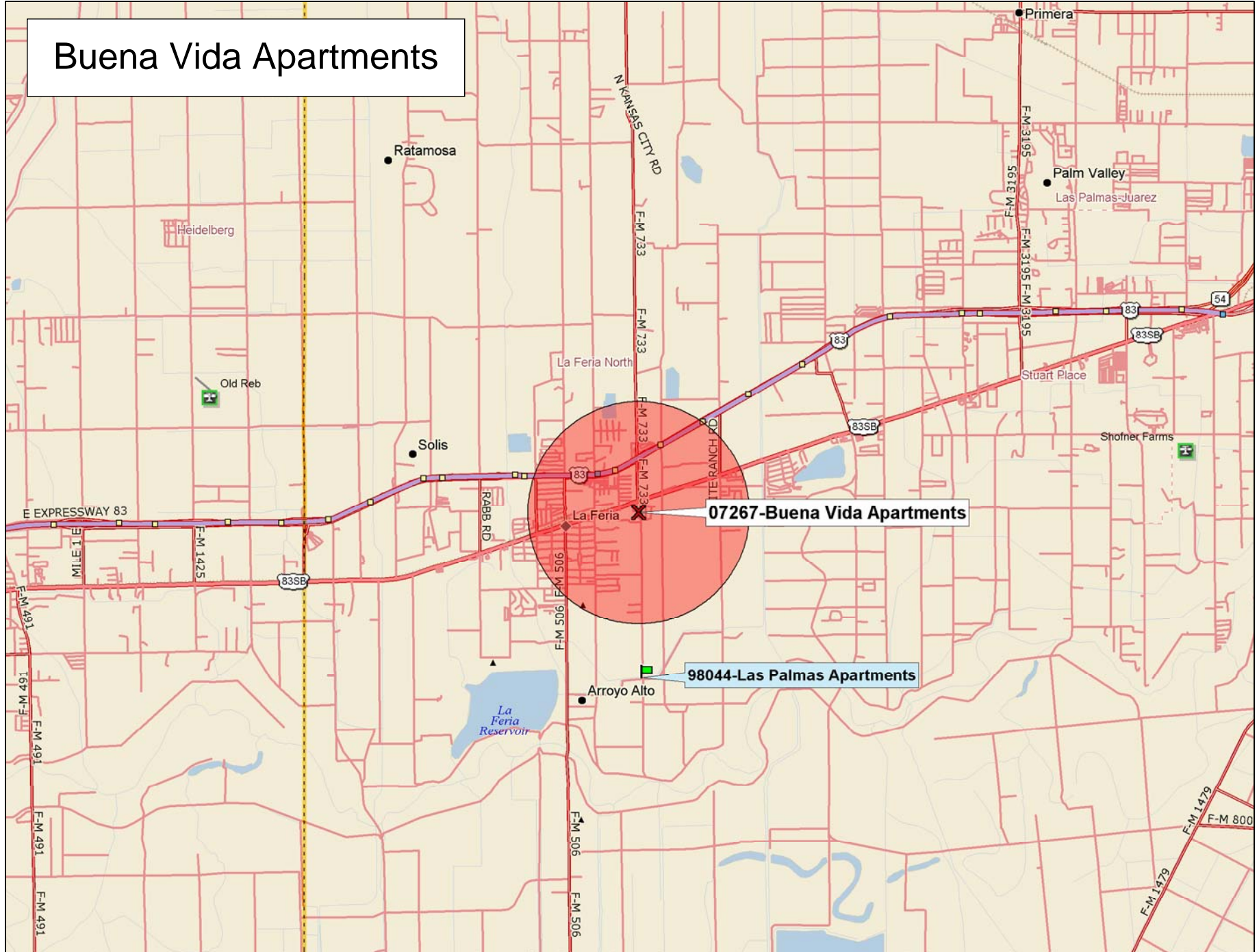
<b>Secondary</b>	\$1,118,980	Amort	334
Int Rate	1.00%	Subtotal DCR	1.27

<b>Additional</b>	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.27

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$307,680	\$316,910	\$326,418	\$336,210	\$346,297	\$401,453	\$465,394	\$539,519	\$725,068
Secondary Income	7,704	7,935	8,173	8,418	8,671	10,052	11,653	13,509	18,155
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	315,384	324,846	334,591	344,629	354,967	411,505	477,047	553,028	743,223
Vacancy & Collection Loss	(15,768)	(16,242)	(16,730)	(17,231)	(17,748)	(20,575)	(23,852)	(27,651)	(37,161)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$299,616	\$308,603	\$317,861	\$327,397	\$337,219	\$390,929	\$453,194	\$525,376	\$706,062
EXPENSES at 4.00%									
General & Administrative	\$8,179	\$8,506	\$8,846	\$9,200	\$9,568	\$11,641	\$14,163	\$17,232	\$25,508
Management	28,536	29,392	30,274	31,182	32,117	37,233	43,163	50,038	67,247
Payroll & Payroll Tax	43,796	45,548	47,370	49,265	51,236	62,336	75,841	92,273	136,586
Repairs & Maintenance	23,467	24,406	25,382	26,397	27,453	33,401	40,638	49,442	73,186
Utilities	4,150	4,316	4,489	4,668	4,855	5,907	7,186	8,743	12,942
Water, Sewer & Trash	22,100	22,984	23,903	24,859	25,854	31,455	38,270	46,561	68,922
Insurance	19,500	20,280	21,091	21,935	22,812	27,755	33,768	41,084	60,814
Property Tax	16,000	16,640	17,306	17,998	18,718	22,773	27,707	33,710	49,898
Reserve for Replacements	24,300	25,272	26,283	27,334	28,428	34,586	42,080	51,196	75,783
Other	2,160	2,246	2,336	2,430	2,527	3,074	3,740	4,551	6,736
TOTAL EXPENSES	\$192,189	\$199,591	\$207,281	\$215,269	\$223,568	\$270,162	\$326,557	\$394,830	\$577,623
NET OPERATING INCOME	\$107,427	\$109,012	\$110,581	\$112,128	\$113,651	\$120,768	\$126,637	\$130,547	\$128,439
DEBT SERVICE									
First Lien Financing	\$38,367	\$38,367	\$38,367	\$38,367	\$38,367	\$38,367	\$38,367	\$38,367	\$38,367
Second Lien	46,074	46,074	46,074	46,074	46,074	46,074	46,074	46,074	46,074
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$22,987	\$24,572	\$26,140	\$27,687	\$29,210	\$36,327	\$42,197	\$46,106	\$43,999
DEBT COVERAGE RATIO	1.27	1.29	1.31	1.33	1.35	1.43	1.50	1.55	1.52

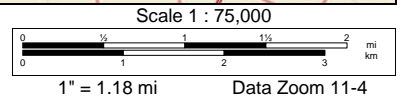
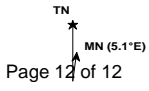
# Buena Vida Apartments



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**HOME DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program Community Housing Development (CHDO) Single Family and Rental Housing Development Notice of Funding Availability (NOFA) Program award recommendation.

**Requested Action**

Approve, Deny or Approve with Amendments the HOME Investment Partnerships Program Community Housing Development (CHDO) Rental Housing Development Notice of Funding Availability (NOFA) Program award recommendation.

**Background and Recommendations**

In July 2007 the Board approved the HOME Community Housing Development (CHDO) Single Family and Rental Housing Development Program Notice of Funding Availability (NOFA) which made available \$6 million to be utilized for qualified Community Housing Development Organizations (CHDO) to develop affordable rental housing. Subsequent to the publication of the NOFA and at the December 2007 meeting, the Board approved the amended the NOFA to reflect changes necessitated by the final adopted HOME Program Rule. The Department released and published the amended NOFA in December 2007. The NOFA allows applicants to apply for funding on a statewide first-come, first-served basis and the application deadline is June 2, 2008. The Department has received 8 applications for project funding request totaling \$18,337,858 and CHDO Operating Fund request totaling \$166,500. Seven of the applications received include a housing tax credit allocation request and are continuing to be reviewed for possible award recommendations in conjunction with the tax credit awards at the July 2008 board meeting.

One of the applications has requested only HOME funds and has completed all three phases of the application review process in accordance with the HOME Program Rule and the eligibility and threshold criteria established in the NOFA.

The Real Estate Analysis (REA) Division has evaluated the application and the Underwriting Report is attached. The report ultimately recommends the award as being within the feasibility constraints of the Department. Please note that page 2 of the Underwriting Report reflects the disposition of a previously submitted application for the same property in 2006 which did not receive an award of HOME CHDO project funds. The board meeting transcript of the March 20, 2007 underwriting appeal of the 2006 application contains the board member discussions regarding this application and can be found at the Department's website at [www.tdhca.state.tx.us/au\\_boardcenter.htm](http://www.tdhca.state.tx.us/au_boardcenter.htm). The applicant has resolved the previous issue regarding the 10% NOFA requirement for public or private financing sources. However, the report reflects that the financing structure results in a forgivable loan or grant portion that is more

than the repayable loan portion of the award. The report recommends that if the Board approves the application for award, the term be reduced to 40 years and an increase in the deferred, forgivable portion of the debt to \$998,358 and a repayable debt of \$945,524 at 0% interest.

In conjunction with the CHDO funding request, the applicant submitted a CHDO certification application, which has been reviewed and will be approved in conjunction with the Board-approved CHDO project funds award. Additionally, the applicant has requested \$50,000 in CHDO operating expenses, which are also being recommended for approval. The CHDO operating expense funding request is awarded in the form of a grant and the eligible use of these funds do not include the operation of the project. These funds are provided to assist the organization with a source of funds to increase the capacity of the CHDO. Moreover, these funds are awarded to eligible CHDO's to assist the Department in meeting its annual, federally-mandated 15% CHDO project funds set-aside. In order to meet this set-aside requirement, the overall expansion of the capacity of CHDO's must be encouraged and promoted in order to enable the development of projects for future HOME CHDO project funding requests.

The application being recommended for approval has been reviewed by the Portfolio Management and Compliance Division and no issues of material non-compliance were identified. All applicants approved by the Board for an award will receive written agreements that reflect all conditions listed in the final underwriting report and any additional conditions deemed appropriate by the Department or Board. Staff will verify during a second compliance review at contract generation that there are no unresolved audit findings and questioned or disallowed cost prior to execution of the written agreement.

### **Award Recommendation**

<b>Application Number</b>	<b>Applicant Name</b>	<b>Project Funds Recommended</b>	<b>CHDO Operating Expenses</b>	<b>Number of Units</b>
07347	Floresville Senior Village	\$1,943,882	\$50,000	24
<b>Total</b>		<b>\$1,943,882</b>	<b>\$50,000</b>	<b>24</b>

Attached:

- HOME CHDO Rental Housing Development Program Application Log;
- HOME CHDO Rental Housing Development Program Award Recommendation;
- Applicant Evaluations; and
- Underwriting Reports.

### **Recommendation**

Staff recommends approval of the HOME Investment Partnerships Program Community Housing Development Organization (CHDO) Housing Development Program award recommendations in the total amount of project funds of \$1,943,882 and CHDO operating funds of \$50,000.

**HOME Rental Housing Development CHDO Program - Application Log**  
**Sorted by Date and Time Received**

**Thursday, May 01, 2008**

Received By:						Housing 1		Target 2		Layering <sup>3</sup>			Rqstd. Project		Rqstd. CHDO Op.			
File #	Region	Date	Time	Development Name	City	Activity	LI Units	Total Units	Population	9%	4%	HTF	Funds	Funds	Contact	Comments		
<b>Available General Set-Aside: \$6,000,000</b>																		
07347	9	12/20/2007	10:06 AM	Floresville Senior Village	Floresville	NC	24	24	Elderly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$2,037,858	\$50,000	Mike Harms (512) 292-3919	Pending Award		
08253	7	2/28/2008	2:58 PM	Creekside Villas Senior Village	Buda	NC	144	144	Elderly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$1,200,000	\$0	Colby Denison (512) 732-1226			
08258	4	2/29/2008	2:12 PM	Lexington Court Phase II	Kilgore	NC	76	76	General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$2,600,000	\$50,000	Emanuel H. Glockzin, (979) 846-8878			
08203	3	2/29/2008	4:07 PM	Evergreen at Forney	Forney	NC	80	80	Elderly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$3,000,000	\$0	Brad Forslund (972) 550-7800			
08222	3	2/29/2008	4:13 PM	Evergreen at Vista Ridge	Lewisville	NC	95	95	Elderly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$3,000,000	\$0	Brad Forslund (972) 550-7800			
08223	3	2/29/2008	4:22 PM	Evergreen at The Colony	The Colony	NC	145	145	Elderly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$3,000,000	\$0	Brad Forslund (972) 550-7800			
08249	3	3/11/2008	3:29 PM	Terrell Senior Terraces III	Terrell	NC	72	80	Elderly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$500,000	\$16,500	Barry Halla (972) 721-1600			
08327	3	3/18/2008	4:45 PM	Ennis Family and Senior Estates	Ennis	NC	252	252	Intergenerational	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$3,000,000	\$50,000	Barry Halla (972) 721-1600			
08149	10	4/9/2008	1:34 PM	American GI Forum Village I & II	Robstown	R	76	76	General	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$750,000	\$0	Walter Martinez (210) 821-4300			
<b>Total HOME Applications</b>						<b>9</b>	<b>Unit Totals:</b>		<b>964</b>	<b>972</b>	<b>Fund Totals:</b>			<b>\$19,087,858</b>				
													<b>Total CHDO Op:</b>		<b>\$166,500</b>			

1 = Housing Activity: New Construction=NC, Rehabilitation = R  
 2 = Target Population Abbreviation: Intergenerational=Intg  
 3 = Layering of Other Department Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program, HTF = Housing Trust Fund

**HOME Rental Housing Development CHDO Program - Award Recommendations**  
**Sorted by Date and Time Received**

**Thursday, May 01, 2008**

File #	Region	Received By:		Development Name	City	Housing Activity <sup>1</sup>	LI Units	Total Units	Target Population <sup>2</sup>	Layering <sup>3</sup>			Requested Funds		Recommended Funds		Contact	Status
		Date	Time							9%	4%	HTF	Project Funds CHDO Operating Expense	Project Funds CHDO Operating Expense				

**Funds Available: \$6,000,000**

07347	9	12/20/2007	10:06 AM	Floresville Senior Village	Floresville	NC	24	24	Elderly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$2,037,858	\$1,943,882	Mike Harms	Pending Award
													\$50,000	\$50,000	(512) 292-3919	

**Total HOME Applications : 1**

**Unit Totals: 24 24**

**Fund Totals:**

**\$2,037,858**

**\$1,943,882**

**Total CHDO Op:**

**\$50,000**

**\$50,000**

**Funds Remaining in CHDO NOFA:**

**\$3,962,142**

**\$4,056,118**

1 = Housing Activity: New Construction=NC, Rehabilitation=R  
 2 = Target Population Abbreviation: Intergenerational=Intg  
 3 = Layering of Other Department Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program, HTF=Housing Trust Fund

# Applicant Evaluation

Project ID # **07347**

Name: **Floresville Senior**

City: **Floresville**

LIHTC 9%     LIHTC 4%     HOME     BOND     HTF     SECO     ESGP     Other   
 No Previous Participation in Texas                       Members of the development team have been disbarred by HUD

National Previous Participation Certification Received:     N/A                       Yes                       No

Noncompliance Reported on National Previous Participation Certification:     Yes                       No

## Portfolio Management and Compliance

Total # of Projects monitored:   2  

Projects in Material Noncompliance

# in noncompliance:   0  

Projects zero to nine:   2    
 grouped ten to nineteen:   0    
 by score twenty to twenty-nine:   0  

Yes                       No

# monitored with a score less than thirty:   2    
 # not yet monitored or pending review:   5  

Projects not reported Yes   
 in application No

# of projects not reported   0  

### Contract Monitoring

### Single Audit

Monitoring review not applicable   
 Review found no unresolved issues   
 HOME RHD outstanding monitoring issues   
 Audit finding or questioned/disallowed costs -  
 in corrective action period   
 Unresolved audit finding or questioned/  
 disallowed costs (comments attached)

Single audit review not applicable   
 Single audit review found no unresolved issues   
 Late certification (comments attached)   
 Past due single audit or unresolved single  
 audit issue (comments attached)

Reviewer: Wendy Quackenbush                      Date 2/20/2008

### **Multifamily Finance Production**

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

Reviewer Shannon Roth  
 Date 2/19/2008

### **HOME**

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

Reviewer Lora Lange  
 Date 3/3/2008

### **Real Estate Analysis (Workout)**

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

Reviewer D. Burrell  
 Date 2/22/2008

### **Community Affairs**

No relationship   
 Review pending   
 No unresolved issues   
 Unresolved issues found   
 Unresolved issues found that  
 warrant disqualification  
 (Comments attached)

Reviewer AMO  
 Date 2/21/2008

### **Office of Colonia Initiatives**

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

Reviewer RAUL GONZALES  
 Date 2/21/2008

### **Financial Administration**

No delinquencies found   
 Delinquencies found   
 (Comments attached)

Reviewer Melissa M. Whitehead  
 Date 2/19/2008



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 04/29/08 PROGRAM: HOME CHDO FILE NUMBER: 07347

**DEVELOPMENT**

Floresville Senior Housing

Location: Corner of Paloma Drive and Veterans Drive Region: 9  
 City: Floresville County: Wilson Zip: 78114  OCT  DDA  
 Key Attributes: Multifamily, Elderly, CHDO, Rural, New Construction

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Repayable Loan	\$1,056,000	0.00%	50 Yr	<b>\$945,524</b>	0.00%	40 Yr
HOME Cashflow/Forgivable Loan	\$887,882	0.00%	50 Term	<b>\$998,358</b>	0.00%	40 Term
HOME CHDO Operating Expenses	\$50,000			<b>\$50,000</b>		

\* The Applicant's request was revised during underwriting; The Applicant's original request of \$2,037,858 was decreased to \$1,943,882 in part to meet the leveraging requirement in the NOFA.

**CONDITIONS**

- 1 The recommended HOME award to be structured with a \$945,524 repayable first lien loan with a 40-year term, fully amortizing over 40 years at 0% interest and a forgivable second lien loan not to exceed \$998,358.
- 2 Receipt, review and acceptance of final values for the proposed City fee waivers to partially meet the NOFA requirement for private or public leveraging of 10% of total development costs.
- 3 Receipt, review, and acceptance before release of funds of an opinion from the ESA provider concerning the potential need for a noise study and the completion and implementation of such a study's recommendations if applicable.
- 4 Should the terms of the proposed in kind donation of the development site change or the total development cost change, any potential HOME award (amount and repayment structure) should be re-evaluated.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
Low HOME/30% of AMI	Low HOME/30% of AMI	2
Low HOME/50% of AMI	Low HOME/50% of AMI	22

**PROS**

- 100% of the units will target elderly households with incomes at or below 50% of AMI.

**CONS**

- Based on the recommended structure, just 49% of the HOME funds are repayable at the most lenient terms allowable under applicable Department guidelines.



- The development is expected to be eligible for a 100% property tax exemption, without which, the development would be infeasible.
- The Applicant's expense to income ratio of 64.09% is just slightly below the Department's 65% maximum. Development's with high expense to income ratios are more financially strained during periods of flat incomes and rising expenses.
- If the subject property were constructed as a market rate property, the NOI supported conventional debt would not exceed \$715,000, which is just 37% of the requested HOME funds and 33% of the total cost of development.

**PREVIOUS UNDERWRITING REPORTS**

The Applicant previously submitted an application for an allocation of 2006 HOME CHDO funds. The transaction was evaluated by the Real Estate Analysis division and was not recommended due to the following:

- The application did not satisfy the NOFA requirement that 10% of the total development cost be financed by leveraging additional public or private financing sources.
- The proposed community building did not meet the requirements of § 92.206 of the HOME regulations which requires laundry and community facilities constructed using HOME funds to be located within a residential building.

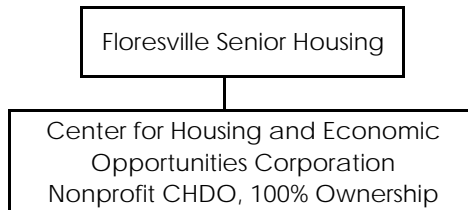
Additionally the Underwriter had concerns about the market demand and the excessive deep rent targeting proposed but not restricted in the original application. The Applicant appealed the Underwriter's recommendation for these issues and also appealed the Underwriter's structure of the HOME funds on the basis that the repayable portion of the HOME loan would be too much of a burden for the property. The Applicant requested that the HOME funds be re-apportioned with a much larger deferred forgivable portion.

At the Board's discretion, the transaction was tabled and the Board requested that staff continue to work with the Applicant to derive an acceptable structure. In addendum to the original underwriting report, the transaction was again not recommended for the same reasons. However, the report provided two feasible financing structures based on different rent restrictions for the proposed units. Ultimately, the TDHCA Board did not approved the subject transaction for an allocation of HOME funds.

The current proposal has mitigated the concerns identified in the prior application by obtaining additional leveraging from local resources to meet the 10% requirement and incorporates the common area within one of the residential buildings. This application reduces the number of two bedroom units by two and targets something closer to the maximum 50% rents for 50% low HOME units which comprise all but two of the proposed units.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Mike Harms Phone: 512.292.3919 Fax: 512.292.0134  
 Email: mikesharms@aol.com

KEY PARTICIPANTS

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
Center for Housing & Economic Opportunities Corp.	Confidential		2 TDHCA funded developments

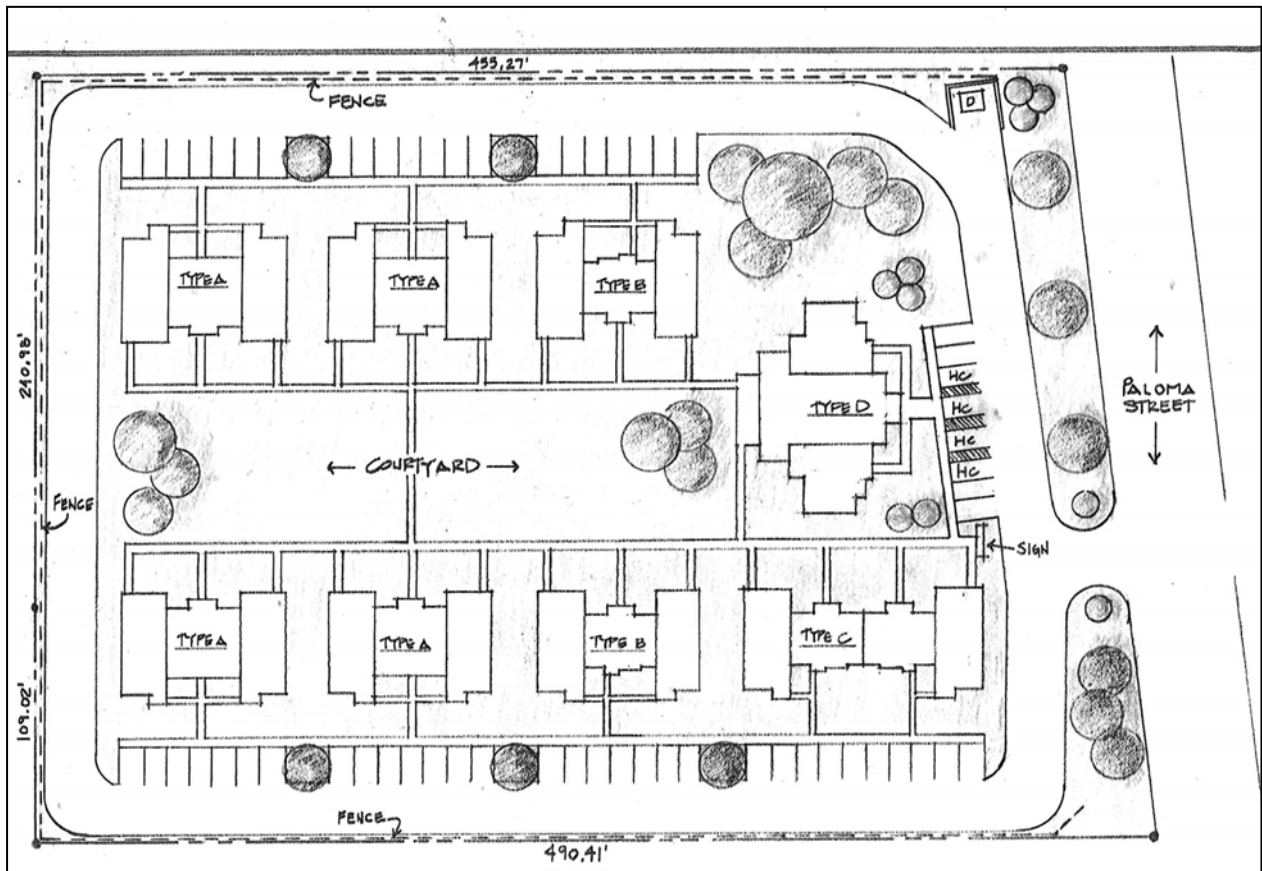
<sup>1</sup> Liquidity = Current Assets - Current Liabilities

IDENTITIES of INTEREST

- The Applicant, Developer, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.
- The structure of the transaction as originally submitted in 2006 included the seller, Floresville Economic Development Corporation (FEDC), as a 49% General Partner in the transaction. In the current application, FEDC is no longer reflected as a GP, but will maintain an ongoing interest in the property as second lien lender. Moreover, FEDC will donate the subject site to the Applicant for development. The value ascribed to this donation has been limited to the original purchase price plus holding costs. A new appraisal was not provided as part of the application, although an appraisal submitted with the previous application was evaluated and is reflected in the discussion below.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C	D							Total Buildings
Floors/Stories	1	1	1	1							
Number	4	2	1	1							8

BR/BA	SF	Units										Total Units	Total SF
1/1	790	2	2	2								14	11,060
1/1	800	1			2							6	4,800
2/1	992		1	2								4	3,968
Units per Building		3	3	4	2							24	19,828

**SITE ISSUES**

Total Size: 3.83 acres      Scattered site?       Yes       No  
Flood Zone: Zone C      Within 100-yr floodplain?       Yes       No  
Zoning: R-2/Multifamily      Needs to be re-zoned?       Yes       No       N/A

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Staff      Date: 4/3/2008  
Overall Assessment:  
 Excellent       Acceptable       Questionable       Poor       Unacceptable  
Surrounding Uses:  
North: Paloma Drive and vacant land immediately adjacent and Texas State Veterans beyond;  
South: sparse single family homes and vacant land immediately adjacent and vacant land beyond;  
East: vacant land and a cemetery immediately adjacent and 3rd Street beyond; and  
West: a church immediately adjacent and Highway 181 (10th Street) beyond.

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: PSI - Professional Service Industries, Inc.      Date: 6/8/2006  
Recognized Environmental Concerns (RECs) and Other Concerns:  
▪ "No further assessment of recognized environmental conditions appears to be warranted at this time" (p. 2).  
Comments:  
While no environmental conditions were reflected in the report, an opinion regarding noise was not provided. Therefore, receipt, review, and acceptance before release of funds of an opinion from the ESA provider concerning the potential need for a noise study is a condition of this report.

**MARKET HIGHLIGHTS**

Provider: Vogt Williams Bowen Research      Date: 11/6/2007  
Contact: N/A      Phone: 512.351.4781      Fax: 512.258.8244  
Number of Revisions: 1      Date of Last Applicant Revision: 3/28/2008  
Primary Market Area (PMA): 808 square miles (82 mile radius)  
"The Floresville Site PMA is defined as Wilson County in its entirety" (p. IV-9).  
Secondary Market Area (SMA):  
An SMA was not defined by the Market Analyst.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	Comp Units
None				N/A			

INCOME LIMITS						
Wilson						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	\$11,250	\$12,900	\$14,500	\$16,100	\$17,400	\$18,700
50	\$18,800	\$21,500	\$24,150	\$26,850	\$29,000	\$31,150

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/ 30% Rent Limit	4	0	0	4	2	0	50%
1 BR/ Low HOME Rent	33	3	0	36	18	0	50%
2 BR/ Low HOME Rent	10	1	0	45	4	0	36%

Comments:

The market study provided at application did not include the "by unit type" demand calculation required by the 2007 and 2008 REA rules. However, the Market Analyst revised the study to include these calculations. Of note, the Market Analyst has double counted demand for the 1 BR 50% units and 2 BR 50% units by including the same per person households in each calculation. This is common, however, due to limited reliable data for determining the what type of unit a particular household demands.

Additionally, the Underwriter has performed separate demand analyses using HISTA data. The Underwriter has determine an inclusive capture rate for each unit type that is below 75%, which is the overall inclusive capture rate maximum for elderly transactions. Capture rates below the maximum for each unit type also suggest that the proposed unit mix is consistent with the needs of the market.

OVERALL DEMAND										
	Target Households	Household Size	Income Eligible	Tenure	Demand					
PMA DEMAND from TURNOVER										
Market Analyst p. VII-6	N/A	4,016	100%	4,016	16%	622	10%	63	60%	38
Underwriter	22%	3,574	86%	3,080	35%	1,082	17%	185	51%	94
PMA DEMAND from HOUSEHOLD GROWTH										
Market Analyst p. VII-6			100%	226	16%	35	10%	4	100%	4
Underwriter			86%	149	35%	45	17%	8	100%	8

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p. VII-6	24	0	0	24	41.4	57.99%
Underwriter	24	0	0	24	102	23.48%

Comments:

The Market Analyst's adjustments rate for income eligibility and household tenure are significantly more restrictive than the Underwriter's. However, the Market Analyst did not provide a detailed calculation. This issue was not further pursued as the Market Analyst's inclusive capture rate utilizing the more restrictive adjustment rates result in an acceptable capture rate.

Additionally, the Underwriter has used HISTA data to provide an alternative inclusive capture rate. HISTA provides a cross-tabulation of households by income by size by tenure by age, and is therefore more accurate in determining the number of eligible households. This analysis results in an overall inclusive capture rate of 39.8%, which is higher than the Underwriter's capture rate using the Department's traditional methodology but still well below the Department's 75% maximum.

**Primary Market Occupancy Rates:**

"Of the 151 non-stabilized units that were surveyed, 94.0% are occupied. More Specifically, the market-rate units are 95.7% occupied, and the Tax Credit units are 91.4% occupied" (p. V-3). The Underwriter identified a 2005 9% HTC (060003; forward commitment) USDA Rural Rescue development located less than 0.5 miles southeast of the subject. However, the development has an existing tenant base and will target families. Highland Oaks Apartments (00179), a year 2000 mixed income development targeting families, is located approximately 2.7 miles south of the subject property. The property currently has an occupancy rate of 81% according to the Applicant's compliance report dated 12/31/07. This property was identified as having an occupancy of 78.9% when previously underwritten in January 2007. In discussion with the Underwriter, the owner indicated that occupancy has improved during the first three months of 2008 and is now approximately 88% to 89%. The Market Analyst indicated an occupancy of 91.4%. This property was not included in the supply for the inclusive capture rate because it does not target the same population as the subject.

**Absorption Projections:**

"It is our opinion that the 24 units at the subject site would reach a stabilized occupancy of 95.0% within 6 months of opening. This absorption rate is based on an average monthly absorption rate of four units per month, and assumes that marketing and pre-leasing activity will be conducted at the subject in the months prior to opening (p. II-3).

RENT ANALYSIS (Tenant-Paid Net Rents)						
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market	
1 BR 790 SF 30%	\$336	\$241	\$525	\$241	\$284	
1 BR 790 SF 50%	\$336	\$437	\$525	\$437	\$88	
1 BR 790 SF 50%	\$425	\$437	\$525	\$437	\$88	
1 BR 800 SF 50%	\$430	\$437	\$525	\$437	\$88	
2 BR 992 SF 50%	\$450	\$516	\$700	\$516	\$184	

**Market Impact:**

"Based on our analysis contained within [the] report, it is our opinion that a market exists for the subject development" (p. II-1).

**Comments:**

While the high vacancy rate in the market is a cause for concern, the information provided in the market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:      1      Date of Last Applicant Revision:      3/14/2008

The Applicant has indicated that the proposed rents are based on what they believe to be achievable in the subject market. However, the Market Analyst has documented market rents significantly higher than those reflected in the Applicant's rent schedule and higher than the net program rents. As such, the Underwriter has utilized rents based on the net program rents, equal to the gross rent limits less utility allowances.

The Applicant's rent schedule indicates that no secondary income is expected to be collected from the tenants. The Underwriter has used the minimum underwriting standard of \$5 per unit per month.

Additionally, the Applicant has indicated vacancy and collection loss of 5%, which is below the underwriting standard of 7.5%. The Underwriter has reviewed the information presented in the market study and the Department's central database to determine if a 5% vacancy and collection loss can be supported. Based on this information, only two comparable rent restricted properties are located within Floresville. One of these properties has a current occupancy of approximately 88% to 89% despite being completed in 2002 and the other property is a USDA-RD development with rental assistance. As a result, a 5% vacancy and collection loss is not supported by the current market and the Underwriter has used the underwriting standard of 7.5%.

As a result of the differences described above, the Applicant's effective gross income estimate is not within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:          0          Date of Last Applicant Revision:          N/A    

The Applicant's expense estimate of \$2,964 per unit is not within 5% of the Underwriter's estimate of \$3,127 per unit, although no individual line items differ significantly. The Underwriter's expense to income ratio of 64.23% is just slightly below the Department's maximum of 65%. The Applicant's expense estimate has decreased from \$3,035 per unit as underwritten approximately one year ago despite the required increase in reserve for replacements of \$50 per unit. The Applicant has not provided any support or justification for a decrease in expenses. However, if the Applicant's previously underwritten expenses were used, the Applicant's expense to income ratio (65.61%) would exceed the Department's 65% maximum.

The Applicant has indicated that the property will be available for a full 100% property tax exemption. The Applicant supplied a letter from the Wilson CAD indicating that, should the development satisfy Section 11.182 of the State of Texas statutes, the development will be eligible for a 100% tax abatement. Based upon the Underwriter's review of said letter and statute, the development appears to meet the requirements for a 100% tax abatement. Therefore, the proforma reflects no annual property taxes.

**Conclusion:**

The Applicant's estimates of effective gross income and total operating expense are each not within 5% of the Underwriter's estimates. Therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio. The Underwriter's proforma results in a DCR within the Department's current guideline.

**Feasibility:**

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15. Therefore, the development is determine to meet the Department's long-term feasibility criteria.

The Underwriter has also evaluated the property to determine how much conventional debt could be supported if the development were constructed as a market rate property. At the proposed rent restrictions, the property could support just \$518,000 in conventional debt. Based on the market rents determined by the Market Analyst, the subject property could support \$715,000 in debt at a 6.5% interest rate amortized over 40 years. Moreover, based upon a projected market rate NOI of \$57K and a capitalization rate of 8%, the value of the property would be \$723,152.

**ACQUISITION INFORMATION**

**APPRAISED VALUE**

Provider:	<u>    Menn &amp; Associates    </u>		Date:	<u>    11/21/2006    </u>
Land Only:	3.83 acres	<u>    \$69,000    </u>	As of:	<u>    11/21/2006    </u>
Existing Buildings: (as-is)		<u>    \$0    </u>	As of:	<u>    n/a    </u>
Total Development: (as-is)		<u>    \$69,000    </u>	As of:	<u>    11/21/2006    </u>

**Comments:**

The previous underwriting report states, "An appraisal, provided by the purchaser, was performed by Menn & Associates and dated November 11, 2006. The current "as-is" value is most important in the valuation and underwriting of this property because it should support the purchase price of the subject. For the "as-is" valuation, the primary approach used was the sales comparison approach. Three recent land sales for 3.9 acres to 6.7 acres were used to determine the underlying value of the land. In this case the value is higher than the purchase price and higher than the acquisition value used in the underwriting analysis."

**ASSESSED VALUE**

Land Only: 29.6 acres	\$714,600	Tax Year:	2007
One Acre:	\$24,150	Valuation by:	Wilson CAD
Prorata Value: 3.83 acres	\$92,495	Tax Rate:	2.5

**EVIDENCE of PROPERTY CONTROL**

Type: Option to Transfer Acreage: 3.83

Contract Expiration: 12/31/2008 Valid Through Board Date?  Yes  No

Donation Value: \$44,784 Other: Land to be donated.

Seller: Floresville EDC Related to Development Team?  Yes  No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 2 Date of Last Applicant Revision: 3/20/2008

**Acquisition Value:**

The Applicant has provided an Option to Transfer agreement indicating that the property will be conveyed to the partnership for a nominal sum. The seller was listed as a general partner of the applicant when previously submitted in 2006, but was not included as an owner in the current application. However, the owner has provided a commitment to lend development funds and will therefore maintain an ongoing interest in the property. The agreement and the revised development cost schedule also indicate that the conveyance of the property constitutes an in kind donation and has included the in kind value as a source of funds. The Applicant has valued the property at \$44,784, which is lower than the appraised value of the property (the appraisal was evaluated when previously underwritten in 2006 and was not updated).

The Applicant also provided a settlement statement for the original purchase of the property by the related party and the costs associated with the development of infrastructure for the property. The prorata original acquisition cost of the property plus prorata infrastructure costs is \$44,786, equivalent to the Applicant's value. Therefore, the Underwriter used the Applicant's value of \$44,784. The value of this donation is counted toward the NOFA requirement that 10% of the total development cost is financed by leveraging funds from private or public sources other than the HOME program, and is particularly important for determining if the application meets this program guideline.

**Off-Site Cost:**

The Applicant has indicated that the cost of extending water and wastewater lines will be donated by Floresville Economic Development Corporation (FEDC). The Applicant included this cost in indirect construction costs with other various fees that will be waived by FEDC. The Underwriter has reallocated costs associated with these line extensions to the off-site costs line item.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$8,992 per unit are within Department guidelines for 2007 and 2008 applications. Therefore, further third party substantiation is not required.

**Direct Construction Cost:**

The Applicant's revised direct construction cost estimate is \$53K or 4.6% higher than the Underwriter's estimate derived using Marshall and Swift's Residential Cost Handbook. The Applicant's original cost estimate was 15% higher than the Underwriter's estimate but was subsequently revised downward.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule, adjusted for the overstated developer fee, will be used to determine the development's need for permanent funds, which is discussed in detail in the following section.

## FINANCING STRUCTURE

*SOURCES & USES* Number of Revisions: 3 Date of Last Applicant Revision: 3/20/2008

Source: Floresville EDC Type: Permanent Financing

Principal: \$134,000 Interest Rate: 5.0%  Fixed Amort: 180 months

Comments:

The Applicant has provided a commitment from the Floresville Economic Development Corporation (FEDC). As indicated above, FEDC was a proposed general partner in the application previously underwritten in 2006. However, the Applicant has indicated that FEDC is no longer an owner due to the potential conflict of interest with being a lender for the development. The letter indicates that said loan will hold second lien position.

Source: Floresville EDC Type: Donation of Land

Value: \$44,784 Conditions: --

Comments:

As indicated above, FEDC will donate the site to Applicant. A value of \$44,784 has been assigned to the site, which is a portion of the 10% outside financing needed to meet the NOFA requirement.

Source: Floresville EDC Type: Waiver of Fees/Permits/Etc

Value: \$47,261 Conditions: --

Comments:

FEDC has provided a letter indicating that approximately \$47,261 in tap fees, building permits, curb cuts, and water/wastewater line extensions required for development will be waived. These costs has also been included in the development cost schedule.

Amount: \$0 Type: Deferred Developer Fees

## CONCLUSIONS

Recommended Financing Structure:

The Applicant's total development cost estimate less the FEDC loan of \$134,000, FEDC fee waivers of \$47,261, and FEDC land contribution of \$44,784 indicates the need for \$1,943,882 in gap funds. This gap in funding is equal to the revised HOME award request of \$1,943,882 reflected in the Applicant's sources and uses of funds. Therefore, the Underwriter recommends a total HOME award not to exceed \$1,943,882.

The Applicant has requested that \$1,056,000 be structured as a fully amortizing and repayable mortgage to carry an interest rate of 0% and a term/amortization of 50 years. A 50 year term is the maximum allowable under underwriting guidelines and the NOFA does not dictate a maximum term. Based on the Underwriter's proforma evaluation, the development will have sufficient cashflow to support the requested repayable debt amount. However, the Department's internal Executive Award Review and Advisory Committee recommended that the term of the loan be shortened to 40 years or just twice the Federal HOME affordability requirement due to the uncertainty in the local rural market and long term viability of a 50 year loan. As such, the Underwriter recommends that the HOME award be structured to include a \$945,524 repayable first lien with a 0% interest rate and 40-year term and a deferred forgivable second lien not to exceed \$998,358.

This section intentionally left blank.



The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

Return on Equity:

To the extent that the Land donation and Tap fee waivers can be considered equity, a return thereupon would be calculated at 8.6% which would be considered typical for a multifamily development and perhaps low for the level of economic risk associated with the transaction.

Underwriter:	_____	Date:	_____ April 29, 2008 _____
	<i>Cameron Dorsey</i>		
Reviewing Underwriter:	_____	Date:	_____ April 29, 2008 _____
	<i>Raquel Morales</i>		
Director of Real Estate Analysis:	_____	Date:	_____ April 29, 2008 _____
	<i>Tom Gouris</i>		

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Floresville Senior Housing, Floresville, HOME CHDO #07347**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
LH/TC 30%	2	1	1	790	\$307	\$241	\$481	\$0.30	\$66.48	\$37.28
LH	4	1	1	790	\$503	437	1,748	0.55	66.48	37.28
LH	8	1	1	790	\$503	437	3,492	0.55	66.48	37.28
LH	6	1	1	800	\$503	437	2,619	0.55	66.48	37.28
LH	4	2	1	992	\$603	516	2,066	0.52	86.54	39.58
<b>TOTAL:</b>	<b>24</b>		<b>AVERAGE:</b>	<b>826</b>		<b>\$434</b>	<b>\$10,406</b>	<b>\$0.52</b>	<b>\$69.82</b>	<b>\$37.66</b>

**INCOME**

Total Net Rentable Sq Ft: 19,828

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$5.00

Other Support Income:

**POTENTIAL GROSS INCOME**

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

Employee or Other Non-Rental Units or Concessions

**EFFECTIVE GROSS INCOME**

**EXPENSES**

	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
General & Administrative	8.28%	\$403	0.49	\$9,672	\$9,600	Wilson		9
Management	5.00%	243	0.29	5,842	5,526	\$0.00	Per Unit Per Month	
Payroll & Payroll Tax	16.07%	782	0.95	18,779	17,360	\$0.00	Per Unit Per Month	
Repairs & Maintenance	12.23%	595	0.72	14,290	12,300			
Utilities	4.30%	209	0.25	5,027	4,200			
Water, Sewer, & Trash	7.10%	346	0.42	8,295	8,160			
Property Insurance	6.11%	297	0.36	7,138	8,000			
Property Tax	2.5 0.00%	0	0.00	0	0			
Reserve for Replacements	5.14%	250	0.30	6,000	6,000			
TDHCA Compliance Fees	0.00%	0	0.00	0	0			
Other:	0.00%	0	0.00	0	0			
<b>TOTAL EXPENSES</b>	<b>64.23%</b>	<b>\$3,127</b>	<b>\$3.78</b>	<b>\$75,044</b>	<b>\$71,146</b>	<b>\$3.59</b>	<b>\$2,964</b>	<b>64.09%</b>
<b>NET OPERATING INC</b>	<b>35.77%</b>	<b>\$1,742</b>	<b>\$2.11</b>	<b>\$41,797</b>	<b>\$39,867</b>	<b>\$2.01</b>	<b>\$1,661</b>	<b>35.91%</b>
<b>DEBT SERVICE</b>								
TDHCA HOME (repayable)	18.08%	\$880	\$1.07	\$21,120	\$33,868	\$1.71	\$1,411	30.51%
TDHCA HOME (deferred)	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%
Floresville EDC Loan	10.88%	\$530	\$0.64	12,716	0	\$0.00	\$0	0.00%
<b>NET CASH FLOW</b>	<b>6.81%</b>	<b>\$332</b>	<b>\$0.40</b>	<b>\$7,961</b>	<b>\$5,999</b>	<b>\$0.30</b>	<b>\$250</b>	<b>5.40%</b>
<b>AGGREGATE DEBT COVERAGE RATIO</b>				<b>1.24</b>	<b>1.18</b>			
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				<b>1.15</b>				

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		2.12%	\$1,866	\$2.26	\$44,784	\$44,784	\$2.26	\$1,866	2.06%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		10.21%	8,992	10.88	215,800	215,800	10.88	8,992	9.95%
Direct Construction		54.19%	47,729	57.77	1,145,500	1,198,526	60.45	49,939	55.23%
Contingency	5.00%	3.22%	2,836	3.43	68,065	70,000	3.53	2,917	3.23%
Contractor's Fees	14.00%	9.02%	7,941	9.61	190,582	198,004	9.99	8,250	9.12%
Indirect Construction		7.27%	6,407	7.75	153,761	153,761	7.75	6,407	7.09%
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's Fees	14.79%	12.52%	11,023	13.34	264,552	264,552	13.34	11,023	12.19%
Interim Financing		0.69%	604	0.73	14,500	14,500	0.73	604	0.67%
Reserves		0.77%	674	0.82	16,173	10,000	0.50	417	0.46%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$88,072</b>	<b>\$106.60</b>	<b>\$2,113,717</b>	<b>\$2,169,927</b>	<b>\$109.44</b>	<b>\$90,414</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>76.64%</b>	<b>\$67,498</b>	<b>\$81.70</b>	<b>\$1,619,947</b>	<b>\$1,682,330</b>	<b>\$84.85</b>	<b>\$70,097</b>	<b>77.53%</b>

**SOURCES OF FUNDS**

				TDHCA	APPLICANT	RECOMMENDED	
TDHCA HOME (repayable)	49.96%	\$44,000	\$53.26	\$1,056,000	\$1,056,000	\$945,524	Developer Fee Available
TDHCA HOME (deferred)	42.01%	\$36,995	\$44.78	887,882	887,882	998,358	\$2,169,927
Floresville EDC Loan	6.34%	\$5,583	\$6.76	134,000	134,000	134,000	
Land Donation	2.12%	\$1,866	\$2.26	44,784	44,784	44,784	
Tap Fee/Bldg Permit Waivers	2.24%	\$1,969	\$2.38	47,261	47,261	47,261	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	\$0	\$0.00	0	0	0	0%
Additional (Excess) Funds Req'd	-2.66%	(\$2,342)	(\$2.83)	(56,210)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$2,113,717</b>	<b>\$2,169,927</b>	<b>\$2,169,927</b>	<b>\$130,919</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Floresville Senior Housing, Floresville, HOME CHDO #07347*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Townhome Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$67.71	\$1,342,566
<b>Adjustments</b>				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly	3.00%		2.03	40,277
9-Ft. Ceilings	0.00%		0.00	0
Roofing			0.00	0
Subfloor			(1.85)	(36,682)
Floor Cover			3.08	61,070
Breezeways/Balconies	\$21.65	3,152	3.44	68,241
Plumbing Fixtures	\$965	(36)	(1.75)	(34,740)
Rough-ins	\$425	0	0.00	0
Built-In Appliances	\$2,425	24	2.94	58,200
Exterior Stairs	\$1,800		0.00	0
Enclosed Corridors	\$57.79		0.00	0
Heating/Cooling			2.43	48,182
Garages/Carports			0.00	0
Comm &/or Aux Bldgs	\$80.03	1,400	5.65	112,039
Other: fire sprinkler	\$1.95	0	0.00	0
<b>SUBTOTAL</b>			<b>83.68</b>	<b>1,659,153</b>
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.85		(12.55)	(248,873)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$71.13</b>	<b>\$1,410,280</b>
Plans, specs, survy, bld prm	3.90%		(\$2.77)	(\$55,001)
Interim Construction Interes	3.38%		(2.40)	(47,597)
Contractor's OH & Profit	11.50%		(8.18)	(162,182)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$57.77</b>	<b>\$1,145,500</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,056,000	Amort	600
Int Rate	0.00%	DCR	1.98

<b>Secondary</b>	\$887,882	Amort	
Int Rate		Subtotal DCR	1.98

<b>Additional</b>	\$134,000	Amort	180
Int Rate	5.00%	Aggregate DCR	1.24

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$23,638
Secondary Debt Service	0
Additional Debt Service	12,716
<b>NET CASH FLOW</b>	<b>\$5,443</b>

<b>Primary</b>	\$945,524	Amort	480
Int Rate	0.00%	DCR	1.77

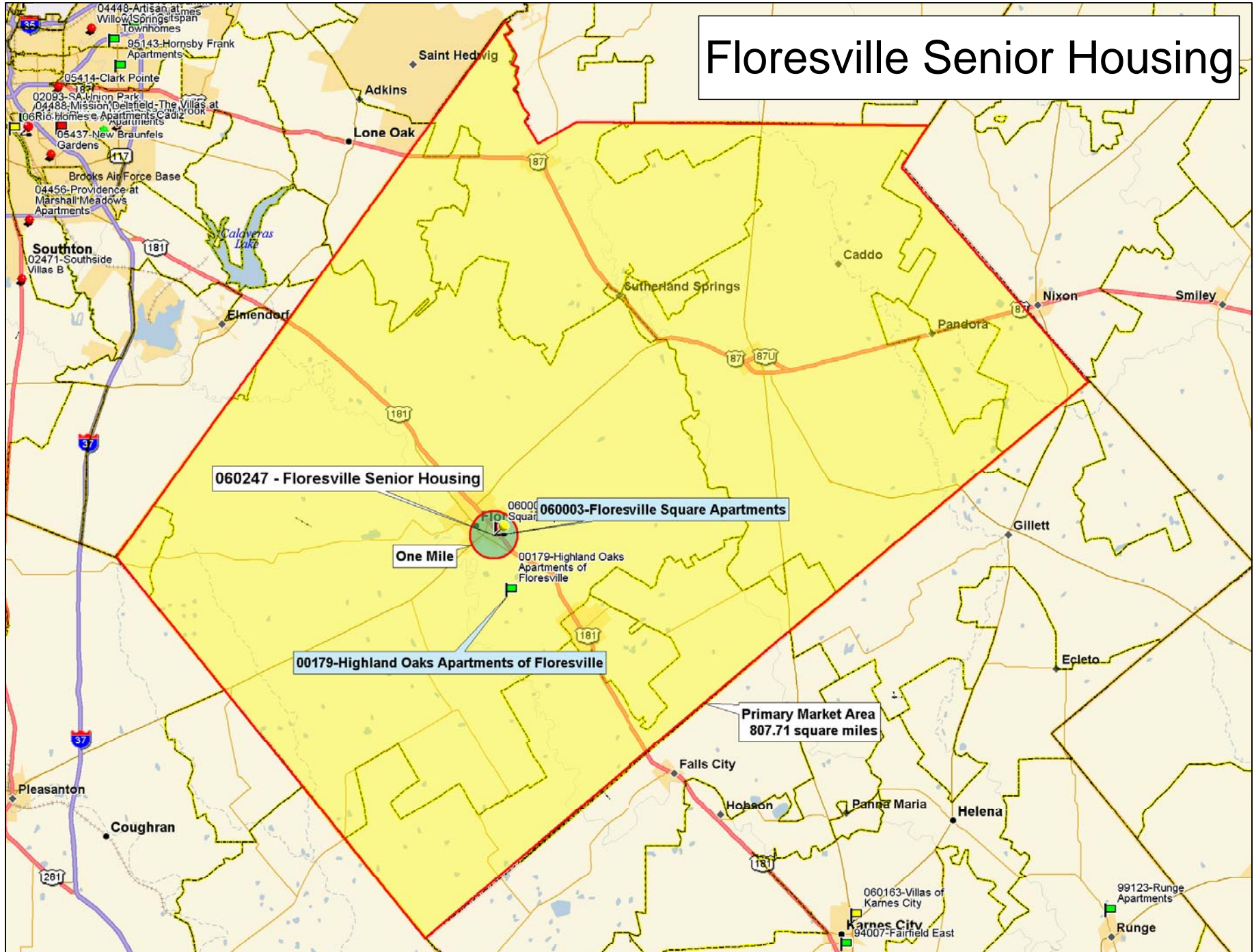
<b>Secondary</b>	\$998,358	Amort	0
Int Rate	0.00%	Subtotal DCR	1.77

<b>Additional</b>	\$134,000	Amort	180
Int Rate	5.00%	Aggregate DCR	1.15

**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	\$124,874	\$128,620	\$132,479	\$136,453	\$140,547	\$162,932	\$188,883	\$218,967	\$294,274
Secondary Income	1,440	1,483	1,528	1,574	1,621	1,879	2,178	2,525	3,393
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	126,314	130,103	134,006	138,027	142,167	164,811	191,061	221,492	297,667
Vacancy & Collection Loss	(9,474)	(9,758)	(10,050)	(10,352)	(10,663)	(12,361)	(14,330)	(16,612)	(22,325)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$116,840</b>	<b>\$120,346</b>	<b>\$123,956</b>	<b>\$127,675</b>	<b>\$131,505</b>	<b>\$152,450</b>	<b>\$176,732</b>	<b>\$204,880</b>	<b>\$275,342</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$9,672	\$10,059	\$10,461	\$10,880	\$11,315	\$13,767	\$16,749	\$20,378	\$30,164
Management	5,842	6,017	6,198	6,384	6,575	7,623	8,837	10,244	13,767
Payroll & Payroll Tax	18,779	19,531	20,312	21,124	21,969	26,729	32,520	39,565	58,566
Repairs & Maintenance	14,290	14,861	15,456	16,074	16,717	20,338	24,745	30,106	44,564
Utilities	5,027	5,228	5,438	5,655	5,881	7,155	8,706	10,592	15,678
Water, Sewer & Trash	8,295	8,627	8,972	9,331	9,704	11,807	14,365	17,477	25,870
Insurance	7,138	7,424	7,721	8,029	8,351	10,160	12,361	15,039	22,261
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	6,000	6,240	6,490	6,749	7,019	8,540	10,390	12,641	18,712
Other	0	0	0	0	0	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>\$75,044</b>	<b>\$77,987</b>	<b>\$81,046</b>	<b>\$84,226</b>	<b>\$87,531</b>	<b>\$106,118</b>	<b>\$128,672</b>	<b>\$156,042</b>	<b>\$229,583</b>
<b>NET OPERATING INCOME</b>	<b>\$41,797</b>	<b>\$42,359</b>	<b>\$42,910</b>	<b>\$43,448</b>	<b>\$43,973</b>	<b>\$46,332</b>	<b>\$48,060</b>	<b>\$48,839</b>	<b>\$45,759</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$23,638	\$23,638	\$23,638	\$23,638	\$23,638	\$23,638	\$23,638	\$23,638	\$23,638
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	12,716	12,716	12,716	12,716	12,716	12,716	12,716	12,716	12,716
<b>NET CASH FLOW</b>	<b>\$5,443</b>	<b>\$6,004</b>	<b>\$6,556</b>	<b>\$7,094</b>	<b>\$7,619</b>	<b>\$9,978</b>	<b>\$11,706</b>	<b>\$12,485</b>	<b>\$9,405</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.15</b>	<b>1.17</b>	<b>1.18</b>	<b>1.20</b>	<b>1.21</b>	<b>1.27</b>	<b>1.32</b>	<b>1.34</b>	<b>1.26</b>

# Floresville Senior Housing



**HOME DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of the amended HOME Investment Partnerships Program Community Housing Development Organization (CHDO) and Rental Housing Development (RHD) Program Notices of Funding Availability (NOFA's).

**Requested Action**

Approve, Deny or Approve with Amendments the amended HOME Investment Partnerships Program Community Housing Development Organization (CHDO) and Rental Housing Development (RHD) Program Notices of Funding Availability (NOFA's).

**Background**

In July 2007, the Board approved the Community Housing Development Organization (CHDO) and Rental Housing Development Program (RHD) Notices of Funding Availability (NOFAs). The NOFA's made available \$6,000,000 in CHDO funds and \$15,000,000 in HOME funds for qualified applicants to develop affordable rental housing developments. Subsequent to the publication of the NOFA and at the December 2007 meeting, the Board approved the amended NOFA's to reflect changes necessitated by the final adopted HOME Program Rule and changes to the threshold requirements regarding total development cost and proposed HOME unit requirements. The Department released and published the amended NOFA in December 2007.

The Department has received 34 applications totaling \$34,648,788 in response to the Rental Housing Development Program (RHD) NOFA and 8 applications totaling \$18,337,858 in response to the CHDO NOFA. No applications for single family development have been received in response to the CHDO NOFA. Due to an oversubscription of funding for both NOFA's and discussions with interested applicants and the U.S. Department of Agriculture (USDA), staff recommends the following changes to the NOFA's:

- An increase of \$12,000,000 in the total amount of funds available under the RHD NOFA and \$6,000,000 in the total amount of funds available under the CHDO NOFA. These additional funds consist of the April 2008 balance of the total amount of HOME funds available for programming of approximately \$19 million.
- Allowing developments with USDA or other government-sponsored loans that will remain as permanent financing to use those loans to meet the 10% requirement of leveraged funds from a public or private entity.
- Developments with USDA financing generally cannot have multiple level rents for the same unit and therefore restricting rents to a 30% AMFI level makes these developments impossible to comply with the 30% set aside requirement. Moreover, USDA transactions with rental subsidy either from USDA or HUD will generally already be targeting the

lowest income households generally serving 30% and below. Therefore staff recommends a change to the NOFA that would allow developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8 to meet the requirement to target 30% AMFI and below households with the units that have dedicated rental assistance.

- To increase the partnerships between private developers and CHDO's in rural areas, staff requests a waiver of 10 TAC 53 §53.47(a)(6) to allow an increase in the maximum award amount for rental housing development activities in the CHDO NOFA from \$3,000,000 to \$4,000,000. Staff has continued to receive feedback from the multifamily development community that indicates the low interest in proposing HOME-only funded CHDO projects has been the increased partnership-related costs involved that are not offset by the cost efficiencies in developing a project that is limited to a \$3 million award.
- A reduction in the maximum award amount for single family development activities in the CHDO NOFA from \$3,000,000 to \$1,500,000. Single family development presents a greater risk in complying with federal requirements to ensure that construction begins within 12 months of acquisition, especially with the current financing structure associated with three units under development at a given time, and therefore staff is recommending this reduction.
- An extension in the NOFA deadline from June 2, 2008 to September 1, 2008. This change would allow applicants who do not receive a tax credit allocation in July an opportunity to reformulate the financing plans for the development and obtain the 10% leveraging requirement.
- Amend the names to add 'Open Cycle' and differentiate from the 2008 Rental Housing Development Program and 2008 CHDO Single Family and Rental Housing Development NOFA's.

Additionally, staff requests approval of the transfer of the remaining unsubscribed balances in each of the NOFA's on September 2, 2008 to the applicable 2008 RHD and CHDO NOFA's. Staff also requests approval of the transfer of any unawarded balances in each of the NOFA's no later than October 1, 2008 to the applicable 2008 RHD and CHDO NOFA's.

The original amended NOFA's are attached with blackline reflecting the changes proposed by staff.

### **Recommendation**

Staff recommends approval of the amended Community Housing Development Organization (CHDO) and Rental Housing Development (RHD) Notices of Funding Availability (NOFA's) and approval to release for publication in the *Texas Register*.



## **Texas Department of Housing and Community Affairs HOME Investment Partnerships Program**

### **Open Cycle Community Housing Development Organization (CHDO) Single Family and Rental Housing Development Program Notice of Funding Availability (NOFA)**

#### **1) Summary**

- a) The Texas Department of Housing and Community Affairs (“the Department”) announces the availability of approximately \$126,000,000 in funding from the HOME Investment Partnerships Program for Community Housing Development Organizations (CHDO) to develop affordable single family housing for homeownership and rental housing for low-income Texans. The availability and use of these funds is subject to the State HOME Rules at Title 10 Texas Administrative Code (10 TAC) Chapter 53 (“HOME Rules”) in effect at the time the application is submitted, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code. Other Federal regulations may also apply such as, but not limited to, 24 CFR parts 50 and 58 for environmental requirements, Davis-Bacon Act for labor standards, 24 CFR 85.36 and 84.42 for conflict of interest and 24 CFR part 5, subpart A for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program.

#### **2) Allocation of HOME Funds**

- a) These funds are made available through unawarded and deobligated HOME funds that are set-aside for eligible CHDO single family developments and rental housing development proposals which involve new construction, rehabilitation, acquisition and rehabilitation of affordable housing development activities. All funds released under this NOFA are to be used for the creation of affordable single family and rental housing for low-income Texans earning 80 percent or less of the Area Median Family Income (AMFI).

- b) In accordance with 10 TAC §53.48, this NOFA will be an Open Application Cycle and funding will be available on a first-come, first-served Statewide basis. Applications will be accepted until 5:00 p.m. ~~June 2~~September 1, 2008 unless all funds are committed prior to this date. Applicants are encouraged to review the application process cited above and described herein. Applications that do not meet minimum threshold and financial feasibility will not be considered for funding.
  
- c) The Department awards HOME funds, typically as a loan, to eligible recipients for the provision of housing for low, very low and extremely low-income individuals and families, pursuant to 10 TAC §53.41. Award amounts are limited to no more than ~~\$3 1,500,000 million~~ per single family development and \$4,000,000 per rental housing development. The minimum HOME award may not be less than \$1,000 per HOME assisted unit. The maximum award may not exceed 90% of the total development costs. The remaining 10% of total development cost must be in the form of loans or grants from private or public entities. Developments with USDA or other government-sponsored loans that will remain as permanent financing may be used to satisfy the 10% total development cost requirement from a public or private entity. The per-unit subsidy may not exceed the per-unit dollar limits established by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act which are applicable to the area in which the development is located, and as published by HUD. For rental housing developments, the Department's underwriting guidelines in 10 TAC § 1.32 will be used which set as a minimum feasibility a 1.15 debt coverage ratio. Where the anticipated debt coverage ratio in the year after completion exceeds 1.35, a loan or partial loan will be recommended.
  
- d) Each CHDO that is awarded HOME funds may also be eligible to receive a grant for CHDO Operating Expenses. Applicants will be required to submit organizational operating budgets, audits and other financial and non-financial materials detailed in the HOME application. The award amount for CHDO Operating Expenses shall not exceed \$50,000. Awards for operating expenses will be drawn over a two-year period of time. The Department reserves the right to limit an Applicant to receive not more than one award of CHDO Operating Expenses during the same fiscal year and to further limit the award of CHDO Operating Expenses.
  
- e) Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least \$12,000 per unit in direct hard costs, unless the property is also being financed by the United States Department of Agriculture's Rural Development program. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

### **3) Eligible and Prohibited Activities**

- a) Eligible activities will include those permissible under the federal HOME Rule at 24 CFR §92.205, the State HOME Rules at 10 TAC §53.34 and 53.50, which involve only the acquisition, rehabilitation and construction of affordable developments.



- b) Prohibited activities include those under federal HOME rules at 24 CFR 92.214 and 10 TAC §53.37.
- c) Development funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the 2008 State of Texas Consolidated Plan One-Year Action Plan.
- d) Refinancing of federally financed properties or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible.

#### **4) Eligible and Ineligible Applicants**

- a) The Department provides HOME CHDO funding to qualified nonprofit organizations eligible for CHDO certification. CHDO Certification will be awarded in accordance with the rules and procedures as set forth in the HOME rules at 10 TAC §53.50, Community Housing Development Organization (CHDO) Certification. A separate application process is required for CHDO Certification. Review and approval of the CHDO Certification occurs during the threshold review process, however Applicants will not receive a formal certification until the award of the HOME funds has been approved by the Department's Board. The CHDO Application package will be available with all other application materials on the Department's website. A new Application for CHDO certification must be submitted to the Department with each new Application for HOME Development funds under the CHDO set aside.
- b) Only Applicants that have proven success and acceptable performance on a previous HOME contract received from the Department, as evidenced by the contract and determined by the Department, are eligible to apply for funding for single family development.
- c) CHDO Applicants must be the Sponsor, Owner or Developer of the proposed Development. Applicants who apply through a Limited Partnership will be required to provide evidence, at the time of CHDO certification and commitment, that the CHDO Applicant is the Managing General Partner of the partnership and has effective control (decision making authority) over the development and management of the property, pursuant to 24 CFR §92.300.
- d) Applicants may be ineligible for funding if they meet any of the criteria listed in §53.42 of the Department's HOME rule, and ineligibility with any requirements under 10 TAC 50.5 of this title excluding subsections (5) thru (8). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

#### **5) Matching Funds**

- a) Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME

requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide and will be provided with the appropriate forms and instructions on how to report eligible match.

#### **6) Rental Housing Development Affordability Requirements**

- a) Applicants should be aware that there are minimum affordability standards necessary for HOME assisted rental developments. Initial occupancy income restrictions require that at least 90% of the units are affordable to persons below 60% AMFI and that 20% of the units are affordable to person below 50% AMFI. Over the remaining affordability period at least 20% of HOME assisted units should be affordable to persons earning 50% or less than the AMFI, all remaining units must be affordable to persons earning 80% or less than the AMFI.
- b) Each development will have a two-tier affordability term.
  - i) The first tier will entail the federally required affordability term. For new construction or acquisition of new housing, this term is 20 years. For rehabilitation or acquisition of existing housing, the term is 5 years if the HOME investment is less than \$15,000 per unit; 10 years if the HOME investment is \$15,000 to \$40,000 per unit; and 15 years if the HOME investment is greater than \$40,000 per unit. This first tier is subject to all federal laws and regulations regarding HOME requirements, recapture, net proceeds and affordability.
  - ii) The second tier of affordability is the additional number of years required to bring the total term of affordability up to 30 years or the term of the loan agreement. For example, the second tier of affordability on a 10-year federal affordability term is 20 additional years. The second tier, or remaining term, is subject only to state regulations and affordability requirements.
- c) Properties will be restricted under a Land Use Restriction Agreement ("LURA"), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

#### **7) Single Family Development Affordability Requirements**

- a) Applicants must ensure that the minimum affordability requirements are met for HOME assisted single family developments pursuant to 24 CFR §92.254. The Department has elected the recapture provision to recoup all or part of the HOME funds provided to the homebuyer, if the housing does not continue to be the principal residence of the family assisted for the duration of the required affordability period.

- b) Properties will be restricted under the deed of trust or other such instrument as determined and drafted by the Department for these terms.

**8) Site and Development Restrictions**

- a) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, one of three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926d. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.
- b) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).
- c) Housing must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619). Additionally, pursuant to the 2007 Qualified Allocation Plan (QAP), §49.9(h)(4)(G), Developments involving New Construction (excluding New Construction of nonresidential buildings) where some Units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A certification will be required after the Development is completed from an inspector, architect, or accessibility specialist. Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.
- d) All of the 2008 Qualified Allocation Plan and Rules 10 TAC §50.6, excluding subsections (d), (f), (g) and (h) apply.
- e) Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of

acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units, pursuant to 10 TAC §53.45 (b).

## 9) Threshold Criteria

- a) Housing units subsidized by HOME funds must be affordable to low, very-low or extremely low-income persons. Mixed Income rental developments may only receive funds for units that meet the HOME program affordability standards. All applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.
- b) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in 10 TAC §1.37 of this title, pursuant to 10 TAC 53.45 (c).
- c) All applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §982.401, Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply. If the development is located within a jurisdiction that does not have building codes, developments must meet the most current International Building Code.
- d) Pursuant to 10 TAC §53.8 (a), Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to be terminated under competitive application cycles. Applicants must provide notifications to:
  - i) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;
  - ii) all neighborhood organizations whose defined boundaries include the location of the Development;
  - iii) executive officer and Board President of the school district that covers the location of the Development;
  - iv) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and
  - v) the State Representative and State Senator whose district covers the location of the Development.

- vi) the notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.
- e) The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:
  - i) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith, pursuant to 10 TAC §53.44 (6).
  - ii) All contractors, consulting firms, and Administrators must sign and submit an affidavit with each draw to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions, pursuant to §53.44 (7).
  - iii) To encourage the inclusion of families and individuals with the highest need for affordable housing, applicants for rental housing development must target a minimum of 5% of the total units for individuals or families earning 30% or less of area medium income for the development site. Additionally, 20% of the total units proposed must be HOME units. Developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8 are not required to target individuals or families at 30% or less of the area median family income.
  - iv) To encourage the involvement of other public agencies and private entities in affordable housing, applicants must provide a minimum of 10% of the total development cost from other public agencies and/or private entities. Developments with USDA or other government-sponsored loans that will remain as permanent financing may be used to satisfy the 10% total development cost requirement from a public or private entity.
  - v) All of the ~~2007~~-Qualified Allocation Plan and Rules in effect at the time the application is submitted at 10 TAC §49.9(h), excluding subsections (4)(I), (11), (12) and (15).
  - vi) An applicant is not eligible to apply for funds or any other assistance from the Department unless audits are current at the time of application or the Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b).

## 10) Review Process

- a) Pursuant to 10 TAC §53.48, each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each

application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, and Financial Feasibility as described in this NOFA.

Phase One will begin as of the Received Date and will include a review of eligibility and threshold criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM and will issue a notice of any Administrative Deficiencies for threshold criteria and eligibility within 45 days of the Received Date. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Two, if applicable, and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Two or Three will be reviewed for recommendation to the Board by the Committee.

Phase Two will include a comprehensive review for financial feasibility for RHD and Single Family Development Program Activities. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended Loan terms, the Loan or Grant amount and any conditions to be placed on the Development. The Department will issue a notice of any Administrative Deficiencies within 45 days of the date the Application enters Phase Two. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Three, if applicable, and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not satisfied within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Three will be reviewed for recommendation to the Board by the Committee.

Phase Three will only entail the review of the CHDO Certification Application. The Department will ensure review of these materials and issue notice of any Administrative Deficiencies on the CHDO Certification Application within 30 days of the Application enters Phase Three. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into the final review phase of the Application process and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Only upon satisfaction of all Administrative Deficiencies will the Application be forwarded to the final phase of the Application process. Upon completion of the applicable final review phase, the Application will be reviewed for recommendation to the Board by the Committee.

Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an Application has completed all phases of its review. In the case that all HOME funds are committed before an Application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for ninety (90) days in its current phase. If new HOME funds become available, Applications will continue onward with their review without losing their Received Date priority. If HOME funds do not become available within ninety (90) days of the notification, the Applicant will be notified that their Application is no longer under consideration. The Applicant must reapply to be considered for future funding. If on the date an Application is received by the Department, no funds are available under this NOFA, the Applicant will be notified that no funds exist under the NOFA and the Application will not be processed

- b) Pursuant to the HOME Rule §53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department. If an application is determined ineligible pursuant to this section, the Application will be terminated without being processed as an Administrative Deficiency.
- c) A site visit will be conducted as part of the HOME Program development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.
- d) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.
- e) In accordance with §2306.082 Texas Government Code and 10 TAC §53.6, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

- f) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

## 11) Application Submission

- a) All applications submitted under this NOFA must be received on or before 5:00 p.m. on ~~June 2~~September 1, 2008. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. For questions regarding this NOFA please contact Barbara Skinner at 512-475-1643 or via e-mail at [barbara.skinner@tdhca.state.tx.us](mailto:barbara.skinner@tdhca.state.tx.us) or Carmen Roldan at 512-475-2215 or via e-mail at [carmen.roldan@tdhca.state.tx.us](mailto:carmen.roldan@tdhca.state.tx.us).
- b) If an Application is submitted to the Department ~~for a Development~~ that requests funds from two separate housing finance programs, ~~and only one of the housing finance programs is operated as a competitive cycle,~~ the Application will be handled in accordance with the guidelines for each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs.
- c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.
- d) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy of the Application materials as detailed in the 2008 Final ASPM. All scanned copies must be scanned in accordance with the guidance provided in the 2008 Final ASPM.
- e) The application consists of three parts: bound items, unbound items and electronic submission. A complete application for each proposed development must be submitted. Incomplete applications or improperly bound applications will not be accepted. The bound volumes of the application must be bound using red pressboard binders. Each volume must be submitted in a separate red pressboard binder. If the required documentation for a volume exceeds the capacity of one binder, a second binder may be used to subdivide the volume. Applicants must submit one complete printed copy of all application materials and one complete scanned copy stored on compact disc of the application materials as detailed in the 2008 Final ASPM. All scanned copies must be scanned in accordance with the guidance provided in the 2008 Final ASPM.
- f) Third party reports – If all applicable third party reports are not received at the time of application submission, the Application will be terminated.
- g) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department's website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us). Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.



- h) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of \$500.00 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. §2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.
- i) Applications must be sent via overnight delivery to:

**HOME Division**  
**Texas Department of Housing and Community Affairs**  
**Attn: Barbara Skinner**  
**221 East 11<sup>th</sup> Street**  
**Austin, TX 78701-2410**

or via the U.S. Postal Service to:

**HOME Division**  
**Texas Department of Housing and Community Affairs**  
**Attn: Barbara Skinner**  
**Post Office Box 13941**  
**Austin, TX 78711-3941**

***NOTE:** This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME CHDO Rental Housing Development Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*



## Texas Department of Housing and Community Affairs HOME Investment Partnerships Program

### **Open Cycle Rental Housing Development Program Notice of Funding Availability (NOFA)**

#### 1) Summary

- a) The Texas Department of Housing and Community Affairs (“the Department”) announces the availability of approximately ~~\$2745~~,000,000 in funding from the HOME Investment Partnerships Program for the development of affordable rental housing for low-income Texans. The availability and use of these funds is subject to the State HOME Rules at Title 10 Texas Administrative Code (10 TAC) Chapter 53 (“HOME Rules”) in effect at the time application is submitted, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code. Other Federal regulations may also apply such as, but not limited to, 24 CFR Parts 50 and 58 for environmental requirements, Davis-Bacon Act for labor standards, 24 CFR 85.36 and 84.42 for conflict of interest and 24 CFR Part 5, Subpart A for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program.

#### 2) Allocation of HOME Funds

- a) These funds are made available through unawarded and deobligated HOME funds that are set-aside for rental housing development proposals which involve new construction, rehabilitation, acquisition and rehabilitation of affordable rental housing development activities. All funds released under this NOFA are to be used for the creation of affordable rental housing for low-income Texans earning 80 percent or less of the Area Median Family Income (AMFI).
- b) In accordance with 10 TAC 53.48, this NOFA will be an Open Application Cycle and funding will be available on a first-come, first-served Statewide basis. Applications will be accepted until 5:00 p.m. ~~June 2~~**September 1, 2008** unless all funds are committed prior to this date.- Applicants are encouraged to review the application process cited

above and described herein. Applications that do not meet minimum threshold and financial feasibility will not be considered for funding.

- c) The Department awards HOME funds, typically as a loan, to eligible recipients for the provision of housing for low, very low and extremely low-income individuals and families, pursuant to 10 TAC 53.41. Award amounts are limited to no more than \$3 million per development. The minimum HOME award may not be less than \$1,000 per HOME assisted unit. The maximum award may not exceed 90% of the total development costs. The remaining 10% of total development cost must be in the form of loans or grants from private or public entities. Developments with USDA or other government sponsored loans that will remain as permanent financing may be used to satisfy the 10% total development cost requirement from a public or private entity. The per-unit subsidy may not exceed the per-unit dollar limits established by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act which are applicable to the area in which the development is located, and as published by HUD. The Department's underwriting guidelines in 10 TAC 1.32 will be used which set as a minimum feasibility a 1.15 debt coverage ratio. Where the anticipated debt coverage ratio in the year after completion exceeds 1.35, a loan or partial loan will be recommended.
- d) Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least \$12,000 per unit in direct hard costs, unless the property is also being financed by the United States Department of Agriculture's Rural Development program. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR 92.251(a)(1).

### **3) Eligible and Prohibited Activities**

- a) Eligible activities will include those permissible under the federal HOME Rule at 24 CFR 92.205, the State HOME Rules at 10 TAC 53.34, which involve only the acquisition, rehabilitation and construction of affordable rental developments.
- b) Prohibited activities include those under federal HOME rules at 24 CFR 92.214 and 10 TAC 53.37.
- c) Rental development funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the 2008 State of Texas Consolidated Plan One-Year Action Plan.
- d) Refinancing of federally financed properties or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible.

#### **4) Eligible and Ineligible Applicants**

- a) The Department provides HOME funding to qualified nonprofit organizations, for-profit entities, sole proprietors, public housing authorities and units of general local government.
- b) Applicants may be ineligible for funding if they meet any of the criteria listed in §53.42 of the Department's HOME rule, and ineligibility with any requirements under 10 TAC 50.5(a) excluding subsections (5) - (8). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

#### **5) Matching Funds**

- a) Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR 92.218 and the Department's Match Guide and will be provided with the appropriate forms and instructions on how to report eligible match.

#### **6) Affordability Requirements**

- a) Applicants should be aware that there are minimum affordability standards necessary for HOME assisted rental developments. Initial occupancy income restrictions require that at least 90% of the units are affordable to persons below 60% AMFI and that 20% of the units are affordable to person below 50% AMFI. Over the remaining affordability period at least 20% of HOME assisted units should be affordable to persons earning 50% or less than the AMFI, all remaining units must be affordable to persons earning 80% or less than the AMFI.
- b) Each development will have a two-tier affordability term.
  - i) The first tier will entail the federally required affordability term. For new construction or acquisition of new housing, this term is 20 years. For rehabilitation or acquisition of existing housing, the term is 5 years if the HOME investment is less than \$15,000 per unit; 10 years if the HOME investment is \$15,000 to \$40,000 per unit; and 15 years if the HOME investment is greater than \$40,000 per unit. This first tier is subject to all federal laws and regulations regarding HOME requirements, recapture, net proceeds and affordability.
  - ii) The second tier of affordability is the additional number of years required to bring the total term of affordability up to 30 years or the term of the loan agreement. For

example, the second tier of affordability on a 10-year federal affordability term is 20 additional years. The second tier, or remaining term, is subject only to state regulations and affordability requirements.

- c) Properties will be restricted under a Land Use Restriction Agreement (“LURA”), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

## **7) Site and Development Restrictions**

- a) Pursuant to 24 CFR 92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, one of three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR 200.925 or 200.926d. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.
- b) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR 92.251(a)(1).
- c) Housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619). Additionally, pursuant to the 2008 Qualified Allocation Plan (QAP), 10 TAC 50.9(h)(4)(G), Developments involving New Construction (excluding New Construction of nonresidential buildings) where some Units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing

Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A certification will be required after the Development is completed from an inspector, architect, or accessibility specialist. Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.

- d) All of the 2008 Qualified Allocation Plan and Rules 10 TAC 50.6, excluding subsections (d), (f), (g) and (h) apply.
- e) Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units, pursuant to 10 TAC 5345(b).

## **8) Threshold Criteria**

- a) Housing units subsidized by HOME funds must be affordable to low, very-low or extremely low-income persons. Mixed Income rental developments may only receive funds for units that meet the HOME program affordability standards. All applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC 1.15.
- b) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in 10 TAC 1.37, pursuant to 10 TAC 53.45 (c) .
- c) All applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR 982.401, Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply. If the development is located within a jurisdiction that does not have building codes, developments must meet the most current International Building Code.
- d) Pursuant to 10 TAC 53.8 (a), Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to be terminated under competitive application cycles. Applicants must provide notifications to:
  - i) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;

- ii) all neighborhood organizations whose defined boundaries include the location of the Development;
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  - iv) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and
  - v) the State Representative and State Senator whose district covers the location of the Development.
  - vi) the notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.
- e) The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:
- i) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith, pursuant to 10 TAC 53.44 (6).
  - ii) All contractors, consulting firms, and Administrators must sign and submit an affidavit with each draw to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions, pursuant to 10 TAC 53.44 (7).
  - iii) To encourage the inclusion of families and individuals with the highest need for affordable housing, applicants must target a minimum of 5% of the total units for individuals or families earning 30% or less of area median family income for the development site. Additionally, 20% of the total units proposed must be HOME units. Developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8 are not required to target individuals or families at 30% or less of the area median family income.
  - iv) To encourage the involvement of other public agencies and private entities in affordable housing, applicants must provide a minimum of 10% of the total development cost from other public agencies and/or private entities. Developments with USDA or other government sponsored loans that will remain as permanent financing may be used to satisfy the 10% total development cost requirement from a public or private entity

- v) All of the ~~2008~~ Qualified Allocation Plan and Rules in effect at the time the application is submitted at 10 TAC 50.9(h), excluding subsections (4)(I), (11), (12) and (15).
- vi) An applicant is not eligible to apply for funds or any other assistance from the Department unless audits are current at the time of application or the Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC 1.3(b).

## 9) Review Process

- a) Pursuant to 10 TAC 53.48, each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, and Financial Feasibility as described in this NOFA.

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completed this Phase and do not require additional review in Phase Three will be reviewed for recommendation to the Board by the Committee.

Phase Three will only entail the review of the CHDO Certification Application. The Department will ensure review of these materials and issue notice of any Administrative Deficiencies on the CHDO Certification Application within 30 days of the Application enters Phase Three. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into the final review phase of the Application process and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Only upon satisfaction of all Administrative Deficiencies will the Application be forwarded to the final phase of the Application process. Upon completion of the applicable final review phase, the Application will be reviewed for recommendation to the Board by the Committee.

Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an Application has completed all phases of its review. In the case that all HOME funds are committed before an Application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for ninety (90) days in its current phase. If new HOME funds become available, Applications will continue onward with their review without losing their Received Date priority. If HOME funds do not become available within ninety (90) days of the notification, the Applicant will be notified that their Application is no longer under consideration. The Applicant must reapply to be considered for future funding. If on the date an Application is received by the Department, no funds are available under this NOFA, the Applicant will be notified that no funds exist under the NOFA and the Application will not be processed.

- b) Pursuant to the QAP and 10 TAC 53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department. If an application is determined ineligible pursuant to this section, the Application will be terminated without being processed as an Administrative Deficiency.
- c) A site visit may be conducted as part of the HOME Program development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.
- d) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan

terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.

- e) In accordance with §2306.082 Texas Government Code and 10 TAC 53.6, it is the Department's policy to encourage the use of appropriate Alternative Dispute Resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC 1.17.
- f) An Applicant may appeal decisions made by staff in accordance with 10 TAC 1.7.

## 10) Application Submission

- a) All applications submitted under this NOFA must be received on or before 5:00 p.m. on ~~June 2~~September 1, 2008. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. For questions regarding this NOFA please contact Barbara Skinner at 512-475-1643 or via e-mail at [barbara.skinner@tdhca.state.tx.us](mailto:barbara.skinner@tdhca.state.tx.us) or Carmen Roldan at 512-475-2215 or via e-mail at [carmen.roldan@tdhca.state.tx.us](mailto:carmen.roldan@tdhca.state.tx.us).
- b) If an Application is submitted to the Department ~~for a Development~~ that requests funds from two separate housing finance programs, ~~and only one of the housing finance programs is operated as a competitive cycle~~, the Application will be handled in accordance with the deadlines, rules and guidelines for each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs.
- c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.
- d) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy of the Application materials as detailed in the 2008 Final ASPM. All scanned copies must be scanned in accordance with the guidance provided in the 2008 Final ASPM.
- e) The application consists of three parts: bound items, unbound items and electronic submission. A complete application for each proposed development must be submitted.

Incomplete applications or improperly bound applications will not be accepted. The bound volumes of the application must be bound using red pressboard binders. Each volume must be submitted in a separate red pressboard binder. If the required documentation for a volume exceeds the capacity of one binder, a second binder may be used to subdivide the volume. Applicants must submit one complete printed copy of all application materials and one complete scanned copy stored on compact disc of the application materials as detailed in the 2008 Final ASPM. All scanned copies must be scanned in accordance with the guidance provided in the 2007 Final ASPM.

- f) Third party reports – If **all applicable** third party reports are not received at the time of application submission, the Application will be terminated.
- g) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department’s website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us). Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.
- h) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of \$500.00 per Application. Payment must be in the form of a check, cashier’s check or money order. Do not send cash. Section 2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.
- i) Applications must be sent via overnight delivery to:

**HOME Division  
Texas Department of Housing and Community Affairs  
Attn: Barbara Skinner  
221 East 11th Street  
Austin, TX 78701-2410**

or via the U.S. Postal Service to:

**HOME Division  
Texas Department of Housing and Community Affairs  
Attn: Barbara Skinner  
Post Office Box 13941  
Austin, TX 78711-3941**

***NOTE:*** *This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME CHDO Rental Housing Development Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

**HOME DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program 2008 Contract for Deed (CFD) Program Notice of Funding Availability (NOFA).

**Requested Action**

Approve, Deny or Approve with Amendments the HOME Investment Partnerships Program 2008 Contract for Deed (CFD) Program Notice of Funding Availability (NOFA).

**Background**

On March 24, 2008, the Department received its Funding Approval and Grant Agreement from the U.S. Department of Housing and Urban Development. The approval and agreement included \$40,043,225 for the Department's Program Year 2008 allocation of the HOME Investment Partnerships Program. The Department's approved 2008 Consolidated Annual Action Plan included a \$2,000,000 set-aside for contract for deed conversions and is the basis for the presentation of this NOFA to the Board. Additionally, as noted on today's Fund Balance Report, the unprogrammed balance of \$4 million from 2006 and 2007 allocations and the reserved deobligated balance of \$3.2 million is also being made available for a total of \$9,200,000. As proposed, the NOFA makes funds available to eligible applicants to provide assistance to eligible households for the acquisition or the acquisition and rehabilitation, new construction or reconstruction of properties for the purposes of converting an eligible contract for deed to homeownership. The funds are not subject to the Regional Allocation Formula (RAF). The availability and use of these funds are subject to the Department's HOME Program Rule (10 TAC Chapter 53) and the federal regulations governing the HOME Program (24 CFR Part 92). An open application cycle method will be used to process applications received in response to this NOFA.

As mentioned in the Fund Balance Report in today's presentation, the Department has historically used HOME funds to meet its legislative requirement to allocate \$2 million per year for the conversion of contracts for deed. The Department has not released a NOFA for this activity since 2005 due to the challenges that organizations have faced in finding households that meet the limitations structured in the 2005 program. With the reorganization of the HOME Division and the addition of a Performance team, staff has increased the technical assistance and oversight provided to these organizations and was able to analyze some of these issues. The new HOME Program Rule adopted by the Board in December 2007 included changes to provide additional funding on a per household basis to address the needs and characteristics of these types of transactions. Specifically, this resulted in an increase in the amount of funds available for rehabilitating the substandard units. This appears to be a significant improvement since it was problematic for the organizations to qualify households that had the right balance in the amount due for pay-off of the contract and the amount needed for the rehabilitation costs.

Additionally, there are relatively few participants in this program and due to the unique challenges of the program; contract administrators have experienced significant delays in qualifying households and expending funds under previous contracts. As staff has provided technical assistance and oversight to these contracts, any requested extensions have only been approved for households that were qualified, committed, and preparing for loan closing. Otherwise, the uncommitted balance of funds for households which were not prepared for loan closing were deobligated, in anticipation of the availability of funding in a future NOFA to serve these households. Therefore, staff is requesting action to waive 10 TAC §53.42(1) as cited below since these administrators may want to apply for funding but may be ineligible as a result of the deobligated funds for reasons described above. Staff only recommends this waiver as it relates to deobligated funds for delays in completing the contractual requirements and *not* for any other non-compliance issues.

*§53.42 (1) The applicant, Development Owner or Developer is an Administrator of a previously funded contract for which HOME funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to application submission date, unless the deobligation was voluntary and prior to the contract term expiration date, or was the remainder on a completed contract.*

This NOFA is proposed to be open until May 1, 2009 and in order to allow applicants to re-apply for funding if the applicant has identified additional eligible households, staff is proposing to allow applicants to apply for additional awards under this NOFA if the previous award is 100% committed. Staff is also recommending a \$1 million maximum award amount to any applicant awarded funds under this NOFA.

The proposed NOFA is attached to this action item.

### **Recommendation**

Staff recommends approval of the 2008 Contract for Deed (CFD) Program Notice of Funding Availability (NOFA) and approval to release for publication in the *Texas Register*.



## **Texas Department of Housing and Community Affairs HOME Investment Partnerships Program**

### **Contract for Deed Program Notice of Funding Availability (NOFA)**

#### **1) Summary**

- a) The Texas Department of Housing and Community Affairs (“the Department”) announces the availability of approximately \$9,280,000 in funding from the HOME Investment Partnerships Program for contract for deed conversions for low-income Texans. The availability and use of these funds is subject to the Department’s HOME Program Rule at Title 10 Texas Administrative Code (10 TAC) Chapter 53 in effect at the time the application is submitted, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code. Other federal regulations may also apply such as, but not limited to, 24 CFR parts 50 and 58 for environmental requirements, 24 CFR §§85.36 and 84.42 for conflict of interest and 24 CFR Part 5, subpart A for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program.

#### **2) Allocation of HOME Funds**

- a) These funds are made available through the Department’s deobligated HOME funds reserved for contract for deed conversions and the 2006, 2007, and 2008 allocations of HOME funds from the U. S. Department of Housing and Urban Development (HUD). The funds are set-aside for eligible applicants proposing to provide assistance to eligible homebuyers for the acquisition or the acquisition and rehabilitation, new construction or reconstruction of properties for the purposes of converting an eligible contract for deed to homeownership. In accordance with Rider 6 of the Department’s General Appropriations Act, all funds released under this NOFA are to be used for contract for deed conversion for families that reside in a colonia with household income at or below 60% of the Area Median Family Income (AMFI), as defined by HUD.
- b) In accordance with §2306.111, Texas Government Code, these funds are not subject to the Regional Allocation Formula (RAF).

- c) In accordance with 10 TAC §53.48, this NOFA will be an open application cycle and funding will be available on a first-come, first-served basis. Applications will be accepted by the Department on an on-going basis **until all funds have been awarded or 5:00 p.m. on May 1, 2009, whichever occurs first, regardless of method of delivery.** Applicants are encouraged to review the application process cited above and described herein. Applications that do not meet eligibility and minimum threshold criteria will not be considered for funding.

### 3) Limitation on Funds

- a) Funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the 2008 State of Texas Consolidated Plan One-Year Action Plan.
- b) The Department awards HOME funds to eligible organizations and the maximum award amount may not exceed \$500,000 per contract. Applicants may apply for additional funds of up to \$500,000 under this NOFA if the applicant has successfully committed 100% of the project funds of the previous award funded under this NOFA. The maximum amount of funds that may be awarded per applicant is \$1 million under this NOFA. The minimum HOME assistance amount per unit may not be less than \$1,000 per HOME assisted unit. The per-unit subsidy may not exceed the per-unit dollar limits established by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act, which are applicable to the area in which the development is located, and as published by HUD. The purchase price of the housing unit, plus the value of the rehabilitation or reconstruction if applicable, must not exceed 95% of the area's median purchase price as specified in the HUD 203(b) Limits.
- c) The contract term shall not exceed 24 months and performance under the contract will be evaluated according to the following benchmarks:
  - (a) 6 months, exempt administrative and broad review environmental clearance must be complete, and if not tiering, the first Household to be assisted must be environmentally cleared;
  - (b) 8 months, Authority to Use Grant Funds must be fully executed and all Households to be assisted must be environmentally cleared;
  - (c) 12 months, 100% of funds must be committed to Households to be assisted;
  - (d) 16 months, 100% of Household's Loans must be closed, if applicable;
  - (e) 22 months, 100% of construction must be complete for all Households to be assisted; and
  - (f) 24 months, 100% funds drawn and 100% of match requirement supplied.
- d) In accordance with 10 TAC §53.32(g), the maximum amount of assistance to an eligible household for acquisition and closing costs (including soft costs) for a contract for deed conversion is \$25,000. In the case of a contract for deed conversion housing unit that involves both the acquisition of a loan on an existing MHU and the associated land, the Executive Director may grant an exception to exceed this amount; however, the Executive Director will not grant an exception to exceed \$40,000 of assistance.



- e) In accordance with 10 TAC §53.32 (h), the maximum amount of assistance for rehabilitation (including soft costs) to an eligible household for a contract for deed conversion is limited to the OCC Program Activity requirements in 10 TAC §53.31 (g) as follows:
  - i) Rehabilitation that is Reconstruction for 1 - 4 person Household: \$60,000;
  - ii) Rehabilitation that is Reconstruction for 5 - 6 person Household: \$67,500;
  - iii) Rehabilitation that is Reconstruction for 7 or more person Household: \$75,000; and,
  - iv) Rehabilitation that is not Reconstruction: \$30,000
- f) Each applicant that is awarded HOME funds may also be eligible to receive funding for administrative costs. The award amount for administrative costs shall not exceed the amount allowed per 10 TAC §53.85.

#### **4) Eligible and Prohibited Activities**

- a) Eligible activities include those permissible under the federal HOME Final Rule at 24 CFR §92.205 and the Department's HOME Program Rule at 10 TAC §§53.31 and 53.32 and must involve contract for deed conversion activity.
- b) Prohibited activities include those at 24 CFR §92.214 and 10 TAC §53.37.
- c) Funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the 2008 State of Texas Consolidated Plan One-Year Action Plan.

#### **5) Eligible and Ineligible Applicants**

- a) Eligible applicants include nonprofit organizations, units of general local government, for-profit entities and public housing agencies.
- b) Applicants may be ineligible for funding if they meet any of the criteria listed in §53.42 of the Department's HOME Program Rule, with the exception of applicants who have had funds deobligated for delays in completing their contractual requirements as described in §53.42(1). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

## **6) Matching Funds**

- a) Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide and will be provided with the appropriate forms and instructions on how to report eligible match.

## **7) Affordability Requirements**

- a) Applicants should be aware that there are minimum affordability periods necessary for HOME-assisted housing. The unit assisted must be the primary residence of the homebuyer. Single family housing units assisted with HOME funds must comply with the required affordability requirements as defined at 24 CFR §92.254. Awarded organizations will provide the HOME assistance to the homebuyer in the form of a loan. Each loan will be in the form of a zero percent (0%) interest, deferred forgivable loan with a term based on the total amount of assistance provided and in accordance with 24 CFR §92.254. All loans to assisted homebuyers must be evidenced by loan documents provided by the Department. Each loan to an assisted homebuyer must be payable to Department. Each loan for rehabilitation shall be evidenced by a construction loan agreement, note, deed of trust, mechanic's lien note, and mechanic's lien contract secured by the property and must be fully executed before any construction activities commence.
- b) If at any time prior to the full loan period there occurs a resale of the property, a refinance of any superior lien, a repayment of any superior lien, or if the unit ceases to be the assisted homebuyer's principal residence, the remaining loan balance shall become due and payable.
- c) Forgiveness of the loan balance is calculated based on a pro-rata annual share of the loan term. The anniversary date of the loan shall constitute completion of the year. Any partial year shall not be waived. The amount due will be based on the pro-rata share number of years of the remaining loan term.
- d) In the event the home is sold (voluntary or involuntary), the assisted homebuyer will pay the loan balance from the shared net proceeds of the sale. The shared net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. A copy of the HUD closing statement must be provided.

## **8) Site and Construction Restrictions**

- a) The property assisted must be located in a Colonia. Pursuant to 10 TAC, Chapter 53, a Colonia is defined as a geographic area that is located in a county some part of which is within 150 miles of the international border of this state that consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood, and that:
  - i) has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty

- ii) has the physical and economic characteristics of a Colonia, as determined by the Department.
- b) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, the International Residential Code, Texas Minimum Construction Standards (TMCS) and be in compliance with the basic access standards in new construction, established by §2306.514, Texas Government Code. In addition, housing that is rehabilitated with funds awarded under this NOFA must meet all applicable local codes, rehabilitation standards, ordinances, zoning ordinances, energy efficiency standards established by §2306.187 of the Texas Government Code, and energy standards as verified by RESCHECK, in accordance with the Final Rule.
- c) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

## 9) Threshold Criteria

The following threshold criteria listed in this subsection are mandatory requirements at the time of application submission unless specifically indicated otherwise:

- a) **Cash Reserve:** Each awarded applicant will be required to expend funds according to program guidelines and request funds from the Department for eligible expenses. Every Applicant must evidence the ability to administer the program and commit adequate cash reserves of at least \$50,000 to facilitate administration of the program during the Department's disbursement process. Cash reserves are not permanently invested in the project but are used for short term deficits that are paid by program funds. Evidence of this commitment must be included in the Applicant's resolution.
- b) **Resolution:** All applications submitted must include an **original** resolution from the Applicant's direct governing body, authorizing the submission of the Application, commitment of cash reserves for use during the contract period, source of funds for match obligation and match dollar amount, naming a person authorized to represent the organization and signature authority to execute a contract. If an Applicant that is a nonprofit organization is requesting a waiver of the grant application fee, they must do so in the resolution, and must state that the nonprofit organization offers expanded services such as child care, nutrition programs, job training assistance, health services, or human services.

- c) **Colonia Status Requirement:** Applicants are required to submit support documentation verifying that the targeted Colonia(s) in which the proposed households will be assisted is registered with the Office of the Attorney General or the Secretary of the State as a Colonia. Information regarding Colonia status is available online through the Office of the Attorney General at <http://maps.oag.state.tx.us/colgeog/> and through the Secretary of the State at <http://www.sos.texas.gov/border/colonias/reg-colonias/index.shtml>
- d) **Match:** Applicants are required to provide eligible match in the amount of 5% or more of the requested project funds. Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide. Match is a threshold requirement.

## 10) Review Process

- a) Pursuant to 10 TAC §53.48, each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits as applicable. Applications will continue to be prioritized for funding based on their "received date". Applications will be reviewed for applicant and activity eligibility, and threshold criteria as described in this NOFA.

The Department will ensure review of materials required under the NOFA and Application Submission Procedures Manual (ASPM) and will issue a notice of any Administrative Deficiencies within 45 days of the received date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase will be reviewed for recommendation to the Board by the Committee.

Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an Application has been completely reviewed. If on the date an Application is received by the Department, no funds are available under this NOFA, the Applicant will be notified that no funds exist under the NOFA and the Application will not be processed

- b) Pursuant to the HOME Rule §53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated without being processed as an Administrative Deficiency.
- c) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any

Applications that are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.

- d) In accordance with §2306.082 Texas Government Code and 10 TAC §53.6, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.
- e) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

## 11) Application Submission

- a) All applications submitted under this NOFA must be received on or before 5:00 p.m. on **May 1, 2009**. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. Question regarding this NOFA should be addressed to:

HOME Division  
221 E. 11<sup>th</sup> Street  
Austin, Texas 78701  
Telephone: (512) 463-8921  
E-mail: [HOME@tdhca.state.tx.us](mailto:HOME@tdhca.state.tx.us)

- b) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.
- c) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy of the Application materials as detailed in the Application Submission Procedures Manual (ASPM). All scanned copies must be scanned in accordance with the guidance provided in the ASPM.
- d) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department's website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us). Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications

must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.

- e) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of \$30 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. §2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.
- f) Applications must be sent via overnight delivery to:

**HOME Division  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78701-2410**

or via the U.S. Postal Service to:

**HOME Division  
Texas Department of Housing and Community Affairs  
Post Office Box 13941  
Austin, TX 78711-3941**

***NOTE:** This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME CHDO Rental Housing Development Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

**HOME DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program 2008 Rental Housing Development (RHD) Program Notice of Funding Availability (NOFA).

**Requested Action**

Approve, Deny or Approve with Amendments the HOME Investment Partnerships Program 2008 Rental Housing Development (RHD) Program Notice of Funding Availability (NOFA).

**Background**

On March 24, 2008, the Department received its Funding Approval and Grant Agreement from the U.S. Department of Housing and Urban Development (HUD). The approval and agreement included \$40,043,225 for the Department's 2008 allocation of the HOME Investment Partnerships Program. The Department's approved 2008 Consolidated Annual Action Plan included set-asides totaling \$5,000,000 for rental housing development activities and is the basis for the presentation of this NOFA to the Board. The Rental Housing Development Program set-aside is \$3,000,000 and is available for proposals which involve new construction, rehabilitation, or acquisition and rehabilitation of affordable rental housing development activities. The remaining \$2,000,000 is set-aside for the Rental Housing Preservation Program, which is designed to provide funding to proposals that involve the acquisition and rehabilitation of existing affordable housing that is at risk of losing the benefit of a subsidy in the form of a below-market interest rate loan, interest rate reduction, rental subsidy, Section 8 housing assistance payment, rental supplement payment, rental assistance payment or equity incentive. As proposed, the NOFA makes funding available to eligible applicants for the development of affordable rental housing for low-income Texans. The funds are subject to the Regional Allocation Formula (RAF) for each Uniform State Service Region. The availability and use of these funds are subject to the Department's HOME Program Rule (10 TAC Chapter 53) and the federal regulations governing the HOME Program (24 CFR Part 92). An open application cycle method will be used to process applications received in response to this NOFA.

The proposed NOFA is attached to this action item.

**Recommendation**

Staff recommends approval of the 2008 Rental Housing Development (RHD) Program Notice of Funding Availability (NOFA) and approval to release for publication in the *Texas Register*.



## **Texas Department of Housing and Community Affairs HOME Investment Partnerships Program**

### **Rental Housing Development Program Notice of Funding Availability (NOFA)**

#### **1) Summary**

- a) The Texas Department of Housing and Community Affairs (“the Department”) announces the availability of approximately \$5,000,000 in funding from the HOME Investment Partnerships Program for the development of affordable rental housing for low-income Texans. The availability and use of these funds is subject to the State HOME Rules at Title 10 Texas Administrative Code (10 TAC) Chapter 53 (“HOME Rules”) in effect at the time application is submitted, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code. Other Federal regulations may also apply such as, but not limited to, 24 CFR Parts 50 and 58 for environmental requirements, Davis-Bacon Act for labor standards, 24 CFR §§85.36 and 84.42 for conflict of interest and 24 CFR Part 5, Subpart A for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program.

#### **2) Allocation of HOME Funds**

- a) These funds are made available through the Department’s allocation of HOME funds from the U.S. Department of Housing and Urban Development (HUD). These HOME funds have been set-aside for rental housing development activities. At least \$2,000,000 of these funds are set-aside for rental development proposals which involve the acquisition and rehabilitation of existing affordable housing that is at-risk of losing the benefit of a subsidy in the form of a below-market interest rate loan, interest rate reduction, rental subsidy, Section 8 housing assistance payment, rental supplement payment, rental assistance payment, or equity incentive. The remaining \$3,000,000 in funds will be available to all eligible applicants for rental development activities. Applications for the Preservation Set-Aside must include evidence that any stipulation to maintain affordability in the contract granting the subsidy is at-risk of expiring, or that the federally insured mortgage on the Development is eligible for prepayment, within the



next 24 months from the date of application submission. An Application for a Development that includes the demolition of the existing units which have received any of the previously listed benefits will not qualify as a Preservation Development unless the redevelopment will include the same site and is supplemented with HOPE VI funding or funding from the Local Housing Authority's capital grant fund. All funds released under this NOFA are to be used for the creation of affordable rental housing for low-income Texans earning 80 percent or less of the Area Median Family Income (AMFI).

- b) In accordance with 10 TAC §53.48, this NOFA will be conducted as an open application cycle and funding will be available on a first-come, first-served basis. Applications will be accepted and subject to the Regional Allocation Formula until 5:00 p.m. **July 25, 2008**. Any funds not requested in an application received by 5:00 p.m. **July 25, 2008**, will collapse into an open application cycle with funding available statewide and not subject to the RAF. Applicants are encouraged to review the application process cited above and described herein. Applications that do not meet minimum threshold and financial feasibility will not be considered for funding. Based on the availability of funds, applications for the statewide open application cycle will be accepted until 5:00 p.m. **April 30, 2009**.
- c) The Department awards HOME funds, typically as a loan, to eligible recipients for the provision of housing for low, very low and extremely low-income individuals and families, pursuant to 10 TAC §53.41. Award amounts are limited to no more than \$3 million per development. The minimum HOME award may not be less than \$1,000 per HOME assisted unit. The maximum award may not exceed 90% of the total development costs. The remaining 10% of total development cost must be in the form of loans or grants from private or public entities. Developments with USDA or other government-sponsored loans that will remain as permanent financing may be used to satisfy the 10% total development cost requirement from a public or private entity. The per-unit subsidy may not exceed the per-unit dollar limits established by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act, which are applicable to the area in which the development is located, and as published by HUD. The Department's underwriting guidelines in 10 TAC §1.32 will be used which set as a minimum feasibility a 1.15 debt coverage ratio. Where the anticipated debt coverage ratio in the year after completion exceeds 1.35, a loan or partial loan will be recommended.
- d) The RAF tables listed below specify the allocation of funds based on the 13 Uniform State Service Regions and the rural and urban county distribution for each region.

**Table 1. Regional, Rural, and Urban Funding Amounts for Rental Housing Development**

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	\$169,325	5.6%	\$169,294	100.0%	\$31	0.0%
2	Abilene	\$111,157	3.7%	\$108,805	97.9%	\$2,352	2.1%
3	Dallas/Fort Worth	\$530,609	17.7%	\$162,904	30.7%	\$367,705	69.3%
4	Tyler	\$381,394	12.7%	\$297,448	78.0%	\$83,946	22.0%
5	Beaumont	\$176,283	5.9%	\$159,645	90.6%	\$16,638	9.4%
6	Houston	\$213,041	7.1%	\$87,421	41.0%	\$125,619	59.0%
7	Austin/Round Rock	\$127,635	4.3%	\$71,865	56.3%	\$55,771	43.7%
8	Waco	\$140,796	4.7%	\$74,887	53.2%	\$65,909	46.8%
9	San Antonio	\$153,145	5.1%	\$96,097	62.7%	\$57,048	37.3%
10	Corpus Christi	\$217,008	7.2%	\$179,805	82.9%	\$37,203	17.1%
11	Brownsville/Harlingen	\$527,286	17.6%	\$382,352	72.5%	\$144,934	27.5%
12	San Angelo	\$152,314	5.1%	\$106,302	69.8%	\$46,012	30.2%
13	El Paso	\$100,008	3.3%	\$55,517	55.5%	\$44,491	44.5%
Total		\$3,000,000	100.0%	\$1,952,341	65.1%	\$1,047,659	34.9%

**Table 2. Regional, Rural, and Urban Funding Amounts for Rental Housing Preservation Development**

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	\$112,884	5.6%	\$112,863	100.0%	\$21	0.0%
2	Abilene	\$74,105	3.7%	\$72,537	97.9%	\$1,568	2.1%
3	Dallas/Fort Worth	\$353,739	17.7%	\$108,603	30.7%	\$245,136	69.3%
4	Tyler	\$254,262	12.7%	\$198,299	78.0%	\$55,964	22.0%
5	Beaumont	\$117,522	5.9%	\$106,430	90.6%	\$11,092	9.4%
6	Houston	\$142,027	7.1%	\$58,281	41.0%	\$83,746	59.0%
7	Austin/Round Rock	\$85,090	4.3%	\$47,910	56.3%	\$37,181	43.7%
8	Waco	\$93,864	4.7%	\$49,924	53.2%	\$43,940	46.8%
9	San Antonio	\$102,097	5.1%	\$64,065	62.7%	\$38,032	37.3%
10	Corpus Christi	\$144,672	7.2%	\$119,870	82.9%	\$24,802	17.1%
11	Brownsville/Harlingen	\$351,524	17.6%	\$254,901	72.5%	\$96,623	27.5%
12	San Angelo	\$101,542	5.1%	\$70,868	69.8%	\$30,675	30.2%
13	El Paso	\$66,672	3.3%	\$37,011	55.5%	\$29,661	44.5%
Total		\$2,000,000	100.0%	\$1,301,561	65.1%	\$698,439	34.9%

- e) Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least \$12,000 per unit in direct hard costs, unless the property is also being financed by the United States Department of Agriculture's Rural Development program. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a) (1).

### **3) Eligible and Prohibited Activities**

- a) Eligible activities will include those permissible under the federal HOME Rule at 24 CFR §92.205, the State HOME Rules at 10 TAC §53.34, which involve only the acquisition, rehabilitation and construction of affordable rental developments.
- b) Prohibited activities include those under federal HOME rules at 24 CFR §92.214 and 10 TAC §53.37.
- c) Rental development funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the 2008 State of Texas Consolidated Plan One-Year Action Plan.
- d) Refinancing of federally financed properties or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible.

### **4) Eligible and Ineligible Applicants**

- a) The Department provides HOME funding to qualified nonprofit organizations, for-profit entities, sole proprietors, public housing authorities and units of general local government.
- b) Applicants may be ineligible for funding if they meet any of the criteria listed in §53.42 of the Department's HOME rule, and ineligibility with any requirements under 10 TAC §50.5(a) excluding subsections (5) - (8). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

### **5) Matching Funds**

- a) Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide and will be provided with the appropriate forms and instructions on how to report eligible match.

### **6) Rental Housing Development Affordability Requirements**

- a) Applicants should be aware that there are minimum affordability standards necessary for HOME assisted rental developments. Initial occupancy income restrictions require that at

least 90% of the units are affordable to persons below 60% AMFI and that 20% of the units are affordable to person below 50% AMFI. Over the remaining affordability period at least 20% of HOME assisted units should be affordable to persons earning 50% or less than the AMFI, all remaining units must be affordable to persons earning 80% or less than the AMFI.

- b) Each development will have a two-tier affordability term.
  - i) The first tier will entail the federally required affordability term. For new construction or acquisition of new housing, this term is 20 years. For rehabilitation or acquisition of existing housing, the term is 5 years if the HOME investment is less than \$15,000 per unit; 10 years if the HOME investment is \$15,000 to \$40,000 per unit; and 15 years if the HOME investment is greater than \$40,000 per unit. This first tier is subject to all federal laws and regulations regarding HOME requirements, recapture, net proceeds and affordability.
  - ii) The second tier of affordability is the additional number of years required to bring the total term of affordability up to 30 years or the term of the loan agreement. For example, the second tier of affordability on a 10-year federal affordability term is 20 additional years. The second tier, or remaining term, is subject only to state regulations and affordability requirements.
- c) Properties will be restricted under a Land Use Restriction Agreement (“LURA”), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

## 7) **Site and Development Restrictions**

- a) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, one of three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR §200.925 or §200.926. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

- b) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a) (1).
- c) Housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) and covered multifamily dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619). Additionally, pursuant to the 2008 Qualified Allocation Plan (QAP), 10 TAC §50.9(h)(4)(G), Developments involving New Construction (excluding New Construction of nonresidential buildings) where some Units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A certification will be required after the Development is completed from an inspector, architect, or accessibility specialist. Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.
- d) All of the current Qualified Allocation Plan and Rules 10 TAC §50.6, excluding subsections (d), (f), (g) and (h) apply.
- e) Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units, pursuant to 10 TAC §5345(b).

## **8) Threshold Criteria**

- a) Housing units subsidized by HOME funds must be affordable to low, very-low or extremely low-income persons. Mixed Income rental developments may only receive funds for units that meet the HOME program affordability standards. All applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.
- b) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in 10 TAC §1.37, pursuant to 10 TAC §53.45(c).
- c) All applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §982.401, Texas Minimum Construction Standards, as well as the Fair

Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply. If the development is located within a jurisdiction that does not have building codes, developments must meet the most current International Building Code.

- d) Pursuant to 10 TAC §53.8(a), Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to be terminated under competitive application cycles. Applicants must provide notifications to:
  - i) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;
  - ii) all neighborhood organizations whose defined boundaries include the location of the Development;
  - iii) executive officer and Board President of the school district that covers the location of the Development;
  - iv) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and
  - v) the State Representative and State Senator whose district covers the location of the Development.
  - vi) the notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.
- e) The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:
  - i) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith, pursuant to 10 TAC §53.44(6).
  - ii) All contractors, consulting firms, and Administrators must sign and submit an affidavit with each draw to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions, pursuant to 10 TAC §53.44(7).

- iii) To encourage the inclusion of families and individuals with the highest need for affordable housing, applicants must target a minimum of 5% of the total units for individuals or families earning 30% or less of area medium income for the development site. Additionally, 20% of the total units proposed must be HOME units. Developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8 are not required to target individuals or families at 30% or less of the area median family income.
- iv) To encourage the involvement of other public agencies and private entities in affordable housing, applicants must provide a minimum of 10% of the total development cost from other public agencies and/or private entities. Developments with USDA or other government-sponsored loans that will remain as permanent financing may be used to satisfy the 10% total development cost requirement from a public or private entity.
- v) All of the Qualified Allocation Plan and Rules in effect at the time of application submission at 10 TAC §50.9(h), excluding subsections (4) (I), (11), (12) and (15).
- vi) An applicant is not eligible to apply for funds or any other assistance from the Department unless audits are current at the time of application or the Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b).

## **9) Review Process**

- a) Pursuant to 10 TAC §53.48, each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, and Financial Feasibility as described in this NOFA.

Phase One will begin as of the Received Date and will include a review of eligibility and threshold criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM and will issue a notice of any Administrative Deficiencies for threshold criteria and eligibility within 45 days of the Received Date. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Two, if applicable, and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Two or Three will be reviewed for recommendation to the Board by the Committee.

Phase Two will include a comprehensive review for financial feasibility for RHD and Single Family Development Program Activities. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with 10 TAC §1.32 of this title. REA will create an underwriting report identifying staff's recommended Loan terms, the Loan or Grant amount and any conditions to be placed on the Development. The Department will issue a notice of any Administrative Deficiencies within 45 days of the date the Application enters Phase Two. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Three, if applicable, and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not satisfied within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Three will be reviewed for recommendation to the Board by the Committee.

Phase Three will only entail the review of the CHDO Certification Application. The Department will ensure review of these materials and issue notice of any Administrative Deficiencies on the CHDO Certification Application within 30 days of the Application enters Phase Three. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into the final review phase of the Application process and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Only upon satisfaction of all Administrative Deficiencies will the Application be forwarded to the final phase of the Application process. Upon completion of the applicable final review phase, the Application will be reviewed for recommendation to the Board by the Committee.

Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an Application has completed all phases of its review. In the case that all HOME funds are committed before an Application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for ninety (90) days in its current phase. If new HOME funds become available, Applications will continue onward with their review without losing their Received Date priority. If HOME funds do not become available within ninety (90) days of the notification, the Applicant will be notified that their Application is no longer under consideration. The Applicant must reapply to be considered for future funding. If on the date an Application is received by the Department, no funds are available under this NOFA, the Applicant will be notified that no funds exist under the NOFA and the Application will not be processed.

- b) Pursuant to the QAP and 10 TAC §53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined



by the Department, will be terminated without being processed as an Administrative Deficiency.

- c) A site visit may be conducted as part of the HOME Program development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.
- d) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.
- e) In accordance with §2306.082 Texas Government Code and 10 TAC §53.6, it is the Department's policy to encourage the use of appropriate Alternative Dispute Resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC §1.17.
- f) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

## **10) Application Submission**

- a) All applications submitted under this NOFA must be received on or before **5:00 p.m. on April 30, 2009**. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. For questions regarding this NOFA please contact Barbara Skinner at 512-475-1643 or via e-mail at [barbara.skinner@tdhca.state.tx.us](mailto:barbara.skinner@tdhca.state.tx.us) or Carmen Roldan at 512-475-2215 or via e-mail at [carmen.roldan@tdhca.state.tx.us](mailto:carmen.roldan@tdhca.state.tx.us).
- b) If an Application is submitted to the Department that requests funds from two separate housing finance programs, the Application will be handled in accordance with the guidelines for each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs.

- c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.
- d) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy of the Application materials as detailed in the 2008 Final ASPM. All scanned copies must be scanned in accordance with the guidance provided in the 2008 Final ASPM.
- e) The application consists of three parts: bound items, unbound items and electronic submission. A complete application for each proposed development must be submitted. Incomplete applications or improperly bound applications will not be accepted. The bound volumes of the application must be bound using red pressboard binders. Each volume must be submitted in a separate red pressboard binder. If the required documentation for a volume exceeds the capacity of one binder, a second binder may be used to subdivide the volume. Applicants must submit one complete printed copy of all application materials and one complete scanned copy stored on compact disc of the application materials as detailed in the 2008 Final ASPM. All scanned copies must be scanned in accordance with the guidance provided in the 2007 Final ASPM.
- f) Third party reports – If all applicable third party reports are not received at the time of application submission, the Application will be terminated.
- g) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department’s website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us). Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.
- h) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of \$500.00 per Application. Payment must be in the form of a check, cashier’s check or money order. Do not send cash. Section 2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.

i) Applications must be sent via overnight delivery to:

**HOME Division  
Texas Department of Housing and Community Affairs  
Attn: Barbara Skinner  
221 East 11th Street  
Austin, TX 78701-2410**

or via the U.S. Postal Service to:

**HOME Division  
Texas Department of Housing and Community Affairs  
Attn: Barbara Skinner  
Post Office Box 13941  
Austin, TX 78711-3941**

***NOTE:** This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME CHDO Rental Housing Development Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

**HOME DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of the HOME Investment Partnerships Program 2008 Community Housing Development (CHDO) Rental Housing Development (RHD) Program Notice of Funding Availability (NOFA).

**Requested Action**

Approve, Deny or Approve with Amendments the HOME Investment Partnerships Program 2008 Community Housing Development (CHDO) Rental Housing Development (RHD) Program Notice of Funding Availability (NOFA).

**Background**

On March 24, 2008, the Department received its Funding Approval and Grant Agreement from the U.S. Department of Housing and Urban Development. The approval and agreement included \$40,043,225 for the Department's Program Year 2008 allocation of the HOME Investment Partnerships Program. The Department's approved 2008 Consolidated Annual Action Plan included a \$5,966,488 set-aside for Community Housing Development Organizations and is the basis for the presentation of this NOFA to the Board. As proposed, the NOFA makes funding available to CHDO's for the development of affordable rental housing for low-income Texans. The funds are subject to the Regional Allocation Formula (RAF) for each Uniform State Service Region. The availability and use of these funds are subject to the Department's HOME Program Rule (10 TAC Chapter 53) and the federal regulations governing the HOME Program (24 CFR Part 92). An open application cycle method will be used to process applications received in response to this NOFA.

To increase the partnerships between private developers and CHDO's in rural areas, staff requests board action to waive 10 TAC 53 §53.47(a)(6) to allow an increase in the maximum award amount for rental housing development activities in the CHDO NOFA from \$3,000,000 to \$4,000,000.

The proposed NOFA is attached to this action item.

**Recommendation**

Staff recommends approval of the 2008 Community Housing Development (CHDO) Rental Housing Development Program Notice of Funding Availability (NOFA) and approval to release for publication in the *Texas Register*.



## **Texas Department of Housing and Community Affairs HOME Investment Partnerships Program**

### **Community Housing Development Organization (CHDO) Rental Housing Development Program Notice of Funding Availability (NOFA)**

#### **1) Summary**

- a) The Texas Department of Housing and Community Affairs (“the Department”) announces the availability of approximately \$5,966,488 in funding from the HOME Investment Partnerships Program for Community Housing Development Organizations (CHDO) to develop affordable rental housing for low-income Texans. The availability and use of these funds is subject to the Department’s HOME Program Rule at Title 10 Texas Administrative Code (10 TAC) Chapter 53 in effect at the time the application is submitted, the Federal HOME regulations governing the HOME program (24 CFR Part 92), and Chapter 2306, Texas Government Code. Other federal regulations may also apply such as, but not limited to, 24 CFR parts 50 and 58 for environmental requirements, Davis-Bacon Act for labor standards, 24 CFR §§85.36 and 84.42 for conflict of interest and 24 CFR part 5, subpart A for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program.

#### **2) Allocation of HOME Funds**

- a) These funds are made available through the Department’s allocation of HOME funds from the U. S. Department of Housing and Urban Development (HUD). The funds are set-aside for eligible CHDO and rental housing development proposals which involve new construction, rehabilitation, acquisition and rehabilitation of affordable housing development activities. All funds released under this NOFA are to be used for the creation of affordable single family and rental housing for low-income Texans earning 80 percent or less of the Area Median Family Income (AMFI).
- b) In accordance with 10 TAC §53.48, this NOFA will be conducted as an open application cycle and funding will be available on a first-come, first-served basis. Applications will be accepted and subject to the Regional Allocation Formula until 5:00 p.m. **July 25,**

**2008.** Any funds not requested in an application received by 5:00 p.m. **July 25, 2008,** will collapse into an open application cycle with funding available statewide and not subject to the RAF. Applicants are encouraged to review the application process cited above and described herein. Applications that do not meet minimum threshold and financial feasibility will not be considered for funding. Based on the availability of funds, applications for the statewide open application cycle will be accepted until 5:00 p.m. **April 30, 2009.**

- c) The Department awards HOME funds, typically as a loan, to eligible recipients for the provision of housing for low, very low and extremely low-income individuals and families, pursuant to 10 TAC §53.41. Award amounts are limited to no more than \$4,000,000 per development. The minimum HOME award may not be less than \$1,000 per HOME assisted unit. The maximum award may not exceed 90% of the total development costs. The remaining 10% of total development cost must be in the form of loans or grants from private or public entities. Developments with USDA or other government-sponsored loans that will remain as permanent financing may be used to satisfy the 10% total development cost requirement from a public or private entity. The per-unit subsidy may not exceed the per-unit dollar limits established by the United States Department of Housing and Urban Development (HUD) under §221(d)(3) of the National Housing Act, which are applicable to the area in which the development is located, and as published by HUD. For rental housing developments, the Department’s underwriting guidelines in 10 TAC §1.32 will be used which set as a minimum feasibility a 1.15 debt coverage ratio. Where the anticipated debt coverage ratio in the year after completion exceeds 1.35, a loan or partial loan will be recommended.
- d) The RAF table listed below specifies the allocation of funds based on the 13 Uniform State Service Regions and the rural and urban distribution for each region.

**Table 1. Regional, Rural, and Urban Funding Amounts**

Region	Place for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	\$336,759	5.6%	\$336,697	100.0%	\$62	0.0%
2	Abilene	\$221,073	3.7%	\$216,394	97.9%	\$4,678	2.1%
3	Dallas/Fort Worth	\$1,055,290	17.7%	\$323,989	30.7%	\$731,302	69.3%
4	Tyler	\$758,527	12.7%	\$591,573	78.0%	\$166,954	22.0%
5	Beaumont	\$350,596	5.9%	\$317,507	90.6%	\$33,089	9.4%
6	Houston	\$423,701	7.1%	\$173,866	41.0%	\$249,836	59.0%
7	Austin/Round Rock	\$253,845	4.3%	\$142,926	56.3%	\$110,919	43.7%
8	Waco	\$280,019	4.7%	\$148,937	53.2%	\$131,082	46.8%
9	San Antonio	\$304,580	5.1%	\$191,121	62.7%	\$113,459	37.3%
10	Corpus Christi	\$431,592	7.2%	\$357,601	82.9%	\$73,990	17.1%
11	Brownsville/Harlingen	\$1,048,681	17.6%	\$760,432	72.5%	\$288,249	27.5%

12	San Angelo	\$302,926	5.1%	\$211,416	69.8%	\$91,510	30.2%
13	El Paso	\$198,898	3.3%	\$110,413	55.5%	\$88,485	44.5%
	Total	\$5,966,488	100.0%	\$3,882,873	65.1%	\$2,083,615	34.9%

- e) Each CHDO that is awarded HOME funds may also be eligible to receive a grant for CHDO Operating Expenses. Applicants will be required to submit organizational operating budgets, audits and other financial and non-financial materials detailed in the HOME application. The award amount for CHDO Operating Expenses shall not exceed \$50,000, with the exception that CHDO's who have never received a HOME award from the Department may receive Operating Expenses in accordance with 10 TAC §53.47(a)(7). Awards for operating expenses will be drawn over a two-year period of time. The Department reserves the right to limit an Applicant to receive not more than one award of CHDO Operating Expenses during the same fiscal year and to further limit the award of CHDO Operating Expenses.
- f) Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least \$12,000 per unit in direct hard costs, unless the property is also being financed by the United States Department of Agriculture's Rural Development program. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

### 3) Eligible and Prohibited Activities

- a) Eligible activities will include those permissible under the federal HOME Rule at 24 CFR §92.205, the State HOME Rules at 10 TAC §53.34 and 53.50, which involve only the acquisition, rehabilitation and construction of affordable developments.
- b) Prohibited activities include those under federal HOME rules at 24 CFR §92.214 and 10 TAC §53.37.
- c) Development funds will not be eligible for use in a Participating Jurisdiction (PJ). Any HOME funds available for serving households in a PJ will only be made available under a separate NOFA for Persons with Disabilities as described in the 2008 State of Texas Consolidated Plan One-Year Action Plan.
- d) Refinancing of federally financed properties or use of HOME funds for properties constructed within five years of the submission of an Application for assistance will not be permissible.

### 4) Eligible and Ineligible Applicants

- a) The Department provides HOME CHDO funding to qualified nonprofit organizations eligible for CHDO certification. CHDO Certification will be awarded in accordance with the rules and procedures as set forth in the HOME rules at 10 TAC §53.50, Community Housing Development Organization (CHDO) Certification. A separate application process is required for CHDO Certification. Review and approval of the CHDO

Certification occurs during the threshold review process, however Applicants will not receive a formal certification until the award of the HOME funds has been approved by the Department's Board. The CHDO Application package will be available with all other application materials on the Department's website. A new Application for CHDO certification must be submitted to the Department with each new Application for HOME Development funds under the CHDO set aside.

- b) CHDO Applicants must be the Sponsor, Owner or Developer of the proposed Development. Applicants who apply through a Limited Partnership will be required to provide evidence, at the time of CHDO certification and commitment, that the CHDO Applicant is the Managing General Partner of the partnership and has effective control (decision making authority) over the development and management of the property, pursuant to 24 CFR §92.300.
- c) Applicants may be ineligible for funding if they meet any of the criteria listed in §53.42 of the Department's HOME rule, and ineligibility with any requirements under 10 TAC §50.5 of this title excluding subsections (5) thru (8). Applicants are encouraged to familiarize themselves with the Department's certification and debarment policies prior to application submission.

#### **5) Matching Funds**

- a) Applicants will be required to submit documentation on all financial resources to be used in the development that may be considered match to the Department's federal HOME requirements. Applicants must provide firm commitments as defined in accordance with the Federal HOME rules at 24 CFR §92.218 and the Department's Match Guide and will be provided with the appropriate forms and instructions on how to report eligible match.

#### **6) Rental Housing Development Affordability Requirements**

- a) Applicants should be aware that there are minimum affordability standards necessary for HOME assisted rental developments. Initial occupancy income restrictions require that at least 90% of the units are affordable to persons below 60% AMFI and that 20% of the units are affordable to person below 50% AMFI. Over the remaining affordability period at least 20% of HOME assisted units should be affordable to persons earning 50% or less than the AMFI, all remaining units must be affordable to persons earning 80% or less than the AMFI.
- b) Each development will have a two-tier affordability term.
  - i) The first tier will entail the federally required affordability term. For new construction or acquisition of new housing, this term is 20 years. For rehabilitation or acquisition of existing housing, the term is 5 years if the HOME investment is less than \$15,000 per unit; 10 years if the HOME investment is \$15,000 to \$40,000 per unit; and 15 years if the HOME investment is greater than \$40,000 per unit. This first tier is subject to all federal laws and regulations regarding HOME requirements, recapture, net proceeds and affordability.



- ii) The second tier of affordability is the additional number of years required to bring the total term of affordability up to 30 years or the term of the loan agreement. For example, the second tier of affordability on a 10-year federal affordability term is 20 additional years. The second tier, or remaining term, is subject only to state regulations and affordability requirements.
- c) Properties will be restricted under a Land Use Restriction Agreement (“LURA”), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

**7) Site and Development Restrictions**

- a) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, HOME-assisted new construction or rehabilitation must meet, as applicable, one of three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR §200.925 or §200.926. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person. Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.
- b) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).
- c) Housing must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619). Additionally, pursuant to the 2007 Qualified Allocation Plan (QAP), §§49.9(h)(4)(G), Developments involving New Construction (excluding New Construction of nonresidential buildings) where some Units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of

each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A certification will be required after the Development is completed from an inspector, architect, or accessibility specialist. Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.

- d) All of the current Qualified Allocation Plan and Rules 10 TAC §50.6, excluding subsections (d), (f), (g) and (h) apply.
- e) Developments involving new construction will be limited to 252 Units. These maximum Unit limitations also apply to those Developments which involve a combination of rehabilitation and new construction. Developments that consist solely of acquisition/rehabilitation or rehabilitation only may exceed the maximum Unit restrictions. The minimum number of units shall be 4 units, pursuant to 10 TAC §53.45 (b).

## **8) Threshold Criteria**

- a) Housing units subsidized by HOME funds must be affordable to low, very-low or extremely low-income persons. Mixed Income rental developments may only receive funds for units that meet the HOME program affordability standards. All applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.
- b) For funds being used for Rental Housing Developments, the Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in 10 TAC §1.37 of this title, pursuant to 10 TAC 53.45 (c).
- c) All applications will be required to meet Section 8 Housing Quality Standards detailed under 24 CFR §982.401, Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply. If the development is located within a jurisdiction that does not have building codes, developments must meet the most current International Building Code.
- d) Pursuant to 10 TAC §53.8(a), Applicants for Rental Development activities will be required to provide written notification to each of the following persons or entities 14 days prior to the submission of any application package. Failure to provide written notifications 14 days prior to the submission of an application package at a minimum will cause an application to be terminated under competitive application cycles. Applicants must provide notifications to:
  - i) the executive officer and elected members of the governing board of the community where the development will be located. This includes municipal governing boards, city councils, and County governing boards;

- ii) all neighborhood organizations whose defined boundaries include the location of the Development;
  - iii) executive officer and Board President of the school district that covers the location of the Development;
  - iv) residents of occupied housing units that may be rehabilitated, reconstructed or demolished; and
  - v) the State Representative and State Senator whose district covers the location of the Development.
  - vi) the notification letter must include, but not be limited to, the address of the development site, the number of units to be built or rehabilitated, the proposed rent and income levels to be served, and all other details required of the NOFA and Application Manual.
- e) The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise:
- i) An applicant shall provide certification that no person or entity that would benefit from the award of HOME funds has provided a source of match or has satisfied the Applicant's cash reserve obligation or made promises in connection therewith, pursuant to 10 TAC §53.44(6).
  - ii) All contractors, consulting firms, and Administrators must sign and submit an affidavit with each draw to attest that each request for payment of HOME funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions, pursuant to §53.44 (7).
  - iii) To encourage the inclusion of families and individuals with the highest need for affordable housing, applicants for rental housing development must target a minimum of 5% of the total units for individuals or families earning 30% or less of area median family income for the development site. Additionally, 20% of the total units proposed must be HOME units. Developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8 are not required to target individuals or families at 30% or less of the area median family income.
  - iv) To encourage the involvement of other public agencies and private entities in affordable housing, applicants must provide a minimum of 10% of the total development cost from other public agencies and/or private entities. Developments with USDA or other government-sponsored loans that will remain as permanent financing may be used to satisfy the 10% total development cost requirement from a public or private entity.

- v) All of the Qualified Allocation Plan and Rules in effect at the time of application submission at 10 TAC §49.9(h), excluding subsections (4)(I), (11), (12) and (15).
- vi) An applicant is not eligible to apply for funds or any other assistance from the Department unless audits are current at the time of application or the Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b).

## **9) Review Process**

- a) Pursuant to 10 TAC §53.48, each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "received date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in three review phases, as applicable. Applications will continue to be prioritized for funding based on their "received date" unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "received date" but that did not timely complete a phase of review. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, and Financial Feasibility as described in this NOFA.

Phase One will begin as of the Received Date and will include a review of eligibility and threshold criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM and will issue a notice of any Administrative Deficiencies for threshold criteria and eligibility within 45 days of the Received Date. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Two, if applicable, and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Two or Three will be reviewed for recommendation to the Board by the Committee.

Phase Two will include a comprehensive review for financial feasibility for RHD and Single Family Development Program Activities. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended Loan terms, the Loan or Grant amount and any conditions to be placed on the Development. The Department will issue a notice of any Administrative Deficiencies within 45 days of the date the Application enters Phase Two. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Three, if applicable, and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not satisfied within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Three will be reviewed for recommendation to the Board by the Committee.

Phase Three will only entail the review of the CHDO Certification Application. The Department will ensure review of these materials and issue notice of any Administrative Deficiencies on the CHDO Certification Application within 30 days of the Application enters Phase Three. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into the final review phase of the Application process and will continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Only upon satisfaction of all Administrative Deficiencies will the Application be forwarded to the final phase of the Application process. Upon completion of the applicable final review phase, the Application will be reviewed for recommendation to the Board by the Committee.

Because Applications are processed in the order they are received by the Department, it is possible that the Department will expend all available HOME funds before an Application has completed all phases of its review. In the case that all HOME funds are committed before an Application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for ninety (90) days in its current phase. If new HOME funds become available, Applications will continue onward with their review without losing their Received Date priority. If HOME funds do not become available within ninety (90) days of the notification, the Applicant will be notified that their Application is no longer under consideration. The Applicant must reapply to be considered for future funding. If on the date an Application is received by the Department, no funds are available under this NOFA, the Applicant will be notified that no funds exist under the NOFA and the Application will not be processed

- b) Pursuant to the HOME Rule §53.42 if a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, will be terminated without being processed as an Administrative Deficiency.
- c) A site visit will be conducted as part of the HOME Program development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HOME funding by the Board.
- d) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.
- e) In accordance with §2306.082 Texas Government Code and 10 TAC §53.6, it is the Department's policy to encourage the use of appropriate alternative dispute resolution

procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.

- f) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

### **10) Application Submission**

- a) All applications submitted under this NOFA must be received on or before 5:00 p.m. on **April 30, 2009**. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. For questions regarding this NOFA please contact Barbara Skinner at 512-475-1643 or via e-mail at [barbara.skinner@tdhca.state.tx.us](mailto:barbara.skinner@tdhca.state.tx.us) or Carmen Roldan at 512-475-2215 or via e-mail at [carmen.roldan@tdhca.state.tx.us](mailto:carmen.roldan@tdhca.state.tx.us) .
- b) If an Application is submitted to the Department that requests funds from two separate housing finance programs, the Application will be handled in accordance with the guidelines for each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs.
- c) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.
- d) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy of the Application materials as detailed in the 2008 Final ASPM. All scanned copies must be scanned in accordance with the guidance provided in the 2008 Final ASPM.
- e) The application consists of three parts: bound items, unbound items and electronic submission. A complete application for each proposed development must be submitted. Incomplete applications or improperly bound applications will not be accepted. The bound volumes of the application must be bound using red pressboard binders. Each volume must be submitted in a separate red pressboard binder. If the required documentation for a volume exceeds the capacity of one binder, a second binder may be used to subdivide the volume. Applicants must submit one complete printed copy of all application materials and one complete scanned copy stored on compact disc of the

application materials as detailed in the 2008 Final ASPM. All scanned copies must be scanned in accordance with the guidance provided in the 2008 Final ASPM.

- f) Third party reports – If all applicable third party reports are not received at the time of application submission, the Application will be terminated.
- g) All Application materials including manuals, NOFA, program guidelines, and all applicable HOME rules, will be available on the Department’s website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us). Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.
- h) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of \$500.00 per Application. Payment must be in the form of a check, cashier’s check or money order. Do not send cash. §2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.
- i) Applications must be sent via overnight delivery to:

**HOME Division  
Texas Department of Housing and Community Affairs  
Attn: Barbara Skinner  
221 East 11<sup>th</sup> Street  
Austin, TX 78701-2410**

or via the U.S. Postal Service to:

**HOME Division  
Texas Department of Housing and Community Affairs  
Attn: Barbara Skinner  
Post Office Box 13941  
Austin, TX 78711-3941**

***NOTE:** This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular HOME CHDO Rental Housing Development Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

**HOME DIVISION  
BOARD ACTION REQUEST  
May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of Request for Amendment to HOME Investment Partnerships Program Commitment/Contract:

1000771	BETCO-Jasper Housing, L.P.	RHD
1000786	Community Development Corporation of Brownsville	CMSP

**Requested Action**

Approve, Deny or Approve with Conditions Request for Amendment to HOME Investment Partnerships Program Commitment/Contract:

1000771	BETCO-Jasper Housing, L.P.	RHD
1000786	Community Development Corporation of Brownsville	CMSP

**BETCO-Jasper Housing, L.P.**

**Background**

In 2006, BETCO-Jasper Housing, L.P. received an award of \$255,000 in HOME funds amortized over 30 years at the Applicable Federal Rate (AFR) and an annual allocation of Housing Tax Credits of \$277,842 as a forward commitment from 2007. The owner's loan was scheduled to close by August 1, 2007 but requested and received an extension to a closing date of February 1, 2008. The HOME loan commitment allows a 24-month development period. On November 2, 2007, the Department received a loan modification request from the owner to increase the HOME award by \$420,000 to a total loan request of \$675,000. This request was later revised and decreased to \$200,000 in additional HOME funds. This increase is based on an increase in construction costs experienced by the owner. On March 13, 2008, the consultant Diana McIver petitioned the Board to allow staff to review this request and subsequent presentation to the Board for consideration.

The Department's rules in Title 10 of the Texas Administrative Code, Section 1.19 (e)(2)(F) provides that the Board may approve additional funds out of deobligated sources for a previously awarded eligible contracts "for circumstances considered unique or extenuating by the Department's Board." The applicant has indicated that in the aftermath of the Hurricanes that hit the coast there have been continuous and significant cost increases that were unforeseen at the time of application.



Development Owner:	BETCO-Jasper Housing, L.P.
Principals of General Partner	Diana McIver, Bruce Spitzengel, Eric Hartzell, Clair M. "Tres" Davis, III
Development Name:	Prospect Point
Consultant:	Diana McIver & Associates, Inc.
Site Location:	201 Premier Drive
City/County:	Jasper/Jasper County
Regional Allocation Category:	Rural
Set-Aside:	None
Population Served:	Family
Region:	5
Type of Development:	New Construction
Units:	3 HOME Units / 72 Total Units
Original Award Amount:	\$255,000
Original Loan Terms:	Amortizing 30-year loan at AFR

To meet the Federal maximum per-unit subsidy limitations (221(d)(3)(ii) of the National Housing Act) for this increase in HOME funds, the applicant must designate 4 (four) HOME rent-restricted units to include one of each unit type. Therefore, one (1) 3-bedroom unit must be designated as a HOME unit if the Board chooses to approve this request. The applicant did not request this additional HOME unit to be set aside, however has indicated a willingness to include the additional HOME restriction if the additional funds are awarded.

The Real Estate Analysis (REA) Division has evaluated this request and the Underwriting Report Addendum is attached. The addendum report acknowledges the continued significant cost increases in this market and reflects an 18% increase in direct construction costs. The report, however, reflects concerns with regard to the justification for some of the applicant's 23% increase in costs specifically, direct construction and contingency, and is ultimately unable to accept the applicant's costs based upon the receipt and review of a third party AIA contract. The addendum concludes that even if the applicant's unaccepted higher costs are accepted by the Board there would be sufficient developer fee available to defer to support the increased costs and for that reason as well does not recommend the change. However, the report further indicates that if the Board accepts the applicant's higher costs, the additional loan funds would not over subsidize the development because a developer is not required to defer fee in order to make a transaction financially feasible. Finally, the report recommends that if the Board approves the increase, the additional funds should be made in the form of a loan at the same AFR terms as the original award.

The loan commitment would still require an extension to proceed with the previously approved award and a new closing date of August 1, 2008 should provide a sufficient extension.

### **Recommendation**

Staff recommends denial of the loan modification request based on the REA Division's assessment.

If approved by the Board, staff recommends:

- An increase to designate 4 of the total units as HOME units;
- Any conditions recommended in the underwriting report;
- The Department's loan closing to occur no later than August 1, 2008; and,
- No additional time extensions be granted.

### **Community Development Corporation of Brownsville**

#### **Background**

In February 2007, Community Development Corporation of Brownsville (CDCB) received an award of \$1,500,000 in HOME funds for the Colonia Model Subdivision Program (CMSP). The CMSP was established to fund land acquisition, lot development, construction costs and down payment assistance for qualified homebuyers. Eligible organizations receive the funding through a 0% interest lot acquisition and interim construction loan. As structured in the NOFA and approved by the Board, funds for these loans will not be released for more than 3 (three) lots under development at a time. Once the units are constructed, they are sold to homebuyers that have been qualified by organization. All qualified homebuyers are required to have a household income that does not exceed 60% of the Area Median Family Income (AMFI). The mortgage loans to the qualified homebuyers must be structured as a 0% interest, 30-year amortizing, repayable loan based on the income available to service this mortgage with a total debt-to-income ratio of 50%. The balance of the purchase price will be in the form of a 0% interest, 15-year deferred, forgivable loan and constitutes the homebuyer assistance portion of the program. All loans are repayable to the Department and all properties must be located in a Colonia.

The contract for the award to CDCB was executed in March 2008 and allows a 36-month period in order to provide mortgage and homebuyer assistance to 20 households with the construction of affordable single family residential housing units. Based on letters received from CDCB and during a conference call in February 2008, CDCB requested several modifications to the contract with the Department as follows:

- An increase in the award from \$1,500,000 to \$1,835,500 to account for cost increases per unit or a reduction in the number of units required from 20 to 17;
- An increase in the allowable lot price from \$11,250 to \$16,500;
- A 13% increase in the construction cost in part as a result of a 172 average square foot increase in the size of the homes proposed;
- An \$8,000 net-profit on each the lot or 8% in developer fee per unit when closed into the name of the homebuyer;
- Removal of the restriction that only 3 units may under development at any given time; and,
- An increase in the total first and second lien amounts to the homebuyer of \$95,000 per home to include all land and development costs, developer fee and closing costs.

The Department's rules in Title 10 of the Texas Administrative Code, Section 1.19 (e)(2)(F) provides that the Board may approve additional funds out of deobligated sources for a previously awarded eligible contracts "for circumstances considered unique or extenuating by the Department's Board." The applicant has indicated that due to the time that has passed from application to contract execution there have been continuous and significant cost increases that were unforeseen at the time of application. The administrator has had a difficult time holding lots that were previously anticipated to be committed to this funding award and no longer has these lots. The administrator now has the opportunity to acquire 60 lots in an existing subdivision and use 20 of those lots for the subject activity. The administrator is requesting that the number of homes under construction at one time be expanded because under the current restriction it would take two and a half years to complete construction. Due to delays at both ends, it has taken 12 months to prepare and execute the contract. Attached is a letter dated April 18, 2008 which summarizes the requests and was submitted by CDCB at staff request.

Development Owner:	Community Housing Development Corporation of Brownsville
Executive Director:	Don Currie
Consultant:	None
Site Location:	Scattered single family sites
City/County:	Cameron County
Regional Allocation Category:	Rural
Region:	11
Type of Development:	Lot acquisition and new construction
Units:	20 HOME Units / 20 Total Units
Original Award Amount:	\$1,500,000
Original Loan Terms:	Up to five 0% interest, 6-month term lot acquisition and interim construction loans for no more than 3 units being developed at a given time.

The Real Estate Analysis (REA) Division has evaluated this request and the Underwriting Report Addendum is attached. The addendum confirms that costs for the project have increased in the year since the award was originally made. It also reflects concerns with regard to the justification for some of the costs and the lack of contingency.

### **Recommendation**

Staff recommends denial of the contract amendment request as proposed but based on the REA Division's assessment recommends:

- An increase in the award amount to \$1,800,000 with no reduction in the number of units to be served **OR** a reduction in the number of units required to 16;
- Any conditions recommended in the underwriting report;
- The Department's loan closing on the first commitment to occur no later than July 1, 2008; and,
- No additional time extensions be granted.



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report Addendum

REPORT DATE: 04/30/08 PROGRAM: 9% HTC, HOME FILE NUMBER: 07092 / 060102

**DEVELOPMENT**

Prospect Point

Location: 201 Premier Drive Region: 5  
 City: Jasper County: Jasper Zip: 75951  QCT  DDA  
 Key Attributes: New Construction, Multifamily, Rural, Family

**ALLOCATION**

	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
HOME Activity Funds	\$255,000	AFR	30 yrs	\$255,000	AFR	30 yrs
HOME Activity Funds	\$200,000	AFR	30 yrs	\$0	N/A	N/A
Housing Tax Credit (Annual)	\$722,842			\$722,842		

NOT RECOMMENDED DUE TO THE FOLLOWING:

The additional HOME funds are not needed to keep this development financially feasible based on the Underwriter's current analysis, and sufficient deferred developer fee exists to cover the cost increase.

SHOULD THE BOARD APPROVE THIS AWARD, THE BOARD ACCEPTS THE APPLICANT'S CURRENT INCREASED TOTAL DEVELOPMENT COST ESTIMATE AND SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

**CONDITIONS**

- 1 Approval of a HOME award not to exceed \$455,000, structured as a 30-year term loan, fully amortizing over 30 years at the Applicable Federal Rate.
- 2 Approval of a second extension to the HOME loan closing.
- 3 Receipt, review and acceptance of evidence that the Applicant will designate a total of four HOME rent-restricted units to include one of each unit type.
- 4 Receipt, review, and acceptance, before cost certification, of a CPA letter indicating the extent to which sitework costs should be included in the calculation of eligible basis.
- 5 Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	8
60% of AMI	60% of AMI	61

PROS

- The Applicant is proposing to use USDA 538 funding to help meet its projected rent targeting goals in this rural market.

CONS

- The Applicant has indicated a need for additional funding based on substantial cost increases since original underwriting; the Underwriter was able to verify increases only to a much lesser extent.
- The Applicant has included significant offsite and sitework costs which were not included in the original application.

PREVIOUS UNDERWRITING REPORTS

BETCO-Jasper Housing, L.P. was underwritten during the 2006 9% cycle and received an award of \$255,000 in HOME funds and a forward commitment of 2007 annual tax credits of \$722,842, subject to the following conditions: (1) receipt, review and acceptance, before commencement of construction, of a study to assess noise levels at the subject site, and evidence that any subsequent recommendations have been completed, and (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 amount may be warranted.

The Applicant provided a copy of an updated Phase I ESA performed by Alpha Testing, Inc. on April 5, 2007. The updated findings include the following: "Based on the HUD Noise Guidebook's Noise Assessment Guidelines, the subject Site is considered to have a "normally acceptable" level of combined noise." As a result of this updated finding, the original condition related to the noise study has been satisfied.

CONTACT

Contact: Eileen Manes Phone: (512) 450-0933 Fax: (512) 450-1097  
 Email: eileen@betcodev.com

ADDENDUM

On November 2, 2007 the Applicant submitted a loan amendment request to increase the HOME award by \$420,000 to a total loan request of \$675,000. According to the Applicant the additional funds are being requested to cover the gap created as a result of the increased construction costs for this development. Of note, the Applicant has submitted several revisions to the amount of additional HOME funds requested. The Applicant's most recent request asks to increase HOME funds by \$200,000 for a total loan request of \$455,000. Based on the information provided, the Applicant has requested the additional \$200K to amortize over 30 years at AFR. The original \$255K HOME funds awarded are amortized over 30 years at the Applicable Federal Rate (AFR).

The Applicant has submitted revisions to the financing structure, development cost schedule, and operating expenses. This addendum has been issued in order to evaluate the effect, if any, these changes have on the recommended tax credit allocation and financing structure. Any underwriting addendum such as this should be reviewed in conjunction with the original underwriting report to enable the reader to have a full picture of the development and underwriting analysis.

OPERATING PROFORMA ANALYSIS

**Revised Income:**

The Applicant's revised rent schedule projects essentially the same rents collected per unit as reflected in the original rent schedule at application, with the exception of the market rate units. It appears that the Applicant has raised the net rent for the three-bedroom market rate unit from \$625 at application to the current \$635, which is achievable per the market study submitted at application. Overall, effective gross income is within 5% of the Underwriter's estimate. It should be noted that in order for the Applicant to meet the federal 221(d)(3) limits for the increase in HOME funds, the Applicant must designate four HOME rent-restricted units. The Applicant's revised rent schedule currently designates only three HOME rent-restricted units. Therefore, if the Board approves the Applicant's request for additional HOME funds, the award should be conditioned upon the Applicant's designation of a total of four HOME rent-restricted units.

**Revised Expenses:**

The Applicant's most recent revised operating expenses reflect an increase of 1% from the estimate provided at application. The Applicant's current estimate of \$4,085/unit is within 5% of the Underwriter's current estimate of \$3,995/unit. While the totals only vary by 2%, several line items vary significantly, including: payroll & payroll tax (the Applicant's projection is \$22K greater than the underwriting estimate), repairs & maintenance (the Applicant's projection is \$20K lower), and water, sewer, & trash (the Applicant's projection is \$15K greater).

**Conclusion:**

The Applicant's revised estimates of income, operating expense and net operating income are each within 5% of the Underwriter's estimates. Therefore, the Applicant's estimates will be used for this analysis. The Applicant's revised first year NOI provides a DCR of 1.23 based on the Applicant's currently proposed financing structure of an increased first lien mortgage of \$1.2M amortized over 40 years at AFR, the original HOME loan award of \$255K amortized over 30 years at AFR and the requested additional HOME loan of \$200,000 also amortized for 30 years at AFR.

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Revised Offsite Cost:**

At initial underwriting the Applicant did not anticipate any offsite development costs. However, the revised development cost schedule includes \$100,000 in offsite cost for construction of a wastewater line and lift station. According to the Applicant, a letter from the City of Jasper at application originally indicated that there was adequate water, sewer and street capacity serving the subject site. However, the City has since informed the Applicant that a tie into the previously identified sewer lines would not be allowed and that the Applicant would be required to build a lift station in order to force the main sewer line directly into the sewer plant. These costs have been certified by a third party engineer.

**Revised Sitework Cost:**

The Applicant provided a revised development cost schedule as well as a copy of the construction contract to support the increased costs. Upon review of the information provided it was revealed that \$132K under "Special Construction" for trash removal, final clean-up and clean-up labor were included as activity within the site work line item. It is the Underwriter's understanding that this activity is more appropriately classified as a contractor's general requirements. Therefore, the Underwriter has re-allocated the cost associated with this activity from the Applicant's sitework line item to the contractor general requirements line item.

Even when excluding the contractor cleanup costs from this line item, the site work costs have increased significantly from \$7,475/unit to \$14,408/unit. This is almost double what was initially anticipated. According to the Applicant, several topographical features required removal of approximately 15,000 cubic yards of soil and a significant number of retaining walls. The increased costs exceed the underwriting guideline of \$9,000 per unit. The Applicant has provided certification of these costs by the project engineer; however, the QAP and underwriting rules also require that a CPA provide an opinion allocating which portions of the sitework costs should be included in eligible basis. For purposes of this analysis the Underwriter has included all of the sitework costs identified in the Applicant's revised cost schedule, less the \$132K for contractor clean-up, in eligible basis; however, this addendum is conditioned upon receipt, review, and acceptance, by cost certification, of a CPA letter identifying the sitework costs included in eligible basis.

**Revised Direct Construction Cost:**

The Applicant's revised cost schedule reflects direct construction costs of \$4.2M, an 11% increase over the costs projected at application. The Underwriter's updated construction cost estimate is \$3.9 million, a 7% increase from the Underwriter's original estimate.

**Conclusion:**

The current underwriting estimate for total development cost of \$8,114,297 is more than 5% lower than the Applicant's projected total cost of \$8,550,324. As a result, the Underwriter's total development cost will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of 7,513,326 supports a tax credit allocation of \$787,241 (this amount incorporates the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively). This amount will be compared to the credits previously allocated as well as the gap in financing to determine the recommended allocation.

## FINANCING STRUCTURE

Source: JPMorgan Chase Type: Interim Financing

Principal: \$4,160,000 Interest Rate: 7.3%  Fixed Term: 24 months

Comments:

The Applicant has provided a promissory note with JPMorgan Chase for construction financing up to \$4.16 million; however, the Applicant does not anticipate drawing more than \$2.9 million, as indicated on the latest Summary of Sources and Uses of Funds.

Source: Lancaster Pollard / USDA Type: Permanent Financing

Principal: \$1,200,000 Interest Rate: AFR  Fixed Amort: 480 months

Comments:

Initial underwriting was based on permanent funding of \$875,000 provided by JPMorgan Chase at 8.25% for 30 years. The Applicant has since submitted a conditional commitment from USDA for a Section 538 loan of \$950,000, and a Loan Agreement with Lancaster Pollard indicating they have applied to USDA for an increase in funds and are underwriting for a \$1,200,000 loan over 40 years. After several conversations with the Applicant and the lender it has become apparent to the Underwriter that the \$1.2M is the maximum loan the lender will be willing to support.

Source: TDHCA HOME Type: Permanent Financing

Taxable: \_\_\_\_\_ Interest Rate: \_\_\_\_\_  Fixed Amort: \_\_\_\_\_ months

Principal: \$255,000 Interest Rate: AFR  Fixed Amort: 360 months

Principal: \$200,000 Interest Rate: AFR  Fixed Amort: 360 months

Comments:

The Applicant was previously awarded TDHCA HOME funds in the form of a \$255,000 loan at AFR; the Applicant is requesting an additional \$200,000 to be amortized over 30 years at AFR.

Source: Centerline Capital Group (fka CharterMac) Type: Syndication

Proceeds: \$6,577,000 Syndication Rate: 91% Anticipated HTC: \$ 722,842

Comments:

The syndication rate has increased from 88% at application to 91% in the LP Agreement.

Amount: \$9,337 Type: Deferred Developer Fees

## CONCLUSIONS

The Underwriter's total development cost estimate less the primary mortgage of \$1,200,000 combined with the previously awarded HOME loan of \$255,000 leaves a financing gap of \$6,659,297. An allocation of \$731,740 in annual tax credits would be required to fill this gap. Based on the revised documentation submitted to the Department, the three possible tax credit amounts are:

Previously Approved Credit Amount:	<u>\$722,842</u>
Credit Amount Determined by Eligible Basis	<u>\$787,241</u>
Credit Amount Determined by Gap in Financing:	<u>\$731,740</u>

The previously approved credit amount of \$722,842 is recommended resulting in total syndication proceeds of \$6,578,320 at a syndication rate of 91%.

The recommended financing structure requires an additional \$80,978 in funds to fill the gap in financing, which amounts to 25% of the total deferred developer fee available, and can be paid from stabilized operating cashflow within four years.

Based on this analysis the Underwriter has concluded that the additional HOME funds requested are not necessary for the financial viability of this development, as there is sufficient deferred developer fee available to offset the cost overruns. It should be noted, however, that if the additional HOME funds are approved by the TDHCA Board, the additional funds would cause the development to become over-subsidized based on the Underwriter's current development cost estimate, requiring a reduction in the tax credit allocation. Therefore, if the Board approves the Applicant's request for additional HOME funds then the Board accepts the Applicant's premise that their construction costs are higher and should be used to size the award.

Return on Equity:

A subsidy layering evaluation of the cash on cash return on the deferred developer fee and syndication proceeds reflects a return of less than 1% annually over 30 years not accounting for the value of the credits to the investors. A simple return on only deferred developer fee based upon first year income is relatively high but this is less meaningful because it neglects to consider the tax credit induced equity. The Department's objectives of providing not more than is necessary to develop and operate safe decent and affordable housing will be met under the proposed financing structure.

Underwriter:	<u>Thomas Cavanagh</u>	Date:	<u>April 30, 2008</u>
Reviewing Underwriter:	<u>Raquel Morales</u>	Date:	<u>April 30, 2008</u>
Director of Real Estate Analysis:	<u>Tom Gouris</u>	Date:	<u>April 30, 2008</u>



**MULTIFAMILY COMPARATIVE ANALYSIS**

**Prospect Point, Jasper, 9% HTC, HOME #07092 / 060102**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
30%LH	2	1	1	762	\$242	\$192	\$384	\$0.25	\$50.06	\$19.59
TC 60%	6	1	1	762	\$485	435	2,610	0.57	\$50.06	\$19.59
30%LH	1	2	2	940	\$291	232	232	0.25	\$59.27	\$19.59
TC 30%	3	2	2	940	\$291	232	695	0.25	\$59.27	\$19.59
TC 60%	28	2	2	940	\$582	523	14,636	0.56	\$59.27	\$19.59
TC 60%	7	2	2	947	\$580	521	3,645	0.55	\$59.27	\$19.59
MR	1	2	2	947		525	525	0.55	\$59.27	\$19.59
TC 30%	1	3	2	1,261	\$336	268	268	0.21	\$67.69	\$19.59
TC 60%	7	3	2	1,261	\$665	597	4,181	0.47	\$67.69	\$19.59
TC 30%	1	3	2	1,286	\$336	268	268	0.21	\$67.69	\$19.59
TC 60%	13	3	2	1,286	\$672	604	7,856	0.47	\$67.69	\$19.59
MR	2	3	2	1,286		635	1,270	0.49	\$67.69	\$19.59
<b>TOTAL:</b>	<b>72</b>		<b>AVERAGE:</b>	<b>1,034</b>		<b>\$508</b>	<b>\$36,571</b>	<b>\$0.49</b>	<b>\$61.05</b>	<b>\$19.59</b>

**INCOME**

Total Net Rentable Sq Ft: **74,416**

**POTENTIAL GROSS RENT**

Secondary Income Per Unit Per Month: \$10.00  
 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	5.78%	\$332	0.32
Management	6.00%	345	0.33
Payroll & Payroll Tax	13.17%	757	0.73
Repairs & Maintenance	11.06%	636	0.62
Utilities	3.19%	183	0.18
Water, Sewer, & Trash	4.09%	235	0.23
Property Insurance	9.66%	556	0.54
Property Tax 3.5476	9.26%	532	0.51
Reserve for Replacements	5.79%	333	0.32
TDHCA Compliance Fees	0.67%	38	0.04
Other:	0.83%	48	0.05
<b>TOTAL EXPENSES</b>	<b>69.49%</b>	<b>\$3,995</b>	<b>\$3.87</b>
<b>NET OPERATING INC</b>	<b>30.51%</b>	<b>\$1,754</b>	<b>\$1.70</b>

**DEBT SERVICE**

Lancaster Pollard / USDA	15.93%	\$916	\$0.89
USDA fee	1.30%	\$75	\$0.07
TDHCA HOME			
TDHCA HOME	2.83%	\$163	\$0.16
<b>NET CASH FLOW</b>	<b>10.44%</b>	<b>\$600</b>	<b>\$0.58</b>

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

**CONSTRUCTION COST**

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		1.15%	\$1,292	\$1.25
Off-Sites		1.23%	1,389	1.34
Sitework		12.78%	14,408	13.94
Direct Construction		48.36%	54,501	52.73
Contingency 5.00%		3.06%	3,445	3.33
Contractor's Fees 14.00%		8.56%	9,647	9.33
Indirect Construction		4.35%	4,903	4.74
Ineligible Costs		3.08%	3,473	3.36
Developer's Fees 14.04%		11.40%	12,847	12.43
Interim Financing		4.08%	4,600	4.45
Reserves		1.95%	2,192	2.12
<b>TOTAL COST</b>	<b>100.00%</b>		<b>\$112,699</b>	<b>\$109.04</b>
<b>Construction Cost Recap</b>	<b>72.76%</b>		<b>\$82,002</b>	<b>\$79.34</b>

**SOURCES OF FUNDS**

Lancaster Pollard / USDA	14.79%	\$16,667	\$16.13
TDHCA HOME	3.14%	\$3,542	\$3.43
TDHCA HOME			
HTC Syndication Proceeds	81.05%	\$91,347	\$88.38
Deferred Developer Fees	3.92%	\$4,421	\$4.28
Additional (Excess) Funds Req'd	-2.91%	(\$3,278)	(\$3.17)
<b>TOTAL SOURCES</b>			

TDHCA-Amendment	TDHCA-Original	Applicant-Original	APPLICANT-Amendment	COUNTY	IREM REGION	COMPT. REGION
\$438,850	\$441,261	\$440,832	\$439,092	Jasper		5
8,640	4,320	4,320	8,640	\$10.00	Per Unit Per Month	
0	0			\$0.00	Per Unit Per Month	
\$447,490	\$445,581	\$445,152	\$447,732			
(33,562)	(33,419)	(33,384)	(33,576)	-7.50%	of Potential Gross Income	
0	0					
\$413,928	\$412,162	\$411,768	\$414,156			
\$23,911	\$22,185	\$15,700	\$17,775	PER SQ FT	PER UNIT	% OF EGI
24,836	20,608	29,000	20,308	0.27	282	4.90%
54,498	62,430	63,782	76,172	1.02	1,058	18.39%
45,776	30,782	26,800	25,850	0.35	359	6.24%
13,188	12,613	21,800	19,795	0.27	275	4.78%
16,926	16,926	23,200	31,600	0.42	439	7.63%
40,000	45,000	45,000	40,000	0.54	556	9.66%
38,314	44,700	35,000	32,400	0.44	450	7.82%
23,976	18,000	18,000	23,976	0.32	333	5.79%
2,760	12,300	12,180	2,760	0.04	38	0.67%
3,450			3,450	0.05	48	0.83%
\$287,633	\$285,543	\$290,462	\$294,086	\$3.95	\$4,085	71.01%
\$126,295	\$126,620	\$121,306	\$120,070	\$1.61	\$1,668	28.99%
\$65,945	\$78,883	\$78,345	\$65,692	\$0.88	\$912	15.86%
5,400	16,860	15,610	5,400	\$0.07	\$75	1.30%
14,946			26,700			
11,722	0			\$0.00	\$0	0.00%
\$43,227	\$30,877	\$27,351	\$48,978	\$0.66	\$680	11.83%
1.29	1.32	1.29	1.23			
		1.19	1.39			

TDHCA-Amendment	TDHCA-Original	Applicant-Original	APPLICANT-Amendment	PER SQ FT	PER UNIT	% of TOTAL
\$93,050	93,050	93,050	\$93,050	\$1.25	\$1,292	1.09%
100,000	0	0	100,000	1.34	1,389	1.17%
1,037,350	538,168	538,168	1,037,350	13.94	14,408	12.13%
3,924,100	3,672,327	3,751,725	4,167,079	56.00	57,876	48.74%
248,073	210,525	244,000	260,221	3.50	3,614	3.04%
694,603	589,469	599,186	842,607	11.32	11,703	9.85%
353,000	457,500	457,500	353,000	4.74	4,903	4.13%
250,082	172,221	172,221	250,082	3.36	3,473	2.92%
925,000	898,831	925,000	925,000	12.43	12,847	10.82%
331,200	524,217	524,217	331,200	4.45	4,600	3.87%
157,840	165,189	185,000	190,735	2.56	2,649	2.23%
\$8,114,297	\$7,321,497	\$7,490,067	\$8,550,324	\$114.90	\$118,755	100.00%
\$5,904,126	\$5,010,489	\$5,133,079	\$6,307,257	\$84.76	\$87,601	73.77%
\$1,200,000	\$875,000	\$875,000	\$1,200,000	0.1619		
255,000	255,000	255,000	255,000			
			200,000			
6,577,000	6,268,000	6,268,000	6,577,000			
318,324	92,067	92,067	318,324			
(236,027)	(168,570)	0	0			
\$8,114,297	\$7,321,497	\$7,490,067	\$8,550,324			

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

**Prospect Point, Jasper, 9% HTC, HOME #07092 / 060102**

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence + Townhome Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$54.90	\$4,085,320
<b>Adjustments</b>				
Exterior Wall Finish			\$3.13	\$232,779
9-Ft. Ceilings			1.63	\$120,952
			0.00	\$0
Roofing			0.00	
Subfloor			(1.63)	(\$121,472)
Floor Cover			2.41	\$179,262
Breezeways/Balconies			3.17	\$235,986
Plumbing			2.42	\$180,000
Exterior Stairs			0.29	\$21,600
Built-In Appliances			1.79	\$133,200
			0.00	\$0
Heating/Cooling			2.02	\$150,178
Garages/Carports			0.00	
Comm &/or Aux Bldgs			2.55	\$190,126
Other: fire sprinkler	\$1.95	74,416	1.95	\$145,111
<b>SUBTOTAL</b>			<b>74.62</b>	<b>\$5,553,044</b>
Current Cost Multiplier	0.98		(1.49)	(111,061)
Local Multiplier	0.89		(8.21)	(610,835)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$64.92</b>	<b>\$4,831,148</b>
Plans, specs, survy, bld prn	3.90%		(\$2.53)	(\$188,415)
Interim Construction Interest	3.38%		(2.19)	(163,051)
Contractor's OH & Profit	11.50%		(7.47)	(555,582)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$52.73</b>	<b>\$3,924,100</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$1,200,000	Amort	480
Int Rate	4.63%	DCR	1.63

<b>Secondary</b>	\$255,000	Amort	360
Int Rate	4.19%	Subtotal DCR	1.52

<b>Additional</b>	\$200,000	Amort	360
Int Rate	4.19%	Aggregate DCR	1.29

**RECOMMENDED FINANCING STRUCTURE APPLICABLE**

Primary Debt Service	\$71,345
Secondary Debt Service	14,946
NET CASH FLOW	\$33,779

<b>Primary</b>	\$1,200,000	Amort	480
Int Rate	4.63%	DCR	1.68

<b>Secondary</b>	\$255,000	Amort	360
Int Rate	4.19%	Subtotal DCR	1.39

<b>Additional</b>		Amort	360
Int Rate	4.19%	Aggregate DCR	1.39

**RATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

	at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
POTENTIAL GROSS RENT		\$438,850	\$452,015	\$465,576	\$479,543	\$493,929
Secondary Income		8,640	8,899	9,166	9,441	9,724
Other Support Income:		0	0	0	0	0
POTENTIAL GROSS INCOME		447,490	460,914	474,742	488,984	503,654
Vacancy & Collection Loss		(33,562)	(34,569)	(35,606)	(36,674)	(37,774)
Employee or Other Non-Rental		0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>		<b>\$413,928</b>	<b>\$426,346</b>	<b>\$439,136</b>	<b>\$452,310</b>	<b>\$465,880</b>
<b>EXPENSES at 4.00%</b>						
General & Administrative		\$23,911	\$24,867	\$25,862	\$26,896	\$27,972
Management		24,836	25,581	26,348	27,139	27,953
Payroll & Payroll Tax		54,498	56,678	58,945	61,303	63,755
Repairs & Maintenance		45,776	47,607	49,511	51,491	53,551
Utilities		13,188	13,715	14,264	14,834	15,428
Water, Sewer & Trash		16,926	17,603	18,307	19,039	19,801
Insurance		40,000	41,600	43,264	44,995	46,794
Property Tax		38,314	39,847	41,441	43,098	44,822
Reserve for Replacements		23,976	24,935	25,932	26,970	28,049
Other		6,210	6,458	6,717	6,985	7,265
<b>TOTAL EXPENSES</b>		<b>\$287,633</b>	<b>\$298,890</b>	<b>\$310,590</b>	<b>\$322,750</b>	<b>\$335,389</b>
<b>NET OPERATING INCOME</b>		<b>\$126,295</b>	<b>\$127,455</b>	<b>\$128,546</b>	<b>\$129,560</b>	<b>\$130,491</b>
<b>DEBT SERVICE</b>						
First Lien Financing		\$71,345	\$71,345	\$71,345	\$71,345	\$71,345
Second Lien		14,946	14,946	14,946	14,946	14,946
Other Financing		11,722	11,722	11,722	11,722	11,722
<b>NET CASH FLOW</b>		<b>\$28,281</b>	<b>\$29,442</b>	<b>\$30,532</b>	<b>\$31,546</b>	<b>\$32,477</b>
<b>DEBT COVERAGE RATIO</b>		<b>1.29</b>	<b>1.30</b>	<b>1.31</b>	<b>1.32</b>	<b>1.33</b>

	YEAR 10	YEAR 15	YEAR 20	YEAR 30
	\$572,599	\$663,800	\$769,526	\$1,034,178
	11,273	13,069	15,150	20,361
	0	0	0	0
	583,873	676,868	784,676	1,054,539
	(43,790)	(50,765)	(58,851)	(79,090)
	0	0	0	0
	\$540,082	\$626,103	\$725,825	\$975,448
	\$34,032	\$41,405	\$50,376	\$74,569
	32,405	37,566	43,550	58,527
	77,568	94,373	114,819	169,961
	65,153	79,268	96,442	142,758
	18,770	22,837	27,784	41,127
	24,091	29,310	35,660	52,786
	56,932	69,267	84,274	124,746
	54,533	66,348	80,722	119,488
	34,125	41,519	50,514	74,773
	8,839	10,754	13,084	19,367
	\$406,448	\$492,647	\$597,225	\$878,101
	\$133,634	\$133,456	\$128,601	\$97,347
	\$71,345	\$71,345	\$71,345	\$71,345
	14,946	14,946	14,946	14,946
	11,722	11,722	11,722	11,722
	\$35,620	\$35,443	\$30,587	(\$667)
	1.36	1.36	1.31	0.99

**HTC ALLOCATION ANALYSIS -Prospect Point, Jasper, 9% HTC, HOME #07092 / 060102**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$93,050	\$93,050		
Purchase of buildings				
<b>Off-Site Improvements</b>	\$100,000	\$100,000		
<b>Sitework</b>	\$1,037,350	\$1,037,350	\$1,037,350	\$1,037,350
<b>Construction Hard Costs</b>	\$4,167,079	\$3,924,100	\$4,167,079	\$3,924,100
<b>Contractor Fees</b>	\$842,607	\$694,603	\$728,620	\$694,603
<b>Contingencies</b>	\$260,221	\$248,073	\$260,221	\$248,073
<b>Eligible Indirect Fees</b>	\$353,000	\$353,000	\$353,000	\$353,000
<b>Eligible Financing Fees</b>	\$331,200	\$331,200	\$331,200	\$331,200
<b>All Ineligible Costs</b>	\$250,082	\$250,082		
<b>Developer Fees</b>				
Developer Fees	\$925,000	\$925,000	\$925,000	\$925,000
<b>Development Reserves</b>	\$190,735	\$157,840		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$8,550,324</b>	<b>\$8,114,297</b>	<b>\$7,802,470</b>	<b>\$7,513,326</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		<b>\$7,802,470</b>	<b>\$7,513,326</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$10,143,211</b>	<b>\$9,767,323</b>
Applicable Fraction		95%	95%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$9,663,557</b>	<b>\$9,305,444</b>
Applicable Percentage		8.46%	8.46%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$817,537</b>	<b>\$787,241</b>

<b>Syndication Proceeds</b>	<b>0.9101</b>	<b>\$7,440,103</b>	<b>\$7,164,387</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$817,537</b>	<b>\$787,241</b>
<b>Syndication Proceeds</b>		<b>\$7,440,103</b>	<b>\$7,164,387</b>
<b>Previously Approved Tax Credits</b>		<b>\$722,842</b>	
<b>Syndication Proceeds</b>		<b>\$6,578,320</b>	
<b>Gap of Syndication Proceeds Needed</b>			<b>\$6,659,297</b>
<b>Total Tax Credits (Gap Method)</b>			<b>\$731,740</b>

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

DATE: November 17, 2006      PROGRAM: 9% HTC      FILE NUMBER: 060102

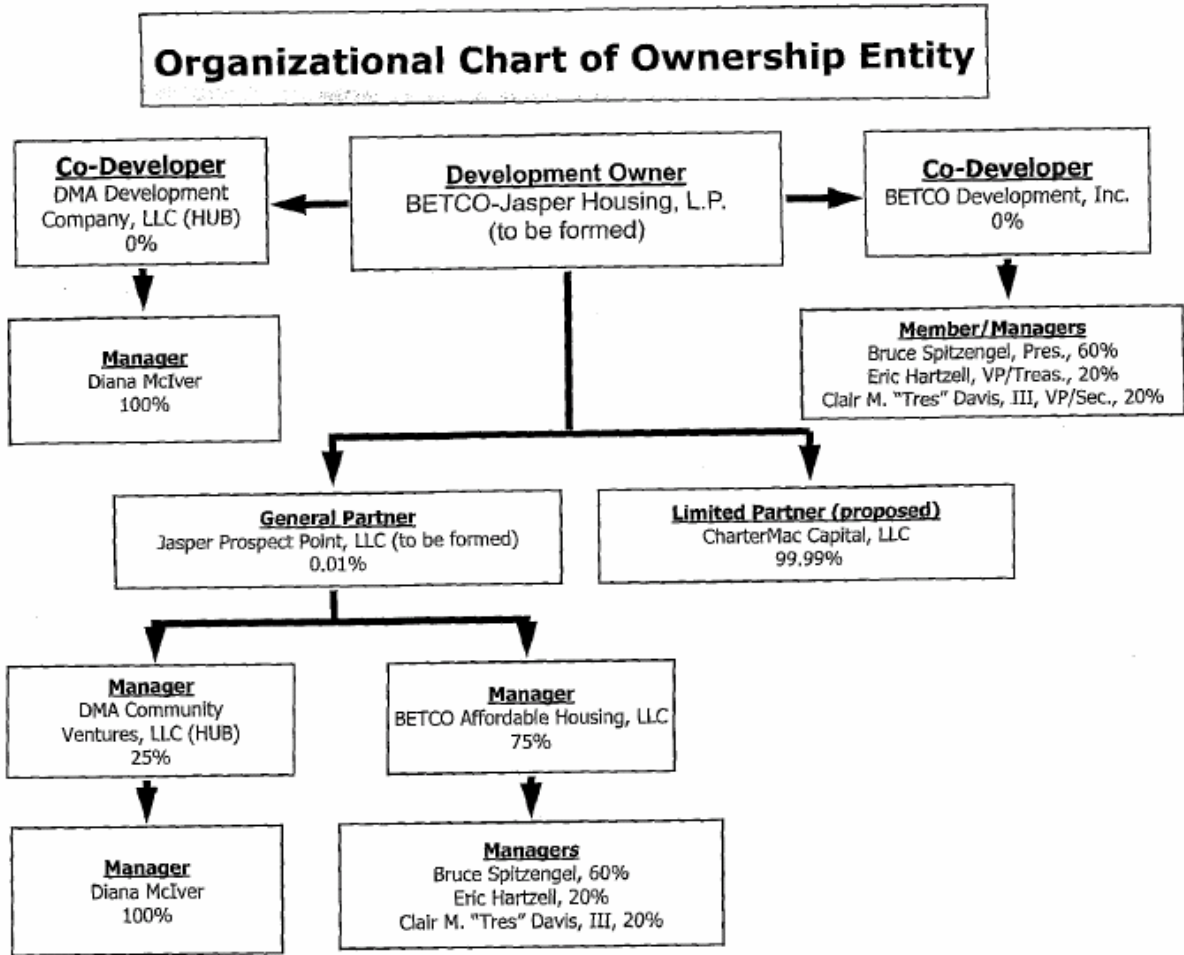
**DEVELOPMENT NAME**

Prospect Point

**APPLICANT**

<b>Name:</b>	BETCO-Jasper Housing, LP	<b>Contact:</b>	Eric Hartzell
<b>Address:</b>	2201 Northland Drive		
<b>City:</b>	Austin	<b>State:</b>	TX <b>Zip:</b> 78756
<b>Phone:</b>	(512) 420-0303	<b>Fax:</b>	(512) 420-0302 <b>Email:</b> eric@grantworks.net

**KEY PARTICIPANTS**



**PROPERTY LOCATION**

**Location:** 201 Premier Drive

**City:** Jasper      **Zip:** 75951

**County:** Jasper      **Region:** 5       QCT       DDA

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

REQUEST				
<u>Program</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
HTC	\$712,378	N/A	N/A	N/A
HOME Activity Funds	\$255,000	AFR	30 yrs	30 yrs
<b>Proposed Use of Funds:</b>	<u>New construction</u>	<b>Type:</b>	<u>Multifamily</u>	
<b>Target Population:</b>	<u>Family</u>	<b>Other:</b>	<u>Rural</u>	

**RECOMMENDATION**

- RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$722,842<sup>1</sup> ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED \$255,000, STRUCTURED AS A 30-YEAR TERM LOAN, FULLY AMORTIZING OVER 30 YEARS AT THE APPLICABLE FEDERAL RATE, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. If the HOME funds are not awarded to the subject the Credit allocation should increase to \$733,639
2. Receipt, review, and acceptance, before commencement of construction, of a study to assess noise levels at the subject site, and evidence that any subsequent recommendations have been completed.
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 allocation amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

IMPROVEMENTS						
<b>Total Units:</b>	<u>72</u>	<b># Res Bldgs</b>	<u>2</u>	<b># Non-Res Bldgs</b>	<u>1</u>	<b>Age:</b> <u>N/A</u> yrs
<b>Vacant:</b>	<u>N/A</u>	at / /				
<b>Net Rentable SF:</b>	<u>73,440</u>	<b>Av Un SF:</b>	<u>1,020</u>	<b>Common Area SF:</b>	<u>2,828</u>	<b>Gross Bldg SF:</b> <u>76,268</u>

**ARCHITECTURAL REVIEW**

The building and unit plans are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive multifamily buildings.

**STRUCTURAL MATERIALS**

The structures will be constructed on a concrete slab. According to the plans provided in the application the exterior will be 50% brick and 50% Hardiplank siding. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

**UNIT FEATURES**

The interior flooring will be carpet and resilient covering. Threshold criteria for the 2006 QAP requires all development units to include: mini blinds or window coverings for all windows, a dishwasher, a disposal, a refrigerator, an oven/range, an exhaust/vent fan in bathrooms, and a ceiling fan in each living area and bedroom. New construction units must also include three networks: one for phone service, one for data service, and one for TV service. In addition, each unit will include: an ice maker in the refrigerator, laundry connections, a ceiling fixture in each room, an individual heating and air conditioning unit, individual water heater, nine-foot ceilings, and a private patio with secured storage.

<sup>1</sup> The recommended tax credit allocation incorporates the July 28, 2006 TDHCA Board approval to raise the underwriting applicable percentage rates for the 2006 Application Round to 3.69% and 8.46% for the 30% and the 70% credit, respectively

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

**ONSITE AMENITIES**

In order to meet threshold criteria for a total of 41 to 76 units, the Applicant has elected to provide a barbecue or picnic table for every 50 units, community laundry room, a covered community porch, an equipped business center or computer learning center, full perimeter fencing, a furnished community room and a furnished fitness center.

**Uncovered Parking:** 152 spaces    **Carports:** 0 spaces    **Garages:** 0 spaces

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Prospect Point is a 12-unit per acre new construction development located in Jasper, TX. The development is comprised of 9 evenly distributed residential buildings., including five multifamily garden style apartment buildings , and four townhome buildings, as follows:

<u>No. of Buildings</u>	<u>No. of Floors</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>
1	2	8	8	
2	2		16	
4	1 ½			4
2	1			4

The development includes a 2,828-square foot community building.

**SITE ISSUES**

**SITE DESCRIPTION**

<b>Total Size:</b> <u>6.1 acres</u>	<b>Scattered sites?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Flood Zone:</b> <u>Zone X</u>	<b>Within 100-year floodplain?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Current Zoning:</b> <u>N/A</u>	<b>Needs to be re-zoned?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** 201 Premier Drive, Jasper, TX

**Adjacent Land Uses:**

- **North:** Undeveloped land immediately adjacent and beyond;
- **South:** Premier Drive immediately adjacent and an office building, SH 63 and US 190 beyond;
- **East:** Undeveloped land immediately adjacent and a former factory and a Walmart store beyond; and
- **West:** Undeveloped land immediately adjacent and beyond.

**Site Access:** The site will be accessed from Premier Drive on the south end of the property.

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

**Shopping & Services:** Walmart and Lowe’s stores are located within walking distance. Within two miles are numerous retail and grocery stores, schools from elementary through college, and two hospitals.

**Adverse Site Characteristics:** None.

**TDHCA SITE INSPECTION**

**Inspector:** Manufactured Housing Staff      **Date:** 04/26/2006

**Overall Assessment:**     Excellent     Acceptable     Questionable     Poor     Unacceptable

**Comments:** \_\_\_\_\_

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

A Phase I Environmental Site Assessment report dated February 28, 2006 was prepared by Alpha Testing, Inc. and supplemented with a letter dated September 1, 2006. The Analyst reported the following findings and recommendations:

**Findings:**

- **Noise:** “Applicable major sources of noise to consider for the subject site per HUD Noise Assessment Guidelines include major roadways and airports. The major roadway located within 1,000 feet of the

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

subject site includes State Highway 63. Airports located within 15-miles of the subject site include Jasper County – Bell Field Airport. Based on these findings, a noise assessment would be required to evaluate acceptable or unacceptable noise levels at the subject site.” (letter dated 9/1/06)

- **Floodplain:** “According to the Federal Emergency Management Agency’s Flood Insurance Rate Map ... the Site is located within Zone X, which is outside the 100-year and 500-year floodplain zones.” (p. 2)
- **Asbestos-Containing Materials (ACM):** “suspect asbestos containing materials and lead-based paints were not observed at the site.” (p. 1)
- **Lead-Based Paint (LBP):** “suspect asbestos containing materials and lead-based paints were not observed at the site.” (p. 1)
- **Lead in Drinking Water:** “The subject site is currently moderately to heavily wooded undeveloped land with no structures located on-site: therefore, potential lead-in-drinking-water is not considered applicable for the Site.” (letter dated 9/1/06)
- **Radon:** “the Site is considered to have a low potential for elevated levels of radon gas.” (p. 2)
- **Recognized Environmental Concerns (RECs):** “This assessment has revealed no evidence of recognized environmental conditions in connection with the Site.” (p. 2)

**Recommendations:** Receipt, review, and acceptance, before commencement of construction, of a study to assess noise levels at the subject site, and evidence that any subsequent recommendations have been completed, are conditions of this report.

**INCOME SET-ASIDE**

The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. The Applicant has also designated 3 units as HOME assisted. HOME assisted rental developments at a minimum must set-aside 20% of HOME assisted units with rent and income restrictions at 50% or less of area median family income and all remaining units with High HOME rent restrictions and income restrictions at 80% or less of area median family income. These minimum requirements affect only those units which are HOME assisted and do not supersede the minimum affordability requirements for applicants jointly applying for HOME and Housing Tax Credits or any other federal, state or local affordable housing programs. The Applicant indicated that the HOME units will all have rents restricted at the Low HOME level; furthermore, the HOME units will all have rent and income restrictions at 30% of AMGI. Sixty-nine of the units (96% of the total) will be reserved for low-income tenants. Eight of the units (11%) will be reserved for households earning 30% or less of AMGI, sixty-one units (85%) will be reserved for households earning 60% or less of AMGI, and the remaining three units will be offered at market rents.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMGI</b>	\$18,120	\$20,700	\$23,280	\$25,860	\$27,900	\$30,000

**MARKET HIGHLIGHTS**

A market feasibility study dated March 24, 2006 was prepared by Integra Realty Resources DFW (“Market Analyst”) and included the following findings:

**Secondary Market Information:** The study did not identify a secondary market area.

**Definition of Primary Market Area (PMA):** “We consider the primary market area (PMA) for the subject to be Jasper County.” (p. 9) This area encompasses approximately 970 square miles and is roughly equivalent to a circle with a radius of 18 miles. This was not an ideal selection as a primary market area. Jasper County is approximately 60 miles north to south and only 20 miles east to west, with the City of Jasper near the northern end. The towns of Woodville to the west and Newton to the east are considerably closer to the subject than the towns of Buna and Evadale at the south end of the county.

**Population:** The estimated population of Jasper County was 35,873 in 2005 and is expected to increase by 0.8% to approximately 36,152 by 2010. Within the primary market area there were estimated to be 13,726 households in 2005.

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

**Total Market Demand:** The Market Analyst utilized a target household adjustment rate of 100% since the target population is the general population, and the Analyst did not adjust the population for household size in calculating demand. (p. 34) The Analyst calculated a minimum eligible income of \$8,160 based on a restricted rent of \$238 for a one-bedroom unit at 30% of AMGI and a 35% household rent burden. The Analyst identified a maximum eligible income of \$27,480 based on the household income at 60% of AMGI for a family of five (a three-bedroom unit with 1.5 persons per bedroom). (p. 33) This single income band results in an income eligible adjustment rate of 27%. (p. 34) The tenure appropriate adjustment rate of 19% is specific to the general population. (p. 33) The Market Analyst indicates a turnover rate of 50% applies based on the National Multi-Housing Council. (p. 34) In calculating demand from turnover, the Analyst used the number of existing units in the PMA rather than the number of renter households, producing a result much lower than that calculated by the Underwriter.

The Underwriter applied a household size adjustment rate of 97% to include households of five or less. The Underwriter identified separate income bands for 30% of AMGI and 60% of AMGI. The minimum income for the 30% units is \$8,297, based on the 2006 one-bedroom 30% rent of \$242 and a 35% household rent burden. The maximum income is the 2006 income for a five person household at 30% of AMGI, which is \$14,000. Similarly, the income band for the 60% units is found to be \$16,629 to \$27,900. These income bands result in an income eligible adjustment rate of 24%. The Underwriter used the tenure appropriate adjustment rate of 19% and the turnover rate of 50% from the market study.

<b>MARKET DEMAND SUMMARY</b>				
<b>Type of Demand</b>	<b>Market Analyst</b>		<b>Underwriter</b>	
	<b>Units of Demand</b>	<b>% of Total Demand</b>	<b>Units of Demand</b>	<b>% of Total Demand</b>
Household Growth	2	1%	2	1%
Resident Turnover	78	99%	306	99%
<b>TOTAL DEMAND</b>	<b>80</b>	<b>100%</b>	<b>308</b>	<b>100%</b>

p. 35

**Inclusive Capture Rate:** The Market Analyst calculated an inclusive capture rate of 86% based on a supply of 69 unstabilized affordable housing units in the PMA (consisting of only the subject) and demand for 80 units. (p. 37) The Underwriter calculated an inclusive capture rate of 22% based on a supply of 69 units divided by a revised demand estimate for 308 affordable units. Current TDHCA guidelines allow an inclusive capture rate as high as 100% for rural developments.

**Market Rent Comparables:** “To estimate market rents, we will analyze five unrestricted, market rate properties within the PMA.” (p. 38) These properties have a total of 275 units.

**Unit Mix Conclusion:** “We will compare units of most similar size to each subject unit. However, there are still some substantial variances in size that will require adjustment ... The subject will offer one bedroom/one bathroom units, two bedroom/two bathroom units, and three bedroom/two bathroom units. Some of the comparables do not offer the same number of bathrooms as the subject ... In order to estimate economic rent, we have compared each of the subject’s floorplans to the most similarly sized comparable floorplan at the rent comparables.” (pp. 40-41)

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>1-Bedroom (30%)</b>	\$194	\$195	-\$1	\$430	-\$236
<b>1-Bedroom (60%)</b>	\$430	\$438	-\$8	\$430	\$0
<b>2-Bedroom (30%)</b>	\$234	\$234	\$0	\$525	-\$291
<b>2-Bedroom (60%)</b>	\$525	\$525	\$0	\$525	\$0
<b>2-Bedroom (MR)</b>	\$525	N/A	N/A	\$525	\$0
<b>3-Bedroom (30%)</b>	\$271	\$271	\$0	\$635	-\$364
<b>3-Bedroom (60%)</b>	\$607	\$607	\$0	\$635	-\$28
<b>3-Bedroom (MR)</b>	\$625	N/A	N/A	\$635	-\$10

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



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

**Primary Market Occupancy Rates:** “The overall average occupancy within the PMA is 96%. The average occupancy for LIHTC properties is 93%.” (p. 31)

**Absorption Projections:** “A new project, the size of the subject as proposed with 72 units, is likely to be absorbed within 11 months of opening, equating to an absorption pace of approximately 6.5 units per month.” (p. 31)

**Unstabilized, Under Construction, and Planned Development:** “We found there to be no projects, other than the subject, forecast to come online within the PMA during the next 24 months.” (p. 31)

**Market Impact:** “The subject is located in an area with above average occupancy levels, below average rents, and no new projects, other than the subject, forecast to come online within the next 24 months ... we conclude there to be sufficient unmet demand to support the development of the subject.” (p. 37)

**Market Study Analysis/Conclusions:** The Analyst’s selection of Jasper County as the PMA is not an ideal choice. The towns of Evadale and Buna at the south end of the county are farther away from the subject than towns in the adjacent counties to the east and west. Nevertheless, it does meet the Department guidelines for a Primary Market Area. Overall, the Underwriter found the market study provided sufficient information on which to base a funding recommendation.

**OPERATING PROFORMA ANALYSIS**

**Income:** The market study determined a market rate of \$430 for the one-bedroom unit, slightly lower than the maximum program rent (net of utility allowances). For all other restricted units, the Applicant’s projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as of October 1, 2003, maintained by Jasper County, from the 2006 program gross rent limits. Tenants will be required to pay electricity costs only. The Analyst’s concluded rent for the two-bedroom market rate unit equals the maximum program net rent. The Applicant’s proposed rent for the three-bedroom market rate units is \$625, equivalent to the collected rent for the 60% three-bedroom unit. The Underwriter used the Analyst’s concluded market rent of \$635. The Applicant claimed \$5 per unit per month in secondary income, from laundry, vending, and application fees. This is within the Department’s guideline range of \$5 to \$15. The Applicant’s expected losses from vacancy and collections are consistent with the Department’s guideline of 7.5% of potential gross income. The Applicant’s estimated Effective Gross Income is within 5% of the Underwriter’s estimate.

**Expenses:** The Applicant’s total annual operating expense projection at \$4,034 per unit is not within 5% of the Underwriter’s estimate of \$3,966, derived from the TDHCA database and third-party data sources. Several individual line items differ significantly from the Underwriter’s estimates: the Applicant’s estimate for General and Administrative expense is \$6K lower than the Underwriter’s; Management fees are \$8K higher; Utilities (including Water, Sewer, and Trash) are a total of \$15K higher and property taxes are \$10K lower. The Applicant’s estimate of \$625 per unit, or \$0.61 per square foot, for property insurance is significantly higher than the Underwriter’s initial estimated range of \$0.24 to \$0.37 per square foot. The applicant subsequently provided a bid/quote for insurance to substantiate their higher cost and therefore the Underwriter used the Applicant’s estimate for the subject property.

**Conclusion:** The Applicant’s estimated income is within 5% of the Underwriter’s, and projected total annual operating expense and net operating income (NOI) are within 5% as well. When income, expenses, and NOI are each within 5% of underwriting estimates, TDHCA guidelines require that the Applicant’s figures be used to determine debt capacity.

The Applicant’s proforma and estimated debt service result in a debt coverage ratio (DCR) within the current underwriting guidelines of 1.10 to 1.30. This indicates the project has the capacity to support debt load and be feasible.

**Long-Term Feasibility:** The underwriting 30-year proforma applies a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant’s base year net operating income was utilized along with the recommended financing structure, resulting in continued positive cashflow and a debt coverage ratio above 1.10 for the entire proforma period. Therefore, the development can be characterized as feasible for the long-term.

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

ACQUISITION VALUATION INFORMATION			
ASSESSED VALUE			
Land: 14.1 acres	\$98,497	Assessment for the Year of:	2005
Site: 6.1 acres (prorated)	\$42,612	Valuation by:	Jasper County Appraisal District
Total Assessed Value:	\$42,612	Tax Rate:	3.5476
EVIDENCE of SITE or PROPERTY CONTROL			
Type of Site Control:	Unimproved commercial property contract (6 acres)		
Contract Expiration:	09/01/2006	Valid through Board Date?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Acquisition Cost:	\$90,000	Other:	_____
Seller:	Hall Family Limited Partnership	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

CONSTRUCTION COST ESTIMATE EVALUATION
<p><b><u>Acquisition Value:</u></b> The site cost of \$15,252 per acre is assumed to be reasonable since the acquisition is an arm's-length transaction. The Applicant reports they have executed the option to purchase and plan to close within 60 days.</p> <p>The contract refers to the site as "approx 6 acres" of the Robert J. Hall 84.914 acre tract; the legal description also refers to "6.101 acres out of ... that 84.914 acre tract conveyed by Robert J. Hall, et ux, to Robert J. Hall Family Limited Partnership ... and being also part of that 26.844 acre tract surveyed out of the said 84.491 acre tract." This information is inconsistent with the property tax records submitted by the Applicant. Two property tax statements were submitted from Jasper County Appraisal District, both indicating ownership by Hall Family Ltd Partnership. One statement indicates 39.68 acres with an agricultural/timber exemption, assessed at \$6,627. The second statement refers to 14.071 acres assessed at \$98,497. The Applicant was unable to provide documentation to relate the Appraisal District tracts to those referenced in the contract and legal description.</p> <p><b><u>Sitework Cost:</u></b></p> <p>The Applicant's claimed sitework costs of \$7,475 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.</p> <p><b><u>Direct Construction Cost:</u></b> The Applicant's direct construction cost estimate is \$79K (2%) higher than the Underwriter's estimate, derived from the Marshall &amp; Swift <i>Residential Cost Handbook</i>.</p> <p><b><u>Interim Financing Fees:</u></b> The Underwriter reduced the Applicant's eligible interim financing fees by \$15K to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.</p> <p><b><u>Fees:</u></b> The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines. Contingency estimates for development costs are limited to 5% of the total of sitework and direct construction costs. The Applicant's estimate for contingency is overstated by \$30K, so the Underwriter has reduced eligible basis by this amount. The Applicant's developer fee also exceeds 15% of the Applicant's adjusted eligible basis by \$12K and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.</p> <p><b><u>Conclusion:</u></b> The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. The calculated eligible basis is increased by 30% because the location has been designated a Qualified Census Tract. It is then reduced by the applicable fraction of 96% because only 69 of the 72 units are reserved for low income tenants. Using the higher applicable percentage rate approved by the TDHCA Board on July 28, 2006 provides annual tax credits of \$737,581. This figure will be compared to the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.</p>

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

**FINANCING STRUCTURE**

**INTERIM FINANCING**

**Source:** J P Morgan Chase **Contact:** David Saling  
**Principal:** \$4,057,843 **Interest Rate:** 8.5%, lender's estimate **Term:** 24 months  
**Documentation:**  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  Application  
**Comments:** Chase Prime plus 100bps

**INTERIM TO PERMANENT FINANCING**

**Source:** TDHCA HOME Loan **Contact:** \_\_\_\_\_  
**Principal:** \$255,000 **Interest Rate:** AFR **Amort:** 360 months  
**Documentation:**  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  Application  
**Comments:** No payments during construction term

**PERMANENT FINANCING**

**Source:** J P Morgan Chase / Community Development Trust **Contact:** David Saling  
**Principal:** \$875,000 **Interest Rate:** 8.25%, fixed, lender's estimate **Amort:** 360 months  
**Documentation:**  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  Application  
**Comments:** Fixed at a spread over the 10 year U.S. Treasury

**TAX CREDIT SYNDICATION**

**Source:** CharterMac **Contact:** Justin Ginsberg  
**Proceeds:** \$6,268,000 **Net Syndication Rate:** 88% **Anticipated HTC:** \$712,378/year  
**Documentation:**  Signed  Term Sheet  LOI  Firm Commitment  Conditional Commitment  Application  
**Comments:** \_\_\_\_\_

**OTHER**

**Amount:** \$92,067 **Source:** Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Interim Financing:** JP Morgan Chase will provide a construction loan in the amount of \$4,057,843 for 24 months, with interest only payments at a variable rate of Chase Prime plus 100 basis points.

**Interim to Permanent Financing:** The Applicant is applying to TDHCA for a HOME loan in the amount of \$255,000, at the Applicable Federal Rate, with no payments during the construction term (accrual of interest at AFR) but full amortization over 360 months thereafter.

**Permanent Financing:** : JP Morgan Chase will provide a permanent loan in the amount of \$875,000, with a term of up to 18 years and amortized over 30 years, with interest fixed at a spread over the ten-year U.S. Treasury. The spread was not specified but the stated underwriting rate of 8.25% is at the high end of current interest rates for multifamily developments.

**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 \$92,067 amount to 10% of the total fees.

**Financing Conclusions:** The Applicant's total development cost estimate less the permanent loan of \$875,000 and HOME funds of indicates the need for \$6,360,067 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$722,842 annually for 10 years would be required to fill this gap in financing. At the applicable percentage rate of 8.46% approved by the TDHCA Board on July 28, 2006, the two possible tax credit allocations are \$722,842 (the gap-driven amount), and \$737,581 (eligible basis-derived estimate). The gap-driven amount of \$722,842 is recommended, resulting in proceeds of \$6,360,067

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

based on a syndication rate of 88%. This rate is at the low end of current credit prices; any increase in the final syndication rate will create an excess of funds, all else held constant, and a reduction in recommended tax credits would be required based on the gap method of determining credits. Since the gap method is determination the credit amount there are no anticipated deferred developer fees in this analysis.

The Underwriter's recommended financing structure eliminates the need for deferred developer fees. The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the ratio of HOME units to total units. If the HOME award is not made the development is still financially feasible and the gap of funds method would increase the credit recommendation. The removal of HOME funds would increase the DCR on debt to above the TDHCA 1.30 structuring limit and the Underwriter has estimated that an additional \$160,000 in primary debt at the stated debt terms could be achieved. This would result in an increased gap of funds needed from syndication to \$6,455,067 and result in an increase in the gap credit amount to \$733,639.

**Return on Equity:** The return on equity for a development can be calculated based on the minimal ownership interest of the General Partner, or on the entire amount of syndication equity contributed by the Partnership. The General Partner's interest is negligible (in this case 0.01%), and thus a calculation of return on it would be quite high. The return based on the total syndication equity results in a typical return of less than 1% before accounting for any value from the tax credits.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

- The Applicant, Developer, General Contractor, property manager, and supportive services provider are 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.
- BETCO Affordable Housing, LLC, the 75% Manager of the General Partner, submitted an unaudited financial statement as of February 1, 2006 reporting zero assets and zero liabilities.
- DMA Community Ventures, LLC, the 25% Manager of the General Partner, submitted an unaudited financial statement as of December 31, 2005 reporting zero assets and zero liabilities.
- BETCO Development, Inc., the Co-Developer, submitted an unaudited financial statement as of February 1, 2006 reporting zero assets and zero liabilities.
- DMA Development Company, LLC, the Co-Developer, submitted an unaudited financial statement as of December 31, 2005, reporting total assets of \$2.7M, consisting of \$163K in cash, \$1.3M in current receivables, \$1.0 M in long-term notes receivable, and \$126K in real property. Total liabilities were \$325K, resulting in net assets of \$2.4M.
- Bruce Spitzengel is the 60% Managing Member of BETCO Affordable Housing, LLC and BETCO Development, Inc. Mr. Spitzengel submitted a personal financial statement as of January 31, 2006.
- Eric Hartzell is a 20% Managing Member of BETCO Affordable Housing, LLC and BETCO Development, Inc. Mr. Hartzell submitted a personal financial statement as of February 22, 2006.
- Clair Morris Davis III is a 20% Managing Member of BETCO Affordable Housing, LLC and BETCO Development, Inc. Ms. Davis submitted a personal financial statement as of February 10, 2006.
- Diana McIver is 100% Managing Member of DMA Community Ventures, LLC and DMA Development Company, LLC. Ms. McIver submitted a personal financial statement as of December 31, 2005.

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

**SUMMARY OF SALIENT RISKS AND ISSUES**

- Environmental/location risks exist regarding the potential for noise that may need to be mitigated.
- The significant financing structure changes being proposed have not been reviewed by the Applicant,

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

lenders, and syndicators, and acceptable alternative structures may exist.

<b>Underwriter:</b>	_____	<b>Date:</b>	November 17, 2006
	<i>Thomas Cavanagh</i>		
<b>Director of Real Estate Analysis:</b>	_____	<b>Date:</b>	November 17, 2006
	<i>Tom Gouris</i>		

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Prospect Point, Jasper, HTC 9% and 060102**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
TC 30 LH	2	1	1	745	\$242	\$195	\$389	\$0.26	\$47.40	\$19.59
TC 60	6	1	1	745	485	\$430	2,580	0.58	47.40	19.59
TC 30 LH	1	2	2	934	291	\$234	234	0.25	56.61	19.59
TC 30	3	2	2	934	291	234	703	0.25	56.61	19.59
TC 60	35	2	2	934	582	525	18,389	0.56	56.61	19.59
MR	1	2	2	934	525	525	525	0.56	56.61	19.59
TC 30	2	3	2	1,255	336	271	542	0.22	65.03	19.59
TC 60	20	3	2	1,255	672	607	12,139	0.48	65.03	19.59
MR	2	3	2	1,255	625	635	1,270	0.51	65.03	19.59
<b>TOTAL:</b>	<b>72</b>		<b>AVERAGE:</b>	<b>1,020</b>	<b>\$284</b>	<b>\$511</b>	<b>\$36,772</b>	<b>\$0.50</b>	<b>\$58.39</b>	<b>\$19.59</b>

<b>INCOME</b>				<b>Total Net Rentable Sq Ft: 73,440</b>		<b>TDHCA</b>		<b>APPLICANT</b>		<b>Comptroller's Region 5</b>	
<b>POTENTIAL GROSS RENT</b>						\$441,261	\$440,832	IREM Region			
Secondary Income		Per Unit Per Month:	\$5.00	4,320	4,320	\$5.00	Per Unit Per Month				
Other Support Income: (describe)				0		\$0.00	Per Unit Per Month				
<b>POTENTIAL GROSS INCOME</b>						\$445,581	\$445,152				
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(33,419)	(33,384)	-7.50%	of Potential Gross Income				
Employee or Other Non-Rental Units or Concessions				0							
<b>EFFECTIVE GROSS INCOME</b>						\$412,162	\$411,768				
<b>EXPENSES</b>				<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>		
General & Administrative		5.38%	\$308	0.30	\$22,185	\$15,700	\$0.21	\$218	3.81%		
Management		5.00%	286	0.28	20,608	29,000	0.39	403	7.04%		
Payroll & Payroll Tax		15.15%	867	0.85	62,430	63,782	0.87	886	15.49%		
Repairs & Maintenance		7.47%	428	0.42	30,782	26,800	0.36	372	6.51%		
Utilities		3.06%	175	0.17	12,613	21,800	0.30	303	5.29%		
Water, Sewer, & Trash		4.11%	235	0.23	16,926	23,200	0.32	322	5.63%		
Property Insurance		10.92%	625	0.61	45,000	45,000	0.61	625	10.93%		
Property Tax	3.5476	10.85%	621	0.61	44,700	35,000	0.48	486	8.50%		
Reserve for Replacements		4.37%	250	0.25	18,000	18,000	0.25	250	4.37%		
Other: compl fees		2.98%	171	0.17	12,300	12,180	0.17	169	2.96%		
<b>TOTAL EXPENSES</b>		<b>69.28%</b>	<b>\$3,966</b>	<b>\$3.89</b>	<b>\$285,543</b>	<b>\$290,462</b>	<b>\$3.96</b>	<b>\$4,034</b>	<b>70.54%</b>		
<b>NET OPERATING INC</b>		<b>30.72%</b>	<b>\$1,759</b>	<b>\$1.72</b>	<b>\$126,620</b>	<b>\$121,306</b>	<b>\$1.65</b>	<b>\$1,685</b>	<b>29.46%</b>		
<b>DEBT SERVICE</b>											
JP Morgan Chase		19.14%	\$1,096	\$1.07	\$78,883	\$78,345	\$1.07	\$1,088	19.03%		
TDHCA HOME		4.09%	\$234	\$0.23	16,860	15,610	\$0.21	\$217	3.79%		
Additional Financing		0.00%	\$0	\$0.00	0		\$0.00	\$0	0.00%		
<b>NET CASH FLOW</b>		<b>7.49%</b>	<b>\$429</b>	<b>\$0.42</b>	<b>\$30,877</b>	<b>\$27,351</b>	<b>\$0.37</b>	<b>\$380</b>	<b>6.64%</b>		
<b>AGGREGATE DEBT COVERAGE RATIO</b>					1.32	1.29					
<b>RECOMMENDED DEBT COVERAGE RATIO</b>						1.19					

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>		<b>APPLICANT</b>		<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Acquisition Cost (site or bldg)	Factor	% of TOTAL	PER UNIT	PER SQ FT	\$93,050	\$93,050	\$1.27	\$1,292	1.24%			
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%			
Sitework		7.35%	7,475	7.33	538,168	538,168	7.33	7,475	7.19%			
Direct Construction		50.16%	51,005	50.00	3,672,327	3,751,725	51.09	52,107	50.09%			
Contingency	5.00%	2.88%	2,924	2.87	210,525	244,000	3.32	3,389	3.26%			
General Req'ts	6.00%	3.45%	3,509	3.44	252,630	256,794	3.50	3,567	3.43%			
Contractor's G & A	2.00%	1.15%	1,170	1.15	84,210	85,598	1.17	1,189	1.14%			
Contractor's Profit	6.00%	3.45%	3,509	3.44	252,630	256,794	3.50	3,567	3.43%			
Indirect Construction		6.25%	6,354	6.23	457,500	457,500	6.23	6,354	6.11%			
Ineligible Costs		2.35%	2,392	2.35	172,221	172,221	2.35	2,392	2.30%			
Developer's G & A	2.00%	1.64%	1,665	1.63	119,844	0	0.00	0	0.00%			
Developer's Profit	13.00%	10.64%	10,819	10.61	778,987	925,000	12.60	12,847	12.35%			
Interim Financing		7.16%	7,281	7.14	524,217	524,217	7.14	7,281	7.00%			
Reserves		2.26%	2,294	2.25	165,189	185,000	2.52	2,569	2.47%			
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$101,687</b>	<b>\$99.69</b>	<b>\$7,321,497</b>	<b>\$7,490,067</b>	<b>\$101.99</b>	<b>\$104,029</b>	<b>100.00%</b>			
<b>Construction Cost Recap</b>		<b>68.44%</b>	<b>\$69,590</b>	<b>\$68.23</b>	<b>\$5,010,489</b>	<b>\$5,133,079</b>	<b>\$69.89</b>	<b>\$71,293</b>	<b>68.53%</b>			
<b>2006 QAP \$50.9(i)(8) points awarded for costs less than \$70.00 per square foot</b>												

<b>SOURCES OF FUNDS</b>				<b>RECOMMENDED</b>			
JP Morgan Chase	11.95%	\$12,153	\$11.91	\$875,000	\$875,000	\$875,000	Developer Fee Available
TDHCA HOME	3.48%	\$3,542	\$3.47	255,000	255,000	255,000	\$912,794
HTC Proceeds: CharterMac	85.61%	\$87,056	\$85.35	6,268,000	6,268,000	6,360,067	% of Dev. Fee Deferred
Deferred Developer Fees	1.26%	\$1,279	\$1.25	92,067	92,067	0	0%
Additional (Excess) Funds Req'd	-2.30%	(\$2,341)	(\$2.30)	(168,570)	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$7,321,497</b>	<b>\$7,490,067</b>	<b>\$7,490,067</b>	<b>\$352,153</b>

**MULTIFAMILY COMPARATIVE ANALYSIS(continued)**

**Prospect Point, Jasper, HTC 9% and 060102**

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$49.76	\$3,654,247
<b>Adjustments: Weighted Averages for Garden &amp; Townhome units</b>				
Exterior Wall Finish			\$2.87	\$210,984
9-Ft. Ceilings			\$1.49	\$109,627
Roofing			\$0.00	\$0
Subfloor			(\$1.59)	(\$117,036)
Floor Cover			\$2.22	\$163,037
Porches/Balconies			\$2.94	\$215,808
Plumbing			\$2.11	\$154,800
Built-In Appliances	\$1,675	72	\$1.64	\$120,600
Stairs/Fireplaces			\$0.31	\$22,800
Enclosed Corridors	\$39.84		\$0.00	\$0
Heating/Cooling			\$1.86	\$136,489
Garages/Carports		0	\$0.00	\$0
Comm &/or Aux Bldgs			\$2.59	\$190,126
Other:			\$0.00	\$0
<b>SUBTOTAL</b>			<b>66.20</b>	<b>4,861,482</b>
Current Cost Multiplier	1.04		2.65	194,459
Local Multiplier	0.89		(7.28)	(534,763)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$61.56</b>	<b>\$4,521,178</b>
Plans, specs, survy, bld prm	3.90%		(\$2.40)	(\$176,326)
Interim Construction Interest	3.38%		(2.08)	(152,590)
Contractor's OH & Profit	11.50%		(7.08)	(519,936)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$50.00</b>	<b>\$3,672,327</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$875,000	Amort	360
Int Rate	8.25%	DCR	1.61

<b>Secondary</b>	\$255,000	Amort	360
Int Rate	5.23%	Subtotal DCR	1.32

<b>Additional</b>		Amort	
Int Rate		Aggregate DCR	1.32

**RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI**

Primary Debt Service	\$78,883
Secondary Debt Service	22,989
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$19,434</b>

<b>Primary</b>	\$875,000	Amort	360
Int Rate	8.25%	DCR	1.54

<b>Secondary</b>	\$255,000	Amort	360
Int Rate	8.25%	Subtotal DCR	1.19

<b>Additional</b>	\$0	Amort	
Int Rate		Aggregate DCR	1.19

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$440,832	\$454,057	\$467,679	\$481,709	\$496,160	\$575,186	\$666,798	\$773,002	\$1,038,849
Secondary Income	4,320	4,450	4,583	4,721	4,862	5,637	6,534	7,575	10,180
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	445,152	458,507	472,262	486,430	501,022	580,822	673,332	780,577	1,049,030
Vacancy & Collection Loss	(33,384)	(34,388)	(35,420)	(36,482)	(37,577)	(43,562)	(50,500)	(58,543)	(78,677)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$411,768</b>	<b>\$424,119</b>	<b>\$436,842</b>	<b>\$449,947</b>	<b>\$463,446</b>	<b>\$537,261</b>	<b>\$622,832</b>	<b>\$722,033</b>	<b>\$970,353</b>
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$15,700	\$16,328	\$16,981	\$17,660	\$18,367	\$22,346	\$27,187	\$33,078	\$48,963
Management	29,000	29,870	30,766	31,689	32,640	37,838	43,865	50,851	68,340
Payroll & Payroll Tax	63,782	66,333	68,987	71,746	74,616	90,782	110,450	134,379	198,914
Repairs & Maintenance	26,800	27,872	28,987	30,146	31,352	38,145	46,409	56,464	83,580
Utilities	21,800	22,672	23,579	24,522	25,503	31,028	37,751	45,929	67,987
Water, Sewer & Trash	23,200	24,128	25,093	26,097	27,141	33,021	40,175	48,879	72,353
Insurance	45,000	46,800	48,672	50,619	52,644	64,049	77,925	94,808	140,339
Property Tax	35,000	36,400	37,856	39,370	40,945	49,816	60,609	73,740	109,153
Reserve for Replacements	18,000	18,720	19,469	20,248	21,057	25,620	31,170	37,923	56,136
Other	12,180	12,667	13,174	13,701	14,249	17,336	21,092	25,661	37,985
<b>TOTAL EXPENSES</b>	<b>\$290,462</b>	<b>\$301,790</b>	<b>\$313,563</b>	<b>\$325,798</b>	<b>\$338,513</b>	<b>\$409,980</b>	<b>\$496,632</b>	<b>\$601,712</b>	<b>\$883,749</b>
<b>NET OPERATING INCOME</b>	<b>\$121,306</b>	<b>\$122,328</b>	<b>\$123,279</b>	<b>\$124,149</b>	<b>\$124,933</b>	<b>\$127,281</b>	<b>\$126,200</b>	<b>\$120,321</b>	<b>\$86,604</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$78,883	\$78,883	\$78,883	\$78,883	\$78,883	\$78,883	\$78,883	\$78,883	\$78,883
Second Lien	22,989	22,989	22,989	22,989	22,989	22,989	22,989	22,989	22,989
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$19,434</b>	<b>\$20,457</b>	<b>\$21,407</b>	<b>\$22,278</b>	<b>\$23,061</b>	<b>\$25,409</b>	<b>\$24,328</b>	<b>\$18,449</b>	<b>(\$15,268)</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.19</b>	<b>1.20</b>	<b>1.21</b>	<b>1.22</b>	<b>1.23</b>	<b>1.25</b>	<b>1.24</b>	<b>1.18</b>	<b>0.85</b>

## HTC ALLOCATION ANALYSIS -Prospect Point, Jasper, HTC 9% and 060102

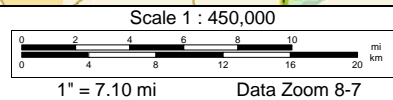
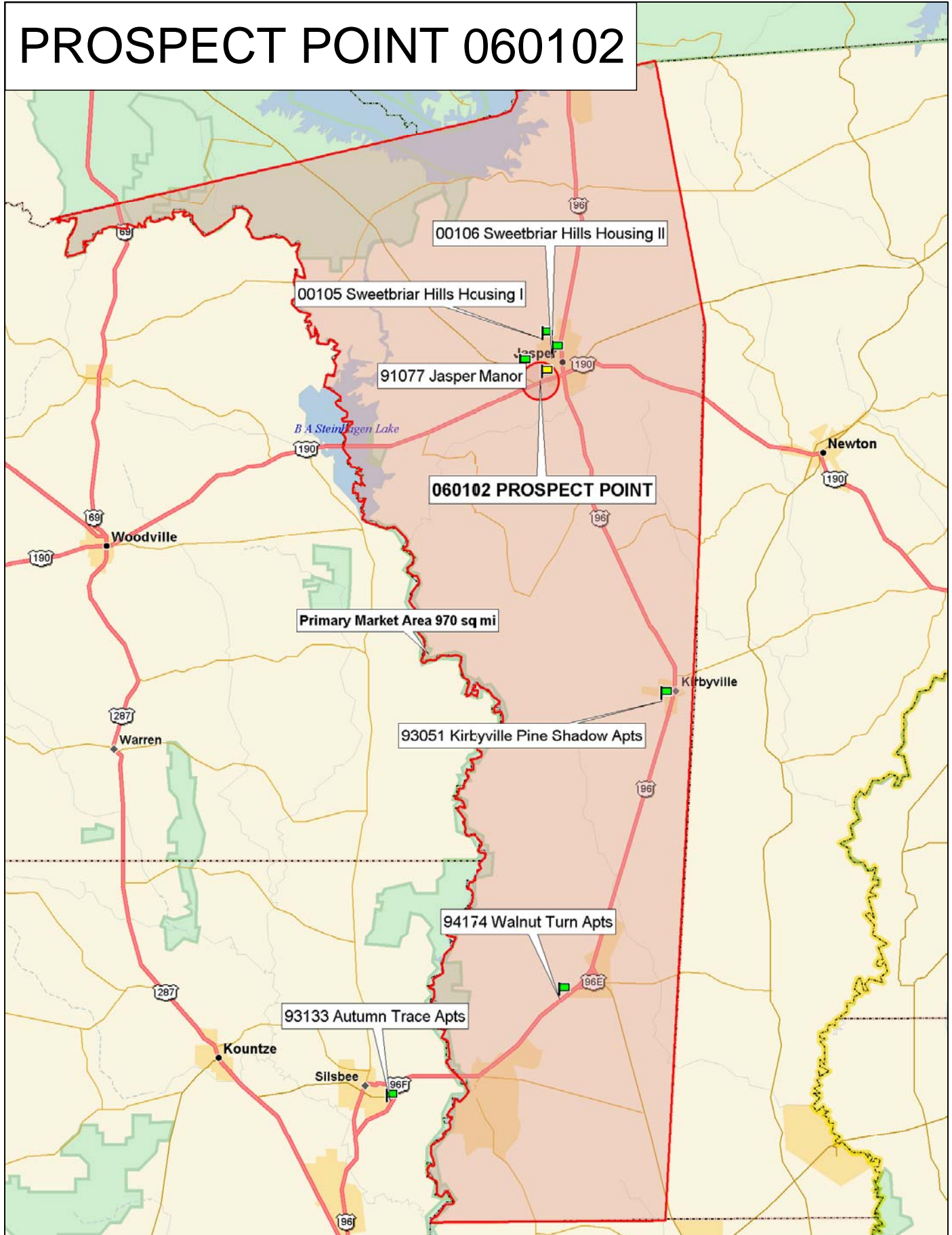
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$93,050	\$93,050		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$538,168	\$538,168	\$538,168	\$538,168
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$3,751,725	\$3,672,327	\$3,751,725	\$3,672,327
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$85,598	\$84,210	\$85,598	\$84,210
Contractor profit	\$256,794	\$252,630	\$256,794	\$252,630
General requirements	\$256,794	\$252,630	\$256,794	\$252,630
<b>(5) Contingencies</b>				
	\$244,000	\$210,525	\$214,495	\$210,525
<b>(6) Eligible Indirect Fees</b>				
	\$457,500	\$457,500	\$457,500	\$457,500
<b>(7) Eligible Financing Fees</b>				
	\$524,217	\$524,217	\$524,217	\$524,217
<b>(8) All Ineligible Costs</b>				
	\$172,221	\$172,221		
<b>(9) Developer Fees</b>				
			\$912,794	
Developer overhead		\$119,844		\$119,844
Developer fee	\$925,000	\$778,987		\$778,987
<b>(10) Development Reserves</b>				
	\$185,000	\$165,189		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$7,490,067</b>	<b>\$7,321,497</b>	<b>\$6,998,084</b>	<b>\$6,891,037</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		<b>\$6,998,084</b>	<b>\$6,891,037</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$9,097,509</b>	<b>\$8,958,348</b>
Applicable Fraction		96%	96%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$8,718,446</b>	<b>\$8,585,083</b>
Applicable Percentage		8.46%	8.46%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$737,581</b>	<b>\$726,298</b>

Syndication Proceeds	0.8799	\$6,489,750	\$6,390,478
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$737,581</b>	<b>\$726,298</b>
Syndication Proceeds		\$6,489,750	\$6,390,478
Requested Tax Credits		\$712,378	
Syndication Proceeds		\$6,268,000	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$6,360,067</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$722,842</b>	



# PROSPECT POINT 060102





April 18, 2008

Ms. Jeannie Arrellano  
Director of the HOME Division  
Texas Department of Housing and Community Development  
221 East 11<sup>th</sup> Street  
Austin, Texas 78711-3941

**Re: HOME Colonia Model Subdivision Program Application #0200-6215  
and HOME Contract #1000786**

Ms. Arellano:

As per your request this letter is to summarize the request of the Community Development Corporation of Brownsville (CDCB) as regards to \$1.5 Million per Acquisition and Construction of single family homes for the Colonia Model Home Subdivision Program to amend the program design.

As you are aware CDCB's proposal was delivered to the Department on August 30, 2006, with the TDHCA Governing Board approving the project on February 1, 2007. Unfortunately CDCB did not receive a contract for the above referenced project until almost year later on February 4, 2008. The contract was then executed by the Community Development Corporation of Brownsville on February 4, 2008, and finally executed by the Department on March 18, 2008.

Due to the length of time from the initial proposal submission on August 30, 2006, and the contract execution by the Department on March 18, 2008, over eighteen (18) months have past. During this period of time, the Community Development Corporation of Brownsville has been working with the Department in discussing various options for the successful implementation of the Colonia Model Subdivision Program and other issues regarding the program design. I am enclosing for your review, a copy of the correspondence provided to the Department over the last (18) eighteen months as regards this project.

We very much appreciate the Department taking the time to discuss with us the options we presented and your further analysis of the above referenced project.

The following is a recap of the items we have requested in our conversations and in our earlier correspondence submitted to the Department in reference to the program design.

- **The Contract language defining the area to be served is different from that contained in the Application NOFA.**

We are requesting that the Contract language in the NOFA be used to define the area to be served located "as defined by Section 2306.581 of the Texas Government Code defined as a geographic area located in a county some part of which is within 150 miles of the Texas Mexico border.

- **The Contract calls for the purchase of 17 unidentified lots at an average lot price of \$11,250.00. The contract details the purchase of 17 lots (this would assume that 3 are already in our hands) and assisting 20 homebuyers.**

CDCB has requested to purchase between 17 lots should the award size remain the same, 20 lots should the award size be increased by \$277,500, as we indicated in our earlier correspondence. The three (3) lots previously set aside for this project at time of application have long since been utilized for other programs. The lots we are proposing for purchase are immediately adjacent to the Villa Cavazos Colonia, in rural area of Cameron County and meet all of the conditions of the Application NOFA. The lots proposed for purchase will be significantly larger (6,500 to 7,200 sq. ft) than those proposed in the initial application (5,000 sq feet). Houses being proposed, as we have submitted in our revised Performa, are also larger than those originally proposed, ranging from 1,162-1,320 sq. feet of living area vs. the 864-1,231 sq. feet originally proposed. The lots being purchased are contiguous on the western boundary to the Villa Cavazos Colonia, with the newly developed lots providing for improved housing, better streets and drainage, larger lot square footage, as well as a new neighborhood area being created under the Colonia Model Subdivision Program.

Since the lots to be purchased are a higher price based on location, new development, and larger square footage, should the award amount remain static we are requesting that the number of homebuyers assisted be reduced to seventeen (17) to accommodate the increase in the combined lot and construction prices, and that the lot price not exceed \$16,500.00

- **The Contract calls for the acquisition of no more than five (5) lots and three (3) homes in development at one time. The contract states that each interim construction loan with lot acquisition will be made available for the acquisition and development of three (3) units per loan, and that no more than \$225,000 can be committed at any one time.**

CDCB has proposed the Acquisition of all seventeen lots utilizing the Corporation's own funds, which will allow us to close on all properties at a fixed price, reduce the increased cost and time performing multiple lot closings, eliminate potential charges by the seller for carrying costs, and allow all such

savings to be passed on to the potential homebuyer. All environmental clearances will be in hand from the Department prior to any lot acquisition.

CDCB has proposed to begin the construction of each house immediately after the Department has approved the individual homebuyer as being qualified for the program. CDCB would begin to build affordable housing only after the client has been approved by the Department, but not be restricted to only three (3) units at a time. We are requesting that the five lots and three homes in development limitation be eliminated. Using the five lots and three (3) units at a time at a time methodology, would require a long build out process. As we discussed, starting three units and completing such units typically would take a six (6) month period of time, from the time of initial application for loan approval by the Department, through the building process, to the house closing. Using this scenario throughout the project, for the 17 homes to be completed would take a minimum of forty-two (42) months.

Acquisition and Interim construction draws could be funded by the Department on a house by house basis, using the required unit budget at buyer approval for acquisition, and based on a progress inspection for interim construction. This would assure the Department control in that the borrower/homebuyer was already approved by the Department, and interim construction draws would not be released by the Department without an approved onsite inspection.

At your request, CDCB has provided your Underwriting Department; our annual level of single family production. Last year, CDCB produced and closed 103 homes in a timely manner.

It would be unrealistic to expect that construction material prices three years out would be equal or lower than they are today. The longer the building process is strung out, CDCB is at risk of increased construction cost increases which are not included in our proforma.

Based on our build out and loan origination capacity based on eleven (11) subdivisions developed, comprising over 1, 200 affordable homes that have been built and sold, we feel that, upon qualification of a potential homebuyer, construction could begin, and the project closed out much more rapidly and cost effectively.

- **The Contract references services to be performed in Hidalgo County.**

Our project is located in Cameron County.

- **The contract stipulates that no CHDO proceeds will be allowed to be retained.**

As you are aware, CDCB did not request any CHDO Operating Funds in association with this project. It was our intent, as indicated in our initial proforma and the subsequent proforma using our new lot prices, to use a spread between

the lot purchase price to CDCB, and the ultimate lot sales prices included in the homebuyer purchase to generate the funds necessary to operate the program. This would have been an eligible use of CHDO proceeds.

Since the Contract states that such proceeds cannot be retained, CDCB has included in its revised proforma a developer fee of \$8,000 per unit to be paid to CDCB upon closing of each individual home. This fee could be paid out from the unit sales proceeds to CDCB at closing, or could be paid separately by the Department within 30 days of closing.

- **The contract calls for a total first and second combined lien amount of \$91,819.00. We are unsure what this figure represents, as the single unit HOME investment is capped at \$79,055. in the contract.**

We are requesting a total combined first and second lien amount provided by the Department, based on our revised proforma, of no more than \$95,000, and that the single unit cap for HOME funds invested be the same. This would insure coverage of all land and development costs, developer fee, and closing costs. This would allow us to manage any construction materials increase over the life of the contract without seeking an amendment should permission to do a more rapid build out be approved.

Once again, I appreciate the time and effort and the Department's assistance for allowing our project to be revised to reflect market dynamics to allow for the faster completion and provision of affordable housing to our area residents.

I look forward to seeing you at the Board Meeting on May 8, 2008 and would be happy to answer any questions you or the Board might have. We look forward to working with you in this endeavor.

Sincerely yours,

Don Currie  
Executive Director

Enclosures

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

**HOME CONTRACT #1000786  
EXHIBIT A**

**PERFORMANCE STATEMENT AND BUDGET  
COMMUNITY DEVELOPMENT CORPORATION OF BROWNSVILLE  
A TEXAS NONPROFIT CORPORATION (CHDO)**

Administrator shall carry out the following activities identified by this Exhibit A to HOME Contract Number: 1000786, in its 2006 HOME Program Colonia Model Subdivision Program Application Number: 2006-0215

Administrator shall implement a Colonia Model Subdivision loan Program utilizing **ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,500,000.00)** of HOME funds for the acquisition and development of lots and to construct ~~twenty (20)~~ **seventeen (17)** single family residential units. This acquisition and interim construction loan will convert into permanent acquisition and homebuyer assistance loans upon the sale of each single family residential unit.

**LOT ACQUISITION AND INTERIM CONSTRUCTION LOANS:**

An ~~Each~~ interim construction loan with lot acquisition will be made available for the acquisition and development of ~~Seventeen (17) units totaling 3 (three) units per loan~~ **ONE MILLION, FIVE HUNDRED THOUSAND AND NO/100 DOLLARS**. ~~No more than 15% of the total award equaling TWO HUNDRED TWENTYFIVE THOUSAND AND NO/100 DOLLARS (\$225,000.00) can be committed at any one time.~~ Acquisition and Interim Construction Draws per unit will be limited to no more than the sum of all acquisition and construction costs budgeted as approved by the Department. Department will allow adjustments only based on evidence of prior cost savings and unspent balances or future cost savings. In no event can CHDO Operating Expenses be used as a source of savings or as a source of funds for project development. Prior to the issuance of a loan commitment for funds, Administrator must submit for approval to Department the following:

1. Complete legal description and property address for each lot to be acquired. The lots must be located in a Colonia as defined by Section 2306.581 of the Texas Government Code ~~that has been~~ ~~served by the Texas Community Development Program (Colonia~~ ~~set aside) or an equivalent program that has been utilized to bring~~ ~~water service, sewer or septic, paved streets, storm drainage and~~ ~~other improvements necessary and suitable for the development of~~ ~~quality single family residential housing defined as a geographic area located~~ ~~in a county some part of which is within 150 mile of the Texas Mexico border.~~ ~~The lot purchase price cannot exceed Sixteen Thousand Five Hundred dollars~~ ~~Eleven Thousand Two Hundred and Fifty dollars; (\$16,500.00-11,250.00) on~~ ~~average;~~
2. An executed sales contract for each lot.
3. A budget for unit to be constructed specifying the lot acquisition and development and construction costs. The average total development cost of each unit cannot exceed **NINETY TWO THOUSAND**

FIVE HUNDRED DOLLARS SEVENTY FIVE THOUSAND AND NO/100  
DOLLARS (\$75,000.00)(\$92,500.00); and

Prior to the loan closing and initial funding, Administrator must submit to the Department the following underwriting conditions:

1. Partition of the permanent loans to include a permanent repayable first lien and deferred forgivable second lien, per program guidelines, if the households earn less than 50% of the AMFI or based on the Department's determination that a deferred forgivable second lien loan is necessary to achieve affordability.
2. Release of interim funds for ~~not more than five lots and three~~ homes in development at any one time based on the approved unit budget and draw schedule approved by the Department.
3. Receipt, review and acceptance of a settlement statement for inclusive of the each of the unidentified 17 lots and documentation that the sales price ~~attributed to each lot less than~~ the purchase price listed on the settlement statement is not greater than ~~\$41,250.00~~ \$16,500.00 per lot on average.
4. Receipt review and acceptance of documentation, should the development of any home exceed the average development cost per unit of ~~\$75,000~~, of additional financing or identified budget savings.
5. Receipt, review and acceptance of confirmation that each of the lots is zoned appropriately for the proposed homes.
6. Receipt, review and acceptance of evidence that each site is located outside the 100-year floodplain before release of any funds.
7. Receipt, review and acceptance before commencement of construction on any lot of environmental clearance meeting the HOME rules in title 24 of the Code of Federal Regulations (CFR) Part 58.

Each loan will have a loan term of 6 (six) months beginning on the actual closing date of the lot acquisition and interim construction loan. The interest rate will be a fixed interest rate equal to 0% (zero percent) per annum. The payment terms of the of this loan will include installments of principal and interest, if applicable, beginning upon the first sale of a single family residential unit, and continuing upon the sale of each single family residential unit until maturity, at which time the remaining unpaid and unconverted balance and any accrued and unpaid interest will be due in full.

Each unit must, at a minimum, meet the Texas Minimum Construction Standards (TMCS) and the International Residential Code (IRC).

Administrator is limited to serving homebuyers whose primary residence will be located in Hidalgo Cameron County, Texas, in a jurisdiction that is not a participating jurisdiction as defined in 24 C.F. R. Sec. 92.105, in a Colonia as defined in Section 2306.581, Texas Government Code, and in Uniform State Service Region Number (11), unless otherwise approved by the Department.

Upon completion of construction and upon the sale of each newly constructed home to an assisted homebuyer, a portion of this loan amount will convert to permanent mortgage loans, including closing costs and down payment assistance.

### HOMEBUYER ASSISTANCE LOANS:

The loans for acquisition and homebuyer assistance will be made in the form of both a first and second lien loan repayable to the Department. The proceeds from the Homebuyer Assistance loans will be use for repayment of the unpaid balance of the prior acquisition and interim construction loans described above. The first and second lien loan amounts will be determined in accordance with the HOME Manual and this contract.

~~Seventeen (17)~~ ~~Twenty (20)~~ homebuyers assisted shall have incomes that are sixty percent (60%) or less of the Area Median Family Income, as defined by HUD.

Prior to the issuance of loan documents, the Administrator must submit for approval to Department a copy of an executed sales contract for each unit. The sales price for each unit cannot exceed the total of the Department's first and second liens (described below), closing costs, other downpayment and/or closing costs assistance funds, and ~~any other~~ any other third-party financing, approved by the Department.

Each first lien acquisition loan will be amortizing at zero percent (0%) interest per annum and repayable over 30 years and shall be evidenced by a purchase money note and deed of trust. Each second lien loan for homebuyer assistance will be at zero percent (0%) interest per annum with a loan term of fifteen (15) years forgivable at a rate of 1/15<sup>th</sup> percent (6.6%) per year of assisted homebuyer occupancy. Each loan shall be evidenced by note and deed of trust against the property and any unpaid or unforgiven loan balance shall be repayable upon sale of the home, whether voluntary or involuntary; refinance of the first lien purchase money lien note; payoff of the first lien purchase money lien note or any superior lien note; if the homebuyer ceases to occupy the house as his or her principal residence; or maturity, whichever is first to occur.

The affordability period is based upon the total amount of HOME funds invested in a single project pursuant to 24 C. F.R. 92.254. The total amount of funds invested in each unit cannot exceed ~~SEVENTY FIVE THOUSAND AND NO/100~~ NINETY TWO THOUSAND FIVE HUNDRED DOLLARS (\$92,500.00) on average and no single unit can exceed ~~NINETY FIVE THOUSAND AND NO/100 DOLLARS (\$95,000.00)~~ SEVENTY NINE THOUSAND AND FIFTY FIVE DOLLARS (\$79,055.00).

In the event of sale of the home, the assisted homebuyer will repay the unpaid and unforgiven loan balance from the available net proceeds of the sale. Net proceeds means the sale price for the property minus first and second lien loan and any other superior loan payoff and customary closing costs actually paid. A copy of the HUD closing statement must be provided.

In the event of refinance of a superior lien, at the Department's discretion one of the following options will apply:

- (1) re-subordination of the second (2<sup>nd</sup>) lien or subordinate note, if the assisted homebuyer can provide documentation, acceptable to the Department, showing that no funds are due the assisted homebuyer as a result of the refinance; or
- (2) the assisted homebuyer will pay off the second (2<sup>nd</sup>) lien note from loan proceeds of the refinanced first (1<sup>st</sup>) lien loan.



In the event of payoff of the first (1<sup>st</sup>) lien note, the assisted homebuyer will have the option of:

- (1) repaying the balance of the second (2<sup>nd</sup>) line note in full; or
- (2) repaying the balance of the second (2<sup>nd</sup>) lien note in equal monthly installments over a five (5) year period as evidenced by an unsecured note or modification and extension of the second (2<sup>nd</sup>) lien. (which will become a first (1<sup>st</sup>) lien).

All loans to assisted homebuyers must be evidenced by loan documents provided by the Department and must be made payable to the Department. The total of the first and second lien loans shall not exceed **NINETY FIVE THOUSAND AND NO/100 DOLLARS (\$95,000.00)**. ~~**NINETY ONE THOUSAND, EIGHT HUNDRED AND NINETEEN DOLLARS (\$91,819.00)**~~.

Administrator must provide a Homebuyer Training Program to all homebuyers assisted under this contract. The local Homebuyer Training program may include, but is not limited to, Financial Management, Homebuyer Training, Education, Job Training (Placement), Health Care, and Counseling Services. Administrator shall maintain a file containing all activity relating to efforts made to guide recipients toward home ownership.

#### **BUDGET:**

Administrator shall be allowed to request disbursement of funds in accordance with 24 C.F.R. Part 92. Administrator may not request more than **ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,500,000.00)** in eligible costs incurred for the lot acquisition and interim construction of the proposed housing under the CHDO HOME Colonia Model Subdivision Contract # 1000786.

#### **MATCH**

Administrator will provide match funds in the total amount of **Zero Dollars AND NO/100 Dollars (\$0.00)**, as specified in its HOME Application, or other eligible match as approved by the Department, as follows: **N/A**

Support documentation evidencing the match contribution must be submitted by the Administrator upon request for disbursement of funds for each project assisted, in accordance with 24 C. F.R. 92, the HOME Manual and the HOME Match Guide.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS ADDENDUM**

**DATE:** April 30, 2008      **PROGRAM:** Colonia Model Subdivision      **FILE NUMBER:** 2006-0215

**DEVELOPMENT NAME**

CDC Brownsville

**APPLICANT**

**Name:** Community Development Corporation of Brownsville      **Contact:** Nick Mitchell-Bennett  
**Address:** 901 East Levee  
**City:** Brownsville      **State:** TX      **Zip:** 78520  
**Phone:** (956) 541-4955      **Fax:** (956) 541-4990      **Email:** nmitchell@cdeb.org

**PROPERTY LOCATION**

**Location:** Scattered sites in Cameron County  
**City:** San Benito      **Zip:** 78586  
**County:** Cameron      **Region:** 11       **QCT**       **DDA**

**ORIGINAL REQUEST**

<u>Program</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
HOME (CHDO)	\$1,500,000	0%	30 yrs	30 yrs

**ORIGINAL AWARD RECOMMENDATION**

RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED \$1,500,000, STRUCTURED AS AN INTERIM LOAN TO BE CONVERTED TO UP TO 20 INDIVIDUAL PERMANENT LOANS OF UP TO \$81,500 EACH AND EACH STRUCTURED WITH A 30-YEAR TERM AT 0% INTEREST, SUBJECT TO CONDITIONS.

**REVISED REQUEST**

<u>Program</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
HOME (CHDO)	\$1,835,000	0%	30 yrs	30 yrs
<b>Proposed Use of Funds:</b>	<u>New construction</u>	<b>Type:</b>	<u>Single-Family Purchase</u>	
<b>Target Population:</b>	<u>Family</u>	<b>Other:</b>	<u></u>	

**OPTION ONE**

APPROVAL OF AN INCREASED HOME AWARD NOT TO EXCEED \$1,835,000, STRUCTURED AS AN INTERIM LOAN TO BE CONVERTED TO UP TO 20 INDIVIDUAL PERMANENT LOANS OF UP TO \$93,000 EACH AND EACH STRUCTURED WITH A 30-YEAR TERM AT 0% INTEREST, SUBJECT TO CONDITIONS.

**OPTION TWO**

APPROVAL OF A HOME AWARD NOT TO EXCEED \$1,463,500, STRUCTURED AS AN INTERIM LOAN TO BE CONVERTED TO UP TO 16 INDIVIDUAL PERMANENT LOANS OF UP TO \$93,000 EACH AND EACH STRUCTURED WITH A 30-YEAR TERM AT 0% INTEREST, SUBJECT TO CONDITIONS.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS ADDENDUM**

**CONDITIONS**

1. Partition of the permanent loans to include a permanent repayable first lien and a deferred forgivable second lien, per the program guidelines, if the households earn less than 50% of AMI or based on the Department's determination that a deferred forgivable second lien is necessary to achieve affordability.
2. Release of interim funds for not more than five lots and three homes in development at any one time.
3. Receipt, review, and acceptance of evidence that total developer fees do not exceed the lesser of \$160,000 in total, \$8,000 per unit, or 9.55% of actual costs less the fee itself is a condition of this report. Any cost savings should accrue to the homebuyer and any unused funds should be retained by the Department for use in other affordable housing programs.
4. Receipt, review, and acceptance of documentation, should the development of any home exceed the average development cost per unit of \$91,775 of additional financing or identified budget savings.
5. Receipt, review, and acceptance of confirmation that each of the lots is zoned appropriately for the proposed homes.
6. Receipt, review, and acceptance of evidence that each site is located outside of the 100-year floodplain before release of any funds.
7. Receipt, review, and acceptance before commencement of construction on any lot of environmental clearance meeting the HOME rules in Title 24 of the Code of Federal Regulations (CFR) Part 58.

**ADDENDUM**

This addendum to the original underwriting report dated 12/1/2006 should be considered as an addition to the original report and should be read in conjunction with the original report.

The Applicant has requested an amendment to the subject application as follows:

- Significant increase in lot acquisition costs and developer fees (from \$15,000 combined to \$24,500 combined);
- A 13% increase in construction costs primarily attributed to an overall increase in the size of the homes proposed (172 SF on average);
- An increase in the HOME award from \$1,500,000 to \$1,835,000 to cover the above noted cost increases; and
- A waiver of the NOFA requirement that an Applicant may purchase no more than five lots at one time with CMSP funds and have no more than three houses in development at any one time with CMSP funds.

Should an award increase not be approved, the Applicant has alternatively requested that the Board approve a revised development plan to include fewer homes than the originally approved 20 homes.

This addendum details the Applicant's request and evaluates the circumstances of these requests. Ultimately, the Underwriter has provided the Board with two viable financing options based on the revised documentation submitted to the Department.

**Increase in Lot Acquisition Cost and Developer Fee:** The lot acquisition cost and developer fee are discussed together because the Applicant originally embedded the estimated developer fee into the lot cost which is generally how CDCB structures single family development deals (see original report for full explanation). In the revised information, the Applicant has disaggregated developer fee and lot acquisition cost. Therefore, for comparative purposes, these costs should be discussed together.

The revised information provided to the staff reflects an acquisition cost of \$16,500 per lot and developer fees of \$8,000 per unit for a total of \$24,500 per unit. This represents a \$9,500 per unit increase in acquisition and developer fee. The Applicant has not provided documentation to fully support this significant change but has provided a contract for the purchase of 60 single family lots (20 of which they wish to develop with the subject funds) reflecting a price of \$990,000 or \$16,500. An informal survey of lot costs in the area confirms the reasonableness of this contract price. However, the Applicant's use of these lots represents a substantial change in the development plan from what was proposed at application.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS ADDENDUM**

The Applicant originally contemplated use of 20 in-fill developed lots in established colonia neighborhoods. At application, the Applicant had identified 3 lots proposed for development consistent with the NOFA requirement. A settlement statement indicated each of the 3 lots was purchased for \$15,500. However, the Applicant estimated that on average the 20 lots would cost \$15,000 per lot, thereby implying that some savings would be achieved on the remaining 17 lots. The Applicant also indicated that the developer fee was embedded in the \$15K per lot estimate. The Underwriter expressed some concerns about the \$15K per lot estimate. However, at application CDCB provided information that it had a portfolio of over 700 lots reserved for residential development and the Applicant indicated that the remaining 17 lots had already been secured but had not yet been identified for the Colonia Model Subdivision Program. This information was communicated during underwriting in November of 2006. Since this time the Applicant has explained:

“The lots previously committed to the Model Subdivision Program were transferred to the Texas Bootstrap Program to be utilized in a more timely fashion since no Board vote timeline was provided with the [NOFA]. These lots, originally cited in our proposal, were purchased by the Community Development Corporation of Brownsville as part of a bulk purchase and were extremely attractively priced. Unfortunately, purchasing the same lot today at that same price is no longer possible” (letter dated April 23, 2007).

Moreover, in other recent correspondence the Applicant has indicated that most of the lots still in inventory are located in Participating Jurisdictions (PJs) and those located in non-PJ rural areas are not within or adjacent to colonias. Additionally, nothing in the CDCB portfolio can be priced as favorably as those lots originally identified for the program.

**Change in Unit Mix and Increased Construction Costs:** The original proposed unit mix and the revised unit mix are reflected in the following charts:

<b>Unit Mix at Application</b>						
<b><u>Plan Type</u></b>	<b><u>No. Planned</u></b>	<b><u>Bedrooms</u></b>	<b><u>Baths</u></b>	<b><u>Square Feet</u></b>	<b><u>Total Cost</u></b>	
Plan 864	5	3	1	864	\$90,000	
Plan 994	5	3	1	994	\$91,600	
Plan 1023	5	3	2	1,023	\$92,500	
Plan 1241	5	3	2	1,241	\$93,000	
AVERAGE				1,031	\$91,775	

<b>Unit Mix Proposed</b>						
<b><u>Plan Type</u></b>	<b><u>No. Planned</u></b>	<b><u>Bedrooms</u></b>	<b><u>Baths</u></b>	<b><u>Square Feet</u></b>	<b><u>Total Cost</u></b>	
Plan 1162	5	3	2	1,162	\$69,750	
Plan 1171	5	3	2	1,171	\$74,500	
Plan 1221	5	3	2	1,221	\$74,250	
Plan 1258	5	3	2	1,258	\$81,500	
AVERAGE				1,203	\$75,000	

As indicated in the above charts, the Applicant’s revised development cost schedule reflects a total direct construction cost estimate of \$1,265,500 or \$63,265 per unit on average. This represents a 13% increase in anticipated cost. However, the revised development plan includes larger units (172 SF larger on average) than those contemplated at application. The revised costs are \$1.74 per SF less than the costs submitted at application. After accounting for cost increases since the transaction was approved, the Applicant’s revised costs are 5.4% higher on a per unit basis and 9.7% lower on a SF basis than the current cost of the smaller units. If the Applicant chose to construct the originally proposed units the increase in costs would likely be at least \$65K less than reflected in the Applicant’s amendment request. In correspondence with the Underwriter, the Applicant indicated that the unit sizes were increased because the new location is just outside of a colonia rather than located within a colonia. This, they argue, warrants such an increase in the unit sizes to more appropriately fit the new location proposed.

An evaluation of the reasonableness of the Applicant’s revised costs is reflected in the development cost section below.

**Request for Increased HOME Award of \$1,835,000:** As a result of the changes described above, the Applicant’s total development cost has increased from \$1,500,000 to \$1,835,000 which represents a 22% increase in the total development costs. The Applicant has requested a comparable increase in the HOME award

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS ADDENDUM**

to \$1,835,000 to cover the increase in development costs. Alternatively, the Applicant has requested a reduction in the total number of units from 20 to 17. A more detailed evaluation indicates that based on the costs submitted, the Applicant would have to reduce the total number of homes produced to 16 in order to complete the project with a \$1,500,000 budget. Both of these options are discussed in detail below for review and consideration by the Board. Additionally, the Underwriter has evaluated the affect of this increase on the affordability of the homes proposed

**Request for Waiver of Limitation on Lot Purchase and Development:** Per the program NOFA the Applicant may purchase no more than five lots at one time with CMSP funds and have no more than three houses in development at any one time with CMSP funds. An additional home may be developed once construction has been completed on a home, and additional lots may be purchased after closing on the previous developed homes on a one for one basis. The information submitted at application appeared to be consistent with this requirement. Due to the program guideline limiting consecutive lot acquisition and development, price increases were an area of concern for staff at application, particularly because the Applicant built in no contingency. However, the Applicant indicated that materials would be purchased in bulk for up to 40 homes at a time as part of its ongoing home production activities and has indicated that the prices are secured with suppliers up to 6 months in advance, which minimizes the risk associated with potential future cost increases. As part of the amendment the Applicant has requested that restrictions on the number of lots purchased and under development at any one time be removed. The Applicant's amendment request states, "We pride ourselves on delivering affordable housing for the lowest possible price, escalation of costs in the real estate market and material costs over an extended course of time are beyond our control. Also, we are concerned this per unit amount over an extended period of time as indicated in the 'only 3 units at a time process' as we have discussed with the Department. Building and closing under this process, even in the best of scenarios of a four (4) month cycle, would translate into a two and a half year period" (letter dated October 16, 2007). As this is a NOFA requirement, a waiver cannot be granted or recommended without Board action. However, the risks associated with a waiver are discussed in detail in the financing conclusion section below. Based on the Underwriter's evaluation and assuming a turnover of 4 months per home, 20 homes could be completed within 28 months and 16 homes could be completed within 24 months if the NOFA limitation on consecutive development remains in place.

**TARGET HOUSEHOLDS**

All buyers of HOME assisted properties must have incomes at or below 80% of AMFI as established by HUD. However, all of the proposed homes will target households at or below 60% of AMFI. Five of the twenty homes will be reserved for households earning 30% or less of AMFI, ten homes will be reserved for households earning 50% or less of AMFI, and five homes will be reserved for households earning 60% or less of AMFI.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$18,120	\$20,700	\$23,280	\$25,860	\$27,900	\$30,000

**HOMEBUYER AFFORDABILITY ANALYSIS**

**Revised Sale Prices:** The original sales prices ranged from \$69,750 to \$81,500. The Underwriter's original evaluation concluded: "Based on the proposed sale prices and the Applicant's projected unit mix, the total mortgage financing, to include 20 individual permanent mortgages, is projected to be \$1,500,000. Based on the Underwriter's evaluation of the development proforma, the actual sales prices may need to be higher than those proposed due to the absence of measurable contingency, low projected construction costs, and high level of multiple unit construction savings (discussed below in cost section). Any unanticipated increase in costs could result in the necessity to raise sales prices and reduce the total number of units developed in order to maintain financial feasibility."

The Applicant's amendment request indicates a \$16,775 or 22% increase in the sales price per home on average. As discussed in the cost section below, a portion of this increase can be attributed to an increase in the square footages of the proposed homes. However, it should be noted that, according to the Texas A&M Real Estate Center, the median price of a single family home in Brownsville in February 2007 was \$90,000, which is

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS ADDENDUM**

slightly less than the revised average sales price for the proposed homes (\$91,775).

**Down Payment Assistance:** The Colonia Model Subdivision Program allows the permanent debt to be structured in two pieces if necessary: a permanent repayable first lien with a 30-year term at 0% interest and a deferred forgivable second lien. The second lien is effectively down payment assistance, which will be assessed based on each household's income ability to pay. The Underwriter's affordability analysis assumes a down payment equal to 3% of the sales price, which may be paid from homebuyer savings or through a deferred forgivable second lien. The Applicant has indicated that a down payment equal to 3% of the sales price is in line with typical CDCB requirements.

**Affordability Analysis:** The underwriting affordability analysis estimates the monthly mortgage payment plus taxes, property insurance, and mortgage insurance for each unit in order to determine the level of affordability for households at the target income levels. Based on the Underwriter's analysis of the revised sale prices, the proposed units will be affordable to households of four to five persons earning an annual income at 50% of AMFI and to households of three to five earning an annual income of 60% of AMFI, assuming a loan amortized over 30 years accruing interest at 0% and 3% down payment. However, per the program guidelines, the TDHCA will offer each qualified buyer a combination of a repayable 0% interest loan and a deferred forgivable loan based on the buyer's income and ability to pay, which is discussed further below. The buyers' income will be evaluated to ensure that each qualifies for the proposed payments. Therefore, by issuing a deferred forgivable second lien for households earning incomes below the affordable threshold, each home effectively becomes affordable for all households. The program does not currently have guidelines to limit the deferred second lien to any amount or percentage of the total sales price.

Based on the Underwriter's evaluation, a family of four earning 30% of AMI can support a total monthly housing payment of \$328 per month, assuming 30% of income is reserved for PITI. As a result, the originally underwritten sales prices would require a forgivable loan of up to \$45K for this family, and based on the revised sales prices, this deferred forgivable loan would increase to \$65K. The charts below reflect housing payments for each unit type and the level of affordability for a family of four at 50% of AMI or 60% of AMI. Data for the original and revised sales prices are provided.

<b>ORIGINAL SALES PRICES - AFFORDABILITY ANALYSIS (Based on 4 person households)</b>						
Plan Type	Proposed Price	Monthly PITI	60% HH Max	Differential	50% HH Max	Differential
Plan 864: 3-BR	\$69,750	\$410	\$654	-\$244	\$545	-\$135
Plan 994: 3-BR	\$74,500	\$436	\$654	-\$218	\$545	-\$109
Plan 1023: 3-BR	\$74,250	\$435	\$654	-\$219	\$545	-\$110
Plan 1241: 3-BR	\$79,055	\$474	\$654	-\$180	\$545	-\$71

<b>REVISED SALES PRICES - AFFORDABILITY ANALYSIS (Based on 4 person households)</b>						
Plan Type	Proposed Price	Monthly PITI	60% HH Max	Differential	50% HH Max	Differential
Plan 1162: 3-BR	\$90,000	\$520	\$654	-\$134	\$545	-\$25
Plan 1171: 3-BR	\$91,600	\$529	\$654	-\$125	\$545	-\$16
Plan 1221: 3-BR	\$92,500	\$534	\$654	-\$120	\$545	-\$11
Plan 1258: 3-BR	\$93,000	\$537	\$654	-\$117	\$545	-\$8

The program guidelines do not explicitly dictate the terms of the deferred forgivable second lien. Specifically, the Underwriter is concerned that as the loan is forgiven, the homeowner may be required to report this forgiven amount as phantom income, leading to a higher taxable income and resulting in burdensome and unanticipated taxes. The Underwriter suggests that the forgivable portion of each loan, if any, is forgiven over time to mitigate any unintended effects that may burden the homebuyer.

**Market Rate Comparison:** In addition to the affordability analysis at the program interest rate of 0%, the Underwriter performed an analysis of the affordability at the market interest rate of 6.50%. The principal, interest, taxes, and insurance payment for the least expensive home would rise to \$830 per month or \$176 per month more than the targeted affordability for a four person household earning 60% of AMI. Assuming a market interest rate of 6.50%, monthly PITI payments for the proposed units would range from \$830 to \$856 (compared to \$650 to \$754 as originally proposed), which is below the maximum monthly payment of \$943 for five person households earning 80% or less of AMI.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS ADDENDUM**

Based on the Underwriter’s analysis, in addition to a down payment of 3%, a grant subsidy of \$18K to \$22K would be required in order for the proposed units to become affordable to five person households earning 60% of AMI at conventional interest rates. In order to reach target households of five persons at 50% of AMI, a subsidy ranging from \$36K to \$40K would be needed and a subsidy of between \$71K and \$75K for five person households at 30% of AMI at conventional interest rates.

**Conclusion:** In order to achieve a reasonable level of affordability, staff believes that HOME CHDO funded single family units should be affordable to households at 80% of AMI at market rates and, due to the benefit from the 0% interest rate, should be affordable to the 30%, 50%, and 60% target populations.

**ACQUISITION VALUATION INFORMATION**

**EVIDENCE of SITE or PROPERTY CONTROL**

<b>Type of Site Control:</b>	Unimproved Property Contract (60 Lots in Campo Real Subdivision)		
<b>Contract Expiration:</b>	N/A	<b>Valid through Board Date?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Acquisition Cost:</b>	\$16,500 per lot (\$990,000 total)	<b>Other:</b>	20 reserved for CMSP
<b>Seller:</b>	Captiva Land Company, LLC	<b>Related to Development Team?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** As indicated previously, the revised development plan includes the purchase of 60 lots in bulk for \$16,500 per lot. The seller is an unrelated party and the contract price is therefore assumed to be reasonable. However, the Underwriter performed an informal survey of single family lot prices in Cameron County and the contract price appears to be comparable to other listings in the area even when considering the bulk nature of the transaction. The Applicant anticipates closing on the entire 60 lot purchase by the end of April and will fund the purchase with CDCB or other non-TDHCA funds. Draws on the HOME funds during development will reimburse expenditures already made. Therefore, the Board’s decision at the May board meeting regarding the limitations on consecutive lot purchase and development will affect the reimbursement schedule but will not affect CDCB’s initial closing on the bulk purchase.

**Sitework Cost:** The Applicant’s revised documentation continues to embed all hard construction costs into the direct cost line item. At application, the Underwriter requested that the Applicant break out the sitework cost from the direct construction cost estimate. However, the Applicant replied, “Construction costs are...paid to the general contractor on a turn key basis for labor.” As a result the Applicant could not effectively break down the total construction costs as typically desired for effective evaluation during underwriting. This is discussed in more detail below.

**Direct Construction Cost:** The Applicant has consolidated a number of line items into this estimate, including: sitework, indirect construction costs, general requirements and overhead, and contractor’s profit. In addition, this estimate may also include some portion of the developer overhead, developer profit, and contingency. As noted above, the Underwriter requested that the Applicant break out these costs into separate line items. However, the Applicant replied that their method of coordinating the development and construction of units does not allow for such a breakdown.

Regarding the reasonableness of the Applicant’s revised costs, the Underwriter has utilized Marshall & Swift’s *Residential Cost Handbook* in order to estimate the direct construction costs for the units as proposed. However, the Applicant’s direct estimate is not comparable to the Underwriter’s direct estimate. Therefore, the Underwriter has evaluated the transaction on a total hard construction cost basis. Based on this evaluation the Applicant’s costs appear to be below the extreme low end of reasonable verifiable costs based on the current underwriting standards. Effectively, the Applicant must achieve a level of cost savings for the proposed units that the Department’s underwriting tools cannot independently verify. This difference represents an estimated cost savings of as much as 24% on hard construction costs. At application, the Applicant provided a list of cost savings techniques that have been successfully implemented in the past and will be applied to the subject development. Additionally, the Underwriter corresponded extensively in order to understand the development process that allows the level of cost savings that is claimed. The explanation is reflected in the original underwriting report in more detail. In general however, the builder contracts directly with the homebuyer which

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS ADDENDUM**

means that the builder has to maintain an affordable cost for construction of the units in order to reach the targeted population. The CDCB completed 137 single family homes during 2006 using this methodology. Additionally, with the amendment request the Applicant provided documentation that 103 loan originations totaling \$6,959,614 in first lien mortgages were completed between October 2006 and September 2007.

The Applicant did not, at application or as part of the amendment, provide concrete evidence of the ability to complete the proposed units (such as previous written agreements with builders or AIA documents) for the projected costs. Moreover, due to the source nature of the funds being CHDO, the homebuyer will have to contract directly with the CHDO in order to maintain the character of the funds. It is unclear how this could affect the development process or cost. In addition, as stated previously, the Applicant's development costs require a level of efficiency above the maximum level expected for a typical single family development transaction.

**Fees:** The Applicant's contractor fees for general requirements, general and administrative expenses, and profit are all embedded into the direct construction cost estimate provided by the Applicant. However, as stated above, the analysis indicates that an above maximum level of efficiency will be required in order to develop the proposed units within the projected budget. As a result, there appears to be minimal risk that the contractor will be able to extract fees that exceed the maximums typically allowed by the Department.

The Applicant's developer fee of \$160,000 amounts to 9.55% of the total development costs less developer fee itself. Generally, developer fee is limited to 15%; however, due to the significant ongoing revisions to the application and additional funds requested, the Underwriter has conditioned this report on limiting total developer fees to the lesser of \$160,000 in total, \$8,000 per unit, or 9.55% of actual costs less the fee itself. Any cost savings should accrue to the homebuyer and any unused funds should be retained by the Department for use in other affordable housing programs.

**Conclusion:** As discussed above, the Applicant's revised development structure (like that submitted at application) is not typical based on previous single family transactions evaluated. The Applicant is unable to provide the detailed breakdown of development costs that is typically expected of an Applicant. In addition, the Applicant's development budget appears to require a level of efficiency that is above the verifiable maximum. The budgeted costs appear to have limited the built-in project contingency. The lack of contingency may be one primary reason the Applicant has had to request the subject amendment, and no contingency has been included in the revised schedule. While the Applicant has a demonstrated track record of successful implementation in other programs, the need for this amendment speaks to the potential risk associated with releasing funds for development of all 20 homes at once. The program's limit on consecutive site development was intended to allow the Board to exercise more control over requests, such as the one at hand, and to protect the Department from development risk and limit the Department's exposure time during the development process. As a result, any waiver of the NOFA limitation on consecutive lot development must be the result of Board action and is not recommended by staff.

While the Applicant's costs cannot be verified, the Underwriter has utilized the Applicant's costs for the purpose of evaluating this amendment request for Board consideration. The Applicant's total costs of \$1,835,000 are consistent with the request for additional funds.

Alternatively, the Underwriter has evaluated the effect should the Board choose not to increase the award but approve a reduction in the total number of units. Based on the Underwriter's evaluation, a reduction in the number of units by 4 of the most costly units (\$93,000) will result in a total development cost of \$1,463,500. While this is less than the \$1,500,000 originally awarded, 16 units is the greatest number of units that can be constructed with \$1,500,000. If the number of units is reduced by three of the \$93K units then the total cost would be \$1,556,500 and an additional \$56,500 would be needed to fill the gap in funding. It should be noted that if the Applicant had originally proposed this revised plan at application, the development costs (including the acquisition cost) would have been acceptable. However, the NOFA capped the award at \$1,500,000. Therefore, such a plan would likely have consisted of 16 to 17 units, rather than the originally proposed 20 units.



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS ADDENDUM**

REVISED FINANCING STRUCTURE			
FINANCING			
<b>Source:</b>	TDHCA (REVISED)	<b>Contact:</b>	Skip Beard
<b>Principal:</b>	\$1,835,000	<b>Interest Rate:</b>	0% <b>Term:</b> 360 months
<b>Documentation:</b>	<input checked="" type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input checked="" type="checkbox"/> Application		
<b>Comments:</b>			
INTERIM LINE OF CREDIT			
<b>Source:</b>	Rio Grande Valley Multibank (provided at application)	<b>Contact:</b>	N/A
<b>Principal:</b>	\$250,000	<b>Interest Rate:</b>	Prime <b>Term:</b> N/A
<b>Documentation:</b>	<input type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
<b>Comments:</b>	Unsecured line of credit in name of CDC Brownsville.		
FINANCING STRUCTURE ANALYSIS			
<p><b><u>Interim Financing:</u></b> The Applicant has requested an increase in HOME development funds of \$335,000 to \$1,835,000 at 0%. Development costs will be reimbursed after the costs have been incurred. The Department historically has not used HOME funds to reimburse pre-award expenses.</p> <p><b><u>Line of Credit:</u></b> The Applicant has indicated an unsecured line of credit with Rio Grande Valley Multibank, which may be drawn upon during the development process. This is a critical tool; however, this is a relatively limited line of credit should the consecutive lot development rule be waived and the developer pursue development of all 20 homes at once. Moreover, reliance upon this line of credit may result in unanticipated interim financing costs and unnecessarily the total cost, thereby decreasing the financial feasibility of the transaction as proposed. Based on the development model proposed by the Applicant, the contractor may be responsible for much of the potential interim interest costs incurred. Therefore, these costs may be built into the direct cost estimate provided by the Applicant.</p> <p><b><u>Permanent Mortgage Financing:</u></b> The Applicant anticipates, based on the amendment request, as many as 20 permanent mortgages up to \$93,000, each with a term of 30 years at 0% interest. As proposed, the total permanent mortgage financing could amount to a maximum of \$1,835,000 if the Applicant's request is approved.</p> <p><b><u>Financing Conclusions:</u></b> As reflected above, the Applicant's request includes an increase in HOME funds to \$1,835,000 due to acquisition cost, developer fee, and construction cost increases. However, the Applicant's originally contemplated lot cost was based on three lots already in the CDCB portfolio being identified and the remaining 17 lots would be selected from CDCB's portfolio of over 700 single family lots. The presumption was that because all 20 lots were already in the CDCB portfolio, increases in lot costs were unlikely. Regarding the Applicant's proposal to increase the size of the units, the Applicant provided no concrete reason for such an increase. Moreover, much of the increase in construction costs appears to be attributed to the desire to develop larger units. However, the Underwriter has provided two options based on the Applicant's primary and secondary request. As reflected above staff cannot recommend a waiver of the NOFA limitation on consecutive lot development.</p> <p><b><u>Option One:</u></b> The Underwriter's recommended Option One funding will be determined using the Applicant's adjusted development cost schedule as reflected in the recommended uses of funds and based on the gap in financing from the Underwriter's recommended financing structure. The recommended financing structure, based on the revised 20 home development plan and unit mix as submitted, indicates a gap in financing of \$1,835,000, which is equal to the Applicant's requested amount. If changes to the unit mix, to the acquisition cost, or construction cost increases materialize, the development could face a deficit in funding. However, the Underwriter believes that any potential deficit may be managed through close, ongoing budget scrutiny. In addition, the conditions of this report and limitations on consecutive site purchase and development limit the Department's exposure and place responsibility for the development plan on the Applicant. Therefore, based on the Underwriter's analysis, should the Board choose this option, the requested HOME loan should not exceed \$1,835,000 to be released in accordance with program guidelines and restrictions on consecutive lot purchase</p>			

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS ADDENDUM**

and development. Completion of 20 homes would take approximately 28 months.

**Option Two:** The Underwriter's recommended Option Two funding will be determined using the Applicant's development cost schedule adjusted to reflect 16 units as reflected in the recommended uses of funds and based on the gap in financing from the Underwriter's recommended financing structure. The recommended financing structure, based on the revised 16 home development plan, indicates a gap in financing of \$1,463,500. If changes to the unit mix, to the acquisition cost, or construction cost increases materialize, the development could face a deficit in funding. However, the Underwriter believes that any potential deficit may be managed through close, ongoing budget scrutiny. In addition, the conditions of this report and limitations on consecutive site purchase and development limit the Department's exposure and place responsibility for the development plan on the Applicant. Therefore, based on the Underwriter's analysis, should the Board choose this option, the requested HOME loan should be reduced to not exceed \$1,463,500 to be released in accordance with program guidelines and restrictions on consecutive lot purchase and development. Completion of 16 homes would take approximately 24 months.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant is the current owner of the first three proposed lots and may be the current owner of the seventeen additional lots that have not yet been identified for development with the requested funds. In addition, the Applicant may ultimately serve as the contractor.

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

**Financial Highlights:** The Applicant, Community Development Corporation of Brownsville, submitted an unaudited financial statement as of June 30, 2006 reporting total assets of \$33.1M and consisting of \$5.4M in cash, \$14.1M in receivables, \$209K in other assets, \$12.6K in investments, and \$800K in property and equipment. Liabilities totaled \$13.9M, resulting in net assets of \$19.2M.

**Background & Experience:** Since 1974, CDCB has been the major sub-recipient of over \$55,000,000 in Federal, State, and local funds made available for housing in Southern Cameron County. CDCB has managed numerous federally and privately funded housing programs including HOME, CDBG, Rental Rehabilitation, HODAG, FMHA, Section 312, HOPE II, CASA, YouthBuild, HUD Rural & Economic Development, HUD Colonia Initiative; USDA Empowerment Zone, USDA 523 Mutual Self Help, Stuart B. McKinney funds, Americorp, Department of Labor, Texas Housing Trust Fund, Federal Home Loan Bank of Dallas, H.B. Haron Foundation, Fannie Mae Foundation, Chase Bank Foundation, HOME Depot, Sisters of Charity Washington Mutual, and the Hispanic Housing Foundation funds.

From its beginnings to eliminate "pit privies" within the city of Brownsville 31 years ago, CDCB has evolved to the largest producer of single family housing for homeownership in the State of Texas. CDCB operates seven housing and educational programs to meet the needs of Cameron County residents. Since 1993-1994 the Community Development Corporation of Brownsville has built and/or mortgage financed 2,549 affordable homes in the Southern Cameron County area. In 2004 -2005, CDCB delivered 177 affordable homes into the local market.

Since 1998 CDCB and its private contractor partners have built 10% of all homes built in the City of Brownsville, making up over 6% of all permit revenue in the City. To meet the growing demand, and to spur large scale production of affordable housing, CDCB began its Affordable Housing Subdivision Program in 1996 with the Windwood Subdivision in North Brownsville on 48.16 acres of raw land. As of September, 2005 CDCB has developed a total of eleven (11) subdivisions totaling 1,465 lots in Southern Cameron. These affordable family subdivisions have provided housing for homeownership for over 1,079 families (74% of all lots). CDCB maintains a three year inventory of raw land and/or developed lots to be used for subdivision development.

To meet the housing needs of colonia residents, CDCB, in 1996, implemented a Colonia Redevelopment Program. CDCB has adopted a three part redevelopment plan to upgrade colonia housing stock that includes rehabilitation, reconstruction, and new housing construction. Between January, 1996 and September, 2004, CDCB's Colonia Redevelopment Program has assisted 204 families (information taken from the CDCB Strategic Plan 2005-2010).

Clearly, the Applicant has presented a case for the large number of homes that they are capable of producing

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
CREDIT UNDERWRITING ANALYSIS ADDENDUM**

and a waiver of the NOFA limitation of 3 homes under development at a time may be justified on this basis.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- Significant environmental/locational risks exist regarding unknown site locations.
- The seller of the property has an identity of interest with the Applicant.

<b>Underwriter:</b>	_____	<b>Date:</b> 4/30/2008
	<i>Cameron Dorsey</i>	
<b>Reviewing Underwriter:</b>	_____	<b>Date:</b> 4/30/2008
	<i>Raquel Morales</i>	
<b>Director of Real Estate Analysis:</b>	_____	<b>Date:</b> 4/30/2008
	<i>Tom Gouris</i>	

# SINGLE FAMILY RESIDENCE DEVELOPMENT PROFORMA

## **CDC Brownsville, Cameron County, #2006-0215 ADDENDUM**

FLOOR PLAN NUMBER	Plan 1162	Plan 1171	Plan 1221	Plan 1258	AVERAGE	TDHCA TOTAL	ORIGINAL	APPLICANT	
NUMBER PLOTTED	5	5	5	5		20			
SQUARE FOOTAGE	1,162	1,171	1,221	1,258	1,203	24,060	20,610	24,060	
DESCRIPTION	Max.	3BR 2BA	3BR 2BA	3BR 2BA	3BR 2BA				
Raw Land Acquisition Cost		\$16,500	\$16,500	\$16,500	\$16,500	\$16,500	\$330,000	\$300,000	\$330,000
Off-Sites		0	0	0	0	0	0	0	0
Site Work		0	0	0	0	0	0	0	\$ -
Direct Construction Costs		54,536	54,689	56,436	56,356	55,504	1,110,088	1,120,000	1,265,500 \$ 52.60
Indirect Construction Costs		0	0	0	0	0	0	0	\$ -
General Requirements & Overhead	8.0%	4,363	4,375	4,515	4,509	4,440	88,807	0	0 0.00%
Contractor Profit	6.0%	3,272	3,281	3,386	3,381	3,330	66,605	0	0 0.00%
Developer Overhead	5.0%	3,934	3,942	4,042	4,037	3,989	79,775	0	160,000 10.03%
Contingency	0.0%	0	0	0	0	0	0	0	0 0.00%
Financing		0	0	0	0	0	0	0	0
Other: Closing Costs		4,000	4,000	4,000	4,000	4,000	80,000	80,000	80,000
SUBTOTAL COSTS		\$86,604	\$86,788	\$88,879	\$88,784	\$87,764	\$1,755,275	\$1,500,000	\$1,835,500 \$ 76.29
Sales Commission	0.0%	0	0	0	0	0	0	0	0 0.00%
Buyer's closing csts pd by Dev.		0	0	0	0	0	0	0	0
TOTAL COST		\$86,604	\$86,788	\$88,879	\$88,784	\$87,764	\$1,755,275	\$1,500,000	\$1,835,500 \$ 76.29
Less: Grants & Gifts In-Kind		0	0	0	0	0	0	0	0
NET COST		\$86,604	\$86,788	\$88,879	\$88,784	\$87,764	\$1,755,275	\$1,500,000	\$1,835,500 \$ 76.29
GROSS SALES PROCEEDS		\$90,000	\$91,600	\$92,500	\$93,000	\$91,775	1,835,500	\$1,500,000	\$1,835,500 \$ 76.29
NET PROFIT		\$3,396	\$4,812	\$3,621	\$4,216	\$4,011	\$80,225	\$0	\$0
DIRECT CONSTRUCTION COST per SF		\$46.93	\$46.70	\$46.22	\$44.80	\$46.14	\$46.14	\$54.34	\$52.60
SUBTOTAL COST per SQ FT		\$74.53	\$74.11	\$72.79	\$70.58	\$72.95	\$72.95	\$72.78	\$76.29
TOTAL COST per SQ FT		\$74.53	\$74.11	\$72.79	\$70.58	\$72.95	\$72.95	\$72.78	\$76.29
SALES PRICE per SQ FT		\$77.45	\$78.22	\$75.76	\$73.93	\$76.29	\$76.29	\$72.78	\$76.29
DEVELOPER FEES to COST RATIO		8.87%	10.57%	9.03%	9.74%	9.55%	9.55%	0.00%	9.55%
TOTAL PROFIT to COST RATIO		7.70%	9.33%	7.88%	8.56%	8.37%	8.37%	0.00%	0.00%

# SINGLE FAMILY RESIDENCE DEVELOPMENT PROFORMA

## CDC Brownsville, Cameron County, #2006-0215 ADDENDUM

### DIRECT CONSTRUCTION COST ESTIMATE

Single Family Residence Average Quality Basis

Plan 1162

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,162	\$86.17	\$100,132
Adjustments				
Roofing			0.00	0
Subfloor			(2.51)	(2,917)
Floor Cover			3.20	3,718
Plumbing	\$1,110	0	0.00	0
Built-In Appliances	\$2,575	1	2.22	2,575
Heating/Cooling			1.78	2,068
Garages/Carports	\$17.54	272	4.11	4,771
Porches	\$18.77	105	1.70	1,971
Subdivision Discount	24.36%		(20.99)	(24,393)
Other:			0.00	0
SUBTOTAL			\$75.67	\$87,926
Current Cost Multiplier	0.94		71.13	82,650
Local Multiplier	0.81		(14.38)	(16,706)
TOTAL DIRECT CONSTRUCTION COSTS			\$56.75	\$65,944
Plans/specs, svy, prmts	3.40%		(\$1.93)	(2,242)
Interim Construction Int.	1.50%		(\$0.85)	(989)
Contractor's OH & Profit	12.40%		(\$7.04)	(8,177)
NET DIRECT CONSTRUCTION COSTS			\$46.93	\$54,536

Plan 1171

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,171	\$86.03	\$100,741
Adjustments				
Roofing			\$0.00	\$0
Subfloor			(2.51)	(2,939)
Floor Cover			3.20	3,747
Plumbing	\$1,110	0	0.00	0
Built-In Appliances	\$2,575	1	2.20	2,575
Heating/Cooling			1.78	2,084
Garages/Carports	\$17.54	280	4.19	4,911
Porches	\$18.77	85	1.36	1,595
Subdivision Discount	24.36%		(20.96)	(24,542)
Other:			0.00	0
SUBTOTAL			\$75.30	\$88,173
Current Cost Multiplier	0.94		70.78	82,883
Local Multiplier	0.81		(14.31)	(16,753)
TOTAL DIRECT CONSTRUCTION COSTS			\$56.47	\$66,130
Plans/specs, svy, prmts	3.40%		(\$1.92)	(2,248)
Interim Construction Int.	1.50%		(\$0.85)	(992)
Contractor's OH & Profit	12.40%		(\$7.00)	(8,200)
NET DIRECT CONSTRUCTION COSTS			\$46.70	\$54,689

Plan 1221

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,221	\$85.28	\$104,132
Adjustments				
Roofing			\$0.00	\$0
Subfloor			(2.51)	(3,065)
Floor Cover			3.20	3,907
Plumbing	\$1,110	0	0.00	0
Built-In Appliances	\$2,575	1	2.11	2,575
Heating/Cooling			1.78	2,173
Garages/Carports	\$23.64	256	4.96	6,052
Porches	\$18.77	31	0.48	582
Subdivision Discount	24.36%		(20.78)	(25,368)
Other:			0.00	0
SUBTOTAL			\$74.52	\$90,989
Current Cost Multiplier	0.94		70.05	85,530
Local Multiplier	0.81		(14.16)	(17,288)
TOTAL DIRECT CONSTRUCTION COSTS			\$55.89	\$68,242
Plans/specs, svy, prmts	3.40%		(\$1.90)	(2,320)
Interim Construction Int.	1.50%		(\$0.84)	(1,024)
Contractor's OH & Profit	12.40%		(\$6.93)	(8,462)
NET DIRECT CONSTRUCTION COSTS			\$46.22	\$56,436

# SINGLE FAMILY RESIDENCE DEVELOPMENT PROFORMA

**CDC Brownsville, Cameron County, #2006-0215 ADI**

## DIRECT CONSTRUCTION COST ESTIMATE

Single Family Residence Average Quality Basis

Plan 1258

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,258	\$83.23	\$104,697
Adjustments				
Roofing			\$0.00	\$0
Subfloor			(2.51)	(3,158)
Floor Cover			3.20	4,026
Plumbing	\$1,110	0	0.00	0
Built-In Appliances	\$2,575	1	2.05	2,575
Heating/Cooling			1.78	2,239
Garages/Carports	\$17.54	270	3.88	4,736
Porches	\$18.77	59	0.88	1,107
Subdivision Discount	24.36%		(20.27)	(25,506)
Other:			0.00	0
SUBTOTAL			\$72.23	\$90,861
Current Cost Multiplier	0.94		67.89	85,409
Local Multiplier	0.81		(13.72)	(17,264)
TOTAL DIRECT CONSTRUCTION COSTS			\$54.17	\$68,146
Plans/specs, svy, prmts	3.40%		(\$1.84)	(2,317)
Interim Construction Int.	1.50%		(\$0.81)	(1,022)
Contractor's OH & Profit	12.40%		(\$6.72)	(8,450)
NET DIRECT CONSTRUCTION COSTS			\$44.80	\$56,356

## HOMEBUYER AFFORDABILITY ANALYSIS EXHIBIT

### 3% DOWNPAYMENT ASSUMPTION

#### CDC Brownsville, Cameron County, #2006-0215 ADDENDUM

ASSUMPTIONS			
Interest Rate:	0.00%	Tax Rate per \$100:	3.134054
Loan Term (mos):	360	Property Insurance:	0.35%
Assessed Value (est.):	90%	Mortgage Insurance:	0.50%

LOAN CALCULATIONS				
	<u>Plan 864</u>	<u>Plan 994</u>	<u>Plan 1023</u>	<u>Plan 1241</u>
Sales Price:	\$90,000	\$91,600	\$92,500	\$93,000
3.0% Downpayment	2,700	2,748	2,775	2,790
Deferred Forgivable	-	-	-	-
Loan Amount:	\$87,300	\$88,852	\$89,725	\$90,210

MONTHLY PAYMENT				
P & I	\$242.50	\$246.81	\$249.24	\$250.58
Taxes	211.55	215.31	217.42	218.60
Insurance	30.00	30.00	30.00	30.00
MIP	36.38	37.02	37.39	37.59
<b>TOTAL PAYMENT</b>	<b>\$520</b>	<b>\$529</b>	<b>\$534</b>	<b>\$537</b>

QUALIFYING INCOME					
	<u>1-Person</u>	<u>2-Person</u>	<u>3-Person</u>	<u>4-Person</u>	<u>5-Person</u>
30% of Median Annual Income	\$9,150	\$10,500	\$11,800	\$13,100	\$14,150
Monthly Income	\$763	\$875	\$983	\$1,092	\$1,179
PITI Affordability @ 30%	<b>\$229</b>	<b>\$263</b>	<b>\$295</b>	<b>\$328</b>	<b>\$354</b>
50% of Median Annual Income	\$15,250	\$17,450	\$19,600	\$21,800	\$23,550
Monthly Income	\$1,271	\$1,454	\$1,633	\$1,817	\$1,963
PITI Affordability @ 30%	<b>\$381</b>	<b>\$436</b>	<b>\$490</b>	<b>\$545</b>	<b>\$589</b>
60% of Median Annual Income	\$18,300	\$20,940	\$23,520	\$26,160	\$28,260
Monthly Income	\$1,525	\$1,745	\$1,960	\$2,180	\$2,355
PITI Affordability @ 30%	<b>\$458</b>	<b>\$524</b>	<b>\$588</b>	<b>\$654</b>	<b>\$707</b>
80% of Median Annual Income	\$24,450	\$27,900	\$31,400	\$34,900	\$37,700
Monthly Income	\$2,038	\$2,325	\$2,617	\$2,908	\$3,142
PITI Affordability @ 30%	<b>\$611</b>	<b>\$698</b>	<b>\$785</b>	<b>\$873</b>	<b>\$943</b>

**SINGLE FAMILY RESIDENCE DEVELOPMENT**  
**SOURCES and USES OF FUNDS EXHIBIT**

SOURCE OF FUNDS								
TYPE OF CREDIT FACILITY		RECYCLE FACTOR	TDHCA AMOUNT	ORIGINAL AMOUNT	APPLICANT AMOUNT	OPTION 1 AMOUNT	OPTION 2 AMOUNT	SOURCE/PRIORITY
1	HOME Loan	1	\$1,835,000	\$1,500,000	\$1,835,000	\$1,835,500	\$1,463,500	TDHCA
2	Neighborhood Partnership	1						
3	Housing Trust Fund Loan	1						
4	TX Community Dev. Program	1						
5	Other TDHCA Program Loan	1						
6	Cash Equity	1						
7	In-Kind Equity	1						
8	Other CDBG	1						
9	Other HOME Loan	1						
10	RECD Loan(s)	1						
11	Other Federal Loan or Grant	1						
12	Local Municipality Loan or Grant	1						
13	Private Loan or Grant	1						
14	Conventional Loan	1						
15	Lot Equity	1						
TOTAL SOURCES OF FUNDS			\$1,835,000	\$1,500,000	\$1,835,000	\$1,835,500	\$1,463,500	

USES OF FUNDS							
DESCRIPTION		TDHCA AMOUNT	ORIGINAL AMOUNT	APPLICANT AMOUNT	OPTION 1 AMOUNT	OPTION 2 AMOUNT	
1	Raw Land Acquisition Cost	\$330,000	\$300,000	\$330,000	\$330,000	\$264,000	Under Contract
2	Off-Sites	-	-	-	-	-	
3	Site Work	-	-	-	-	-	
4	Direct Construction Costs	1,110,088	1,120,000	1,265,500	1,265,500	1,007,500	Unknown
5	Indirect Construction Costs	-	-	-	-	-	
6	General Requirements & Overhead	88,807	-	-	-	-	
7	Contractor Profit	66,605	-	-	-	-	
8	Developer Overhead	79,775	-	160,000	160,000	128,000	CDC Brownsville
9	Contingency	-	-	-	-	-	
10	Financing	-	-	-	-	-	
11	Other: Closing Costs	80,000	80,000	80,000	80,000	64,000	
12	Sales Commission	-	-	-	-	-	
13	Buyer's closing csts pd by Dev.	-	-	-	-	-	
14	Other: Net Developer Profit	80,225	-	-	-	-	
TOTAL USES OF FUNDS		\$1,835,500	\$1,500,000	\$1,835,500	\$1,835,500	\$1,463,500	



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

**DATE:** December 1, 2006    **PROGRAM:** Colonia Model Subdivision    **FILE NUMBER:** 2006-0215

**DEVELOPMENT NAME**

CDC Brownsville

**APPLICANT**

**Name:** Community Development Corporation of Brownsville    **Contact:** Nick Mitchell-Bennett  
**Address:** 901 East Levee  
**City:** Brownsville    **State:** TX    **Zip:** 78520  
**Phone:** (956) 541-4955    **Fax:** (956) 541-4990    **Email:** nmitchell@cddb.org

**PROPERTY LOCATION**

**Location:** Scattered sites in Cameron County  
**City:** San Benito    **Zip:** 78586  
**County:** Cameron    **Region:** 11     **QCT**     **DDA**

**REQUEST**

<u>Program</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
HOME (CHDO)	\$1,241,043	0%	30 yrs	30 yrs
<b>Proposed Use of Funds:</b>	<u>New construction</u>	<b>Type:</b>	<u>Single-Family Purchase</u>	
<b>Target Population:</b>	<u>Family</u>	<b>Other:</b>	<u></u>	

**RECOMMENDATION**

**RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED \$1,500,000, STRUCTURED AS AN INTERIM LOAN TO BE CONVERTED TO UP TO 20 INDIVIDUAL PERMANENT LOANS OF UP TO \$81,500 EACH AND EACH STRUCTURED WITH A 30-YEAR TERM AT 0% INTEREST, SUBJECT TO CONDITIONS.**

**CONDITIONS**

1. Partition of the permanent loans to include a permanent repayable first lien and a deferred forgivable second lien, per the program guidelines, if the households earn less than 50% of AMI or based on the Department's determination that a deferred forgivable second lien is necessary to achieve affordability.
2. Release of interim funds for not more than five lots and three homes in development at any one time.
3. Receipt, review, and acceptance of a settlement statement for each of the unidentified 17 lots and documentation that the sales price attributed a lot less the purchase price listed on the settlement statement is not greater than \$11,250 on average.
4. Receipt, review, and acceptance of documentation, should the development of any home exceed the average development cost per unit of \$75,000, of additional financing or identified budget savings.
5. Receipt, review, and acceptance of confirmation that each of the lots is zoned appropriately for the proposed homes.
6. Receipt, review, and acceptance of evidence that each site is located outside of the 100-year floodplain before release of any funds.
7. Receipt, review, and acceptance before commencement of construction on any lot of environmental clearance meeting the HOME rules in Title 24 of the Code of Federal Regulations (CFR) Part 58.

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

**REVIEW of PREVIOUS UNDERWRITING REPORTS**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**ARCHITECTURAL REVIEW**

The plans depict homes that are comparable to other modern homes. They appear to provide acceptable access and storage. The elevations reflect modest houses.

**STRUCTURAL MATERIALS**

The structures will be constructed on concrete slabs. According to the plans provided in the application the exterior will be 100% masonry veneer. The interior wall surfaces will be drywall and the roofs will be finished with composite shingles.

**UNIT FEATURES**

The interior flooring will be vinyl and carpet. The units will include an oven/range, ceiling fans, laundry connections, an individual heating and air conditioning unit, individual water heater, and laminate counter tops in the kitchen and baths. In accordance with 24 CFR 92.251, housing that is assisted or built with HOME funds, at a minimum, must upon completion be in compliance with Texas Minimum Construction Standards, Colonia Housing Standards, or FHA minimum standards, and local building codes and zoning ordinances. The Administrator will conduct necessary inspections to ensure that all health and safety standards are met. If necessary, the homebuyer will be notified of deficiencies and the cost and time required for repair. Newly constructed homes must meet energy standards as verified by a RESCHECK™ certification and the International Residential Code (IRC) as required by Subchapter G, Chapter 214 of the Local Government Code or Chapter 11 of the IRC as required by Chapter 388 of the Health and Safety Code, as applicable. Single Family Accessibility Standards must also be met when applicable.

**SUBDIVISION AMENITIES**

The proposed homes will be constructed on existing developed lots. No existing or planned subdivision amenities have been identified.

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** The Community Development Corporation of Brownsville has proposed a 20-lot single family in-fill development with lots scattered throughout southern Cameron County. The development is projected be comprised of 20 single story homes as follows, subject to buyer demand:

<u>Plan Type</u>	<u>No. of Flrs.</u>	<u>No. Planned</u>	<u>Bedrooms</u>	<u>Baths</u>	<u>Square Feet</u>
864	1	5	3	1	864
994	1	5	3	1	994
1023	1	5	3	2	1,023
1241	1	5	3	2	1,241

**Development Plan:** The proposed in-fill development will make use of 20 existing developed lots in established neighborhoods. The Applicant identified three of the 20 lots currently owned by the Community Development Corporation of Brownsville (CDCB). The remaining 17 lots planned for development have not been identified in the application. However, the Applicant has indicated an anticipated average lot acquisition cost of \$15,000. The CDCB has indicated that they currently have a portfolio of over 700 lots reserved for residential development including 300 in rural areas of Cameron County and that the remaining 17 lots have already been secured but have not yet been identified for the Colonia Model Subdivision Program (CMSP). Each of the first three lots has been developed with adequate infrastructure which includes access to dedicated roads and electric, water, and wastewater services and is within reasonable proximity to fire hydrants and storm drains. The Applicant has indicated that the remaining 17 lots will be developed lots and anticipates no off-sites costs.

Per the Department guidelines, the Applicant may purchase no more than five lots at one time with CMSP funds and have no more than three houses in development at any one time with CMSP funds. An additional home may be developed once construction has been completed on a home, and additional lots may be purchased after closing on the previous developed homes on a one for one basis. Based on the information

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

submitted in the application, the proposed development plan appears to be consistent with this program guideline. The Applicant has indicated that a substantial portion of the pre-development work has been completed and anticipates that the first three homes will be completed by June of 2007. The homes will be sold before construction begins. Due to the program guideline limiting consecutive lot acquisition and development, price increases are of concern for many planned developments. However, the Applicant plans to purchase materials in bulk for up to 40 homes at a time as part of its ongoing home production activities and has indicated that the prices are secured with suppliers up to 6 months in advance, which minimizes the risk associated with potential future cost increases.

Since all twenty lots have not yet been identified, site control, evidence of no zoning or appropriate zoning, and environmental clearance must be documented for each lot prior to release of funds for that lot as a condition of this report.

SITE ISSUES			
SITE DESCRIPTION			
<b>Average Lot Size:</b>	<u>≈ 0.36 acres (100ft x 157ft)</u>	<b>Scattered sites?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Flood Zone:</b>	<u>Zone C</u>	<b>Within 100-year floodplain?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Current Zoning:</b>	<u>No Zoning for Single Family</u>	<b>Needs to be re-zoned?</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A

**SITE and NEIGHBORHOOD CHARACTERISTICS**

**Location:** The first three lots to be developed are located in the Rancho Grande West subdivision on the north side of Highway 281 (Military Highway) approximately four miles south of San Benito’s central business district in the Encantada Colonia area, Hidalgo County. As stated above, each of the 20 homes will be located on in-fill lots that may be scattered throughout the southern portion of the county.

**Subdivision Access:** Access to the Rancho Grande West subdivision is from east or west bound on Highway 281, which provides access to area amenities and communities in the region.

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

**Shopping & Services:** According to the Applicant, “area amenities are concentrated along Military Hwy 281 and along roads branching of Hwy 281.” A major supermarket, restaurants, public elementary and secondary schools, and retail stores are located within four miles of the Rancho Grande West subdivision.

**Adverse Site Characteristics:**

- **Site Control:** The Applicant did not submit site control documents for seventeen of the twenty proposed lots. However, the Applicant has indicated that the CDCB maintains a portfolio of more than 300 rural lots that may be used for development of the proposed homes.
- **Zoning:** The Applicant has indicated that the County of Cameron does not have a residential zoning ordinance for single family housing. However, receipt, review, and acceptance of confirmation of the absence of zoning or appropriate zoning for each site is a condition of this report.
- **Floodplain:** The Applicant indicates that the FEMA Flood Zone designation for the three lots owned by the PHDC is Zone C, which is an area outside of the 100-year floodplain. However, a number the sites have not yet been identified; therefore, receipt, review, and acceptance of evidence that each site is located outside of the 100-year floodplain before release of any funds is a condition of this report.

**HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)**

The Applicant did not submit a Phase 1 Environmental Site Assessment for the subject property. However, an Environmental Review dated October 9, 2002 and performed by Ambiotec Environmental Consultants, Inc was submitted for Encantada Colonia. Due to the substantial area reviewed, the depth of the review, and the age of the report, the submitted Environmental Review is not sufficient. Of note, the subject sites appear to be located in Zone C Unshaded based on the FEMA Flood Zone Map included in the report.

Per the HOME rule in 24 CFR 58, all HOME funds are subject to environmental regulations and clearance. However, the Department historically has not used HOME funds to reimburse pre-award expenses. Therefore, it is typical for environmental clearance, per the HOME rules in 24 CFR 58, to be evaluated and expensed after the award has been approved. Receipt, review, and acceptance before commencement of construction on

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

any lot of environmental clearance meeting the HOME rules in 24 CFR 58 standards is a condition of this report.

**TARGET HOUSEHOLDS**

All buyers of HOME assisted properties must have incomes at or below 80% of AMFI as established by HUD. However, all of the proposed homes will target households at or below 60% of AMFI. Five of the twenty homes will be reserved for households earning 30% or less of AMFI, ten home will be reserved for households earning 50% or less of AMFI, and five homes will be reserved for households earning 60% or less of AMFI.

<b>MAXIMUM ELIGIBLE INCOMES</b>						
	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>	<b>5 Persons</b>	<b>6 Persons</b>
<b>60% of AMI</b>	\$18,120	\$20,700	\$23,280	\$25,860	\$27,900	\$30,000

**MARKET HIGHLIGHTS**

The Applicant did not provide a third-party market study for the proposed development. However, the Applicant supplied the following market information:

- “According to Texas A&M Real Estate Center, housing prices in the area continue to escalate with median sales prices for homes in the Brownsville/Harlingen/San Benito MSA at \$133,300. According to the Texas Affordable Housing Index (4<sup>th</sup> Quarter 2005), a Cameron County family earning the median income does not have a sufficient income to purchase a median priced home using traditional mortgage financing.”
- “Only 57% of the families in the MSA earn enough to afford a home in the MSA.”
- “According to the TX A&M index, the MSA is the least affordable housing market in the State of Texas when comparing housing price to family income. The National Association of Homebuilders lists Cameron County as the 7<sup>th</sup> least affordable housing market in the United States when comparing median income to average home sales price.”
- “A 2005 study by the Texas Low Income Housing Information Service also classified Cameron County as ‘one of the least affordable housing markets in Texas’ with regard to rents, with 49% of renter families unable to pay HUD Fair Market rent for a one bedroom apartment, and 58% of families not able to pay for a two bedroom apartment.”
- “The vacancy rate for owner-residences is 4.5% in Encantada, and the vacancy rate for rental units is 0%.”
- “More than 10% of owner-occupied and renter households suffer from overcrowding (more than 1.5 persons avg. per room), which is more than three times the national level. The average household size in the colonia is 4.5 people, compared to 2.6 at the national level. More than 13% of the area’s owner occupied units are mobile homes.”

**HOMEBUYER AFFORDABILITY ANALYSIS**

**Proposed Sale Prices:** The Applicant has proposed to sell each home for \$69,750 to \$81,500. Based on the proposed sale prices and the Applicant’s projected unit mix, the total mortgage financing, to include 20 individual permanent mortgages, is projected to be \$1,500,000. Based on the Underwriter’s evaluation of the development proforma, the actual sales prices may need to be higher than those proposed due to the absence of measurable contingency, low projected construction costs, and high level of multiple unit construction savings (discussed below in cost section). Any unanticipated increase in costs could result in the necessity to raise sales prices and reduce the total number of units developed in order to maintain financial feasibility.

**Down Payment Assistance:** The Colonia Model Subdivision Program allows the permanent debt to be structured in two pieces if necessary: a permanent repayable first lien with a 30-year term at 0% interest and a deferred forgivable second lien. The second lien is effectively down payment assistance, which will be

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

assessed based on each household's income ability to pay. The Underwriter's affordability analysis assumes a down payment equal to 3% of the sales price, which may be paid from homebuyer savings or through a deferred forgivable second lien. The Applicant has indicated that a down payment equal to 3% of the sales price is in line with typical CDCB requirements.

**Affordability Analysis:** The underwriting affordability analysis estimates the monthly mortgage payment plus taxes, property insurance, and mortgage insurance for each unit in order to determine the level of affordability for households at the target income levels. Based on the Underwriter's analysis of the proposed sale prices, the proposed units will be affordable to households of three to five persons earning an annual income at 50% of AMFI and to households of two to five earning an annual income of 60% of AMFI, assuming a loan amortized over 30 years accruing interest at 0% and 3% down payment. However, per the program guidelines, the TDHCA will offer each qualified buyer a combination of a repayable 0% interest loan and a deferred forgivable loan based on the buyer's income and ability to pay, which is discussed further below. The buyers' income will be evaluated to ensure that each qualifies for the proposed payments. Therefore, by issuing a deferred forgivable second lien for households earning incomes below the affordable threshold, each home effectively becomes affordable all households. The program does not currently have guidelines to limit the deferred second lien to any amount or percentage of the total sales price.

A fully amortized loan at 5.39% and 2.84% would be affordable to households at 60% and 50% of AMFI respectively. Households earning 30% of AMFI can only support a loan of \$40K at 0% interest and the remaining \$39K (not including a 3% down payment) would be needed in the form of a deferred forgivable.

<b>AFFORDABILITY ANALYSIS (Based on 4 person households)</b>						
<b>Plan Type</b>	<b>Proposed Price</b>	<b>Monthly PITI</b>	<b>60% HH Max</b>	<b>Differential</b>	<b>50% HH Max</b>	<b>Differential</b>
<b>Plan 864: 3-BR</b>	\$69,750	\$410	\$647	-\$237	\$539	-\$129
<b>Plan 994: 3-BR</b>	\$74,500	\$436	\$647	-\$211	\$539	-\$103
<b>Plan 1023: 3-BR</b>	\$74,250	\$435	\$647	-\$212	\$539	-\$104
<b>Plan 1241: 3-BR</b>	\$79,055	\$474	\$647	-\$173	\$539	-\$65

The program guidelines do not explicitly dictate the terms of the deferred forgivable second lien. Specifically, the Underwriter is concerned that as the loan is forgiven, the homeowner may be required to report this forgiven amount as phantom income, leading to a higher taxable income and resulting in burdensome and unanticipated taxes. The Underwriter suggests that the forgivable portion of each loan, if any, is forgiven over time to mitigate any unintended effects that may burden the homebuyer.

**Market Rate Comparison:** In addition, to the affordability analysis at the program interest rate of 0%, the Underwriter performed an analysis of the affordability at the market interest rate of 6.95%, based on data for the Brownsville/Harlingen MSA from the Real Estate Center at Texas A&M University for the second quarter of 2006. The principal, interest, taxes, and insurance payment for the least expensive home would rise to \$670 per month or \$23 per month more than the targeted affordability for a four person household earning 60% of AMI. Assuming a market interest rate of 6.95%, monthly PITI payments for the proposed units would range from \$670 to \$778, which is below the maximum monthly payment of \$931 for five person households earning 80% or less of AMI.

Based on the Underwriter's analysis, in addition to a down payment of 3%, a grant subsidy of \$0 to \$12K would be required in order for the proposed units to become affordable to five person households earning 60% of AMI at conventional interest rates. In order to reach target households of five persons at 50% of AMI, a subsidy ranging from \$12K to \$28K would be needed and a subsidy of between \$45K and 61K for five person households at 30% of AMI at conventional interest rates.

**Conclusion:** In order to achieve a reasonable level of affordability, staff believes that HOME CHDO funded single family units should be affordable to households at 80% of AMI at market rates and, due to the benefit from the 0% interest rate, should be affordable to the 30%, 50%, and 60% target populations.

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

ACQUISITION VALUATION INFORMATION			
<b>ASSESSED VALUE (Lot 14 Block 19 Rancho Grande Subdivision)</b>			
Land: 0.38 acres	\$15,000	Assessment for the Year of:	2005
Building:	N/A	Valuation by:	Cameron County Appraisal District
Total Assessed Value:	\$15,000	Tax Rate:	0.497391
<b>ASSESSED VALUE (Lot 16 Block 19 Rancho Grande Subdivision)</b>			
Land: 0.38 acres	\$9,600	Assessment for the Year of:	2005
Building:	N/A	Valuation by:	Cameron County Appraisal District
Total Assessed Value:	\$9,600	Tax Rate:	0.497391
<b>ASSESSED VALUE (Lot 62 Block 22 Rancho Grande Subdivision)</b>			
Land: 0.33 acres	\$8,400	Assessment for the Year of:	2005
Building:	N/A	Valuation by:	Cameron County Appraisal District
Total Assessed Value:	\$8,400	Tax Rate:	0.497391
<b>EVIDENCE of SITE or PROPERTY CONTROL</b>			
Type of Site Control:	General warranty deed (4 Lots in Grande Rancho Subdivision)		
Contract Expiration:	N/A	Valid through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	\$15,500 per lot (\$62,000 total)	Other:	INCLUDES FIRST 3 OF 20 LOTS.
Seller:	El Valle Investments, Ltd	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

CONSTRUCTION COST ESTIMATE EVALUATION
<p><b>Acquisition Value:</b> The Applicant has claimed an acquisition cost of \$15,000 per lot based on the Applicant's evaluation of current property values and sales in the area. The Applicant did not provide additional information to evidence the claimed acquisition cost. The Applicant provided a warranty deed for the three lots currently owned by CDCB and a settlement statement indicating an average purchase price of \$15,500, which is \$500 per lot greater than the claimed acquisition cost. While only three of the 20 lots have been identified, the Applicant has indicated that CDCB currently maintains a portfolio with over 700 single family lots with 300 located rural areas that may be identified for development with the requested funds. The purchase prices for the 17 unidentified lots are unknown. In addition, the Applicant indicated that the Developer fee is embedded in the acquisition cost estimate, which is discussed in detail below. The Underwriter has used the Applicant's acquisition cost of \$15,000, but has conditioned the report upon receiving a settlement statement for each lot.</p> <p><b>Sitework Cost:</b> The Applicant has embedded the sitework costs for each lot into the direct construction cost estimate. The Underwriter requested that the Applicant break out the sitework cost from the direct construction cost estimate. However, the Applicant replied, "Construction costs are...paid to the general contractor on a turn key basis for labor." As a result the Applicant could not effectively break down the total construction costs as typically desired for effective evaluation during underwriting. This is discussed in more detail below.</p> <p><b>Direct Construction Cost:</b> The Applicant's development cost schedule reflects a direct construction cost estimate of \$1,120,000 or \$56,000 per unit. However, The Applicant has consolidated a number of line items into this estimate, including: sitework, indirect construction costs, general requirements and overhead, and contractor's profit. In addition, this estimate may also include some portion of the developer overhead, developer profit, and contingency. As noted above, the Underwriter requested that the Applicant break out these costs into separate line items. However, the Applicant replied that their method of coordinating the development and construction of units does not allow for such a breakdown. The Underwriter has utilized</p>

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

Marshall & Swift's *Residential Cost Handbook* in order to estimate the direct construction costs for the units as proposed. However, the Applicant's direct estimate is not comparable to the Underwriter's direct estimate. Therefore, the Underwriter has evaluated the transaction on a total development cost basis. Based on this evaluation the Applicant's costs appear to be below the extreme low end of reasonable verifiable costs based on the current underwriting standards. Effectively, the Applicant must achieve a level of cost savings for the proposed units that the Department's underwriting tools cannot independently verify. This difference represents a total development cost savings of approximately 22% or an estimated cost savings of as much as 32% on direct construction costs alone. The Applicant has provided a list of cost savings techniques that have been successfully implemented in the past and will be applied to the subject development, which includes the following items:

- Each Applicant is restricted to three (3) floor plans in the colonia areas and four (4) plans per subdivision, no custom homes are built.
- All floor plans have reduced or eliminated hall space to reduce 'dead space' in the home.
- A utility 'closet' has been built into the floor design, either in the home itself or in the carport area.
- All homes are built with brick veneer or hardiboard to reduce siding repair and painting cost in the future.
- Allowing CDCB and the new homeowner to take advantage of 'bulk rate' cost for sub-contractors.
- CDCB bids out materials in 'packages' of 40 or 50 homes allowing the homeowner to take advantage of 'bulk rate' cost for materials as well as locking material prices up to six months in advance of construction. This method of cost savings has been utilized for 15 years and allows savings of \$3,000 to \$4,000 per home.
- CDCB is a nonprofit and pays no taxes on building materials purchased for construction of the homes. The tax savings can be as high as \$3,000 per home for the type and size of unit proposed.

The Underwriter corresponded extensively in order to understand the development process that allows the level of cost savings that is claimed. The Applicant explained that the CDCB agrees on a turn key price with a particular contractor before the construction begins. CDCB at times contracts with its Youth Build program for construction of units or may use any number of other private contractors that have worked with the CDCB in the past or that meet the standards set by the CDCB. The builder contracts directly with the homebuyer which means that the builder has to maintain an affordable cost for construction of the units in order to reach the targeted population. Therefore, risk is shifted to the builder as the ability to sell a home to a target household is dependent on controlled costs. In addition, a home is sold prior to the commencement of construction on the home and the builder achieves economies of scale by contracting to build 40 to 50 homes. The CDCB completed 137 single family homes during the last year using this methodology. The Applicant did not provide concrete evidence of the ability to complete the proposed units (such as previous written agreements with builders or AIA documents) for the projected costs. In addition, as stated above, based on the Underwriter's evaluative tools, the Applicant's development costs require a level of efficiency above the maximum level expected for a typical single family development transaction.

**Fees:** The Applicant's contractor fees for general requirements, general and administrative expenses, and profit are all embedded into the direct construction cost estimate provided by the Applicant. However, as stated above, the analysis indicates that an above maximum level of efficiency will be required in order to develop the proposed units within the projected budget. As a result, there appears to be minimal risk that the contractor will be able to extract fees that exceed the maximums typically allowed by the Department. In addition, the Applicant estimated the combined total net profit for the contractor and developer is \$80,000 (\$4,000 per unit). This estimated net profit appears to have been left out of the development proforma calculation and includes a combination of a number of line items. The Underwriter was unable to provide a usable breakdown of this estimate. However, \$80,000 represents 5% of the total development cost of \$1,500,000, which alone is within the Department's maximum for the developer fee or contractor profit. Through correspondence with the Applicant, the Underwriter learned that the Developer's fee is essentially the estimated sales price attributed to the lots less the cost of the lots. Therefore, Developer's profit is

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

embedded in the acquisition cost estimate. Based on the claimed acquisition cost of \$15,000 and the actual purchase price for the first three lots of \$15,500, there appears to be no profit potential. However, if the final average lot cost is less than \$15,000 per lot, then the difference will be developer profit. The maximum developer fee is limited to 15% of the total development cost or \$225,000 (\$11,250 x 20) for the subject transaction, which is the maximum allowed under TDHCA guidelines. Therefore, receipt, review, and acceptance of a settlement statement for each of the unidentified 17 lots and documentation that the sales price attributed to a lot less the purchase price listed on the settlement statement is not greater than \$11,250 on average is a condition of this report.

**Conclusion:** As discussed above, the Applicant’s development structure is not typical based on previous single family transactions evaluated. The Applicant is unable to provide the detailed breakdown of development costs that is typically expected of an Applicant. In addition, the Applicant’s development budget appears to require a level of efficiency that is above the verifiable maximum. The budgeted costs appear to have limited the built-in project contingency and profit and therefore, also limit the margin for error or unanticipated future cost increases. However, the Applicant’s extensive experience in single family development provides a record of successful implementation of the proposed development model, which is discussed in detail in the “Background & Experience” section below. In addition, the program guidelines limit the Department’s exposure during the development process. Due to the program’s limit on consecutive site development, only a portion of the funds will be available at a particular time. The funds for development of the second or third phase of five homes will not be released until after successful development of the preceding phase of five homes. Therefore, the viability of these phases will be assessed at a later date and are dependent upon the developer’s initial success. This limits the Department’s exposure and increases the Applicant’s accountability for the development plan. However, as a result of the concerns, receipt, review, and acceptance of documentation, should the development of any home exceed the average development cost per unit of \$75,000, of additional financing or identified budget savings is a condition of this report.

The Applicant’s total development cost is within 5% of the Underwriter’s estimate assuming significant cost savings based on the CDCB’s prior experience; therefore, the Applicant’s cost schedule, reflecting a total net development cost of \$1,500,000, based upon the Applicant’s projected unit mix, will be used to determine the development’s need for interim funds and permanent mortgage financing. Moreover, if the homebuyers ultimately choose the most expensive unit type proposed, the total development cost could increase to \$1,630,000, or 8.67% more than currently proposed. If this is the case, the Applicant’s development plan will be reduced from 20 homes to 18 homes in order to prevent the total development cost from exceeding the Applicant’s request and program limit of \$1.5M.

FINANCING STRUCTURE			
FINANCING			
<b>Source:</b>	TDHCA	<b>Contact:</b>	Skip Beard
<b>Principal:</b>	\$1,500,000	<b>Interest Rate:</b>	0%
		<b>Term:</b>	360 months
<b>Documentation:</b>	<input checked="" type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input checked="" type="checkbox"/> Application		
<b>Comments:</b>			
INTERIM LINE OF CREDIT			
<b>Source:</b>	Rio Grande Valley Multibank	<b>Contact:</b>	N/A
<b>Principal:</b>	\$250,000	<b>Interest Rate:</b>	Prime
		<b>Term:</b>	N/A
<b>Documentation:</b>	<input type="checkbox"/> Signed <input type="checkbox"/> Term Sheet <input type="checkbox"/> LOI <input type="checkbox"/> Firm Commitment <input type="checkbox"/> Conditional Commitment <input type="checkbox"/> Application		
<b>Comments:</b>	Unsecured line of credit in name of CDC Brownsville.		

**FINANCING STRUCTURE ANALYSIS**

**Interim Financing:** The Applicant has requested development funding from the TDHCA’s Colonia Model Subdivision program in the amount of \$1,500,000 at 0% interest. Development costs will be reimbursed after the costs have been incurred. Additionally, the Department historically has not used HOME funds to reimburse pre-award expenses.



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

**Line of Credit:** The Applicant has indicated an unsecured line of credit with Rio Grande Valley Multibank, which may be drawn upon during the development process. This is a critical tool; however, reliance upon this line of credit may result in unanticipated interim financing costs and unnecessarily the total cost, thereby decreasing the financial feasibility of the transaction as proposed. Based on the development model proposed by the Applicant, the contractor may be responsible for much of the potential interim interest costs incurred. Therefore, these costs may be built into the direct cost estimate provided by the Applicant.

**Permanent Mortgage Financing:** The Applicant anticipates as many as 20 permanent mortgages up to \$81,500, each with a term of 30 years at 0% interest. As proposed, the total permanent mortgage financing will amount to a maximum of \$1,500,000.

**Financing Conclusions:** The Underwriter's recommended funding will be determined using the Applicant's adjusted development cost schedule as reflected in the recommended uses of funds and based on the gap in financing from the Underwriter's recommended financing structure. The recommended financing structure, based on the development plan and unit mix as submitted, indicates a gap in financing of \$1,500,000, which is equal to the Applicant's requested amount. If changes to the unit mix, to the acquisition cost, or construction cost increases materialize, the development could face a deficit in funding. However, the Underwriter believes that any potential deficit may be managed through close, ongoing budget scrutiny. In addition, the conditions of this report and limitations on consecutive site purchase and development limit the Department's exposure and place responsibility for the development plan on the Applicant. Therefore, based on the Underwriter's analysis, the requested HOME loan should not exceed \$1,500,000 to be released in accordance with program guidelines and restrictions on consecutive lot purchase and development.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant is the current owner of the first three proposed lots and may be the current owner of the seventeen additional lots that have not yet been identified for development with the requested funds. In addition, the Applicant may ultimately serve as the contractor.

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

**Financial Highlights:** The Applicant, Community Development Corporation of Brownsville, submitted an unaudited financial statement as of June 30, 2006 reporting total assets of \$33.1M and consisting of \$5.4M in cash, \$14.1M in receivables, \$209K in other assets, \$12.6K in investments, and \$800K in property and equipment. Liabilities totaled \$13.9M, resulting in net assets of \$19.2M.

**Background & Experience:** Since 1974, CDCB has been the major sub-recipient of over \$55,000,000 in Federal, State, and local funds made available for housing in Southern Cameron County. CDCB has managed numerous federally and privately funded housing programs including HOME, CDBG, Rental Rehabilitation, HODAG, FMHA, Section 312, HOPE II, CASA, YouthBuild, HUD Rural & Economic Development, HUD Colonia Initiative; USDA Empowerment Zone, USDA 523 Mutual Self Help, Stuart B. McKinney funds, Americorp, Department of Labor, Texas Housing Trust Fund, Federal Home Loan Bank of Dallas, H.B. Haron Foundation, Fannie Mae Foundation, Chase Bank Foundation, HOME Depot, Sisters of Charity Washington Mutual, and the Hispanic Housing Foundation funds.

From its beginnings to eliminate "pit privies" within the city of Brownsville 31 years ago, CDCB has evolved to the largest producer of single family housing for homeownership in the State of Texas. CDCB operates seven housing and educational programs to meet the needs of Cameron County residents. Since 1993-1994 the Community Development Corporation of Brownsville has built and/or mortgage financed 2,549 affordable homes in the Southern Cameron County area. In 2004 -2005, CDCB delivered 177 affordable homes into the local market.

Since 1998 CDCB and its private contractor partners have built 10% of all homes built in the City of Brownsville, making up over 6% of all permit revenue in the City. To meet the growing demand, and to spur large scale production of affordable housing, CDCB began its Affordable Housing Subdivision Program in 1996 with the Windwood Subdivision in North Brownsville on 48.16 acres of raw land. As of September, 2005 CDCB has developed a total of eleven (11) subdivisions totaling 1,465 lots in Southern Cameron. These affordable family subdivisions have provided housing for homeownership for over 1,079 families (74% of all lots). CDCB maintains a three year inventory of raw land and/or developed lots to be used for subdivision

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

development.

To meet the housing needs of colonia residents, CDCB, in 1996, implemented a Colonia Redevelopment Program. CDCB has adopted a three part redevelopment plan to upgrade colonia housing stock that includes rehabilitation, reconstruction, and new housing construction. Between January, 1996 and September, 2004, CDCB's Colonia Redevelopment Program has assisted 204 families (information taken from the CDCB Strategic Plan 2005-2010).

**SUMMARY OF SALIENT RISKS AND ISSUES**

- Significant environmental/locational risks exist regarding unknown site locations.
- The seller of the property has an identity of interest with the Applicant.

**Underwriter:**

\_\_\_\_\_  
*Cameron Dorsey*

**Date:** December 1, 2006

**Director of Real Estate Analysis:**

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

**Date:** December 1, 2006

# SINGLE FAMILY RESIDENCE DEVELOPMENT PROFORMA

## CDC Brownsville, Cameron County, #2006-0215

FLOOR PLAN NUMBER		A-1	B-2	C-3	D-4	AVERAGE	TDHCA TOTAL	APPLICANT	
NUMBER PLOTTED		5	5	5	5		20		
SQUARE FOOTAGE		864	994	1,023	1,241	1,031	20,610	20,610	
DESCRIPTION	Max.	3BR 1BA	3BR 1BA	3BR 2BA	3BR 2BA				
Raw Land Acquisition Cost		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$300,000	\$300,000	
Off-Sites		0	0	0	0	0	0	0	
Site Work		0	0	0	0	0	0	0	\$ -
Direct Construction Costs		39,102	44,256	46,959	53,503	45,955	919,103	1,120,000	\$ 54.34
Indirect Construction Costs		0	0	0	0	0	0	0	\$ -
General Requirements & Overhead	8.0%	3,128	3,541	3,757	4,280	3,676	73,528	0	0.00%
Contractor's Profit	6.0%	2,346	2,655	2,818	3,210	2,757	55,146	0	0.00%
Developer's Overhead	5.0%	2,979	3,273	3,427	3,800	3,369	67,389	0	0.00%
Contingency	0.0%	0	0	0	0	0	0	0	0.00%
Financing		0	0	0	0	0	0	0	
Other: Closing Costs		4,000	4,000	4,000	4,000	4,000	80,000	80,000	
SUBTOTAL COSTS		\$66,556	\$72,725	\$75,960	\$83,793	\$74,758	\$1,495,166	\$1,500,000	\$ 72.78
Sales Commission	0.0%	0	0	0	0	0	0	0	0.00%
Buyer's closing csts pd by Dev.		0	0	0	0	0	0	0	
TOTAL COST		\$66,556	\$72,725	\$75,960	\$83,793	\$74,758	\$1,495,166	\$1,500,000	\$ 72.78
Less: Grants & Gifts In-Kind		0	0	0	0	0	0	0	
NET COST		\$66,556	\$72,725	\$75,960	\$83,793	\$74,758	\$1,495,166	\$1,500,000	\$ 72.78
GROSS SALES PROCEEDS		\$69,750	\$74,500	\$74,250	\$81,500	\$75,000	1,500,000	\$1,500,000	\$ 72.78
NET PROFIT		\$3,194	\$1,775	(\$1,710)	(\$2,293)	\$242	\$4,834	\$0	
DIRECT CONSTRUCTION COST per SF		\$45.26	\$44.52	\$45.90	\$43.11	\$44.59	\$44.59	\$54.34	
SUBTOTAL COST per SQ FT		\$77.03	\$73.16	\$74.25	\$67.52	\$72.55	\$72.55	\$72.78	
TOTAL COST per SQ FT		\$77.03	\$73.16	\$74.25	\$67.52	\$72.55	\$72.55	\$72.78	
SALES PRICE per SQ FT		\$80.73	\$74.95	\$72.58	\$65.67	\$72.78	\$72.78	\$72.78	
DEVELOPER FEES to COST RATIO		9.28%	6.94%	2.26%	1.80%	4.83%	4.83%	0.00%	
TOTAL PROFIT to COST RATIO		8.32%	6.09%	1.46%	1.09%	4.01%	4.01%	0.00%	

# SINGLE FAMILY RESIDENCE DEVELOPMENT PROFORMA

**CDC Brownsville, Cameron County, #2006-0215**

## DIRECT CONSTRUCTION COST ESTIMATE

Single Family Residence Average Quality Basis

Plan 864					Plan 994					Plan 1023				
CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT	CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT	CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		864	\$80.14	\$69,245	Base Cost		994	\$77.82	\$77,350	Base Cost		1,023	\$77.39	\$79,168
Adjustments					Adjustments					Adjustments				
Roofing			0.00	0	Roofing			\$0.00	\$0	Roofing			\$0.00	\$0
Subfloor			(2.28)	(1,970)	Subfloor			(2.28)	(2,266)	Subfloor			(2.28)	(2,332)
Floor Cover			2.92	2,523	Floor Cover			2.92	2,902	Floor Cover			2.92	2,987
Plumbing	\$940	(3)	(3.26)	(2,820)	Plumbing	\$940	(3)	(2.84)	(2,820)	Plumbing	\$940	0	0.00	0
Built-In Appliances	\$2,375	1	2.75	2,375	Built-In Appliances	\$2,375	1	2.39	2,375	Built-In Appliances	\$2,375	1	2.32	2,375
Heating/Cooling			1.62	1,400	Heating/Cooling			1.62	1,610	Heating/Cooling			1.62	1,657
Garages/Carports	\$17.54	250	5.08	4,385	Garages/Carports	\$17.54	250	4.41	4,385	Garages/Carports	\$23.64	237	5.47	5,591
Porches	\$18.77	40	0.87	751	Porches	\$18.77	108	2.04	2,027	Porches	\$18.77	22	0.40	413
Subdivision Discount	32.00%		(25.65)	(22,158)	Subdivision Discount	32.00%		(24.90)	(24,752)	Subdivision Discount	32.00%		(24.76)	(25,334)
Other:			0.00	0	Other:			0.00	0	Other:			0.00	0
SUBTOTAL			\$62.19	\$53,730	SUBTOTAL			\$61.18	\$60,812	SUBTOTAL			\$63.07	\$64,525
Current Cost Multiplier	1.07		66.54	57,491	Current Cost Multiplier	1.07		65.46	65,069	Current Cost Multiplier	1.07		67.49	69,042
Local Multiplier	0.81		(11.82)	(10,209)	Local Multiplier	0.81		(11.62)	(11,554)	Local Multiplier	0.81		(11.98)	(12,260)
TOTAL DIRECT CONSTRUCTION COSTS			\$54.72	\$47,282	TOTAL DIRECT CONSTRUCTION COSTS			\$53.84	\$53,515	TOTAL DIRECT CONSTRUCTION COSTS			\$55.51	\$56,782
Plans/specs, svy, prmts	3.40%		(\$1.86)	(1,608)	Plans/specs, svy, prmts	3.40%		(\$1.83)	(1,819)	Plans/specs, svy, prmts	3.40%		(\$1.89)	(1,931)
Interim Construction Int.	1.50%		(\$0.82)	(709)	Interim Construction Int.	1.50%		(\$0.81)	(803)	Interim Construction Int.	1.50%		(\$0.83)	(852)
Contractor's OH & Profit	12.40%		(\$6.79)	(5,863)	Contractor's OH & Profit	12.40%		(\$6.68)	(6,636)	Contractor's OH & Profit	12.40%		(\$6.88)	(7,041)
NET DIRECT CONSTRUCTION COSTS			\$45.26	\$39,102	NET DIRECT CONSTRUCTION COSTS			\$44.52	\$44,256	NET DIRECT CONSTRUCTION COSTS			\$45.90	\$46,959

# SINGLE FAMILY RESIDENCE DEVELOPMENT PROFORMA

**CDC Brownsville, Cameron County, #2006-02**

## DIRECT CONSTRUCTION COST ESTIMATE

Single Family Residence Average Quality Basis

Plan 1241

CATEGORY	FACTOR	UNITS/SF	PER SF	AMOUNT
Base Cost		1,241	\$72.01	\$89,361
Adjustments				
Roofing			\$0.00	\$0
Subfloor			(2.28)	(2,829)
Floor Cover			2.92	3,624
Plumbing	\$940	0	0.00	0
Built-In Appliances	\$2,375	1	1.91	2,375
Heating/Cooling			1.62	2,010
Garages/Carports	\$17.54	250	4.29	4,385
Porches	\$18.77	120	1.81	2,252
Subdivision Discount	32.00%		(23.04)	(28,596)
Other:			0.00	0
SUBTOTAL			\$59.24	\$73,517
Current Cost Multiplier	1.07		63.39	78,663
Local Multiplier	0.81		(11.26)	(13,968)
TOTAL DIRECT CONSTRUCTION COSTS			\$52.13	\$64,695
Plans/specs, svy, prmts	3.40%		(\$1.77)	(2,200)
Interim Construction Int.	1.50%		(\$0.78)	(970)
Contractor's OH & Profit	12.40%		(\$6.46)	(8,022)
NET DIRECT CONSTRUCTION COSTS			\$43.11	\$53,503

## HOMEBUYER AFFORDABILITY ANALYSIS EXHIBIT

### 3% DOWNPAYMENT ASSUMPTION

*CDC Brownsville, Cameron County, #2006-0215*

ASSUMPTIONS			
Interest Rate:	0.00%	Tax Rate per \$100:	3.134054
Loan Term (mos):	360	Property Insurance:	0.35%
Assessed Value (est.):	90%	Mortgage Insurance:	0.50%

LOAN CALCULATIONS				
	<u>Plan 864</u>	<u>Plan 994</u>	<u>Plan 1023</u>	<u>Plan 1241</u>
Sales Price:	\$69,750	\$74,500	\$74,250	\$81,500
3.0% Downpayment	2,093	2,235	2,228	2,445
Deferred Forgivable	-	-	-	-
Loan Amount:	\$67,658	\$72,265	\$72,023	\$79,055

MONTHLY PAYMENT				
P & I	\$187.94	\$200.74	\$200.06	\$219.60
Taxes	163.95	175.12	174.53	191.57
Insurance	30.00	30.00	30.00	30.00
MIP	28.19	30.11	30.01	32.94
<b>TOTAL PAYMENT</b>	<b>\$410</b>	<b>\$436</b>	<b>\$435</b>	<b>\$474</b>

QUALIFYING INCOME					
	<u>1-Person</u>	<u>2-Person</u>	<u>3-Person</u>	<u>4-Person</u>	<u>5-Person</u>
30% of Median Annual Income	\$9,050	\$10,350	\$11,650	\$12,950	\$14,000
Monthly Income	\$754	\$863	\$971	\$1,079	\$1,167
PITI Affordability @ 30%	<b>\$226</b>	<b>\$259</b>	<b>\$291</b>	<b>\$324</b>	<b>\$350</b>
50% of Median Annual Income	\$15,100	\$17,250	\$19,400	\$21,550	\$23,250
Monthly Income	\$1,258	\$1,438	\$1,617	\$1,796	\$1,938
PITI Affordability @ 30%	<b>\$378</b>	<b>\$431</b>	<b>\$485</b>	<b>\$539</b>	<b>\$581</b>
60% of Median Annual Income	\$18,120	\$20,700	\$23,280	\$25,860	\$27,900
Monthly Income	\$1,510	\$1,725	\$1,940	\$2,155	\$2,325
PITI Affordability @ 30%	<b>\$453</b>	<b>\$518</b>	<b>\$582</b>	<b>\$647</b>	<b>\$698</b>
80% of Median Annual Income	\$24,150	\$27,600	\$31,050	\$34,500	\$37,250
Monthly Income	\$2,013	\$2,300	\$2,588	\$2,875	\$3,104
PITI Affordability @ 30%	<b>\$604</b>	<b>\$690</b>	<b>\$776</b>	<b>\$863</b>	<b>\$931</b>

**SINGLE FAMILY RESIDENCE DEVELOPMENT  
SOURCES and USES OF FUNDS EXHIBIT**

**CDC Brownsville, Cameron County, #2006-0215**

SOURCE OF FUNDS					
	TYPE OF CREDIT FACILITY	RECYCLE FACTOR	TDHCA AMOUNT	APPLICANT AMOUNT	RECOMMENDED AMOUNT
1	HOME Loan	1	\$1,500,000	\$1,500,000	\$1,500,000
2	Neighborhood Partnership	1			
3	Housing Trust Fund Loan	1			
4	TX Community Dev. Program	1			
5	Other TDHCA Program Loan	1			
6	Cash Equity	1			
7	In-Kind Equity	1			
8	Other CDBG	1			
9	Other HOME Loan	1			
10	RECD Loan(s)	1			
11	Other Federal Loan or Grant	1			
12	Local Municipality Loan or Grant	1			
13	Private Loan or Grant	1			
14	Conventional Loan	1			
15	Lot Equity	1			
TOTAL SOURCES OF FUNDS			\$1,500,000	\$1,500,000	\$1,500,000

**SOURCE/PRIORITY**

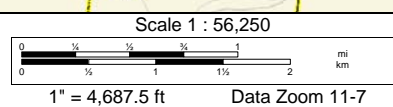
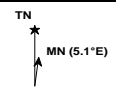
TDHCA  
TDHCA  
TDHCA  
TDHCA  
TDHCA

USES OF FUNDS				
	DESCRIPTION	TDHCA AMOUNT	APPLICANT AMOUNT	RECOMMENDED AMOUNT
1	Raw Land Acquisition Cost	\$300,000	\$300,000	\$300,000
2	Off-Sites	-	-	-
3	Site Work	-	-	-
4	Direct Construction Costs	919,103	1,120,000	1,120,000
5	Indirect Construction Costs	-	-	-
6	General Requirements & Overhead	73,528	-	-
7	Contractor's Profit	55,146	-	-
8	Developer's Overhead	67,389	-	-
9	Contingency	-	-	-
10	Financing	-	-	-
11	Other: Closing Costs	80,000	80,000	80,000
12	Sales Commission	-	-	-
13	Buyer's closing csts pd by Dev.	-	-	-
14	Other: Net Developer Profit	4,834	-	-
TOTAL USES OF FUNDS		\$1,500,000	\$1,500,000	\$1,500,000

# CDC Brownsville



Location of first three lots only





**HOME DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of the amended Housing Trust Fund Rental Production Program Notice of Funding Availability (NOFA).

**Requested Action**

Approve, Deny or Approve with Amendments the amended Housing Trust Fund Rental Production Program Notice of Funding Availability (NOFA).

**Background**

The Housing Trust Fund Rental Production Program NOFA was originally approved by the Board in October 2007 as one of the programs described in the 2008 Housing Trust Fund Annual Plan. The NOFA made available \$844,000 to provide a leveraging of funds with rental developments, primarily in rural areas targeting units for households between of 30% to 50% of Area Median Family Income (AMFI). Subsequent to the publication of the NOFA and at the December 2007 meeting, the Board approved the amended Rental Production Program Notice of Funding Availability (NOFA) to reflect changes necessitated by the final adopted Housing Trust Fund Rule. The Department released and published the amended NOFA in December 2007. The Department has received one application for a proposed development in Johnson City. This application has been reviewed but is on hold and not being recommended to move forward at this time because it is coupled with a TDHCA HOME fund request that has been terminated and in the process of appeal.

In March 2008 based on staff discussions with interested applicants and a recommended action item, the Board approved an amended NOFA to remove the requirement of a market study for those applicants proposing the acquisition or acquisition and rehabilitation of a development with 10 or fewer units. The Department released and published the amended NOFA.

Based on continued discussions with interested applicants, applicants with existing USDA 515 loans, and the U.S. Department of Agriculture (USDA), staff recommends additional changes to the NOFA as follows:

- Allow rehabilitation of older tax credit financed properties as an eligible activity. The amended NOFA would allow developments that have received a tax credit allocation more than five (5) years ago to now be eligible whereas the original NOFA prohibited any development that received or expected to receive tax credit funds from applying for these funds. This change would make these funds available for developments that previously received a housing tax credit allocation and are now in need of rehabilitation.
- Amending the NOFA such that developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8 satisfy the requirements of meeting the incentive of targeting 30% AMFI and below households. Since

developments with USDA financing generally cannot have multi-level rents for the same unit and therefore restricting rents to a 30% AMFI level makes these developments impossible to comply with the 30% set aside incentive. Moreover, USDA transactions with rental subsidy either from USDA or HUD will generally already be targeting the lowest income households generally serving 30% and below.

- Increase the total amount of funds available under this NOFA by \$1,000,000. These additional funds are available from repayments received in the Housing Trust Fund. Moreover, staff has been advised that one of the reasons for not seeing more applications is that the limited amount of funds available in the original NOFA make the probability of a successful application for an applicant rather low.
- Increase the maximum award amount from \$250,000 to \$500,000. Staff has been informed that another reason for the lack of applications has been the limited amount of funds available per transaction make the pursuit costs for an award too high for the potential return.
- An extension in the NOFA deadline from May 1, 2008 to September 1, 2008. This change would allow applicants who do not receive a tax credit allocation in July an opportunity to reformulate the financing plans for the development and an ability to apply for this funding source. It is important to note that the Rental Production Program in the approved 2008 Housing Trust Fund Annual Plan stipulated that if the funds were not applied for within six months of the release of a NOFA, the funds would be reprogrammed by the Department's Board to another activity identified in the 2008 Annual Plan.

The original amended NOFA is attached with blackline reflecting the changes proposed by staff.

### **Recommendation**

Staff recommends approval of the amended Housing Trust Fund Rental Housing Production NOFA and approval to release for publication in the *Texas Register*.



# **Texas Department of Housing and Community Affairs**

## **Housing Trust Fund**

### **Rental Production Program**

#### **Notice of Funding Availability (NOFA)**

#### **1) Summary**

- a) The Texas Department of Housing and Community Affairs (“the Department”) announces the availability of approximately \$1,844,000 in funding from the Housing Trust Fund for financing of affordable rental housing for very low-income and extremely low-income Texans. The availability and use of these funds is subject to the state Housing Trust Fund Rules at Title 10 Texas Administrative Code (10 TAC) Chapter 51 (“HTF Rules”) and Chapter 2306, Texas Government Code in effect at the time an application is submitted. Applicants are encouraged to familiarize themselves with all of the applicable rules that govern the program.

#### **2) Allocation of Housing Trust Funds**

- a) These funds are made available through General Revenue Funds and local revenues appropriated to the Housing Trust Fund during the 80<sup>th</sup> Legislative Session for financing rental housing developments which involve new construction, rehabilitation or acquisition and rehabilitation. All funds released under this NOFA are to be used for the subsidizing of affordable rental housing units that target very low-income Texans earning 50 percent or less of Area Median Family Income (AMFI) and are not being funded with Housing Tax Credits. Additionally, if the funds are used to target extremely low-income Texans earning 30 percent or less of the AMFI and those units are not designated to serve extremely low-income households through another subsidy source with the exception of developments with existing and continuing USDA 515 program loans and rental assistance or project-based Section 8, the Department may allow a forgivable loan only for those extremely low-income units.
- b) In accordance with 10 TAC §51.8, this NOFA will be an Open Application Cycle and funding will be available on a first-come, first-served statewide basis. Applications will be accepted until 5:00 p.m. May-September 1, 2008 unless all funds are committed prior to this date. Applicants are encouraged to review the application process cited above and

described herein. Applications that do not meet minimum threshold and financial feasibility will not be considered for funding.

- c) The Department will allocate Housing Trust Fund awards as a loan, to eligible recipients for the provision of housing for very low and extremely low-income individuals and families. Funds will be distributed primarily in rural areas and ~~will~~may include ~~not be awarded to~~ developments that have previously received a Housing Tax Credits award from the Department more than five (5) years ago, ~~so that~~ Special emphasis will be is given to applications that propose smaller ~~proposed~~ developments. The Department's underwriting guidelines at 10 TAC §1.32 will be used which set as a minimum feasibility a 1.15 debt coverage ratio.
- d) Award amounts are limited to no more than ~~\$250~~\$500,000 per development.
- e) Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing and will involve at least \$12,000 per unit in direct hard costs, unless the property is also being financed by the United States Department of Agriculture's Rural Development program.

### 3) Eligible and Ineligible Activities and Restrictions

- a) Eligible activities will include the financing, new construction, acquisition and/or rehabilitation of affordable rental housing developments.
- b) Ineligible activities include the acquisition, rehabilitation, reconstruction or refinancing of affordable rental housing constructed within the past 5 years or previously funded by the Department.
- c) Ineligible activities include financing for any property that also has received ~~or will receive~~ a Housing Tax Credit award within the last five (5) years.
- d) Restrictions include the displacement of existing affordable housing. Pursuant to §2306.203(a)(4) of the Texas Government Code, Housing Trust Funds shall not be utilized on a development that has the effect of permanently and involuntarily displacing low, very low, and extremely low income persons and families. Low-Income persons who may be temporarily displaced by the rehabilitation of affordable housing may be eligible for compensation of moving and relocation expenses. If a Housing Trust Fund recipient violates the permanent dislocation provision of this subsection, that recipient risks loss of Housing Trust Funds and the landlord/developer must pay the affected tenant's costs and all moving expenses.

### 4) Eligible and Ineligible Applicants

- a) The Department provides HTF to qualified local units of government, public housing authorities, nonprofit organizations and for-profit entities.
- b) Ineligible Applicants will include the following:
  - i) Previously funded recipient(s) whose Housing Trust Funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to the current funding cycle;
  - ii) Applicants, or persons affiliated with the Applicant that have been barred, suspended, or terminated from procurement in a state or federal program and listed in the List of Parties Excluded from Federal Procurement of Non-procurement Programs;

- iii) Applicants or persons affiliated with the Applicant that are subject of enforcement action under state or federal securities law, or are the subject of an enforcement proceeding with a state or federal agency or another governmental entity;
  - iv) Applicants or persons affiliated with the Applicant that have unresolved audit findings related to previous or current funding agreements with the Department;
  - v) Applicants or persons affiliated with the Applicant that have delinquent loans, fees or other commitments with the Department, until payment is made;
  - vi) Applicants who have not satisfied all threshold requirements described in this title, and the NOFA to which they are responding, and for which Administrative Deficiencies were unresolved;
  - vii) Applicants who have submitted incomplete Applications;
  - viii) Applicants or persons affiliated with the Applicant that have been otherwise barred by the Department;
  - ix) Applicants are subject to §1.13 of this title; or
  - x) Applicants or persons affiliated with the Applicant that have breached a contract with a public agency.
- c) Each Application will be reviewed for its compliance history by the Department, consistent with 10 TAC Chapter 60. Applicants, or persons affiliated with an Application, found to have a Development or Contract in Material Noncompliance with the Department, will have their Application(s) terminated.

#### **5) Affordability Requirements**

- a) Pursuant to §2306.203 (6) of the Texas Government Code, Applicants proposing multifamily housing, new construction or rehabilitation, will be required to guarantee the Development will remain affordable to income qualified families or individuals for a period of 20 years.
- b) Properties will be restricted under a Land Use Restriction Agreement (“LURA”), or other such instrument as determined by the Department for these terms. Among other restrictions, the LURA may require the owner of the property to continue to accept subsidies which may be offered by the federal government, prohibit the owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the property as affordable housing on a case-by-case basis.

#### **6) Site and Development Restrictions**

- a) Housing that is constructed or rehabilitated with HTF funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of local codes applications will be required to meet Texas Minimum Construction Standards, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973. Developments must also meet all local building codes or standards that may apply.
- b) Housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C.

3601–3619). Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.

## **7) Threshold Criteria**

- a) Housing units subsidized by HTF funds must be affordable to very-low (50% AMFI or below) or extremely low-income (30% AMFI or below) persons. Mixed Income rental developments may only receive funds for units that serve very-low or extremely low-income persons. All applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.
- b) The Recipient must establish a reserve account consistent with §2306.186, Texas Government Code, and as further described in 10 TAC §1.37.
- c) The following Threshold Criteria listed in this subsection are mandatory requirements at the time of Application submission unless specifically indicated otherwise. Applicants must demonstrate the application can meet the following threshold criteria to be considered for funding:
  - i) The application is consistent with the requirements established in the HTF rules and the NOFA.
  - ii) The Applicant provides evidence of its ability to carry out the proposal in the areas of financing, acquiring, rehabilitating, developing or managing an affordable housing development.
  - iii) To encourage the inclusion of families and individuals with the highest need for affordable housing, applicants must target units for individuals or families earning 50% or less of area median family income for the development site.
  - iv) An applicant is not eligible to apply for funds or any other assistance from the Department unless audits are current at the time of application or the Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b).

## **8) Review Process**

- a) Pursuant to 10 TAC §51.8, each application will be handled on a first-come, first-served basis as further described in this section. Each application will be assigned a "Received Date" based on the date and time it is physically received by the Department. Then each application will be reviewed on its own merits in two review phases, as applicable. Applications will continue to be prioritized for funding based on their "Received Date" unless they do not proceed into the next phase(s) of review. Applications proceeding in a timely fashion through a phase will take priority over applications that may have an earlier "Received Date" but that did not timely complete a phase of review. Applications will be reviewed for Applicant and Activity Eligibility, Threshold Criteria, and Financial Feasibility as described in this NOFA.

Phase One will begin as of the Received Date and will include a review of eligibility and threshold criteria and all Application requirements. The Department will ensure review of materials required under the NOFA and ASPM and will issue a notice of any Administrative Deficiencies for threshold criteria and eligibility within 45 days of the Received Date. Applicants who are able to resolve their Administrative Deficiencies within five (5) business days will be forwarded into Phase Two, if applicable, and will

continue to be prioritized by their Received Date. Applications with Administrative Deficiencies not cured within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase and do not require additional review in Phase Two will be reviewed for recommendation to the Board by the Committee.

Phase Two will include a comprehensive review for financial feasibility for Development Activities. Financial feasibility reviews will be conducted by the Real Estate Analysis (REA) Division consistent with §1.32 of this title. REA will create an underwriting report identifying staff's recommended Loan terms, the Loan or Grant amount and any conditions to be placed on the Development. The Department will issue a notice of any Administrative Deficiencies within 45 days of the date the Application enters Phase Two. Applications with Administrative Deficiencies not satisfied within five (5) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this Phase will be reviewed for recommendation to the Board by the Committee.

Because applications are processed in the order they are received by the Department, it is possible that the Department will expend all available Housing Trust Fund funds before an application has completed all phases of review. In the case that all Housing Trust Fund funds are committed before an application has completed all phases of the review process, the Department will notify the applicant that their application will remain active for ninety (90) days in its current phase. If new Housing Trust Fund funds become available, Applications will continue onward with their review without losing their Received Date priority. If Housing Trust Fund funds do not become available within ninety (90) days of the notification, the Applicant will be notified that their Application is no longer under consideration. The applicant must reapply to be considered for future funding. If on the date an Application is received by the Department, no funds are available under the NOFA, the applicant will be notified that no funds remain under the NOFA and that the application will not be processed.

- b) If a submitted Application has an entire Volume of the application missing; has excessive omissions of documentation from the Threshold Criteria or Uniform Application documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined, will be terminated without being processed as an Administrative Deficiency.
- c) Pursuant to 10 TAC §51.8(e), a site visit will be conducted as part of the HTF Program development feasibility review. Applicants must receive recommendation for approval from the Department to be considered for HTF funding by the Board.
- d) The Department may decline to consider any Application if the proposed activities do not, in the Department's sole determination, represent a prudent use of the Department's funds. The Department is not obligated to proceed with any action pertaining to any Applications which are received, and may decide it is in the Department's best interest to refrain from pursuing any selection process. The Department strives, through its loan

terms, to securitize its funding while ensuring the financial feasibility of a Development. The Department reserves the right to negotiate individual elements of any Application.

- e) In accordance with §2306.082 Texas Government Code and 10 TAC 51.8(g), it is the Department's policy to encourage the use of appropriate Alternative Dispute Resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC 1.17.
- f) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

## 9) Application Submission

- a) All applications submitted under this NOFA must be received on or before 5:00 p.m. on **May-September 1, 2008**. The Department will accept applications from 8 a.m. to 5 p.m. each business day, excluding federal and state holidays from the date this NOFA is published on the Department's web site until the deadline. For questions regarding this NOFA please contact Barbara Skinner at 512-475-1643 or via e-mail at [barbara.skinner@tdhca.state.tx.us](mailto:barbara.skinner@tdhca.state.tx.us) ~~or Ann-Gusman-MacBeth at 512-475-4606 or via e-mail at [ann.macbeth@tdhca.state.tx.us](mailto:ann.macbeth@tdhca.state.tx.us)~~.
- b) If an Application is submitted to the Department for a Development that requests funds from two separate housing finance programs, and only one of the housing finance programs is operated as a competitive cycle, the Application will be handled in accordance with the guidelines for each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs. If an Application is submitted for two separate housing finance programs where both programs are either open cycle, or competitive, the Application will be handled in accordance with the guidelines of each housing program. The Applicant is responsible for adhering to the deadlines and requirements of both programs.
- c) Applications submitted to the Department must be complete and include all support documentation and associated application materials as described in this NOFA.
- d) Applicants must submit two complete printed copies of all Application materials as detailed in the 2007 ASPM for Housing Trust Fund.
- e) The application consists of three parts: bound items, unbound items and electronic submission. A complete application for each proposed development must be submitted. Incomplete applications or improperly bound applications will not be accepted. The bound volumes of the application must be bound using red pressboard binders. Each volume must be submitted in a separate red pressboard binder. If the required documentation for a volume exceeds the capacity of one binder, a second binder may be used to subdivide the volume.



- f) If third party reports are not received at the time of application submission, the Application will be terminated.
- g) Application materials including manuals, NOFA, program guidelines, and applicable Housing Trust Fund rules, will be available on the Department's website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us). Applications will be required to adhere to the Housing Trust Fund Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department.
- h) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of \$200.00 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. Section 2306.147(b) of the Texas Government Code requires the Department to waive Application fees for nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee.
- i) Applications must be sent via overnight delivery to:

**HOME Division**  
**Texas Department of Housing and Community Affairs**  
**Attn: Barbara Skinner**  
**221 East 11th Street**  
**Austin, TX 78701-2410**

or via the U.S. Postal Service to:

**HOME Division**  
**Texas Department of Housing and Community Affairs**  
**Attn: Barbara Skinner**  
**Post Office Box 13941**  
**Austin, TX 78711-3941**

***NOTE:** This NOFA does not include the text of the various applicable regulatory provisions that may be important to the particular Housing Trust Fund Program. For proper completion of the application, the Department strongly encourages potential applicants to review all applicable State and Federal regulations.*

**HOME DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Approval of the Housing Trust Fund 2008 Homeownership SuperNOFA Program award recommendation.

**Requested Action**

Approve, Deny or Approve with Amendments the Housing Trust Fund 2008 Homeownership SuperNOFA Program award recommendation.

**Background**

**Summary**

On January 31, 2008, the Board approved the Housing Trust Fund 2008 Homeownership SuperNOFA Program Notice of Funding Availability (NOFA) which made available \$1 million to be utilized for the rebuilding or rehabilitation of affordable housing for homeowners and gap financing or downpayment assistance for first-time homebuyers households earning 50% or less of the Area Median Family Income (AMFI) as defined by the U. S Department of Housing and Urban Development (HUD), with incentive provided to serve households earning 30% or less of the AMFI. Applications from units of general local governments, non-profit organizations, for profit organizations, and public housing authorities are being received on a first-come, first-served basis for mortgage assistance, downpayment assistance or rehabilitation assistance.

*Mortgage Assistance* provides assistance to homeowners for the acquisition, new construction or reconstruction costs to rebuild single family housing affected by a disaster other than Hurricane Rita. Eligible homeowners must provide evidence of prior homeownership and principal residence status of the home proposed to be rebuilt. Assistance will be in the form of a zero percent (0%) interest, 30-year term, amortizing loan creating a 1st lien. All properties must meet all applicable building and safety codes, ordinances and standards, local zoning ordinances and HUD's Housing Quality Standards (HQS) at the completion of assistance. If a home is newly constructed it must also meet federal energy requirements as defined by HUD. The maximum loan amount per homeowner is \$70,000.

*Downpayment Assistance* provides assistance to homebuyers for down payment and gap financing for the acquisition of single family housing. Eligible first-time homebuyers must not have owned a home in the three (3) years prior to the receipt of assistance. Assistance will be in the form of a zero percent interest (0%) interest, 10-year deferred, forgivable loan creating a 2nd or 3rd lien. Homebuyer Counseling must be provided to each household served. All properties must meet all applicable building and safety codes, ordinances and standards, local zoning ordinances and HUD's Housing Quality Standards (HQS) at the completion of assistance. If a home is newly constructed it must also meet federal energy requirements as defined by HUD. The maximum loan amount per homebuyer is \$10,000.

*Rehabilitation Assistance* provides assistance to homeowners for the rehabilitation of single family housing including architectural barrier removal. Eligible homeowners must provide evidence of homeownership and principal residence status of the home proposed to be rehabilitated. Assistance will be in the form of a zero percent (0%) interest, 20-year deferred, forgivable loan creating a 1st, 2nd or 3rd lien. All properties must meet all applicable building and safety codes, ordinances and standards, local zoning ordinances and HUD's Housing Quality Standards (HQS) at the completion of assistance. If a home is newly constructed it must also meet federal energy requirements as defined by HUD. The maximum loan amount per homeowner is \$30,000.

**Recommendation**

One (1) application has been received for funding with a request totaling \$250,000 in project and administrative funds. The final application deadline date for the Homeownership SuperNOFA is June 27, 2008. The following is a summary of the application received:

<b>Applicant</b>	<b>Service Area</b>	<b>Activity</b>	<b>Total Project Funds Requested</b>	<b>Total Administrative Funds Requested</b>	<b>Total Funds Requested</b>	<b>Total Number of Units Proposed</b>
Dallas Area Habitat for Humanity	Dallas	Downpayment Assistance	\$240,000	\$10,000	\$ 250,000	24
<b>Total</b>			<b>\$240,000</b>	<b>\$10,000</b>	<b>\$ 250,000</b>	<b>24</b>

Dallas Area Habitat for Humanity began as an affiliate for Habitat for Humanity International in 1985, and was incorporated in 1986 as a 501(c)(3) tax-exempt nonprofit organization in the State of Texas. Dallas Habitat has built or rehabilitated 660 homes in 20 neighborhoods of different income mix in Dallas County, adding \$55 million onto the Dallas County tax rolls to-date. Dallas Area Habitat for Humanity has extensive experience in providing downpayment assistance to homebuyers through the Federal Home Loan Bank, TDHCA Bootstrap Program, and the City of Dallas Mortgage Assistance program administered by the Enterprise Foundation. With these funds, the applicant is proposing to provide downpayment assistance to 24 households in the Dallas area.

**Funding Recommendation Methodology**

The funds were not subject to the Regional Allocation Formula. Applications are being processed utilizing the open cycle method and as described in the NOFA. The application being recommended has passed all eligibility and threshold requirements. The application has also been reviewed by the Portfolio Management and Compliance Division and no issues of material non-compliance have been identified. Staff will verify during a second compliance review at contract generation that there are no any unresolved audit findings, questioned or disallowed costs, and performance issues identified at that time.

**Recommendation**

Staff recommends approval of the Housing Trust Fund Homeownership SuperNOFA award recommendation to Dallas Area Habitat for Humanity for \$250,000.

**BOND FINANCE DIVISION**

**BOARD ACTION REQUEST  
May 8, 2008**

**Action Items**

Presentation, Discussion and Approval of a Request for Proposal (“RFP”) for Underwriter Services from investment banking firms interested in developing a drawdown bond for TDHCA’s single family mortgage revenue bond recycling program.

**Required Action**

Approve issuing a Request for Proposal (“RFP”) for Underwriter Services from investment banking firms interested in developing a drawdown bond for TDHCA’s single family mortgage revenue bond recycling program.

**Background**

On January 31, 2008, the TDHCA Board gave approval to convert our commercial paper program to a drawdown bond. The Drawdown Bond Program will allow TDHCA to capture and preserve tax-exempt lending authority by refunding eligible mortgage revenue bonds which are being redeemed from scheduled mortgage principal repayments and prepayments and to capture new tax-exempt volume cap allocated for use in future single family bond issues. Bond Finance is taking the next step to develop a drawdown bond by issuing an RFP from investment banking firms interested in providing underwriting services for developing a drawdown bond. The responses in the RFP will be reviewed, analyzed, and scored by Bond Finance staff and TDHCA Financial Advisor, RBC Capital Markets before coming back to the TDHCA Board for approval of drawdown bond underwriter at the June 26, 2008 Board Meeting.

The following table provides certain key dates.

<b>Program Designation</b>	<b>Drawdown Bond Key Dates</b>
TDHCA Board Approval of RFP	May 8, 2008
Publish RFP in Texas Register, Bond Buyer, Marketplace	May 23, 2008
RFP Responses Due	June 5, 2008
TDHCA Board Approval of Selected Underwriter	June 26, 2008
TDHCA Board Approval of Drawdown Bond Structure	September 4, 2008 - Tentative
Texas Bond Review Board Approval of Drawdown Bond	September 18, 2008 - Tentative
Closing Date	October 16, 2008 - Tentative

The attached RFP for Underwriter Services lists the scope of services requested in connection with this assignment. The selected Underwriter will work with the Board of Directors and TDHCA’s staff to develop the Drawdown Bond.

**Recommendation**

Approve issuing a Request for Proposal (“RFP”) for Underwriter Services from investment banking firms interested in developing a drawdown bond for TDHCA’s single family mortgage revenue bond recycling program.

**Texas Department of Housing and Community Affairs  
Request for Proposal for Underwriting Services for the  
Single Family Drawdown Bond Program**

**I. Purpose of Request**

The Texas Department of Housing and Community Affairs (“TDHCA”) is issuing this request for proposal (RFP) from investment banking firms interested in providing investment banking services for its proposed Single Family Drawdown Bond Program (the “Drawdown Program”) which would replace TDHCA’s current Single Family Mortgage Revenue Refunding Tax-Exempt Commercial Paper Notes Program. The Drawdown Program should allow TDHCA to capture and preserve tax-exempt lending authority by refunding eligible mortgage revenue bonds which are being redeemed from scheduled mortgage principal repayments and prepayments and to capture new tax-exempt volume cap allocated for use in future single family bond issues.

**II. Deadline for Responses and Other Information**

**Response Due: Thursday, June 5, 2008 4:00 P.M. C.D.T.**

No proposal received after the deadline will be considered. Only electronic responses will be accepted. TDHCA further reserves the right to negotiate individual elements of a firm’s proposal.

All responses must be complete as to all terms and conditions, on the date submitted. Additional information submitted after the response or separate from the response for purposes of clarification, explanation, interpretation, or annotation will not be considered by TDHCA unless specifically requested by TDHCA and then only to the extent requested.

In releasing this RFP, TDHCA shall not be obligated to proceed with any action on the RFP and may decide it is in TDHCA’s best interest to refrain from pursuing an approval process. TDHCA reserves and may, at any time, exercise the right to 1) reject any or all responses to this RFP, or 2) waive, in writing, minor irregularities in submitted responses. Any written waiver exercised under this section will in no way modify any provision of this RFP.

**With the exception of certain written communications allowed under Section VI, investment banking firms, or any representative of the firm, responding to the RFP must refrain from any contact or communication with members of the Board of Directors or with any TDHCA staff as to the selection of firms pursuant to this RFP. A DETERMINATION BY THE BOARD THAT A VIOLATION OF THIS POLICY HAS OCCURRED WILL BE GROUNDS FOR DISQUALIFICATION OF A FIRM’S PROPOSAL.**

**III. Delivery of Responses**

Responses must be submitted through email, in the form of a Microsoft Word or Adobe PDF attachment, to the email address listed below. Electronic ZIP files and delivery via fax or courier will not be accepted. The subject line of the email must contain the following text, with no additional characters: **TDHCA Drawdown Bond Program**. If the response consists of several files, they must be combined into a single attachment prior to submission, the only exception is outlined under Financial Condition.

Submission emails with attachments must be received by Heather Hodnett as indicated on the following page by 4:00 p.m. central daylight time on June 5, 2008. Responders are encouraged to contact Heather Hodnett at TDHCA prior to the submission deadline to confirm TDHCA’s receipt of their proposal.

**Texas Department of Housing and Community Affairs  
Request for Proposal for Underwriting Services for the  
Single Family Drawdown Bond Program**

*Texas Department of Housing and Community Affairs*

Attention: Heather Hodnett

Phone: 512-475-1899

Fax: 512-475-3362

[heather.hodnett@tdhca.state.tx.us](mailto:heather.hodnett@tdhca.state.tx.us)

**Responses received subsequent to the deadline indicated above will not be considered.**

**IV. TDHCA Board Review and Oral Presentations**

Firms that have responded to this RFP may be asked to make oral presentations at a meeting of TDHCA's Board. In such event, those firms will be given not less than three (3) business days notice along with the date, time and place for such oral presentation. The Board will give final approval based on recommendations from the review team.

**V. Response Format**

- Each question in this Section V should be specifically addressed or the reason no response was given should be indicated.
- Responses should be submitted by individual firms only. TDHCA may accept responses submitted on a joint basis with HUB firms certified by the State of Texas.
- Responses should be limited to the information requested by TDHCA in this RFP and should be no longer than 40 pages. Do not submit any additional information, such as attachments or appendices, not requested by TDHCA. TDHCA will consider only the information for which a response has been requested.
- Identify the question being answered in the introduction to each response.

**A. Financing Structure**

1. Provide a description of your proposed structure for the Drawdown Program including:
  - a. The sale and distribution of the related bonds
  - b. The tender period for the bonds
  - c. The remarketing of the bonds
  - d. The interest rate index
  - e. Frequency of reset
  - f. Method of computation
  - g. Rate cap or floor, or other method for establishing the interest rate for the bonds
  - h. Initial no withdrawal period, if any
  - i. Draw notice requirements and other salient features of your proposed program
  - j. Account activity reporting data and frequency
  - k. Maximum or cumulative size limitations
2. Include how repayments and prepayments will be invested, the interest rate index, frequency of reset, method of computation, rate cap or floor, and the rating of the provider.

**Texas Department of Housing and Community Affairs  
Request for Proposal for Underwriting Services for the  
Single Family Drawdown Bond Program**

3. Discuss the maximum duration of the Drawdown Program, any financial risk to TDHCA, and any qualifications with respect to your commitment to purchase the drawdown bonds during the program's duration.
4. Discuss your involvement in maintaining 32-year, 10-year and 42-month tax calculations.
5. Discuss any restrictions on refunding the drawdown bonds with a separate series of bonds under an existing single family bond indenture, specifically whether or not the drawdown bonds can be refunded by a transaction underwritten by another investment banking firm or if the drawdown bonds will be required to be refunded by your firm.
6. Discuss how you ensure interest terms on Investment Agreements match the Drawdown Bond's interest terms in order to avoid arbitrage risk.
7. Provide a detailed time and task schedule to develop, implement and operate the proposed program. The schedule should clearly indicate all required actions and approvals.
8. Describe any training that would be provided to TDHCA staff to ensure timely and successful start-up and operation of the program.

**B. Personnel**

Provide the names, office location, and brief resumes (including State of Texas, TDHCA, and other state housing finance agency experience) for the professionals who will be assigned to TDHCA's account. Include their level of responsibility and availability. Describe the professional background of these individuals, in particular their relevant state housing finance experience. Please designate the percentage of work for which each team member will be responsible. Indicate the individual's relevant experience, any relevant licenses or designations they hold, and how any particular area of expertise would benefit TDHCA. Specify who would be assigned as the primary day-to-day contact for TDHCA and their office location. Also, specify who would be the backup for the primary day-to-day contact and their office location.

**C. Experience**

Provide the firm's experience as underwriter with single family drawdown bond programs for the current and past five calendar years (**2007, 2006, 2005, 2004, and 2003**).

This information should be provided in **table format** with the column headings across the top in order from left to right. Please total each category and/or column by year and show an overall total. Use the column headings provided below for your response. (These items should be included as an attachment or appendix and will not be considered part of the page limitation.)

Column Headings

Date of Issue  
Name of Issuer  
Nominal Amount  
Program Term  
Approximate Drawdown Volume to Date  
Approximate Number of Drawdowns

After the table format, please describe any special strengths or capabilities of your firm, or any special services or assistance your firm may provide to TDHCA, which may be relevant to or helpful to TDHCA in structuring, financing or administering its Drawdown Program.

**Texas Department of Housing and Community Affairs  
Request for Proposal for Underwriting Services for the  
Single Family Drawdown Bond Program**

**D. Investment Banking Firm's Organization and Infrastructure**

Please provide a description of your firm's corporate structure, including holding companies, parents, insurers, corporate affiliates and significant correspondent banks.

**E. References**

Describe and provide a reference for three (3) programs that you helped establish for entities similar to TDHCA. Please provide their names, addresses, phone numbers and email address. Please provide additional client references and summary information regarding their programs if available.

**F. Proposed Fees and Expenses**

Please detail all initial and recurring fees, costs and expenses related to the proposed services for which TDHCA would be responsible.

Please disclose all other forms of earnings, fees, credits, compensation or other benefit your firm expects to receive from the proposed program.

**G. Litigation**

Describe any litigation, arbitration, or other actions current, pending, or past against the firm arising from the firm's involvement in municipal or public purpose debt. **Please indicate your willingness to provide additional information on any litigation pending against your firm should TDHCA request it.**

**H. Financial Condition**

Provide a copy of your firm's most recent annual audited financial statements or your most recent copy of your SEC FOCUS Report. **Failure to provide this information will result in the disqualification of your response.** (These items can be included as a separate attachment or appendix and will not be considered part of the page limitation.)

**I. Ratings**

Please indicate your firm's short- and long-term ratings from S&P, Moody's and Fitch.

**VI. Program Information**

To obtain further information about the TDHCA Single Family Bond Program or this RFP, please email your request to Matt Pogor at [matt.pogor@tdhca.state.tx.us](mailto:matt.pogor@tdhca.state.tx.us) or visit the Bond Finance Division web page at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us). The Bond Finance Division will post questions received and answers on its web page for review by all respondents. See Exhibit "A" for deposit and withdrawal schedules of prepayments and repayments.



**Texas Department of Housing and Community Affairs  
Request for Proposal for Underwriting Services for the  
Single Family Drawdown Bond Program**

Following is the scoring criteria that will be used to evaluate responses to the RFP.

<b>Question</b>	<b>Description</b>	<b>Possible Points</b>
A	Financing Structure	36
B	Personnel	5
C	Experience	24
D	Investment Banking Firm's Organization and Infrastructure	5
E	References	5
F	Proposed Fees and Expenses	10
G	Litigation	5
H	Financial Condition	5
I	Ratings	5
<b>Best Possible Score</b>		<b>100</b>

Information submitted to TDHCA is public information and is available upon request after the Board has approved the selection of firms for its list of underwriters in accordance with the Texas Public Information Act, Chapter 552 of the Government Code (the "Act"). A firm submitting any information it considers confidential as to trade secrets or commercial or financial information which it desires not to be disclosed must clearly identify all such information in its proposal. If information so identified by a firm is requested from TDHCA, the firm will be notified and given an opportunity to present its position to the Texas Attorney General, who shall make the final determination as to whether such information is excepted from disclosure under the Act. Information not clearly identified as confidential will be deemed to be non-confidential and will be made available by TDHCA upon request.

**VII. Cost Incurred in Responding**

All costs directly or indirectly related to preparation of a response to this RFP or any oral presentation required to supplement and/or clarify the RFP which may be required by TDHCA shall be the sole responsibility of and shall be borne by your firm.

**VIII. Historically Underutilized Businesses**

Since 1992, TDHCA has provided outreach assistance to all vendors interested in doing business with our agency. Through TDHCA Historically Underutilized Business (HUB) Plan it is our intent to increase the HUB participation in all facets of procurement. TDHCA encourages all vendors eligible for HUB certification to take part in opportunities with TDHCA. You may access the Comptroller of Public Accounts at [www.cpa.state.tx.us/procurement/prog/hub/](http://www.cpa.state.tx.us/procurement/prog/hub/) for information on becoming a certified HUB. If you will be subcontracting services to a HUB vendor, please see the Comptroller's web site at [www.cpa.state.tx.us/procurement/prog/hub/hub-subcontracting-plan/](http://www.cpa.state.tx.us/procurement/prog/hub/hub-subcontracting-plan/) for the HUB Subcontracting Plan.

## Exhibit A

### Texas Department of Housing and Community Affairs

#### ***Anticipated Drawdown Bond Activity*** \* December 2008 Through December 2011

Date	Deposit	Withdrawals	Description	Cumulative Balance
			Transfer Amount from CP	
10/16/2008	\$ 70,482,000			\$ 70,482,000
12/18/2008	\$ 10,000,000		Pre/repayments	\$ 80,482,000
1/15/2009				
2/12/2009	\$ 8,000,000		Pre/repayments	\$ 88,482,000
3/15/2009				
4/15/2009				
5/15/2009				
6/18/2009	\$ 10,000,000		Pre/repayments	\$ 98,482,000
7/15/2009				
8/13/2009	\$ 8,000,000		Pre/repayments	\$ 106,482,000
9/15/2009				
10/15/2009				
11/15/2009				
12/17/2009	\$ 10,000,000		Pre/repayments	\$ 116,482,000
1/15/2010				
2/18/2010	\$ 8,000,000		Pre/repayments	\$ 124,482,000
3/15/2010				
4/15/2010				
5/15/2010				
6/17/2010	\$ 10,000,000		Pre/repayments	\$ 134,482,000
7/15/2010				
8/12/2010	\$ 8,000,000		Pre/repayments	\$ 142,482,000
9/15/2010				
10/14/2010		\$ 50,000,000	Draw Down	\$ 92,482,000
11/15/2010				
12/16/2010	\$ 10,000,000		Pre/repayments	\$ 102,482,000
1/16/2011				
2/16/2011	\$ 8,000,000		Pre/repayments	\$ 110,482,000
3/19/2011				
4/19/2011				
5/20/2011				
6/20/2011	\$ 10,000,000		Pre/repayments	\$ 120,482,000
7/21/2011				
8/21/2011	\$ 8,000,000		Pre/repayments	\$ 128,482,000
9/21/2011				
10/22/2011		\$ 50,000,000	Draw Down	\$ 78,482,000
11/22/2011				
12/23/2011	\$ 10,000,000		Pre/repayments	\$ 88,482,000
	<u>\$ 188,482,000</u>			

\* Estimated Deposits and Withdrawals are subject to change.

**DISASTER RECOVERY DIVISION**

**BOARD ACTION REQUEST**

**May 8, 2008**

**Action Item**

Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA

**Requested Action**

Presentation and Discussion of the Disaster Recovery Division's Status Report on CDBG and FEMA AHPP Contracts Administered by TDHCA

**Background**

For this month, the activities of the Community Development Block Grant (CDBG) Disaster Recovery Programs for Round I and Round II funding administered by TDHCA, as well as the FEMA Alternative Housing Pilot Program (AHPP) activities are being consolidated into one report. This Board Action Request summarizes the activities of these programs.

**Public Law 109-148 – 1<sup>st</sup> Supplemental (\$74.5 Million)**

Under the **1<sup>st</sup> Supplemental CDBG Disaster Recovery Program (referred to as Round I)**, three Councils of Governments (COGs) are responsible for administering housing contracts to help restore and rebuild in areas of the State most directly impacted by Hurricane Rita. Of the \$74.5 million, the total funding allocation administered by the COGs is \$40,259,276 broken down as follows:

- Deep East Texas Council Of Governments (DETCOG) - \$6,745,034
- Houston-Galveston Area Council (H-GAC) - \$7,015,70
- South East Texas Regional Planning Commission (SETRPC) - \$26,498,536
  - *SETRPC* - \$15,788,536
  - *Beaumont* - \$5,145,000
  - *Port Arthur* - \$5,565,000

The Disaster Recovery Division was fully engaged during the month of April ensuring that housing activities continue to be proportionate to the remaining months under the COG contracts. The COGs are continuing to increase the number of applicants that are in the home delivery phase (replacement, rehabilitation or reconstruction) and continue to access HTF dollars to finance gap amounts. As of May 1, 2008, \$184,717.40 of HTF dollars has been committed and \$41,140.26 had been drawn. The COGs have identified an estimated need of approximately \$900,000 of the \$1,000,000 reserved under the HTF program.

Each COG is fully engaged in the home delivery phase (replacement, rehabilitation or reconstruction). Staff continues to receive weekly updates from each COG to gauge their progress in completing contract activities by the end of the contract term, July 27, 2008. The COGs delivered forty-seven (47) housing units during the month of April and cumulatively have either replaced, reconstructed, or are in the process of reconstructing one hundred and ninety-eight (198) housing units.

**Financial Summary**

	<b>Current Budget</b>	<b>Admin \$ Drawn To Date</b>	<b>Project \$ Drawn To Date</b>	<b>Balance CDBG Funds</b>	<b>% of Funds Disbursed</b>
<b>DETCOG</b>	<b>\$6,745,034.00</b>	<b>\$424,958.44</b>	<b>\$838,292.99</b>	<b>\$5,481,782.57</b>	<b>18.73%</b>
<b>H-GAC</b>	<b>\$7,015,706.00</b>	<b>\$569,072.56</b>	<b>\$1,050,104.45</b>	<b>\$5,396,528.99</b>	<b>23.08%</b>
<b>SETRPC</b>	<b>\$26,498,536.00</b>	<b>\$1,183,546.95</b>	<b>\$3,594,208.47</b>	<b>\$21,720,780.58</b>	<b>18.03%</b>
SETRPC	\$15,788,536.00	\$1,085,242.96	\$3,594,208.47	\$11,109,084.57	29.64%
Beaumont	\$5,145,000.00	\$91,703.99	\$0.00	\$5,053,296.01	1.78%
Port Arthur	\$5,565,000.00	\$6,600.00	\$0.00	\$5,558,400.00	0.12%
<b>Totals</b>	<b>\$40,259,276.00</b>	<b>\$2,177,577.95</b>	<b>\$5,482,605.91</b>	<b>\$32,599,092.14</b>	<b>19.03%</b>

**Project Summary**

	<b>*Min. No. to be Served</b>	<b>No. out for Bid</b>	<b>**Units Under Contract</b>	<b>No. Site-built Under Construction</b>	<b>No. Site-built Constructed</b>	<b>No. of MHUs Delivered</b>	<b>Total Assisted/ Under Construction</b>
<b>DETCOG</b>	<b>96</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>46</b>	<b>46</b>
<b>H-GAC</b>	<b>110</b>	<b>33</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>40</b>
<b>SETRPC</b>	<b>229</b>	<b>37</b>	<b>85</b>	<b>50</b>	<b>31</b>	<b>31</b>	<b>112</b>
SETRPC	127	15	23	32	31	31	94
Beaumont	56	8	37	13	0	0	13
Port Arthur	46	14	25	5	0	0	5
<b>Total</b>	<b>435</b>	<b>70</b>	<b>115</b>	<b>50</b>	<b>31</b>	<b>117</b>	<b>198</b>

\* Based on the contractual number of households that the COGs will be able to serve with the funding allocation

\*\* Total of MHUs ordered but not yet delivered and construction contracts signed for site-built units

**COG Activity Highlights as of May 1, 2008**

**Deep East Texas Council of Governments**

DETCOG had delivered forty-six (46) homes to homeowners and had fourteen (14) additional homes on order as of May 1, 2008. DETCOG’s Housing Trust Fund (HTF) contract amount is \$178,321. DETCOG identified a gap financing need for seventy-four (74) households totaling approximately \$203,042. Needs exceeding the HTF contract amount will be covered with other funding sources available to DETCOG.

**Houston-Galveston Area Council**

H-GAC had delivered forty (40) homes to homeowners and had forty-nine (49) additional homes either out to bid, scheduled for delivery, or on order as of May 1, 2008. H-GAC’s HTF contract amount is \$184,414. H-GAC identified a gap financing need for fifty-five (55) households totaling \$156,638. Although H-GAC has stated that HTF gap financing needs exceed the contract amount, these needs have not been reported to TDHCA to date. As additional needs are identified, H-GAC will search for additional gap funding to assist with the balance of applicants that will not be covered with HTF funds.

**South East Texas Regional Planning Commission**

SETRPC had delivered sixty-two (62) homes to homeowners, had thirty-two (32) homes under construction, and had thirty-eight (38) more homes either out for bid or recently awarded as of May 1, 2008.

The total HTF contract amount for SETRPC is \$637,265 with \$374,360 of that total available for all households within their service area excluding households in the cities of Beaumont and Port Arthur. SETRPC identified a gap financing need for seventy-seventy (77) households totaling approximately \$298,323 in those areas.

SETRPC continues to work closely with each of its subcontractors, the cities of Beaumont and Port Arthur to move the program forward to a successful completion.

**City of Beaumont**

The City of Beaumont awarded permits for construction of thirteen (13) homes in early April 2008. A total of thirty-seven (37) bids were approved by City Council, another eight (8) were pending approval as of May 1, 2008. The City has resolved all outstanding monitoring issues.

The amount of the HTF contract amount available to the City of Beaumont is \$143,937. The City identified a gap financing need for forty-six (46) households totaling approximately \$142,995. If additional needs are identified that exceed the contract amount, the City will search for additional gap funding sources.

**City of Port Arthur**

As of May 1, 2008, fourteen (14) houses were out to bid or awaiting City Council approval, twenty-five (25) construction contracts were signed and will be under construction in early May, and five (5) units are under construction. The City has resolved all outstanding monitoring issues.

The amount of the HTF contract amount available to the City of Port Arthur is \$118,968. The City identified a gap financing need for thirty (30) households totaling approximately \$100,366. If additional needs are identified that exceed the contract amount, the City will search for additional gap funding sources.

**Public Law 109-234 – Round II (\$428 Million)**

The **2nd Supplemental CDBG Disaster Recovery Funding (referred to Round II)** is the second of two awards in CDBG funding to help restore and rebuild in areas of the State most directly impacted by Hurricanes Rita, but it also addresses needs arising from Katrina evacuees. The total funding allocation is \$428,671,849, broken down as follows:

<b>2nd Supplemental CDBG Disaster Recovery Activity</b>	<b>Available Funding</b>
Rental Housing Stock Restoration Program (“Rental”)	\$82,866,984
ORCA’s Restoration of Critical Infrastructure Program (Infrastructure)*	\$42,000,000
City of Houston and Harris County Public Service and CDP (“Houston/Harris”)	\$60,000,000
Homeowner Assistance Program (“HAP”)	\$210,371,273
Sabine Pass Restoration Program (“SPRP”)	\$12,000,000
State Administration Funds (Used to Administer Funding)	\$21,433,592
<b>Total CDBG Round 2 Plan Funding</b>	<b>\$428,671,849</b>

**CDBG Round 2 Multifamily Rental Housing Stock Restoration Program**

On September 13, 2007, the TDHCA Board awarded \$81.1 million to repair or rebuild five Golden Triangle-area affordable multifamily rental properties damaged or destroyed by Hurricane Rita. The construction work, once completed, will restore rental units housing to 813 low-income individuals and families. Award-specific status is outlined in the table on the following page:

File Number	Development Name	City	Total Units	Type of Activity	CDBG Award	Anticipated Closing Date Per Loan Commitment:
07901	Pointe North	Beaumont	158	Reconstruct	\$13,778,332	July 31, 2008
07902	Gulfbreeze Plaza I & II	Port Arthur	234	Reconstruct	\$22,347,827	May 15, 208
07905	Orange Navy Homes	Orange	115	Reconstruct	\$14,189,439	June 2, 2008
07903	Brittany Place Single Family	Port Arthur	196	Reconstruct	\$13,077,366	July 2008
	Brittany Place Multifamily	Port Arthur		Reconstruct	\$11,046,835	Closed
07907	Virginia Estates	Beaumont	110	Reconstruct	\$6,707,534	May 22, 2008
<b>Award Totals:</b>			<b>813</b>		<b>\$81,147,333</b>	

### **CDBG Round 2 Restoration of Critical Infrastructure Program**

The Office of Rural Community Affairs (ORCA) administers activities awarded under this program through a Memorandum of Understanding (MOU) with TDHCA and approved by TDHCA's Governing Board.

### **CDBG Round 2 City of Houston and Harris County Public Service and Community Development Program**

#### **City of Houston**

Funding of \$20 million was allocated to the Houston Police Department for establishment of a Multi-Family Apartment Community Program. The funds will be utilized to procure equipment and supplies to support the program and to staff the program with officers on overtime. On April 3, 2008, the City of Houston submitted a reimbursement request for \$7,901,659.19 that covers the period from October 2007 through March 2008.

The City of Houston has contracted with a CPA firm to monitor the Housing Safety component to determine compliance with the CDBG program. The first monitoring report was issued on March 24, 2008 and covered the period from October 2007 through February 2008. A copy was submitted to the Disaster Recovery Division. Although three recommendations were noted, there were no findings or recommendations that impact program compliance or allowability of program expenditures.

Funding of \$20 million was also allocated to carry out rehabilitation of existing multi-family housing stock through the existing Apartment to Standards Program. These funds will provide rehabilitation of multi-family housing to the evacuee population. The City of Houston is in the final procurement stages of selecting and awarding a contractor to administer the multi-family housing component. There have been no expenditures submitted for reimbursement.

#### **Harris County**

TDHCA, on behalf of Harris County, submitted an Amendment to the Texas Partial Action Plan for CDBG funding to the US Department of Housing and Urban Development. In particular, the Houston/Harris Plan is proposing to reduce the Youth Offender Services Project from \$3,458,000 originally allocated to \$225,686, to award the balance of \$3,232,314 to the new Disaster Housing Assistance Program (DHAP). The Department is still awaiting a response to the Action Plan amendment.

Harris County has also submitted a letter requesting a waiver to extend the time frame for emergency grant from three months to nine consecutive months due to the nature and scope of the individuals served under this Project. The Department received guidance from HUD and issued a letter to Harris County directing Harris

County to determine the legality to the change in program services. The Department is awaiting a response from Harris County on the final determination for the extension of time on program services.

Harris County has four CDBG program components. Funding in the amount of \$3,550,000 will be provided to the Mental Health Mental Retardation Authority of Harris County (MHMRA) for the continuation of the Katrina Crisis Counseling Program (KCCP). On March 31, 2008, Harris County submitted their first reimbursement request for \$121,537.31 for the counseling component that covers the period from December 2007 through January 2008.

**CDBG Round 2 Homeowner Assistance Program (HAP) and Sabine Pass Restoration Program (SPRP) Program Update from ACS State & Local Solutions, Inc.**

Round 2 of the disbursement of CDBG funds for victims of Hurricane Rita is on schedule. As discussed during the previous Board meeting, the three Service Centers are operational. Since the last Board meeting, staff has been hired for each of the Service Centers, which are located in Jasper, Beaumont, and Port Arthur. In addition to staffing the service centers, additional customer service staff has been added to the Call Center to support the project's pilot activities.

The project's operations phase began the week of April 14, 2008 with the mailing of supplemental application packets to the homeowners participating in the project pilot. The pilot will test the policies and procedures for all facets of the project, but on a limited number of cases. Given the small geographic region and separately defined funding stream, the Sabine Pass Restoration program has been selected as the project pilot. Supplemental applications, pre-populated with data from the Round 1 documentation, were mailed to 66 applicants in Sabine Pass. A preliminary analysis of the data associated with the pilot applications has indicated the following:

- 35.4% have provided an acquisition deed as part of their original application
- Household size – 91.9% qualify for the smallest grant (1-4 family members)
  - 40.3% One family member
  - 21.0% Two family members
  - 19.4% Three family members
  - 11.3% Four family members
  - 8.1% Five family members
- Housing type
  - 59.7% Stick built
  - 29.0% MHU
  - 11.3% no indication
- 29% indicate an occupant with a disability

In an ongoing effort to ensure the timely completion and submission of application and associated documentation, the project team will conduct a number of "Community Days" in the Sabine Pass area over the next 6 weeks. Community Days provide an opportunity for the applicants to interact face to face with the service center and call center staffs within their own community. In the case of Sabine Pass, the first community day took place on April 26, 2008 and was held at the Sabine Pass High School where applicants met with project personnel to complete their applications. We currently have determined eligibility on several applicants in the pilot program.

In addition to outreach to program applicants, the project team is also focused on keeping elected officials and community and faith based organizations informed about the project. The Round 2 management team as well as Michael Gerber and Kelly Crawford from TDHCA held briefings on the program on April 17<sup>th</sup> and 18<sup>th</sup> at the SETRPC and the DETCOG. These briefings were attended by approximately 50 elected officials and community leaders. The project team also continues its ongoing efforts to include community and faith based organizations in the program. Engaging both parties in discussions about how to address property ownership,

duplication of benefits, and case management issues has allowed the project team to learn from Round 1 activities.

The Call Center is responding to questions from pilot and other program applicants. In April, the Call Center took calls for Sabine Pass as well as for all other applicants in the service area. In addition, all program applications have been imaged and these images are available to the project staff through our Worltrack application. A single image repository accessible by all project staff will help ensure that any team member with which an applicant speaks will have access to current information about that applicant's case.

Concurrent with the Pilot Program, the project team has completed and published the RFPs that will be used to select the homebuilders and contractors that will provide new home construction, MHU replacement, and rehabilitation services under this contract. The contractors are expected to be selected by May 2008.

### **FEMA Affordable Housing Pilot Program**

The Disaster Recovery Division is also responsible for administration of the Federal Emergency Management Agency (FEMA) award of \$16,471,725 for the Affordable Housing Pilot Program (AHPP). The purpose of the AHPP is to demonstrate an alternative housing solution to the FEMA trailer in the areas affected by the 2005 Hurricanes.

On January 7, 2008, the Federal Emergency Management Agency (FEMA) announced that TDHCA was awarded of \$16,471,725 for the Affordable Housing Pilot Program (AHPP). The purpose of the AHPP is to demonstrate an alternative housing solution to the FEMA trailer in the areas affected by the 2005 Hurricanes for a time period of twenty-four months. A one-time exemption to the Stafford Act, AHPP permits the use of FEMA funding to study alternatives to the FEMA trailer by examining cost-effective solutions that meet a variety of housing needs. Pursuant to FEMA requirements, the pre-fabricated units must be awarded within the 22 counties affected by the 2005 Hurricanes.

The Heston Group was selected to pilot a pre-fabricated, panelized solution which can be deployed quickly and built to accommodate a diverse population. According to The Heston Group, an *estimated* average price of each pre-fabricated unit is \$77,500.

The contract between The Heston Group and the Department was executed on April 1, 2008. The list of eligible candidates in East Texas was finalized on April 11, 2008. A letter of interest and informational flyer was sent out via U.S. Mail, as well as hand delivered by FEMA strike teams, on April 14, 2008 to all 39 eligible candidates. As of April 28, 2008, there are 26 eligible households that are interested in the program. The last day to voice interest in the program for the first round of eligible households was April 28, 2008.

On April 16, 2008, the Deputy Executive Director of Disaster Recovery, Kelly Crawford, presented an outline of the Harris County portion of the program to the Harris County Housing Authority Board. A site has been selected by the Harris County Housing Authority and it is undergoing review for approval by the Department and FEMA.



**THIS ITEM HAS BEEN PULLED  
FROM THE AGENDA**

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**May 8, 2008**

**Action Item**

Housing Tax Credit Amendments.

**Requested Action**

Approve, amend or deny the requests for amendments.

**Background and Recommendations**

§2306.6712, Texas Government Code, indicates that the Board should determine the disposition of a requested amendment if the amendment is a “material alteration,” would materially alter the development in a negative manner or would have adversely affected the selection of the application in the application round. The statute identifies certain changes as material alterations and the requests presented below include material alterations.

The requests and pertinent facts about the affected developments are summarized below. The recommendation of staff is included at the end of each write-up.

**Limitations on the Approval of Amendment Requests**

The approval of a request to amend an application does not exempt a development from the requirements of Section 504 of the Rehabilitation Act of 1973, fair housing laws, local and state building codes or other statutory requirements that are not within the Board’s purview. Notwithstanding information that the Department may provide as assistance, the development owner retains the ultimate responsibility for determining and implementing the courses of action that will satisfy applicable regulations.

**Penalties for Amendment Requests**

§50.9(c), 2008 Qualified Allocation Plan and Rules, entitled, “Adherence to Obligations,” states in part:

If a Development Owner does not produce the Development as represented in the Application; does not receive approval for an amendment to the Application by the Department prior to implementation of such amendment; or does not provide the necessary evidence for any points received by the required deadline:

(1) The Development Owner must provide a plan to the Department, for approval and subsequent implementation, that incorporates additional amenities to compensate for the non-conforming components; and

(2) The Board will opt either to terminate the Application and rescind the Commitment Notice, Determination Notice or Carryover Allocation Agreement as applicable or the Department must:

(A) Reduce the score for Applications for Competitive Housing Tax Credits that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development by up to ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board.

(B) Prohibit eligibility to apply for Housing Tax Credits for a Tax-Exempt Bond Development that are [sic] submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for up to 24 months from the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board, less any time delay caused by the Department.

(C) In addition to, or in lieu of, the penalty in subparagraph A or B of this paragraph, the Board may assess a penalty fee of up to \$1,000 per day for each violation.

**HTC No. 07295, The Bluestone**

Summary of Request: The owner requested approval to change the site plan. The change consisted of converting six one-story buildings into three two-story buildings, thereby reducing the number of buildings in the development from thirteen to ten. The development owner stated that the change was required to meet the City of Mabank storm water rules and did not become apparent until the final engineering determinations were completed. The engineering studies were said to have revealed that a one-acre detention pond would be required. The space for the pond was originally occupied by the three buildings that would be moved. The owner said that the additional development cost of constructing the detention would be paid from deferred developer fees.

Governing Law: §2306.6712, Texas Government Code. The code states that the Board must approve material alterations of a development, including a significant modification of the site plan.

Owner: BETCO-Cedar Creek Housing, LP

General Partner: Mabank Bluestone, LLC

Developers: DMA Development Company, LLC; BETCO Development, Inc.

Principals/Interested Parties: Diana McIver; Bruce Spitzengel; Eric Hartzell, Clair M. Davis, III

Syndicator: Alliant Capital

Construction Lender: Chase Bank

Permanent Lender: Lancaster Pollard

Other Funding: Southeast Texas HFC

City/County: Mabank/Henderson

Set-Aside: TRDO-USDA

Type of Area: Rural

Type of Development: New Construction

Population Served: General Population

Units: 73 HTC units and 3 market rate units

2007 Allocation: \$758,354

Allocation per HTC Unit: \$10,388

Prior Board Actions: 7/07 – Approved award of tax credits

Underwriting Reevaluation: Found no significant impact on costs.

**Staff Recommendation:** **Staff recommends approving the request. The changes would not materially alter the development in a negative manner and would not have adversely affected the selection of the application.**

**Penalty Assessment:** **No penalty is recommended because the Board's approval has been requested prior to implementing the changes.**

## **HTC No. 05207, CityView at the Park**

**Summary of Request:** The owner requested the Board's approval for a conditional release from LURA restrictions of 1.675 acres out of the originally proposed tract of 4.447 acres. The release would be conditioned on the use of the land released in another development for tenants with restricted incomes, such as a development financed by nine percent or four percent tax credits, Housing Trust Funds, HOME funds or any other such state or local source as the Department may find acceptable. This development received an extension to place in service and must do so by May 15, 2008.

**Governing Law:** §2306.6712, Texas Government Code. The code states that the Board must approve material alterations of the development including a significant modification of the of the site plan and any other modification considered significant by the board.

**Owner:** Parker Lane Seniors Apartments, L.P.

**General Partner:** SHFC Parker 70 General Partner, LLC (Managing GP); Parker Lane Developers, LLC (Developer)

**Developers:** Parker Lane Developers, LLC

**Principals/Interested Parties:** Strategic Housing Finance Corporation; Sally Gaskin; Lily Kavthekar

**Syndicator:** Boston Capital Partners

**Construction Lender:** Boston Capital Partners

**Permanent Lender:** Boston Capital Partners

**Other Funding:** Austin Housing Finance Corporation

**City/County:** Austin/Travis

**Set-Aside:** None

**Type of Area:** Urban/Exurban

**Type of Development:** New Construction

**Population Served:** Elderly

**Units:** 68 HTC units and 2 market rate units

**2005 & 2008 Allocations:** \$714,181

**Allocation per HTC Unit:** \$10,503

**Prior Board Actions:** 7/05 - Approved award of tax credits.

**Underwriting Reevaluation:** The reduction in site would not impact staff's recommendation as long as the future development does not include the pro rata site acquisition costs again.

**Staff Recommendation:** **Staff recommends approving the request. The requested modifications would not have adversely affected the selection of the application in the application round.**

**Penalty Assessment:** **No penalty is recommended because the Board's approval has been requested prior to implementing the changes.**



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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**Memorandum**

**To:** Ben Sheppard, MFFP  
**From:** Diamond Unique Thompson, REA  
**cc:** Raquel Morales, REA  
**Date:** April 14, 2008  
**Re:** Amendment Request for The Bluestone (07295) in Mabank, TX

I have reviewed the Applicant's request, dated March 20, 2008, for an Amendment to the proposed site plan for the subject development. The submitted revised site plan indicates six of the original building plans have been redesigned as three double-story structures. The revised site plan also appears to reposition the buildings and amenities without affecting any other building configuration or unit mix. Moreover, the Applicant has verified that the proposed changes will not affect the development costs originally underwritten. Therefore, based upon the information provided by the Applicant, the requested amendment has no material effect on the application as underwritten or on the recommended 9% Housing Tax Credit Award.

Should any further changes be requested, the transaction should be reevaluated and an adjustment to the 9% HTC recommendation may be warranted. A copy of the Applicant's request is attached.



2201 Northland Drive  
Austin, Texas 78756

Voice (512) 450-0933  
Fax (512) 450-1097  
eileen@betcodev.com

March 20, 2008  
April 15, 2008 Revised

Texas Department of Housing and Community Affairs  
Mr. Michael Gerber, Executive Director  
221 East 11th Street  
Austin, Texas 78701

RE: Site Plan Amendment Request for The Bluestone, TDHCA #07295

Dear Mr. Gerber:

BETCO-Cedar Creek Housing, L.P. respectfully requests an amendment to the site plan of our development site in Mabank, Texas. Since the original application was made for The Bluestone, TDHCA #07295, the initial civil engineering and architectural work has been completed. In the course of the completion of this work, it was made apparent that City of Mabank would require storm water detention through the construction of a storm water detention pond.

The ordinances and regulations of the City of Mabank require that the pond meet minimum requirements for storm water flow, and this measurement calls for the construction of a detention pond that is nearly one acre in size. In order to accommodate this detention pond, the locations of several buildings will need to change from the original application.

The application's site plan called for a total of thirteen residential buildings. By combining six of the single-story B2 unit buildings into three double-story buildings, the total number of residential buildings will be reduced to ten. The residential buildings that were originally depicted on the application site plan in the location of the detention pond will be moved to the land made available by combining the B2 unit buildings. Please refer to the attached site, building and unit plans for more detail.

The development site purchased by BETCO-Cedar Creek Housing, L.P. is 8.0 acres, as depicted on the attached site plan. The size and shape of the site will not be altered in any way by this amendment request, and our original request for points remains unchanged as well.

A construction contract has not yet been obtained, and as such building costs are anticipated to stay the same as the costs anticipated at application.

In addition to the above-mentioned plans, the following application documents are attached: Financing Participants, Development Cost Schedule, Rent Schedule, Utility Allowance statement, Statement of Annual Expenses, Sources and Uses of Funds statement, 30 year operating proforma, Building/Unit Type configuration, Offsite Costs Breakdown, and Site Work Costs.

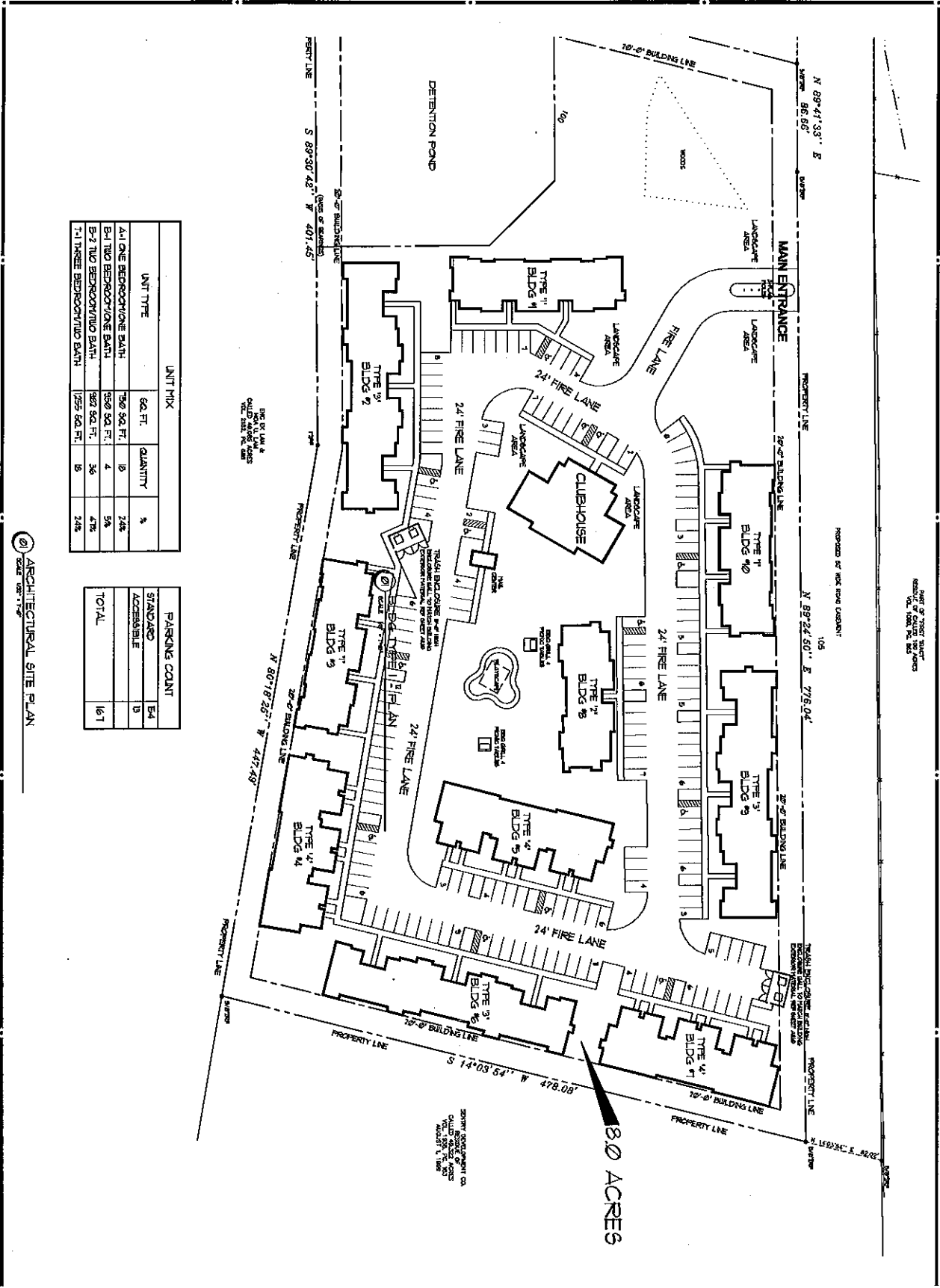
Thank you for your consideration of our amendment request. Please feel free to contact me should you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Eric Hartzell". The signature is written in a cursive, slightly stylized font.

Eric Hartzell  
Member of Manager of GP

# AMENDED SITE PLAN



UNIT MIX			
UNIT TYPE	SQ. FT.	QUANTITY	%
A-1 ONE BEDROOM/ONE BATH	750 SQ. FT.	10	24%
B-1 TWO BEDROOM/ONE BATH	950 SQ. FT.	4	5%
B-2 TWO BEDROOM/TWO BATH	950 SQ. FT.	36	47%
T-1 THREE BEDROOM/TWO BATH	1255 SQ. FT.	10	24%

PARKING COUNT	
STANDARD	54
ACCESSIBLE	13
<b>TOTAL</b>	<b>67</b>

ARCHITECTURAL SITE PLAN  
SCALE: 1/8" = 1'-0"

DATE	10/11/2011
PROJECT	THE BLUESTONE
CLIENT	SMITH DEVELOPMENT CO.
DESIGNER	GALLER TOLSON FRANCK
SCALE	1/8" = 1'-0"
PROJECT NO.	AL101

**Galler | Tolson | Franck**  
 ARCHITECTS  
 1000 W. 14TH STREET, SUITE 100  
 FORT WORTH, TEXAS 76102  
 TEL: 817.339.4444  
 FAX: 817.339.4444  
 WWW.GTFARCHITECTS.COM

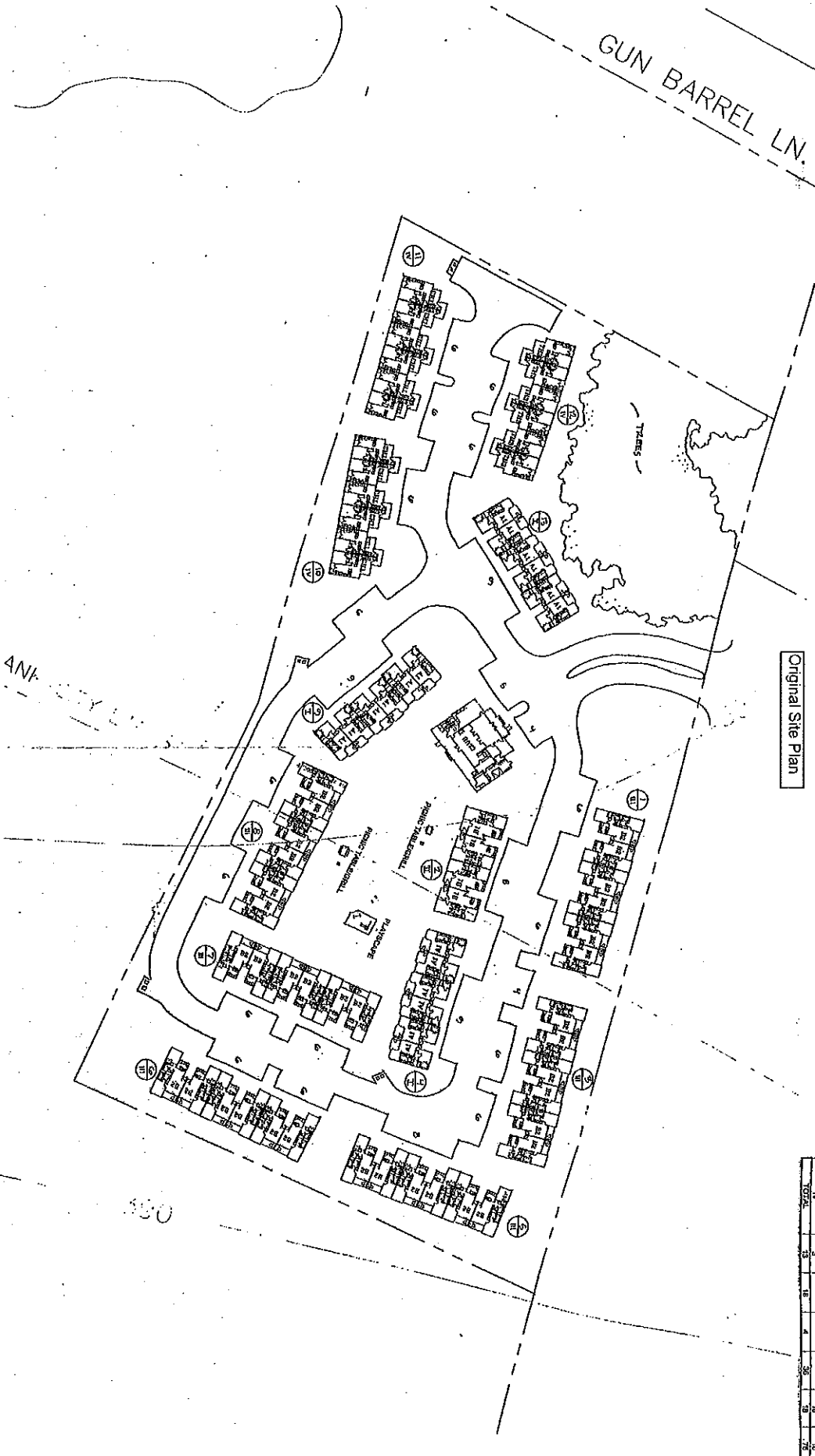
**THE BLUESTONE**  
 MABANK, TEXAS



ORIGINAL SITE PLAN

**BLUESTONE  
MABANK, TEXAS**

Original Site Plan



BLUESTONE	357	41	37	32	34	33	31	30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1
TOTAL	357	41	37	32	34	33	31	30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1

02-02-07

*Phibes Architects, Inc.*

SITE PLAN



# CityView at the Park

*Senior Apartments  
2000 Woodward Street  
Austin, TX 78741*

April 4, 2008

Mr. Michael Gerber,  
Executive Director  
Texas Department of Housing and Community Affairs  
P.O. Box  
Austin, TX

**RE: TDHCA #08063, (formerly 05207)**  
**Development Owner: Parker Lane Seniors Apartments, L.P.**  
**Development Name: CityView at the Park (formerly Parker Lane Seniors)**  
**Development Address: 2000 Woodward Street  
Austin, TX 78741**

Dear Mr. Gerber:

Parker Lane Seniors Apartments, L.P. ("Parker Lane Seniors") respectfully requests:

- Approval for a conditional release from the LURA of 1.675 acres out of the 4.447 acre tract originally proposed in the 2005 tax credit application for future affordable housing development. The conditional release would be contingent upon the receipt/allocation/award of affordable housing development funding from one of the following sources: TDHCA 9% tax credits, 4% tax credits and PAB financing, local affordable housing financing through either the City of Austin or Travis County HOME, HTF or other affordable housing initiatives. The LURA for this development has not yet been filed. It is unclear based on the current guidelines what steps are required to preserve the future ability to build additional affordable housing units on a portion of the tract originally submitted in the 2005 tax credit application. In December 2006, the development owner submitted an amendment requesting a revision to the original site plan placing all 70 units on 2.672 acres out of the originally proposed 4.447 acre tract. The amendment request was approved by the Board on December 18, 2006. The remaining 1.675 acres currently has zoning capacity for an additional 28 residential units. The site is located in an area defined by the City of Austin as Urban Core. The City of Austin currently has stated goals for additional affordable housing in the Urban Core. It is uncertain at this time whether those goals will remain in effect at some future date when it is deemed that a Phase 2 is economically viable. However, it appears that a conditional approval prior to the filing of the LURA is required under TDHCA's current guidelines in order to preserve the OPPORTUNITY to consider the future development of Phase 2 on this 1.675 acres tract.

Should you have any questions, please do not hesitate to contact me or Sally Gaskin at 713-882-3233, [sally@sgiventures.net](mailto:sally@sgiventures.net).

Sincerely,  
By: SHFC Parker 70 General Partner, LLC, its General Partner,

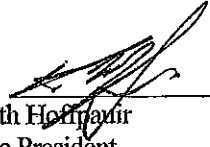
By:   
Keith Hoffmann  
Vice President  
512-480-8245  
[keith@hatctx.com](mailto:keith@hatctx.com)

EXHIBIT A1

**METES AND BOUNDS DESCRIPTION  
72,947 SQUARE FEET (1.675 ACRES)  
OUT OF LOT 2 OF PARKER AT WOODWARD SUBDIVISION  
TRAVIS COUNTY, TEXAS**

ALL THAT CERTAIN PARCEL OR TRACT OF LAND BEING 72,947 SQUARE FEET OR 1.675 ACRES, MORE OR LESS, OUT OF LOT 2, PARKER AT WOODWARD SUBDIVISION, A SUBDIVISION IN TRAVIS COUNTY, TEXAS, OF RECORD IN DOCUMENT No. 200100234 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, SAID 72,947 SQUARE FOOT TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at an iron rod found at the northeast corner of said Lot 2, in the south line of Parker Lane, at the most westerly corner of a tract called 50.03 acres in a deed to the City of Austin of record in Volume 4954, Page 1106 of the Travis County Deed Records, now known as Mabel Davis Park, for the northeast corner and POINT OF BEGINNING hereof

THENCE with the west line of said 50.03 acres and east line of said Lot 2, S44°43'23"E for a distance of 94.85 feet to an iron rod found in concrete at an angle point

THENCE continuing with said line S06°16'00"W for a distance of 405.09 feet to a calculated point for the southeast corner hereof

THENCE through said Lot 2, N83°28'50"W for a distance of 165.00 feet to a calculated point in the west line of Lot 1 of said subdivision for the southwest corner hereof

THENCE with the east line of said Lot 1 of Parker at Woodward Subdivision and a west line of said Lot 2, N06°16'00"E for a distance of 223.78 feet to a capped iron rod set at an angle point in said line for an angle point hereof

THENCE continuing with said line N13°57'32"W for a distance of 121.29 feet to a capped iron rod set in the south line of Parker Lane at the northeast corner of said Lot 1 of Parker at Woodward Subdivision and the northerly northwest corner of said Lot 2, for the northerly northwest corner hereof

THENCE with the north line of said Lot 2 and south line of Parker Lane, along the arc of a curve to the left whose radius is 692.99 feet and whose chord bears N52°45'27"E for a distance of 183.70 feet to the POINT OF BEGINNING hereof and containing 72,947 square feet or 1.675 acres of land, more or less.

Prepared this the 30<sup>th</sup> of March, 2006 from previous surveys made by the undersigned.

Michael Samford, R.L.S. 3693  
060073A

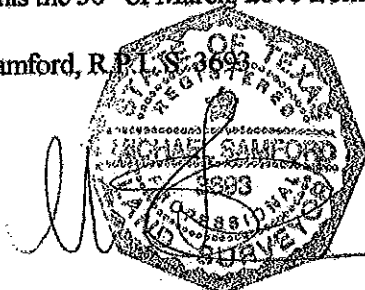


EXHIBIT A2

**METES AND BOUNDS DESCRIPTION  
120,755 SQUARE FEET (2.772 ACRES)  
OUT OF LOT 2 OF PARKER AT WOODWARD SUBDIVISION  
TRAVIS COUNTY, TEXAS**

ALL THAT CERTAIN PARCEL OR TRACT OF LAND BEING 120,755 SQUARE FEET OR 2.772 ACRES, MORE OR LESS, OUT OF LOT 2, PARKER AT WOODWARD SUBDIVISION, A SUBDIVISION IN TRAVIS COUNTY, TEXAS, OF RECORD IN DOCUMENT No. 200100234 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, SAID 120,755 SQUARE FOOT TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING FOR REFERENCE at an iron rod found at the northeast corner of said Lot 2, in the south line of Parker Lane, at the most westerly corner of a tract called 50.03 acres in a deed to the City of Austin of record in Volume 4954, Page 1106 of the Travis County Deed Records, now known as Mabel Davis Park; Thence with the west line of said 50.03 acres and east line of said Lot 2, S44°43'23"E for a distance of 94.85 feet to an iron rod found in concrete at an angle point

THENCE continuing with said line S06°16'00"W for a distance of 405.09 feet to a calculated point for the northeast corner and POINT OF BEGINNING hereof

THENCE continuing with said line, S06°16'00"W for a distance of 60.00 feet to a capped iron rod set stamped RPLS 3693, at the northeast corner of a 5,755 square foot portion of Lot 2 dedicated and conveyed to the City of Austin in Document No. 2005077611 of the Official Public Records of Travis County, Texas, for a corner hereof

THENCE with the north, west and south lines of said 5,755 square foot parcel, the following 6 calls:

1. S33°49'01"W for a distance of 43.97 feet to a capped iron rod set
2. S74°33'26"W for a distance of 28.50 feet to a capped iron rod set
3. S47°41'47"W for a distance of 28.84 feet to a capped iron rod set
4. S07°07'42"W for a distance of 42.10 feet to a capped iron rod set
5. S66°20'09"E for a distance of 39.70 feet to a capped iron rod set
6. S37°09'11"E for a distance of 41.68 feet to a capped iron rod set in the west line of said 50.03 acre tract and east line of said Lot 2 for a corner hereof

THENCE with the west line of said 50.03 acre tract and east line of said Lot 2, S06°16'00"W for a distance of 229.05 feet to a concrete monument found at the southeast corner of said Lot 2, at a northerly northeast corner of Lot 1 of Allied Bank Subdivision, a subdivision in Travis County, Texas, of record in Plat Book 86, Page 36A of the Travis County Plat Records, for the southeast corner hereof

THENCE with the north line of said Allied Bank Subdivision and south line of said Lot 2, N83°40'25"W for a distance of 344.85 feet to an iron rod found in the east line of Woodward Street, at the northwest corner of said Allied Bank Subdivision, at the southwest corner of said Lot 2, for the southwest corner hereof

THENCE with the east line of Woodward Street and west line of said Lot 2, N06°16'26"E for a distance of 295.75 feet to a capped iron rod set at the westerly northwest corner of said Lot 2 and southwest corner of Lot 1 of said Parker at Woodward Subdivision, for the westerly northwest corner hereof

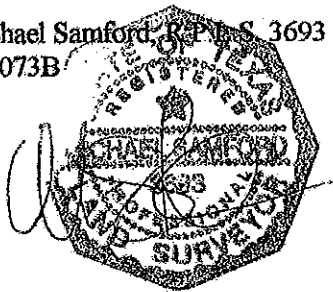
THENCE with the southerly north line of said Lot 2 and south line of said Lot 1 of Parker at Woodward Subdivision, S83°28'50"E for a distance of 179.82 feet to a capped iron rod set at an ell corner of said Lot 2 and the southeast corner of said Lot 1 of the Parker at Woodward subdivision, for an ell corner hereof

THENCE with the east line of said Lot 1 of Parker at Woodward Subdivision and a west line of said Lot 2, N06°16'00"E for a distance of 149.85 feet to a calculated point for the northwest corner hereof

THENCE crossing through said Lot 2, S83°28'50"E for a distance of 165.00 feet to the POINT OF BEGINNING and containing 120,755 square feet or 2.772 acres of land, more or less.

Prepared this the 30<sup>th</sup> of March, 2006 from previous surveys made by the undersigned.

Michael Samford, R.P.S. 3693  
060073B





08301

Ysleta del Sur  
Pueblo Homes I

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Action for 2008 Competitive Housing Tax Credit (HTC) Applications

**Requested Action**

Approve, Deny or Approve with Amendments a determination on the appeal for the Ysleta del Sur Pueblo Homes.

**Background and Recommendations**

**Ysleta del Sur Pueblo Homes - 08301**

On February 29, 2008, this application was submitted for the above-referenced development. The application proposes to develop 60 units of housing on the Ysleta del Sur Pueblo Indian Reservation. The development as planned violates the general public use provision as set forth in the Internal Revenue Service Notice 89-6.

Further, the application includes a request for multiple waivers of threshold requirements in the 2008 Qualified Allocation Plan and Rules. These waiver requests include §50.9(h)(7)(D)(ii) Current Property Tax Valuation; §50.9(h)(7)(D)(iii)(I-III) Title Policy and Commitment; §50.9(h)(8)(A)(i)(I-III) Deadline for Requesting Neighborhood Organization Information; and §50.9(h)(8)(B) Installation of Signage on the Property. The applicant asserts that as a sovereign nation, their development is unique and these threshold requirements should be waived.

After conversations with a representative of the Internal Revenue Service, the Department maintains that the development violates the general public use requirement as stated previously. Additionally, the Department does not recommend the requested waivers of the threshold requirements.

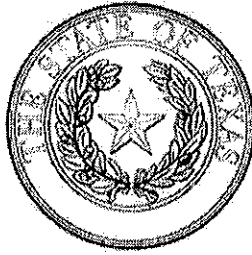
Relevant documentation related to this appeal is provided behind the Board Action Request.

Applicant:	Ysleta del Sur Pueblo Limited Partnership #1, a Texas limited partnership
Site Location:	Tomas Granillo Street
City/County:	Socorro/El Paso
Regional Allocation Category:	Urban
Population Served:	General
Region:	13
Set Asides:	None
Type of Development:	New Construction
Units:	60
Credits Requested:	\$694,425
<b>Staff Recommendation:</b>	The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal.



08301  
Ysleta del Sur Pueblo  
Homes I

Board Appeal



04-01-08P02:49 RCVD

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**2008 HOUSING TAX CREDIT APPEAL ELECTION FORM**

This form, submitted with my appeal to the Executive Director, is to notify the Department that I am filing a formal appeal to the Executive Director for processing.

**If my appeal is denied by the Executive Director, I: (check one)**

Do wish to appeal to the Board of Directors and request that my application be added to the May 8, 2008 Board of Directors meeting agenda. My appeal documentation, which identifies my specific grounds for appeal, is attached. I understand that my Board appeal documentation must still be submitted by 5:00 p.m. Monday, April 28, 2008 to be placed in the May 8, 2008 Board materials. If no documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Do not wish to appeal to the Board of Directors.

Development Name:	Ysleta del Sur Pueblo Homes I	#08301
Development Address:	Tomas Granillo Street, Socorro, TX 79927	
Signer's Name	Frank Paiz	
Signer's Title:	Governor, Ysleta Del Sur Pueblo	
Date:	March 28, 2008	

Signed:

A handwritten signature in black ink, appearing to read "Frank Paiz", written over a horizontal line.

# RAYMOND JAMES

May 1, 2008

Texas Department of Housing and Community Affairs Governing Board  
221 East 11<sup>th</sup> Street  
Austin, TX 78701

Re: Ysleta del Sur Pueblo Limited Partnership # 1

To Whom It May Concern:

As you are aware, the tax credit equity market is in great turmoil, which has resulted in falling credit prices and, in many cases, deals becoming infeasible. Investors have left the market en masse, essentially creating an equity freeze. There is one notable exception, investments with Native American Tribes. Raymond James Tax Credit Funds continues to be committed to improving housing conditions in Native American communities. In fact, two weeks ago we created a new \$50,000,000 fund with a major national investor exclusively for investments with Native American Tribes. This is in addition to the three other committed investors that have continued to invest in Indian Country during the market turmoil.

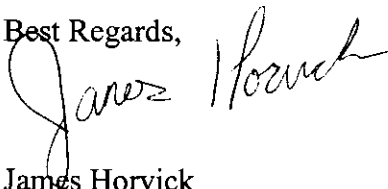
Not only does RJTCF have equity available for this investment, we have multiple investors that are interested in projects such as the Ysleta del Sur Limited Partnership #1. I think this is a very important point, as many of the other developments that the TDHCA is currently considering do not have committed equity sources. The falling equity prices mean that those projects will be less feasible and some will likely never happen, as the economics will not work.

Ysleta del Sur Pueblo Limited Partnership # 1 is different. Not only does RJTCF have committed equity, the project also doesn't have funding risk associated with the debt. As the General Partner will be the lender, the Partnership will not have any funding problems. This is of course incredibly advantageous in today's difficult debt and equity market.

There is not a single proposed development that is as financially feasible as the Ysleta del Sur Limited Partnership #1. Given the current market conditions, this should be of utmost concern for TDHCA. There has never been a more opportune time for TDHCA to allocate tax credits for development sponsored by a Native American tribe.

Please feel free to contact me with any questions.

Best Regards,



James Horvick  
Vice President – Director of Acquisitions

Cc: Albert Joseph

**Raymond James Tax Credit Funds, Inc.**  
A Subsidiary of Raymond James Financial, Inc.

880 Carillon Parkway • St. Petersburg, FL 33716  
800-438-8088 • 727-567-8455 Fax

# RAYMOND JAMES

April 29, 2008

Frank Paiz  
Governor  
Ysleta del Sur Pueblo  
119 S. Old Pueblo Rd.  
El Paso, TX 79909

Re: Partnership: Ysleta del Sur Pueblo Limited Partnership # 1  
Property: Ysleta del Sur Pueblo Homes I  
City/State: El Paso, Texas  
# Units: 60 units- New Construction

Dear Mr. Paiz:

Please consider this letter an offer by the Raymond James Tax Credit Funds (RJTCF) to invest in the above named partnership.

Described below are the basic terms and conditions, and the assumptions upon which our offer is based.

1. Construction Start Date: January 2009 (estimate)
2. Construction Completion Date: April 2010 (estimate)
3. Date property will achieve 100% occupancy: May 2010 (estimate)
4. First Credit Year 2009:
5. RJTCF's Interest in the Partnership: 99.99%
6. Maximum Annual Credit: \$694,425(estimate) - the annual credits available to the partnership, assuming an applicable percentage rate of 8.32%.
7. RJTCF's Annual Credits: \$694,356 (estimate) - 99.99% of the Maximum Annual Credit
8. RJTCF Payments:
  - a) RJTCF will make payments equal to 8.30 times RJTCF's Annual Credit.
  - b) Assuming that RJTCF's Annual Credits are \$694,356, RJTCF's total estimated payments will be \$5,971,458.
9. Total Depreciable Basis: \$6,420,350 (The estimated useful life will be determined by RJTCF and the Partnership Accountants prior to closing with RJTCF).
10. General Partners: Ysleta del Sur Pueblo
11. General Partners' Interest in the Partnership: 0.01%
12. Tribe: Ysleta del Sur Pueblo
13. Partnership Guarantors: The General Partners

14. Compliance Consultant: A firm specializing in tax credit compliance consulting approved by both the General Partners and RJTCF. The Partnership will be required to contract with the Compliance Consultant for pre-concurrence services. Throughout the tax credit compliance period, prior to occupancy of each unit by a prospective applicant, the prospective applicant's tenant file must be reviewed and approved for tax credit compliance by the Compliance Consultant.
15. Partnership Accountants: A CPA firm specializing in tax credit accounting approved by both the General Partners and RJTCF. The Partnership will be required to contract with the Partnership Accountants for the accounting services outlined in this proposal letter prior to closing with RJTCF.
16. Financing:
  1. Permanent Financing - First Mortgage
    - a. Amount: \$715,720.
    - b. Lender: Ysleta del Sur Pueblo.
    - c. Funds during construction.
    - d. Recourse or Non recourse: Recourse.
    - e. Federal Funds or No Federal Funds: No Federal Funds.
    - f. Term: 30 years.
    - g. Amortization period: 30 years.
    - h. Interest rate: The greater of 7.50% or the Applicable Federal Rate..
      - i. Fixed or variable: Fixed.
      - ii. Interest rate will set at loan closing
      - iii. Annual payment: \$0 – cash flow only loan
    - i. Prepayment provisions: None.
17. Asset Management Fee (payable to RJTCF): \$5,000 per year -- This amount shall be increased by 4% annually
18. Reserves:
  - a) Replacement Reserve: \$18,000 per year beginning at completion. In the aggregate, no more than \$5,000 will be withdrawn from the Replacement Reserve in any calendar year without the approval of RJTCF.
19. Rental Assistance Provider: Ysleta del Sur Pueblo
20. Maximum Rental Assistance Commitment: \$180,000 annually (\$250 per unit per month)
21. Management Agent: Ysleta del Sur Pueblo

22. Stabilized Operations: The Partnership is 100% Qualified and has achieved three (3) consecutive months of 90% occupancy.
23. Tenant Rent and Income Restrictions: To be consistent with the tax credit application.

**I. PRIOR TO CLOSING WITH RJTCF THE GENERAL PARTNERS WILL PROVIDE THE FOLLOWING CLOSING EXHIBITS:**

A. If the Partnership received an allocation of credits in a prior year that are being carried over to a future year:

1. The Partnership Accountants will provide:
  - a) A Schedule of Carryover Expenditures ("Carryover Expenditures"). The Carryover Expenditures will list all costs that are includable in the Partnership's basis as of December 31 of the year of carryover.
  - b) A Schedule of the Partnership's Reasonably Estimated Total Basis in the Property ("Estimated Total Basis").
2. The Partnership Accountants will also perform agreed upon procedures including:
  - a) Examining the documentation supporting each of the costs listed on the Carryover Expenditures.
  - b) Conclude that: (a) the Partnership held a leasehold interest in the land for federal income tax purposes by the close of the year of carryover if land costs are included in the Schedule of Carryover Expenditures; (b) each of the costs listed on the Carryover Expenditures, at the amounts shown, are adequately supported by documentation for inclusion in the Partnership's basis as of December 31 of the year of carryover in accordance with Treasury Regulation Section 1.42-6; and (c) the Partnership's basis at December 31 of the year of carryover is more than ten percent (10%) of the Estimated Total Basis.
3. The General Partners will provide supporting documentation for all carryover items, along with a copy of the Partnership's federal income tax return for the year in which the property received the credit allocation.

4. In determining that the Partnership's basis is more than 10% of the Estimated Total Basis, if no significant construction has taken place, then no more than 20% of the development fee shall be necessary.
- B. Executed Management Agreement. The management agreement will include a management plan detailing inspection requirements, tenant screening procedures, etc. The management agreement and management plan must be approved by RJTCF. The management agreement will provide for subordination of all management compensation to the payment of all expenditures and reserves set forth in the Partnership's annual operating budget including without limitation capital expenditures, repairs and maintenance, the Asset Management Fee, and interest and principal on indebtedness of the Partnership, whether or not such interest and principal payments are required. Under the terms of the management agreement, the Management Agent will acknowledge that it is obligated to perform all services under said management agreement regardless of whether the Property is able to generate sufficient funds to pay management compensation.
- C. The necessary representations from the Partnership Accountants that:
1. The Property, upon completion and rent-up, as budgeted, will meet the requirements of Section 42 of the Code to qualify for tax credits.
  2. If construction has not been completed, they will prepare and conclude that (a) the Prospective Balance Sheet and (b) the Prospective Tax Depreciation and Amortization Schedules properly reflect the balances assuming completion of construction as projected and RJTCF makes the capital contributions as provided in the Amended Partnership Agreement.
  3. They will prepare Partnership's year-end financial statements and tax returns in accordance with generally accepted accounting principles.
- D. Legal opinions addressing:
- a) From counsel for the Partnership - Valid formation and good standing of the Partnership and that RJTCF has been admitted as the sole limited partner.
  - b) From counsel for the General Partners - Valid formation and good standing of the General Partners, and execution of documents relating to the Partnership by the General Partners
  - c) From counsel for the Tribe - Execution of documents relating to the Partnership by the Tribe

- E. A tax credit reservation approximately equal to the Maximum Annual Credit.
- F. A list of all rent and income limitations to which the Property is subject, including any limitations in excess of those imposed by Section 42 of the Code (e.g. restrictions related to HOME or other financing), or restrictions contained in the extended use agreement.
- G. Documentation and commitments for all Permanent Financing.

The General Partners agree that they will provide RJTCF with drafts of all Permanent Financing documents and will not execute such documents until they are in a form acceptable to RJTCF.

- 1. All Permanent Financing shall include the following provisions:
  - a) To notify the General Partners and RJTCF of any default.
  - b) To give the General Partners and RJTCF the right to cure any default.
- H. An independent market study. In addition to the market study, the Ysleta del Sur Pueblo will provide RJTCF with general information regarding the composition of their current waiting list for reservation rental housing (i.e., number of applicants waiting, household size, applicant income data, etc.).
- I. **A Phase I Environmental Site Assessment report prepared by an independent 3<sup>rd</sup> party in accordance with ASTM E 1527-05:**

**Environmental reports must be completed within six (6) months of the closing date and must be acceptable to RJTCF and must meet the following requirements:**

- 1. **Must be a Phase I report performed to ASTM E 1527-05 by a qualified third party environmental firm that is acceptable to RJTCF and has a minimum of \$2 million in errors and omissions insurance.**
- 2. **The ESA Report shall be completed prior to acquisition of the property, but no more than 180 days prior to the acquisition date. If the property is not acquired within 180 days from the date of the ESA, an update to the ESA must be obtained prior to the property being acquired. If the property is not acquired within the 180 days, but is acquired within one year of the date of the ESA an updated**



**database search including opinion letter should be obtained prior to acquiring the property. If the property will not be acquired within one year from the data of the ESA a full updated or new ESA is required.**

- 3. The environmental firm must provide a reliance letter allowing RJTCF to rely on the report and, if the report is addressed to someone other than the partnership, allowing the partnership to rely on the report.**
- 4. If the Project involves the acquisition of existing buildings, the environmental report shall address lead based paint, asbestos, radon, lead in drinking water, etc. The environmental firm must test for the presence of such contaminants, provide the results of the testing and make recommendations for abatement and for an O & M plan addressing, to the extent required, continued monitoring and/or maintenance required to address these environmental conditions.**

**If the environmental reports disclose environmental conditions, the Partnership must provide a plan acceptable to RJTCF to abate or remediate such conditions.**

**Any costs required to meet these environmental requirements shall be the responsibility of the Partnership.**

- J. An independent consulting architect/engineer will be engaged by RJTCF to perform a pre-construction soils and plan review, and cost analysis. The following items need to be provided so that RJTCF can order the report:**
  - 1. Plans and specifications**
  - 2. A site plan prepared with the benefit of the survey, locating all matters of public record (easements, rights of way, set back requirements, etc.)**
  - 3. Construction budget (itemized by trades).**
  - 4. A construction schedule, and construction cash flow projections, including construction period interest and loan advances.**
  - 5. Construction general contract and, where appropriate, evidence of payment and performance bonds.**
  - 6. Copies of the agreements between the developer and all design professionals - architectural, engineering, landscaping, etc.**
  - 7. Resumes for the general contractor and architect.**
- K. The partnership will be required to contract with a duly licensed architect to provide architectural supervision services. The architectural services contract will require the architect to perform periodic work-in-process**

inspections throughout the construction of the development and to prepare a report, in a format acceptable to RJTCF, documenting all findings following each inspection. The architectural services contract must stipulate that work-in-place inspections will be performed no less frequently than once per month.

In the event that the partnership employs an outside architect to provide design services, the architect must have Errors and Omissions insurance for the greater of \$250,000 or 10% of the construction contract.

- L. An independent consulting architect/engineer will be engaged by RJTCF to perform three work-in-place inspections and a final on-site post construction analysis of the property. The purpose of the final inspection is to confirm that the development has been built in accordance with the construction plans and specifications, all construction work has been satisfactorily completed (no outstanding punch list items remain), and any deficiencies noted by the tenants occupying the units have been corrected. The following items must be submitted prior to contacting RJTCF to schedule the post-construction inspection:
  - 1. The development should be inspected by the project architect, general contractor and general partner to identify any deficiencies and a punch list should be prepared listing all deficiencies noted. All construction punch list items identified must be completely corrected and acknowledgement of final completion of all items must be obtained from the project architect, general contractor and general partner prior to scheduling of the post construction inspection.

All deficiencies noted during the post-construction inspection must be corrected prior to the release of subsequent installments of RJTCF capital to the development.

The partnership will be responsible to reimburse RJTCF for payment of the three work-in-place inspections and the post-construction inspection. In the event that there are construction issues identified or the inspector does not have proper access to the premises, the partnership agrees that they will pay for subsequent inspections, if required by RJTCF.

- M. Leasehold rights to the land will be conveyed to the Partnership under a 50-year land lease. The Partnership will provide RJTCF with copies of (1) the recorded land lease together with evidence of approval by the BIA, and (2) a certified title status report, issued by the BIA, and (3) a Title Guaranty

Agreement duly ratified and executed by the Tribe addressing all easements, right-of-ways, judgements and other matters of any kind affecting the Partnership's leasehold rights to the land. The land lease, BIA approvals, title status report, Title Guaranty Agreement, and all supporting documentation will be based upon the legal description of the land as shown on the survey described below.

- N. An ALTA survey of the property, prepared by a surveyor licensed by the state, and which has been prepared with either the benefit of the title status report and the Title Guaranty Agreement from the Tribe.
1. The surveyor shall provide RJTCF with a certificate stating that the survey locates all matters of public record (easements, rights of way, set back requirements, etc.)
  2. The survey shall:
    - a) Evidence that the property has access to a dedicated public street, and all necessary utilities.
    - b) Indicate whether the property lies in a flood zone area.
    - c) Locate any existing buildings that are to remain.
- O. Development Agreement between the developer and the Partnership. The agreement shall provide that:
1. The developer will be paid a development fee of up to \$837,000 for services performed.
  2. The development fee will only be paid from funds available from the Permanent Financing and RJTCF's capital. The fee will be paid when all construction costs have been paid, all Permanent Financing is in place, when there are no other material liabilities, and when all other conditions of this agreement have been met.
  3. Payment of the development fee will not cause the Partnership to incur any liabilities in excess of the Permanent Financing.
- P. Copies of insurance policies owned by the partnership, from financially responsible insurance companies with ratings of A- or better in Best Key Rating Guide and that are acceptable to both RJTCF and the providers of the Permanent Financing, providing:
1. RJTCF will be notified 30 days in advance in the event of cancellation or premium due.
  2. 12 months rent interruption insurance.
  3. Liability insurance equal to not less than \$2,000,000 with RJTCF named as additional insured.

4. Workers' Compensation insurance to the extent required by the laws of the State.
5. If the Property is located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, flood insurance issued in the name of the Partnership under the National Flood Insurance Program or other acceptable underwriter.
6. If construction or rehabilitation of the Property has not been completed, builder's risk insurance in the name of the Partnership providing special perils (all risk) coverage, completed value form and in an amount not less than full replacement cost of the Property;
7. If construction or rehabilitation has been completed, special perils (all risk) coverage in the name of the Partnership in an amount not less than the replacement value of the Property with a deductible of not more than \$2,500.

Q. As RJTCF's total payments exceed \$2 million, the partnership has either the benefit of a payment and performance bond in respect of the general contractor, or both a payment and performance bond in respect of each subcontractor not affiliated with the General Partners.

The Partnership shall bear the cost of preparation of all reports outlined above.

## II. RJTCF'S PAYMENTS

RJTCF will release its payments according to the following schedule:

- A. \$4,926,151 (85%) will be released pursuant to draw requests (following the release, pursuant to draw requests based on percentage of completion, of all Permanent Financing), to pay the cost of construction or rehabilitation of the Property. Funds will be released upon receipt of documentation of construction progress acceptable to RJTCF, all as set forth in the Construction Funds Disbursement Agreement. The following documentation will be provided prior to the release of any funds:
  1. To the extent not previously delivered to RJTCF, all of the Closing Exhibits.
  2. A certificate signed by the General Partners certifying that:
    - a) RJTCF has been admitted as the sole limited partner.
    - b) Closing of all Permanent Financing has occurred
    - c) Construction has commenced.
    - d) All Permanent Financing proceeds have been advanced to the Partnership pursuant to draw requests based on percentage of completion

- e) The Partnership has been issued an annual tax credit reservation of approximately equally to the Maximum Annual Credit.
- B. Within 90 days after completion of construction or rehabilitation of the Property, the General Partners shall deliver to RJTCF all of the following:
- 1. A certificate of completion.
  - 2. An audited schedule of the actual costs of construction.
  - 3. A report of agreed procedures from the Partnership Accountants:
    - a) Calculating the eligible basis.
    - b) A compiled balance sheet as of completion of construction, showing the Limited Partner's capital account and the General Partner's capital account as separate line items.
  - 4. Photographs of each completed housing unit in the Property.
  - 5. A payoff letter from the contractor. Such letter shall state that all amounts payable to the contractor have been paid in full and that the Partnership is not in violation of the construction contract.
  - 6. An ALTA "as-built" survey in a form acceptable to RJTCF reflecting completion of the Property
  - 7. Written certification of the project architect and the independent construction consultant that the Property has been built in accordance with:
    - a) The plans and specifications.
    - b) The recommendations in the subsurface investigation report.
    - c) The applicable requirements of the ADA and Fair Housing Acts.
    - d) Confirm that the buildings have been located in compliance with the approved site plan and that there is no interference with any property lines, required setbacks, easements, or other appurtenances.
  - 8. Copies of certificates of occupancy, if applicable, for the entire Property
- C. The balance of RJTCF's total payments (an amount determined by subtracting the amounts previously paid from the amount that is equal to 8.30 times RJTCF's annual credit) will be released when construction is complete, the property qualifies for the Maximum Annual Credit and has demonstrated Stabilized Operations. The property will have Working Capital (current assets minus current liabilities) of not less than \$10,000.

RJTCF will defer an amount equal to the difference between \$10,000 and the actual amount of working capital until the working capital balance has been achieved. RJTCF will have received the following documentation:

1. All of the information required to have been delivered pursuant to subsection B above.
2. Copies of Internal Revenue Service Form 8609 or other form of confirmation from the appropriate credit agency of the State, as evidence of the Maximum Annual Credit.
3. A copy of any extended use agreement or land use restrictions between the Partnership and the appropriate state housing credit agency, as recorded in the appropriate registrar of deeds or other public records office.
4. Tenant qualifications:
  - a) A certificate signed by the General Partners, confirming that the Property qualifies for the Maximum Annual Credit and is not less than 90% occupied, and that the General Partners or Partnership Guarantors are not subsidizing rents for any of the apartment units for which Credits are being claimed (other than pursuant to the rental assistance contract).
  - b) Tenant Income Certifications
  - c) A report prepared by the Compliance Consultant to RJTCF indicating that they have reviewed 100% of the initial tenant files and determined that the Partnership has obtained the necessary documentation to support the tenant income certifications (as described in Treasury Regulation § 1.42-5 or its successor);
  - d) A Tenant Income Rent Summary.
  - e) If requested by RJTCF, documentation that supports the income levels stated on the Tenant Income Certifications.
5. Post-construction documentation
  - a) Property Condition Verification Statement (PCVS) must be completed by the current tenant occupying each of the development's housing units
  - b) The development should be inspected by the project architect, general contractor and general partner to identify any deficiencies and a punch list should be prepared listing all deficiencies noted.
  - c) A report by the independent consulting architect/engineer engaged by RJTCF stating that all punch list items have been

repaired.

6. Evidence acceptable to RJTCF that:
  - a) All reserves have been funded, including the Replacement Reserve.
  - b) The Partnership has achieved Stabilized Operations.

### **III. PARTNERSHIP GUARANTEES**

The Partnership Guarantors jointly and severally guarantee each of the following:

- A. Completion Guarantee:
  1. They will (1.) complete construction substantially in accordance with plans and specifications, and (2.) pay all operating expenses, debt service and capital maintenance items that exceed rental and other income through stabilization and will pay any costs incurred in either (1.) or (2.) in excess of the Permanent Financing, and RJTCF's and the General Partner's agreed capital contributions. No additional loans will be permitted. Any excess costs will not be considered loans or capital contributions.
  2. If RJTCF requests, they will repurchase RJTCF's interest and return its investment to date upon the occurrence of the following:
    - a) The Property is not placed in service within 90 days of the Estimated Completion Date.
    - b) The Property does not generate any credits in the year it is placed in service, nor in the subsequent year.
- B. Tax Credit Guarantee:
  1. If the actual annual Credits in any year are lower than the Maximum Annual Credit, the Partnership Guarantors jointly and severally agree to reimburse RJTCF for the amount of the difference between RJTCF's Credits (adjusted in the first year of the credit period to take into account the partial credits allowed in that year) and the actual Credits received by RJTCF. If RJTCF is subject to recapture of previously claimed credits, the Partnership Guarantors jointly and severally agree to reimburse RJTCF for its recapture amount. This guarantee shall terminate at the end of the 15-year tax credit compliance period.

2. The maximum obligations of the Partnership Guarantors under this Tax Credit Guarantee will not exceed RJTCF's Total Payments. The Partnership Guarantors will not be obligated if the reduction in the amount of Credits or recapture is a result of a change in the tax law.
3. Reimbursements will be due RJTCF by June 1 of the year following the year of reduced Credits or Recapture. Reimbursements will not be considered loans or capital contributions.
4. Beginning upon the termination date of the tax credit guarantee, if there are amounts due RJTCF as a result of reduced Credit or Recapture that have not been reimbursed, the amounts, plus interest, will be paid from Distributable Cash Flow. Any balance will be added to RJTCF's priority allocation of cash at sale.
5. At the time of RJTCF's last payment, RJTCF and the General Partners will project the amount of tax credits available in 2010 and 2011. Simultaneously with RJTCF's last payment, the Partnership Guarantors jointly and severally guarantee to pay to RJTCF an amount equal to the sum of (1) 70% of the difference between 56.94% of the Maximum Annual Credit and the current projected credits for 2010, and (2) 70% of the difference between the Maximum Annual Credit and the current projected credits for 2011. Once the actual results for 2010 and 2011 are determined by the Partnership Accountants, either RJTCF or the Partnership Guarantors will pay the other any necessary adjustment amounts.

C. Operating Deficit Guarantee:

1. They will keep the Property and Partnership current in payment of all expenses, including funding the Replacement Reserve, and debt service for the period beginning with stabilization and at the end of the 15-year tax credit compliance period.
2. The maximum obligations of the Partnership Guarantors under this Operating Deficit Guarantee will not exceed RJTCF's capital contributions.

Any amounts provided during construction and rent-up until the Property reaches break-even will not be considered loans or capital contributions. Any amounts provided thereafter will be considered loans without interest payable in accordance with the Allocations' provisions.



#### **IV. RENTAL ASSISTANCE CONTRACT**

The Rental Assistance Provider will execute a Housing Assistance Payments Agreement acceptable to all parties, wherein they will agree to provide rental subsidy to the Partnership up to the Maximum Rental Assistance Commitment. Annually the Partnership will prepare a budget of income and expenses (the "Operating Budget") which shall include any projected operating deficit for the following calendar year. The Operating Budget shall take into account the historical vacancy and rent payment delinquency as well as any operating deficit from the prior year (after taking into account the subsidy payments made pursuant to the Housing Assistance Payments Agreement) and any projected expense increase. The Operating Budget shall also include any amount reasonably required for repair and replacement reserves and may also include interest payments on Partnership debt. If the Operating Budget projects an operating deficit, the amount of the operating deficit shall be divided by the number of housing units occupied by a member of the Tribe to determine the annual subsidy per housing unit. The annual subsidy per housing unit shall be divided by twelve to determine the monthly subsidy provided that the monthly subsidy shall not exceed the Maximum Rental Assistance Commitment.

The Housing Assistance Payments Agreement shall have an initial term of 15 years commencing on the date that the first housing unit is occupied by a member of the Tribe. The Partnership shall have the right, but not the obligation, to renew the Housing Assistance Payments Agreement for an additional term of 5 years.

#### **V. ALLOCATIONS:**

- A. Profits and Losses to RJTCF and to the General Partners in accordance with their Interests.
- B. Credits to RJTCF and to the General Partners in accordance with their Interests.
- C. Distributable Cash Flow is equal to cash available to be distributed after the payment of Partnership expenses, funding the Replacement Reserve, and there being Working Capital equal to not less than \$10,000. Distributions are subject to the written approval of the General Partners and RJTCF, and shall be allocated in the following order:
  1. First, to RJTCF for any amounts due under paragraph 1 of the Tax Credit Guarantee;
  2. Next, during the Partnership's 15-year tax credit compliance period, \$5,000 to RJTCF – This amount shall be increased by 4% annually;

3. Next, to make the annual debt service payments on the Permanent Financing scheduled to be paid in accordance with the annual Operating Budget;
  4. Next, to pay the base management fee (including overhead allocation) provided in the annual Operating Budget to the General Partners;
  5. Next, to the General Partners until the incentive management fee provided in the annual Operating Budget is paid;
  6. Next, to prepay the Permanent Financing as provided in the annual operating budget,
  7. The balance, .01% to the General Partners and 99.99% to RJTCF.
- D. Proceeds of Sale or Refinancing (after the payments of all debts and liabilities and the establishment of any required reserves) will be allocated in the following order:
1. First, to RJTCF for any amounts due under the Tax Credit Guarantee, not received from Distributable Cash Flow;
  2. Next, to the Partnership Guarantors equal to any loans due under the Operating Deficit Guarantee;
  3. Next, to the General Partners to pay any deferred management fees;
  4. Next, to RJTCF equal to RJTCF's Total Payments;
  5. Next, to the General Partners, an amount equal to their capital accounts, as adjusted upon admission of RJTCF;
  6. The balance, .01% to the General Partners and 99.99% to RJTCF.
- E. After the close of the compliance period, the General Partner, so long as it is a government agency within the meaning of Section 42 (i)(7) of the Code, shall have a right of first refusal to purchase the property for a price which is not less than:
1. The principal amount of outstanding indebtedness secured by the building (other than indebtedness incurred within the 5-year period ending on the date of the sale to the tenants), and
  2. All Federal, State, and local taxes attributable to such sale.

**VI. RESERVES:**

- A. Replacement Reserve - In the aggregate, no more than \$5,000 will be withdrawn from the Replacement Reserve in any calendar year without the approval of RJTCF.

VII. **REPORTS:** The General Partners will provide RJTCF with the following:

- A. By January 31:  
A business report (RJTCF will provide the form)
  
- B. By January 31:  
Operating Budget for the next calendar year comparing the budgeted income/costs to the income/costs for the current year. The Operating Budget shall be consistent with the budget prepared to determine rental assistance. The Operating Budget shall include, to the extent requested by RJTCF, the payment of principal and/or interest on the Permanent Financing. In the event that there is an operating deficit shown on the Operating Budget which is not funded through rental assistance payments or operating deficit loans, the management fee paid to the General Partners shall be deferred. The form and substance of the Operating Budget must be approved annually by RJTCF.
  
- C. By February 15:  
The Partnership tax return and supporting schedules.
  
- D. By March 1:
  - 1. Audited financial statements and comparison to budget.
  - 2. A report of agreed upon procedures from the Compliance Consultant to verify that the property meets the IRS and any other Low Income Housing tenant compliance rules regarding tenant rents and incomes:
    - a) They will review the completed Tenant Income Rent Summary as of 12/31.
    - b) They will review with the General Partners the rent and income limitations to which the Property is subject and stated the limitations and state the limitations in their report.
    - c) They will determine that the utility allowances are being correctly calculated.
    - d) They will compare the tenant income amounts to the income limits applicable to the Property under Section 42 of the Code and any other limitations and determine if the tenant income amounts are at or below the limitations.
    - e) They will compare the tenant rental charges and utility allowances to the limits applicable to the Property under Section 42 of the Code and any other limitations and determine if the rents are at or below the limitations.
    - f) They will review 100% of the tenant files and determine that the Partnership has obtained the necessary documentation to

support the tenant income certifications (as described in Treasury Regulation § 1.42-5 or its successor);

- E. Annually:  
Insurance Reports - Evidence of renewal or replacement of required policies along with copies of endorsements naming RJTCF to be given 30 days notice in the event of premium due, lapse, expiration, cancellation or non-renewal.
- F. Quarterly:
1. General Partner Certificate (RJTCF will provide the form)
  2. Unaudited financial statements (Balance Sheet and Statement of Profit and Loss) within 30 days of the end of each of the first three calendar quarters, including annual, monthly and year-to-date budget amounts.
  3. A completed Property Tax Credit and Tenant Analysis with General Partner certification. (RJTCF will provide the forms.) If RJTCF requests, such other supporting documentation, including selected tenant income verifications.

#### **VIII. GOVERNING LAW, PROTECTION OF PARTNERSHIP ASSETS & DISPUTE RESOLUTION**

Provisions substantially similar to the following applicable law provisions will apply to all documents executed with respect to development of the Property and investment by RJTCF therein ("Documents"). Documents include, but are not limited to:

- Amended and Restated Agreement of Limited Partnership
  - Subscription Agreement
  - Completion Guaranty
  - Operating Deficit Guaranty
  - Tax Credit Guaranty
  - Construction Funds Disbursement Agreement
  - Property Management Agreement
  - Title Guaranty Agreement
  - Housing Assistance Payments Agreement
  - Loan Documents
1. Governing Law: The Documents and all disputes arising thereunder shall be governed by and construed in accordance with the laws of the State of Texas; provided, however, that this governing law

provision shall not be deemed to constitute a grant of jurisdiction to, or a consent to the jurisdiction of, the courts of Texas.

2. **Protection of Partnership Assets:** The General Partners shall defend and prosecute such legal or equitable actions as they deem necessary to enforce or protect the interests of the Partnership, and such expense of such actions shall be an operating cost of the Partnership.

3. **Dispute Resolution**

a) **Mediation.** In the event of any dispute, claim, question or disagreement (“Dispute”) arising from or relating to the Documents or the breach thereof, the parties hereto agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association (“AAA”) under its Commercial Mediation Rules before resorting to binding arbitration.

b) **Arbitration.** If a party in good faith concludes that a Dispute is not likely to be resolved by mediation, then, upon notice by that party to the other, all Disputes shall be finally and exclusively settled by arbitration administered by the AAA in accordance with the provisions of its Commercial Arbitration Rules. Within ten days after the commencement of arbitration, each party shall select one person to act as arbitrator and the two selected shall select a third arbitrator within ten days of their appointment. If the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be selected by the AAA. The third arbitrator shall be a practicing attorney, actively engaged in the practice of law for at least ten years and a member in good standing of the bar of Texas. Alternatively, the third arbitrator may be a retired judge of the federal court or the trial court of the state of Texas. The third arbitrator shall have the AAA-acknowledged expertise in the appropriate subject matter. The place of arbitration shall be the county in which the Property is located. The award shall be made within nine months of the filing of the notice of intent to arbitrate, and the arbitrators shall agree to comply with the schedule before accepting appointment. However, this time limit may be extended by agreement of the parties or by the majority of the arbitrators, if necessary. Any award rendered in any such arbitration proceeding shall be final and binding.

- c) Enforcement. Judgment upon the award rendered by the arbitrators against the General Partners shall, upon request of the prevailing party, be entered in the Tribe's tribal court system ("Tribal Court") and such proceeding shall be conducted subject to the rules and procedures thereof; provided, however, that the parties agree that the Tribal Court shall have the power to enforce, but not review or modify, the arbitrators' award. The parties, for themselves and their authorities and instrumentalities, agree that they shall accept and be bound by the award of the arbitrators or a judgment, ruling or order which is final (because either the time for appeal has expired or the judgment or order is issued by the court having final appellate jurisdiction over the matter and is not subject to collateral attack). The parties agree that such agreement constitutes a limited waiver of sovereign immunity solely for the purposes of enforcing the provisions of the Documents and not a general or complete waiver of sovereign immunity.
- d) Document Discovery. Consistent with the expedited nature of arbitration, each party will, upon the written request of the other party, promptly provide the other with copies of documents, provided such documents are relevant to the issues raised by any claim or counterclaim. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the chair of the arbitration panel and such determination shall be conclusive. All discovery shall be completed within 45 days following the appointment of the arbitrators.
- e) Preliminary Relief. Either party may apply to the panel of arbitrators seeking injunctive relief until the arbitration award is rendered or the Dispute is otherwise resolved. Either party also may, without waiving any remedy under the Documents, seek from the Tribal Court, any interim or provisional relief that is necessary to protect the rights or property of that party, pending the establishment of the arbitration panel (or pending the arbitration panel's determination of the merits of the Dispute).

- f) Waiver of Trial by Jury. The parties hereby waive all rights to trial by jury in connection with any action brought or maintained hereunder.
- g) Waiver of Administrative Remedies. The parties, for themselves and their instrumentalities and authorities, hereby waive any right any one of them have to require the other party to exhaust any administrative remedies before commencing the dispute resolution process described herein or any action in Tribal Court and agrees not to assert the claim or defense of failure to exhaust any administrative or other Tribal remedies in any action brought in the manner provided hereinabove.

#### **IX. CONDITIONS TO CLOSING:**

If the Closing has not occurred by September 30, 2008 this Agreement shall automatically terminate and no party to this Agreement shall have any further obligation or liability hereunder unless, prior to such date, RJTCF has provided written notice that it has agreed to extend the Closing to a later date and the General Partners have agreed, in writing, to the extension. If due diligence activities and negotiation of definitive documents continue beyond termination of this Agreement, the parties shall not be bound hereunder, but only to the extent provided in definitive documents or other written agreements that are actually executed and delivered.

This offer is subject to RJTCF's review and approval in its sole discretion of all due diligence materials, including the construction and permanent loan commitments, proposed extended use agreement, real estate, plans and specifications, market study (including any additional market studies determined by RJTCF to be necessary - at RJTCF's expense), basis for the Credits, operating budgets, construction and lease-up budgets, current financial statements of the General Partners, other guarantors and their affiliates, verification of background information to be provided by the General Partners and their affiliates, and references to be provided by the General Partners. This offer is also subject to a satisfactory inspection of the property by representatives of Raymond James and the investor (to be accompanied by the senior management of the Housing Authority, and to include a meeting with key officials of the Tribe).

This offer is subject to the condition that, prior to closing with RJTCF, there shall have been no changes in tax laws or Treasury pronouncements, or changes in interpretations of existing tax issues that would materially and adversely affect this investment. This offer is also subject to the approval by the Investment Committee of RJTCF of the terms and conditions of the investment in its sole discretion based on then current market conditions, including pricing for tax credits.

Upon the satisfactory completion of our due diligence, RJTCF will prepare closing documents consistent with the terms of this memorandum. The Amended and Restated Agreement of Limited Partnership will include a provision stating that RJTCF, without the concurrence of the General Partners, may order a sale of the Partnership's assets, subject to a right of first refusal of the General Partners, following the Partnership's 15 year tax credit compliance period.

In the event that investment in the Partnership requires HUD Previous Participation Certification (HUD Form 2530), this offer is further conditioned on the ability of RJTCF and its investor members to request and obtain HUD 2530 approval in accordance with the electronic filing requirements promulgated by HUD.

#### XI. ACCEPTANCE

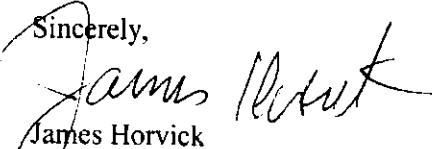
If these terms and conditions are acceptable to you, please sign and return one copy of this memorandum. If not accepted by May 15, 2008, this offer shall terminate.

#### XII. DISCLOSURE RE FEES AND EXPENSES

RJTCF receives certain fees and expense reimbursements from its Investor relating to services performed in connection with the acquisition, development and asset management of the Project. RJTCF has contracted with Travois, Inc. to assist it in performing its duties, and a portion of the fees received by RJTCF are expected to be paid to Travois, Inc. for services performed by it both before and after the Closing.

For more than 25 years, Raymond James Tax Credit Funds and our affiliates have been involved with the development of affordable housing. We have provided equity for 1,000 properties nationwide. We look forward to working with you.

Sincerely,

  
James Horvick  
Vice President - Director of Acquisitions  
Raymond James Tax Credit Funds, Inc.

Accepted:

\_\_\_\_\_  
By: Frank Paiz, Governor  
Ysleta del Sur Pueblo  
General Partner

\_\_\_\_\_  
Date



08301  
Ysleta del Sur Pueblo  
Homes I

Executive Director  
Response



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
C. Kent Conine, *Chair*  
Leslie Bingham-Escareño  
Tomas Cardenas, P.E.  
Sonny Flores  
Juan S. Muñoz, Ph.D.  
Gloria Ray

April 9, 2008

Mr. Frank Paiz  
Governor, Ysleta del Sur Pueblo  
119 Old Pueblo Road  
El Paso, Texas 79917  
Phone: (915) 859-7913  
Facsimile: (915) 859-2988

**Re: Appeal Received for Ysleta del Sur Pueblo Homes I – 08301**

Dear Governor Paiz:

### Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that was received on March 28, 2008, regarding your request that your application be reconsidered for participation in the 2008 Competitive Housing Tax Credit cycle under §50.9(h) of the 2008 Qualified Allocation Plan and Rules ("QAP"), Threshold Criteria.

The proposed development would violate the general public use requirement as set forth in Internal Revenue Service Notice 89-6. Further, §42 of the Internal Revenue Code provides that "Residential rental units must be for use by the general public... Regulations will provide that the term "for use by the general public" shall be determined in a manner consistent with the Department of Housing and Urban Development ("HUD") housing policy governing non-discrimination as evidenced by HUD rules and regulations... Accordingly, owners of residential rental units that give preferences to certain classes of tenants (e.g., the homeless, disabled and/or handicapped) will not violate the general public use requirement if such preferences would not violate any HUD policy governing nondiscrimination expressed in the HUD handbook. However, if residential rental units are restricted to a class of residents that would violate HUD housing policy, then the building in which these units are located will be ineligible for the [housing tax] credit."

Your Application included a legal opinion which asserts that according to HUD rules and regulations, the housing does not violate the general public use requirement, and that HUD has approved limiting housing to Native American Families or tribal members. The opinion references the Native American Housing Assistance and Self-Determination Act ("NAHASDA") and HUD rules and regulations under 10 CFR Part 1000, Native American Housing Activities.

Per Subpart A, §1000.1: "under the NAHASDA (25 U.S.C. 4101 et seq.), the Department of Housing and Urban Development (HUD) provides grants, loan guarantees, and technical assistance to Indian tribes and Alaska Native villages for the development and operation of low-income housing in Indian areas. The policies and procedures described in this part apply to grants to eligible recipients under the Indian Housing Block Grant (IHBG) program for Indian tribes and Alaska Native villages."

After reviewing the provisions of 10 CFR Part 1000, Native American Housing Activities, the Department has determined that the HUD rules and regulations mentioned in the legal opinion are applicable only to the NAHASDA funding and Indian Housing Block Grants and not applicable for the Housing Tax Credit Program.

The application includes a request for multiple waivers of threshold requirements in the 2008 QAP. These waiver requests include §50.9(h)(7)(D)(ii) Current property tax valuation; §50.9(h)(7)(D)(iii)(I-III) Title Policy and Commitment; §50.9(h)(8)(A)(i)(I-III) Deadline for requesting neighborhood organization information; and §50.9(h)(8)(B) Installation of signage on the property. These waivers will be addressed separately from this determination should an appeal to the Board be submitted by the applicant.

**Appeal Determination**

Your appeal is denied.

Pursuant to §50.17(b)(4) of the 2008 QAP, you may request your appeal be considered by the Board at the May 8, 2008 Board meeting by signing and returning the enclosed appeal form by May 1, 2008.

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

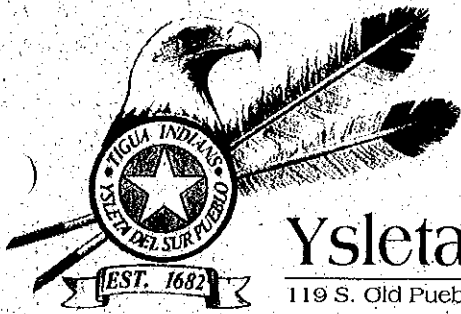
Sincerely,



Michael Gerber  
Executive Director

08301  
Ysleta del Sur Pueblo  
Homes I

Executive Director  
Appeal



# Ysleta Del Sur Pueblo

119 S. Old Pueblo Rd. • P.O. Box 17579 • El Paso, Texas 79917 • (915) 859-7913 • Fax # 859-2988

March 28, 2008

Mr. Michael Gerber  
Executive Director, TDHCA  
221 East 11<sup>th</sup>  
PO Box 13941  
Austin, TX 78711-3941

Re: Written Appeal for the Termination of Ysleta del Sur Pueblo Homes I  
TDHCA #08301

Dear Mr. Gerber:

We received Robbye Meyer's letter dated March 26, 2008 notifying the Ysleta del Sur Pueblo that our project, Ysleta del Sur Pueblo Homes I, has been terminated on the basis that the Texas Department of Housing and Community Affairs (TDHCA) determines the project fails to meet threshold requirements. This letter will serve as our formal notice, along with the accompanying Appeal Election Form, that we strongly disagree with the determination and ask that our project be reconsidered.

We specifically disagree with TDHCA's opinion that the project, as proposed, would be in violation of IRS Notice 89-6, and more specifically the General Public Use Rule as outlined in § 42. The termination letter indicates that TDHCA sees no allowance in 10 CFR 1000, Native American Housing Assistance and Self-Determination Act (NAHASDA) for the housing tax credit program to be used in conjunction with NAHASDA funding. While TDHCA is correct that the NAHASDA regulations do not specifically address § 42, as TDHCA knows, the Internal Revenue Service does not look to any such legislation when determining compliance with the General Public Use rule. The HUD Handbook outlines how waiting lists are maintained and how certain preferences can be utilized as part of the waiting list policy and procedure. Indian preferences as proscribed in the HUD Handbook are specifically allowed, which we pointed out in the body of our application and in the accompanying letter from Craig Emden, the attorney representing our prospective investor. This allowed preference is also outlined in PIH 2008-8 (ONAP). It is the investor, after all, that would bear the greatest burden in the event of a loss of credits. I am sure you would agree that if the attorney for the investor is comfortable with an applicant's representations regarding

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what is, in effect, a make or break provision, that the TDHCA would have reason to give credence to such an opinion.

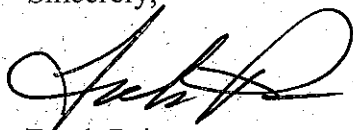
It would also be instructive, I believe, for TDHCA to look to the 19 other states that have tax credit-financed housing projects developed by tribal entities, on tribal trust land or tribal jurisdiction areas, in which such projects combine tax credit-derived investor equity with funding from NAHASDA, and that in every case employ an appropriate Indian preference in compliance with the rules outlined in HUD Handbook 4350.3, Rev.-1, Chapter 4. None of these states have made a determination that comports with TDHCAs decision for the Ysleta del Sur Pueblo. None of these states have denied Indian applicants the right to apply for credits based on the incorrect determination that projects utilizing Indian preference are in violation of the General Public Use rule. None of these states have interpreted that the use of NAHASDA funding in combination with Low Income Housing Tax Credits renders the projects in violation of the General Public Use Rule. TDHCA stands alone in that regard.

Furthermore, TDHCAs determination would throw into doubt the validity of over 120 separate housing projects and the \$300 million plus that has been invested in these projects in Indian Country, all of which are structured virtually identically to our proposed project. Indeed, Fannie Mae, Wells Fargo Bank, Washington Mutual Bank, AIG SunAmerica Affordable Housing Partners, Bank of America, and CitiBank, to name but a few, have all invested heavily in Indian Country projects and would not have done so had there been any doubt whether such projects conform to the General Public Use rule. These investors do not take lightly such risk and have all determined that projects financed jointly with NAHASDA funds and tax credit equity and that provide a preference for Native Americans do not violate the General Public Use rule. Again, TDHCA stands alone in your opinion.

It must also be noted that there was nothing contained in the Ysleta del Sur Pueblo application that indicated the project/project waiting list would be closed to members of the general public. Ysleta del Sur Pueblo's waiting list is open to anyone who applies.

Over the coming days we will provide further evidence to support our view, but we urge you to revisit the HUD Public Notice 2008-8 as well as the letter from attorney Craig Emden, dated February 26, 2008 and included with our application. In the meantime, please call if you have any questions while you await our further evidence.

Sincerely,



Frank Paiz  
Governor  
Ysleta del Sur Pueblo

# RAYMOND JAMES

March 28, 2008

Ms. Robby Meyer  
Director of Multifamily Finance  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78711

04-01-08P02:49 RCVD

RE: Ysleta del Sur Pueblo Homes, I, TDHCA #08301

Dear Ms. Meyer:

On February 29, 2008, the Ysleta del Sur Pueblo (the "General Partner") submitted a Housing Tax Credit application to the Texas Department of Housing and Community Affairs (the "Department") for the above-referenced development. As part of the application, and as a response to Ms. Audrey Martin's email correspondence to Bryan Schuler, the General Partner included an attorney's opinion confirming that the development satisfies the general public use requirement.

Your written correspondence on March 26, 2008 asserts that the development "violates the general public use requirement as set forth in Internal Revenue Service Notice 89-6". Notice 89-6 states that "...if housing is provided in a manner consistent with federal housing policy governing nondiscrimination as determined under **HUD rules and regulations**" then the housing is "considered to be for use by the general public".

**HUD rules and regulations** include HUD Notice PIH 2008-8 (enclosed hereto and available at <http://www.hud.gov/offices/pih/publications/notices/08/pih2008-8.pdf>), which clarifies when Indian preference can be applied. A Tribe can assert Indian preference if the Tribe uses NAHASDA funds and/or if the Tribe builds the housing development on land that it has sovereignty/civil jurisdiction. In either situation, HUD permits a Tribe to assert Indian preference. Section 10 of HUD Notice PIH 2008-8 states the use of NAHASDA funds "...with private funds for LIHTC projects would be considered leveraging, and Indian preference applies."

Your written correspondence states that "...Accordingly, owners of residential rental units that give preferences to certain classes of tenants (e.g., the homeless, disabled and/or handicapped) will not violate the general public use requirement if such preferences would not violate any HUD policy governing nondiscrimination..." HUD Notice PIH 2008-8 clearly states that Indian preference is allowable. Furthermore, Section 8 of HUD Notice PIH 2008-8 indicates that the actual ownership of the units does not determine whether or not the Indian preference is acceptable. Therefore, even though a limited partnership will be the owner of the units, Indian preference applies.

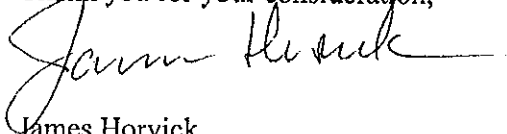
Your correspondence implies that the Partnership's intent is to limit housing to Native American Families or tribal members. The Partnership will merely follow the General Partner's housing waiting list, which provides a preference to Tribal Members, but is not

limited in any manner to Native Americans, Tribal Members or to any other class of tenant. The waiting list is open to the general public.

Raymond James Tax Credit Funds, Inc. ("RJTCF") has invested in over 85 LIHTC developments with 33 Tribes / Pueblos in 13 states. We are confident that the development does not violate the general public use requirement. Our investors, legal counsel and other state housing agencies have come to the same conclusion, based on multiple HUD PIH Notices.

Please revisit your analysis related to the development's satisfaction of the general public use requirement. If I can be of any assistance, please do not hesitate to contact me at 800-438-8088 or [james.horvick@raymondjames.com](mailto:james.horvick@raymondjames.com).

Thank you for your consideration,



James Horvick  
Vice President - Director of Acquisitions

Cc: Albert Joseph



04-01-08P02:49 RCVD



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

**Special Attention of:**  
ONAP Administrators;  
Tribes; and Tribally  
Designated Housing Entities

**Notice** PIH 2008 - 8 (ONAP)

Issued: January 25, 2008

Expires: January 31, 2009

Cross Reference(s):  
24 CFR PART 1000  
PIH Notice 2006-34  
PIH Notice 2005-19

**Subject:** Limiting Housing to Indian Families or Tribal Members when using Indian Housing Block Grant (IHBG) funds.

**1. Purpose.**

This Notice reissues Notice PIH-2006-34 (TDHEs) and explains when tribes or tribally designated housing entities (TDHEs) (referred to in this Notice as 'Tribe') may limit housing assistance to Indian families or tribal members. This notice outlines how the requirements are different if only IHBG funds are used or if IHBG funds are leveraged or combined with funds from other sources.

**2. Background.**

The IHBG program, created by the Native American Housing Assistance and Self-Determination Act (NAHASDA), authorizes annual formula block grants to Indian tribes for affordable housing activities, to primarily benefit low-income Indian families. Section 201(b)(5) of NAHASDA permits a preference to serve tribal members.

Title VI of the Civil Rights Act of 1964 prohibits recipients of federal financial assistance from excluding from participation, denying benefits, or otherwise subjecting to discrimination a person on the ground of race, color, or national origin in the program or activity receiving such assistance. Title VIII of the Civil Rights Act of 1968, as amended, is called the Fair Housing Act. It prohibits discrimination in the sale, rental or advertising of dwellings, in the provision of brokerage services, or in the availability of residential real estate related transactions because of race, color, national origin, religion, sex, familial status, or disability. Residential real estate related transactions include making loans or providing financial assistance for the purchase of residential real estate.

However, Section 201(b)(6) of NAHASDA states that Title VI of the Civil Rights Act of 1964, and the Fair Housing Act "shall not apply to actions by federally recognized tribes and

the tribally designated housing entities of those tribes under this Act.” This provision also applies to recipients established under the Alaska Native Claims Settlement Act and to State-recognized tribes that receive grants under NAHASDA.

### 3. Definitions.

*Affordable housing:* Housing that meets the requirements of Title II of NAHASDA, including housing units developed under the United States Housing Act of 1937, housing units developed under NAHASDA, and other housing units that are not assisted under NAHASDA, but which meet the requirements of Title II of NAHASDA.

*Combined Funds:* For purpose of this notice, funds are considered combined when IHBG funds are used with other funds for both eligible affordable housing for low-income Indian families and other housing that may not meet the requirements of NAHASDA.

*Fair Housing Act:* Title VIII of the Civil Rights Act of 1968, as amended, is also called the Fair Housing Act. It prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status, or disability.

*Indian Area:* The area within which an Indian tribe or its TDHE, as authorized by one or more Indian tribes, provides assistance under NAHASDA for affordable housing as stated in its Indian Housing Plan (IHP).

*Leveraging Funds:* Leveraged funds, in the context of section 102(c)(3) of NAHASDA, are additional resources used with IHBG funds for affordable housing activities under NAHASDA for low-income Indian families.

*Low-income family:* A family whose income does not exceed 80 percent of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may, for purposes of this paragraph, establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the findings of the Secretary or the agency that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes.

*NAHASDA:* The Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 et seq.), as amended.

*Sovereignty/civil jurisdiction:* Authority to exercise governmental powers within a limited area.

*Title VI of the Civil Rights Act of 1964 (Title VI):* This law prohibits discrimination against beneficiaries of federally assisted programs based on race, color, or national origin (42 U.S.C. 2000 (d)).

#### **4. Applicability of the Civil Rights Act of 1964 and Fair Housing Act regarding NAHASDA.**

Under NAHASDA, IHBG recipients do not violate Title VI of the Civil Rights Act or the Fair Housing Act when limiting assistance to low-income Indian families or providing preference to tribal members if:

- the affordable housing-project is on land where the tribe has sovereignty/civil jurisdiction regardless of any other funding that may have been used;
- the affordable housing project is funded solely with IHBG funds and is located on land subject to State or local law; or
- the affordable housing project is funded with IHBG funds and leveraged with non-federal funds and located on land subject to State or local law.

#### **5. Housing Activity Outside of land governed by Tribal sovereignty/civil jurisdiction.**

If the Tribe uses NAHASDA funds for a housing activity with other funds and the project is on land where the Tribe has no sovereignty/civil jurisdiction and some of the housing units in the project do not meet NAHASDA affordable housing requirements, then the Tribe can only designate a proportionate percentage of the housing units, which must be NAHASDA-assisted units, in the project for Indian families or Tribal members only.

If the funds used with NAHASDA are combined from Federal program funds that have statutory program-specific non-discrimination requirements, such as HOME Investment Partnership (HOME) and Community Development Block Grant (CDBG) funds, then only the NAHASDA-assisted housing units in the project can be set aside for Indian families or Tribal members. The Tribe and/or its TDHE must comply with NAHASDA requirements and all other applicable Federal requirements, whether the housing programs are funded solely with IHBG funds under NAHASDA.

#### **6. Role of the Recipient.**

The tribe and/or its TDHE must comply with NAHASDA requirements and all other applicable federal requirements, whether its housing programs are funded solely with IHBG funds under NAHASDA, or with IHBG funds and other funding sources.

#### **7. Tribal Sovereignty.**

There exists a unique relationship between the United States and Indian tribes. Indian tribes have sovereignty and exercise jurisdiction over their territory and their members.

**On lands where an Indian tribe exercises sovereignty, the tribe can limit housing to Indian families or tribal members regardless of the funds used to construct or otherwise assist the housing.**

HUD recognizes tribal sovereignty/civil jurisdiction over tribal trust land within a reservation, other tribal trust land, individual trust or allotted land, and fee land reacquired by the tribe within the boundaries of the reservation.

#### **8. Location of Housing Funded with IHBG Funds under NAHASDA.**

NAHASDA authorizes affordable housing activities in Indian areas. Assistance is not limited to reservations. Essentially, an "Indian area" under NAHASDA is anywhere a tribe undertakes affordable housing activities.

#### **9. Ownership of Housing Assisted under NAHASDA.**

NAHASDA encourages the involvement of the private sector in affordable housing activities. NAHASDA's requirement to primarily limit beneficiaries to low-income Indian families applies to all housing assisted with IHBG funds, regardless of who or what entity owns the housing.

#### **10. Leveraged Funds.**

NAHASDA encourages using IHBG funding with other funds for affordable housing activities. When IHBG funds and other funds are used for affordable housing in accordance with NAHASDA requirements, the funds are said to be "leveraged."

When housing is located on land where the tribe has sovereignty/civil jurisdiction, and the housing is funded with IHBG and other federal funds (such as HOME and USDA Rural Housing Development funds), the housing can be limited to Indian families or tribal members without violating nondiscrimination requirements.

However, when housing is located on land where the tribe **does not** have sovereignty/civil jurisdiction, and such housing is funded with IHBG and other federal funds, tribes are limited in their authority to designate such housing as Indian-only, if the other federal funds have program-specific nondiscrimination requirements in their program statute, i.e., CDBG and HOME programs.

If this is the case, the funds are combined funds and the tribe must determine which units are funded by each program, and can only designate the NAHASDA-assisted units as restricted to Indian families or tribal members. (If the units are similar in size and features, the number of units funded by each source can be determined on a pro-rata basis. Pro-rating examples can be found below.)

Private funds for Low Income Housing Tax Credit (LIHTC) projects and the credits themselves are not federal financial assistance, therefore, are not subject to Title VI. The use of IHBG funds with private funds for LIHTC projects would be considered leveraging, and Indian preference applies.

### **11. Combined Funds.**

If other funds are combined with IHBG funds but are not used for eligible affordable housing for low-income Indian families, the tribe must determine how it will meet the requirements of NAHASDA to serve only Indian families and also meet the requirements of the other programs which may require that all families must be served. The housing units funded under each program must be determined. If the housing units are located on land where the tribe has sovereignty/civil jurisdiction, there is no need to be concerned about different program requirements because the housing may be limited to Indian families or tribal members and there is no violation of Title VI of the Civil Rights Act or the Fair Housing Act.

### **12. Leveraged or Combined Funds**

If the housing is located on land where the Tribe does not have sovereignty/civil jurisdiction and the Tribe will use other funds for the project, it must determine if the other funds will be leveraged or combined funds. When housing is located on land where the Tribe does not have sovereignty/civil jurisdiction and the housing is funded with IHBG and other Federal funds with statutory program-specific nondiscrimination requirements, the funds are considered combined funds. HOME and CDBG funds will always be considered combined funds when used on non-Tribal sovereign land. The housing units funded under each program must be determined. The Tribe can only designate the NAHASDA-assisted units restricted for Indian families or Tribal members. If the units are similar in size and features, the number of units funded by each source can be determined on a pro-rata basis.

In other cases, where the Federal funds do not have statutory program-specific nondiscrimination requirements, but are instead subject to Title VI and Fair Housing Act, the Tribe and the source of the other funds determines if the funds will be combined or leveraged. If other funds are combined with IHBG funds, but are not used for affordable housing for low-income Indian families, the Tribe must determine how it will meet the requirements of NAHASDA to serve Indian families and meet the requirements of the other programs which may require that all families must be served.

### **13. Determining if funds without statutory nondiscrimination requirements used from different sources are leveraged or combined.**

This decision will generally be based on the goals of the housing. For example, where due to great need, all housing units in a rental project will be occupied by low-income Indian families in accordance with NAHASDA requirements, the funds will be leveraged. Where the goal is to not isolate Indian families from non-Indian families and the rental project will be occupied by both low-income Indian and non-Indian families, the funds will be combined. Where the goal is to integrate families of different incomes and the housing in a rental project will be occupied by both low-income Indian families and families who are not low income (mixed income project), the funds will be

combined. Of course, the use of the other funds will be subject to whatever requirements apply to the funds, but at minimum, the housing will be subject to the Fair Housing Act.

NAHASDA encourages the involvement of the private sector in affordable housing activities. The requirement to primarily limit beneficiaries to low-income Indian families assisted with IHBG funds regardless of the entity that owns the housing. Private funds for LIHTC projects and the credits themselves are not considered Federal financial assistance and not subject to Title VI. The use of IHBG funds with private funds for LIHTC projects would be considered leveraging and Indian preference applies.

#### **14. Allocating Costs and Identifying NAHASDA-Assisted Units in Rental and Homeownership Projects.**

Following are instructions on how to use IHBG funds, in combination with other funds, to develop housing projects that meet the requirements of each program. The examples show how to determine the minimum number of NAHASDA-assisted units in a project and how to allocate costs to the IHBG program. The tribe can start with either the number of housing units it wants to assist with IHBG funds (and determine the total amount of IHBG funds for the housing) or start with the total amount of IHBG for the housing (and determine the minimum number of NAHASDA-assisted units).

The IHBG program distinguishes between those units in a project that have been assisted with IHBG funds and those that have not.

IHBG funds may only be expended for units that are or will be occupied by low-income Indian families. Therefore, IHBG funds may be used in a mixed-funding project to assist the units in the project that will be occupied by low-income Indian families.

##### **A. "Fixed" and "Floating" NAHASDA Designations for Housing Units.**

A tribe must determine the minimum number of units that will be designated NAHASDA-assisted. In general, this designation must be based on the actual NAHASDA investment in a unit or project. A tribe may choose to require that a greater number of units be designated as NAHASDA-assisted to maximize the number of affordable units in the jurisdiction over time. A tribe may, on a project-by-project basis, choose to use either a fixed or a floating NAHASDA-assisted designation to track housing units.

- A "fixed designation" means that the tribe determines from the outset which housing units are NAHASDA-assisted. For instance, in a 10-unit housing project, if the tribe designates units 1, 2, 3, 4, and 5 as the NAHASDA-assisted units, these specific units (1 through 5) remain NAHASDA-assisted units throughout the useful life and must be occupied by NAHASDA income-eligible families.

- A “floating designation” gives a tribe the flexibility to maintain a certain number of NAHASDA-assisted units throughout the useful life, although the specific units so designated may vary with availability. For example, the tribe could designate five units as NAHASDA-assisted units, and at any given point in time throughout the useful life, five units must have the NAHASDA-assisted designation, and be occupied by NAHASDA income-eligible families. Substituted units must be comparable in size and features to the originally designated units.

A system of floating units is advantageous when a tribe wants to ensure that assisted units are indistinguishable from and interchangeable with market-rate units. In addition, the system of floating units provides consistency with the system required in projects developed with LIHTC.

#### **B. NAHASDA Project Rules**

NAHASDA projects are subject to rent/homebuyer payment and occupancy requirements. A recipient shall not charge a low-income tenant or homebuyer rent/homebuyer payments that exceed 30 percent of the adjusted income of the family.

Noncompliance with the project income-targeting requirement is permissible when the non-compliance is caused by an increase in a family’s income. For example, in rental housing, if a unit is made available for occupancy by a family that is a low-income family, and the tribe’s policies and the tenant’s lease require the family to move out if they are no longer low-income, then the family would have to move. Otherwise, the family would be permitted to stay in the unit. In a lease-purchase agreement for existing housing or housing to be constructed, if the family is low-income at the time the agreement is entered into and the family’s income increases, the family may stay in the unit.

When a project has floating NAHASDA-assisted designations, the next comparable unit that becomes available in the project must be provided to a NAHASDA income-eligible family. That unit then becomes the NAHASDA-assisted unit, and the rent/homebuyer payment must be structured accordingly. When the income of a family in a NAHASDA-assisted unit rises above 80 percent of the area median, that family may be required to pay more than 30 percent of its income for the monthly payment, except that, in projects where NAHASDA units float, the family’s monthly payment may not exceed the fair market rent or the value of the unit.

#### **C. Allocating costs to NAHASDA-Assisted Units.**

IHBG funds may only pay actual costs of NAHASDA-assisted housing.

If the units in a project are comparable (in terms of size, features, and number of bedrooms), then the actual costs can be determined by pro-rating total (NAHASDA-eligible) development costs. IHBG funds can only pay the pro-rated share of the NAHASDA-assisted units.

When units are not comparable, the tribe must allocate the NAHASDA costs on a unit-by-unit basis, charging only actual costs to the IHBG program, as described below. Because units in projects with the floating NAHASDA designation must be comparable, a tribe should always pro-rate costs in these projects. When units are generally comparable but vary slightly in size or amenities, a combination of the two approaches may be used.

The basic considerations for allocation costs to NAHASDA-assisted units are as follows:

- (1) *Comparability in Unit Size.* Comparability in size is defined by the bedroom count and square footage of individual units. Not all units with the same number of bedrooms are comparable in size. If there is a substantial difference in the square footage of two units with the same number of bedrooms, the units are not considered comparable.
- (2) *Amenities.* Comparability in amenities means similar fixtures, appliances and other features. In many mixed-income projects, to demand varying rents, the quality and types of amenities may vary among units. For instance, a project manager can demand a higher rent for a unit with wall-to-wall carpeting, garbage disposal, dishwasher and finer fixtures than for a unit without these amenities. This type of project does not typically have comparability of units, unless there is an equal distribution of assisted and non-assisted units that have these amenities.
- (3) *Common Costs.* Common costs are costs incurred for acquisition of improved or unimproved real property that benefit all residents of units in a project; rehabilitation or construction of shared systems (heating, plumbing, roofing) or shared facilities (community rooms, laundry facilities located in residential buildings); and on-site improvements. Costs associated with a project's on-site management office or the apartment of a resident manager may also be counted as common costs. The manner in which the costs for common elements of a project may be charged is dictated by the method chosen for allocating costs.

#### **D. Pro-Rating Cost Allocation Method.**

To use the pro-rating method of allocating costs, there must be comparability between the total inventory of NAHASDA-assisted and non-assisted units in a project.

For example, consider a 12-unit building in which 6 of the units have 1 bedroom and 6 have 2 bedrooms. The one-bedroom units are all comparable to each other and the two-bedroom units are all comparable to each other. Half of the building is NAHASDA-assisted. In this case, there should be an equal proportion of one- and two-bedroom units designated as assisted and non-assisted—three one-bedroom units, and three two-bedroom units.

Another example: consider the same 12-unit building in which one-third of the units are NAHASDA-assisted. You would need a total of four units designated (one-third of 12), so you must designate two one-bedroom units, and two two-bedroom units.



When assisted and non-assisted units are comparable, total eligible development costs (including acquisition, development hard costs to construct or rehabilitate the unit, and project soft costs), may be pro-rated to determine the NAHASDA share of the total costs.

Thus, all eligible project costs may be distributed between the IHBG program and other funding sources, provided that the NAHASDA share does not exceed the maximum per unit limit. This means NAHASDA can pay any eligible cost, and the tribe can pro-rate the NAHASDA share in relation to the total eligible costs to determine the minimum number of NAHASDA-assisted units.

For example, consider a tribe that buys land with \$100,000 in IHBG funds. Then, that Tribe uses \$900,000 of private funds to construct a housing project on that land. The total cost of the project is \$1 million. A minimum of one-tenth of the units in the project must be designated as NAHASDA-assisted, because IHBG funds provided one-tenth of the total funding. If the assisted and non-assisted units are comparable in size and distribution, a prorated share of the cost of common elements attributable to the NAHASDA-assisted units may be paid with IHBG funds.

For example, consider a tribe with a 24-unit building with 8 NAHASDA-assisted units (one-third of the units). The assisted units are comparable to the non-assisted units. The tribe replaces the heating system and the roof. In this case, the tribe may pay one-third of these total common costs with NAHASDA funds because one-third of the units are NAHASDA-assisted.

The ratio of the NAHASDA investment to the total eligible development cost is equivalent to the ratio of the minimum number of units that must be NAHASDA-assisted to the total number of units.

#### **E. Unit-by-Unit Cost Allocation Method.**

When NAHASDA-assisted and non-assisted units in a project are NOT comparable, the tribe must determine and charge the IHBG program for the actual costs incurred for the acquisition and development of the NAHASDA units, plus any common costs that can be attributed to the NAHASDA portion of the project.

To allocate these costs, the tribe must designate the NAHASDA-assisted units and track the costs for each unit.

Common costs attributable to NAHASDA-assisted units are determined by calculating the total square feet in NAHASDA units as a percentage of the total square feet in the project. IHBG funds can pay for that percentage of the common costs.

The actual cost for each unit is charged to the IHBG program. The actual cost is charged, regardless of whether it is more or less than the pro-rated cost would be.

For example, a tribe proposes to construct a new 60-unit, mixed-income development:

- One-third, or 20, of the units will be deluxe units, with total development costs of \$2 million.
- Another third, 20 upgraded units, will be marketed to middle-income families (between 100 and 120 percent of the area median income), with total development costs of \$1.5 million.
- The final third will be 20 basic units with few amenities and will be marketed to low-income families; the total development costs are \$1 million.

Because the units in this project are not comparable, the tribe may only use IHBG funds for the cost of the units that will meet the NAHASDA requirements. Therefore, it may invest up to \$1 million in IHBG funds to construct the 20 units for eligible low-income families, provided that the tribe's per unit limit equals at least \$50,000. All 20 units will be designated as NAHASDA-assisted.

In another example, a tribe proposes to use IHBG funds and local funds to rehabilitate a 15-unit building it already owns. Ten units are two-bedroom and are non-assisted; five units are efficiencies and are NAHASDA-assisted. In this case, NAHASDA can only pay the actual rehabilitation costs, up to the per unit limit, of the units designated as NAHASDA-assisted.

**F. Maximum Per Unit Cost.**

Housing developed, acquired, or assisted under NAHASDA is subject to limitations on cost or design standards. IHBG-assisted housing must meet the moderate design requirements.

**15. Additional Information**

If you have any questions, or require further information, please contact your Area Office of Native American Programs.

*/s/*

Paula O. Blunt, General Deputy Assistant Secretary  
for Public and Indian Housing

08301  
Ysleta del Sur Pueblo  
Homes I

Staff Termination



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

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Gloria Ray

March 26, 2008

Mr. Albert Joseph  
Ysleta del Sur Pueblo  
332 Alton Griffin  
El Paso, Texas 79907  
Telephone: (915) 859-9196  
Facsimile: (915) 859-7069

Re: Ysleta del Sur Pueblo Homes, I, TDHCA #08301

Dear Mr. Joseph:

On February 29, 2008 you submitted a Housing Tax Credit application for the above-referenced development to the Texas Department of Housing and Community Affairs (the "Department"). It has been determined that this application has not met the minimum threshold requirements under §50.9(h)(7)(C), of the 2008 Qualified Allocation Plan (the "QAP"), for the reasons stated below.

The proposed development violates the general public use requirement as set forth in Internal Revenue Service Notice 89-6. Further, §42 of the Internal Revenue Code provides that "Residential rental units must be for use by the general public...Regulations will provide that the term "for use by the general public" shall be determined in a manner consistent with the Department of Housing and Urban Development ("HUD") housing policy governing non-discrimination as evidenced by HUD rules and regulations... Accordingly, owners of residential rental units that give preferences to certain classes of tenants (e.g., the homeless, disabled and/or handicapped) will not violate the general public use requirement if such preferences would not violate any HUD policy governing nondiscrimination expressed in the HUD handbook. However, if residential rental units are restricted to a class of residents that would violate HUD housing policy, then the building in which these units are located will be ineligible for the [housing tax] credit."

Your Application included a legal opinion which asserts that according to HUD rules and regulations, the housing does not violate the general public use requirement, and that HUD has approved limiting housing to Native American Families or tribal members. The opinion references the Native American Housing Assistance and Self-Determination Act ("NAHASDA") and HUD rules and regulations under 10 CFR Part 1000, Native American Housing Activities.

Per Subpart A, §1000.1: "under the NAHASDA (25 U.S.C. 4101 et seq.), the Department of Housing and Urban Development (HUD) provides grants, loan guarantees, and technical assistance to Indian tribes and Alaska Native villages for the development and operation of low-income housing in Indian areas. The policies and procedures described in this part apply to grants to eligible recipients under the Indian Housing Block Grant (IHBG) program for Indian tribes and Alaska Native villages."

Mr. Joseph  
March 26, 2008  
Page 2 of 2

After reviewing the provisions of 10 CFR Part 1000, Native American Housing Activities, the Department has determined that the HUD rules and regulations mentioned in the legal opinion are applicable only to the NAHASDA funding and Indian Housing Block Grants and not applicable for the Housing Tax Credit Program.

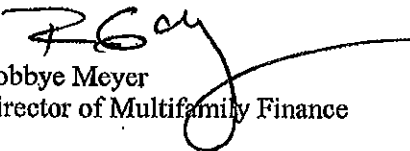
The application includes a request for multiple waivers of threshold requirements in the 2008 QAP. These waiver requests include §50.9(h)(7)(D)(ii) Current property tax valuation; §50.9(h)(7)(D)(iii)(I-III) Title Policy and Commitment; §50.9(h)(8)(A)(i)(I-III) Deadline for requesting neighborhood organization information; and §50.9(h)(8)(B) Installation of signage on the property. These waivers will be addressed separately from this determination should an appeal to the Board be submitted by the applicant.

For the reasons stated above, the application is terminated.

If you would like to appeal the Department's determination that the Application has not met the minimum threshold requirements, an Appeals Policy does exist for the Housing Tax Credit Program. The restrictions and requirements relating to the filing of an appeal can be found in §50.17(b) of the 2008 QAP. If you choose to appeal this determination, you must first submit an appeal to the Executive Director no later than 5:00 pm on **March 31, 2008**. In the event an appeal is denied by the Executive Director, you may appeal directly in writing to the Board, provided that an appeal filed with the Board is received by **May 1, 2008**, **although it is strongly encouraged that you submit the appeal no later than 5:00 pm on April 24, 2008**.

If you have any questions, please do not hesitate to contact Robbye Meyer at 512.475.2213 or [robbye.meyer@tdhca.state.tx.us](mailto:robbye.meyer@tdhca.state.tx.us).

Sincerely,

  
Robbye Meyer  
Director of Multifamily Finance



# Ysleta Del Sur Pueblo

119 S. Old Pueblo Rd. • P.O. Box 17579 • El Paso, Texas 79917 • (915) 859-7913 • Fax # 859-2988

February 27, 2008

Housing Tax Credit Program  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, TX 78711-3941

RE: Ysleta del Sur Pueblo Homes I

To Whom It May Concern:

We are very pleased to submit the enclosed application for Low-Income Housing Tax Credits for our Ysleta del Sur Pueblo Homes I project. We are quite proud of the project and feel confident that it will serve the interests of the State as much as it will serve the interests of the Ysleta del Sur Pueblo. Historically, Indian Reservations have the lowest incomes in the United States as a group, and in the aggregate they have the worst housing conditions in the country. Our housing project can set the stage for a far better understanding of the role leverage can play in tribal housing development, which will lead to a lessening of the housing crisis in Indian Country.

The Ysleta del Sur Pueblo is a federally recognized Indian Tribe, which has a tax-exempt status equivalent to 501(c)(3) or 501(c)(4) of the Internal Revenue Code. The Pueblo has over 35 years of experience developing and managing affordable housing and will perform the primary function of the project's owner, developer, and manager; however, because of our limited tax credit experience, we have surrounded ourselves with a very experienced and capable project consultant, compliance consultant, tax credit attorney, and tax credit syndicator.

It is vitally important that the Texas Department of Housing and Community Affairs understand that housing in Indian Country is subject to rules and laws that no other non-Indian groups, non-profit corporations, or governing bodies are subject to. In particular, any housing project that utilizes Native American Housing Assistance and Self-Determination Act (NAHASDA) funds must limit the effective rent to the families occupying the units to a maximum of 30% of that household's income. As such our projects have considerably higher thresholds for compliance, serve profoundly lower income households, and ensure that no one, even those under the statutory income limits

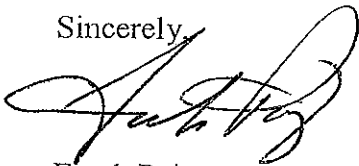
for the tax credit program, will pay more than 30% of their income in rent. As you know, this is not true for most other tax credit-financed housing in the country.

While this project has many characteristics that set it apart, none is more significant than the financing structure. The Pueblo is providing the debt for this project and has agreed that the debt is "soft", that is, debt service payments payable only from available cash flow. In other words, while the debt is bona fide debt, the revenues generated from operations can be exclusively applied, if necessary, to the operations of the project. This provides an unheard of level of operational stability. Nonetheless, the Pueblo has gone further. It has agreed to pay a subsidy, on an as needed basis to cover any operating shortfalls (the Housing Assistance Payments Agreement). Again, this provides an unparalleled level of financial stability for the project. Our consultants have employed this type of subsidy in at least 100 other Indian Country projects and have found them to be ideal stabilizing forces.

Enclosed with our application is a letter directed to the Governing Board of TDHCA requesting several waivers to the rules presented in the 2008 QAP. We respectfully request that the Board review this letter and waive, given their authority in § 50.22 of the QAP, certain rules which are not applicable to our project given the nature of our application.

We hope that you can appreciate how important this project is to the community. We want to provide a safe and affordable place for our constituents to live. The funding provided through the Housing Tax Credit program will allow us to reach and serve far more people than we could otherwise reach. Thank you for your consideration of this application and our request. We stand ready to answer any questions you may have regarding this application and our intentions.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Paiz", written in a cursive style.

Frank Paiz  
Governor

# **Termination Letter**





## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Gloria Ray

March 26, 2008

Mr. Albert Joseph  
Ysleta del Sur Pueblo  
332 Alton Griffin  
El Paso, Texas 79907  
Telephone: (915) 859-9196  
Facsimile: (915) 859-7069

Re: Ysleta del Sur Pueblo Homes, I, TDHCA #08301

Dear Mr. Joseph:

On February 29, 2008 you submitted a Housing Tax Credit application for the above-referenced development to the Texas Department of Housing and Community Affairs (the "Department"). It has been determined that this application has not met the minimum threshold requirements under §50.9(h)(7)(C), of the 2008 Qualified Allocation Plan (the "QAP"), for the reasons stated below.

The proposed development violates the general public use requirement as set forth in Internal Revenue Service Notice 89-6. Further, §42 of the Internal Revenue Code provides that "Residential rental units must be for use by the general public...Regulations will provide that the term "for use by the general public" shall be determined in a manner consistent with the Department of Housing and Urban Development ("HUD") housing policy governing non-discrimination as evidenced by HUD rules and regulations... Accordingly, owners of residential rental units that give preferences to certain classes of tenants (e.g., the homeless, disabled and/or handicapped) will not violate the general public use requirement if such preferences would not violate any HUD policy governing nondiscrimination expressed in the HUD handbook. However, if residential rental units are restricted to a class of residents that would violate HUD housing policy, then the building in which these units are located will be ineligible for the [housing tax] credit."

Your Application included a legal opinion which asserts that according to HUD rules and regulations, the housing does not violate the general public use requirement, and that HUD has approved limiting housing to Native American Families or tribal members. The opinion references the Native American Housing Assistance and Self-Determination Act ("NAHASDA") and HUD rules and regulations under 10 CFR Part 1000, Native American Housing Activities.

Per Subpart A, §1000.1: "under the NAHASDA (25 U.S.C. 4101 et seq.), the Department of Housing and Urban Development (HUD) provides grants, loan guarantees, and technical assistance to Indian tribes and Alaska Native villages for the development and operation of low-income housing in Indian areas. The policies and procedures described in this part apply to grants to eligible recipients under the Indian Housing Block Grant (IHBG) program for Indian tribes and Alaska Native villages."

Mr. Joseph  
March 26, 2008  
Page 2 of 2

After reviewing the provisions of 10 CFR Part 1000, Native American Housing Activities, the Department has determined that the HUD rules and regulations mentioned in the legal opinion are applicable only to the NAHASDA funding and Indian Housing Block Grants and not applicable for the Housing Tax Credit Program.

The application includes a request for multiple waivers of threshold requirements in the 2008 QAP. These waiver requests include §50.9(h)(7)(D)(ii) Current property tax valuation; §50.9(h)(7)(D)(iii)(I-III) Title Policy and Commitment; §50.9(h)(8)(A)(i)(I-III) Deadline for requesting neighborhood organization information; and §50.9(h)(8)(B) Installation of signage on the property. These waivers will be addressed separately from this determination should an appeal to the Board be submitted by the applicant.

For the reasons stated above, the application is terminated.

If you would like to appeal the Department's determination that the Application has not met the minimum threshold requirements, an Appeals Policy does exist for the Housing Tax Credit Program. The restrictions and requirements relating to the filing of an appeal can be found in §50.17(b) of the 2008 QAP. If you choose to appeal this determination, you must first submit an appeal to the Executive Director no later than 5:00 pm on **March 31, 2008**. In the event an appeal is denied by the Executive Director, you may appeal directly in writing to the Board, provided that an appeal filed with the Board is received by **May 1, 2008**, **although it is strongly encouraged that you submit the appeal no later than 5:00 pm on April 24, 2008.**

If you have any questions, please do not hesitate to contact Robbye Meyer at 512.475.2213 or [robbye.meyer@tdhca.state.tx.us](mailto:robbye.meyer@tdhca.state.tx.us).

Sincerely,

  
Robbye Meyer  
Director of Multifamily Finance



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**2008 HOUSING TAX CREDIT APPEAL ELECTION FORM**

This form, submitted with my appeal to the Executive Director, is to notify the Department that I am filing a formal appeal to the Executive Director for processing.

**If my appeal is denied by the Executive Director, I: (check one)**

Do wish to appeal to the Board of Directors and request that my application be added to the May 8, 2008 Board of Directors meeting agenda. My appeal documentation, which identifies my specific grounds for appeal, is attached. I understand that my Board appeal documentation must still be submitted by 5:00 p.m. Monday, April 28, 2008 to be placed in the May 8, 2008 Board materials. If no documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Do not wish to appeal to the Board of Directors.

Development Name:	
Development Address:	
Signer's Name	
Signer's Title:	
Date:	

Signed: \_\_\_\_\_

# **Waiver Requests**



# Ysleta Del Sur Pueblo

119 S. Old Pueblo Rd. • P.O. Box 17579 • El Paso, Texas 79917 • (915) 859-7913 • Fax # 859-2988

February 27, 2008

Governing Board Members of the Department  
Texas Department of Housing and Community Affairs  
P.O. Box 13941  
Austin, TX 78711-3941

RE: Ysleta del Sur Pueblo Homes I HTC Application  
Waiver Requests

Dear Board Members:

As the Governor of the Ysleta del Sur Pueblo, the Developer of the Ysleta del Sur Pueblo Homes I HTC project and General Partner of the Ysleta del Sur Pueblo limited Partnership #1, I respectfully submit this letter requesting the following waivers of the Department's Rules identified in the 2008 QAP. Our project is unlike any project that TDHCA has received in the past. To my knowledge our HTC application is the first to be submitted located within the boundaries of a Native American reservation and fully sponsored by a Federally Recognized Indian Tribe. By acknowledging the Ysleta del Sur Pueblo as a Federally Recognized Indian Tribe, the United States Government recognizes our Pueblo as a sovereign nation separate from the City of Socorro, the County of El Paso and the state of Texas. Given the unique location and nature of our project, we request the Board provide waivers on the following:

**§ 50.9(h)(7)(D)(ii) – County and Property Taxes**

As a threshold requirement, the QAP indicates that the applicant should provide “a *current valuation report from the county tax appraisal district and documentation of the current total property tax rate for the development site*”.

As described above, the proposed project is located within the boundaries of the reservation and therefore; given the Pueblo's status as a sovereign nation, is not subject to county taxes. Also, the Pueblo does not assess any property taxes for its own purposes.

In lieu of the information that TDHCA requests, we have submitted a letter from the Tribal Government indicating that there are no county taxes or property taxes assessed, a Tribal Resolution affirming that there are no county or property taxes, and an attorney's opinion that county and property taxes are not applicable. I request that the Board accept

the documentation presented in our application and request that the Board waive the requirement for providing a current valuation report from the county tax appraisal district and documentation of the current property tax rate.

**§ 50.9(h)(7)(D)(iii)(I)-(III) – Title Policy/Commitment**

Similar to the waiver request for the county and property taxes, the location of our project on the reservation prevents us from providing the specific documents identified in the QAP. Our project is located on Tribal Trust Land. Trust Land is land owned by the Tribe but held in “trust” by the federal government. Unlike Fee Land that can be bought and sold at will, Trust Land cannot be sold or mortgaged. It can, however, be leased for relatively long periods, which is how the proposed project will be structured; the Ysleta del Sur Pueblo will lease the land to the Ysleta del Sur Pueblo Limited Partnership #1. Also, unlike Fee Land, the Tribe cannot obtain a Title Policy or Title Commitment on Trust Land. The only method of establishing title on Trust Land is via a Title Status Report (TSR) issued by the US Bureau of Indian Affairs (BIA). Receipt of a TSR is the accepted mechanism by which other States and tax credit investors (for example, Raymond James Tax Credit Funds – the investor supporting Ysleta del Sur Pueblo’s project) verify title.

Obtaining current TSRs from the BIA is an arduous process that can take several months at best and sometimes up to a year. In order for the Pueblo to meet TDHCA’s threshold requirement for this section, we have submitted in our application an attorney’s opinion stating that the Pueblo has sole ownership of the development site and confirming that there are no prior encumbrances, zoning or other restrictions on the site which would prevent the operation of the proposed project. The opinion also provides evidence of the subject property being taken into trust by conveyance to the United States of America on March 22, 2000. I request that the Board accept the documentation provided as evidence of Title and waive the requirement for a title policy or title commitment.

**§ 50.9(h)(8)(A)(i)(I)-(III) – Neighborhood Organizations**

The QAP states that no later than January 15, 2008 that the applicant must request from local officials (city or county) a list of Neighborhood Organizations on record with the county whose boundaries include the proposed Development Site. The QAP defines Neighborhood Organizations as *“an organization that is composed of persons living near one another within the organization’s defined boundaries for the neighborhood and that has a primary purpose of working to maintain or improve the general welfare of the neighborhood. A neighborhood organization includes a homeowner’s association or a property owners’ association.”*

As our project will be located on Tribal Trust Land within the boundaries of the reservation, the sole entity which would serve as the project’s Neighborhood Organization would be the Ysleta del Sur Pueblo itself. As a sovereign nation separate

from the City of Socorro, the County of El Paso and the state of Texas, neither the city nor the county have jurisdiction on the reservation. Therefore there is no entity, other than the Pueblo itself, which would maintain a list of Neighborhood Organizations, and as the Pueblo's Governor, I can certify that no list exists nor would such a list be applicable for our community.

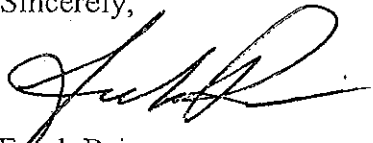
Inasmuch as the Pueblo is the applicant for the HTC application, as well as the local governmental entity to be notified by TDHCA's January 15<sup>th</sup> deadline, I request that the Board waive the deadline for notifying ourselves and acknowledge that a Neighborhood Organizations list is not applicable to our circumstance as a governmental sovereign nation. In conjunction with this waiver request, I request that the Board award our application the full 24 points for Quantifiable Community Support as the Ysleta del Sur Pueblo fully supports the project. If the Board does not allow our application to receive the full 24 points, then I request that our application receive +12 points and be eligible to claim up to 6 points for demonstration of community support other than quantifiable community participation (§ 50.9(i)(18)). This level of scoring is equated to those applications for which no letters from Neighborhood Organizations are received

**§ 50.9(h)(8)(B) – Signage on Property**

To the best of our ability, we have installed a Public Notification Sign on the development site according to the rules outlined in the QAP. Evidence of the sign, which was erected on site February 21, 2008, has been included in our application. The location of the sign is facing the closest main road adjacent to the site, however, due to an irrigation canal and margins on each side that belong to the El Paso Water Reclamation District, the sign had to be installed outside of the 20 feet range. I request that the Board waive the requirement for the sign to be located within 20 feet and accept the current placement of the sign as it is as close as the site boundaries permit.

The Pueblo and members of our community are extremely excited about the opportunity that this funding application has presented us. We look forward to TDHCA's review of our application and potential for starting on this project upon notice of receipt of credits. If you have any questions, please contact me. Thank you for your attention to our request.

Sincerely,



Frank Paiz  
Governor

# **Legal Opinion**



February 26, 2008

Ms. Audrey Martin  
Competitive HTC Program Administrator  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, Texas 78701

*Re: Ysleta del Sur Pueblo*

Dear Ms. Martin:

This letter addresses your recent email correspondence to Bryan Schuler regarding the proposed Ysleta del Sur Pueblo tax credit project (the "Project"). We represent Raymond James Tax Credit Funds, Inc., the proposed limited partner in the Project, and have represented them in many low-income tax credit transactions with Native American sponsors. In that correspondence, you indicated some confirmation from the IRS that the Project would meet the general public requirement under Treasury Regulation Section 1-42-9.

We believe that this Project would meet the general public use requirement of Treasury Regulation Section 1.42-9. Section (a) of that regulation provides that "a residential unit is for use by the general public if the unit is rented in a manner consistent with housing policy governing nondiscrimination, as evidenced by rules or regulations of the Department of Housing and Urban Development (HUD)(24 CFR subtitle A and Chapter I through X)." Chapter IX provides HUD's rules and regulations with respect of Native American Housing Activities in Part 1000, implementing the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 et seq.)(NAHASDA) and the Indian Housing Block Grant (IHBG) program. Section 1000.120 of Part 1000 provides:

May a recipient use Indian preference or tribal preference in selecting families for housing assistance? Yes. The IHP (Indian Housing Plan) may set out a preference for the provision of housing assistance to Indian families who are members of the Indian tribe or to other Indian families if the recipient has adopted the preference in its admission policy. The recipient shall ensure that housing activities funded under NAHASDA are subject to the preference.

Ms. Audrey Martin  
February 26, 2008  
Page 2

Thus, the Project's intended use falls within the definition of general public use set out in 1.42-9(a). The limitations described in 1.42-9(b) do not apply to this Project because the Project is not intended only for members of a social organization, employee housing or similar preferences that are not consistent with HUD policy. In addition, in a recent HUD notice, a copy of which is attached, HUD specifically contemplates the use of NAHASDA funding in projects utilizing LIHTC, and has taken the position that in certain circumstances, housing may be limited to Indian families or tribal members when using certain NAHASDA funds. This Notice clearly indicates that HUD has approved limiting housing to Indian Families or Tribal Members.

We understand that this transaction will be structured in a manner similar to other tax credit transactions sponsored by Native American organizations. NAHASDA funds will be used for this Project. In addition, the units will be available to the general public, subject to the waiting lists prepared by the tribe or pueblo. We further understand that the waiting lists give preferences to tribal members and their descendents and members of other tribes, but are available to the general public. In accordance with the general public requirements, these units would not be restricted to Native Americans; they would be given a preference in accordance with the Pueblo's current housing policy.

Based on the above, we do not see that formal guidance from the IRS is needed on this issue, but that the regulation and HUD guidance discussed above on this issue should be sufficient.

If I can be of further assistance in your analysis of this issue, please do not hesitate to contact me.

Very truly yours,



Craig A. Emden

cc: James Horvick



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

**Special Attention of:**  
ONAP Administrators;  
Tribes; and Tribally  
Designated Housing Entities

**Notice** PIH 2008 - 8 (ONAP)

Issued: January 25, 2008

Expires: January 31, 2009

Cross Reference(s):  
24 CFR PART 1000  
PIH Notice 2006-34  
PIH Notice 2005-19

**Subject:** Limiting Housing to Indian Families or Tribal Members when using Indian Housing Block Grant (IHBG) funds.

**1. Purpose.**

This Notice reissues Notice PIH-2006-34 (TDHEs) and explains when tribes or tribally designated housing entities (TDHEs) (referred to in this Notice as 'Tribe') may limit housing assistance to Indian families or tribal members. This notice outlines how the requirements are different if only IHBG funds are used or if IHBG funds are leveraged or combined with funds from other sources.

**2. Background.**

The IHBG program, created by the Native American Housing Assistance and Self-Determination Act (NAHASDA), authorizes annual formula block grants to Indian tribes for affordable housing activities, to primarily benefit low-income Indian families. Section 201(b)(5) of NAHASDA permits a preference to serve tribal members.

Title VI of the Civil Rights Act of 1964 prohibits recipients of federal financial assistance from excluding from participation, denying benefits, or otherwise subjecting to discrimination a person on the ground of race, color, or national origin in the program or activity receiving such assistance. Title VIII of the Civil Rights Act of 1968, as amended, is called the Fair Housing Act. It prohibits discrimination in the sale, rental or advertising of dwellings, in the provision of brokerage services, or in the availability of residential real estate related transactions because of race, color, national origin, religion, sex, familial status, or disability. Residential real estate related transactions include making loans or providing financial assistance for the purchase of residential real estate.

However, Section 201(b)(6) of NAHASDA states that Title VI of the Civil Rights Act of 1964, and the Fair Housing Act "shall not apply to actions by federally recognized tribes and the tribally designated housing entities of those tribes under this Act." This provision also

applies to recipients established under the Alaska Native Claims Settlement Act and to State-recognized tribes that receive grants under NAHASDA.

### 3. Definitions.

*Affordable housing:* Housing that meets the requirements of Title II of NAHASDA, including housing units developed under the United States Housing Act of 1937, housing units developed under NAHASDA, and other housing units that are not assisted under NAHASDA, but which meet the requirements of Title II of NAHASDA.

*Combined Funds:* For purpose of this notice, funds are considered combined when IHBG funds are used with other funds for both eligible affordable housing for low-income Indian families and other housing that may not meet the requirements of NAHASDA.

*Fair Housing Act:* Title VIII of the Civil Rights Act of 1968, as amended, is also called the Fair Housing Act. It prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status, or disability.

*Indian Area:* The area within which an Indian tribe or its TDHE, as authorized by one or more Indian tribes, provides assistance under NAHASDA for affordable housing as stated in its Indian Housing Plan (IHP).

*Leveraging Funds:* Leveraged funds, in the context of section 102(c)(3) of NAHASDA, are additional resources used with IHBG funds for affordable housing activities under NAHASDA for low-income Indian families.

*Low-income family:* A family whose income does not exceed 80 percent of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may, for purposes of this paragraph, establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the findings of the Secretary or the agency that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes.

*NAHASDA:* The Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 et seq.), as amended.

*Sovereignty/civil jurisdiction:* Authority to exercise governmental powers within a limited area.

*Title VI of the Civil Rights Act of 1964 (Title VI):* This law prohibits discrimination against beneficiaries of federally assisted programs based on race, color, or national origin (42 U.S.C. 2000 (d)).

#### 4. **Applicability of the Civil Rights Act of 1964 and Fair Housing Act regarding NAHASDA.**

Under NAHASDA, IHBG recipients do not violate Title VI of the Civil Rights Act or the Fair Housing Act when limiting assistance to low-income Indian families or providing preference to tribal members if:

- the affordable housing-project is on land where the tribe has sovereignty/civil jurisdiction regardless of any other funding that may have been used;
- the affordable housing project is funded solely with IHBG funds and is located on land subject to State or local law; or
- the affordable housing project is funded with IHBG funds and leveraged with non-federal funds and located on land subject to State or local law.

#### 5. **Housing Activity Outside of land governed by Tribal sovereignty/civil jurisdiction.**

If the Tribe uses NAHASDA funds for a housing activity with other funds and the project is on land where the Tribe has no sovereignty/civil jurisdiction and some of the housing units in the project do not meet NAHASDA affordable housing requirements, then the Tribe can only designate a proportionate percentage of the housing units, which must be NAHASDA-assisted units, in the project for Indian families or Tribal members only.

If the funds used with NAHASDA are combined from Federal program funds that have statutory program-specific non-discrimination requirements, such as HOME Investment Partnership (HOME) and Community Development Block Grant (CDBG) funds, then only the NAHASDA-assisted housing units in the project can be set aside for Indian families or Tribal members. The Tribe and/or its TDHE must comply with NAHASDA requirements and all other applicable Federal requirements, whether the housing programs are funded solely with IHBG funds under NAHASDA.

#### 6. **Role of the Recipient.**

The tribe and/or its TDHE must comply with NAHASDA requirements and all other applicable federal requirements, whether its housing programs are funded solely with IHBG funds under NAHASDA, or with IHBG funds and other funding sources.

#### 7. **Tribal Sovereignty.**

There exists a unique relationship between the United States and Indian tribes. Indian tribes have sovereignty and exercise jurisdiction over their territory and their members.

**On lands where an Indian tribe exercises sovereignty, the tribe can limit housing to Indian families or tribal members regardless of the funds used to construct or otherwise assist the housing.**

HUD recognizes tribal sovereignty/civil jurisdiction over tribal trust land within a reservation, other tribal trust land, individual trust or allotted land, and fee land reacquired by the tribe within the boundaries of the reservation.

#### **8. Location of Housing Funded with IHBG Funds under NAHASDA.**

NAHASDA authorizes affordable housing activities in Indian areas. Assistance is not limited to reservations. Essentially, an "Indian area" under NAHASDA is anywhere a tribe undertakes affordable housing activities.

#### **9. Ownership of Housing Assisted under NAHASDA.**

NAHASDA encourages the involvement of the private sector in affordable housing activities. NAHASDA's requirement to primarily limit beneficiaries to low-income Indian families applies to all housing assisted with IHBG funds, regardless of who or what entity owns the housing.

#### **10. Leveraged Funds.**

NAHASDA encourages using IHBG funding with other funds for affordable housing activities. When IHBG funds and other funds are used for affordable housing in accordance with NAHASDA requirements, the funds are said to be "leveraged."

When housing is located on land where the tribe has sovereignty/civil jurisdiction, and the housing is funded with IHBG and other federal funds (such as HOME and USDA Rural Housing Development funds), the housing can be limited to Indian families or tribal members without violating nondiscrimination requirements.

However, when housing is located on land where the tribe **does not** have sovereignty/civil jurisdiction, and such housing is funded with IHBG and other federal funds, tribes are limited in their authority to designate such housing as Indian-only, if the other federal funds have program-specific nondiscrimination requirements in their program statute, i.e., CDBG and HOME programs.

If this is the case, the funds are combined funds and the tribe must determine which units are funded by each program, and can only designate the NAHASDA-assisted units as restricted to Indian families or tribal members. (If the units are similar in size and features, the number of units funded by each source can be determined on a pro-rata basis. Pro-rating examples can be found below.)

Private funds for Low Income Housing Tax Credit (LIHTC) projects and the credits themselves are not federal financial assistance, therefore, are not subject to Title VI. The use of IHBG funds with private funds for LIHTC projects would be considered leveraging, and Indian preference applies.

## **11. Combined Funds.**

If other funds are combined with IHBG funds but are not used for eligible affordable housing for low-income Indian families, the tribe must determine how it will meet the requirements of NAHASDA to serve only Indian families and also meet the requirements of the other programs which may require that all families must be served. The housing units funded under each program must be determined. If the housing units are located on land where the tribe has sovereignty/civil jurisdiction, there is no need to be concerned about different program requirements because the housing may be limited to Indian families or tribal members and there is no violation of Title VI of the Civil Rights Act or the Fair Housing Act.

## **12. Leveraged or Combined Funds**

If the housing is located on land where the Tribe does not have sovereignty/civil jurisdiction and the Tribe will use other funds for the project, it must determine if the other funds will be leveraged or combined funds. When housing is located on land where the Tribe does not have sovereignty/civil jurisdiction and the housing is funded with IHBG and other Federal funds with statutory program-specific nondiscrimination requirements, the funds are considered combined funds. HOME and CDBG funds will always be considered combined funds when used on non-Tribal sovereign land. The housing units funded under each program must be determined. The Tribe can only designate the NAHASDA-assisted units restricted for Indian families or Tribal members. If the units are similar in size and features, the number of units funded by each source can be determined on a pro-rata basis.

In other cases, where the Federal funds do not have statutory program-specific nondiscrimination requirements, but are instead subject to Title VI and Fair Housing Act, the Tribe and the source of the other funds determines if the funds will be combined or leveraged. If other funds are combined with IHBG funds, but are not used for affordable housing for low-income Indian families, the Tribe must determine how it will meet the requirements of NAHASDA to serve Indian families and meet the requirements of the other programs which may require that all families must be served.

## **13. Determining if funds without statutory nondiscrimination requirements used from different sources are leveraged or combined.**

This decision will generally be based on the goals of the housing. For example, where due to great need, all housing units in a rental project will be occupied by low-income Indian families in accordance with NAHASDA requirements, the funds will be leveraged. Where the goal is to not isolate Indian families from non-Indian families and the rental project will be occupied by both low-income Indian and non-Indian families, the funds will be combined. Where the goal is to integrate families of different incomes and the housing in a rental project will be occupied by both low-income Indian families and families who are not low income (mixed income project), the funds will be

combined. Of course, the use of the other funds will be subject to whatever requirements apply to the funds, but at minimum, the housing will be subject to the Fair Housing Act.

NAHASDA encourages the involvement of the private sector in affordable housing activities. The requirement to primarily limit beneficiaries to low-income Indian families assisted with IHBG funds regardless of the entity that owns the housing. Private funds for LIHTC projects and the credits themselves are not considered Federal financial assistance and not subject to Title VI. The use of IHBG funds with private funds for LIHTC projects would be considered leveraging and Indian preference applies.

#### **14. Allocating Costs and Identifying NAHASDA-Assisted Units in Rental and Homeownership Projects.**

Following are instructions on how to use IHBG funds, in combination with other funds, to develop housing projects that meet the requirements of each program. The examples show how to determine the minimum number of NAHASDA-assisted units in a project and how to allocate costs to the IHBG program. The tribe can start with either the number of housing units it wants to assist with IHBG funds (and determine the total amount of IHBG funds for the housing) or start with the total amount of IHBG for the housing (and determine the minimum number of NAHASDA-assisted units).

The IHBG program distinguishes between those units in a project that have been assisted with IHBG funds and those that have not.

IHBG funds may only be expended for units that are or will be occupied by low-income Indian families. Therefore, IHBG funds may be used in a mixed-funding project to assist the units in the project that will be occupied by low-income Indian families.

##### **A. "Fixed" and "Floating" NAHASDA Designations for Housing Units.**

A tribe must determine the minimum number of units that will be designated NAHASDA-assisted. In general, this designation must be based on the actual NAHASDA investment in a unit or project. A tribe may choose to require that a greater number of units be designated as NAHASDA-assisted to maximize the number of affordable units in the jurisdiction over time. A tribe may, on a project-by-project basis, choose to use either a fixed or a floating NAHASDA-assisted designation to track housing units.

- A "fixed designation" means that the tribe determines from the outset which housing units are NAHASDA-assisted. For instance, in a 10-unit housing project, if the tribe designates units 1, 2, 3, 4, and 5 as the NAHASDA-assisted units, these specific units (1 through 5) remain NAHASDA-assisted units throughout the useful life and must be occupied by NAHASDA income-eligible families.



- A “floating designation” gives a tribe the flexibility to maintain a certain number of NAHASDA-assisted units throughout the useful life, although the specific units so designated may vary with availability. For example, the tribe could designate five units as NAHASDA-assisted units, and at any given point in time throughout the useful life, five units must have the NAHASDA-assisted designation, and be occupied by NAHASDA income-eligible families. Substituted units must be comparable in size and features to the originally designated units.

A system of floating units is advantageous when a tribe wants to ensure that assisted units are indistinguishable from and interchangeable with market-rate units. In addition, the system of floating units provides consistency with the system required in projects developed with LIHTC.

**B. NAHASDA Project Rules**

NAHASDA projects are subject to rent/homebuyer payment and occupancy requirements. A recipient shall not charge a low-income tenant or homebuyer rent/homebuyer payments that exceed 30 percent of the adjusted income of the family.

Noncompliance with the project income-targeting requirement is permissible when the non-compliance is caused by an increase in a family’s income. For example, in rental housing, if a unit is made available for occupancy by a family that is a low-income family, and the tribe’s policies and the tenant’s lease require the family to move out if they are no longer low-income, then the family would have to move. Otherwise, the family would be permitted to stay in the unit. In a lease-purchase agreement for existing housing or housing to be constructed, if the family is low-income at the time the agreement is entered into and the family’s income increases, the family may stay in the unit.

When a project has floating NAHASDA-assisted designations, the next comparable unit that becomes available in the project must be provided to a NAHASDA income-eligible family. That unit then becomes the NAHASDA-assisted unit, and the rent/homebuyer payment must be structured accordingly. When the income of a family in a NAHASDA-assisted unit rises above 80 percent of the area median, that family may be required to pay more than 30 percent of its income for the monthly payment, except that, in projects where NAHASDA units float, the family’s monthly payment may not exceed the fair market rent or the value of the unit.

**C. Allocating costs to NAHASDA-Assisted Units.**

IHBG funds may only pay actual costs of NAHASDA-assisted housing.

If the units in a project are comparable (in terms of size, features, and number of bedrooms), then the actual costs can be determined by pro-rating total (NAHASDA-eligible) development costs. IHBG funds can only pay the pro-rated share of the NAHASDA-assisted units.

When units are not comparable, the tribe must allocate the NAHASDA costs on a unit-by-unit basis, charging only actual costs to the IHBG program, as described below. Because units in projects with the floating NAHASDA designation must be comparable, a tribe should always pro-rate costs in these projects. When units are generally comparable but vary slightly in size or amenities, a combination of the two approaches may be used.

The basic considerations for allocation costs to NAHASDA-assisted units are as follows:

- (1) *Comparability in Unit Size.* Comparability in size is defined by the bedroom count and square footage of individual units. Not all units with the same number of bedrooms are comparable in size. If there is a substantial difference in the square footage of two units with the same number of bedrooms, the units are not considered comparable.
- (2) *Amenities.* Comparability in amenities means similar fixtures, appliances and other features. In many mixed-income projects, to demand varying rents, the quality and types of amenities may vary among units. For instance, a project manager can demand a higher rent for a unit with wall-to-wall carpeting, garbage disposal, dishwasher and finer fixtures than for a unit without these amenities. This type of project does not typically have comparability of units, unless there is an equal distribution of assisted and non-assisted units that have these amenities.
- (3) *Common Costs.* Common costs are costs incurred for acquisition of improved or unimproved real property that benefit all residents of units in a project; rehabilitation or construction of shared systems (heating, plumbing, roofing) or shared facilities (community rooms, laundry facilities located in residential buildings); and on-site improvements. Costs associated with a project's on-site management office or the apartment of a resident manager may also be counted as common costs. The manner in which the costs for common elements of a project may be charged is dictated by the method chosen for allocating costs.

#### **D. Pro-Rating Cost Allocation Method.**

To use the pro-rating method of allocating costs, there must be comparability between the total inventory of NAHASDA-assisted and non-assisted units in a project.

For example, consider a 12-unit building in which 6 of the units have 1 bedroom and 6 have 2 bedrooms. The one-bedroom units are all comparable to each other and the two-bedroom units are all comparable to each other. Half of the building is NAHASDA-assisted. In this case, there should be an equal proportion of one- and two-bedroom units designated as assisted and non-assisted—three one-bedroom units, and three two-bedroom units.

Another example: consider the same 12-unit building in which one-third of the units are NAHASDA-assisted. You would need a total of four units designated (one-third of 12), so you must designate two one-bedroom units, and two two-bedroom units.

When assisted and non-assisted units are comparable, total eligible development costs (including acquisition, development hard costs to construct or rehabilitate the unit, and project soft costs), may be pro-rated to determine the NAHASDA share of the total costs.

Thus, all eligible project costs may be distributed between the IHBG program and other funding sources, provided that the NAHASDA share does not exceed the maximum per unit limit. This means NAHASDA can pay any eligible cost, and the tribe can pro-rate the NAHASDA share in relation to the total eligible costs to determine the minimum number of NAHASDA-assisted units.

For example, consider a tribe that buys land with \$100,000 in IHBG funds. Then, that Tribe uses \$900,000 of private funds to construct a housing project on that land. The total cost of the project is \$1 million. A minimum of one-tenth of the units in the project must be designated as NAHASDA-assisted, because IHBG funds provided one-tenth of the total funding. If the assisted and non-assisted units are comparable in size and distribution, a prorated share of the cost of common elements attributable to the NAHASDA-assisted units may be paid with IHBG funds.

For example, consider a tribe with a 24-unit building with 8 NAHASDA-assisted units (one-third of the units). The assisted units are comparable to the non-assisted units. The tribe replaces the heating system and the roof. In this case, the tribe may pay one-third of these total common costs with NAHASDA funds because one-third of the units are NAHASDA-assisted.

The ratio of the NAHASDA investment to the total eligible development cost is equivalent to the ratio of the minimum number of units that must be NAHASDA-assisted to the total number of units.

#### **E. Unit-by-Unit Cost Allocation Method.**

When NAHASDA-assisted and non-assisted units in a project are NOT comparable, the tribe must determine and charge the IHBG program for the actual costs incurred for the acquisition and development of the NAHASDA units, plus any common costs that can be attributed to the NAHASDA portion of the project.

To allocate these costs, the tribe must designate the NAHASDA-assisted units and track the costs for each unit.

Common costs attributable to NAHASDA-assisted units are determined by calculating the total square feet in NAHASDA units as a percentage of the total square feet in the project. IHBG funds can pay for that percentage of the common costs.

The actual cost for each unit is charged to the IHBG program. The actual cost is charged, regardless of whether it is more or less than the pro-rated cost would be.

For example, a tribe proposes to construct a new 60-unit, mixed-income development:

- One-third, or 20, of the units will be deluxe units, with total development costs of \$2 million.
- Another third, 20 upgraded units, will be marketed to middle-income families (between 100 and 120 percent of the area median income), with total development costs of \$1.5 million.
- The final third will be 20 basic units with few amenities and will be marketed to low-income families; the total development costs are \$1 million.

Because the units in this project are not comparable, the tribe may only use IHBG funds for the cost of the units that will meet the NAHASDA requirements. Therefore, it may invest up to \$1 million in IHBG funds to construct the 20 units for eligible low-income families, provided that the tribe's per unit limit equals at least \$50,000. All 20 units will be designated as NAHASDA-assisted.

In another example, a tribe proposes to use IHBG funds and local funds to rehabilitate a 15-unit building it already owns. Ten units are two-bedroom and are non-assisted; five units are efficiencies and are NAHASDA-assisted. In this case, NAHASDA can only pay the actual rehabilitation costs, up to the per unit limit, of the units designated as NAHASDA-assisted.

#### **F. Maximum Per Unit Cost.**

Housing developed, acquired, or assisted under NAHASDA is subject to limitations on cost or design standards. IHBG-assisted housing must meet the moderate design requirements.

#### **15. Additional Information**

If you have any questions, or require further information, please contact your Area Office of Native American Programs.

/s/

\_\_\_\_\_  
Paula O. Blunt, General Deputy Assistant Secretary  
for Public and Indian Housing

## Bryan Schuler

**From:** Audrey Martin [audrey.martin@tdhca.state.tx.us]  
**Sent:** Thursday, February 21, 2008 10:07 AM  
**To:** Bryan Schuler  
**Cc:** Kevin Hamby; Tom Gouris; Robbye Meyer; Patricia Murphy; ajoseph@ydsp-nsn.gov; development; James.Horvick.RaymondJames.com  
**Subject:** RE: TDHCA - Questions Regarding the QAP in Relation to a Proposed Project

Mr. Schuler,

The Department has evaluated your memo dated February 4, 2008, and offers the following responses to your specific questions, as well as general guidance regarding the proposed application.

The Department has not located an exception that an application for a development proposed to specifically target members of a federally recognized tribe does not violate the General Public Use provision pursuant to Treasury Regulation §1.42-9. We appreciate and concur that Title VI of the Civil Rights Act of 1964 and the Fair Housing Act do not apply to federally recognized tribes. That fact, however, is a matter separate from the General Public Use provision located in the Treasury Regulations. The Department will require that the applicant seek guidance from the IRS, via a private letter ruling or other written determination, confirming that a development intended for the sole occupancy of members a federally recognized tribe does not violate the General Public Use provision. Should you decide to submit the application, the Department will require this confirmation from the IRS prior to recommending an award of credits.

The rest of the provided guidance assumes that a private letter ruling or some other written determination from the IRS is secured confirming that the General Public Use provision has not been violated. I have provided a summary of the question asked in the memo, followed by the Department's answer.

### **§50.9(h)(4)(A) - Threshold Amenities**

Question: Whether existing common amenities at the Tribal Recreation Center may be used to meet the threshold requirement for amenities.

Answer: Most likely, the answer is no, if the amenities are available to the entire tribe rather than only to residents of the development. However, we would require additional information regarding the ownership structure of the applicant and the facility that contains the amenities in order to make a final determination.

### **§50.9(h)(7)(D)(ii) - County and Property Taxes**

Question: Tribal land isn't subject to county taxes, nor does the tribe impose taxes. May a certification from the Tribal Government or an attorney opinion letter be submitted in lieu of the tax assessment documentation required by the QAP?

Answer: Staff believes that the proposed alternative documentation is an acceptable alternative, based on the facts presented. However, because the rules are clear on this subject, the applicant would need to request a waiver of Department rule, which may only be approved by the Department's Governing Board; therefore while staff does not see a conflict here, only the Board may grant a waiver on the QAP requirements.

### **§50.9(h)(7)(D)(iii)(I)-(III) - Title Policy/Commitment**

Question: Because of the nature of ownership of tribal land, a typical title commitment or policy cannot be obtained for the property. May alternative documentation, as outlined in the memo, be provided to meet this requirement?

Answer: See the answer to County and Property taxes above.

### **§50.9(h)(8)(A)(i)-(ii) - Neighborhood Organizations**

Question: Regarding possible exemption from notification requirement to certain groups.

Answer: Applicant must notify the tribal equivalent of the officials and groups required to be notified pursuant to the QAP. The application should include a narrative to explain the equivalency, or lack thereof. The exception to the notification requirement is if there is an identity of interest and the party or parties required to be notified are part of the proposed ownership structure of the applicant; in that case, the applicant is not required to notify itself. This relationship must be clear in the application if this is the case.

**§50.9(i)(1)(A)(iii) - Minimum 1.15 debt coverage ratio**

Question: May the 1.15 DCR be waived for the purpose of Financial Feasibility Points?

Answer: No. The 1.15 DCR is a requirement for points under this section of the QAP. If the development does not meet all requirements, including the DCR, it does not qualify for these points.

**§50.9(i)(2)(B) - Scoring Neighborhood Organizations**

Question: May the tribe automatically receive maximum points under this scoring item?

Answer: No. If there is no group that meets the definition of Neighborhood Organization, an application may not be awarded 24 points under §50.9(i)(2) following Texas Government Code §2306.6710(b)(1)(B) and Attorney General Opinion No. GA-0497. Any group that meets the definition, however, may be eligible for points if all other requirements of §50.9(i)(2) are met.

**§50.9(i)(8) - The Cost of the Development by Square Foot**

Question: Which square footage limit applies to duplex developments?

Answer: The higher limit available for single family construction does not apply to duplexes unless the development falls into one of the other groups eligible for the higher limit.

**§50.9(i)(15)(B)-(C) - Economic Development Initiatives**

Question: Does the application qualify for points based on its address in Socorro, since Socorro is listed as having received an award through the Microloan Program?

Answer: The Department cannot evaluate this without additional information. The Department's Information for Eligible Funding Sources Pursuant to §50.9(i)(15)(B) of the 2008 QAP document does not give a list of places that are eligible for points, but rather lists places where awards under qualifying programs have been made. The distinction is important because in order to be eligible for points under §50.9(i)(15)(B) of the QAP, the development must be located in the area in which the specific award must be used, which may be a smaller or larger area than the city that is listed in the document. The appearance of a city on the Department's Information for Eligible Funding Sources Pursuant to §50.9(i)(15)(B) of the 2008 QAP document is not enough to qualify any particular development for points. The development must meet all requirements of §50.9(i)(15) to be eligible for points, including that the development must be located in the area in which the specific award must be used. It is the responsibility of the applicant to find out what that "area" is (likely by contacting the funding entity). Therefore, the appearance of Socorro on the Department's list does not imply that a development with a Socorro mailing address qualifies for points.

**§50.9(i)(19) - Developments in Census Tracts with No Other Existing Same Type Developments Supported by Tax Credits**

Question: Since there have been no tax credit developments on the reservation, may the application qualify for these points?

Answer: This scoring item is evaluated based on census tract. Therefore, the application may only be eligible for points if the census tract has no other tax credit developments that serve the same population. No area other than the census tract may be used to evaluate a development for these points.

**§ 50.9(i)(21) - Length of Affordability Period****§ 50.9(i)(26) - Developments Intended for Tenant Ownership**

Question: Can a development qualify for points under both of these scoring items?

Answer: Yes.

If you still would like to have a conference call, we can still coordinate schedules to make that work. However, we would like to limit the call to gathering additional information on your proposed development, and the ways in which similar / equal developments have been accomplished in other states.

Thank you,

Audrey M. Martin  
Competitive HTC Program Administrator  
Texas Department of Housing and Community Affairs  
Ph: (512) 475-3872  
Fax: (512) 475-0764  
audrey.martin@tdhca.state.tx.us

-----Original Message-----

**From:** Bryan Schuler [mailto:bschuler@travois.com]

**Sent:** Tuesday, February 05, 2008 1:41 PM

**To:** Audrey Martin

**Cc:** ajoseph@ydsp-nsn.gov; development; James.Horvick.RaymondJames.com

**Subject:** TDHCA - Questions Regarding the QAP in Relation to a Proposed Project

**Importance:** High

Audrey,

As stated in our e-mails from last week, I am providing you with a list of questions that Travois, Raymond James Tax Credit Funds, and our client, the Ysleta del Sur Pueblo, have regarding the Pueblo's proposed tax credit project and how the project will relate to TDHCA's QAP regulations.

Also, as a follow-up to your response regarding duplexes being classified as multi-family units, the Ysleta del Sur Pueblo will be updating their unit configurations to make their proposal an 'eligible' project. Thank you for clarifying those rules.

We look forward to being able to schedule a conference call to discuss the attached memo. It would be best if we could have this call as soon as possible as we are progressing with preparing the application due at the end of the month.

Please let me know the earliest time that you would be available to join a call.

Thank you,  
Bryan

Bryan C. Schuler  
Travois, Inc.  
560 Hillwell Road  
Chesapeake, VA 23322  
Phone: 757-410-5364  
Fax: 757-410-5438  
Cell: 757-618-4427

# **Response to Applicant Prior to Application Cycle**



**Robbye Meyer**

**From:** Audrey Martin [audrey.martin@tdhca.state.tx.us]  
**Sent:** Tuesday, February 19, 2008 12:08 PM  
**To:** Robbye Meyer; Tom Gouris; Patricia Murphy  
**Subject:** RE: TDHCA - Questions Regarding the QAP in Relation to a Proposed Project  
**Importance:** High

Tom, Robbye, and Patricia,

Here is my proposed response to Mr. Bryan Schuler at Travois, Inc. regarding the Ysleta del Sur Pueblo tribe, per our meeting last Thursday. Let me know if you think I missed anything. Thanks.

Audrey

Mr. Schuler,

The Department has evaluated your memo dated February 4, 2008, and offers the following responses to your specific questions, as well as general guidance regarding the proposed application.

The Department has determined that an application for a development proposed to specifically target members of a federally recognized tribe may violate the General Public Use provision pursuant to Treasury Regulation §1.42-9. The fact that Title VI of the Civil Rights Act of 1964 and the Fair Housing Act do not apply to federally recognized tribes is a matter separate from the General Public Use provision. Because of this, the Department will require that the applicant seek guidance from the IRS, via a private letter ruling, confirming that a development intended for the sole occupancy of members a federally recognized tribe does not violate the General Public Use provision. You are permitted to submit the application; however the Department will require this confirmation from the IRS.

The rest of the provided guidance assumes that a private letter ruling is secured confirming that the General Public Use provision has not been violated. I have provided a summary of the question asked in the memo, followed by the Department's answer.

**§50.9(h)(4)(A) - Threshold Amenities**

**Question:** Whether existing common amenities at the Tribal Recreation Center may be used to meet the threshold requirement for amenities.

**Answer:** Most likely, the answer is no if the amenities are available to the entire tribe rather than only to residents of the development. However, we would require additional information regarding the ownership structure of the applicant and the facility that contains the amenities in order to make a final determination.

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**Question:** Tribal land isn't subject to county taxes, nor does the tribe impose taxes. May a certification from the Tribal Government or an attorney opinion letter be submitted in lieu of the tax assessment documentation required by the QAP?

**Answer:** Staff feels that the proposed alternative documentation is an acceptable alternative, based on the facts presented. However, this would require a waiver of Department rule, which must be approved by the Department's Governing Board; therefore, the Board will ultimately make a decision on a waiver.

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**Question:** Because of the nature of ownership of tribal land, a typical title commitment or policy cannot be obtained for the property. May alternative documentation, as outlined in the memo, be provided to meet this requirement?

**Answer:** Again, staff feels that the proposed alternative documentation is an acceptable alternative, based on the facts presented. However, this would require a waiver of Department rule, which must be approved by the Department's Governing Board; therefore, the Board will ultimately make a decision on a waiver.

**§50.9(h)(8)(A)(i)-(ii) - Neighborhood Organizations**

Question: Regarding possible exemption from notification requirement to certain groups.

Answer: Applicant must notify the tribal equivalent of the officials and groups required to be notified pursuant to the QAP. The application should include a narrative to explain the equivalency, or lack thereof. The exception to the notification requirement is if there is an identity of interest and the party or parties required to be notified are part of the proposed ownership structure of the applicant; in that case, the applicant is not required to notify itself. This relationship must be clear in the application if this is the case.

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Thank you,

Audrey M. Martin  
Competitive HTC Program Administrator  
Texas Department of Housing and Community Affairs

Ph: (512) 475-3872  
Fax: (512) 475-0764  
[audrey.martin@tdhca.state.tx.us](mailto:audrey.martin@tdhca.state.tx.us)

-----Original Message-----

**From:** Bryan Schuler [mailto:[bschuler@travois.com](mailto:bschuler@travois.com)]  
**Sent:** Tuesday, February 05, 2008 1:41 PM  
**To:** Audrey Martin  
**Cc:** [ajoseph@ydsp-nsn.gov](mailto:ajoseph@ydsp-nsn.gov); development; [James.Horvick.RaymondJames.com](mailto:James.Horvick.RaymondJames.com)  
**Subject:** TDHCA - Questions Regarding the QAP in Relation to a Proposed Project  
**Importance:** High

Audrey,

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Please let me know the earliest time that you would be available to join a call.

Thank you,  
Bryan

Bryan C. Schuler  
Travois, Inc.  
560 Hillwell Road  
Chesapeake, VA 23322  
Phone: 757-410-5364  
Fax: 757-410-5438  
Cell: 757-618-4427

08147

Northside Apartments

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Action for 2008 Competitive Housing Tax Credit (HTC) Appeals.

**Requested Action**

Approve, Deny or Approve with Amendments a determination on the appeal for the Northside Apartments.

**Background and Recommendations**

**Northside Apartments - 08147**

On February 29, 2008, an application was submitted for the above-referenced development. The application proposes the Rehabilitation of 289 units that is currently financed through the United States Department of Agriculture (USDA) with a loan in the amount of approximately \$600,000 and two grants totaling approximately \$5.4 million. According to USDA, these grants would have to be repaid if the transaction is transferred to a tax credit partnership, as the owner beneficiary would no longer be a non-profit entity. The applicant has made no provision for repayment of the grants and without the grants, the transaction is clearly infeasible. The application was submitted under the USDA and At-Risk set-asides. According to the Texas USDA office, the limited partnership of the proposed tax credit development is not eligible to receive the grant funds. Therefore, Texas USDA office terminated the application for transfer. Staff has confirmed with the Texas USDA office, that the ineligibility of the USDA application is not an appealable action and staff has no confirmation that the application has been or can be reinstated by USDA. The termination of the USDA application has therefore rendered the tax credit application infeasible and ineligible for allocation under the USDA and At-Risk set-asides. Additionally, the application will not meet threshold because the applicant was unable to provide financial commitments for funding at the time of application submission.

The development as planned violates the general public use requirement as set forth in Internal Revenue Service Notice 89-6. The current USDA funding requires that sixty-five percent of a tenant's income must be derived from farm labor. Therefore, the development will not be allowed to serve the general public.

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

Applicant:	TX Northside Housing, LP, a Texas limited partnership
Site Location:	1800 N. Texas
City/County:	Weslaco/Hidalgo

Regional Allocation Category: Urban  
Population Served: General  
Region: 11  
Set Asides: Non-Profit; USDA, At-Risk  
Type of Development: Acquisition/Rehabilitation  
Units: 289  
Credits Requested: \$1,200,000

**Staff Recommendation:** The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal.

**08147**

**Northside Apartments**

**Board Appeal**

03-28-08A10:34 RCVD



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**2008 HOUSING TAX CREDIT APPEAL ELECTION FORM**

This form, submitted with my appeal to the Executive Director, is to notify the Department that I am filing a formal appeal to the Executive Director for processing.

If my appeal is denied by the Executive Director, I: (check one)

Do wish to appeal to the Board of Directors and request that my application be added to the May 8, 2008 Board of Directors meeting agenda. My appeal documentation, which identifies my specific grounds for appeal, is attached. I understand that my Board appeal documentation must still be submitted by 5:00 p.m. Monday, April 28, 2008 to be placed in the May 8, 2008 Board materials. If no documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Do not wish to appeal to the Board of Directors.

Development Name:	Northside Apartments
Development Address:	1800 N. Texas Blvd., Weslaco, Texas
Signer's Name	Mike Lopez
Signer's Title:	Executive Director
Date:	3/27/08

Signed:



April 28, 2008

Michael Gerber  
Executive Director  
Texas Department of Housing and Community Affairs  
221 E. 11th St.  
Austin, Texas 78701

**RE: Request for Appeal, TDHCA #08147  
Northside Apartments, Weslaco, Texas**

Dear Mr. Gerber:

This letter will serve to respectfully request TX Northside Housing, LP, application known as Northside Apartments, be considered for reinstatement in the 2008 Competitive Housing Tax Credit cycle.

When we were terminated, USDA Texas had forwarded a letter to the Texas Department of Housing and Community Affairs ("TDHCA") stating that the limited partnership was ineligible to receive the grant funding, and other fair housing issues. They also stated in their letter this was not able to be appealed.

Since then, we have hired Nixon Peabody Attorneys at Law to review the USDA programs and have acquired the assistance of Congressman Hinojosa. In the teleconference on April 24, new evidence was brought to the attention of USDA Texas that would make them reconsider the application. In light of the conversation, the Office of the Under Secretary of USDA has written the Congressman that the application is under review. We have attached the letter from USDA to Congressman Hinojosa.

We strongly feel we have met all of the requirements of THDCA's Qualified Allocation Plan for USDA projects. The fact USDA is now considering our financing, which is new to the USDA Texas' office but not to offices throughout the nation, makes us believe this issue can be resolved.

In our opinion, there are several ways we can come to a solution regarding the Northside Apartments' TDHCA application: 1) take the application out of the USDA set-aside and place it in the Region 11 general category which seems to be underserved, or 2) review it for a forward commitment.

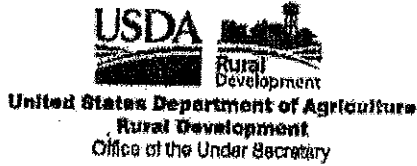
As stated in the letter from USDA, all considerations are being looked at so the citizens in the Lower Rio Grande have access to simple amenities that other Texans take for granted, i.e. air conditioning.

I understand that I am preaching to the choir however, when you consider Northside Apartments is a 289-unit apartment community, you are talking about changing the lives of approximately 1,000 folks in Weslaco, Texas.

We appreciate your consideration to reinstate this application. If you have any questions, please call me at (210) 228-0560

Sincerely,

  
David Marquez



The Honorable Ruben Hinojosa  
U.S. House of Representatives  
2463 Rayburn House Office Building  
Washington, D.C. 20515

APR 25 2008

Dear Congressman Hinojosa:

This is in response to your recent letter regarding Northside Apartments in Weslaco, Texas and your request to participate in a teleconference with your staff. We were glad to facilitate a call on Thursday, April 24, 2008, between your staff and constituents along with staff from USDA Rural Development to further discuss issues related to the proposed financing of this project.

As a result of the teleconference information was shared with all parties involved in the project. Now that all parties have access to the additional information the Texas State Rural Development Office, which manages this project, will review the additional information provided. After reviewing the additional information Rural Development will make a final decision on the use of funds for this particular project. Please know that our last letter dated March 6, 2008 to Mr. Mike Lopez, Executive Director of the Hidalgo County Housing Authority, notified him that our current regulations prohibit limited partnerships from receiving grant funds from Rural Development.

A final determination will be made as soon as possible regarding the evaluation of this additional information. Please know that every appropriate consideration will be provided regarding this matter.

Sincerely,

RUSSELL T. DAVIS  
Administrator  
Housing and Community Facilities Programs

1400 Independence Ave., S.W. • Washington, DC 20250-0700  
Web: <http://www.rurdev.usda.gov>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."

To file a complaint of discrimination write USDA, Director, Office of Civil Rights,

1400 Independence Avenue, S.W., Washington, DC 20250-8410 or call (800) 795-3272 (Voice) or (202) 720-6302 (TDD).



**08147**

**Northside Apartments**

**Executive Director Response**



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
Elizabeth Anderson, *Chair*  
Shadrick Bogany  
C. Kent Conine  
Sonny Flores  
Gloria Ray  
Norberto Salinas

April 9, 2008

Mr. David Marquez  
TX Northside Housing, LP  
222 E. Houston Street, Ste 620  
San Antonio, Texas 78205  
Telephone: (210) 228-0560  
Facsimile: (210) 228-0566

**Re: Appeal Received for Northside Apartments, TDHCA #08147**

Dear Mr. Marquez:

### Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that was received on March 27, 2008, regarding your request that your application be reconsidered for participation in the 2008 Competitive Housing Tax Credit cycle under §50.9(h) of the 2008 Qualified Allocation Plan and Rules ("QAP"), Threshold Criteria.

In your appeal, you stated that you are appealing the decision of the USDA's Texas office to deny your application for USDA funding. Your appeal included no further information regarding your application for the 2008 Competitive Housing Tax Credit cycle.

### Appeal Determination

Your appeal is denied.

Pursuant to §50.17(b)(4) of the 2008 QAP, you may request your appeal be considered by the Board at the May 8, 2008 Board meeting by signing and returning the enclosed appeal form by April 16, 2008. In order to ensure that all the appeal documentation is presented in the Board materials, it is requested that you submit your appeal by April 28, 2008. You must submit your full appeal to the Department no later than 5:00 p.m. CST on May 1, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Gerber".

Michael Gerber  
Executive Director



**08147**

**Northside Apartments**

**Executive Director Appeal**

**Northside Apartments  
TDHCA #08147**

**Specific Grounds for appeal:**

Although the State USDA Office denied our application, we have USDA National reviewing our documentation. We have hired the Nixon Peabody Attorneys to appeal to USDA National.

**08147**

**Northside Apartments**

**Staff Termination**



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

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March 26, 2008

Mr. David Marquez  
TX Northside Housing, LP  
222 E. Houston Street, Ste 620  
San Antonio, Texas 78205  
Telephone: (210) 228-0560  
Facsimile: (210) 228-0566

**Re:** Northside Apartments, TDHCA #08147

Dear Mr. Marquez:

On February 29, 2008 you submitted a Housing Tax Credit application for the above-referenced development to the Texas Department of Housing and Community Affairs (the "Department"). It has been determined that this application has not met the minimum threshold requirements under §50.9(h)(7)(C), of the 2008 Qualified Allocation Plan ("QAP"), for the reasons stated below.

Pursuant to the 2008 QAP, §50.9(h), "the following Threshold Criteria listed in this subsection are mandatory requirements that must be submitted at the time of Application submission unless specifically indicated otherwise." This includes, as indicated in Part (7)(C) of this subsection "evidence of interim and permanent financing sufficient to fund the proposed Total Housing Development Cost less any other funds requested from the Department and any other sources documented in the Application... Such evidence must be consistent with the sources and uses of funds represented in the Application and shall be provided in one or more of the following forms described in clauses (i) - (iv) of this subparagraph:

(i) Bona fide financing in place as evidenced by:

(I) A valid and binding loan agreement;

(II) Deed(s) of trust in the name of the Development Owner expressly allowing transfer to the Development Owner; and

(III) For TRDO-USDA 515 Developments involving , an executed TRDO-USDA letter indicating TRDO-USDA has received a Consent Request, also referred to as a Preliminary Submittal, as described in 7 CFR 3560.406 and a copy of the original loan documents; or,

(ii) Bona fide commitment or term sheet for the interim and permanent loans issued by a lending institution or mortgage company that is actively and regularly engaged in the business of lending money...; or,

(iii) Any Federal, State or local gap financing, whether of soft or hard debt, must be identified at the time of Application...; or

(iv) If the Development will be financed through more than 5% of Development Owner contributions, provide a letter from an Third Party CPA verifying the capacity of the Development Owner to provide the proposed financing with funds that are not otherwise committed together with a letter from the Development Owner's bank or banks confirming that sufficient funds are available to the Development



Owner. Documentation must have been prepared and executed not more than 6 months prior to the close of the Application Acceptance Period”.

As one of your sources of permanent financing, you included a USDA Rural Development Loan in the amount of \$1,399,926. You also included “USDA Additional Underwriting” information which contained “an alternative financing scenario” whereby the Housing Authority of the County of Hidalgo would receive the grant and convert the grant into a loan to Texas Northside Housing, LP (the Applicant). As the letter you included from the Texas State Office of USDA states, USDA has determined that “approval [for a Transfer of Title] may be requested from the awarding agency to transfer title to an eligible third party for continued use for authorized purposes. Texas Northside Housing, LP is not an eligible third party and the application for transfer and assumption of Northside Apartments is rejected due to ineligibility of the applicant, Texas Northside Housing, LP. Rejection of an application due to ineligibility is not an appealable action.”

Further, we have received verification from the Texas State Office of USDA that the “alternative financing scenario” you have presented is not feasible because the Housing Authority of the County of Hidalgo currently has two grant agreements in place worth an estimated \$1,500,000. The housing authority would be unable to receive more grant funds unless the housing authority repaid those agreements in full.

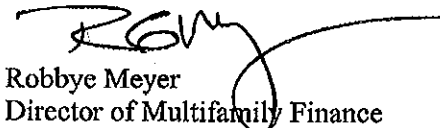
In addition to not meeting the minimum threshold requirements, the development violates the General Public Use Requirement as set forth in Internal Revenue Service Notice 89-6. As stated in Section 7 of the USDA Letter of Approval/Conditions you submitted behind Tab 5 of your “USDA Additional Underwriting” submission, “to be eligible for occupancy in this project, residents must be farm laborers as defined in RD Instruction HB-2-3560, Chapter 6, §6.3...” §42 of the Internal Revenue Code provides that “Residential rental units must be for use by the general public... Regulations will provide that the term “for use by the general public” shall be determined in a manner consistent with HUD housing policy governing non-discrimination as evidenced by HUD rules and regulations... Accordingly, owners of residential rental units that give preferences to certain classes of tenants (e.g., the homeless, disabled and/or handicapped) will not violate the general public use requirement if such preferences would not violate any HUD policy governing nondiscrimination expressed in the HUD handbook. However, if residential rental units are restricted to a class of residents that would violate HUD housing policy, then the building in which these units are located will be ineligible for the [housing tax] credit.”

For these reasons, the application is terminated.

If you would like to appeal the Department’s determination that the Application has not met the minimum threshold requirements, an Appeals Policy does exist for the Housing Tax Credit Program. The restrictions and requirements relating to the filing of an appeal can be found in §50.17(b) of the 2008 QAP. If you choose to appeal this determination, you must first submit an appeal to the Executive Director no later than 5:00 pm on **March 27, 2008**. In the event an appeal is denied by the Executive Director, you may appeal directly in writing to the Board, provided that an appeal filed with the Board is received by **May 1, 2008**, **although it is strongly encouraged that you submit the appeal no later than 5:00 pm on April 24, 2008.**

If you have any questions, please do not hesitate to contact Robbye Meyer at 512.475.2213 or [robbye.meyer@tdhca.state.tx.us](mailto:robbye.meyer@tdhca.state.tx.us).

Sincerely,



Robbye Meyer  
Director of Multifamily Finance

## SUMMARY

TX Northside Housing, LP is submitting an alternative financing scenario that was submitted to USDA on November 19, 2007. **See Tab 3.** After receiving a positive response from USDA on January 24, 2008, we continued to process our application 3560 to USDA for the January 31 submission. **See Tab 3.**

In our underwriting **See Tab 2**, we made the assumption as in the January 24 letter, to convey the grant into a loan. **See Tab 4.** The Housing Authority of the County of Hidalgo would transfer their grant to a loan to the Limited Partnership which the Housing Authority is the 100% owner of the General Partnership.

In the USDA Farm Labor 514 & 516 Programs, "a non-profit limited partnership in which the general partner is a non-profit entity" does qualify. **See Tab 1.**

Along with the confusion was the fact that the Texas Department of Housing and Community Affairs (TDHCA) did not place the Northside Apartments in the USDA Set-Aside. When we met with Janet Darling at the USDA office in Temple, she commented that we would have to have authorization from Washington, D.C. to transfer the grant, and if it was approved, it could possibly remove 4 or 5 projects from the TDHCA USDA list.

At this time, we would respectfully request that you allow us to proceed so we can gather the necessary approvals from Washington, D.C. to move this project forward.

# INDEX

USDA 514 & 516 Program Information	1
Underwriting with Grant	2
Correspondence with USDA	3
USDA Grant	4



# Housing Programs Farm Labor Housing 514 & 516 Program

Committed to the future of rural communities.

### *Program Objective*

The Farm Labor Housing program provides loans and grants to finance construction of on and off-site housing for farm laborers and their families.

The objective of the program is to provide safe, sanitary, and affordable housing for U.S. farm workers.

Loans are subsidized to borrowers at a one percent interest rate. The program also has tenant subsidies available to reduce the amount of rent a tenant must pay.

Occupancy of the Farm Labor Housing is restricted to farmworker households that must be U.S. citizens or aliens legally admitted for permanent residence.

### *Eligibility Requirements*

Eligible applicants include farmers, public or private nonprofit organizations, and units of State and local governments to build, buy, or repair farm labor housing in either dormitory or multi-family apartment style.

To be eligible for assistance through the Farm Labor Housing program, the applicant must be one of the following entities:

- Be a farmowner
- Family farm partnership
- Family farm corporation
- Association of farmers whose farming operations demonstrate a need for farm labor housing, or an organization which will own the housing and operate it on a nonprofit basis
- Nonprofit limited partnership in which the general partner is a nonprofit entity.

### *Funding Levels*

Funds will be awarded and distributed to states based on a National competition for funds.

The 2005 allocation for both Section 514 loans and 516 grants is expected to increase.

The State Office will accept, review, score and rank applications in accordance with 7 CFR Part 3560, Subpart B, and the NOFA published in the Federal Register.

Ranked applications will then be forwarded to the National Office to compete Nationwide. Funds will be distributed to individual states based on the ranking order.

Individual requests may not exceed a total of \$2 million in loans and \$500,000 in grants.

### *Loan Limits*

The following limits apply for loan funds:

- If receiving benefits from tax credits, the amount will be limited to no more than 95% of the total development cost or 95% of the collateral value, whichever is less.
- For applicants without tax credits, nonprofit entities, or State or local public agencies, the amount of the Housing Programs loan will be limited to no more than 97% of the development cost or the collateral value, whichever is less.

### *Grant Limits*

The following limits apply for grant funds:

- Maximum amount of the grant may not exceed the lesser of 90% of the total development cost; or
- That portion of the total cash development cost which exceeds the sum of any amount the applicant can provide from its own resources plus the amount of a loan which the applicant will be able to repay, with interest, from income from rentals which low-income farmworker families can be reasonably expected to pay.

To learn more about how Rural Development can help, contact us at:

#### **State Office**

Deborah Chorlton, Housing Programs Director  
406-585-2515

#### **Area Offices**

Billings Area Office 406-657-6297 ext 4  
 Bozeman Area Office 406-585-2530  
 Great Falls Area Office 406-727-7580 ext 4  
 Helena Area Office 406-449-5000 ext 4  
 Kalispell Area Office 406-756-2005  
 Missoula Area Office 406-829-3395 ext 4

[www.rurdev.usda.gov/mt/](http://www.rurdev.usda.gov/mt/)

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USDA, Director, Office of Civil Rights 1400 Independence Ave. SW  
Washington, DC 20250-9410

800-795-3272 (voice) 202-720-6382 (TDD)

# Northside Apartments

## General Information

Page 1

2/18/2008

File Name

Project Name	Northside Apartments
Partnership Name	Texas Northside Housing LP
Developer	
Contact	
Phone	
Fax	
Business Location	
Site Location	Weslaco
MSA/County	Hidalgo
Target Population	Family
Type of construction (NC/R)	R
Total Square Footage	246,324
Number of Units	289
Number of Buildings	30
Commercial Area	N

Timing Information	
Last Building Placed in Service	2/1/2010
Last Unit Occupied	5/1/2010
Project Start - Year	2009
Projected Closing	3/1/2009
Construction Start	5/1/2009
Construction Completion	5/1/2010
# of Construction Months	12

Return to Owner	
Factor (5%, 3%, or 0%)	0.00%
Computed Stated Equity	0
Stated Equity Override	25,000
% of Stated Equity	8.00%
Return to Owner	2,000

Equity Information	
Investor Ownership	9999.00%
Total Investor Equity per Dollar of Low-Income Investor Credit \$	0.0085
<b>Present Value Calculation</b>	
Discount Rate	5.00%
Discounted Investor Equity \$	9,878,918
Total Discounted Investor Equity per Dollar of Low-Income Investor Credit \$	0.0082

Equity Pay-In Schedule	
Date	Amount
1-Mar-09	\$2,547,450
1-Jul-09	2,547,450
1-Feb-10	2,547,450
1-Jun-10	2,037,960
1-Oct-10	509,490
1-Oct-10	0
1-Oct-10	0
1-Oct-10	0
1-Oct-10	0
<b>Total</b>	<b>10,189,800</b>

**Northside Apartments  
Development Costs**

Page 2

2/18/2008

<b>Development Costs</b>							
Line	Trade Item	Per Unit	Per SF	Total	Depreciable	Non-Amortize	Amortize
1	Concrete	623	0.73	\$ 180,000	180,000		
2	Light Weight Concrete			\$ -	0		
3	Masonry	2,699	3.17	\$ 780,000	780,000		
4	Metals	173	0.20	\$ 50,000	50,000		
5	Rough Carpentry	2,422	2.84	\$ 700,000	700,000		
6	Finish Carpentry	1,384	1.62	\$ 400,000	400,000		
7	Waterproofing	0	0.00	\$ -	0		
8	Insulation	886	1.04	256,000	256,000		
9	Roofing	1,730	2.03	500,000	500,000		
10	Sheet Metal	208	0.24	60,000	60,000		
11	Doors	727	0.85	210,000	210,000		
12	Windows	692	0.81	200,000	200,000		
13	Glass	0	0.00	0	0		
14	Drywall	1,246	1.46	360,000	360,000		
15	Tile Work	1,000	1.17	289,000	289,000		
16	Acoustical	0	0.00	0	0		
17	Resilient Flooring	1,125	1.32	325,000	325,000		
18	Painting and Decorating	2,076	2.44	600,000	600,000		
19	Specialities	346	0.41	100,000	100,000		
20	Special Equipment	0	0.00	0	0		
21	Cabinets	2,249	2.64	650,000	650,000		
22	Appliances	1,142	1.34	330,000	330,000		
23	Blinds and Shades, Artwork	201	0.24	58,000	58,000		
24	Carpets	1,007	1.18	291,000	291,000		
25	Special Construction	433	0.51	125,000	125,000		
26	Elevators	0	0.00	0	0		
27	Plumbing and Hot Water	1,557	1.83	450,000	450,000		
28	Heat and Ventilation	0	0.00	0	0		
29	Air Conditioning	3,114	3.65	900,000	900,000		
30	Electrical	2,090	2.45	604,000	604,000		
31	Earth Work	208	0.24	60,000	60,000		
32	On-Site Utilities	0	0.00	0	0		
33	Roads and Walks	692	0.81	200,000	200,000		
34	On-Site Improvements	1,367	1.60	395,000	395,000		
35	Lawns and Planting	346	0.41	100,000	100,000		
36	Unusual On-Site Conditions	0	0.00	0	0		
37	Off-Site Development	0	0.00	0		0	
38	Miscellaneous (Labor & Materials)	260	0.30	75,000	75,000		
39	<i>Total Hard Costs</i>	32,000	37.54	9,248,000	9,248,000	0	0
40	General Requirements *	1,920	2.25	554,880	554,880		
41	General Overhead *	640	0.75	184,960	184,960		
42	Other Fees Paid By Contractor	0	0.00	0	0		
43	Construction Contingency	3,200	3.75	924,800	924,800	0	0
44	Builder's Profit *	1,920	2.25	554,880	554,880		
45	<i>Total Construction Costs</i>	39,680	46.55	11,467,520	11,467,520	0	0

**Northside Apartments  
Development Costs**

Page 2 (continued)

2/18/2008

<b>Development Costs (continued)</b>							
Line	Trade Item	Per Unit	Per SF	Total	Depreciable	Non-Amortize	Amortize
45	Total Construction Costs	39,680	46.55	\$ 11,467,520	11,467,520	0	0
46	Architectural Fees	1,587	1.86	458,701	458,701		
47	Survey and Engineering	52	0.06	15,000	15,000		
48	Financing Costs Loan Fees	228	0.27	66,000	66,000	0	0
49	Interest During Construction	692	0.81	200,000	200,000	0	0
50	Closing Costs & Legal Fees	0	0.00	0	0	0	0
51	Land Cost or Value	1,730	2.03	500,000		500,000	
52	Building Acquisition	6,574	7.71	1,899,926	1,899,926		
53	Nonprofit O&M Capital	2,292	2.69	662,500	662,500		
54	Tap and/or Impact Fees	42	0.05	12,000	12,000		
55	Tax Credit Fees	238	0.28	68,670	68,670		0
56	Environmental Fees	28	0.03	8,000	8,000		
57	Market Study Cost	0	0.00	0	0		
58	Accounting Costs	52	0.06	15,000	15,000	0	0
59	Appraisal	28	0.03	8,000	8,000	0	0
60	<i>Total Development Cost</i>	53,223	62.44	15,381,317	14,881,317	500,000	0

**Northside Apartments**  
**Other Eligible/Non-Qualified Costs**

Page 3

2/18/2008

<b>Other Basis Eligible Items</b>	
<b>Other Rehabilitation Credit Basis Items</b>	
Developer Fee (maximum) *	2,185,897
Other Rehab Credit Items	0
<b>Total Rehab Credit Basis Items</b>	<u>2,185,897</u>
<b>Other Acquisition Credit Basis Items</b>	
Building Acquisition Basis Items	1,899,926
	0
<b>Total Acquisition Credit Basis Items</b>	<u>1,899,926</u>
<b>Total Other Basis Eligible Items</b>	<u>4,085,823</u>

<b>Other Ineligible Costs</b>	
Reserves	14,485
Syndication	0
Permanent Loan Costs	105,000
Organizational Costs	6,000
Miscellaneous Costs	0
Tax Opinion	10,000
	0
<b>Total</b>	<u>135,485</u>

<b>Non-Qualified Costs (Included Above or TOC: Lines 1-58)</b>	
Non-Qualified LIHTC Costs (Commercial Rehab)	0
Non-Qualified LIHTC Costs (Commercial Acquisition)	0
Non-Qualified Historic Costs (lines 21, 30-36)	1,085,000
Other Non-Qualified Historic Costs	0
<b>Total Non-Qualified Historic Costs</b>	<u>1,085,000</u>
<b>Excess Fees</b>	
Developer Fee	2,185,897
Allowable % on Total Dev'mt Costs (line 58)	15.00%
Allowable % on Total Acquisition Costs	15.00%
Total Calculated Developer Fee	2,307,198
Maximum State Developer Fee Allowed	2,185,897
Minimum of Calculated Fee or State Maximum	2,185,897
<b>Excess Developer Fees</b>	<u>0</u>
<b>General Req'mts, General O/H &amp; Builder's Profit (lines 39, 40 &amp; 43)</b>	
Allowable % on Total Hard Costs (line 38)	14.00%
Total Calculated Fees	1,294,720
Maximum State Fees Allowed	1,294,720
Minimum of Calculated Fees or State Maximum	1,294,720
<b>Excess Contractor's Fees</b>	<u>0</u>
<b>Total Excess Fees</b>	<u>0</u>



**Northside Apartments  
Tax Credit Calculation**

Page 4

2/18/2008

<b>Tax Credit Calculation</b>			
Items of Eligible Basis	Rehab Credit	Acquisition Credit	Historic Credit
Total Development Cost (line 58)	12,981,391		0
Other Basis Eligible Items	2,185,897	1,899,926	0
Less: Historic Credit	0		
Depreciable Basis before Adjustment	15,167,288	1,899,926	0
Less: Non-Qualified Costs-Commercial	0	0	
Less: Non-Qualified Historic Costs			0
Less: Excess Contractor's Fees	0		0
Less: Disqualified Grants	0		0
Adjusted Depreciable Basis	15,167,288	1,899,926	0
Bonus (DDA/QCT)	100.00%		
Eligible Basis	15,167,288		
Applicable Fraction	100.00%	100.00%	
Qualified Basis	15,167,288	1,899,926	0
Tax Credit Percentage	8.20%	3.50%	20.00%
Tax Credits Calculated	1,243,718	66,497	0
Tax Credits Reserved or Allocated	1,198,800	0	
Total Annual Tax Credits	1,198,800	0	0

<b>Tax Credit Information</b>		
Historic Credits Available	Y/N?	N
Eligible for DDA/QCT Bonus	Y/N?	N

**Northside Apartments  
Project Rental Income**

Rental Income									
Unit Type	Number of Units	Unit Description	# Low Income	Rental Income			Rent Potential		
				Basic	Note Rate	HUD	Basic	Note Rate	HUD
F	38	1-br	38	275.00			125,400		
F	156	2-br	156	325.00			608,400		
F	79	3-br	79	399.00			378,252		
F	16	4-br	16	440.00			84,480		
F	0		0						
F	0		0						
F	0		0						
F	0		0						
F	0		0						
F	0		0						
F	0		0						
F	0		0						
F	0		0						
<b>Total</b>	<b>289</b>		<b>289</b>				<b>1,196,532</b>	<b>0</b>	<b>0</b>
Percentage Low Income			100.00%						

Rental Information	
Base Rental Income	1,196,532
2nd Year Increase	3.00%
3rd Year Increase	3.00%
Increase Thereafter	3.00%

Vacancy Information	
1st Year Vacancy	20.00%
2nd Year Vacancy	10.00%
3rd Year Vacancy	7.50%
Thereafter	7.50%

Other Income	
Laundry/Vending	0
Interest Income	20
Tenant Charges	35,000
Other	17,000
<b>Total</b>	<u><u>52,020</u></u>

Other Income Information	
Base Other Income	52,020
1st Year Other Income	52,020
2nd Year Other Income	52,020
3rd Year Other Income	52,020
Increase Thereafter	3.00%

**Northside Apartments**  
**Project Operating Expenses**

Operating Expenses			/ Unit
Line			
1	Maintenance & Repairs Payroll	\$ 125,000	432.53
2	Maintenance & Repairs Supply	41,000	141.87
3	Maintenance & Repairs Contract	13,000	44.98
4	Painting & Decorating	12,500	43.25
5	Snow Removal	8,000	27.68
6	Elevator Maintenance/Contract	0	0.00
7	Grounds	1,800	6.23
8	Services	0	0.00
9	Furniture & Furnishings	0	0.00
10	Other Operating Expenses	0	0.00
<b>11</b>	<b>Sub-total Maint. &amp; Operating</b>	<b>201,300</b>	<b>696.54</b>
12	Electricity	31,000	107.27
13	Water	47,000	162.63
14	Sewer	39,000	134.95
15	Fuel (Oil/Coal/Gas)	0	0.00
16	Garbage & Trash Removal	44,000	152.25
17	Other Utilities	0	0.00
<b>18</b>	<b>Sub-total Utilities</b>	<b>161,000</b>	<b>557.09</b>
19	Site Management Payroll	110,000	380.62
20	Management Fee	0	0.00
21	Project Auditing Expense	15,000	51.90
22	Project Bookkeeping/Accounting	0	0.00
23	Legal Expenses	18,000	62.28
24	Advertising	1,500	5.19
25	Telephone/Answering Service	12,000	41.52
26	Office Supplies	15,500	53.63
27	Office Furniture & Equipment	0	0.00
28	Training Expense	10,000	34.60
29	Health Ins. & Other Emp. Benefits	28,000	96.89
30	Payroll Taxes	20,000	69.20
31	Workman's Compensation	7,500	25.95
32	Other Administrative Expenses	11,560	40.00
<b>33</b>	<b>Sub-total Administrative</b>	<b>249,060</b>	<b>861.80</b>
34	Real Estate Taxes	0	0.00
35	Special Assessments	0	0.00
36	Other Taxes, Licenses & Permits	0	0.00
37	Property & Liability Insurance	50,000	173.01
38	Fidelity Coverage Insurance	0	0.00
39	Other Insurances	0	0.00
<b>40</b>	<b>Sub-total Taxes &amp; Insurance</b>	<b>50,000</b>	<b>173.01</b>
<b>41</b>	<b>Total Operating Expenses</b>	<b>661,360</b>	<b>2,288.44</b>

Expense Information	
<b>Utilization</b>	
1st Year	100.00%
2nd Year	100.00%
3rd Year	100.00%
<b>Inflation</b>	
2nd Year Increase	4.00%
3rd Year Increase	4.00%
Increase Thereafter	4.00%

Replacement Reserves	
Base Reserves	86,700
\$ 300.00 /unit	
2nd Year Increase	4.00%
3rd Year Increase	4.00%
Increase Thereafter	4.00%

Debt Service Coverage Ratio	
Base Rental Income	1,196,532
Vacancy	(89,740)
Base Other Income	52,020
Expenses	(661,360)
Replacement Reserves	(86,700)
Net Cash Flow	<u>410,752</u>
Debt Service Coverage	1.10
Annual Debt Service	373,411
Maximum 1st Mortgage	5,171,710

**Northside Apartments  
Sources of Debt**

<b>Permanent Financing Details</b>			
<u>First Mortgage</u>	1,399,926	<u>Fourth Mortgage</u>	0
Effective Interest Rate	7.00%	Interest Rate	0.00%
		MIP	0.00%
Term (Months)	600	Term (Months)	0
Start in 1st Year?	Y	Start in 1st Year?	
Start Date	1-Apr-09	Start Date	0-Jan-00
Hard/Soft?	H	Hard/Soft?	
Amortization/Interest Only?	A	Amortization/Interest Only?	
Guarantee/Insured?		Guarantee/Insured?	
Lender		Lender	
Status		Status	
<u>Second Mortgage</u>	5,412,973	<u>Fifth Mortgage</u>	0
Interest Rate	3.00%	Interest Rate	0.00%
MIP	0.00%	MIP	0.00%
Term (Months)	420	Term (Months)	0
Start in 1st Year?	N	Start in 1st Year?	
Start Date	1-Jan-11	Start Date	0-Jan-00
Hard/Soft?	H	Hard/Soft?	
Amortization/Interest Only?	A	Amortization/Interest Only?	
Guarantee/Insured?		Guarantee/Insured?	
Lender		Lender	
Status		Status	
<u>Third Mortgage</u>	0	<u>Sixth Mortgage</u>	0
Interest Rate	0.00%	Interest Rate	0.00%
MIP	0.00%	MIP	0.00%
Term (Months)	0	Term (Months)	0
Start in 1st Year?		Start in 1st Year?	
Start Date	0-Jan-00	Start Date	0-Jan-00
Hard/Soft?		Hard/Soft?	
Amortization/Interest Only?		Amortization/Interest Only?	
Guarantee/Insured?		Guarantee/Insured?	
Lender		Lender	
Status		Status	

**Northside Apartments**  
**Sources and Uses**

Page 8

2/18/2008

<b>Sources</b>			<b>Required Monthly Payment</b>	
First Mortgage ( <i>minimum</i> )	1,399,926	\$	8,423.19	
Second Mortgage - Cash Flow	5,412,973	\$	20,831.84	
Third Mortgage	0	\$	-	
Fourth Mortgage	0	\$	-	
Fifth Mortgage	0	\$	-	
Sixth Mortgage	0	\$	-	
General Partner Equity	0			
Grant	0		Is it a federal grant?	N
Grant	0		Is it a federal grant?	N
Limited Partner Equity	10,189,800			
Deferred Developer Fee	700,000			
<b>Total Sources</b>	<u>17,702,699</u>			
Total Development Costs (line 58)	13,481,391			
Less Excess Contractor's Fees	0			
Developer Fee	2,185,897			
Other Rehab Credit Eligible Items	0			
Other Acquisition Credit Eligible Items	1,899,926			
Other Ineligible Costs	135,485			
<b>Adjusted Total Development Costs</b>	<u>17,702,699</u>			
<b>Excess/(Shortage)</b>	<b>0</b>			

**Northside Apartments**  
**"Hard" Debt Service**

Year	First Mortgage	Second Mortgage	Third Mortgage	Fourth Mortgage	Fifth Mortgage	Sixth Mortgage	Total Debt Service
1st Year	75,809	0	0	0	0	0	75,809
2nd Year	101,078	249,982	0	0	0	0	351,060
3rd Year	101,078	249,982	0	0	0	0	351,060
4th Year	101,078	249,982	0	0	0	0	351,060
5th Year	101,078	249,982	0	0	0	0	351,060
6th Year	101,078	249,982	0	0	0	0	351,060
7th Year	101,078	249,982	0	0	0	0	351,060
8th Year	101,078	249,982	0	0	0	0	351,060
9th Year	101,078	249,982	0	0	0	0	351,060
10th Year	101,078	249,982	0	0	0	0	351,060
11th Year	101,078	249,982	0	0	0	0	351,060
12th Year	101,078	249,982	0	0	0	0	351,060
13th Year	101,078	249,982	0	0	0	0	351,060
14th Year	101,078	249,982	0	0	0	0	351,060
15th Year	101,078	249,982	0	0	0	0	351,060
<b>Total</b>	<b>1,490,901</b>	<b>3,499,748</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,990,649</b>

**Northside Apartments  
Cash Flow**

Year	Rental Income	Vacancy	Other Income	Operating Expenses	Net Operating Income	Replacement Reserves	Cash Flow	Debt Service	Cash Flow	Return to Owner	Cash Flow
1st Year	1,196,532	(239,306)	52,020	661,360	347,886	65,025	282,861	75,809	207,052	2,000	205,052
2nd Year	1,232,428	(123,243)	52,020	687,814	473,391	90,168	383,223	351,060	32,163	2,000	30,163
3rd Year	1,269,401	(95,205)	52,020	715,327	510,889	93,775	417,114	351,060	66,054	2,000	64,054
4th Year	1,307,483	(98,061)	53,581	743,940	519,063	97,526	421,537	351,060	70,477	2,000	68,477
5th Year	1,346,707	(101,003)	55,188	773,698	527,194	101,427	425,767	351,060	74,707	2,000	72,707
6th Year	1,387,108	(104,033)	56,844	804,646	535,273	105,484	429,789	351,060	78,729	2,000	76,729
7th Year	1,428,721	(107,154)	58,549	836,832	543,284	109,703	433,581	351,060	82,521	2,000	80,521
8th Year	1,471,583	(110,369)	60,305	870,305	551,214	114,091	437,123	351,060	86,063	2,000	84,063
9th Year	1,515,730	(113,680)	62,114	905,117	559,047	118,655	440,392	351,060	89,332	2,000	87,332
10th Year	1,561,202	(117,090)	63,977	941,322	566,767	123,401	443,366	351,060	92,306	2,000	90,306
11th Year	1,608,038	(120,603)	65,896	978,975	574,356	128,337	446,019	351,060	94,959	2,000	92,959
12th Year	1,656,279	(124,221)	67,873	1,018,134	581,797	133,470	448,327	351,060	97,267	2,000	95,267
13th Year	1,705,967	(127,948)	69,909	1,058,859	589,069	138,809	450,260	351,060	99,200	2,000	97,200
14th Year	1,757,146	(131,786)	72,006	1,101,213	596,153	144,361	451,792	351,060	100,732	2,000	98,732
15th Year	1,809,860	(135,740)	74,166	1,145,262	603,024	150,135	452,889	351,060	101,829	2,000	99,829
<b>Total</b>	<b>22,254,185</b>	<b>(1,849,442)</b>	<b>916,468</b>	<b>13,242,804</b>	<b>8,078,407</b>	<b>1,714,367</b>	<b>6,364,040</b>	<b>4,990,649</b>	<b>1,373,391</b>	<b>30,000</b>	<b>1,343,391</b>

November 16, 2007

Jake Sheeran, Area Director  
U.S.D.A. Rural Development  
2287 N. Texas Blvd., Suite 1  
Alice, Texas 78332

*Re: Northside Apartments, 1800 N. Texas Street, Weslaco, TX 78596*

Dear Mr. Sheeran,

We respectfully submit to you our plans to leverage the USDA 514 loan in the amount of \$601,441 and USDA 516 grant in the amount of \$5,412,973 to secure State Housing Tax Credits in the amount of \$9,092,456 in a strategic effort to not only enhance, but also preserve affordable housing for the residents of Hidalgo County.

According to the Texas Rural Development officials and further supported by studies conducted by the Housing Assistance Council, farm worker families would rather have control over their housing, and prefer flexibility of living within the community and traveling back and forth to work. Furthermore, this trend has caused migrant families to be less migratory. They are settling down and establishing roots within their communities as the nature of the industry has evolved. Their children are reaching higher at goals not before attained by their parents. This supports the need for improved affordable housing that nurtures the bonds of the family and supports them with a network of social services (*e.g. computer lab, library, tutors*) that allows them to increase their family assets and improve their standard of living.

*Northside Apartments*

Northside Apartments is comprised of 289 units that were constructed in two phases almost 30 years ago. These 1-4 bedroom apartment homes require substantial rehabilitation that would more efficiently benefit from gutting the units down to the studs and starting all over again. Residents have had to deal with inadequate plumbing, heating & cooling, and electrical issues, not to mention the deteriorating structural problems.



Property Conditions Assessment

In 2004, a property conditions assessment was conducted by Mata-Villarreal-Garcia. In that study, they concluded that significant reparations were recommended in areas of mechanical, electrical, and plumbing (MEP) as well as structural and cosmetic.

Heating and Cooling issues were found to be sub-standard and need to be brought to code. Living areas were found to have unacceptable volume to sufficiently and safely provide adequate combustion air. And while living rooms are not generally designated as sleeping quarters, numerous units were found to have beds located in the living areas.

The assessment further determined the need to completely upgrade the electrical system. Circuit breakers far outweigh their capacity which necessitates the replacement of existing electrical.

Plumbing fixtures were found to be deteriorating and in need of replacement – not repair. Rust and mold from leaks have further damaged ceilings, walls, and flooring. Roofing, energy efficient replacements from window stripping to energy efficient appliances to 14 SEER HVAC units are just part of what the property needs to adequately and humanely service its residents.

We firmly believe that the scope of work outlined was limited in terms of what the housing authority’s budget could sustain. However, with the leveraging of federal, state, and private dollars, we can increase the value of the property further increasing the quality of life for qualified residents.

Sources and Uses

Our goal is to bring Northside Apartments to be the crowning jewel of the Hidalgo County Housing Authority. We can accomplish that by harnessing the funds committed by USDA with housing tax credits. Below is a breakdown of our intended Sources and Uses:

<b>Sources of Funds</b>		<b>Uses</b>	
USDA Loan	\$1,399,926	Acquisition & Rehab	\$13,150,726
USDA 514 Loan	\$601,441	Soft Costs	\$3,356,070
USDA 516 Grant	\$5,412,973		
Low Income HTC	\$9,092,456		
<b>Total Sources</b>	<b>\$16,506,796</b>	<b>Total Development Cost</b>	<b>\$16,506,796</b>

A partnership that includes other community collaborators speaks volumes not only to investors, but to the community we seek to serve. We have an incredible opportunity to display public dollars used in a diligent and meaningful way to provide safe, decent, and affordable living conditions for some of our state's most dedicated and hardworking families. Your partnership is needed and it is greatly appreciated.

Respectfully submitted,

Mike Lopez  
Executive Director



United States Department of Agriculture  
Rural Development

Edinburg Local Office

January 24 2008

Mr. Mike Lopez, Executive Director  
The Housing Authority of the County of Hidalgo  
Northside Apartments  
1800 N. Texas  
Westaco, TX 78596

Dear Mr. Lopez:

Your letter dated November 16, 2007 addressed to Jake Sheeran has been reviewed and we offer the following comments:

1. It appears this will be a transfer at same rates and terms in order to obtain Tax Credits, as the use of funds shows acquisition and rehab.
2. How is the Housing Authority applying to TDHCA for the Tax Credits (a non profit or a limited profit)?
3. We are assuming The Housing Authority of the County of Hidalgo is applying for Tax Credits as a Housing Authority under the Non Profit Set Aside so that they will be assigning all funding, including USDA Rural Development funds to a Limited Partnership.
4. If items 1 and 3 are correct, The Housing Authority of the County of Hidalgo needs to submit a transfer application to the State Office following the guidelines in HB-3-3560, Chapter 7, "Transfers of Project Ownership."
5. Additionally, a resolution from The Housing Authority of the County of Hidalgo must be submitted with the application authorizing The Housing Authority of the County of Hidalgo to form a Limited Partnership.

Should you have any questions, please contact this office.

Sincerely,

*Elizabeth Garza*  
Elizabeth Garza  
Rural Development Manager

2614 S. I Road, Suite 4 • Edinburg, TX 78539  
Phone: (254) 383-4928 Ext 4 • Fax: (956) 343-8088 • TDD: (254) 742-9712 • Web: <http://www.ru.dev.usda.gov>

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United States Department of Agriculture  
Rural Development  
Texas State Office

FEB 25 2008

Mike Lopez, Executive Director  
Texas Northside Housing, LP  
1800 N. Texas  
Weslaco, Texas 78596

Subject: Transfer Application  
Northside Apartments

Dear Mr. Lopez:

USDA Rural Development notified you in a letter, dated February 14, 2008, that we were unable to move forward to the next stage of processing your transfer application as Texas Northside Housing, LP, the proposed transferee and applicant, is not eligible to receive grant funds from the Agency. In response, we received a revised application proposal indicating that the current grant funds, obligated in 2005 to the Hidalgo County Housing Authority, the transferor, will be returned and no longer used as part of the transfer proposal.

We have reviewed your revised proposal and we still are unable to approve this transfer. As previously stated, a limited partnership is not eligible to receive grant funds from the Agency, which includes the assumption of any grants previously awarded to the transferor that are under current grant agreement(s) with the Agency. The Hidalgo County Housing Authority, the transferor, currently has two grant agreements in place, dated March 13, 1991 and July 21, 1976.

In accordance with the grant agreements currently in place, 7 CFR 3560, §3560.555 and 7 CFR 3015, §3015.163 (a) and (b), "Real Property; Transfer of Title", approval may be requested from the awarding agency to transfer title to an **eligible** third party for continued use for authorized purposes. Texas Northside Housing, LP is not an eligible third party and the application for transfer and assumption of Northside Apartments is rejected due to ineligibility of the applicant, Texas Northside Housing, LP. Rejection of an application due to ineligibility is not an appealable action.

101 South Main • Federal Building, Suite 102 • Temple, TX 76501  
Phone: (254) 742-9770 • Fax: (254) 742-9735 • TDD: (254) 742-9712 • Web: <http://www.rurdev.usda.gov>

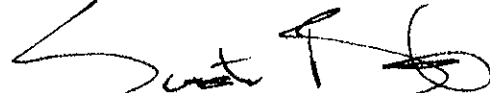
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Northside Apartments

If you have any questions regarding this letter please contact Janet Darling, Housing Programs, at 254-742-9766.

Sincerely,



SCOOTER BROCKETTE  
Housing Programs Director

cc: State Director  
David Marquez, Affordable Housing Consultants  
AD Jake Sheeran, Alice, Texas  
RDM Elizabeth Garza, Edinburg, Texas  
Housing Authority of Hidalgo



United States Department of Agriculture  
Rural Development  
Edinburg Local Office

Mr. Mike Lopez, Executive Director  
The Housing Authority of the County of Hidalgo  
Northside Apartments  
1800 N. Texas  
Weslaco, Texas 78596-0000

JUL 15 2005

**LETTER OF APPROVAL/CONDITIONS**

Dear Mr. Lopez:

The application for a Section 514 Farm Labor Housing loan in the amount of \$601,441, and a Section 516 Farm Labor Housing grant in the amount of \$5,412,973, are approved. The total cost of the project will be \$6,014,414.

The terms of the LH rehabilitation loan will be for 33 years with an amortization period of 396 months at one percent (1%). The property has 289 units and 203 units of rental assistance. An additional 10 units will be provided to the property, bringing the total to 213 units of rental assistance.

Approval is subject to requirements of applicable USDA Rural Development regulations, Closing Instructions will be issued by our Office of General Counsel (OGC), and the conditions listed below.

**1. SPECIAL REQUIREMENTS:**

- The rehabilitation loan will be closed in accordance with closing instructions issued by the Office of General Counsel (OGC).
- Form RD 3560-39, "Loan Resolution," must be executed by the borrower and acknowledged by the Board.

**2. CONSTRUCTION AND DEVELOPMENT:**

- All rehabilitation plans, specifications, and contracts, must be approved by the State Director prior to start of the rehabilitation work. Construction must not begin prior to closing the rehabilitation loan. The following conditions also apply:
- A pre-construction conference is to be held with the following persons present: borrower and management representatives, architect and/or engineer, contractor, and the Area Director. Form RD 1924-16, "Record of Preconstruction Conference," is to be used to record the conference. A copy of the completed form is to be provided to the State Office.
- If an identity of interest exists between the applicant and contractor, cost certification will be required in accordance with provisions of RD Instruction 1924-A.

2514 South 1 Road, Suite 4, Edinburg, Texas 78539  
Phone: (956) 383-4928 • Fax: (956) 383-6088 • TDD: (254) 742-9712 • Web: <http://www.rurdev.usda.gov>

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- Rehabilitation of the property must meet Section 504 handicap and accessibility standards, thermal standards, correct all deferred maintenance, and bring the physical condition of the property into program compliance.
- All construction and development must be completed in accordance with the final USDA Rural Development approved plans and specifications, and any changes or alterations subsequently approved or required by USDA Rural Development. Deviation from these approved plans and specifications will not be permitted without prior written USDA Rural Development approval. All applicable provisions of RD Instruction 1924-A will apply.
- A copy of all documents in regard to the rehabilitation must be furnished to USDA Rural Development, including but not limited to the Pre-Construction Conference, Partial Payment Estimates, Inspections, Contract Change Orders, Certificate of Occupancy, Termite Inspections and Treatment Certification, Certification by Architect to Accessibility, Builder's Warranty, Performance Bonding, and Release of Claimants. USDA Rural Development wishes to be notified of all scheduled inspections and attend the inspections.
- If cultural materials are encountered during construction, work shall cease in the immediate area; work can continue in the project area where no cultural materials are present. The Secretary of Interior should be contacted in accordance with 36 CFR 800.7. Please also notify the State Historic Preservation Officer at 512-463-6096.
- The Department of Treasury mandated all disbursements via paper check to be discontinued as of January 1, 1999. All payments made by the government after this date must be made by **Electronic Funds Transfer (EFT)**. **Since all loan funds are to be disbursed through EFT, Form SF-3881, Electronic Funds Transfer Payment Enrollment Form,** is attached for your use. You should contact the Housing Payment Center, for assistance in setting up this account.

### 3. PAYMENTS:

Since you are using multiple advances, your USDA Rural Development loan will be closed prior to starting construction. Monthly payments are required on the loan in accordance with the Promissory Note and Rental Assistance Agreement, beginning 30 days after the date of the completion of construction. The first payment will be due one month (30 days) after the MDL is reached. Form RD 3560-29, "Notice of Payment Due Report," must accompany each monthly payment to USDA Rural Development.

The project currently is in operation and will remain in continuous operation during rehab; therefore, the new project will execute a new Form RD 3560-9, "MFH Interest Credit and Rental Assistance Agreement," in accordance with RD Instruction HB-2-3560.

The PREAUTHORIZED DEBIT (PAD) payment process will be used unless you make a specific request otherwise and receive USDA Rural Development approval. It will allow for your payment to be electronically debited from your account on the day your payment is due.

### 4. CONTRIBUTION:

The Housing Authority is not required to furnish any cash at closing; however you have agreed to furnish from your own resources any cash necessary above the projected development costs for any cost overruns that may be incurred.

## 5. RESERVE REQUIREMENT:

The additional annual reserve requirement for the new loan to the Housing Authority of the County of Hidalgo (Northside Apartments) will be \$6,014, bringing the total annual reserve contribution to \$91,978. The loan resolution with the reserve requirement will be prepared by USDA Rural Development and must be signed prior to requesting closing instructions.

The USDA Rural Development debt service and reserve account must be on schedule at the end of each year of complete operation. If any excess from operations remains at the end of the year, the government may require that the borrower reduce the rents the following year and/or refund the excess to the residents or use said excess in a manner that will best benefit the residents.

## 6. SECURITY:

The security for the loan will be a second (rehabilitation loan) mortgage lien on the Real Property, as well as an assignment on all income and revenues of the property.

## 7. BUSINESS SERVICES AND OCCUPANCY:

A copy of the Multiple Housing Management Handbook (HB-2-3560), which prescribes USDA Rural Development regulations, policies, and procedures for management of your project, may be obtained on the Internet at <http://www.rurdev.usda.gov/regs/handbook/hb-2-3560/hb-2-3560.pdf>. A copy of the handbook should be provided to the property site manager. You must operate the property in accordance with your loan agreement. No income may be diverted from the housing project to any other business or enterprise. 7 CFR 3560.160 contains a copy of USDA Rural Development Tenant Grievance and Appeals Procedure. A copy of this instruction should be made available to each resident, and a copy must be posted in the rental facility. It is important that you have a fully trained manager employed on site at the time you begin accepting applications. The manager should be thoroughly familiar with the USDA Rural Development Management Handbook.

The operating budget has been reviewed and is approved. This rent structure must be implemented upon completion of the rehabilitation. The following rents are not to be exceeded:

<u>SIZE</u>	<u>BASIC</u>	<u>UTILITY ALLOWANCE</u>
1 BR	\$250	\$46
2 BR	\$303	\$63
3 BR	\$368	\$72
4 BR	\$415	\$83

A new utility allowance based on actual usage data, is to be submitted following the first full year of operation.

Any changes in the rental rates and/or utility allowance must be submitted to USDA Rural Development for review and concurrence. Rent increase requests must be processed as required by RD Instruction HB-2-3560, Chapter 7, Section 7.13.

To be eligible for occupancy in this property, residents must meet the income eligibility requirements of. To be eligible for occupancy in this project, residents must be farm laborers as defined in RD Instruction HB-2-3560, Chapter 6, Section 6.3, with an adjusted annual family income not to exceed the moderate income limits, in RD Instruction 1944-A, Exhibit C if rental assistance is required by the tenant, along with the most recent farm labor income definition as developed by the National Office.

Each resident occupying a unit in the property must enter into a written lease agreement for a term of not less than seven (7) days. In addition, Form RD 3560-8, "Tenant Certification," must be completed for each household; and tenants must agree to re-certification of income every 12



months. Ineligible residents may occupy the property only if there are no eligible applicants available and if you have received prior written authorization from the Area Director. Eligibility is determined by income as well as by household size.

The Management Plan, Form RD 3560-13, Management Certification, Owner-Resident Manager Agreement, Project Rules and Regulations, Lease Agreement and other agreements, which affect project operations, must be approved by the Area Director. These agreements will not be changed without the prior written approval of the Area Director. Administrative/management related expenses (salaries, travel, management and administrative fees, wages) must not be excessive. USDA Rural Development can require that any unapproved or excessive amounts of management/administrative expenses be returned to the residents at the end of the year.

- Management/administrative expenses are not to exceed the level approved in the annual budget and management agreement.
- Projects are to operate within the approved budget. Any significant deviation in approved budgets must have prior approval from the Area Director.

As a minimum, all of the housing operations and loan servicing accounts outlined in your loan agreement must be established and maintained during the life of your loan. Tenant Security Deposits are to be maintained separate from operating funds and are to be held in trust at all times for return to the residents.

#### **8. REQUIRED REPORTS TO USDA RURAL DEVELOPMENT:**

Quarterly and Annual Reports must be submitted as follows:

- Quarterly Reports, prepared on Form RD 3560-7, are to be submitted by the 20th day of the month following the close of the respective reporting period for at least the first year after the rehabilitation has taken place, or until written authorization is given to discontinue submission of reports. Quarterly reports may again be required if there is a failure to make the USDA Rural Development payment or monthly transfers to the reserve account.
- A proposed budget for the next fiscal year is to be submitted to the local servicing office 45 to 90 days prior to the end of the current year. Material to be submitted includes:
  - Form RD 3560-7, with the current approved budget and utility allowances in Column 1, the proposed budget in Column 3, and, if requesting an increase in rents and utility allowances, note rate proposed budget in Column 4.
- If requesting a rental rate change, material listed in RD Instruction HB-2-3560, Chapter 7, Section 7.13.
- Annual reports relative to project operations, income and expenses are due within 90 days of the end of the project fiscal year throughout the loan term. Reports will consist of:
  - A CPA or LPA audit on the consolidated project prepared in accordance with the booklet, "Instructions to Independent CPA's and LPA's and Government Auditing Standards, issued by the Comptroller General of the United States.
  - Form RD 3560-7, "Multiple Family Housing Budget/Utility Allowance," with actual income and expense figures.

- Copy of paid tax receipts.
- Miscellaneous material that may be required by the USDA Rural Development servicing office.

All RD Instruction HB-2-3560 reports (quarterly and annual) must be current before any new application, rate change, utility allowance change, request for Rental Assistance, transfer, reamortization or continuing of Interest Credit assistance will be approved by USDA Rural Development.

## 9. INSURANCE:

The following levels of insurance are either recommended or required for this property:

- **Liability Insurance:** The minimum amount of liability insurance recommended by USDA Rural Development is \$500,000/\$1,000,000 bodily injury and property damage liability.
- **Real Property Insurance:** Adequate fire and casualty insurance policies in the name of the purchaser must be procured in an amount equal to the "depreciated replacement value" (actual cash value) of all essential buildings. Once the substantial repair/rehabilitation is made to the essential buildings, the amount of the insurance required will be in an amount not less than the "Concluded Insurable Value" of \$10,661,000, as reflected in the appraisal. The following additional provisions will apply:
  - Form RD 426-2, "Property Insurance Mortgage Clause," or the provisions thereof printed in the policy or in a blanket letter from an insurance company, must be part of the policy, namely to provide USDA Rural Development, as mortgagee, with at least ten days advance notice of cancellation. The Mortgagee is to be shown as, "United States of America, acting through the Rural Housing Service or its successor agency.
  - An updated policy will be furnished on the date of the final inspection of the rehabilitation, including full coverage of the above amount, if not already provided, for one full year.
- **Workman's Compensation Insurance:** Suitable workman's compensation coverage must be provided for all employees of the project.
- **Insurance During Construction (if applicable):** During the period of construction, you should obtain the appropriate Builder's Risk, Liability, Workman's Compensation, and any other insurance required by USDA Rural Development, in amounts sufficient to protect the property and USDA Rural Development.
- **Bonding:** Fidelity bond coverage is to be provided in accordance with requirements of RD Instruction HB-2-3560, Chapter 3, Section 3.11.

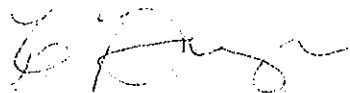
## 10. CLOSING INSTRUCTIONS:

In order to request closing instructions, you should provide a current title commitment along with any applicable documents (ie. subordination request, proposed lien-holder agreements, surface rights waivers, etc.) to the local office 60 days prior to your requested closing date.

You must comply with the closing instructions issued by the Office of General Counsel. **Please Note: You should not solicit for, accept bids for, or begin construction prior to authorization from your local USDA Rural Development office.** Authorization will be given once the final plans/contract documents have been approved by USDA Rural Development, the conditions of the Closing Instructions as issued by the Office of General Counsel can be met, and the loan is scheduled for closing.

If you should have any questions, please contact the Edinburg Local Office at 956-383-4928.

Sincerely,



DAVID GONZALEZ  
Area Director

Enclosures

cc: State Director  
Housing Programs  
Housing Programs Payment Center

**Hidalgo County Housing Authority**  
**Board Monthly Report - Northside Apartments**  
**For the One Month Ending July 31, 2007**

Description	Budgeted Amount	Current Actual	Monthly Balance	Monthly Percent	Fiscal Year		Year to Actual	Year to Balance	Budget Percent
					Budget	Budget			
Administration									
Management Salaries	13,355.42	12,161.86	1,193.56	91	160,265.00	12,161.86	148,103.14	8	
Accounting/Auditing	250.00	0.00	250.00	0	3,000.00	0.00	3,000.00	0	
Computer Equip & Repair	333.33	73.13	260.20	22	4,000.00	73.13	3,926.87	2	
Legal & Professional	416.67	0.00	416.67	0	5,000.00	0.00	5,000.00	0	
Leased Equipment	291.67	591.86	(300.19)	203	3,500.00	591.86	2,908.14	17	
Office Supplies	1,166.67	793.19	373.48	68	14,000.00	793.19	13,206.81	6	
Rental Expense	1,125.00	0.00	1,125.00	0	13,500.00	0.00	13,500.00	0	
Telephone	1,000.00	1,026.68	(26.68)	103	12,000.00	1,026.68	10,973.32	9	
Staff Training	750.00	829.50	(79.50)	111	9,000.00	829.50	8,170.50	9	
Compensated Absences	0.00	0.00	0.00	0	0.00	0.00	0.00	0	
Staff Travel	645.83	577.30	68.53	89	7,750.00	577.30	7,172.70	7	
Board Travel/Train/Meet	500.00	0.00	500.00	0	6,000.00	0.00	6,000.00	0	
<b>Total Administration</b>	<b>19,834.59</b>	<b>16,053.52</b>	<b>3,781.07</b>	<b>81</b>	<b>238,015.00</b>	<b>16,053.52</b>	<b>221,961.48</b>	<b>7</b>	
Payroll Taxes									
Payroll Taxes	2,383.50	2,341.64	41.86	98	28,602.00	2,341.64	26,260.36	8	
Unemployment	0.00	115.85	(115.85)	0	0.00	115.85	(115.85)	0	
<b>Total Payroll Taxes</b>	<b>2,383.50</b>	<b>2,457.49</b>	<b>(73.99)</b>	<b>103</b>	<b>28,602.00</b>	<b>2,457.49</b>	<b>26,144.51</b>	<b>9</b>	
Insurance									
Automobile Liability	0.00	0.00	0.00	0	0.00	0.00	0.00	0	
Fire Extended Coverage	3,750.00	0.00	3,750.00	0	45,000.00	0.00	45,000.00	0	
Fidelity Bond	0.00	0.00	0.00	0	0.00	0.00	0.00	0	
General Liability	833.33	0.00	833.33	0	10,000.00	0.00	10,000.00	0	
Group Health Insurance	7,240.75	6,358.45	882.30	88	86,889.00	6,358.45	80,530.55	7	
Workers' Compensation	916.67	0.00	916.67	0	11,000.00	0.00	11,000.00	0	
Insurance Premiums	0.00	0.00	0.00	0	0.00	0.00	0.00	0	
<b>Total General Insurance Expense</b>	<b>12,740.75</b>	<b>6,358.45</b>	<b>6,382.30</b>	<b>50</b>	<b>152,889.00</b>	<b>6,358.45</b>	<b>146,530.55</b>	<b>4</b>	

Hidalgo County Housing Authority  
 Board Monthly Report - Northside Apartments  
 For the One Month Ending July 31, 2007

Description	Budgeted Amount	Current		Monthly		Fiscal Year		Year to		9% Budget	
		Actual	Balance	Percent	Budget	Actual	Balance	Actual	Balance	Percent	Percent
<b>Other General Expenses</b>											
Advertising	41.67	0.00	41.67	0	500.00	0.00	500.00	0.00	500.00	0	0
Dues, Licenses & Fees	208.33	430.00	(221.67)	206	2,500.00	430.00	2,500.00	430.00	2,070.00	17	17
Eviction Expense	83.33	202.00	(118.67)	242	1,000.00	202.00	1,000.00	202.00	798.00	20	20
Pension Plan-Admin	1,335.58	1,400.04	(64.46)	105	16,027.00	1,400.04	16,027.00	1,400.04	14,626.96	9	9
Pension Plan-Maintenance	1,439.58	1,320.28	119.30	92	17,275.00	1,320.28	17,275.00	1,320.28	15,954.72	8	8
Security Services	1,040.00	1,026.25	13.75	99	12,480.00	1,026.25	12,480.00	1,026.25	11,453.75	8	8
Tenant Services	100.00	0.00	100.00	0	1,200.00	0.00	1,200.00	0.00	1,200.00	0	0
Housing Assistance Payments	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0
Utility Allowance-Tenants	108.33	77.00	31.33	71	1,300.00	77.00	1,300.00	77.00	1,223.00	6	6
Contracts-Professional Fees	250.00	49.75	200.25	20	3,000.00	49.75	3,000.00	49.75	2,950.25	2	2
Penalties & Interest	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0
<b>Total Other General Expense</b>	<b>4,606.82</b>	<b>4,505.32</b>	<b>101.50</b>	<b>98</b>	<b>55,282.00</b>	<b>4,505.32</b>	<b>55,282.00</b>	<b>4,505.32</b>	<b>50,776.68</b>	<b>8</b>	<b>8</b>
<b>Loan Requirements</b>											
Debt Service	8,421.17	8,421.33	(0.16)	100	101,054.00	8,421.33	101,054.00	8,421.33	92,632.67	8	8
Reserve Payment	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0
<b>Total Loan Requirements</b>	<b>8,421.17</b>	<b>8,421.33</b>	<b>(0.16)</b>	<b>100</b>	<b>101,054.00</b>	<b>8,421.33</b>	<b>101,054.00</b>	<b>8,421.33</b>	<b>92,632.67</b>	<b>8</b>	<b>8</b>
<b>Total Expenditures</b>	<b>88,264.98</b>	<b>83,600.57</b>	<b>4,664.41</b>	<b>95</b>	<b>1,059,180.00</b>	<b>83,600.57</b>	<b>1,059,180.00</b>	<b>83,600.57</b>	<b>975,579.43</b>	<b>8</b>	<b>8</b>
<b>Surplus (Deficit)</b>	<b>0.03</b>	<b>6,195.65</b>	<b>(6,195.62)</b>	<b>20,652,167</b>	<b>0.00</b>	<b>6,195.65</b>	<b>0.00</b>	<b>6,195.65</b>	<b>(6,195.65)</b>	<b>0</b>	<b>0</b>

Housing Authority of the County of Hidalgo - Northside Apartments General Fund  
Balance Sheet  
June 30, 2007

ASSETS

Current Assets

1000.00.FN	Cash Unrestricted FN 502634	\$ 18,896.63
1110.01.FN	Petty Cash	200.00
1110.03.FN	Nor Apts Cap Rep/Imp 124012868	18,602.35
1120.05.FN	Cash Restricted-NS RS 502928	25,056.46
1140.01.FN	Cash-Tenant Sec Dep-124011470	8,013.62
1240.00.FN	Accounts Receivable-Rural Dev	34,000.84
1250.01.FN	A/R-Remodernization Grant/Loan	16,700.00
1260.00.FN	Accts Receiv-Tenant Dwell Rent	8,266.34
1260.01.FN	Accts Receiv-Late Charges	564.79
1260.02.FN	Accts Receiv-Maint Charges	1,811.50
1310.00.FN	Investments-Unrestricted	371,446.57
1320.00.FN	Investments-Restricted	85,976.73
1440.04.FN	Due from NS General Fund	128,878.01
	<b>Total Current Assets</b>	<b>718,413.84</b>

Property and Equipment

1610.00.FN	Land	139,725.00
1620.00.FN	Buildings	9,427,498.05
1630.00.FN	Furn, Fixtures, Mach & Equip	398,929.03
1640.01.FN	Vehicles	168,024.90
1650.00.FN	Leasehold Improvements	146,867.35
1660.00.FN	Accumulated Depreciation	(461,311.02)
1661.00.FN	Accumulated Depr-Buildings	(6,599,248.63)
1662.00.FN	Accumulated Depr-Leasehold Imp	(8,022.63)
	<b>Total Property and Equipment</b>	<b>3,212,462.05</b>

Other Assets

	<b>Total Other Assets</b>	<b>0.00</b>
	<b>Total Assets</b>	<b>\$ 3,930,875.89</b>

LIABILITIES AND CAPITAL

Current Liabilities

3120.00.FN	Accts Payable < than 90 days	\$ 27,585.74
3220.01.FN	Accrued Compensation Vacation	4,160.00
3410.00.FN	Tenant Security Deposits	82,029.99
3410.01.FN	MET Deposits	944.85
3430.00.FN	Current Portion L-T Debt-Capit	86,642.44
3470.03.FN	Due to Northside Capital Impro	128,878.01
	<b>Total Current Liabilities</b>	<b>330,241.03</b>

Long-Term Liabilities

3510.02.FN	Northside Apts Loan#2	16,590.32
3510.03.FN	Northside Apts Loan#3	1,383,335.72
3530.00.FN	Noncurrent Liabilities-Other	16,640.00
	<b>Total Long-Term Liabilities</b>	<b>1,416,566.04</b>
	<b>Total Liabilities</b>	<b>1,746,807.07</b>

Unaudited - For Management Purposes Only

g. Authority of the County of Hidalgo - Northside Apartments General Fund  
Balance Sheet  
June 30, 2007

5080.00.FN	Invested on Capital Net of Deb	141,088.61	
5090.00.FN	Reserved for Operating Activit	92,356.52	
5120.00.FN	Undesignated Fund Bal-R/E	1,581,223.64	
5130.01.FN	Fund Balance Operating Reserve	466,454.23	
	Net Income	(97,054.18)	
	Total Capital		2,184,068.82
	Total Liabilities & Capital		\$ 3,930,875.89

Unaudited - For Management Purposes Only

Northside Apartments General Fund  
Income Statement  
For the Twelve Months Ending June 30, 2007

	Current Month Actual	Current Month Budget	Year to Date Actual	Year to Date Budget
<b>Revenues</b>				
Operating Transfer Ins-Reserve	\$ 64,665.00	\$ 0.00	\$ 64,665.00	\$ 0.00
Operating Transfer Ins-NCI	101,054.36	0.00	101,054.36	0.00
Transfer In-Debt Service Fund	0.00	0.00	0.00	0.00
Tenant Rents	52,966.78	54,563.13	635,438.37	654,758.00
Tenant Revenue-Other	1,626.88	1,791.63	24,026.37	21,500.00
Late Charges	920.00	958.37	11,410.00	11,500.00
HUD-PHA Grants	0.00	0.00	0.00	0.00
Rental Assistance/Subsidy	34,001.00	37,916.87	410,681.84	455,002.00
Investment Income Unrestricted	25,474.46	250.00	26,301.49	3,000.00
Interest Income unrestricted	1,519.47	0.00	1,925.19	0.00
Mortgage Interest Income	0.00	0.00	0.00	0.00
Fraud Recovery	0.00	0.00	0.00	0.00
Other Revenue	0.00	0.00	0.00	0.00
Utility Allowance-Tenants	0.00	0.00	0.00	0.00
Other Income	1,753.00	83.37	17,330.66	1,000.00
Building Rental Income	0.00	0.00	0.00	0.00
Transfer from Reserve	0.00	0.00	0.00	0.00
Gain/Loss/ Sale Fixed Assets	0.00	0.00	0.00	0.00
Investment Income-Restricted	0.00	0.00	0.00	0.00
<b>Total Revenues</b>	<b>283,980.95</b>	<b>95,563.37</b>	<b>1,292,833.28</b>	<b>1,146,760.00</b>
<b>Cost of Sales</b>				
Total Cost of Sales	0.00	0.00	0.00	0.00
<b>Gross Profit</b>	<b>283,980.95</b>	<b>95,563.37</b>	<b>1,292,833.28</b>	<b>1,146,760.00</b>
<b>Expenses</b>				
Oper Transfers Out-Debt Servic	8,421.33	8,421.13	101,054.36	101,054.00
Oper Trans Out-Reserve Paymen	43,184.01	7,160.37	64,665.00	85,924.00
Oper Trans Out-NCI	0.00	0.00	0.00	0.00
Administrative Salary	16,136.59	11,425.13	149,821.90	137,102.00
Auditing Fee	0.00	250.00	0.00	3,000.00
Accounting	2,750.00	0.00	2,750.00	0.00
Contracts-Professional Fees	1,877.39	250.00	12,649.89	3,000.00
Compensated Absences	438.24	0.00	438.24	0.00
Staff Travel	2,154.58	645.87	11,688.58	7,750.00
Emp. Benefit Retirement-Adm.	1,846.89	1,142.50	18,549.38	13,710.00
Payroll Taxes	3,025.84	2,225.70	27,217.69	26,707.96
Workers' Compensation	0.00	1,083.37	7,172.32	13,000.00
Unemployment	163.42	322.62	3,984.81	3,871.00
Other-Operating-Administrative	0.00	0.00	0.00	0.00
Telephone	1,050.85	381.37	10,016.26	4,576.00
Office Supplies	733.71	1,000.00	15,122.74	12,000.00
Staff Training	415.00	750.00	5,306.89	9,000.00
Legal & Professional	1,447.13	416.63	4,918.15	5,000.00
Computer Equip & Repair	0.00	416.63	2,341.07	5,000.00
Lease Equipment-FN	109.00	500.00	2,424.22	6,000.00
Tenant Services	0.00	83.37	577.42	1,000.00
Relocation Costs	0.00	0.00	0.00	0.00
Emp. Benefit Contribution-Tenat	0.00	0.00	0.00	0.00
Tenant Services-Other	0.00	0.00	329.37	0.00
Water	3,632.00	4,166.63	45,307.25	50,000.00
Electricity	2,450.52	2,750.00	28,363.34	33,000.00
	0.00	8.37	60.00	100.00

For Management Purposes Only



Northside Apartments General Fund  
Income Statement  
For the Twelve Months Ending June 30, 2007

	Current Month Actual	Current Month Budget	Year to Date Actual	Year to Date Budget
Other Utility Expense	15.00	133.37	814.85	1,600.00
Water	3,117.08	3,333.37	37,873.31	40,000.00
Garbage & Trash	4,116.90	4,000.00	43,691.04	48,000.00
Labor	0.00	0.00	0.00	0.00
Salaries-Maintenance	21,696.68	16,628.50	205,964.73	199,542.00
Materials	0.00	0.00	0.00	0.00
General Maintenance & Repair	309.51	5,000.00	40,782.33	60,000.00
Ground Maintenance	186.19	208.37	1,859.55	2,500.00
Supplies-Expenditures	0.00	0.00	0.00	0.00
Contracts-Maintenance	267.50	458.37	8,507.20	5,500.00
Services	0.00	0.00	0.00	0.00
Emp.Benefit Contribution-Maint	1,737.13	1,662.87	16,220.57	19,954.00
Reserve-Special Project	100.00	0.00	100.00	0.00
Protective Services Labor-OCC	0.00	0.00	0.00	0.00
Protective Services Labor-Othe	0.00	0.00	0.00	0.00
Empl. Benefit Contr.-Protected	0.00	0.00	0.00	0.00
Insurance Premiums	0.00	0.00	0.00	0.00
Automobile Liability	0.00	0.00	0.00	0.00
General Liability	0.00	833.37	5,055.77	10,000.00
Fidelity Bonds Insurance	0.00	0.00	0.00	0.00
Fire & Extended Coverage	0.00	3,750.00	32,415.72	45,000.00
Other Insurance	0.00	0.00	304.83	0.00
Group Health Ins.-Admin.	9,952.40	6,327.89	91,432.59	75,934.13
Group Health Insurance-Maint.	0.00	0.00	0.00	0.00
Vehicle Expense	2,069.75	1,000.00	13,979.88	12,000.00
Painting & Decorating	619.12	683.37	9,404.91	8,200.00
Radios & Beepers	0.00	125.00	220.70	1,500.00
Advertising	38.46	66.63	1,038.18	800.00
Board Travel/Training/Meeting	56.52	500.00	3,286.32	6,000.00
Board Travel-HUD	0.00	0.00	0.00	0.00
Board Meeting Monthly Expense	0.00	0.00	0.00	0.00
Eviction Expense	231.00	83.37	0.00	1,000.00
Rental Expenses	6,750.00	1,125.00	13,500.00	13,500.00
Uniforms	200.00	50.00	754.02	600.00
Dues/Licenses/Fees	217.45	208.37	1,745.22	2,500.00
Penalties and Interest	0.00	0.00	0.00	0.00
Security Services	1,220.00	1,040.00	12,185.04	12,480.00
Leased Equipment/Contract Cost	0.00	0.00	0.00	0.00
Payment in Lieu of Taxes	0.00	0.00	0.00	0.00
Bad Debts-Tenant Rents	19,458.95	0.00	19,458.95	0.00
Bad Debts-Mortgages	0.00	0.00	0.00	0.00
Bad Debts-Other	4,134.64	0.00	4,134.64	0.00
Interest Expense	0.00	0.00	0.00	0.00
Severance Expense	0.00	0.00	0.00	0.00
Extraordinary Maintenance	0.00	0.00	0.00	0.00
Casualty Losses Non Capitalize	0.00	0.00	0.00	0.00
Depreciation Expense	278,296.43	0.00	278,296.43	0.00
Fraud Losses	0.00	0.00	0.00	0.00
Furniture/Finishing Replacemen	1,985.00	1,247.00	17,689.88	14,964.00
Replacement of Non-Expen Equip	0.00	0.00	0.00	0.00
Interest NP N/S Proj 06/06 #2	217.58	0.00	217.58	0.00
Interest NP N/S Proj 06/06 #3	14,194.34	0.00	14,194.34	0.00
<b>Total Expenses</b>	<b>461,024.13</b>	<b>91,864.54</b>	<b>1,389,887.46</b>	<b>1,102,369.09</b>
<b>Net Income</b>	<b>\$ (177,043.18)</b>	<b>\$ 3,698.83</b>	<b>\$ (97,054.18)</b>	<b>\$ 44,390.91</b>

For Management Purposes Only

HOUSING AUTHORITY OF THE C  
NORTHSIDE APARTMENTS

DWELL  
Month

Bedroom Size	Rental Charge	Number Occupied	Total
1	250.00	38	9,500.0
2	303.00	149	45,147.0
3	368.00	69	25,392.0
4	415.00	14	5,810.0
	Totals:	270	85,849.0

OCCUPANCY REPORT

Bedroom Size	Number Available	Number Occupied	Vacancy
1	38	38	0
2	156	149	7
3	79	69	10
4	16	14	2
	Totals:	270	19

SUMMARY OF CHARGES AND COLLEC

	Charges
Tenants-Rents	51,000.7
Tenants-Late Charges	900.0
Tenants-Maint. & Repair Charges	2,248.3
Tenants-Security Deposits	2,538.0
Court Fees	106.0
NSF Check Fees	0.0
Miscellaneous	
Rural Development Subsidy	25,036.8
Totals:	81,829.8

LOAN AND GRANT RESOLUTION OF 7-21, 19 76

RESOLUTION OF THE BOARD OF DIRECTORS OF The Housing Authority of  
the County of Hidalgo, Tx PROVIDING FOR OBTAINING  
FINANCIAL ASSISTANCE IN THE AMOUNT \$ 1,963,530.00  
TO AID IN FINANCING FEDERALLY DEFINED LOW-RENT  
HOUSING AND RELATED FACILITIES FOR LOW-INCOME  
DOMESTIC FARM LABOR, AND RELATED MATTERS.

Whereas The Housing Authority of the County of Hidalgo, Texas  
(herein referred to as the "Corporation") is organized and operating under Texas Housing  
Authority law 2692, Veron's Tx Art. 1269K 1937 the board of directors of the  
(authorizing State statute)

Corporation has determined that - -

- (a) The Corporation should provide low-rent housing and related facilities for low-income domestic farm labor, as defined in title V of the Housing Act of 1949.
- (b) The estimated total cash development cost of such housing and facilities amounts to \$ 1,963,530.00 .
- (c) For such purpose the Corporation is able to furnish from its own resources \$ None
- (d) The Corporation will need financial assistance in the amount of \$ 1,963,530.00 which the Corporation is unable to obtain from other sources for such purpose upon terms and conditions which the Corporation could reasonably be expected to fulfill.
- (e) Of such amount of needed financial assistance the Corporation will be able to repay, with interest at 1% per annum, the amount of \$ 228,970.00 over a repayment period of 33 years, if the balance of \$ 1,734,560.00 is made available to the Corporation as a grant.
- (f) The housing and related facilities will fulfill a pressing need in the area in which they are or will be located.
- (g) The housing and facilities cannot be provided without the aid of a grant in the amount stated above;

(6-10-71) PN 262

7-30-07

17,172.

THEREFORE BE IT RESOLVED:

1. Application for Loan and Grant. The Corporation shall apply to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called "the Government") for a loan of \$228,970.00 and a grant of \$1,734,560.00 pursuant to Title V of the Housing Act of 1949. Such loan may be insured by the Government. The loan and the grant shall be used only for the specific eligible purposes approved by the Government, in order to provide low-rent housing and related facilities for low-income domestic farm labor. Such housing and facilities and the land constituting the site may be referred to herein as the "housing."

2. Execution of Loan and Grant Instruments. To evidence the loan the Corporation shall issue a promissory note (herein referred to as "the note"), signed by its President and attested by its Secretary, with its corporate seal affixed thereto, for the amount of the loan, payable in installments over a period of 33 years, bearing interest at a rate not to exceed 1 percent per annum, and containing other terms and conditions prescribed by the Government. To evidence the obligations of the grant, the Corporation shall execute an instrument in the form attached hereto entitled "Labor Housing Grant Agreement" and referred to herein as the "Grant Agreement," evidencing terms and conditions upon which the grant is made by the Government and the obligations of the Corporation with respect thereto. To secure the note and/or all other obligations and agreements of the Corporation with respect to the loan and the grant, as required by the Government, the President and the Secretary are hereby authorized to execute a security instrument giving a lien upon or security interest in the housing and such other property as the Government shall require, including an assignment of or security interest in the rents and profits as collateral security to be enforceable in the event of any default by the Corporation. The President and the Secretary are further authorized to execute any other security and other instruments, agreements, and documents required by the Government for the loan or grant. The indebtedness and other obligations of the Corporation under the note, Grant Agreement; this resolution, the security instrument, and any other instruments and agreements related to the loan or grant are herein called the "loan and grant obligations."

3. Equal Employment Opportunity under Construction Contracts and Non-discrimination in the Use of Occupancy and Housing and in Any Other Benefits of the Loan or Grant. The President and the Secretary are hereby authorized and directed to execute on behalf of the Corporation (a) any undertakings and agreements

required by the Government regarding nondiscrimination in the use and occupancy of housing, (b) Farmers Home Administration Form FHA 400-1, "Equal Opportunity" agreement involving an Equal Opportunity Clause to be incorporated in or attached as a rider to each construction contract which exceeds \$10,000 in amount and is paid for in whole or in part with loan or grant funds, and (c) Farmers Home Administration Form FHA 400-1, "Nondiscrimination Agreement," a copy of which is attached hereto and made a part hereof.

4. Supervised Bank Account. The proceeds of the loan and grant and the amount of \$ None to be contributed by the Corporation from its own funds and used for approved eligible purposes shall be deposited in a "supervised bank account" as required by the Government.  Amounts in the supervised bank account exceeding \$20,000 shall be secured by the depository bank in advance in accordance with U. S. Treasury Department Circular No. 176. As provided by the terms of the agreement creating the supervised bank account, all funds therein shall, until duly expended, collaterally secure the loan and grant obligations. Withdrawals from the supervised bank account by the Corporation shall be made only on checks signed by the Executive Director of the Corporation and countersigned by the County Supervisor or other authorized official of the Farmers Home Administration, and only for the specific eligible purposes approved in writing by the Government. The Corporation's share of any liquidated damages or other monies paid by defaulting contractors of their sureties shall be deposited in the supervised bank account to assure completion of the project. When all approved items eligible for payment with loan or grant funds are paid in full, any balance remaining in the supervised bank account shall be treated as a refund of loan and grant funds in the same ratio as that between the amounts of the loan and grant, and the supervised bank account shall be closed.

5. Accounts for Housing Operations and Loan Servicing. The Corporation shall establish on its books the following accounts, which shall be maintained so long as the loan or grant obligations continue: A General Fund Account, an Operation and Maintenance Account, a Debt Service Account, and a Reserve Account. Funds in said accounts shall be deposited in a bank or banks insured by the Federal Deposit Insurance Corporation, except for any portion invested in readily marketable obligations of the United States as authorized by section 9. The Treasurer of the Corporation shall execute a fidelity bond, with a surety company approved by the Government, in an amount not less than the estimated maximum amount of such funds to be held in said accounts at any one time. The United States of America shall be named as co-obligee, and the amount of the bond shall not be reduced without the prior written consent of the Government. The Corporation in its discretion may at any time establish and utilize additional accounts to handle any funds not covered by the provisions of this resolution.

Only loan or grant funds, and borrower's funds to be used for an eligible loan or grant purpose, may be deposited in the supervised bank account.

n. General Fund Account. By the time the loan and grant are closed, the Corporation shall from its own funds deposit in the General Fund Account the amount of \$ None. All income and revenue from the housing shall upon receipt be immediately deposited in the General Fund Account. The Corporation may also in its discretion at any time deposit therein other funds, not otherwise provided for by this resolution, to be used for any of the purposes authorized in section 7, 8, or 9. Funds in the General Fund Account shall be used only as authorized in said sections and, until so used, shall be held by the Corporation in trust for the Government as security for the loan and grant obligations.

7. Operation and Maintenance Account. Not later than the 15th of each month, out of the General Fund Account shall be transferred to the Operation and Maintenance Account, sufficient amounts to enable the Corporation to pay from the Operation and Maintenance Account the actual, reasonable, and necessary current expenses, for the current month and the ensuing month, of operating and maintaining the housing not otherwise provided for. Current expenses may include, in addition to expenses occurring or becoming due monthly, monthly accumulations of proportionate amounts for the payment of items which may become due either annually or at irregular intervals, such as taxes and insurance and normal repair and replacement of furnishings and equipment reasonably necessary for operation of the housing. Current expenses may also include initial purchase and installation of such furnishings and equipment with any funds deposited in and transferred from the General Fund Account which are not proceeds of the loan and, unless the Government gives prior written consent, are not income or revenue from the housing.

8. Debt Service Account. Each month, immediately after the transfer to the Operation and Maintenance Account provided for in section 7, or after it is determined that no such transfer is called for, any balance remaining in the General Fund Account, or so much thereof as may be necessary, shall be transferred to the Debt Service Account until the amount in the Debt Service Account equals the amount of the next installment due on the loan. Funds in the Debt Service Account shall be used only for payments on the loan obligations while they continue and, until so used, shall be held by the Corporation in trust for the Government as security for the loan and grant obligations.

9. Reserve Account. (a) Immediately after each transfer to the Debt Service Account as provided in section 8, any balance in the General Fund Account shall be transferred to the Reserve Account. Funds in the Reserve Account may be used only as authorized in this resolution and until so used shall be held by the Corporation in trust as security for the loan and grant obligations. Transfers at a rate not less than \$ 15,740.00 2/ annually shall be made to the Reserve Account until the amount

2/ In most cases this figure should be one-tenth of the aggregate sum specified later in the sentence as the total amount of the Reserve Account.

in the Reserve Account reaches the sum of \$157,350.00; 3/ and shall be returned at any time when necessary, the sum of dollars withdrawn from the Reserve Account, to restore it to said sum. Of such sum, at least 50 percent shall be maintained on a cash basis, referred to herein as the "cash reserve." After the cash reserve reaches the required 50 percent of said sum, all or any portion of the balance of said sum may, at the option of the Corporation, consist of an amount, referred to herein as the "prepayment reserve," by which the Corporation is "ahead of schedule" as defined in the regulations of the Farmers Home Administration. Funds in the cash reserve shall be deposited in a separate bank account or accounts insured by the Federal Deposit Insurance Corporation or invested in readily marketable obligations of the United States, the earnings on which shall accrue to the Reserve Account.

(b) With the prior consent of the Government, funds in the Reserve Account may be used by the Corporation - -

- (1) To meet payments due on the loan obligations in the event the amount in the Debt Service Account is not sufficient for the purpose.
- (2) To pay costs of repairs or replacements to the housing caused by catastrophe or long-range depreciation which are not current expenses under section 7.
- (3) To make improvements or extensions to the housing.
- (4) For other purposes desired by the Corporation which in the judgment of the Government likely will promote the loan or grant purposes without jeopardizing collectibility of the loan or impairing the adequacy of the security, or will strengthen the security, or will facilitate, improve, or maintain the orderly collectibility of the loan.

(c) Any amount in the Reserve Account which exceeds the sum specified in sub-section (a), and is not agreed between the Corporation and the Government to be used for purposes authorized in subsection (b) shall be applied promptly on the loan obligations.

10. Regulatory Covenants. So long as the loan or grant obligations continue, the Corporation shall - -

3/ The amount to be inserted will usually be about 10 percent of the value of the buildings and related facilities financed wholly or partially with the loan and grant. (Revised 7-3-74 - PN 420.)

- (a) Insure and collect such fees, assessments, rents, and charges that the income of the Corporation will be sufficient at all times for operation and maintenance of the housing payments on the loan obligations, and maintenance of the accounts herein provided for.
- (b) Maintain complete books and records relating to the Corporation's financial affairs, cause such books and records to be audited at the end of each fiscal year, promptly furnish the Government without request a copy of each audit report, and permit the Government to inspect such books and records at all reasonable times.
- (c) If required or permitted by the Government, revise the accounts herein provided for, or establish new accounts, to cover handling and disposition of income from and payment of expenses attributable to the housing or to any other property securing the loan or grant obligations, and submit to the Government regular and special reports concerning the housing or the Corporation's financial affairs, including any information required by the Government regarding income of the occupants of the housing.
- (d) Unless the Government gives prior consent - -
- (1) Not use or permit use of the housing for any purpose other than as low-rent housing and related facilities for low-income domestic farm labor, as those terms are defined by the Government.
  - (2) Not enter into any contract or agreement for improvements or extensions to the housing or other property securing the loan or grant obligations.
  - (3) Not cause or permit voluntary dissolution of the Corporation, nor merge or consolidate with any other organization, nor transfer or encumber title to the housing or any part thereof or interest therein, by sale, mortgage, lease, or other conveyance or encumbrance, nor engage in any other new business, enterprise, or venture than operation of the housing.
  - (4) Not borrow any money, nor incur any liability aside from current expenses as defined in section 7.
- (e) Submit the following to the Government for prior review not less than 15 days before the effective dates, and for prior approval unless approval is waived by the Government:



- (1) Annual budgets and operating plans.
  - (2) Statements of management policy and practice including eligibility criteria and implementing rules for occupancy of the housing.
  - (3) Proposed rents and charges and other terms of rental agreements for occupancy of the housing.
  - (4) Rates of compensation to officers and employees of the Corporation payable from or chargeable to any account provided for in this resolution.
- (f) If required by the Government, modify and adjust any matters covered by clause (e) of this section.
  - (g) Comply with all its agreements and obligations in or under this resolution, the note, Grant Agreement, security instrument, and any related agreement executed by the Corporation in connection with the loan or grant.
  - (h) Not alter, amend, or repeal without the Government's consent this resolution or the bylaws or articles of incorporation of the Corporation, which shall constitute parts of the total contract between the Corporation and the Government relating to the loan and grant obligations.
  - (i) Do other things as may be required by the Government in connection with the operation of the housing, or with any of the Corporation's operations or affairs which may affect the housing, the loan or grant obligations, or the security.

11. Refinancing of Loan. If at any time it appears to the Government that the Corporation is able to obtain a loan upon reasonable terms and conditions to refinance the loan obligations then outstanding, upon request from the Government, the Corporation will apply for, take all necessary actions to obtain, and accept such refinancing loan and will use the proceeds for said purpose.

12. General Provisions.

- (a) It is understood and agreed by the Corporation that any loan or grant will be administered subject to the limitations of the authorizing act of Congress and related regulations, and that any rights granted to the Government herein or elsewhere may

be exercised by it in its sole discretion to carry out the purposes of the loan and grant, enforce such limitations, and protect the Government's financial interest in the loan and grant and the security.

- (b) The provisions of this resolution are representations of the Corporation to induce the Government to make or insure a loan or make a grant to the Corporation as aforesaid. If the Corporation should fail to comply with or perform any of its loan or grant obligations, such failure shall constitute default as fully as default in payment of amounts due on the loan obligations. In the event of default, the Government at its option may declare the entire amount of the loan and grant obligations immediately due and payable and, if such entire amount is not paid forthwith, may take possession of and operate the housing and proceed to foreclose its security and enforce all other available remedies.
- (c) Any provisions of this resolution may be waived by the Government in its sole discretion, or changed by agreement between the Government and the Corporation, after this resolution becomes contractually binding, to any extent such provisions could legally have been foregone, or agreed to in amended form, by the Government initially.
- (d) Any notice, consent, approval, waiver, or agreement must be in writing.
- (e) This resolution may be cited in the security instrument and elsewhere as the "Loan and Grant Resolution of 7-21 1976"  
(date of this resolution)

CERTIFICATE

The undersigned Harold E. Johnson, the Secretary of the corporation identified in the foregoing resolution, hereby certifies that the foregoing is a true copy of a resolution duly adopted by the board of directors on 7-21 1976, which has not been altered, amended, or repealed.

7-21-76  
(Date)

Harold E. Johnson  
(Secretary)

(SEAL)

(LABOR HOUSING LOAN AND GRANT TO A NONPROFIT CORPORATION)

LOAN AND GRANT RESOLUTION OF MARCH 13, 1991

RESOLUTION OF THE BOARD OF DIRECTORS OF Hidalgo County Housing Authority PROVIDING FOR OBTAINING FINANCIAL ASSISTANCE IN THE AMOUNT \$  
TO AID IN FINANCING FEDERALLY DEFINED LOW-RENT HOUSING AND RELATED FACILITIES FOR LOW-INCOME DOMESTIC FARM LABOR, AND RELATED MATTERS.

Whereas HIDALGO COUNTY HOUSING AUTHORITY (WESLACO PROJECT) (herein referred to as the "Corporation") is organized and operating under \_\_\_\_\_ and the board of \_\_\_\_\_ (authorizing State statute) directors of the Corporation has determined that --

- (a) The Corporation should provide low-rent housing and related facilities for low-income domestic farm labor, as defined in title V of the Housing Act of 1949.
- (b) The estimated total cash development cost of such housing and facilities amounts to \$6,022,400.
- (c) For such purpose the Corporation is able to furnish from its own resources \$ -0-.
- (d) The Corporation will need financial assistance in the amount of \$6,022,400 which the Corporation is unable to obtain from other sources for such purpose upon terms and conditions which the Corporation could reasonably be expected to fulfill.
- (e) Of such amount of needed financial assistance the Corporation will be able to repay, with interest at 1% per annum, the amount of \$2,453,250 over a repayment period of 33 years, if the balance of \$3,569,150 is made available to the Corporation as a grant.
- (f) The housing and related facilities will fulfill a pressing need in the area in which they are or will be located.
- (g) The housing and facilities cannot be provided without the aid of a grant in the amount stated above:

(10-3-79) P.1 694

7-30-07 1,389,865

4,800.00/unit

THEREFORE BE IT RESOLVED:

1 Application for Loan and Grant. The Corporation shall apply to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called "the Government") for a loan of \$2,453,250 and a grant of \$3,569,150, pursuant to Title V of the Housing Act of 1949. Such loan may be insured by the Government. The loan and the grant shall be used only for the specific eligible purposes approved by the Government, in order to provide low-rent housing and related facilities for low-income domestic farm labor. Such housing and facilities and the land constituting the site may be referred to herein as the "housing."

2 Execution of Loan and Grant Instruments. To evidence the loan the Corporation shall issue a promissory note (herein referred to as "the Note"), signed by its President and attested by its Secretary, with its corporate seal affixed thereto, for the amount of the loan, payable in installments over a period of 33 years, bearing interest at a rate not to exceed 1% percent per annum, and containing other terms and conditions prescribed by the Government. To evidence the obligations of the grant, the Corporation shall execute an instrument in the form attached hereto entitled "Labor Housing Grant Agreement" and referred to herein as the "Grant Agreement," evidencing terms and conditions upon which the grant is made by the Government and the obligations of the Corporation with respect thereto. To secure the note and/or all other obligations and agreements of the Corporation with respect to the loan and the grant, as required by the Government, the President and the Secretary are hereby authorized to execute a security instrument giving a lien upon or security interest in the housing and such other property as the Government shall require, including an assignment of or security interest in the rents and profits as collateral security to be enforceable in the event of any default by the Corporation. The President and the Secretary are further authorized to execute any other security and other instruments, agreements, and documents required by the Government for the loan or grant. The indebtedness and other obligations of the Corporation under the note, Grant Agreement, this resolution, the security instrument, and any other instruments and agreements related to the loan or grant are herein called the "loan and grant obligations."

3 Equal Employment Opportunity under Construction Contracts and Nondiscrimination in the Use of Occupancy and Housing and in Any Other Benefits of the Loan or Grant. The President and the Secretary are hereby authorized and directed to execute on behalf of the Corporation (a) any undertakings and agreements

required by the Government regarding nondiscrimination in the use and occupancy of housing, (b) Farmers Home Administration Form FmHA 400-1; "Equal Opportunity Agreement," involving an Equal Opportunity Clause to be incorporated in or attached as a rider to each construction contract which exceeds \$10,000 in amount and is paid for in whole or in part with loan or grant funds, and (c) Farmers Home Administration Form FmHA 400-4, "Nondiscrimination Agreement (Under Title VI, Civil Rights Act of 1964)," a copy of which is attached hereto and made a part hereof.

4 Supervised Bank Account. The proceeds of the loan and grant and the amount of \$ -0- to be contributed by the Corporation from its own funds and used for approved eligible purposes shall be deposited in a "supervised bank account" as required by the Government. 1/ Amounts in the supervised bank account exceeding \$100,000 shall be secured by the financial institution in advance in accordance with U. S. Treasury Department Circular No. 176. As provided by the terms of the agreement creating the supervised bank account, all funds therein shall, until duly expended, collaterally secure the loan and grant obligations. Withdrawals from the supervised bank account by the Corporation shall be made only on checks signed by the Chairman of the Board or Executive Director of the Corporation and countersigned by the County Supervisor or other authorized official of the Farmers Home Administration, and only for the specific eligible purposes approved in writing by the Government. The Corporation's share of any liquidated damages or other monies paid by defaulting contractors of their sureties shall be deposited in the supervised bank account to assure completion of the project. When all approved items eligible for payment with loan or grant funds are paid in full, any balance remaining in the supervised bank account shall be treated as a refund of loan and grant funds in the same ratio as that between the amounts of the loan and grant, and the supervised bank account shall be closed. (Revised 7-6-81, SPECIAL PN.)

5 Accounts for Housing Operations and Loan Servicing. The Corporation shall establish on its books the following accounts, which shall be maintained so long as the loan or grant obligations continue: A General Fund Account, an Operation and Maintenance Account, a Debt Service Account, and a Reserve Account. Funds in said accounts shall be deposited in a bank or banks insured by the Federal Deposit Insurance Corporation, except for any portion invested in readily marketable obligations of the United States as authorized by section 9. The Treasurer of the Corporation shall execute a fidelity bond, with a surety company approved by the Government, in an amount not less than the estimated maximum amount of such funds to be held in said accounts at any one time. The United States of America shall be named as co-obligee, and the amount of the bond shall not be reduced without the prior written consent of the Government. The Corporation in its discretion may at any time establish and utilize additional accounts to handle any funds not covered by the provisions of this resolution.

1/ Only loan or grant funds, and borrower's funds to be used for an eligible loan or grant purpose, may be deposited in the supervised bank account.

6 General Fund Account. By the time the loan and grant are closed the Corporation shall from its own funds deposit in the General Fund Account the amount of \$ \_\_\_\_\_. All income and revenue from the housing shall upon receipt be immediately deposited in the General Fund Account. The Corporation may also in its discretion at any time deposit therein other funds, not otherwise provided for by this resolution, to be used for any of the purposes authorized in section 7, 8, or 9. Funds in the General Fund Account shall be used only as authorized in said sections and, until so used, shall be held by the Corporation in trust for the Government as security for the loan and grant obligations.

7 Operation and Maintenance Account. Not later than the 15th of each month, out of the General Fund Account shall be transferred to the Operation and Maintenance Account, sufficient amounts to enable the Corporation to pay from the Operation and Maintenance Account the actual, reasonable, and necessary current expenses, for the current month and the ensuing month, of operating and maintaining the housing not otherwise provided for. Current expenses may include, in addition to expenses occurring or becoming due monthly, monthly accumulations of proportionate amounts for the payment of items which may become due either annually or at irregular intervals, such as taxes and insurance and normal repair and replacement of furnishings and equipment reasonably necessary for operation of the housing. Current expenses may also include initial purchase and installation of such furnishings and equipment with any funds deposited in and transferred from the General Fund Account which are not proceeds of the loan and, unless the Government gives prior written consent, are not income or revenue from the housing.

8 Debt Service Account. Each month, immediately after the transfer to the Operation and Maintenance Account provided for in section 7, or after it is determined that no such transfer is called for, any balance remaining in the General Fund Account, or so much thereof as may be necessary, shall be transferred to the Debt Service Account until the amount in the Debt Service Account equals the amount of the next installment due on the loan. Funds in the Debt Service Account shall be used only for payments on the loan obligations while they continue and, until so used, shall be held by the Corporation in trust for the Government as security for the loan and grant obligations.

9 Reserve Account. (a) Immediately after each transfer to the Debt Service Account as provided in section 8, any balance in the General Fund Account shall be transferred to the Reserve Account. Funds in the Reserve Account may be used only as authorized in this resolution and until so used shall be held by the Corporation in trust as security for the loan and grant obligations. Transfers at a rate not less than \$48,925 \_\_\_\_\_ 2/ annually shall be made to the Reserve Account until the amount

2/ In most cases this figure should be one-tenth of the aggregate sum specified later in the sentence as the total amount of the Reserve Account.

in the Reserve Account reaches the sum of \$489,250 <sup>3/</sup> and shall be resumed at any time when necessary, because of disbursements from the Reserve Account, to restore it to said sum. Of such sum, at least 50 percent shall be maintained on a cash basis, referred to herein as the "cash reserve." After the cash reserve reaches the required 50 percent of said sum, all or any portion of the balance of said sum may, at the option of the Corporation, consist of an amount, referred to herein as the "prepayment reserve," by which the Corporation is "ahead of schedule" as defined in the regulations of the Farmers Home Administration. Funds in the cash reserve shall be deposited in a separate bank account or accounts insured by the Federal Deposit Insurance Corporation or invested in readily marketable obligations of the United States, the earnings on which shall accrue to the Reserve Account.

- (b) With the prior consent of the Government, funds in the Reserve Account may be used by the Corporation - -
- (1) To meet payments due on the loan obligations in the event the amount in the Debt Service Account is not sufficient for the purpose.
  - (2) To pay costs of repairs or replacements to the housing caused by catastrophe or long-range depreciation which are not current expenses under section 7.
  - (3) To make improvements or extensions to the housing.
  - (4) For other purposes desired by the Corporation which in the judgment of the Government likely will promote the loan or grant purposes without jeopardizing collectibility of the loan or impairing the adequacy of the security, or will strengthen the security, or will facilitate, improve, or maintain the orderly collectibility of the loan.
- (c) Any amount in the Reserve Account which exceeds the sum specified in sub-section (a), and is not agreed between the Corporation and the Government to be used for purposes authorized in subsection (b) shall be applied promptly on the loan obligations.

10. Regulatory Covenants. So long as the loan or grant obligations continue, the Corporation shall - -

- <sup>3/</sup> The amount to be inserted will usually be about 10 percent of the value of the buildings and related facilities financed wholly or partially with the loan and grant.

- (a) Impose and collect such fees, assessments, rents, and charges that the income of the Corporation will be sufficient at all times for operation and maintenance of the housing payments on the loan obligations, and maintenance of the accounts herein provided for.
- (b) Maintain complete books and records relating to the Corporation's financial affairs, cause such books and records to be audited at the end of each fiscal year, promptly furnish the Government without request a copy of each audit report, and permit the Government to inspect such books and records at all reasonable times.
- (c) If required or permitted by the Government, revise the accounts herein provided for, or establish new accounts, to cover handling and disposition of income from and payment of expenses attributable to the housing or to any other property securing the loan or grant obligations, and submit to the Government regular and special reports concerning the housing or the Corporation's financial affairs, including any information required by the Government regarding income of the occupants of the housing.
- (d) Unless the Government gives prior consent - -
  - (1) Not use or permit use of the housing for any purpose other than as low-rent housing and related facilities for low-income domestic farm labor, as those terms are defined by the Government.
  - (2) Not enter into any contract or agreement for improvements or extensions to the housing or other property securing the loan or grant obligations.
  - (3) Not cause or permit voluntary dissolution of the Corporation, nor merge or consolidate with any other organization, nor transfer or encumber title to the housing or any part thereof or interest therein, by sale, mortgage, lease, or other conveyance or encumbrance, nor engage in any other new business, enterprise, or venture than operation of the housing.
  - (4) Not borrow any money, nor incur any liability aside from current expenses as defined in Section 7.
- (e) Submit the following to the Government for prior review not less than 45 days before the effective dates:



- (1) Annual budgets and operating plans.
  - (2) Statements of management policy and practice including eligibility criteria and implementing rules for occupancy of the housing.
  - (3) Proposed rents and charges and other terms of rental agreements for occupancy of the housing.
  - (4) Rates of compensation to officers and employees of the Corporation payable from or chargeable to any account provided for in this resolution.
- (f) If required by the Government, modify and adjust any matters covered by clause (e) of this section.
- (g) Comply with all its agreements and obligations in or under this resolution, the note, Grant Agreement, security instrument, and any related agreement executed by the Corporation in connection with the loan or grant.
- (h) Not alter, amend, or repeal without the Government's consent this resolution or the bylaws or articles of incorporation of the Corporation, which shall constitute parts of the total contract between the Corporation and the Government relating to the loan and grant obligations.
- (i) Do other things as may be required by the Government in connection with the operation of the housing, or with any of the Corporation's operations or affairs which may affect the housing, the loan or grant obligations, or the security.

11 Refinancing of Loan. If at any time it appears to the Government that the Corporation is able to obtain a loan upon reasonable terms and conditions to refinance the loan obligations then outstanding, upon request from the Government, the Corporation will apply for, take all necessary actions to obtain, and accept such refinancing loan and will use the proceeds for said purpose.

12 General Provisions.

- (a) It is understood and agreed by the Corporation that any loan or grant will be administered subject to the limitations of the authorizing act of Congress and related regulations, and that any rights granted to the Government herein or elsewhere may be exercised by it in its sole

discretion to carry out the purposes of the loan and grant, enforce such limitations, and protect the Government's financial interest in the loan and grant and the security.

- (b) The provisions of this resolution are representations of the Corporation to induce the Government to make or insure a loan or make a grant to the Corporation as aforesaid. If the Corporation should fail to comply with or perform any of its loan or grant obligations, such failure shall constitute default as fully as default in payment of amounts due on the loan obligations. In the event of default, the Government at its option may declare the entire amount of the loan and grant obligations immediately due and payable and, if such entire amount is not paid forthwith, may take possession of and operate the housing and proceed to foreclose its security and enforce all other available remedies.
- (c) Upon request by the Government the corporation will permit representatives of the Government to inspect and make copies of any of the records of the corporation pertaining to the financial assistance. Such inspection and copying may be made during regular office hours of the corporation, or any other time the corporation and the Government finds convenient.
- (d) Any provisions of this resolution may be waived by the Government in its sole discretion, or changed by agreement between the Government and the Corporation, after this resolution becomes contractually binding, to any extent such provisions could legally have been foregone, or agreed to in amended form, by the Government initially.
- (e) Any notice, consent, approval, waiver, or agreement must be in writing.
- (f) This resolution may be cited in the security instrument and elsewhere as the "Loan and Grant Resolution of MARCH 13, 1991."

(date of this resolution)

CERTIFICATE

The undersigned, VICTOR M. ALONZO, the Secretary of the corporation identified in the foregoing resolution, hereby certifies that the foregoing is a true copy of a resolution duly adopted by the board of directors on MARCH 13, 1991, which has not been altered, amended, or repealed.

March 13, 1991

(Date)

*Victor M. Alonzo*  
(Secretary)

(SEAL)

o o o

08206

Lincoln Terrace

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Action for 2008 Competitive Housing Tax Credit (HTC) Appeals.

**Requested Action**

Approve, Deny or Approve with Amendments a determination on the appeal for Lincoln Terrace.

**Background and Recommendations**

**Lincoln Terrace - 08206**

In the last legislative session, the definition of a Rehabilitation Development was changed by the State Legislature to include reconstruction. On February 29, 2008, an application proposing Rehabilitation with reconstruction of an existing development was submitted for the above-referenced development. Pursuant to §50.9(h)(6)(E) of the 2008 Qualified Allocation Plan and Rules (QAP), Rehabilitation Developments must submit a Property Condition Assessment (PCA). The requirement of a PCA for reconstruction was discussed during the drafting of the 2008 QAP and the Board determined a PCA to be beneficial for the Department's evaluation of the need to rehabilitate or reconstruct a proposed development. §50.9(h)(14)(G)(ii) of the QAP required the PCA to be submitted to the Department by 5:00 p.m. on April 1, 2008. The Department did not and, as of the date of publication of the Board material, has not received a PCA.

The applicant is appealing their ineligibility based on prior years' application and Qualified Allocation Plan requirements. They do not believe that a PCA is necessary for buildings that are going to be completely demolished and rebuilt.

Staff maintains that the Board's PCA requirement under the QAP is necessary to determine the most efficient use of the State's limited resource of housing tax credits and to determine the possible alternative cost of rehabilitation.

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

Applicant:	Lincoln Terrace, LP, a Texas limited partnership
Site Location:	4714 Horne Street
City/County:	Fort Worth/Tarrant
Regional Allocation Category:	Urban
Set-Aside:	At Risk

Population Served:	General
Region:	3
Type of Development:	Rehabilitation
Units:	72
Credits Requested:	\$663,595

**Staff Recommendation:** The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal.



**08206**

**Lincoln Terraces**

**Board Appeal**

## Carleton Residential Properties

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April 8, 2008

5485 Belt Line Road  
Suite 300  
Dallas, Texas 75254

(972) 980-9810  
(972) 980-1559 Fax

Sharon Gamble  
Multifamily Program Administrator  
Texas Dept. of Housing & Comm. Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

VIA E-mail: [Sharon.gamble@tdhca.state.tx.us](mailto:Sharon.gamble@tdhca.state.tx.us)

RE: Lincoln Terrace, TDHCA Number 08206

Dear Ms. Gamble:

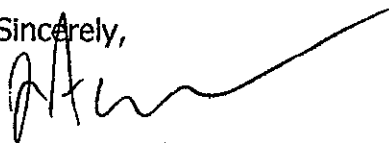
We are in receipt of your letter dated April 2, 2008 regarding the above referenced project. Please note our response to your inquiry below:

*Threshold:* The Department did not receive the Property Condition Assessment (PCA) for this application. Per Section 50.9(h)(6)(E) of the 2008 Qualified Allocation Plan and Rules (QAP), Rehabilitation Developments must submit a PCA. Per Section 50.9(h)(14)(G) of the QAP, Supplemental Threshold Reports, "the entire exhibit must be submitted on or before 5:00 CST, April 1, 2008. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration."

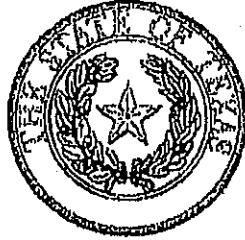
*Response:* Based on prior year applications and QAP's, we did not believe that a PCA was a requirement for a reconstruction project. We believe that this was an unintended consequence on the addition of the Reconstruction definition to the Rehabilitation definition in the 2008 QAP. We do not believe that our application should be terminated based our failure to provide a report showing the condition of building that are going to be completely demolished and rebuilt.

If you have any questions please contact me at (972) 980-9810 ext. 104 or [jfulenchek@carletonrp.com](mailto:jfulenchek@carletonrp.com)

Sincerely,



Jeff Fulenchek



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**2008 HOUSING TAX CREDIT APPEAL ELECTION FORM**

This form, submitted with my appeal to the Executive Director, is to notify the Department that I am filing a formal appeal to the Executive Director for processing.

If my appeal is denied by the Executive Director, I: (check one)

Do wish to appeal to the Board of Directors and request that my application be added to the May 8, 2008 Board of Directors meeting agenda. My appeal documentation, which identifies my specific grounds for appeal, is attached. I understand that my Board appeal documentation must still be submitted by 5:00 p.m. Monday, April 28, 2008 to be placed in the May 8, 2008 Board materials. If no documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Do not wish to appeal to the Board of Directors.

Development Name:	Lincoln Terrace
Development Address:	4714 Horne Street, Fort Worth, TX 76107
Signer's Name	Barbara Holston
Signer's Title:	Secretary of general partner
Date:	04/16/08

Signed:

Barbara Holston





**08206**

**Lincoln Terraces**

**Executive Director Response**



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
C. Kent Conine, *Chair*  
Leslie Bingham Escareño  
Tomas Cardenas, P.E.  
Sonny Flores  
Juan S. Muñoz, Ph.D.  
Gloria Ray

April 22, 2008

Ms. Barbara Holston  
Lincoln Terrace, LP  
1201 East 13<sup>th</sup> Street  
Fort Worth, Texas 76102  
Telephone: (817) 333-3401  
Facsimile: (817) 333-4830

**Re: Appeal Received for Lincoln Terrace, TDHCA #08206**

Dear Ms. Holston:

### Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that was received on March 27, 2008, regarding your request that your application be reconsidered for participation in the 2008 Competitive Housing Tax Credit cycle under §50.9(h) of the 2008 Qualified Allocation Plan and Rules ("QAP"), Threshold Criteria.

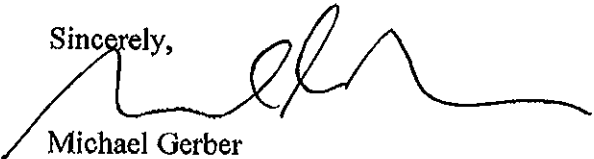
In your response to the April 2, 2008 Deficiency Notice, you stated that you believed the Property Condition Assessment Report was not required for your Application based on previous years' Applications and QAP editions which did not require the report for an Application that proposed reconstruction. As you know, in the 2008 QAP, reconstruction is included in the definition of Rehabilitation, and the QAP requires a Property Condition Assessment Report for any Application proposing Rehabilitation. There is no exception to this requirement for proposed Rehabilitation including reconstruction in the 2008 QAP.

### Appeal Determination

Your appeal is denied.

Pursuant to §50.17(b)(4) of the 2008 QAP, an appeal has been filed with the Board and will be considered by the Board at the May 8, 2008 Board meeting. It is requested that you submit Board appeal documentation by 5:00 p.m. CST on April 28, 2008, but the documentation **must** be submitted by 5:00 p.m. CST on May 1, 2008 to be placed with the May 8, 2008 Board materials. If no documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Sincerely,

  
Michael Gerber  
Executive Director



**08206**

**Lincoln Terraces**

**Executive Director Appeal**

## Carleton Residential Properties

---

April 8, 2008

5485 Belt Line Road  
Suite 300  
Dallas, Texas 75254

(972) 980-9810  
(972) 980-1559 Fax

Sharon Gamble  
Multifamily Program Administrator  
Texas Dept. of Housing & Comm. Affairs  
P.O. Box 13941  
Austin, Texas 78711-3941

VIA E-mail: [Sharon.gamble@tdhca.state.tx.us](mailto:Sharon.gamble@tdhca.state.tx.us)

RE: Lincoln Terrace, TDHCA Number 08206

Dear Ms. Gamble:

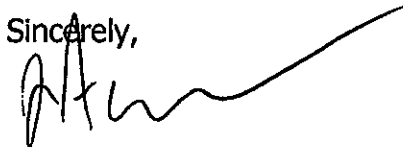
We are in receipt of your letter dated April 2, 2008 regarding the above referenced project. Please note our response to your inquiry below:

**Threshold:** The Department did not receive the Property Condition Assessment (PCA) for this application. Per Section 50.9(h)(6)(E) of the 2008 Qualified Allocation Plan and Rules (QAP), Rehabilitation Developments must submit a PCA. Per Section 50.9(h)(14)(G) of the QAP, Supplemental Threshold Reports, "the entire exhibit must be submitted on or before 5:00 CST, April 1, 2008. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration."

**Response:** Based on prior year applications and QAP's, we did not believe that a PCA was a requirement for a reconstruction project. We believe that this was an unintended consequence on the addition of the Reconstruction definition to the Rehabilitation definition in the 2008 QAP. We do not believe that our application should be terminated based our failure to provide a report showing the condition of building that are going to be completely demolished and rebuilt.

If you have any questions please contact me at (972) 980-9810 ext. 104 or [jfulenchek@carletonrp.com](mailto:jfulenchek@carletonrp.com)

Sincerely,



Jeff Fulenchek



**08206**

**Lincoln Terraces**

**Staff Termination**



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

April 14, 2008

Ms. Barbara Holston  
Lincoln Terrace, LP  
1201 East 13<sup>th</sup> Street  
Fort Worth, Texas 76102  
Telephone: (817) 333-3401  
Facsimile: (817) 332-4830

**Re: Lincoln Terrace, TDHCA #08206**

Dear Ms. Holston:

On February 29, 2008 you submitted a Housing Tax Credit application for the above-referenced development to the Texas Department of Housing and Community Affairs (the "Department"). It has been determined that this application has not met the minimum threshold requirements under §50.9(h)(14)(G) of the 2008 Qualified Allocation Plan ("QAP") for the reasons stated below.

Pursuant to the 2008 QAP, §50.9(h)(14), Supplemental Threshold Reports,

"All Applications must include documents under subparagraphs (A) and (B) of this paragraph. If required under paragraph (6) of this subsection, a Property Condition Assessment as described in subparagraph (C) of this paragraph must be submitted. If required under paragraph (7) or (12) of this subsection, an appraisal as described in subparagraph (D) of this paragraph must be submitted. §50.9(h)(14)(G) states that "The requirements for each of the reports identified in subparagraphs (A) - (C) of this paragraph can be satisfied in either of the methods identified in clause (i) or (ii) of this subparagraph and meet the requirements of clause (iii) of this subparagraph.

(i) Upon Application submission, the documentation for each of these exhibits may be submitted in its entirety; or

(ii) Upon Application submission, the Applicant may provide evidence in the form of an executed engagement letter with the party performing each of the individual reports that the required exhibit has been commissioned to be performed and that the delivery date will be no later than April 1, 2008. In addition to the submission of the engagement letter with the Application, a map must be provided that reflects the Qualified Market Analyst's intended market area. Subsequently, the entire exhibit must be submitted on or before 5:00 p.m. CST, April 1, 2008. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration.

All submissions must meet the requirements stated in subparagraphs (E) - (G) of this paragraph."

A Property Condition Assessment report was not submitted on or before 5:00 p.m. CST on April 1, 2008.

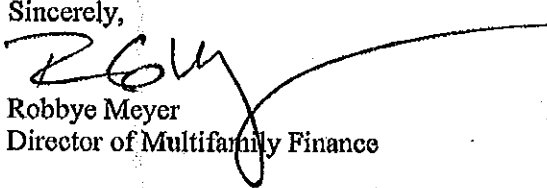
Ms. Holston  
April 14, 2008  
Page 2 of 2

For this reason, the application is terminated.

If you would like to appeal the Department's determination that the Application has not met the minimum threshold requirements, an Appeals Policy does exist for the Housing Tax Credit Program. The restrictions and requirements relating to the filing of an appeal can be found in §50.17(b) of the 2008 QAP. If you choose to appeal this determination, you must first submit an appeal to the Executive Director no later than 5:00 pm on **April 17, 2008**. In the event an appeal is denied by the Executive Director, you may appeal directly in writing to the Board, provided that an appeal filed with the Board is received by **May 1, 2008**, although it is strongly encouraged that you submit the appeal no later than 5:00 pm on **April 24, 2008**.

If you have any questions, please do not hesitate to contact Sharon Gamble at 512-475-4610 or [sharon.gamble@tdhca.state.tx.us](mailto:sharon.gamble@tdhca.state.tx.us).

Sincerely,

  
Robbye Meyer  
Director of Multifamily Finance



**Texas Department of Housing and Community Affairs  
Housing Tax Credit Program  
2008 Application Deficiency Notice**

Deficiency Notice Date: April 02, 2008

**THIS NOTICE WILL ONLY BE  
TRANSMITTED VIA FACSIMILE OR EMAIL**

Primary Contact:

Contact Name: Barbara Holston  
Contact Phone: (817) 333-3401  
Contact Fax: (817) 332-4830  
Contact E-Mail: barbara@ftwha.org

Second Contact:

Second Contact: Jeff Fulenchek  
Second Phone: (972) 980-9810  
Second Fax: (972) 980-1559  
Second E-Mail: [jfulenchek@carletonrp.com](mailto:jfulenchek@carletonrp.com)

**Regarding: TDHCA Number 08206, Lincoln Terrace**

In the course of the Department's review of the above referenced application documentation, an Administrative Deficiency, as defined in §50.3(2) of the 2008 Qualified Allocation Plan and Rules, has been identified. An Administrative Deficiency is defined as: "The absence of information or inconsistent information in the Application as is required under §50.5, §50.6, §50.8 and §50.9 of this title, unless determined by the Department as unable to be corrected." By this notice, the Department is requesting documentation to correct the following deficiency or deficiencies:

I. The following Administrative Deficiencies were found in your Threshold Criteria documentation. Threshold Administrative Deficiencies will be handled as described below.

**Threshold:** The Department did not receive the Property Condition Assessment (PCA) for this Application. Per Section 50.9(h)(6)(E) of the 2008 Qualified Allocation Plan and Rules (QAP), Rehabilitation Developments must submit a PCA. Per Section 50.9(h)(14)(G) of the QAP, Supplemental Threshold Reports, "the entire exhibit must be submitted on or before 5:00 pm CST, April 1, 2008. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration."

To avoid termination of your Application, submit evidence that the PCA was delivered to the Department on or before 5:00 pm CST, April 1, 2008.

II. The following Administrative Deficiencies were found in your Selection Criteria documentation. Selection Administrative Deficiencies will be handled as described below.

**Selection:**

Pursuant to §50.9(d)(4), "if Administrative Deficiencies are not clarified or corrected to the satisfaction of the Department by 5:00 p.m. CST on the fifth business day following the date of the deficiency notice, then for competitive Applications under the State Housing Credit Ceiling, five points shall be deducted from the Selection Criteria score for each additional day the deficiency remains unresolved. If Administrative Deficiencies are not clarified or corrected by 5:00 p.m. CST on the seventh business day following the date of the deficiency notice, then the Application shall be terminated. The time period for responding to a deficiency notice begins at the start of the next business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. This Administrative Deficiency process applies to requests for information made by the Real Estate Analysis Division review." The Department must receive the requested documentation by 5:00 p.m. CST or the documentation will be deemed to have been received the following business day.





**Texas Department of Housing and Community Affairs  
Housing Tax Credit Program  
2008 Application Deficiency Notice**

All documentation should be submitted as a whole and be directed to the attention of the staff member issuing the notice at:

Multifamily Finance Division

Via U.S. Mail: P.O. Box 13941, Austin, Texas 78711-3941.

Via express delivery/private courier: 221 East 11th, Austin, TX 78701.

Only documents less than ten (10) pages in length may be faxed to: (512) 475-1895. You may also send scanned documents by email to the staff member issuing the notice. Due to some scanned files being too large to be received through the Department's email server, it is strongly recommended that you send a follow-up email requesting confirmation of the receipt of the documents sent.

Sincerely,

Sharon Gamble

Multifamily Program Administrator

Phone Number: (512) 475-4610

Email: [sharon.gamble@tdhca.state.tx.us](mailto:sharon.gamble@tdhca.state.tx.us)

08248

Champion Townhomes  
at La Joya

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Action for 2008 Competitive Housing Tax Credit (HTC) Appeals.

**Requested Action**

Approve, Deny or Approve with Amendments a determination on the appeal for Champion Townhomes at La Joya.

**Background and Recommendations**

**Champion Townhomes at La Joya - 08248**

On February 29, 2008, an application was submitted for the above-referenced development. Pursuant to §50.9(h)(14)(A-B) of the 2008 Qualified Allocation Plan and Rules (QAP), all Applications must include a Phase I Environmental Site Assessment (ESA) and a Comprehensive Market Study. In §50.9(h)(14)(G)(ii), the QAP states, “the entire exhibit must be submitted on or before 5:00 p.m. CST, April 1, 2008. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration.” A Phase I Environmental Site Assessment (ESA) report, as required by §509(h)(14)(A), was not submitted on or before 5:00 p.m. CST on April 1, 2008. .

The applicant is appealing their ineligibility based on the assertion that a previous decision by the TDHCA Board concerning an application in the 2007 Competitive Housing Tax Credit Round set a precedent that allows for this application to remain active. The circumstances of the previous appeal are distinguishable from the failure of this applicant to submit the ESA report. The previous application had contracted to purchase a larger partial of land than was needed for the proposed development. The applicant only had the ESA completed for the acres on which development would be built. It was determined after the fact that the proposed acres were in the floodplain and the application proposed to relocate the development to the other half of the site. Staff terminated the application at that time because the ESA was not completed on the partial of land that the site was being proposed. The Board reinstated the application with the assumption that an ESA on the proposed partial would be similar to the ESA already submitted since the partials of land were adjacent.

The Board and staff make every attempt to be consistent, but decisions made by the TDHCA Board are made on a case-by-case basis on particular fact patterns and do not set precedent for future decisions, as the Board is not a court of law. The facts are not the same and a prior decision does not require the Board to allow an Applicant to disregard a future required deadline. The QAP is explicit in the requirement that the report was due on or before 5:00 p.m. CST, April

1, 2008. The Department did not receive the Phase I Environmental Site Assessment until April 3, 2008.

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

Applicant:	Chicory Court I, L.P. a Texas limited partnership
Site Location:	SW Corner of Alex and Highway 77/83
City/County:	La Joya/Hidalgo
Regional Allocation Category:	Rural
Set-Aside:	None
Population Served:	General
Region:	11
Type of Development:	New Construction
Units:	80
Credits Requested:	\$955,000

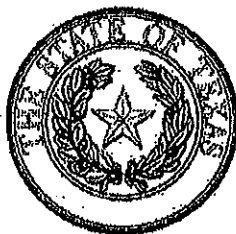
**Staff Recommendation:** The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal.



**08248**

**Champion Homes of  
La Joya**

**Board Appeal**



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**2008 HOUSING TAX CREDIT APPEAL ELECTION FORM**

This form, submitted with my appeal to the Executive Director, is to notify the Department that I am filing a formal appeal to the Executive Director for processing.

If my appeal is denied by the Executive Director, I: (check one)

Do wish to appeal to the Board of Directors and request that my application be added to the May 8, 2008 Board of Directors meeting agenda. My appeal documentation, which identifies my specific grounds for appeal, is attached. I understand that my Board appeal documentation must still be submitted by 5:00 p.m. Monday, April 28, 2008 to be placed in the May 8, 2008 Board materials. If no documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Do not wish to appeal to the Board of Directors.

Development Name:	Champion Townhomes at La Joya
Development Address:	10100 DATIVE BVD U.S. Hwy 83, LA JOYA
Signer's Name	Saleem Jafar
Signer's Title:	President of the G.P.
Date:	4/16/08

Signed:

A large, stylized handwritten signature in black ink, written over a horizontal line.

**08248**

**Champion Homes of  
La Joya**

**Executive Director Response**



# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
C. Kent Conine, *Chair*  
Leslie Bingham-Escareño  
Tomas Cardenas, P.E.  
Sonny Flores  
Juan S. Muñoz, Ph.D.  
Gloria Ray

April 23, 2008

Mr. Saleem Jafar  
Odyssey Residential Holdings, L.P.  
Tow Lincoln Centre  
5420 LBJ Freeway, Suite 1235  
Dallas, Texas 75240  
Telephone: (972) 701-5551  
Facsimile: (972) 701-5562

**Re: Appeal Received for Champion Townhomes at La Joya, TDHCA #08248**

Dear Mr. Jafar:

### Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that was received on April 16, 2008, regarding your request that your application be reconsidered for participation in the 2008 Competitive Housing Tax Credit cycle under §50.9(h) of the 2008 Qualified Allocation Plan and Rules ("QAP"), Threshold Criteria.


The Board's December 2007 decision set no precedent and has no bearing on the requirement that a Phase I Environmental Site Assessment (ESA) report for the Application must have been submitted on or before 5:00 p.m. CST on April 1, 2008.

### Appeal Determination

Your appeal is denied.

Pursuant to §50.17(b)(4) of the 2008 QAP, an appeal has been filed with the Board and will be considered by the Board at the May 8, 2008 Board meeting. It is requested that you submit Board appeal documentation by 5:00 p.m. CST on April 28, 2008, but the documentation **must** be submitted by 5:00 p.m. CST on May 1, 2008 to be placed with the May 8, 2008 Board materials. If no documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Sincerely,

  
Michael Gerber  
Executive Director





**08248**

**Champion Homes of  
La Joya**

**Executive Director Appeal**

**ODYSSEY RESIDENTIAL HOLDINGS, L.P.**  
**5420 LBJ FREEWAY, SUITE 1235**  
**TWO LINCOLN CENTRE**  
**DALLAS, TX 75240**  
**972-701-5551**  
**972-701-5562 FAX**

Ms. Robbye Meyer and Mr. Mike Gerber  
Multifamily Housing Production  
TDHCA  
221 East 11<sup>th</sup> Street  
Insurance Building Annex  
Austin, TX 78701

April 16, 2008

RE: Champion Town Homes at La Joya, TDHCA #08-248; appeal of the termination

Dear Ms. Meyer and Mr. Gerber:

Pursuant to the provisions in the QAP, Chicory Court I, L.P. is making this appeal to the Executive Director regarding issue(s) contained in the termination letter dated, April 14, 2008, including but not limited to the e-mail response to the notice of deficiency.

Specifically, the Phase One environmental report for the entire site was late by two business days through no fault of the applicant. The phase one is complete and compliant with the QAP and REA rules and covers the entire development site. The applicant is asking the department, pursuant to the precedent set in December 2007 with the Casa Alton development in this same Region, region 11, to leave us on the award eligible list in the region. We will only be eligible for an award if there are no other projects in that region to use the funds.

For the record, the transcript from the December 2007, TDHCA board meeting quotes the program manager informing the board that the Phase One submitted by Casa Alton did not cover the entire site, a threshold failure in the 2007 and 2008 QAP's. In addition, the lateness for submission of a conforming Phase One was eight months tardy. Not only was a waiver granted by the board for the tardy and non compliant phase one but the project was then funded from wait list credits. We are asking for equal treatment so the board may consider the project for funding in Region 11 if circumstances permit that opportunity during the funding cycle to December 31, 2008.

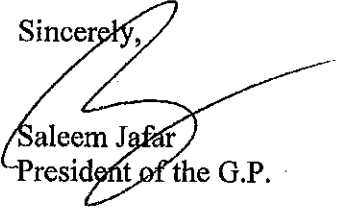
We believe it will be an important option for the board given the limited number of applications this year in region 11. The limited amount of housing tax credit capital at financially feasible pricing and the likelihood that tax credits awarded in 2007 will be returned due to the credit crisis and major shift in the HTC equity market. Several of the applications in front of this application, #08-248, rely on tax credit prices for feasibility that cannot be realized in the market today.

Page Two  
Champion Townhomes at La Joya Appeal  
April 16, 2008

We respectfully request the Executive Director grant our appeal and instruct staff to use the completed Phase one to complete the underwriting report and make a recommendation of an amount of tax credits for the development. If the appeal is denied, we respectfully request the appeal be placed on the next applicable Board agenda for consideration by the TDHCA board.

Your attention to this matter is appreciated.

Sincerely,



Saleem Jafar  
President of the G.P.

CC: J.J. Garza, LJHA

**08248**

**Champion Homes of  
La Joya**

**Staff Termination**

Relevant Transcript Section  
from the  
December 7, 2007  
TDHCA Board Meeting

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

Capitol Extension  
Room E1.028  
1500 N. Congress  
Austin, Texas

9:30 a.m.  
Thursday,  
December 20, 2007

BOARD MEMBERS:

ELIZABETH ANDERSON, Chairman  
KENT CONINE, Vice Chairman  
SHADRICK BOGANY, Member  
NORBERTO SALINAS, Member  
GLORIA RAY, Member  
SONNY FLORES, Member

STAFF:

MICHAEL GERBER, Executive Director

INDEX

<u>AGENDA ITEM</u>	<u>PAGE</u>
CALL TO ORDER, ROLL CALL CERTIFICATION OF QUORUM	7
PUBLIC COMMENT	8
CONSENT AGENDA	21
Item 1: Approval of the following items presented in the Board materials:	
General Administration:	
a) Minutes of the Board Meeting of October 11, 2007	
b) Minutes of the Board meeting of November 8, 2007	
Multifamily Finance:	
c) Housing Tax Credit Interagency Contract with Office of Rural Community Affairs	
d) Presentation, Discussion and Possible Action for the Inducement Resolution Declaring Intent to Issue Multifamily Housing Mortgage Revenue Bonds for Developments Throughout the State of Texas and Authorizing the Filing of Related Applications for the Allocation of Private Activity Bonds with the Texas Bond Review Board for Program Year 2008 and Applications for Carryforward of Private Activity Bonds for the 2007 Program year, Resolution No. 08-005	
HOME:	
e) Presentation, Discussion and Possible Approval of HOME Homebuyer Assistance Program NOFA	
f) Presentation, Discussion and Possible Approval of HOME Tenant-Based Rental Assistance Program NOFA	

- g) Presentation, Discussion and Possible Approval of Revisions to HOME Rental Housing Development and Community Housing Development Organization (CHDO) NOFAs to be updated with adopted HOME Program Rule changes
- h) Presentation, Discussion and Possible Approval of Revisions to Housing Trust Fund Rental Production Program NOFA to be updated with adopted Housing Trust Fund Program Rule changes
- l) Presentation, Discussion and Possible Approval of the selection of an outside management firm to oversee the production of approximately three housing units in response to the Housing Trust Fund Texas Grow Home Demonstration Program Request for Proposals (RFP) issued October 15, 2007

Housing Resource Center:

- j) Presentation, Discussion and Possible Approval of the 2008 State of Texas Consolidated Plan: One-Year Action Plan
- k) Presentation, Discussion and Possible Approval of the 2008 State of Texas Low Income Housing Plan and Annual Report (Draft for Public Comment)

Community Affairs:

- l) Presentation, Discussion and Possible Approval of the 2008 CEAP Awards
- m) Presentation, Discussion and Possible Approval of Balance of State Homeless Continuum of Care (BoS CoC) Request for Proposals funded with General Revenue funds
- n) Presentation, Discussion and Possible Approval for Allocation of 2008 Community Services Block Grant (CSBG) funds

Disaster Recovery:



- o) Presentation, Discussion and Possible Approval of Requests for Amendments to CDBG Disaster Recovery contracts administered by the Office of Rural Community Affairs (ORCA) for CDBG Round 2 funding
- Item 2: Presentation and Discussion of Internal Audit Division Items:
- a) Presentation, Discussion and Possible Approval of proposed FY 2008 Internal Audit Plan 22
  - b) Presentation, Discussion and Possible Approval of proposed Fraud Hotline 24
  - c) Presentation and Discussion of Internal Audit Report on the 9% Competitive Housing Tax Credit Program - Pre-Application and Notification Processes 26
  - d) Presentation and Discussion of Internal Audit Report on the 9% Competitive Housing Tax Credit Program - Application and Award Processes 29
  - e) Presentation and discussion of the status of prior audit findings 32
- Item 3: Presentation, Discussion and Possible Approval to Publish Final Department Rules in the Texas Register
- a) Presentation, Discussion and Possible Approval for publication in the Texas Register a final order adopting repeal of 10 TAC Chapter 53, HOME Investment Partnership Program, and final order adopting new 10 TAC Chapter 53, HOME 36
  - b) Presentation, Discussion and Possible Approval for publication in the Texas Register of a final order adopting new 10 TAC Chapter 60, Subchapter B, Accessibility Requirements 61
- Item 4: Presentation, Discussion and Possible Approval of HOME Division Items:

- a) Presentation, Discussion and Possible Approval of Requests for Amendments to HOME Investment Partnerships Program Contracts: 67
- b) Presentation, Discussion and Possible Approval of modification to the form of the loan providing assistance for the HOME Homebuyer Assistance (HBA) Program Directed to Assist Persons with Disabilities 75

Item 5: Presentation, Discussion and Possible Approval of Disaster Recovery Division Items:

- a) Presentation and Discussion of the Community Development Block Grant (CDBG) Disaster Recovery Status Report for CDBG Round 1 Funding relating to housing 90
- b) Presentation and Discussion of the Community Development Block Grant (CDBG) Disaster Recovery Status Report for CDBG Round 1 Funding relating to non-housing activities and infrastructure activities for CDBG Round 2 106
- c) Presentation, Discussion and Possible Approval to request an amendment to the Partial Action Plan for Disaster Recovery (CDBG Round 2) for the Restoration of Critical Infrastructure Program from the US Department of Housing and Urban Development 112
- d) Presentation, Discussion and Possible Approval of an Amendment to the Amendment to the State of Texas Partial Action Plan for Disaster Recovery to Use Community Development Block Grant (CDBG) Funding (Action Plan) related to the City of Houston and Harris County Public Service and Community Development program as approved on August 29, 2007 by the US Department of Housing and Urban Development (HUD) (PULLED) 114

Item 6: Presentation, Discussion and Possible Approval of Real Estate Analysis Division

## Items:

a)	Presentation, Discussion and Possible Action for the 2007 Competitive Housing Tax Credits Appeals of Credit Underwriting Reports	204
Item 7:	Presentation, Discussion and Possible Action for the 2007 Competitive Housing Tax Credits Appeals of Credit Underwriting Reports	
	Appeals Timely Filed	
a)	Presentation, Discussion and Possible Action on HTC Amendments	
	00032T Victory Apartments	115
	04105 Preston Trace	124
	04118 Churchill at Commerce Apartment Community	129
	04191 Tropical Gardens at Boca Chica	134
	04193 Providence at Edinburg	143
	04255 Freeport Oaks	161
	04260 TownePark Fredericksburg II	161
	04427 Rosemont at Hidden Creek	167
	05004 Samuels Place	170
	05026 Mesa Vista (Pulled)	174
	05084 Pecan Village	174
	04198 Olive Grove Manor	179
	04167 Oxford Place	180
	04157 Samaritan House	182
b)	Presentation, Discussion and Possible Action for Housing Tax Credits Appeals:	194
Item 8:	Presentation, Discussion and Possible Approval of Multifamily Division Items - Specifically Multifamily Private Activity Bond Program Items:	
a)	Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits Associated with Mortgage Revenue Bond Transactions with Other Issuers:	205
	EXECUTIVE SESSION	105
	REPORT ITEMS	
	Executive Director's Report	211

ADJOURN

217

persons living with HIV and AIDS of all ages.

MS. ANDERSON: Well, that will be between compliance and the IRS, and that is not today's issue. But thank you for clarifying that.

MR. CONINE: My motion is we grant the amendment request.

MR. BOGANY: Second.

MR. CONINE: With no penalty.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: The motion carries.

MR. GERBER: The next item, Madame Chair, is 7(b), which is a Presentation, Discussion and Possible Action for Housing Tax Credit Appeals. There's only one, Casa Alton. Costa Clemente has been taken off.

This is a 2007 9 percent tax credit application in Rural Region 11 and it's proposed for the city of Alton. Casa Alton was not originally recommended for an award of tax credits during the July 31 board meeting but was subsequently recommended for an award following the termination of another application in Rural Region 11.

During the November board meeting, staff recommended Casa Alton for an award of tax credits and the board accepted the staff's

recommendation. Since that time, however, the application has been terminated by staff because the applicant failed to meet a threshold requirement of the QAP, and the QAP is explicit that a failure to meet this particular requirement results in termination.

All applications in the 2007 application round were required to submit a Phase 1 environmental site assessment, or ESA, report for the development site by April 2, 2007. The applicant for Casa Alton did meet this deadline initially, however, after the November board meeting and during the underwriting evaluation, the applicant notified department staff that the applicant was changing the location of the development site from what was originally proposed at the application's submission. The applicant moved the development site within a larger tract of land that was already under site control, however, the new site is not a part of the land for which the ESA report was performed. Because the applicant changed the development site after April 2 and because the revised site was not included in the original ESA, the applicant did not meet the requirement to submit an ESA for the development site by April 2.

In addition, because ESA submission deadlines have passed, there was no way for the applicant to rectify the situation through the administrative deficiency process. The applicant did not meet the requirement, and as required by the QAP, the application was terminated by me. Staff is recommending that we uphold that termination.

MS. ANDERSON: Monica Poss.

MS. POSS: I'm Monica Poss and I work with the National

Farm Workers Service Center, the developer and GP of the proposed Casa Alton in the Rio Grande Valley.

A few weeks ago, around the time of the last board meeting, staff called us and said that Los Ebanos had had their credits rescinded because the USDA denied that project, the Section 538 financing that was put in the set-aside, and we were the next project up in the set-aside. Staff also said that they were having a problem awarding the credits to us, even though we were next in line, because our site was in a flood zone. So even though they could give us the credits, they were afraid that we wouldn't get the USDA funding and that staff would not be able to award the credits to anybody by the end of the year and the State of Texas would lose the credits.

So we tossed around some ideas with staff and realized that we had 20 acres under contract. Our project was on 9-1/2 of these acres. So we proposed moving the site around a little bit within the same 20 acres that we had had under site control all along but to get the project completely out of the flood zone. And staff said they thought that would solve the problem, we all did. So we submitted those changes.

What we failed to realize is that that created a problem with the original Phase 1 ESA because even though our proposal for the Phase 1 ESA that we submitted back in April was for 20 acres, the actual ESA was only done for the 9-1/2 acres that the site was originally on. So staff warned us that they had to terminate our application. So we went out and had a new Phase 1 ESA done, knowing that the termination was coming. Nothing new resulted except some household trash dumped on part of the land.

So we are requesting that the board accept the new Phase 1 ESA, there are no other problems with it, and reverse the termination of the application.

MS. ANDERSON: Thank you for your testimony.

MR. CONINE: Does staff agree with that analysis?

MS. ANDERSON: Do you have questions of the witness?

MAYOR SALINAS: Well, maybe, yes. First of all, they were at the right spot to begin with, all they needed to do was to have an engineer get it out of the flood zone. Because there is a drain ditch there, all they needed to do is build the storm drain into the ditch. I don't know why they didn't do that; they would have been out of the flood zone. That whole area has good adequate drainage. I should know, I was the county commissioner for that area. So when I saw that they had kicked them out because of the drainage problem, that's not the case.

Now, you have pockets of flood zones but there is a way that you can get them out of the flood zone by providing storm drainage into the ditch. You could probably fix that whole problem if they would have had a good engineer to help them and they would have been underway with their project. I know that because there is adequate drainage there and that piece of property never floods.

MS. ANDERSON: Do you have questions for the witness?

MAYOR SALINAS: Well, the only question I have is for you all to consider her because they lost the project simply because they just did not have a good engineer.



MS. ANDERSON: Wait. Would you please be seated. Are you all kind of getting the picture about this and why we do it this way? Thank you.

Now do you have questions for staff, or do you want to respond to the mayor's comment?

MS. MARTIN: Audrey Martin, Competitive HTC Program Administrator. I just wanted to clarify, they weren't terminated for the flood plain issue, they were terminated for not having the ESA by the deadline. Technically that's the reason for the termination.

MAYOR SALINAS: how many days were they late?

MS. MARTIN: Eight months. They changed their development site in November and the deadline was April 2. So it's not something you can retroactively correct.

MAYOR SALINAS: Well, they didn't have to change their plan, that's what I'm saying. They were in the right spot in the nine acres. It would have been good for them to stay where they were. All they needed to do was have an engineer work the plans out so they could have storm sewer.

MS. ANDERSON: Mr. Conine.

MR. CONINE: Audrey, have you reviewed the second Phase 1 environmental assessment?

MS. MARTIN: I have not.

MR. CONINE: Has anybody reviewed it?

MR. GOURIS: Yes, we have.

MR. CONINE: Is it okay?

MR. GOURIS: Yes.

MR. CONINE: I move we grant the appeal.

MR. BOGANY: Second.

MS. ANDERSON: Discussion?

(No response.)

MS. ANDERSON: Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(A chorus of ayes.)

MS. ANDERSON: Opposed, no.

(No response.)

MS. ANDERSON: Motion carries.

MR. GERBER: As I mentioned, Costa Clemente, the second appeal, has been withdrawn.

So now we go back to 6(a) because you have reinstated Casa Alton and they have an underwriting appeal that has to be addressed. Again, this is a 9 percent tax credit cycle potential award. You just granted the termination appeal on this application, and now that they're reinstated, the appeal was submitted timely, however, after the board book was posted. The appeal addresses one issue of the underwriting report which is the timing of the condition requirement that the applicant provide documentation that USDA has received a full application for the proposed USDA RD Section 538 financing.

While 538 financing issues are not specifically addressed in the QAP, TDHCA staff has worked with USDA staff and Lancaster Pollard, the



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

**BOARD MEMBERS**

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Shadrick Bogany  
C. Kent Conline  
Sonny Flores  
Gloria Ray  
Norberto Salinas

April 14, 2008

Mr. Saleem Jafar  
Chicory Court I, L.P.  
5420 LBJ Freeway, #1235  
Dallas, Texas 75240  
Telephone: (972) 701-5550  
Facsimile: (972) 701-5562

**Re: Champion Home at La Joya, TDHCA #08248**

Dear Mr. Jafar:

On February 29, 2008 you submitted a Housing Tax Credit application for the above-referenced development to the Texas Department of Housing and Community Affairs (the "Department"). It has been determined that this application has not met the minimum threshold requirements under §50.9(h)(14)(G) of the 2008 Qualified Allocation Plan ("QAP") for the reasons stated below.

Pursuant to the 2008 QAP, §50.9(h)(14), Supplemental Threshold Reports,

"All Applications must include documents under subparagraphs (A) and (B) of this paragraph. If required under paragraph (6) of this subsection, a Property Condition Assessment as described in subparagraph (C) of this paragraph must be submitted. If required under paragraph (7) or (12) of this subsection, an appraisal as described in subparagraph (D) of this paragraph must be submitted. §50.9(h)(14)(G) states that "The requirements for each of the reports identified in subparagraphs (A) - (C) of this paragraph can be satisfied in either of the methods identified in clause (i) or (ii) of this subparagraph and meet the requirements of clause (iii) of this subparagraph.

- (i) Upon Application submission, the documentation for each of these exhibits may be submitted in its entirety; or
- (ii) Upon Application submission, the Applicant may provide evidence in the form of an executed engagement letter with the party performing each of the individual reports that the required exhibit has been commissioned to be performed and that the delivery date will be no later than April 1, 2008. In addition to the submission of the engagement letter with the Application, a map must be provided that reflects the Qualified Market Analyst's intended market area. Subsequently, the entire exhibit must be submitted on or before 5:00 p.m. CST, April 1, 2008. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration.

All submissions must meet the requirements stated in subparagraphs (E) - (G) of this paragraph."

Mr. Jafar  
April 14, 2008  
Page 2 of 2

A Phase I Environmental Site Assessment (ESA) report, as required by subparagraph (A) of this section, was not submitted on or before 5:00 p.m. CST on April 1, 2008.

For this reason, the application is terminated.

The report was received by the Department on April 3, 2008. In an email correspondence on April 8, 2008, Bill Fisher stated that "under the precedent set by the TDHCA board in December 2007 on the Casa Alton project, we ask that the application not be terminated but remain at the bottom of the list eligible for consideration for available funding in that region. On the record in the December 2007 board meeting; the program manager pointed out to the Board the "required" environmental was not submitted, was 8 months late and only on the 8<sup>th</sup> month submission included the entire site. That was not only allowed by the board but funding was awarded to the applicant. We request similar treatment under this precedent in this region." The Department would consider this request through our appeals process.

If you would like to appeal the Department's determination that the Application has not met the minimum threshold requirements, an Appeals Policy does exist for the Housing Tax Credit Program. The restrictions and requirements relating to the filing of an appeal can be found in §50.17(b) of the 2008 QAP. If you choose to appeal this determination, you must first submit an appeal to the Executive Director no later than 5:00 pm on **April 17, 2008**. In the event an appeal is denied by the Executive Director, you may appeal directly in writing to the Board, provided that an appeal filed with the Board is received by **May 1, 2008**, although it is strongly encouraged that you submit the appeal no later than **5:00 pm on April 24, 2008**.

If you have any questions, please do not hesitate to contact Sharon Gamble at 512-475-4610 or [sharon.gamble@tdhca.state.tx.us](mailto:sharon.gamble@tdhca.state.tx.us).

Sincerely,

  
Robbye Meyer  
Director of Multifamily Finance

**Sharon Gamble**

---

**From:** Bill Fisher [bfisher@orhlp.com]  
**Sent:** Tuesday, April 08, 2008 3:21 PM  
**To:** Sharon Gamble  
**Cc:** Paige Ginn; Jerry Nunnally; Melissa Adami  
**Subject:** Champion Town Homes at La Joya #08-248

Ms. Gamble,

It appears clear from the submission you received from Ginn Environmental that the requirements of submission of the environmental Phase 1 for the entire site have now been met. It is equally clear, through no fault of the applicant, that her submission was after the April 1, 2008, date referenced in your notice.

However, under the precedent set by the TDHCA board in December 2007 on the Casa Alton project, we ask that the application not be terminated but remain at the bottom of the list eligible for consideration for available funding in that region. On the record in the December 2007 board meeting; the program manager pointed out to the Board the "required" environmental was not submitted, was 8 months late and only on the 8<sup>th</sup> month submission included the entire site. That was not only allowed by the board but funding was awarded to the applicant.

We request similar treatment under this precedent in this region. Please let me know you have received this response in time.

Thank you

Bill

James R. (Bill) Fisher  
Odyssey Residential Holdings, LP  
Two Lincoln Centre, Suite 1235  
5420 LBJ Freeway  
Dallas, TX 75240  
972-701-5551  
972-701-5562 FAX  
**214-608-7201 New Cell**  
bfisher8@airmail.net  
bfisher@orhlp.com

4/9/2008

**Sharon Gamble**

---

**From:** Paige Ginn [pginn@ginnenvironmental.com]  
**Sent:** Thursday, April 03, 2008 6:24 AM  
**To:** sharon.gamble@tdhca.state.tx.us  
**Cc:** Jerry Nunnally  
**Subject:** Champions La Joya Phase I ESA

Ms. Gamble,

I am sending you this email to explain a very bad situation that was solely my fault. My client is Odyssey Residential Holdings in Dallas. Mr. Fisher made it abundantly clear that the deadline for the submission for the proposed development in La Joya, Texas was April 1, 2008. I somehow overlooked the date yesterday, and I did not get this Phase I submitted to the TDHCA. I am sending you the electronic version now in a few emails, and the hard copy and a disc will be delivered to you this the morning.

I am begging you to please not hold Odyssey responsible for my mistake. Any help that you can give to them would be greatly appreciated.

Thank you and sincerely,  
Paige Ginn

***GINN ENVIRONMENTAL PC***

Paige Ginn  
Environmental Consultant  
Principal  
9265 Meadowglen Drive  
Dallas, Texas 75238  
214.274.3786 phone  
214.341.2070 facsimile

4/9/2008



**Texas Department of Housing and Community Affairs  
Housing Tax Credit Program  
2008 Application Deficiency Notice**

Deficiency Notice Date: April 02, 2008

**THIS NOTICE WILL ONLY BE  
TRANSMITTED VIA FACSIMILE OR EMAIL**

Primary Contact:

Contact Name: Saleem Jafar  
Contact Phone: (972) 701-5555  
Contact Fax: (972) 701-5562  
Contact E-Mail: sjafar@orhLPcom

Second Contact:

Second Contact: Bill Fisher  
Second Phone: (972) 701-5555  
Second Fax: (972) 701-5562  
Second E-Mail: [bfisher8@airmail.net](mailto:bfisher8@airmail.net)

**Regarding: TDHCA Number 08248, Champion Townhomes - La Joya**

In the course of the Department's review of the above referenced application documentation, an Administrative Deficiency, as defined in §50.3(2) of the 2008 Qualified Allocation Plan and Rules, has been identified. An Administrative Deficiency is defined as: "The absence of information or inconsistent information in the Application as is required under §50.5, §50.6, §50.8 and §50.9 of this title, unless determined by the Department as unable to be corrected." By this notice, the Department is requesting documentation to correct the following deficiency or deficiencies:

I. The following Administrative Deficiencies were found in your Threshold Criteria documentation. Threshold Administrative Deficiencies will be handled as described below.

Threshold: The Department did not receive the Environmental Site Assessment (ESA) for this Application. Per Section 50.9(h)(14)(G) of the 2008 Qualified Allocation Plan and Rules (QAP), Supplemental Threshold Reports, "the entire exhibit must be submitted on or before 5:00 pm CST, April 1, 2008. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration."

To avoid termination of your Application, submit evidence that the ESA was delivered to the Department on or before 5:00 pm CST, April 1, 2008.

II. The following Administrative Deficiencies were found in your Selection Criteria documentation. Selection Administrative Deficiencies will be handled as described below.

Selection:

Pursuant to §50.9(d)(4), "if Administrative Deficiencies are not clarified or corrected to the satisfaction of the Department by 5:00 p.m. CST on the fifth business day following the date of the deficiency notice, then for competitive Applications under the State Housing Credit Ceiling, five points shall be deducted from the Selection Criteria score for each additional day the deficiency remains unresolved. If Administrative Deficiencies are not clarified or corrected by 5:00 p.m. CST on the seventh business day following the date of the deficiency notice, then the Application shall be terminated. The time period for responding to a deficiency notice begins at the start of the next business day following the deficiency notice date. Deficiency notices may be sent to an Applicant prior to or after the end of the Application Acceptance Period. This Administrative Deficiency process applies to requests for information made by the Real Estate Analysis Division review." The Department must receive the requested documentation by 5:00 p.m. CST or the documentation will be deemed to have been received the following business day.



**Texas Department of Housing and Community Affairs  
Housing Tax Credit Program  
2008 Application Deficiency Notice**

All documentation should be submitted as a whole and be directed to the attention of the staff member issuing the notice at:

Multifamily Finance Division

Via U.S. Mail: P.O. Box 13941, Austin, Texas 78711-3941.

Via express delivery/private courier: 221 East 11th, Austin, TX 78701.

Only documents less than ten (10) pages in length may be faxed to: (512) 475-1895. You may also send scanned documents by email to the staff member issuing the notice. Due to some scanned files being too large to be received through the Department's email server, it is strongly recommended that you send a follow-up email requesting confirmation of the receipt of the documents sent.

Sincerely,

Sharon Gamble

Multifamily Program Administrator

Phone Number: (512) 475-4610

Email: [sharon.gamble@tdhca.state.tx.us](mailto:sharon.gamble@tdhca.state.tx.us)



08182

Suncrest Apartments

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Action for 2008 Competitive Housing Tax Credit (HTC) Appeals.

**Requested Action**

Approve, Deny or Approve with Amendments a determination on the appeal for the Suncrest Apartments.

**Background and Recommendations**

**Suncrest Apartments - 08182**

The Department is statutorily required under §2306.6710 of the Texas Government Code to evaluate written statements from qualified neighborhood organizations and assign a score to an application for Quantifiable Community Participation (QCP). §50.9(i)(2) of the 2008 Qualified Allocation Plan and Rules (QAP) outlines the criteria by which Department will evaluate QCP. To assist neighborhood organizations in submitting their letters, the Department released and posted on the website a comprehensive information packet for neighborhood organizations to use to complete and submit a letter to the Department for this scoring item. The QAP and the information packet explicitly stated that letters submitted for this purpose **must be postmarked by February 29, 2008**.

On March 17, 2008, the Department received two letters from the Mesa Hills Neighborhood Association expressing support for the above-mentioned development and requesting that their support be considered for points as described in §50.9(i)(2) of the 2008 Qualified Allocation Plan and Rules (QAP). One letter received by the Department was postmarked March 11, 2008 and contained a letter dated February 18, 2008. The other letter was postmarked March 14, 2008 and included a form that was signed by the Neighborhood Organization's representative on March 12, 2008.

The Applicant asserts that the representative of the neighborhood organization sent the letter well before the February 29, 2008 deadline and included a letter in his appeal from the representative certifying that he sent the letter prior to the deadline.

Without evidence that the letters were sent to and received by the Department prior to the required deadline, the QCP letters do not meet the requirements of §50.9(i)(2)(A)(v) of the QAP and were determined to be ineligible for consideration for QCP.

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

Applicant:	Sound Preservation 105, LP
Site Location:	611 Rubin Drive
City/County:	El Paso/El Paso
Regional Allocation Category:	Urban
Set-Aside:	None
Population Served:	General
Region:	13
Type of Development:	Acquisition/Rehabilitation
Units:	100
Credits Requested:	\$392,669

**Staff Recommendation:** The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal.



**08182**

**Suncrest Apartments**

**Board Appeal**

**FAX COVER SHEET**

**TO:** Michael Gerber  
Sharon Gamble 512 475 1895  
~~1-800-733-5120~~

**RECEIVED**  
APR 28 2008

**FROM:** Keven Ruf

**EXECUTIVE DIRECTOR**

**RE:** Suncrest Apartments, TDHCA #08182

**DATE:** April 24, 2008

04-28-08P03:18 RCVD

Dear Mr. Gerber and Ms. Gamble:

Attached please find the request for an appeal before the TDHCA Board of Directors regarding a deficiency notice for the above reference application.

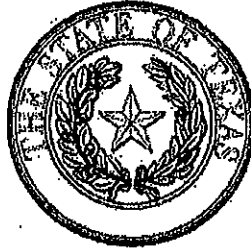
I attached a letter from Mr. Jerry Jarvis, President of the Mesa Hills Neighborhood Association certifying that he mailed the support letter well before the deadline for receipt of those letters.

His letter state that he mailed it on or about February 20th, and the deadline was February 29<sup>th</sup>.

Please let me know if I can provide any additional information. Thank you for your consideration.

Sincerely,

Keven Ruf  
Project Manager for Sound Preservation 105 LP, applicant



04-28-08P05:18

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**2008 HOUSING TAX CREDIT APPEAL ELECTION FORM**

This form is to notify the Department that I am filing a formal appeal to the Board of Directors for processing.

**If my appeal is denied by the Executive Director, I: (check one)**

Do wish to appeal to the Board of Directors and request that my application be added to the May 8, 2008 Board of Directors meeting agenda. I understand that any further Board appeal documentation must still be submitted by 5:00 p.m. Monday, April 28, 2008 to be placed in the May 8, 2008 Board materials. If no documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Do not wish to appeal to the Board of Directors.

Development Name:	SUNCREST APARTMENTS TDHCA # 08182
Development Address:	610 RUBIN DRIVE, EL PASO, TX
Signer's Name	KEVEN RUF FOR JOHN M. OREHEK
Signer's Title:	SOLE MEMBER OF GENERAL PARTNER
Date:	4-23-08

Signed:

Ken RUF  
for John M. Orehek

April 22nd, 2008

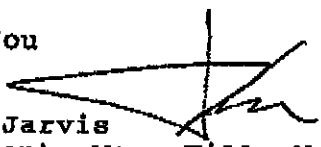
Mr Michael Gerber, Executive Director  
Texas Department of Housing and Community Affairs  
211 E. 11th Street  
Austin, TX 78701

Re: Suncrest Aartments

Dear Mr Gerber:

This letter is concerning the improvements that are proposed to the Suncrest Apartments located at 611 Rubin Drive, El Paso, Texas 79912. Enclosed find a letter that I sent to you on or about the 20th of February, 2008. Our neighborhood association meets the third tuesday of every month. February's meeting was on the 19th of February. At that meeting, I presented the letter to our members and it was approved by all members present. I put it in the mail that next day or the following day. I am hopeful that you can consider it coming to you in a timely manner. If I can help in any way, please let me know.

Thank You

  
Jerry Jarvis  
President, Mesa Hills Neighborhood Association  
915 449 8273

04-28-08 03:19  
RCVD

February 18<sup>th</sup>, 2008

Mr Michael Gerber, Executive Director  
Texas Department of Housing and Community Affairs  
211 E. 11<sup>th</sup> Street  
Austin, TX 78701

Re: Suncrest Apartments

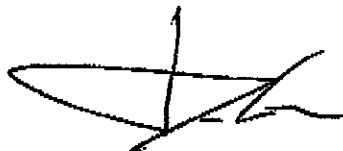
Dear Mr Gerber:

The Mesa Hills Neighborhood Association would like to express our support for the development of the Suncrest Apartments, which is located at 611 Ruben Drive, El Paso, Texas 79912. This apartment complex is within the boundaries of our neighborhood association.

I have talked with and received information from the representative of the developer and I believe that the improvements they are proposing will benefit the people living there and the neighborhood as well. I know this apartment complex needs work as I have visited there many time in the past.

If you have any questions, you may contact me at 915 449 8273.  
Thank you for your consideration of this development.

Sincerely,



Jerry Jarvis  
President, Mesa Hills Neighborhood Association

04-28-08P03:19 RCND





**08182**

**Suncrest Apartments**

**Executive Director Response**



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
C. Kent Conine, *Chair*  
Leslie Bingham-Escareño  
Tomas Cardenas, P.E.  
Sonny Flores  
Juan S. Muñoz, Ph.D.  
Gloria Ray

April 22, 2008

Mr. Jeffrey S. Spicer, Consultant  
State Street Housing Advisors, L.P.  
5843 Royal Crest Drive  
Dallas, TX 75230  
Telephone: (214) 346-0707  
Facsimile: (214) 346-0713

**Re: Appeal Received for QCP Scoring, Suncrest Apartments, TDHCA #08182**

Dear Mr. Spicer:

### Appeal Review

I have carefully reviewed the documents submitted by the Mesa Hills Neighborhood Association for the purpose of scoring Quantifiable Community Participation (QCP) points for the above application, as well as your appeal that was received on April 15, 2008, regarding your request that your application be awarded QCP points under §50.9(i)(2) of the 2008 Qualified Allocation Plan and Rules ("QAP").

The letter submitted for points under §50.9(i)(2) of the 2008 Qualified Allocation Plan and Rules ("QAP") was not submitted by the February 29, 2008 deadline. The optional form the organization submitted is dated March 12, 2008. Your appeal did not include evidence that the letter was faxed to the Department on or before February 29, 2008. That the letter is dated February 18, 2008 and the president of the association certifies that he faxed the letter on that date is insufficient evidence that the letter was sent prior to the required deadline.

Whether the organization is considered on record or not is not relevant because the organization failed to meet this initial requirement.

### Appeal Determination

Your appeal is denied.

Pursuant to §50.17(b)(4) of the 2008 QAP, you may request your appeal be considered by the Board at the May 8, 2008 Board meeting by signing and returning the enclosed appeal form by April, 2008. In order to ensure that all the appeal documentation is presented in the Board materials, it is requested that you submit your appeal by April 28, 2008. You must submit your full appeal to the Department no later than 5:00 p.m. CST on May 1, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Gerber", written over a horizontal line.

Michael Gerber  
Executive Director

221 EAST 11<sup>TH</sup> • P. O. BOX 13941 • AUSTIN, TEXAS 78711-3941 • (800) 525-0657 • (512) 475-3800

**08182**

**Suncrest Apartments**

**Executive Director Appeal**

# State Street Housing Advisors, L.P.

Affordable Housing Consulting Services

---

April 15, 2008

Via email to: [michael.gerber@tdhca.state.tx.us](mailto:michael.gerber@tdhca.state.tx.us)

Mr. Michael Gerber  
Executive Director  
Texas Department of Housing and Community Affairs  
221 E. 11<sup>TH</sup> Street  
Austin, Texas 78701

Re: Suncrest Apartments #08182 – QCP Scoring Appeal

Dear Mr. Gerber:

I am writing to appeal the scoring of the Quantifiable Community Participation points for the above referenced application.

Based on the scoring log it appears that TDHCA staff listed two reasons for not giving the letter full points for this scoring item. These reasons were:


1. The letter sent by the organization was received after the February 29<sup>th</sup> deadline; and,
2. the organization did not provide evidence that it was on record with the county, state or TDHCA.

As to the first item the Mesa Hills Neighborhood Association has stated to the developer that the letter of support was initially faxed to TDHCA on February 18<sup>th</sup>. The date on the letter received by TDHCA seems to validate that this was the date it was initially faxed. The president of the association will certify that the fax was sent on this date.

As to the second item, the association thought that by faxing an initial letter prior to the deadline they would be on record with TDHCA. They then provided backup along with a copy of the original faxed letter which was received at TDHCA on March 17. Additionally they provided evidence to TDHCA that they are on record with the city of El Paso which they thought could substitute for being on record with the County. In either case they felt they had met the guideline for being on record. Had they been made aware that staff felt they were on record or had the ability to cure this they certainly would have?

We hope you will consider this oversight and misunderstanding by the neighborhood association and grant this application the full 24 QCP points deserved by the applicant.

Very truly yours,



Jeffrey S. Spicer  
Consultant to the applicant

Attachments

cc: Keven Ruf  
Sharon Gamble

# QCP Documentation



**Texas Department of Housing and Community Affairs  
Multifamily Finance Production Division  
2008 Quantifiable Community Participation**

---

April 4, 2008

Primary Contact:

Contact Name: Jerry Jarvis, President

Contact Phone: (915)-584-0985

Contact Fax:

Contact E-Mail: [jerryjarvis@yahoo.com](mailto:jerryjarvis@yahoo.com)

Second Contact:

Second Contact: Robbie Paul

Second Phone: (915) 584-2324

Second Fax:

2nd E-Mail: [rpaul@elp.rr.com](mailto:rpaul@elp.rr.com)

Re: Neighborhood Organization for Quantifiable Community Participation  
TDHCA# 08182

Dear Jerry Jarvis:

I am writing regarding the letter you submitted for the purpose of scoring Quantifiable Community Participation (QCP) points for the above-referenced application. Thank you for participating in our application process.

The Texas Department of Housing and Community Affairs (the Department) has reviewed the letter along with additional documentation you submitted and compared it to the minimum requirements of the Qualified Allocation Plan and Rules (QAP) that govern the Housing Tax Credit Program this year. Unfortunately, in our review, one or more requirements still have not been satisfied as further described below.

The letter submitted for points under §50.9(i)(2) of the 2008 Qualified Allocation Plan and Rules ("QAP") was postmarked on March 14, 2008. The letter was due on February 29, 2008. Also, you did not submit evidence of registration with the County, State, or TDHCA.

Therefore, because the letter was submitted late, the organization's letter will not be considered further for scoring. Please be assured that the Department values all public input and while the Department will be unable to assign points to the letter, the Department will still record the input in the Application's file and provide the Board of the Department with a summary of the comment for their information and consideration.

Thank you again for your participation in our application process. If you have any questions, please do not hesitate to contact Sharon Gamble at [sharon.gamble@tdhca.state.tx.us](mailto:sharon.gamble@tdhca.state.tx.us) or by telephone at (512) 475-4610.

Sincerely,

*Robbye Meyer*

Robbye Meyer

Director of Multifamily Finance Production

Key Jarvis  
700 CABARRÉ DR

EL PASO TX 79912

EL PASO TX 799  
11 MAR 2008 PM 2:1

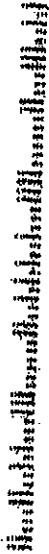
USA 11¢ CLASSIC FOREVER



RECEIVED  
MAR 17 2008  
Texas Department of Housing  
and Community Affairs

Mr Michael Giesber  
211 E. 11th Street  
Austin, TX 78701

7870142410-11 0011





08182

February 18<sup>th</sup>, 2008

Mr Michael Gerber, Executive Director  
Texas Department of Housing and Community Affairs  
211 E. 11<sup>th</sup> Street  
Austin, TX 78701

**RECEIVED**

MAR 17 2008

**DEPUTY ED.**

Re: Suncrest Apartments

Dear Mr Gerber:

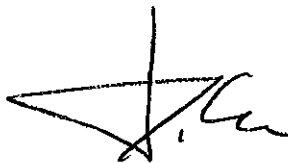
The Mesa Hills Neighborhood Association would like to express our support for the development of the Suncrest Apartments, which is located at 611 Ruben Drive, El Paso, Texas 79912. This apartment complex is within the boundaries of our neighborhood association.

I have talked with and received information from the representative of the developer and I believe that the improvements they are proposing will benefit the people living there and the neighborhood as well. I know this apartment complex needs work as I have visited there many time in the past.

If you have any questions, you may contact me at 915 449 8273.  
Thank you for your consideration of this development.

Sincerely,

Jerry Jarvis  
President, Mesa Hills Neighborhood Association



BLEEN Jarvis  
300 CABANET DR  
EL PASO, TX 79912

EL PASO TX 799  
14 MAR 2008 PM 2 T



TEXAS DEPT. of Housing & Community  
Attrition, MULTIFAMILY DISCERN  
Neighborhood / ADP  
P.O. Box 13941  
Austin, TX 78711-3941

**RECEIVED**  
MAR 17 2008  
Texas Department of Housing  
and Community Affairs

7871143941



05-17-08 10:27 RCVD

NEIGHBORHOOD INITIATIVES LIASION  
OFFICE OF THE MAYOR  
CITY OF EL PASO  
TWO CIVIC CENTER PLAZA  
EL PASO, TEXAS 79901

Jerry Jarvis  
Mesa Hills Neighborhood Association  
300 Cabart  
El Paso, Texas 79912

June 1, 2004

Mr Jarvis

Congratulations!!!

Your association:

**MESA HILLS NEIGHBORHOOD ASSOCIATION**

is now registered with my office and the Office of the Mayor. If you have any questions regarding your neighborhood association, please feel free to contact me at [alvaradomm@elpasotexas.gov](mailto:alvaradomm@elpasotexas.gov) or at 915-541-4918

Sincerely,

Mark Alvarado  
Neighborhood Initiatives Liasion





OPTIONAL FORM FOR QUALIFIED NEIGHBORHOOD ORGANIZATIONS TO SUBMIT TO TDHCA FOR QUANTIFIABLE COMMUNITY PARTICIPATION

Texas Department of Housing and Community Affairs

Certify to each requirement by checking each box as required and accurately filling in all blanks. All attachments must be included in QCP submission package.

[X] This organization is submitting this form and attachments regarding the following proposed application:
Development Name: SUNCREST APARTMENTS TDHCA #: 08182
Development Location: 601 RUBIN DR EL PASO, TX 79912
Development City: EL PASO Development County: EL PASO

[X] The person signing this form has the authority to sign on behalf of this organization.
Organization Name: MESA HILLS NEIGHBORHOOD ASSOCIATION
Signer Name and Title: JERRY JARVIS, PRESIDENT
Signer Mailing Address: 300 CABARET DR
Signer City: EL PASO Signer Zip Code: 79912
Signer Day Telephone: 915 584 0985 Signer Fax:
Signer Evening Telephone: 915 447 8273 Signer E-Mail: JERRY.JARVIS@YAHOO.COM

[X] This organization is also providing the following additional contact and information for our organization:
Second Contact Name: ROBBIE PAUL, SECRETARY
2nd Contact Day Phone: 915 584 9321 2nd Contact Fax:
2nd Contact Evening Phone: 2nd Contact E-Mail: R.PAUL@ELP.RR.COM

[X] This organization certifies that the boundaries of this organization include the proposed Development site in its entirety. This organization acknowledges that annexations after February 29, 2008 are not considered eligible boundaries and a site that is only partially within the boundaries will not satisfy the requirement that the boundaries contain the proposed Development site.

[X] This organization certifies that it meets the definition of "Neighborhood Organization" as defined in §50.3(63) of the 2008 Qualified Allocation Plan and Rules and is an organization comprised of persons living near one another within the organization's defined boundaries and that it has a primary purpose of working to maintain or improve the general welfare of the neighborhood. This organization further certifies that it is a (must check on of the following boxes):

- [ ] Homeowners Association
[X] Property Owners Association
[ ] Resident Council and our members occupy the existing development

[X] This organization acknowledges that this form and attachments must be submitted no later than February 29, 2008 if the form (and enclosures) is relating to an application which submitted a pre-application or April 1, 2008 if the form (and enclosures) is relating to an application which did not submit a pre-application].

Initials of Signer

This organization certifies that it was: (choose one box and attach documentation)

- On record, as of February 29, 2008, with the county in which the development is proposed to be located. (Attach documentation from the county as proof). *CITY OF EL PASO*
- On record, as of February 29, 2008, with The Secretary of State as an incorporated entity in good standing (Attach documentation from the Secretary of State as proof)
- On record, as of February 29, 2008, with The Texas Department of Housing and Community Affairs (the "Department"). (Required documentation attached)

This organization certifies that it was not formed by any Applicant, Developer or any employee or agent of any Applicant in the 2008 Competitive Housing Tax Credit Application Round; the organization, and any members, did not accept money or a gift to cause the neighborhood organization to take its position of support or opposition; the Applicant, Developer or any employee or agent of any Applicant has not provided any assistance, other than education and information sharing, to the neighborhood organization for any application in the Application Round (i.e. hosting a public meeting, providing the "TDHCA Information Packet for Neighborhoods" to the neighborhood organization, or referring the neighborhood organization to TDHCA staff for guidance are acceptable forms of assistance); and that the Applicant, Developer or any employee or agent of any Applicant has not provided any "production" assistance for any application in the Application Round (i.e. use of fax machines owned by the Applicant, use of legal counsel related to the Applicant, delivery of letter or assistance drafting a letter).

This organization certifies that we: (choose only one box and clearly and concisely state at least one or more reason(s) for the organization's support; use additional sheets, as needed.)

- Support the application for Competitive Housing Tax Credits referenced above for the following reasons:  
*BETTERMENT & IMPROVEMENT OF A Run Down*  
*APARTMENT COMPLEX. IMPROVE THE ENTIRE NEIGHBORHOOD*
- Oppose the application for Competitive Housing Tax Credits referenced above for the following reasons:  

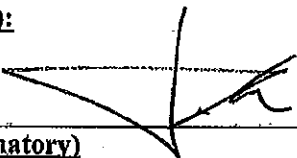

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This organization acknowledges that this completed form and required attachments must be submitted to Texas Department of Housing and Community Affairs, Attention: Multifamily Director, Neighborhood Input, P.O. Box 13941 (MC 332-10), Austin TX 78711-3941. For overnight or courier delivery use the following physical address: 221 East 11<sup>th</sup> Street, Austin TX 78701-2410. **Do not use P.O. Box address for overnight or courier delivery.** Form and Attachments may also be faxed to (512) 475-0764 or toll free at (800) 733-5120.

This organization certifies that all certifications contained herein are true and accurate. (Authorized Signatory must sign below):

  
 \_\_\_\_\_  
 (Authorized Signatory)

*2/12/08*  
 \_\_\_\_\_  
 (Date)

\_\_\_\_\_  
 (Printed Name) *JERRY JARVIS*

\_\_\_\_\_  
 (Title) *PRESIDENT*

08179

Homes at Cypress Ridge

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Action for 2008 Housing Tax Credit (HTC) Appeals

**Requested Action**

Approve, Deny or Approve with Amendments a determination on the appeal for Homes at Cypress Ridge.

**Background and Recommendations**

**Homes at Cypress Ridge - 08179**

On February 29, 2008, an application was submitted for the above-referenced development. Pursuant to §2306.6703(a)(4) of the Texas Government Code and §50.5(a)(7) of the 2008 Qualified Allocation Plan ("QAP"), an Application is ineligible if:

“The Development is located in a municipality or in a valid Extra Territorial Jurisdiction (ETJ) of a municipality, or if located completely outside a municipality, a county, that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins unless the Applicant:

(A) has obtained prior approval of the Development from the governing body of the appropriate municipality or county containing the Development; and

(B) has included in the Application a written statement of support from that governing body referencing this section and authorizing an allocation of Housing Tax Credits for the Development;

(C) for purposes of this paragraph, evidence under subparagraphs (A) and (B) of this paragraph must be received by the Department no later than April 1, 2008 and may not be more than one year old from the date the Volume 1 is submitted to the Department.”

In the application, a resolution of support for the development from the Nacogdoches City Commission was provided. However the resolution does not include a reference to the statute or rule as stated above not does it authorize an allocation of Housing Tax Credits as required by statute and the QAP.

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

Applicant:	Homes at Cypress Ridge, LTD, a Texas limited partnership
Site Location:	100 SE Stallings
City/County:	Nacogdoches/Nacogdoches

Regional Allocation Category: Rural  
Population Served: General  
Region: 5  
Set Aside: None  
Type of Development: New Construction  
Units: 54  
Credits Requested: \$670,732

**Staff Recommendation:**

The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal because the language required in the resolution is statutorily mandated.

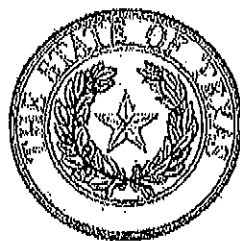




**08179**

**Homes at Cypress Ridge**

**Board Appeal**



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

### 2008 HOUSING TAX CREDIT APPEAL ELECTION FORM

This form, submitted with my appeal to the Executive Director, is to notify the Department that I am filing a formal appeal to the Executive Director for processing.

**If my appeal is denied by the Executive Director, I: (check one)**

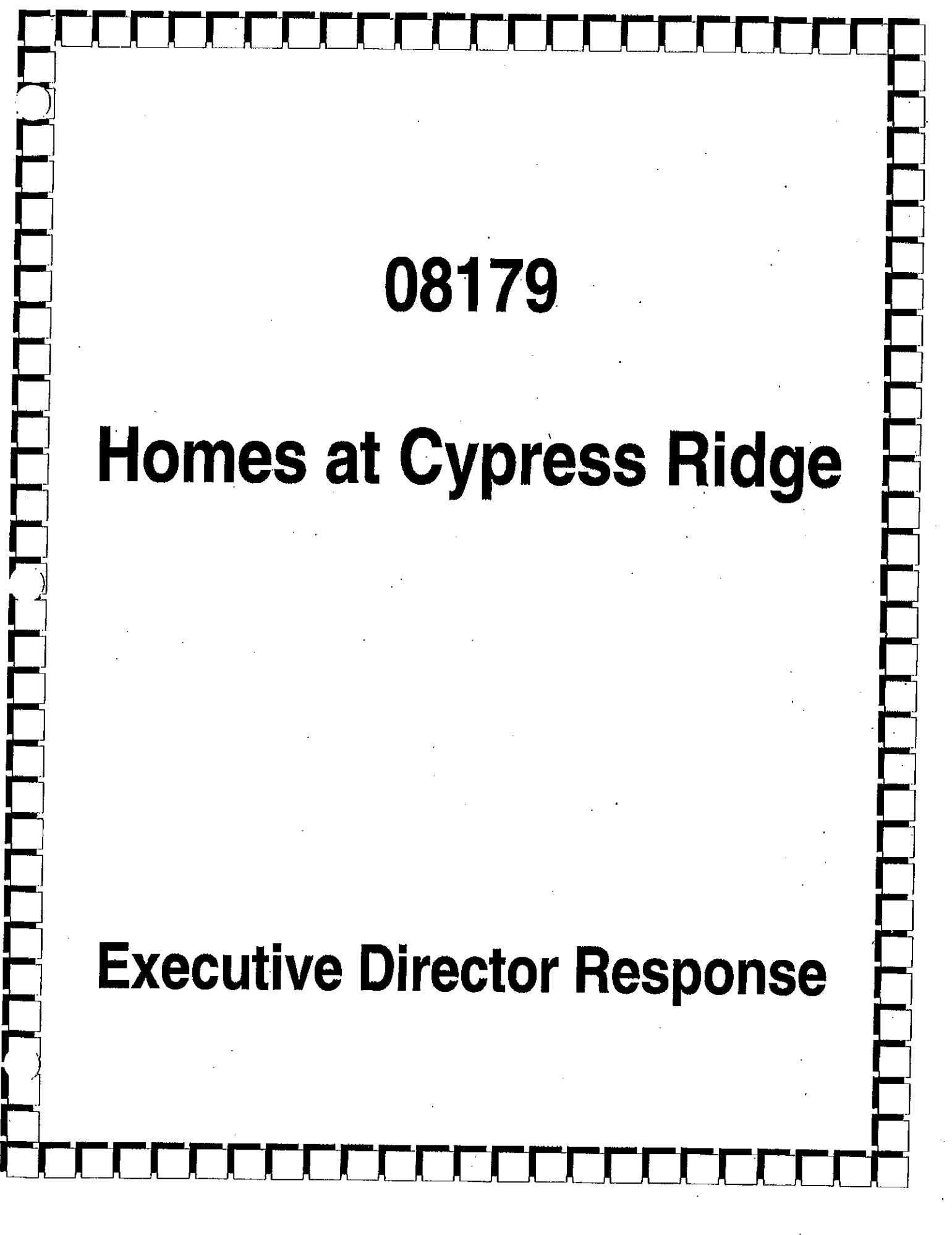
Do wish to appeal to the Board of Directors and request that my application be added to the May 8, 2008 Board of Directors meeting agenda. My appeal documentation, which identifies my specific grounds for appeal, is attached. I understand that my Board appeal documentation must still be submitted by 5:00 p.m. Monday, April 28, 2008 to be placed in the May 8, 2008 Board materials. If no documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Do not wish to appeal to the Board of Directors.

Development Name:	Homes at Cypress Ridge #08179
Development Address:	200 SE Stallings, Nacogdoches, TX 75961
Signer's Name	Anita M. Kegley
Signer's Title:	President of Homes at Cypress Ridge, Ltd.
Date:	April 24, 2008

Signed: \_\_\_\_\_

*Anita M. Kegley*



**08179**

**Homes at Cypress Ridge**

**Executive Director Response**



# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
C. Kent Conine, *Chair*  
Leslie Bingham-Escareño  
Tomas Cardenas, P.E.  
Sonny Flores  
Juan S. Muñoz, Ph.D.  
Gloria Ray

April 28, 2008

Ms. Anita M. Kegley  
Homes at Cypress Ridge, LTD  
16118 University Oak  
San Antonio, Texas 78249  
Telephone: (210) 857-4994  
Facsimile: (210) 349-4993

Re: **Appeal Received for Homes at Cypress Ridge, TDHCA #08179**

Dear Ms. Kegley:

### Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that was received on April 25, 2008, regarding your request that your application be reconsidered for participation in the 2008 Competitive Housing Tax Credit cycle under §50.9(h) of the 2008 Qualified Allocation Plan and Rules ("QAP"), Threshold Criteria.


The eligibility requirements under §50.5(a)(7) of the 2008 Qualified Allocation Plan ("QAP") very clearly state that the Application is ineligible if the Development is located in a municipality that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins unless the Applicant provides a written statement of support from the governing body of that municipality by April 1, 2008; and that this statement **must** reference this rule and authorize an allocation of Housing Tax Credits for the Development. You did not provide such a resolution by the required deadline.

### Appeal Determination

Your appeal is denied.

Pursuant to §50.17(b)(4) of the 2008 QAP, an appeal has been filed with the Board and will be considered by the Board at the May 8, 2008 Board meeting. If you wish to submit any further documentation for your Board appeal, the documentation **must** be received by 5:00 p.m. CST on May 1, 2008 to be placed with the May 8, 2008 Board materials. If no documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Sincerely,

  
Michael Gerber  
Executive Director



**08179**

**Homes at Cypress Ridge**

**Executive Director Appeal**

April 24, 2008

Michael G. Gerber  
Executive Director  
TDHCA  
221 E. 11<sup>th</sup> Street  
Austin, TX 78701

RE: 2008 Housing Tax Credit Appeal  
Homes at Cypress Ridge TDHCA #08179

Dear Executive Director Michael G. Gerber:

May this letter serve as a response to the letter received from Robbye Meyer on April 22, 2008 and as an appeal.

The current Housing Tax Credit application for Homes at Cypress Ridge TDHCA #081709 that was submitted on February 29<sup>th</sup> did meet the requirements of §50.5(a)(7) of the 2008 Qualified Allocation Plan. It did mention specifically that they approved the application and authorized an allocation to the Housing Tax Credit Program but didn't include the rule number referencing this rule.

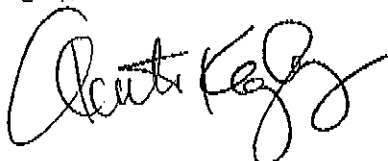
We did fulfill (A) by meeting with city commissioners in Nacogdoches and did obtain prior approval of the Development from the governing body of Nacogdoches, Texas which contains the development.

We did fulfill (B) by including in the Application a written statement of support from the governing body, Nacogdoches, TX. A resolution was provided by City of Nacogdoches, TX in support of the low income housing. The resolution they provided for this application was in the same format they have provided for other developers of low income housing that has been previously submitted and approved by TDHCA.

We did fulfill (C) by submitting the resolution in the Housing Tax Credit Application on February 29<sup>th</sup>, prior to the April 1, 2008 deadline. This resolution was dated February 24<sup>th</sup>, 2008.

Please contact me should you have any questions.

Sincerely,  
Anita M. Kegley, President, Dame Development, LLC





February 25, 2008

Kegley, Inc.  
 Attn: Anita Kegley  
 General Contractor  
 16118 University Oak  
 San Antonio, Texas 78249

Re: "Homes at Cypress Ridge" Tax Credit

Dear Anita:

Enclosed you will find the information on the "Homes at Cypress Ridge" resolution that was approved by Nacogdoches City Commission. If you have any questions, please feel free to contact our office at 936-559-2571.

Thank you,

Jerri Turner  
 Planning Assistant  
[turnerjp@ci.nacogdoches.tx.us](mailto:turnerjp@ci.nacogdoches.tx.us)

**City of Nacogdoches**  
 202 E. Pilar - PO Drawer 635030 - Nacogdoches, TX 75963  
 936-559-2571 Fax 936-559-2910 [www.ci.nacogdoches.tx.us](http://www.ci.nacogdoches.tx.us)  
 Home of Stephen F. Austin State University [www.sfasu.edu](http://www.sfasu.edu)

**RESOLUTION NO. 1023-2-08**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF NACOGDOCHES, TEXAS, SUPPORTING THE DAME DEVELOPMENT LLC DEVELOPMENT EFFORTS IN THE PROJECT KNOWN AS "HOMES AT CYPRESS RIDGE" DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION WAS APPROVED COMPLIED WITH THE TEXAS OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE.**

WHEREAS, Dame Development LLC, a real estate development and management company, is requesting Commission recognition and support for a project, hereinafter entitled "Homes at Cypress Ridge;" and

WHEREAS, said project is for a proposed 54-unit a single family affordable housing complex to be located in the 100 Block of Southeast Stallings Drive in the City of Nacogdoches, Nacogdoches County; and,

WHEREAS, Nacogdoches Dame Development LLC., will include this resolution, upon adoption, as part of its application to the Housing Tax Credit Program for this project; and

WHEREAS, the City Commission recognizes the importance of the development of affordable housing in the City of Nacogdoches; NOW THEREFORE,

**BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF NACOGDOCHES, TEXAS:**

Section 1. The findings set out in the preamble to this resolution are hereby in all things approved.

Section 2. That the City Commission hereby supports Dame Development LLC's efforts in development of the project known as "Homes at Cypress Ridge" for a proposed 54-unit, single family affordable housing complex to be located in



approximately the 100 block of Southeast Stallings Drive on approximately 12 acres, just east of Cypress Ridge, for an application to the Texas Department of Housing and Community Affairs.

Section 3. That the City Commission of the City of Nacogdoches, Texas emphasizes its strong support for the development of affordable housing in the City of Nacogdoches.

Section 4. That the City Commission of the City of Nacogdoches, Texas, hereby gives its approval to the Texas Department of Housing and Community Affairs to issue an allocation of Housing Tax Credits for this project.

Section 5. That the meeting at which this resolution was approved was conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code Chapter 551.

Section 6. That this resolution shall be effective from and after its passage and publication as required by law.

PASSED AND APPROVED this 19th of February 2008.



*Roger Van Horn*

Mayor Roger Van Horn  
City Commission  
City of Nacogdoches

Attest:

*Stacy Corley*

Stacy Corley, Deputy City Secretary

Approved as to content:

*Aron Kulhavy*  
Aron Kulhavy, City Planner



**08179**

**Homes at Cypress Ridge**

**Staff Termination**



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
Elizabeth Anderson, *Chair*  
Shadrick Bogany  
C. Kent Conine  
Sonny Flores  
Gloria Ray  
Norberto Salinas

April 22, 2008

Ms. Anita M. Kegley  
Homes at Cypress Ridge, LTD  
16118 University Oak  
San Antonio, Texas 78249  
Telephone: (210) 857-4994  
Facsimile: (210) 349-4993

**Re: Homes at Cypress Ridge, TDHCA #08179**

Dear Ms. Kegley:

On February 29, 2008 you submitted a Housing Tax Credit application for the above-referenced development to the Texas Department of Housing and Community Affairs (the "Department"). It has been determined that this application has not met the eligibility requirements under §50.5(a)(7) of the 2008 Qualified Allocation Plan ("QAP") for the reasons stated below.

Pursuant to the 2008 QAP, §50.5(a), Ineligibility, an Application is ineligible if:

"The Development is located in a municipality or in a valid Extra Territorial Jurisdiction (ETJ) of a municipality, or if located completely outside a municipality, a county, that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins (or for Tax-Exempt Bond Developments at the time the reservation is made by the Texas Bond Review Board) unless the Applicant: (§2306.6703(a)(4))

(A) Has obtained prior approval of the Development from the governing body of the appropriate municipality or county containing the Development; and

(B) Has included in the Application a written statement of support from that governing body. This statement must reference this rule and authorize an allocation of Housing Tax Credits for the Development;

(C) For purposes of this paragraph, evidence under subparagraphs (A) and (B) of this paragraph must be received by the Department no later than April 1, 2008 (or for Tax-Exempt Bond Developments no later than 14 days before the Board meeting where the credits will be considered) and may not be more than one year old from the date the Volume 1 is submitted to the Department;"

A written statement referencing this rule and authorizing an allocation of Housing Tax Credits for the Development was not submitted on or before 5:00 p.m. CST on April 1, 2008.


For the reason stated above, the application is terminated.

Ms. Kegley  
April 22, 2008  
Page 2 of 2

If you would like to appeal the Department's determination that the Application has not met the eligibility requirements, an Appeals Policy does exist for the Housing Tax Credit Program. The restrictions and requirements relating to the filing of an appeal can be found in §50.17(b) of the 2008 QAP. If you choose to appeal this determination, you must first submit an appeal to the Executive Director no later than 5:00 pm on **April 29, 2008**. In the event an appeal is denied by the Executive Director, you may appeal directly in writing to the Board, provided that an appeal filed with the Board is received by **no later than 5:00 pm on May 1, 2008**.

If you have any questions, please do not hesitate to contact Sharon Gamble at 512-475-4610 or [sharon.gamble@tdhca.state.tx.us](mailto:sharon.gamble@tdhca.state.tx.us).

Sincerely,



Robbye Meyer  
Director of Multifamily Finance

08249

Terrell Senior Terraces III

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Action for 2008 Competitive Housing Tax Credit (HTC) Appeals.

**Requested Action**

Approve, Deny or Approve with Amendments a determination on the appeal Terrell Senior Terraces III.

**Background and Recommendations**

**Terrell Senior Terraces III – 08249**

Pursuant to §2306.6703(a)(4) of the Texas Government Code and §50.5(a)(7) of the 2008 Qualified Allocation Plan (“QAP”), an Application is ineligible if:

“The Development is located in a municipality or in a valid Extra Territorial Jurisdiction (ETJ) of a municipality, or if located completely outside a municipality, a county, that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins unless the Applicant:

(A) has obtained prior approval of the Development from the **governing body** of the appropriate municipality or county containing the Development; and

(B) has included in the Application a written statement of support from that **governing body** referencing this section and authorizing an allocation of Housing Tax Credits for the Development;

(C) for purposes of this paragraph, evidence under subparagraphs (A) and (B) of this paragraph must be received by the Department no later than April 1, 2008 and may not be more than one year old from the date the Volume 1 is submitted to the Department.”

This applicant proposes development in such a municipality. On March 25, 2008, the Department received via email a letter from the City Manager acknowledging §50.5(a)(7) of the Qualified Allocation Plan and Rules (QAP) and stating support for the Terrell Senior Terraces development. The statutory requirement in §2306.6703(a)(4) refers to the “governing body” of the municipality and not the City Manager of the municipality.

The Applicant is appealing their ineligibility based on the assertion that the QAP does not define “governing body.” Therefore, the Applicant believes that the written statement from the City Manager should be sufficient to meet the requirements of the QAP because the City Manager is a “representative” or “officer” of the municipality.

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

Applicant:	LRI XV, Ltd., a to-be-formed Texas limited partnership
Site Location:	349 Windsor Ave.
City/County:	Terrell/Kaufman
Regional Allocation Category:	Rural
Set Aside	Non-Profit
Population Served:	Elderly
Region:	3
Type of Development:	New Construction
Units:	80
Credits Requested:	\$710,695

**Staff Recommendation:** The Executive Director denied the original appeal. Staff is recommending that the Board also deny.

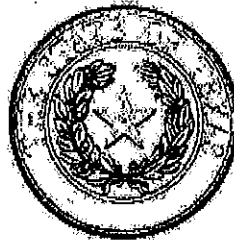


**08249**

**Terrell Seniors Terraces III**

**Board Appeal**





APR 22 2008

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

**2008 HOUSING TAX CREDIT APPEAL ELECTION FORM**

This form, submitted with my appeal to the Executive Director, is to notify the Department that I am filing a formal appeal to the Executive Director for processing.

If my appeal is denied by the Executive Director, I: (check one)

Do wish to appeal to the Board of Directors and request that my application be added to the May 8, 2008 Board of Directors meeting agenda. My appeal documentation, which identifies my specific grounds for appeal, is attached. I understand that my Board appeal documentation must still be submitted by 5:00 p.m. Monday, April 28, 2008 to be placed in the May 8, 2008 Board materials. If no documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Do not wish to appeal to the Board of Directors.

Development Name:	Terrell Senior Terraces III TDHCA #08249
Development Address:	349 Windsor Ave. Terrell, TX 75160
Signer's Name	Barry Halla
Signer's Title:	President/CEO
Date:	April 24, 2008

Signed:

## Sharon Gamble

---

**From:** Barry Halla [barryhalla@qwestoffice.net]  
**Sent:** Wednesday, April 30, 2008 2:59 PM  
**To:** 'Misael Arroyo'  
**Cc:** 'Robbye Meyer'; 'Sharon Gamble'; Karen Cleaver; Carole Hager  
**Subject:** RE: 08249.pdf



08249.pdf (40 KB) RE: Terrell Senior  
Terraces, T...

Misael:

In addition to the appeal sent in on April 21, and again on April 24, 2008, which is attached hereto for clarity and information, the following is hereby submitted:

- 1) the Executive Director, who is part of the Board meetings that the TDHCA Board has, would have authority to take action on behalf of the TDHCA Board on action items approved by Board in Executive Session just like City Manager has authority to take action for City Council on items approved by City Council in executive session and who also sits in on Council meetings,
- 2) the City Manager's written statement re: "2 x per capita" does reference 50.5(a)(7) rule in his letter, and
- 3) 50.5(a)(7) does not use word "resolution" and the TDHCA ASPM page 3 confirms use of "written statement" and also does not use the word "resolution".

We believe letter the from City Manager re: "2 x per capita" does in fact comply with the meaning and intent of 50.5(a)(7). The City Manager clearly and obviously has the authority to speak for the "governing body" in these type issues.

Additionally, the "governing body" is not defined as the "City Council" and the City Manager's written statements would clearly and legally bind a City to those written action items contained therein.

Respectfully submitted,

Barry Halla  
Life Rebuilders, Inc.  
480-837-3000  
972-839-5959 cell  
barry@liferebuilders.org  
www.TheLifeRebuildersGroup.org

-----Original Message-----

**From:** Misael Arroyo [mailto:misael.arroyo@tdhca.state.tx.us]  
**Sent:** Tuesday, April 29, 2008 1:23 PM  
**To:** 'Barry Halla'  
**Cc:** 'Robbye Meyer'; 'Sharon Gamble'  
**Subject:** 08249.pdf  
**Importance:** High

Mr. Halla, I have attached a copy of your Appeal Review. I will also fax you a copy. Please let me know if you have any questions.

Thanks,  
Misael Arroyo  
512 475-2596

**Sharon Gamble**

---

**From:** Barry Halla [barryhalla@qwestoffice.net]  
**Sent:** Thursday, April 24, 2008 4:01 PM  
**To:** 'Sharon Gamble'  
**Subject:** RE: Terrell Senior Terraces, TDHCA #08249  
**Importance:** High

Sharon:

Please submit my e-mail below to Mr. Gerber. Attached is the form for appeal to the Board should Mr. Gerber deny our appeal.

Barry Halla  
**Life Rebuilders, Inc.**  
**480-837-3000**  
 972-839-5959 cell  
 barry@liferebuilders.org  
 www.TheLifeRebuildersGroup.org

---

**From:** Sharon Gamble [mailto:sharon.gamble@tdhca.state.tx.us]  
**Sent:** Wednesday, April 23, 2008 7:52 AM  
**To:** 'Barry Halla'  
**Subject:** RE: Terrell Senior Terraces, TDHCA #08249

Barry, I just sent out the letter of termination, so it is now "official." Please respond to this email and let me know if you would like for me to submit the email you sent on April 21 (below) to Mr. Gerber as your statement of appeal. Further, the letter I sent includes a form that I need for you to submit if you would like to appeal to the Board should Mr. Gerber deny your appeal.

If you have questions, please contact me.

Sharon D. Gamble  
 Multifamily HTC Program Administrator  
 (512) 475-4610 (direct)  
 (512) 475-0764 (fax)

-----Original Message-----

**From:** Barry Halla [mailto:barryhalla@qwestoffice.net]  
**Sent:** Monday, April 21, 2008 6:53 PM  
**To:** 'Sharon Gamble'  
**Cc:** Michael Gerber  
**Subject:** RE: Terrell Senior Terraces, TDHCA #08249  
**Importance:** High

Sharon:

The specific language states in section 50.5 (a) (7) (A) that "... prior approval of the governing body ... " with the specific nature of that approval not being defined. Additionally, "governing body" is not defined and specifically does not define it as the City Council. 50.5 (a) (7) (B) uses the words "... written statement ... ". Additionally, the Application Submission Procedures Manual, page 3 DEVELOPMENT

4/25/2008

LOCATION 1. under *Exception*: states "Approval and written statement . . .". A letter from the City Manager is a written statement.

Nowhere that I can find does the QAP or ASPM specifically exclude a letter from the City Manager and does not state that a letter from the "representative" or "officer" of the Municipality, which would obviously be the City Manger, would not suffice. I believe it is specifically implied that the City Manager, who is hired by the City Council, would not issue a "2 times per capital letter" without the authority to do so. The City of Terrell's support for this housing is obvious. Nowhere in the QAP does it specifically exclude a letter.

You state below that ". . . and authorizing an allocation of tax credits for the development." The City Manager's letter specifically speaks to tax credits by referencing Housing Tax Credits and then states in the same sentence ". . . that the application submitted by Life Rebuilders, Inc. is eligible for allocation of funding from the TDHCA."

As mentioned, "governing body" is not defined. In the corporate world, the actions of an officer, VP or higher, would be considered legally binding. In the "municipality" world the actions of a City Manager would also be legally binding.

I am hereby appealing your decision to terminate our application to the Executive Director who is being copied on this e-mail.

Respectfully submitted,

Barry Halla  
**Life Rebuilders, Inc.**  
**480-837-3000**  
972-839-5959 cell  
barry@liferebuilders.org  
www.TheLifeRebuildersGroup.org

---

**From:** Sharon Gamble [mailto:sharon.gamble@tdhca.state.tx.us]  
**Sent:** Monday, April 21, 2008 2:05 PM  
**To:** 'barry@liferebuilders.org'  
**Subject:** Terrell Senior Terraces, TDHCA #08249

Barry:

This is a courtesy email to let you know that this Application is being terminated for failing to provide a written statement from the governing body of the appropriate municipality referencing the "2 times per capita rule" and authorizing an allocation of tax credits for the development. Your Application included a letter from the Terrell City Manager, but the letter has to come from the governing body; in this case the city council.

If you have questions, please contact me.

Sharon D. Gamble  
Multifamily HTC Program Administrator  
(512) 475-4610 (direct)  
(512) 475-0764 (fax)



**08249**

**Terrell Seniors Terraces III**

**Executive Director Response**



# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
C. Kent Conine, *Chair*  
Leslie Bingham-Escareño  
Tomas Cardenas, P.E.  
Sonny Flores  
Juan S. Muñoz, Ph.D.  
Gloria Ray

April 28, 2008

Mr. Barry Halla  
LRI XV, Ltd.  
800 W Airport Freeway #1100  
Irving, Texas 75062  
Telephone: (972) 721-1600  
Facsimile: (972) 721-1611

Re: **Appeal Received for Terrell Senior Terraces III, TDHCA #08249**

Dear Mr. Halla:

### Appeal Review

I have carefully reviewed the application you submitted, as well as your appeal that was received on April 25, 2008, regarding your request that your application be reconsidered for participation in the 2008 Competitive Housing Tax Credit cycle under §50.9(h) of the 2008 Qualified Allocation Plan and Rules ("QAP"), Threshold Criteria.

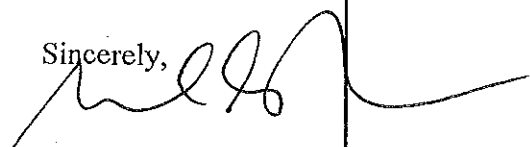
The eligibility requirements under §50.5(a)(7) of the 2008 Qualified Allocation Plan ("QAP") very clearly state that the Application is ineligible if the Development is located in a municipality that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins unless the Applicant provides a written statement of support **from the governing body of that municipality** by April 1, 2008; and that this statement must reference this rule and authorize an allocation of Housing Tax Credits for the Development. The letter you submitted from the City Manager of the City of Terrell is not sufficient for this item.

### Appeal Determination

Your appeal is denied.

Pursuant to §50.17(b)(4) of the 2008 QAP, an appeal has been filed with the Board and will be considered by the Board at the May 8, 2008 Board meeting. If you wish to submit any further documentation for your Board appeal, the documentation **must** be received by 5:00 p.m. CST on May 1, 2008 to be placed with the May 8, 2008 Board materials. If no documentation is submitted, the appeal documentation to the Executive Director will be utilized.

Sincerely,

  
Michael Gerber  
Executive Director

221 EAST 11<sup>TH</sup> • P. O. BOX 13941 • AUSTIN, TEXAS 78711-3941 • (800) 525-0657 • (512) 475-3800



**08249**

**Terrell Seniors Terraces III**

**Staff Termination**



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.sdhca.state.tx.us](http://www.sdhca.state.tx.us)

Rick Perry  
GOVERNOR

Michael Gerber  
EXECUTIVE DIRECTOR

BOARD MEMBERS  
Elizabeth Anderson, *Chair*  
Shadrick Bogany  
C. Kent Conine  
Sonny Flores  
Gloria Ray  
Norberto Salinas

April 22, 2008

Mr. Barry Halla  
LRI XV, Ltd.  
800 W Airport Freeway, #1100  
Irving, Texas 75062  
Telephone: (972) 721-1600  
Facsimile: (972) 721-1611

**Re: Terrell Senior Terraces III, TDHCA #08249**

Dear Mr. Halla:

On February 29, 2008 you submitted a Housing Tax Credit application for the above-referenced development to the Texas Department of Housing and Community Affairs (the "Department"). It has been determined that this application has not met the eligibility requirements under §50.5(a)(7) of the 2008 Qualified Allocation Plan ("QAP") for the reasons stated below.

Pursuant to the 2008 QAP, §50.5(a), Ineligibility, an Application is ineligible if:

"The Development is located in a municipality or in a valid Extra Territorial Jurisdiction (ETJ) of a municipality, or if located completely outside a municipality, a county, that has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds at the time the Application Round begins (or for Tax-Exempt Bond Developments at the time the reservation is made by the Texas Bond Review Board) unless the Applicant: (§2306.6703(a)(4))

(A) Has obtained prior approval of the Development from the governing body of the appropriate municipality or county containing the Development; and

(B) Has included in the Application a written statement of support from that governing body. This statement must reference this rule and authorize an allocation of Housing Tax Credits for the Development;

(C) For purposes of this paragraph, evidence under subparagraphs (A) and (B) of this paragraph must be received by the Department no later than April 1, 2008 (or for Tax-Exempt Bond Developments no later than 14 days before the Board meeting where the credits will be considered) and may not be more than one year old from the date the Volume 1 is submitted to the Department;"

The letter you submitted from the City Manager of the City of Terrell is not sufficient. A written statement from the governing body of the appropriate municipality referencing this rule and authorizing an allocation of Housing Tax Credits for the Development was not submitted on or before 5:00 p.m. CST on April 1, 2008.

For the reason stated above, the application is terminated.



Mr. Halla  
April 22, 2008  
Page 2 of 2

If you would like to appeal the Department's determination that the Application has not met the eligibility requirements, an Appeals Policy does exist for the Housing Tax Credit Program. The restrictions and requirements relating to the filing of an appeal can be found in §50.17(b) of the 2008 QAP. If you choose to appeal this determination, you must first submit an appeal to the Executive Director no later than 5:00 pm on **April 29, 2008**. In the event an appeal is denied by the Executive Director, you may appeal directly in writing to the Board, provided that an appeal filed with the Board is received by **no later than 5:00 pm on May 1, 2008**.

If you have any questions, please do not hesitate to contact Sharon Gamble at 512-475-4610 or [sharon.gamble@tdhca.state.tx.us](mailto:sharon.gamble@tdhca.state.tx.us).

Sincerely,

A handwritten signature in black ink, appearing to read 'RGM', with a long horizontal line extending to the right.

Robbye Meyer  
Director of Multifamily Finance



*Life Rebuilders, Inc.*  
"Housing Development Company"

16810 Ave. of the Fountains  
Suite 202  
Fountain Hills, AZ 85268  
P (480) 837-3000  
F (480) 837-0566

800 W. Airport Freeway  
Suite 1100  
Irving, TX 75062  
P (972) 721-1600  
F (972) 721-1611

Tuesday March 25, 2008

Sharon Gamble  
TDHCA  
P.O. Box 13941  
Austin, TX 78711-3941

Re: TDHCA 08249

03-26-08P02:39 RCVD

Dear Sharon:

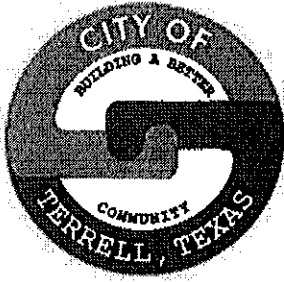
Please find attached the hard copy of the 2 X Capita letter.

If you have any questions please let us know and please acknowledge via email the receipt of this original letter.

Thank you.

Sincerely,

Carole Hager  
Office Manager



03-25-08P05:33 RCVD

**CITY OF TERRELL**

March 20, 2008

Barry Halla  
Life Rebuilders, Inc.  
800 W. Airport Freeway, Suite 1100  
Irving, Tx. 75062

Hal Richards  
Mayor

RE: Terrell Senior Terraces III

Ricky Jordan  
Mayor Pro Tem

Dear Mr. Halla:

Jack Jones  
Deputy Mayor Pro Tem

The City of Terrell is committed to serving the aging population of our community and is in support of your project which will fulfill a need for more housing dedicated to senior citizens.

Tommy Spencer  
Council Member

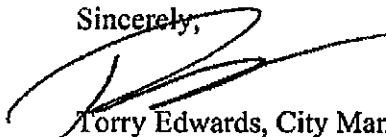
Pursuant to §50.5 (a)(7) of the 2008 Qualified Allocation Plan, I acknowledge that our community has been placed on the Texas Department of Housing and Community Affairs (TDHCA) list of cities that have more than twice the state average of units supported by Housing Tax Credits or Private Activity Bonds and that the application submitted by Life Rebuilders, Inc. is eligible for allocation of funding from the TDHCA.

Don Thurman  
Council Member

Torry L. Edwards  
City Manager

Additionally, we authorize Life Rebuilders, Inc. to apply for up to \$500,000 of rental HOME funds on behalf of the City of Terrell.

Sincerely,



Torry Edwards, City Manager

P. O. Box 310 • 201 E. Nash Street • Terrell, Texas 75160 • (972) 551-6600

The mission of the City Council of the City of Terrell, Texas, is to create pride by serving the community in a proactive manner and to enhance the quality of life through providing the highest level of services in the most efficient manner.



**Housing Tax Credit Program  
Board Action Request  
May 8, 2008**

**Action Item**

Request review and board determination of one (1) four percent (4%) tax credit application with another issuer for a tax-exempt bond transaction.

**Recommendation**

Staff is recommending that the board review and approve the issuance of one (1) four percent (4%) Tax Credit Determination Notice with **other issuers** for the tax-exempt bond transaction known as:

<b>Development No.</b>	<b>Name</b>	<b>Location</b>	<b>Issuer</b>	<b>Total Units</b>	<b>LI Units</b>	<b>Total Development</b>	<b>Applicant Proposed Tax Exempt Bond Amount</b>	<b>Requested Credit Allocation</b>	<b>Recommended Credit Allocation</b>
08402	Mansions at Moses Lake	Texas City	Southeast TX HFC	240	240	\$20,485,927	\$11,659,000	\$845,545	\$838,687

**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**BOARD ACTION REQUEST**  
**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Issuance of Determination Notices for Housing Tax Credits associated with Mortgage Revenue Bond Transactions with other Issuers.

**Requested Action**

Approve, Amend or Deny the staff recommendation for Mansions at Moses Lake Apartments, #08402.

**Summary of the Transaction**

*Background and General Information:* The application was received on December 27, 2007. The Issuer for this transaction is Southeast Texas Housing Finance Corporation with a reservation of allocation that expires on June 2, 2008. The development is new construction and will consist of 240 total units targeting the elderly population and 100% of the units are proposed to be restricted at 60% Area Median Family Income (AMFI). The proposed development will be located in Texas City, Galveston County. The site is currently zoned for this type of development.

*Organizational Structure and Compliance:* The Borrower is Mansions at Moses Lake, L.P. and the General Partner is Mansions at Moses Lake I, LLC, which is comprised of Robert R. Burchfield with 100% ownership interest. The Compliance Status Summary completed on April 11, 2008 reveals that the principals of the general partner have received six (6) multifamily awards that have been monitored with no material non-compliance.

*Census Demographics:* The development is to be located at approximately the 2400 Block of 34<sup>th</sup> Street N, south of FM Loop 197 in Texas City. Demographics for the census tract (7219.00) include AMFI of \$39,185; the total population is 5,751; the percent of population that is minority is 50.93%; the percent of population that is below the poverty line is 13.55%; the number of owner occupied units is 997; the number of renter units is 1228 and the number of vacant units is 117. (Census information from FFIEC Geocoding for 2007).

*Public Comment:* The Department has received one letter of support from Congressman Ron Paul and no letters of opposition.

**Recommendation**

Staff recommends the Board approve the issuance of a Determination Notice of \$838,687 in Housing Tax Credits for Mansions at Moses Lake Apartments.

It should be noted that during the EARAC (Executive Awards Review Advisory Committee) meeting there were significant concerns raised. These are listed below and are also explained in the Real Estate Analysis Underwriting Report included in this presentation.

- One of the principals of the Applicant, Robert Burchfield, was a partner in the developer of record for another bond transaction with a local issuer (Montgomery Trace Apartments, TDHCA #01420). This development has been renamed and completely reconfigured after the original development plan was abandoned and a new developer and general partner put in place to complete the project.
- Additionally, Mr. Burchfield was the principal contact and developer for the Mansions at Briar Creek (TDHCA #060070) in the 2006 9% application round. This application received an award allocation in July 2006 but was unable to document the required zoning change; therefore, the allocation was rescinded.
- If this application is approved it will be one of three allocations in the last 12 months for Mr. Burchfield who received 4% tax credits on two applications in 2007 through a local issuer, Mansions at Hastings Green (#07412) and Mansions at Hastings Green Senior (#07413).
- Throughout the underwriting process there were two different market studies that were submitted. The first market study was based on a PMA that included several zip codes in Texas City but excluded Galveston Island which excluded several recently approved elderly transactions. After ongoing correspondence and in response to this concern by the Underwriter, a second market study was submitted including Galveston Island which better depicted the subject's market and would lessen concern about demand. Based on the revised market study the development must capture more than 50% of the eligible elderly market; however, the inclusive capture rate is below the 75% maximum for elderly developments.



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**May 8, 2008**  
**Development Information, Public Input and Board Summary**  
**Mansions at Moses Lake, TDHCA Number 08402**

**BASIC DEVELOPMENT INFORMATION**

Site Address: 2400 Block of 34th Street N. and South of F.M. 197      Development #: 08402  
 City: Texas City      Region: 6      Population Served: Elderly  
 County: Galveston      Zip Code: 77590      Allocation: Urban  
 HOME Set Asides:     CHDO     Preservation     General      Purpose/Activity: NC  
 Bond Issuer: Southeast Texas HFC

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

**OWNER AND DEVELOPMENT TEAM**

Owner: Mansions at Moses Lake, L.P.  
 Owner Contact and Phone: Donna Rickenbacker (713) 623-1255  
 Developer: Robert R. Burchfield  
 Housing General Contractor: Nations Construction Management, Inc.  
 Architect: Mucasey & Associates Architects  
 Market Analyst: O'Connor & Associates  
 Syndicator: Red Capital Markets, Inc.  
 Supportive Services: TBD  
 Consultant: Feniksas Real Estate Group, L.P.

**UNIT/BUILDING INFORMATION**

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	Total Restricted Units:	240
0	0	0	240	0	143	97	0	0	0	Market Rate Units:	0
Type of Building: <input checked="" type="checkbox"/> 4 units or more per building      Owner/Employee Units:      0											
<input type="checkbox"/> Duplex	<input type="checkbox"/> Detached Residence									Total Development Units:	240
<input type="checkbox"/> Triplex	<input type="checkbox"/> Single Room Occupancy									Total Development Cost:	\$20,485,927
<input type="checkbox"/> Fourplex	<input type="checkbox"/> Transitional									Number of Residential Buildings:	6
<input type="checkbox"/> Townhome											
HOME High Total Units:											0
HOME Low Total Units:											0

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

**FUNDING INFORMATION**

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
4% Housing Tax Credits with Bonds:	\$845,545	\$838,687	0	0	0%
TDHCA Bond Allocation Amount:	\$0	\$0	0	0	0%
HOME Activity Fund Amount:	\$0	\$0	0	0	0%
HOME CHDO Operating Grant Amount:	\$0	\$0			



MULTIFAMILY FINANCE PRODUCTION DIVISION  
 May 8, 2008  
 Development Information, Public Input and Board Summary  
**Mansions at Moses Lake, TDHCA Number 08402**

**PUBLIC COMMENT SUMMARY**

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

**State/Federal Officials with Jurisdiction:**

TX Senator: Jackson, District 11	NC	US Representative: Paul, District 14, S
TX Representative: Eiland, District 23	NC	US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: Matthew T. Doyle, Mayor, City of Texas      Resolution of Support from Local Government   
 City - NC

**Individuals/Businesses:** In Support: **0**      In Opposition **0**

**Neighborhood Input:**

**General Summary of Comment:**

The Department has received one letter of support from U.S. Representative Ron Paul and no letters of opposition.

**CONDITIONS OF COMMITMENT**

Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.





MULTIFAMILY FINANCE PRODUCTION DIVISION

May 8, 2008

Development Information, Public Input and Board Summary

**Mansions at Moses Lake, TDHCA Number 08402**

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

4% Housing Tax Credits:	Credit Amount:	\$838,687
Recommendation: Recommend approval of a Housing Tax Credit Allocation not to exceed \$838,687 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:	Bond Amount:	\$0
Recommendation:		
HOME Activity Funds:	Loan Amount:	\$0
HOME CHDO Operating Expense Grant:	Grant Amount:	\$0
Recommendation:		



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 05/01/08 PROGRAM: 4% HTC FILE NUMBER: 08402

**DEVELOPMENT**

Mansions at Moses Lake

Location: 2400 Block of 34th Street North, South of FM Loop 197 Region: 6  
 City: Texas City County: Galveston Zip: 77590  OCT  DDA  
 Key Attributes: Multifamily, Elderly, Urban, New Construction

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Housing Tax Credit (Annual)	\$845,545			<b>\$838,687</b>		

**CONDITIONS**

1 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	240

**PROS**

- The Underwriter's expense to income ratio (54%) is well below the Department's 65% maximum.

**CONS**

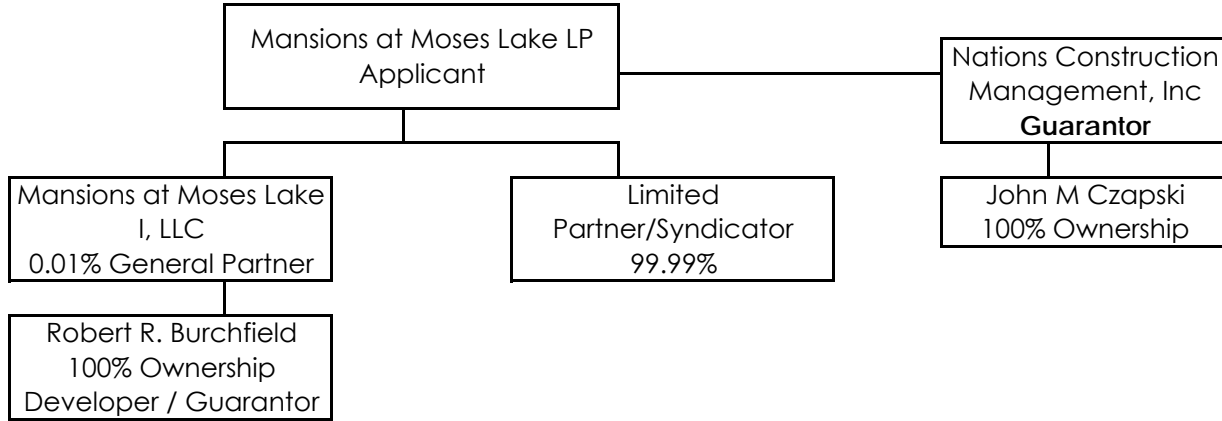
- Based on the revised market study, the development must capture more than 50% of the eligible elderly market. However, the inclusive capture rate is below the 75% maximum for elderly developments.
- The recommended financing structure indicates that 70% of the developer fee may be deferred to satisfy the gap in financing.
- The credit pricing has decreased on two occasions during application review from \$0.93 to \$0.86, and further decreases may put strain on the viability of the transaction.

**PREVIOUS UNDERWRITING REPORTS**

The subject development has been submitted for an allocation of 4% HTCs several times. In 2006, the subject was structured as a 154 unit family development (060431). The application was withdrawn before underwriting was completed. In 2007, the subject was submitted once again as a 154 unit family development (07453). The application was withdrawn before it was forwarded for underwriting.

**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Donna Rickenbacker Phone: 713.623.1255 Fax: 713.429.5787  
 Email: [donna@burchfieldgrp.com](mailto:donna@burchfieldgrp.com)

**KEY PARTICIPANTS**

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
Robert R Burchfield	Confidential		7 LIHTC Allocations
Nations Construction Management	Confidential		--
John M Czapski	Confidential		--

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

**Comments:**

Multifamily Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation. It should be noted, however, that at least one of the principals of the Applicant, Robert Burchfield, was a partner in the developer of record for another bond transaction with a local issuer (Montgomery Trace Apartments, TDHCA # 01420). This development has been renamed and completely reconfigured after the original development plan was abandoned and a new developer and general partner put in place to complete the project.

Additionally, Mr. Burchfield was the principal contact and developer for the Mansions at Briar Creek (TDHCA #060070) in the 2006 9% application round. This application received an award allocation in July 2006 but was unable to document the required zoning change, and therefore the allocation was rescinded.

Finally, Mr. Burchfield is the principal contact and developer for two other approved 4% HTC developments that closed on tax-exempt bonds in mid-2007, specifically: Mansions at Hastings Green (TDHCA #07412) and Mansions at Hastings Green Senior (TDHCA #07413). If approved, this will be one of three allocations in the last 12-months for Mr. Burchfield.

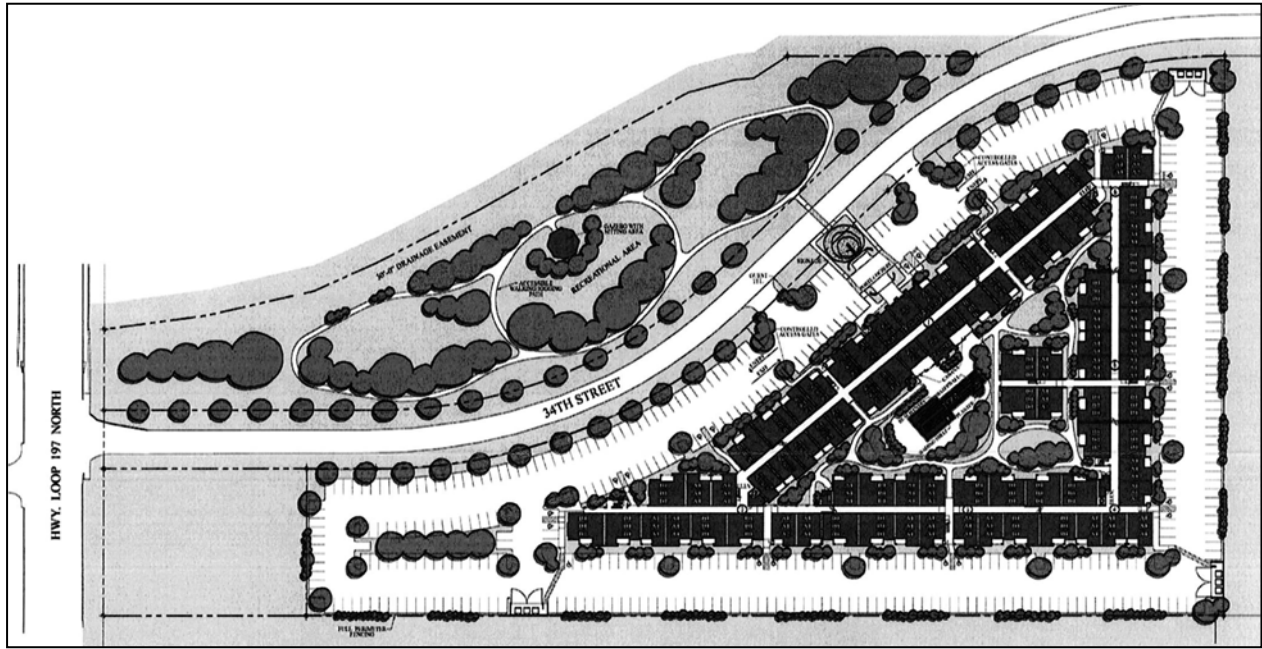
**IDENTITIES of INTEREST**

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

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**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	1	2	3	4	5	6						Total Buildings
Floors/Stories	3	3	3	3	3	3						
Number	1	1	1	1	1	1						<b>6</b>

BR/BA	SF	Units								Total Units	Total SF
1	729	32	24	21	15	27	24			143	104,247
2	990	13	18	18	15	15	18			97	96,030
Units per Building		45	42	39	30	42	42			<b>240</b>	<b>200,277</b>

\* The Architect has defined building boundaries at fire breaks; however, the buildings are connected by breezeways and may be considered one building for issuance of 8609s.

**SITE ISSUES**

Total Size: 9.9881 acres      Scattered site?       Yes       No

Flood Zone: Zone B      Within 100-yr floodplain?       Yes       No

Zoning: Single Family      Needs to be re-zoned?       Yes       No       N/A

**Comments:**

The Applicant has submitted a copy of an application to the City of Texas City for rezoning of the property from Single Family Residential (District "A") to Multi-Family Residential (District "C-1"). The Applicant subsequently submitted a letter from the City Planner indicating that the City Commission approved the necessary zoning change on February 20, 2008.

The Phase 1 ESA submitted indicates that the site is within Zone B (area between the 100-year and 500-year floodplains). The Phase 1 ESA floodplain map states, "CAUTION: Subject Property is within 250 ft. of 100 yr. Flood Zone. FEMA 'Good Faith Standard' requires additional research to make actual flood zone determination." However, this reference is in relation to the smaller tract that will be used only as a recreation area for tenants and will have no structures or drives. Should the siteplan be revised and include proposed structures on the portion of the site on the east side of 34th Street, additional investigation may be required and the Department should have the opportunity to verify the actual flood determination at the time an amendment would be necessary.

**TDHCA SITE INSPECTION**

Inspector: Manufactured Housing Date: 8/9/2007

Overall Assessment:  
 Excellent     Acceptable     Questionable     Poor     Unacceptable

Surrounding Uses:  
 North: vacant land / Loop 197 / Moses Lake  
 South: warehouse / retention pond / vacant land  
 East: Waterway / Pump Station / Recycle center  
 West: vacant land / multifamily property

Comments:  
 The site consists of two tracts of land bisected by 34th Street (a 60 foot public right of way). Based upon the site plan submitted, the Applicant plans to construct all buildings on the larger 7.0821 acre tract on the west side of 34th street and the smaller 2.906 acre tract on the east side of 34th Street will be a recreational area with a walking path and gazebo for use by the tenants. The smaller 2.906 acre tract was not included in the site in previous applications made to the Department.

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: East & Associates, Inc Date: Nov-07

Recognized Environmental Concerns (RECs) and Other Concerns:  
 • None

**MARKET HIGHLIGHTS**

Two different market studies have been submitted for the subject development, both of which were performed by O'Connor & Associates. The first market study was provided with the application and was performed based on a PMA encompassing several zip codes in the Texas City area but excluding Galveston island (depicted on the attached map). As a result of several recent elderly transactions within the PMA and within the area more generally and because of the methodology used by the Market Analyst to derive demand, the Underwriter expressed serious concerns about the ability of the market to support the subject transaction. After ongoing correspondence and in response to this concern, the Applicant and Market Analyst felt that the addition of Galveston island to the PMA would better depict the subject's market and would lessen concern about demand. A second market study was submitted to staff on February 22, 2008.

The data presented below is drawn from the second market study; however, the first market study as well as the Underwriter's concerns with the Market Analyst's method of calculating demand are also discussed in detail.

Provider: O'Connor & Associates Date: 12/4/2007  
 Contact: Bob Coe Phone: 713.686.9955 Fax: 713.686.8336  
 Number of Revisions: Several Date of Last Applicant Revision: 2/25/2008

REVISED Primary Market Area (PMA): 406 square miles (41 mile radius)  
 "The subject's primary market is defined as that area within the following geographic boundaries: Clear Creek and FM 1266 to the north; the Galveston/Brazoria County Line, Dickinson Bayou, Cedar Creek, and Algoa Friendswood Road to the west; Galveston Bay to the east, and the Gulf of Mexico. The PMA is within Zip Codes 77510, 77517, 77518, 77539, 77550, 77551, 77554, 77563, 77568, 77573, 77590 and 77591" (p. 37).

Secondary Market Area (SMA):  
 The Market Analyst has not designated a secondary market area for the purposes of this market study.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS							
PMA				SMA			
Name	File #	Total Units	Comp Units	Name	File #	Total Units	25% Comp Units
Morningstar Villas	07293	36	33	N/A			
The Village on Hobbs	04160	100	48				
Cedar Drive Village	060034	36	32				
Oak Tree Village	07103	36	32				

INCOME LIMITS						
Galveston						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	\$25,620	\$29,280	\$32,940	\$36,600	\$39,540	\$42,480

MARKET ANALYST'S PMA DEMAND by UNIT TYPE (REVISED)							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/ 60% Rent Limit	91	103	0	194	143	74	115%
2 BR/ 60% Rent Limit	97	95	0	192	97	44	74%

OVERALL DEMAND (REVISED)											
		Target Households	Household Size	Income Eligible	Tenure	Demand					
PMA DEMAND from TURNOVER											
Market Analyst	p. 74	29%	27,816	100%	27,816	3%	961	Included	45%	432	
Underwriter		29%	28,237	100%	28,237	14%	3,943	25%	975	45%	439
PMA DEMAND from HOUSEHOLD GROWTH											
Market Analyst	p. 74			100%	832	3%	29	Included	100%	29	
Underwriter				100%	964	14%	135	25%	33	100%	33
DEMAND from OTHER SOURCES											
Market Analyst	p. 74									72	
Underwriter										48	

INCLUSIVE CAPTURE RATE							
		Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst	p. 75	240	118	0	358	533	67.1%
Underwriter		240	145	0	385	520	74.1%

Comments:

As indicated above, the Market Analyst submitted a second market study with a revision of the PMA to include Galveston island as a result of concerns expressed by staff. In the original study the Market Analyst's demand calculations reflected a capture rate close to but slightly below the Department's 75% maximum for elderly developments. However, upon further review, the Underwriter felt that some data more specific to the elderly target population could be used. Specifically, the Market Analyst used renter percentages applicable to the general population from the 2000 Census rather than renter percentages applicable to the target (elderly) population.

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Based on the Underwriter's experience evaluating elderly transactions, the Underwriter felt an adjustment to the renter percentages would more accurately reflect demand as elderly households generally rent at lower rates than non-elderly households. The Underwriter's recalculated inclusive capture rate is significantly higher than the 75% maximum. Staff and the Market Analyst were unable to reach a consensus regarding the calculation of demand on this basis.

Additionally, beginning in 2007, the Real Estate Analysis rules have required Market Analysts to provide demand by unit type as data to perform such calculations was made readily available. In addition to demand by unit type, HISTA data provides another data source to calculate overall demand and an inclusive capture rate. The Market Analyst also determined an acceptable inclusive capture rate on this basis. However, the Underwriter calculated an inclusive capture rate well above the 75% threshold.

The Underwriter's calculation of demand specifically excluded over-income one and two person households by using separate income bands for each household size. Historically, data to exclude these households was unavailable, but HISTA data provides a breakdown of elderly renter household size by income making this more appropriate calculation available. The Market Analyst applied one income band for all household sizes which results in the inclusion of over-income one and two person households. While the Underwriter's methodology results in a more accurate capture rate, staff has accepted the Market Analyst's method in the past.

Staff felt that the desire to move toward excluding these over-income households was made clear during the 2008 market study round table. However, as a result of some confusion among market analysts, Staff has decided to accept the use of larger income bands including multiple household sizes at this time.

While staff chose to accept the Market Analyst's HISTA derived inclusive capture rate, the Market Analyst and Applicant provided a second Market Study which reflects a revised Primary Market Area including Galveston island in order to alleviate staff's concerns. The revised PMA continues to meet the Department's guidelines, and the inclusive capture rate calculated using the traditional method is below the 75% maximum, as reflected in the chart above. However, the Underwriter's inclusive capture rate derived using HISTA data remains significantly higher than the 75% threshold as a result of the exclusion of many over-income households that are otherwise included in demand.

The Market Analyst's HISTA derived capture rate reflected in the original study and the Analyst's traditionally derived capture rate reflected in the revised study both are below the 75% threshold and will be accepted by staff as meeting the Department's guidelines. However, staff remains concerned about the market for the subject property due to the number of recently approved elderly properties within the PMA and within the vicinity of the subject more generally and as a result of the Underwriter's HISTA derived capture rates which exceed the Department's guidelines (159% based on original PMA and 136% for revised PMA).

#### Primary Market Occupancy Rates:

"The occupancy of the comparable rentals included in this study range from 89% to 100%, with a median occupancy of 96.60%. The average occupancy for apartments in the subject's primary market area was reported at 92.49% in the most recent OConnorData.com survey (December 2008). According to the survey, occupancy in the primary market area in February 2008 has decreased slightly from the prior quarter. Average occupancy in the primary market area had declined since September 1999 due to new construction, but appears to have re-stabilized. Based on our analysis of the market, moderate increases in occupancy are projected for this market" (p. 41).

"As previously indicated, there are eight existing HTC projects within the subject's primary market area. However, only two (Villages @ Morningstar and Green Meadows) are located within a two mile radius of the subject. The high occupancy level of the affordable housing project in the area indicates a potential pent-up demand for newly-constructed affordable housing units in the primary market area. Typically, HTC projects in the Greater Houston area have achieved stabilized occupancy at a rapid pace, most likely due to the projects being new and superior compared to older multifamily projects. The subject should be able to reach a stabilized occupancy level within a very short time following completion due to the current waitlist list at the Villages @ Morningstar. Preleasing should begin prior to completion of the construction" (p. 41).

Absorption Projections:

"Considering the strong absorption history of similar properties and the lack of available quality affordable units in this market, we project that the subject property will lease an average of 15-25 units per month until achieving stabilized occupancy. We anticipate that the subject property will achieve stabilized occupancy within ten to seventeen months following completion" (p. 87).

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	729 SF	60%	\$623	\$623	\$700	\$623	\$77
2 BR	990 SF	60%	\$746	\$746	\$875	\$746	\$129

Market Impact:

"As the competing project's in the subject property's primary market area have high occupancy rates, and the nearest existing HTC project also has a high occupancy rate, it appears there is a shortage of affordable housing. ... Based on our analysis of the subject property's primary market area, there is sufficient demand to construct and successfully absorb the Mansions at Moses Lake Senior Apartments" (p. 86). "Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market" (p. 87).

Comments:

As indicated above, staff has significant concerns about demand for the significant number of 60% units proposed in a market with several recently approved elderly transactions. However, the Market Analyst has provided a market study that meets the Department's guidelines and results in an inclusive capture rate below the 75% maximum for elderly transactions.

The Underwriter has verified that the concentration rate for the census tract in which the subject development will be located is 39 units per square mile and the concentration rate for the defined primary market area is 43 units per square mile. Both rates are below the current underwriting guidelines of 1,432 units per square mile for the census tract in which the development is located and 1,000 units per square mile for the primary market area.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:          1          Date of Last Applicant Revision:        2/19/2008  

The Applicant's projected rents are equal to the program rent limits less utility allowances approved by the utility provider, Cirro Energy, dated December 19, 2007. The Underwriter has utilized the utility provider allowances to determine net rents equal to those estimated by the Applicant. These rent levels are achievable according to the Market Analyst's market rent determination.

However, due to concerns regarding the market, the Underwriter performed several sensitivity analyses, including a scenario assuming a 10% decrease in the achievable rent levels and thus a 10% decrease in income. Based on the Underwriter's evaluation, said decrease in income would substantially decrease debt capacity and increase the gap in financing to a level that cannot be filled through deferral of developer fees (more than \$4M). As such, a 10% decrease in rents could render the transaction infeasible.

The Applicant has estimated secondary income of \$10.00 per unit per month and vacancy and collection loss of 7.35%. While the Applicant's secondary income is in line with Department standards, the Applicant's vacancy and collection loss is slightly lower the 7.5% used by the Underwriter. The Applicant's estimate of effective gross income is within 5% of the Underwriter's estimate.

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Expense: Number of Revisions: 1 Date of Last Applicant Revision: 2/19/2008

The Applicant's total annual operating expense projection at \$3,797 per unit is within 5% of the Underwriter's estimate of \$4,119, derived from the TDHCA database, IREM, and third-party data sources. Additionally, the Applicant's estimates of several line items are significantly different from the Underwriter's estimates, including: general and administrative (\$30K lower); payroll and payroll tax (\$42K higher); and property tax (\$101K lower).

The Underwriter has used a tax assessed value of \$35K per unit based on the Appraisal District's cap rate for affordable multifamily properties of 9.5% to determine estimated property taxes. The Underwriter contacted the appraisal district to confirm the cap rate used for similar properties. The Applicant has indicated that their estimate is based on the market study.

**Conclusion:**

The Applicant's estimates of total operating expense and net operating income are each not within 5% of the Underwriter's estimates; therefore, the Underwriter's Year One proforma will be used to determine the development's debt capacity and debt coverage ratio (DCR). The proforma and estimated debt service result in a DCR below the Department's current minimum of 1.15. Therefore, the Underwriter's recommended financing structure will reflect a decrease in the permanent debt to bring the DCR within the Department's guideline.

**Feasibility:**

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense, and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow once an adjustment to the permanent debt amount is made. Therefore, the development can be characterized as feasible.

**ACQUISITION INFORMATION**

**ASSESSED VALUE**

Land Only: 31.4 acres	<u>\$196,770</u>	Tax Year:	<u>2006</u>
One acre:	<u>\$6,273</u>	Valuation by:	<u>Galveston CAD</u>
Prorata Value: 9.99 acres	<u>\$62,651</u>	Tax Rate:	<u>2.48299</u>

**EVIDENCE of PROPERTY CONTROL**

Type: <u>Earnest Money Contract &amp; Four Amendments</u>	Acreage: <u>9.9881</u>
Contract Expiration: <u>6/2/2008</u>	Valid Through Board Date? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost: <u>\$390,000</u>	Other: <u>Three 30-day extensions at buyer's option</u>
Seller: <u>Texas City Moses Lake, LLC</u>	Related to Development Team? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 2/19/2008

**Acquisition Value:**

The acquisition cost reflected in the development cost schedule of \$390,000 is consistent with the contract price. The site cost of \$39K per acre or \$1,625 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$4,556 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$40K or 0.38% higher than the Underwriter's *Marshall & Swift* Residential Cost Handbook-derived estimate.

**Interim Interest Expense:**

The Applicant's estimated eligible interim interest expense is greater than the Department's allowance of one-year's fully drawn interest on the construction financing. Therefore, the Underwriter has reduced eligible interim interest and effectively shifted the overstated amount to ineligible costs.

**Contingency & Fees:**

As a result of the reduction in eligible interim interest, the Applicant's eligible developer fee exceeds the Department's 15% maximum by \$15,635. The Underwriter has effectively shifted this amount to ineligible costs.

**Reserves:**

The Applicant has estimated reserves of which is significantly below the combined debt service and lease-up reserve required by the syndicator of \$797,524. The Underwriter's cost schedule reflects the amount required by the syndicator.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule, adjusted as indicated above, will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$17,970,576 supports annual tax credits of \$838,687. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

*SOURCES & USES* Number of Revisions: 1 Date of Last Applicant Revision: 2/19/2008

Issuer: Southeast Texas Housing Finance Corp  
Source: Citi Community Capital Type: Interim to Permanent Bond Financing

Interim: \$13,000,000 Interest Rate: 5.325%  Fixed Term: 30 months  
Permanent: \$12,500,000 Interest Rate: 5.175%  Fixed Amort: 420 months

**Comments:**

The lender has provided a term sheet indicating that the Applicant will enter into a swap agreement upon closing. The bonds will bear an interest rate equal to SIFMA (fka BMA; currently at 2.37% with a 52-week average of 3.47%) plus 1.35% during construction and plus 1.20% during permanent. However, the swap agreement will synthetically fix the rate that the borrower pays at 5.325% during construction and 5.175% during permanent. These rates are estimated based on a swap rate of 3.8%. The permanent rate includes a stack of 1.475% (135 bp credit enhancement; 12.5 bp issuer fee; and 5 bp trustee fee).

The Applicant originally provided a commitment from Red Capital reflecting a fixed rate structure at 6.30%. Therefore, the new proposed swap structure is indicative of more than a 1% savings over a fixed rate structure. All else equal, should the interest rate ultimately increase to higher than 5.8% the viability of the transaction may be jeopardized.

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Source: Aegon USA Realty Advisors, Inc Type: Syndication

Proceeds: \$7,249,660 Syndication Rate: 86% Anticipated HTC: \$ 845,545

Comments:

The Applicant originally provided a commitment from Red Capital reflecting a credit price of \$0.93 per dollar of credit. However, credit prices have been volatile recently. During underwriting, the Applicant provided an new letter from Aegon reflecting a significantly lower price of \$0.88 and then a third letter reflecting a decrease in the price to \$0.86. However, this price is still at the high end of current credit prices. All else equal, if the credit price falls below \$0.78 per dollar of credit, the viability of the transaction may be jeopardized.

Of note, the equity letter indicates that projected repayment of deferred developer fees may not exceed 13 years.

Amount: \$736,241 Type: Deferred Developer Fees

### CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio below the Department's minimum guideline of 1.15. The current underwriting analysis assumes a decrease in the permanent loan amount to \$11,659,000 based on the terms reflected in the application materials. As a result the development's gap in financing will increase. As indicated above, an increase in the interest rate and/or a change to a fixed rate structure may affect the viability of the transaction.

The Applicant's total development cost estimate less the adjusted permanent loan of \$11,659,000 indicates the need for \$8,826,927 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,029,505 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, Applicant's request (\$845,545), the gap-driven amount (\$1,029,505), and eligible basis-derived estimate (\$838,687), the eligible basis-derived estimate of \$838,687 is recommended resulting in proceeds of \$7,190,858 based on a syndication rate of 86%.

The Underwriter's recommended financing structure indicates the need for \$1,636,069 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

Underwriter: \_\_\_\_\_ Date: May 1, 2008  
*Cameron Dorsey*

Reviewing Underwriter: \_\_\_\_\_ Date: May 1, 2008  
*Raquel Morales*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**Mansions at Moses Lake, Texas City, 4% HTC #08402**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	143	1	1	729	\$686	\$623	\$89,089	\$0.85	\$63.00	\$27.00
TC 60%	97	2	2	990	\$823	746	72,362	0.75	77.00	40.00
<b>TOTAL:</b>	<b>240</b>		<b>AVERAGE:</b>	<b>834</b>		<b>\$673</b>	<b>\$161,451</b>	<b>\$0.81</b>	<b>\$68.66</b>	<b>\$32.25</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	<u>200,277</u>	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>
<b>POTENTIAL GROSS RENT</b>						\$1,937,412	\$1,937,412	Galveston	Houston	6
Secondary Income		Per Unit Per Month:	\$10.00		28,800	28,800	\$10.00	Per Unit Per Month		
Other Support Income:					0	0	\$0.00	Per Unit Per Month		
<b>POTENTIAL GROSS INCOME</b>						\$1,966,212	\$1,966,212			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(147,466)	(144,612)	-7.35%	of Potential Gross Income		
Employee or Other Non-Rental Units or Concessions					0	0				
<b>EFFECTIVE GROSS INCOME</b>						\$1,818,746	\$1,821,600			

<b>EXPENSES</b>				<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>
General & Administrative	5.03%	\$381	0.46	\$91,440	\$61,440	\$0.31	\$256	3.37%	
Management	4.00%	303	0.36	72,750	72,864	0.36	304	4.00%	
Payroll & Payroll Tax	12.22%	926	1.11	222,264	263,919	1.32	1,100	14.49%	
Repairs & Maintenance	5.24%	397	0.48	95,375	97,440	0.49	406	5.35%	
Utilities	2.72%	206	0.25	49,434	47,040	0.23	196	2.58%	
Water, Sewer, & Trash	4.21%	319	0.38	76,504	76,320	0.38	318	4.19%	
Property Insurance	3.85%	292	0.35	70,097	82,800	0.41	345	4.55%	
Property Tax	2.48299	11.47%	869	1.04	208,571	107,265	0.54	447	5.89%
Reserve for Replacements	3.30%	250	0.30	60,000	60,000	0.30	250	3.29%	
TDHCA Compliance Fees	0.53%	40	0.05	9,600	9,600	0.05	40	0.53%	
Other: Services/Security	1.79%	136	0.16	32,640	32,640	0.16	136	1.79%	
<b>TOTAL EXPENSES</b>	<b>54.36%</b>	<b>\$4,119</b>	<b>\$4.94</b>	<b>\$988,675</b>	<b>\$911,328</b>	<b>\$4.55</b>	<b>\$3,797</b>	<b>50.03%</b>	
<b>NET OPERATING INC</b>	<b>45.64%</b>	<b>\$3,459</b>	<b>\$4.14</b>	<b>\$830,071</b>	<b>\$910,272</b>	<b>\$4.55</b>	<b>\$3,793</b>	<b>49.97%</b>	
<b>DEBT SERVICE</b>									
Citi Community Capital	42.55%	\$3,224	\$3.86	\$773,855	\$785,971	\$3.92	\$3,275	43.15%	
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%	
Additional Financing	0.00%	\$0	\$0.00	0	0	\$0.00	\$0	0.00%	
<b>NET CASH FLOW</b>	<b>3.09%</b>	<b>\$234</b>	<b>\$0.28</b>	<b>\$56,216</b>	<b>\$124,301</b>	<b>\$0.62</b>	<b>\$518</b>	<b>6.82%</b>	
<b>AGGREGATE DEBT COVERAGE RATIO</b>				1.07	1.16				
<b>RECOMMENDED DEBT COVERAGE RATIO</b>				1.15					

<b>CONSTRUCTION COST</b>					<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>
Acquisition Cost (site or bldg)	Factor	% of TOTAL	PER UNIT	PER SQ FT	\$390,000	\$390,000	\$1.95	\$1,625	1.90%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		5.21%	4,556	5.46	1,093,500	1,093,500	5.46	4,556	5.34%
Direct Construction		51.27%	44,822	53.71	10,757,172	10,797,600	53.91	44,990	52.71%
Contingency	5.00%	2.82%	2,469	2.96	592,534	594,555	2.97	2,477	2.90%
Contractor's Fees	14.00%	7.91%	6,913	8.28	1,659,094	1,664,754	8.31	6,936	8.13%
Indirect Construction		3.32%	2,906	3.48	697,500	697,500	3.48	2,906	3.40%
Ineligible Costs		8.96%	7,832	9.39	1,879,716	1,879,716	9.39	7,832	9.18%
Developer's Fees	15.00%	11.14%	9,737	11.67	2,336,772	2,359,623	11.78	9,832	11.52%
Interim Financing		3.71%	3,244	3.89	778,679	778,679	3.89	3,244	3.80%
Reserves		3.80%	3,323	3.98	797,523	230,000	1.15	958	1.12%
<b>TOTAL COST</b>		<b>100.00%</b>	<b>\$87,427</b>	<b>\$104.77</b>	<b>\$20,982,490</b>	<b>\$20,485,927</b>	<b>\$102.29</b>	<b>\$85,358</b>	<b>100.00%</b>
<b>Construction Cost Recap</b>		<b>67.21%</b>	<b>\$58,760</b>	<b>\$70.41</b>	<b>\$14,102,300</b>	<b>\$14,150,409</b>	<b>\$70.65</b>	<b>\$58,960</b>	<b>69.07%</b>

<b>SOURCES OF FUNDS</b>				<b>RECOMMENDED</b>			
Citi Community Capital	59.57%	\$52,083	\$62.41	\$12,500,000	\$12,500,000	\$11,659,000	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00	0	0	0	\$2,343,988
Aegon HTC Equity	34.55%	\$30,207	\$36.20	7,249,686	7,249,686	7,190,858	% of Dev. Fee Deferred
Deferred Developer Fees	3.51%	\$3,068	\$3.68	736,241	736,241	1,636,069	70%
Additional (Excess) Funds Req'd	2.37%	\$2,069	\$2.48	496,563	0	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>				<b>\$20,982,490</b>	<b>\$20,485,927</b>	<b>\$20,485,927</b>	<b>\$3,225,647</b>

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Mansions at Moses Lake, Texas City, 4% HTC #08402*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$54.78	\$10,970,290
<b>Adjustments</b>				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly	3.00%		1.64	329,109
9-Ft. Ceilings	3.00%		1.64	329,109
Roofing			0.00	0
Subfloor			(0.82)	(164,895)
Floor Cover			2.43	486,673
Breezeways/Balconies	\$19.12	58,018	5.54	1,109,491
Plumbing Fixtures	\$805	291	1.17	234,255
Rough-ins	\$400	240	0.48	96,000
Built-In Appliances	\$1,850	240	2.22	444,000
Exterior Stairs	\$1,800	14	0.13	25,200
Enclosed Corridors	\$44.86		0.00	0
Heating/Cooling			1.90	380,526
Elevators	\$52,750	3	0.79	158,250
Comm &/or Aux Bldgs	\$54.78	7,924	2.17	434,062
Other: fire sprinkler	\$1.95	200,277	1.95	390,540
<b>SUBTOTAL</b>			<b>76.01</b>	<b>15,222,611</b>
Current Cost Multiplier	0.98		(1.52)	(304,452)
Local Multiplier	0.89		(8.36)	(1,674,487)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$66.13</b>	<b>\$13,243,672</b>
Plans, specs, survy, bld prm	3.90%		(2.58)	(516,503)
Interim Construction Interest	3.38%		(2.23)	(446,974)
Contractor's OH & Profit	11.50%		(7.60)	(1,523,022)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$53.71</b>	<b>\$10,757,172</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$12,500,000	Amort	420
Int Rate	5.175%	DCR	1.07

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.07

<b>Additional</b>	\$7,249,686	Amort	
Int Rate		Aggregate DCR	1.07

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$721,790
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$108,281</b>

<b>Primary</b>	\$11,659,000	Amort	420
Int Rate	5.175%	DCR	1.15

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15

<b>Additional</b>	\$7,249,686	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

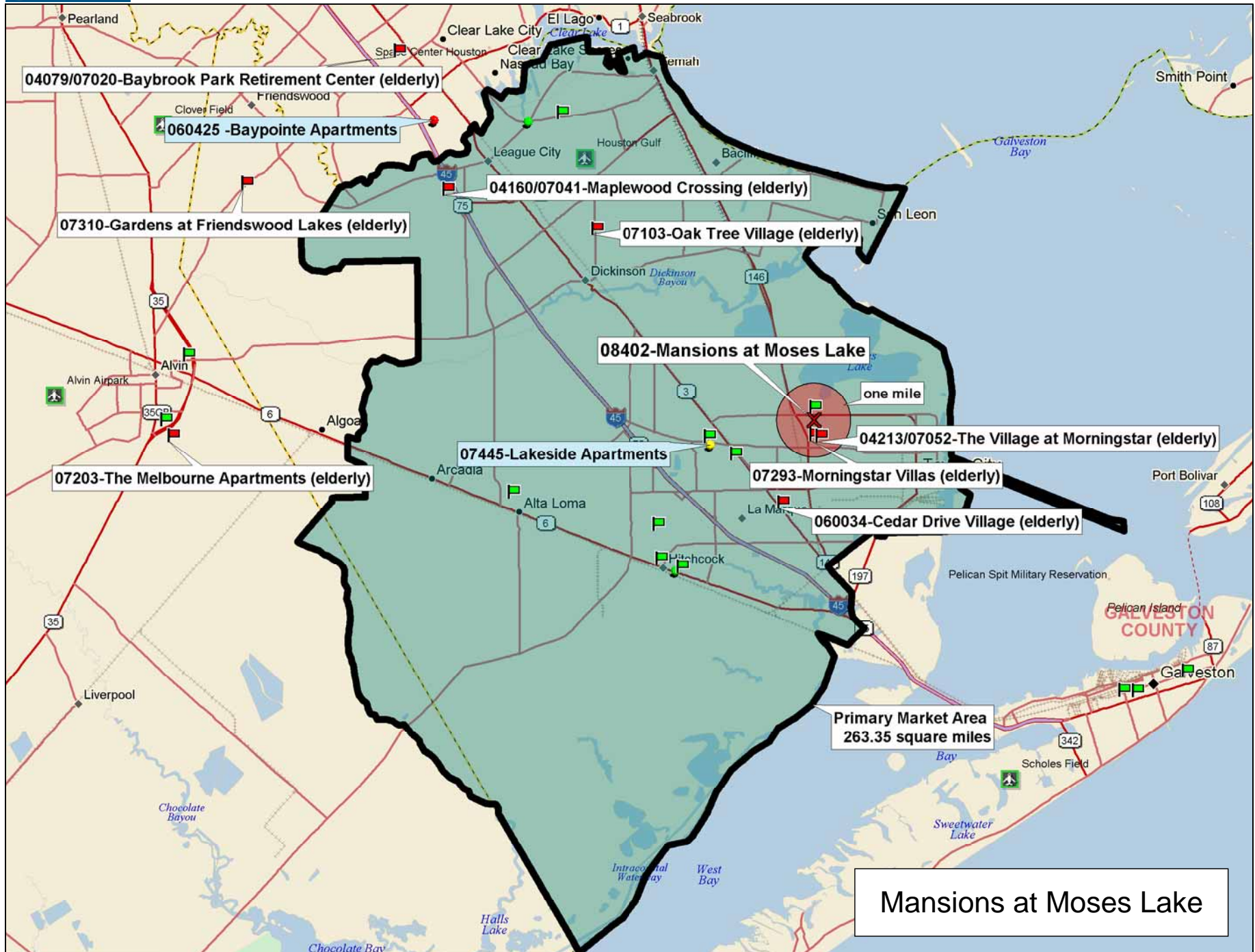
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,937,412	\$1,995,534	\$2,055,400	\$2,117,062	\$2,180,574	\$2,527,883	\$2,930,509	\$3,397,264	\$4,565,638
Secondary Income	28,800	29,664	30,554	31,471	32,415	37,577	43,563	50,501	67,869
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,966,212	2,025,198	2,085,954	2,148,533	2,212,989	2,565,461	2,974,072	3,447,765	4,633,507
Vacancy & Collection Loss	(147,466)	(151,890)	(156,447)	(161,140)	(165,974)	(192,410)	(223,055)	(258,582)	(347,513)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,818,746</b>	<b>\$1,873,308</b>	<b>\$1,929,508</b>	<b>\$1,987,393</b>	<b>\$2,047,015</b>	<b>\$2,373,051</b>	<b>\$2,751,017</b>	<b>\$3,189,182</b>	<b>\$4,285,994</b>
EXPENSES at 4.00%									
General & Administrative	\$91,440	\$95,097	\$98,901	\$102,857	\$106,971	\$130,147	\$158,344	\$192,650	\$285,168
Management	72,750	74,932	77,180	79,496	81,881	94,922	110,041	127,567	171,440
Payroll & Payroll Tax	222,264	231,155	240,401	250,017	260,018	316,352	384,890	468,278	693,165
Repairs & Maintenance	95,375	99,190	103,157	107,284	111,575	135,748	165,158	200,940	297,441
Utilities	49,434	51,411	53,468	55,607	57,831	70,360	85,604	104,150	154,167
Water, Sewer & Trash	76,504	79,564	82,747	86,057	89,499	108,889	132,481	161,183	238,590
Insurance	70,097	72,901	75,817	78,850	82,004	99,770	121,385	147,684	218,608
Property Tax	208,571	216,914	225,591	234,614	243,999	296,862	361,178	439,428	650,461
Reserve for Replacements	60,000	62,400	64,896	67,492	70,192	85,399	103,901	126,411	187,119
Other	42,240	43,930	45,687	47,514	49,415	60,121	73,146	88,993	131,732
<b>TOTAL EXPENSES</b>	<b>\$988,675</b>	<b>\$1,027,495</b>	<b>\$1,067,845</b>	<b>\$1,109,787</b>	<b>\$1,153,384</b>	<b>\$1,398,569</b>	<b>\$1,696,127</b>	<b>\$2,057,284</b>	<b>\$3,027,891</b>
<b>NET OPERATING INCOME</b>	<b>\$830,071</b>	<b>\$845,814</b>	<b>\$861,663</b>	<b>\$877,606</b>	<b>\$893,631</b>	<b>\$974,482</b>	<b>\$1,054,890</b>	<b>\$1,131,899</b>	<b>\$1,258,103</b>
DEBT SERVICE									
First Lien Financing	\$721,790	\$721,790	\$721,790	\$721,790	\$721,790	\$721,790	\$721,790	\$721,790	\$721,790
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$108,281</b>	<b>\$124,024</b>	<b>\$139,873</b>	<b>\$155,816</b>	<b>\$171,841</b>	<b>\$252,692</b>	<b>\$333,100</b>	<b>\$410,109</b>	<b>\$536,313</b>
DEBT COVERAGE RATIO	1.15	1.17	1.19	1.22	1.24	1.35	1.46	1.57	1.74

**HTC ALLOCATION ANALYSIS -Mansions at Moses Lake, Texas City, 4% HTC #08402**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$390,000	\$390,000		
Purchase of buildings				
<b>Off-Site Improvements</b>				
Sitework	\$1,093,500	\$1,093,500	\$1,093,500	\$1,093,500
Construction Hard Costs	\$10,797,600	\$10,757,172	\$10,797,600	\$10,757,172
Contractor Fees	\$1,664,754	\$1,659,094	\$1,664,754	\$1,659,094
Contingencies	\$594,555	\$592,534	\$594,555	\$592,534
Eligible Indirect Fees	\$697,500	\$697,500	\$697,500	\$697,500
Eligible Financing Fees	\$778,679	\$778,679	\$778,679	\$778,679
All Ineligible Costs	\$1,879,716	\$1,879,716		
<b>Developer Fees</b>			\$2,343,988	
Developer Fees	\$2,359,623	\$2,336,772		\$2,336,772
<b>Development Reserves</b>				
	\$230,000	\$797,523		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$20,485,927</b>	<b>\$20,982,490</b>	<b>\$17,970,576</b>	<b>\$17,915,250</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$17,970,576	\$17,915,250
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$23,361,748	\$23,289,825
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		\$23,361,748	\$23,289,825
Applicable Percentage		3.59%	3.59%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$838,687	\$836,105

Syndication Proceeds	0.8574	\$7,190,858	\$7,168,720
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$838,687</b>	<b>\$836,105</b>
Syndication Proceeds		\$7,190,858	\$7,168,720
Requested Tax Credits		\$845,545	
Syndication Proceeds		\$7,249,660	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$8,826,927</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,029,505</b>	



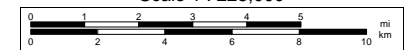
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TN  
 MN (3.5°E)  
 Page 14 of 14

Scale 1 : 225,000



1" = 3.55 mi

Data Zoom 9-7

# Mansions at Moses Lake

# Applicant Evaluation

Project ID # **08402**

Name: **Mansions at Moses Lake**

City: **Texas City**

HTC 9%     HTC 4%     HOME     BOND     HTF     SECO     ESGP     Other

No Previous Participation in Texas       Members of the development team have been disbarred by HUD

## Portfolio Management and Compliance

Total # of MF awards monitored: 6

### Projects in Material Noncompliance

Yes       No

Projects grouped by score    0-9: 6

Total # of MF awards not yet monitored or pending review: 4

10-19: 0

20-29: 0

SF Contract Experience  Yes  No

Total # of MF Projects in Material Noncompliance: 0

Total monitored with a score 0-29: 6

Total # of SF Contracts: 0

Completed by: J. Taylor

Reviewer: Wendy Quackenbush

Date: 4/1/2008

Date: 4/11/2008

### Single Audit

Single audit review not applicable

Late single audit certification form (see comments)

Single audit review found no unresolved issues

Past due single audit or unresolved single audit issue (see comments)

Reviewer: Betty Gallegos

Date: 4/14/2008

Comments (if applicable):

### Financial Administration Loan Servicing

No delinquencies found

Delinquencies found (see comments)

Reviewer: Candace Christiansen

Date: 4 /8 /2008

Comments (if applicable):

### Financial Administration Financial Services

No delinquencies found

Delinquencies found (See Comments)

Reviewer: Monica Guerra

Date: 4 /8 /2008

Comments (if applicable):



RON PAUL  
14TH DISTRICT, TEXAS

FINANCIAL SERVICES COMMITTEE

SUBCOMMITTEES:

RANKING MEMBER  
DOMESTIC AND INTERNATIONAL MONETARY POLICY,  
TRADE, AND TECHNOLOGY

OVERSIGHT AND INVESTIGATIONS

FOREIGN AFFAIRS COMMITTEE

SUBCOMMITTEES:

INTERNATIONAL ORGANIZATIONS,  
HUMAN RIGHTS, AND OVERSIGHT

WESTERN HEMISPHERE

JOINT ECONOMIC COMMITTEE

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-4314**

08402  
203 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-2831

1501 E. MOCKINGBIRD LANE  
SUITE 229  
VICTORIA, TX 77904  
(361) 576-1231  
122 WEST WAY  
SUITE 301  
LAKE JACKSON, TX 77566  
(979) 285-0231  
601 25TH STREET  
SUITE 216  
GALVESTON, TX 77550  
(409) 766-7013

February 15, 2008

03-03-08 14:52 RCVD

Ms. Robbye Meyer  
Director, Multifamily Finance Production Division  
Texas Dept of Housing & Community Affairs  
PO Box 13941  
Austin, TX 78711-3941

Dear Ms. Meyer:

I am writing to inform you of my support for the Mansions at Moses Lake, L.P. application for tax credits with the Texas Department of Housing and Community Affairs for the Mansions at Moses Lake development (Development Number 08402). The tax credits will support the construction of 240 low income apartments with a target population of the elderly. The development will be located at the 2400 block of 34th Street North and south of F.M. 197 in Texas City, Texas. Approval of this application will be of great benefit to Texas City's low income elderly.

Thank you for your consideration of my views. Should you have further questions or concerns, please do not hesitate to contact my office regarding this issue.

Sincerely,



Ron Paul

LEGISLATIVE UPDATE  
1-888-322-1414

<http://www.house.gov/paul/>  
[rep.paul@mail.house.gov](mailto:rep.paul@mail.house.gov)

**MULTIFAMILY FINANCE PRODUCTION DIVISION  
BOARD ACTION REQUEST**

**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Action on a waiver of the fourteen day requirement regarding the submission of the consistency with the consolidated plan letter in §50.9(h)(7)(B) and §50.12(b) of the 2008 Qualified Allocation Plan (“QAP”) for West Oaks Village Senior Apartments.

**Requested Action**

Approve, Amend or Deny the staff recommendation for the waiver of §50.9(h)(7)(B) and §50.12(b) of the 2008 QAP.

**Background**

According to §50.9(h)(7)(B) of the 2008 QAP if the Development is located within the boundaries of a political subdivision which does not have a zoning ordinance then a letter must be submitted from the local municipality stating the Development is consistent with a local consolidated plan, comprehensive plan, or other local planning document that addresses affordable housing or the letter must state there is a need for affordable housing, if no such planning document exists. For tax exempt bond applications, §50.12(b) of the QAP allowed for this letter to be submitted no later than 14 days prior to the Board meeting at which the application was to be presented. The applicant is requesting a waiver of the deadline by which this document was to be submitted to the Department.

**Summary**

West Oak Senior Village Apartments received a reservation of bond allocation on March 11, 2008. The applicant was aware of the threshold requirement to submit evidence of consistency with the local consolidated plan and began the necessary steps to obtain the letter at least six weeks prior to its due date. The letter was due to the Department on or before April 24, 2008 to allow the application to be presented at the May 8, 2008 Board meeting. Due to a delay with the City of Houston, the Applicant was not able to provide this letter until April 28, 2008. This application could be presented at the June 26, 2008 Board meeting and avoid the need for this waiver. However, it is staff’s preference to proceed with the presentation of the application at the May 8, 2008 Board meeting.

**Recommendation**

Staff recommends that the Board approve the applicant’s request to waive the fourteen day submission requirement as found in §50.9(h)(7)(B) and §50.12(b) of the 2008 QAP.

# WEST OAKS VILLAGE SENIOR APARTMENTS

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May 1, 2008

Teresa Morales  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78711

**RE: West Oaks Seniors Apartments**

Dear Ms. Morales:

This letter serves as a formal request for waiver of rule 50.9(h)(7)(B)(i)(II). The letter of consistency was received after the 14<sup>th</sup> day preceding the board meeting. The letter was delivered 10 days preceding the board meeting.

The unfortunate delay was the result of City of Houston official's current understaffing.

Please feel free to contact us with any questions.

Sincerely,

A handwritten signature in black ink that reads "DRussell". The letters are cursive and somewhat stylized, with the "D" and "R" being particularly prominent.

David Russell  
16000 Barkers Point Lane Suite 225  
Houston, TX 77079  
V 281.493.0700  
F 281.493.0702

**Housing Tax Credit Program  
Board Action Request  
May 8, 2008**

**Action Item**

Request, review, and board determination of one (1) tax exempt bond transaction with TDHCA as the Issuer.

**Recommendation**

Staff is recommending that the board review and approve the issuance of one (1) tax exempt bond transaction with **TDHCA** as the Issuer for the Development known as:

<b>Development No.</b>	<b>Name</b>	<b>Location</b>	<b>Issuer</b>	<b>Total Units</b>	<b>LI Units</b>	<b>Total Development</b>	<b>Applicant Proposed Bond Amount</b>	<b>Requested Credit Allocation</b>	<b>Recommended Bond Allocation</b>
08603	West Oaks Village Senior Apartments	Houston	TDHCA	232	232	\$21,364,357	\$12,222,400	\$845,960	\$841,297



[WWW.TDHCA.STATE.TX.US](http://WWW.TDHCA.STATE.TX.US)

## **MULTIFAMILY FINANCE PRODUCTION DIVISION**

### **2008 Private Activity Multifamily Housing Revenue Bonds**

**West Oaks Senior Village Apartments  
Approximately 15300 Caseta Drive  
Harris County, Texas**

**WOV Apartments, LP  
232 Units  
Priority 1C  
\$14,000,000 Tax Exempt – Series 2008**

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### **TABLE OF EXHIBITS**

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<b>TAB 1</b>	<b>TDHCA Board Presentation</b>
<b>TAB 2</b>	<b>Bond Resolution</b>
<b>TAB 3</b>	<b>HTC Profile and Board Summary</b>
<b>TAB 4</b>	<b>Sources &amp; Uses of Funds Estimated Cost of Issuance</b>
<b>TAB 5</b>	<b>Department's Real Estate Analysis</b>
<b>TAB 6</b>	<b>Compliance Status Summary</b>
<b>TAB 7</b>	<b>Public Hearing Transcript (April 16, 2008)</b>

**MULTIFAMILY FINANCE PRODUCTION DIVISION  
BOARD ACTION REQUEST**

**May 8, 2008**

**Action Item**

Presentation, Discussion and Possible Issuance of Multifamily Housing Revenue Bonds, Series 2008 and a Determination Notice of Housing Tax Credits with TDHCA as the Issuer for West Oaks Village Senior Apartments.

**Requested Action**

Approve, Amend or Deny the Issuance of Multifamily Housing Revenue Bonds and the Determination of Housing Tax Credits.

**Summary of the West Oaks Village Senior Apartments Transaction**

*Background and General Information:* The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, as amended, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. (*The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas.*) The pre-application for the 2008 Waiting List was received on October 11, 2007. The application was scored and ranked by staff. The application was originally induced at the November 8, 2007 Board meeting and then re-induced at the January 31, 2008 Board meeting because the Applicant was requesting a higher bond amount. Following the January 31, 2008 Board meeting the application was submitted to the Texas Bond Review Board. The application received a Reservation of Allocation on March 11, 2008. The deadline for bond delivery is on or before August 8, 2008, but the anticipated closing date is June 11, 2008. Located in Harris County, the development consists of the new construction of 232 units targeted to an elderly population. This application was submitted under the Priority 1C category, with the applicant proposing 100% of the units serving individuals and families earning 60% of Area Median Family Income (AMFI).

*Organizational Structure and Compliance:* The Borrower is WOV Apartments, LP the General Partner of which is 2007 Houston Development, LLC and is comprised of Kenneth Cash and David Russell each with 50% ownership interest. The Compliance Status Summary completed on April 11, 2008 reveals that the principals of the general partner have received four (4) multifamily awards that have no material noncompliance.

*Public Hearing:* A public hearing was conducted by the Department for the proposed development on April 16, 2008. There were five people present at the hearing. One person signed in as opposed to the development. Concerns raised by those in attendance include the following: concentration of multifamily housing in the area, whether there would be a security officer onsite, the position of the buildings on the site since the site backs up to a cul-de-sac lot of single family homes and whether or not there would be a buffer zone between the edge of this property and the fence line of the single family homes. A copy of the transcript is included in this presentation. The Department has not received any letters of support or opposition.

*Census Demographics:* The proposed site is located at approximately the southeast corner of FM 1093 and Caseta Dr., Houston, Harris County. Demographics for the census tract (4543.00) include AMFI of \$57,431; the total population is 10,834; the percent of the population that is minority is 60.31%; the number of owner occupied units is 2,231; number of renter occupied units is 1,769; and the number of vacant units is 589. (Census Information from FFIEC Geocoding for 2007).

### **Summary of the Financial Structure**

The applicant is requesting the Department's approval and issuance of variable rate tax-exempt bonds in an amount not to exceed \$14,000,000. Throughout the construction phase, Freddie Mac will be protected by a Letter of Credit issued by PNC Bank National Association. The Bonds will carry a AAA rating. The term of the Bonds will be for 30 years with a 35 year amortization. The construction and lease up period will be for 24 months with the option of two 6 month extensions. The underwriting interest rate is estimated at 5.44% which includes 3.82% for the Swap rate, 1.00% for the Freddie Mac Guaranty and Servicing fee, 0.25% for the liquidity fee, 0.10% for remarketing, 0.14% for any trustee and/or issuer fees, and 0.13% for the Freddie Mac swap enhancement fee.

There will be a Swap Agreement between the Borrower and PNC Bank National Association as the swap provider. Additionally, there will be a Swap Credit Enhancement Agreement between Freddie Mac and PNC Bank National Association as the swap provider. The Department will not be a party to either one of these agreements. The Swap Credit Enhancement Agreement provides that, to the extent the Borrower does not make its fixed rate payment under the Swap Agreement, Freddie Mac will do so. The Swap Agreement will provide payment to the Borrower of a variable rate based on SIFMA applied to a notional amount corresponding to the principal amount of the Bond loan. The Borrower's obligations under the Swap Agreement, which are guaranteed by Freddie Mac under the Swap Credit Enhancement Agreement are not secured by a mortgage. The Borrower's obligation to pay Freddie Mac for any sums advanced by Freddie Mac under the Swap Credit Enhancement Agreement is secured by the second lien reimbursement mortgage in favor of Freddie Mac.

### **Recommendation**

Staff recommends the Board approve the issuance of \$14,000,000 in tax-exempt Multifamily Housing Mortgage Revenue Bonds, Series 2008 and \$841,297 in Housing Tax Credits for the West Oaks Village Senior Apartments.

## RESOLUTION NO. 08-018

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF VARIABLE RATE DEMAND MULTIFAMILY HOUSING REVENUE BONDS (WEST OAKS SENIOR APARTMENTS) SERIES 2008; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Variable Rate Demand Multifamily Housing Revenue Bonds (West Oaks Senior Apartments) Series 2008 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and Wells Fargo Bank, National Association, a national banking association, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to WOV Apartments LP, a Texas limited partnership (the "Borrower"), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental development for seniors described on Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on January 31, 2008, declared its intent to issue its revenue bonds to provide financing for the Development; and



WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Financing Agreement (the “Financing Agreement”) pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the “Bond Mortgage Loan”) to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the “Bond Mortgage Note”) in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that credit enhancement for the Bond Mortgage Loan and liquidity support for the Bonds will be provided for by a Credit Enhancement Agreement between Federal Home Loan Mortgage Corporation (the “Credit Facility Provider”) and the Trustee; and

WHEREAS, it is anticipated that the Bond Mortgage Note will be secured by a Multifamily Deed of Trust, Assignment of Rents and Security Agreement and Fixture Filing (the “Bond Mortgage”) by the Borrower for the benefit of the Department; and

WHEREAS, the Department’s interest in the Bond Mortgage Loan (except for certain unassigned rights), including the Bond Mortgage Note and the Bond Mortgage, will be assigned to the Trustee, and the exercise of rights thereunder will be governed by an Intercreditor Agreement (the “Intercreditor Agreement”) among the Department, the Trustee, PNC Bank National Association as construction phase credit facility provider (the “Construction Phase Credit Facility Provider”), and the Credit Facility Provider; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”), with respect to the Development which will be filed of record in the real property records of Harris County, Texas; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the “Official Statement”) and to authorize the authorized representatives of the Department to deem the Official Statement “final” for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the “Bond Purchase Agreement”) with the Borrower and Citigroup Global Markets Inc. (the “Underwriter”), and any other parties to such Bond Purchase Agreement as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter or another party to such Bond Purchase Agreement; and

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the “Asset Oversight Agreement”), with respect to the Development for the purpose of monitoring the operation and maintenance of the Development; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Intercreditor Agreement, the Regulatory Agreement, the Official Statement, the Bond Purchase Agreement and the Asset Oversight Agreement (collectively, the “Issuer Documents”), all of which are attached to and comprise a part of this Resolution and (b) the Bond Mortgage and the Bond

Mortgage Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article I, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Bond Mortgage and the Bond Mortgage Note and the taking of such other actions as may be necessary or convenient in connection therewith;

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:**

## ARTICLE I

### ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1--Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchaser or purchasers thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That the Chairman or Vice Chair of the Board or the Executive Director or Acting Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chairman or Vice Chair of the Board or the Executive Director or Acting Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided, however, that (i) the Bonds shall bear interest at the rates determined from time to time by the Remarketing Agent (as such term is defined in the Indenture) in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 6.00%; (ii) the aggregate principal amount of the Bonds shall not exceed \$14,000,000; (iii) the final maturity of the Bonds shall occur not later than June 1, 2042; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement shall not exceed 103% of the principal amount thereof.

Section 1.3--Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Indenture and to deliver the Indenture to the Trustee.

Section 1.4--Approval, Execution and Delivery of the Financing Agreement. That the form and substance of the Financing Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Financing Agreement and deliver the Financing Agreement to the Borrower and the Trustee.

Section 1.5--Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the authorized representatives of

the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Regulatory Agreement and deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Harris County, Texas.

Section 1.6--Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and any other party to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter and any other party to the Bond Purchase Agreement, as appropriate.

Section 1.7--Acceptance of the Bond Mortgage Note and Bond Mortgage. That the form and substance of the Bond Mortgage Note and Bond Mortgage are hereby accepted by the Department and that the authorized representatives of the Department named in this Resolution each are hereby authorized to endorse and deliver the Bond Mortgage Note to the order of the Trustee without recourse.

Section 1.8--Approval, Execution and Delivery of the Intercreditor Agreement. That the form and substance of the Intercreditor Agreement are hereby approved; and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Intercreditor Agreement and to deliver the Intercreditor Agreement to the Trustee, the Construction Phase Credit Facility Provider and the Credit Facility Provider.

Section 1.9--Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chairman and Vice Chair of the Governing Board and the Executive Director or the Acting Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the authorized representatives of the Department named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the distribution and circulation of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director or Acting Executive Director of the Department and the Department's counsel.

Section 1.10--Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Asset Oversight Agreement to the Borrower.

Section 1.11--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.12--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Financing Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Bond Purchase Agreement
- Exhibit F - Bond Mortgage
- Exhibit G - Bond Mortgage Note
- Exhibit H - Intercreditor Agreement
- Exhibit I - Official Statement
- Exhibit J - Asset Oversight Agreement

Section 1.13--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.14--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chairman and Vice Chair of the Board, Executive Director or Acting Executive Director of the Department, Deputy Executive Director of Programs of the Department, Deputy Executive Director of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.15--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Development's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director of the Department; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Development.

## ARTICLE II

### APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2--Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Certification of the Minutes and Records. That the Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director or Acting Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

Section 2.5--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.6--Underwriter. That the underwriter with respect to the issuance of the Bonds shall be Citigroup Global Markets Inc.

Section 2.7--Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.8--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Project shall not exceed the amounts attached to the Regulatory Agreement and shall be annually redetermined by the Issuer.

Section 2.9--Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

### ARTICLE III

#### CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Financing Agreement and the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the Bond Mortgage Loan in accordance with its terms, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Financing Agreement and the Regulatory Agreement, which require, among other things, that the Development be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Regulatory Agreement.

Section 3.3--Sufficiency of Bond Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the Bond Mortgage Loan established pursuant to the Financing Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Chapters 33 and 35, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

#### ARTICLE IV

#### GENERAL PROVISIONS

Section 4.1--Limited Obligations. That the Bonds and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2--Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

[EXECUTION PAGE FOLLOWS]

PASSED AND APPROVED this 8<sup>th</sup> day of May, 2008.

[SEAL]

By: \_\_\_\_\_  
C. Kent Conine, Chairman

Attest: \_\_\_\_\_  
Kevin Hamby, Secretary to the Governing Board



**EXHIBIT A**

**DESCRIPTION OF DEVELOPMENT**

Owner: WOV Apartments LP, a Texas limited partnership

Development: The Development is a 232-unit multifamily facility for seniors to be known as West Oaks Senior Apartments and located at approximately 15300 Caseta Drive, Houston, Harris County, Texas. It will consist of 4-story residential apartment buildings with approximately 190,994 net rentable square feet and an average unit size of approximately 830 square feet. The unit mix will consist of:

The unit mix will consist of:

122 1BR, 1 BA

110 2BR, 2 BA

232 Total Units

Unit sizes will range from approximately 680 square feet to approximately 1,028 square feet.

The Development includes a Community Center, Exercise Room, Sitting Areas, Computer Area, Community Room, Activities Room, Balcony and Waiting Areas.

On-site amenities will include a Pool, Outdoor Meeting Area, Patio, Picnic Tables and BBQ Pits.



MULTIFAMILY FINANCE PRODUCTION DIVISION

May 8, 2008

Development Information, Public Input and Board Summary

**West Oaks Senior Apartments, TDHCA Number 08603**

BASIC DEVELOPMENT INFORMATION

Site Address: SE Corner of FM 1093 and Caseta Dr. Development #: 08603  
 City: Houston Region: 6 Population Served: Elderly  
 County: Harris Zip Code: 77082 Allocation: Urban  
 HOME Set Asides:  CHDO  Preservation  General Purpose/Activity: NC  
 Bond Issuer: TDHCA

HTC Purpose/Activity: NC=New Construction, ACQ=Acquisition, R=Rehabilitation, NC/ACQ=New Construction and Acquisition, NC/R=New Construction and Rehabilitation, ACQ/R=Acquisition and Rehabilitation

OWNER AND DEVELOPMENT TEAM

Owner: 2007 Houston Development, LLC  
 Owner Contact and Phone: Kenneth Cash (281) 493-0700  
 Developer: Russell Cash, LLC  
 Housing General Contractor: Stone Arch Development  
 Architect: Thompson Nelson Group  
 Market Analyst: O'Connor & Associates  
 Syndicator: PNC Multifamily Capital  
 Supportive Services: TBD  
 Consultant: N/A

UNIT/BUILDING INFORMATION

<u>30%</u>	<u>40%</u>	<u>50%</u>	<u>60%</u>	<u>Eff</u>	<u>1 BR</u>	<u>2 BR</u>	<u>3 BR</u>	<u>4 BR</u>	<u>5 BR</u>	Total Restricted Units:	232	
0	0	0	232	0	122	110	0	0	0	Market Rate Units:	0	
Type of Building: <input checked="" type="checkbox"/> 4 units or more per building											Owner/Employee Units:	0
<input type="checkbox"/> Duplex											Total Development Units:	232
<input type="checkbox"/> Triplex											Total Development Cost:	\$21,364,357
<input type="checkbox"/> Fourplex											Number of Residential Buildings:	3
<input type="checkbox"/> Detached Residence											HOME High Total Units:	0
<input type="checkbox"/> Single Room Occupancy											HOME Low Total Units:	0
<input type="checkbox"/> Transitional												
<input type="checkbox"/> Townhome												

Note: If Development Cost = \$0, an Underwriting Report has not been completed.

FUNDING INFORMATION

	<u>Applicant Request</u>	<u>Department Analysis</u>	<u>Amort</u>	<u>Term</u>	<u>Rate</u>
4% Housing Tax Credits with Bonds:	\$845,960	\$841,297	0	0	0%
TDHCA Bond Allocation Amount:	\$12,222,400	\$12,222,400	35	30	5.44%
HOME Activity Fund Amount:	\$0	\$0	0	0	0%
HOME CHDO Operating Grant Amount:	\$0	\$0			



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**May 8, 2008**  
**Development Information, Public Input and Board Summary**  
**West Oaks Senior Apartments, TDHCA Number 08603**

**PUBLIC COMMENT SUMMARY**

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

**State/Federal Officials with Jurisdiction:**

TX Senator: Janek, District 17	NC	US Representative: Green, District 9, NC
TX Representative: Vo, District 149	NC	US Senator: NC

**Local Officials and Other Public Officials:**

Mayor/Judge: Bill White, Mayor, City of Houston - NC      Resolution of Support from Local Government

**Individuals/Businesses:** In Support:      0      In Opposition      0

**Neighborhood Input:**

**General Summary of Comment:**

There were five people present at the hearing. One person signed in as opposed to the development. Concerns raised by those in attendance include the following: concentration of multifamily housing in the area, whether there would be a security officer onsite, the position of the buildings on the site since the site backs up to a cul-de-sac lot of single family homes and whether or not there would be a buffer zone between the edge of this property and the fence line of the single family homes. The Department has not received any letters of support or opposition.

**CONDITIONS OF COMMITMENT**

1. Receipt, review, and acceptance, prior to closing, of an asbestos inspection report and corrective action due to the demolition of the two single family residences that are located on the subject site.
2. Receipt, review, and acceptance, prior to closing, from the ESA provider indicating whether a noise study and testing for lead based paint is required for the subject property. If it is determined that these tests are required, receipt, review and acceptance from the ESA provider of the results of these tests and that any recommendations and/or concerns have been addressed by the Applicant.
3. Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.



MULTIFAMILY FINANCE PRODUCTION DIVISION

May 8, 2008

Development Information, Public Input and Board Summary

**West Oaks Senior Apartments, TDHCA Number 08603**

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

4% Housing Tax Credits:	Credit Amount:	\$841,297
Recommendation: Recommend approval of a Housing Tax Credit Allocation not exceed \$841,297 annually for ten years, subject to conditions.		
TDHCA Bond Issuance:	Bond Amount:	\$12,222,400
Recommendation: Recommend approval of issuance of \$12,222,400 in Tax Exempt Mortgage Revenue Bonds with an interest rate of 5.44% and a repayment term of 30 years with a 35 year amortization period, subject to conditions.		
HOME Activity Funds:	Loan Amount:	\$0
HOME CHDO Operating Expense Grant:	Grant Amount:	\$0
Recommendation:		

## West Oaks Village Senior Apartments

### Estimated Sources & Uses of Funds

#### Sources of Funds

Series 2008 Tax-Exempt Bond Proceeds	\$ 12,222,400
Tax Credit Proceeds	7,099,665
Deferred Developer's Fee	2,300,229
GIC Income	91,650
<b>Total Sources</b>	<b><u>\$ 21,713,944</u></b>

#### Uses of Funds

Acquisition and Site Work Costs	\$ 3,597,525
Direct Hard Construction Costs	10,377,657
Other Construction Costs (General Require, Overhead, Profit)	1,700,904
Developer Fees and Overhead	2,401,009
Direct Bond Related	253,337
Bond Purchase Costs	945,720
Other Transaction Costs	2,365,456
Real Estate Closing Costs	72,336
<b>Total Uses</b>	<b><u>\$ 21,713,944</u></b>

### Estimated Costs of Issuance of the Bonds

#### Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 61,112
TDHCA Application Fee	11,000
TDHCA Bond Administration Fee (2 years)	24,445
TDHCA Bond Compliance Fee (\$40 per unit)	9,280
TDHCA Bond Counsel and Direct Expenses (Note 1)	85,000
TDHCA Financial Advisor and Direct Expenses	25,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	5,000
Trustee Fee	8,500
Trustee's Counsel (Note 1)	6,000
Attorney General Transcript Fee	9,500
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,500
<b>Total Direct Bond Related</b>	<b><u>\$ 253,337</u></b>

## West Oaks Village Senior Apartments

<b>Bond Purchase Costs</b>	
LOC Origination Fee & Expenses	215,819
LOC Ongoing Fees	391,201
Lender-Related Costs	232,200
Underwriter's Discount & Expenses	63,100
Underwriter's Counsel	30,000
Rating Agency	11,400
OS Printing/Mailing	2,000
<b>Total Bond Purchase Costs</b>	<b>\$ 945,720</b>
<b>Other Transaction Costs</b>	
Tax Credit Related Costs	38,000
Construction Contingency	607,451
Soft Construction Costs	479,433
Construction Period Interest	878,822
Lease-Up Reserves	350,000
Miscellaneous	11,750
<b>Total Other Transaction Costs</b>	<b>\$ 2,365,456</b>
<b>Real Estate Closing Costs</b>	
Title and Recording	72,336
<b>Total Real Estate Costs</b>	<b>\$ 72,336</b>
<b>Estimated Total Costs of Issuance</b>	<b>\$ 3,636,849</b>

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

Note 1: These estimates do not include direct, out-of-pocket expenses (i.e. travel). Actual Bond Counsel and Disclosure Counsel are based on an hourly rate and the above estimate does not include on-going administrative fees.



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
 Real Estate Analysis Division  
 Underwriting Report

REPORT DATE: 05/01/08 PROGRAM: 4% HTC/MRB FILE NUMBER: 08603

**DEVELOPMENT**

West Oaks Village Seniors

Location: SE Corner of FM 1093 and Caseta Region: 6  
 City: Houston County: Harris Zip: 77082  OCT  DDA  
 Key Attributes: Elderly, New Construction, Urban/Exurban, and Multifamily

**ALLOCATION**

TDHCA Program	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
Private Activity Mortgage Revenue Bonds	\$12,222,400	5.44%	35/30	\$12,222,400	5.44%	35/30
Housing Tax Credit (Annual)	\$845,960			\$841,297		

**CONDITIONS**

- 1 Receipt, review and acceptance, prior to closing, of an asbestos inspection report and corrective action due to the demolition of the two single family residences that are located on the subject site.
- 2 Receipt, review and acceptance, prior to closing, from the ESA provider indicating whether a noise study and testing for lead based paint is required for the subject property. If it is determined that these tests are required, receipt, review and acceptance from the ESA provider of the results of these tests and that any recommendations and/or concerns have been addressed by the Applicant.
- 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 and or allocation amount may be warranted.

**SALIENT ISSUES**

TDHCA SET-ASIDES for LURA		
60% of AMI	60% of AMI	232

**PROS**

- The Underwriter's and Applicant's expense to income ratio is well below the Department's 65% guideline.

**CONS**

- Market Analyst's demand by unit type suggest capture rates well over 100% for the two-bedroom units

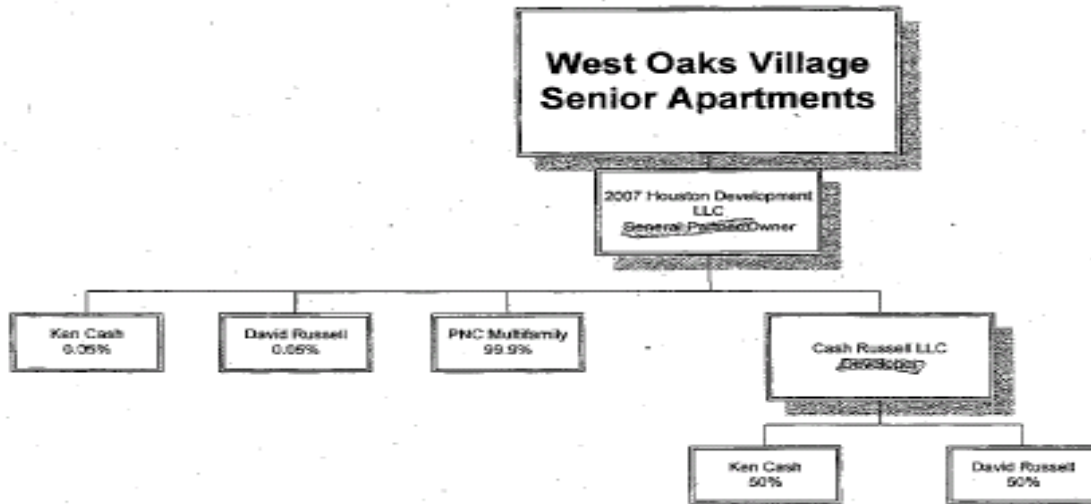
**PREVIOUS UNDERWRITING REPORTS**

None

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**DEVELOPMENT TEAM**

**OWNERSHIP STRUCTURE**



**CONTACT**

Contact: Ken Cash Phone: (281) 493-0700 Fax: (281) 492-0702  
 Email: kcash@stonearch.org

**KEY PARTICIPANTS**

Name	Net Assets	Liquidity <sup>1</sup>	# Completed Developments
2007 Houston Development, LLC	Newly Formed		0
Cash Russell, LLC	Newly Formed		0
Ken Cash	Confidential		1
David Russell	Confidential		2

<sup>1</sup> Liquidity = Current Assets - Current Liabilities

**IDENTITIES of INTEREST**

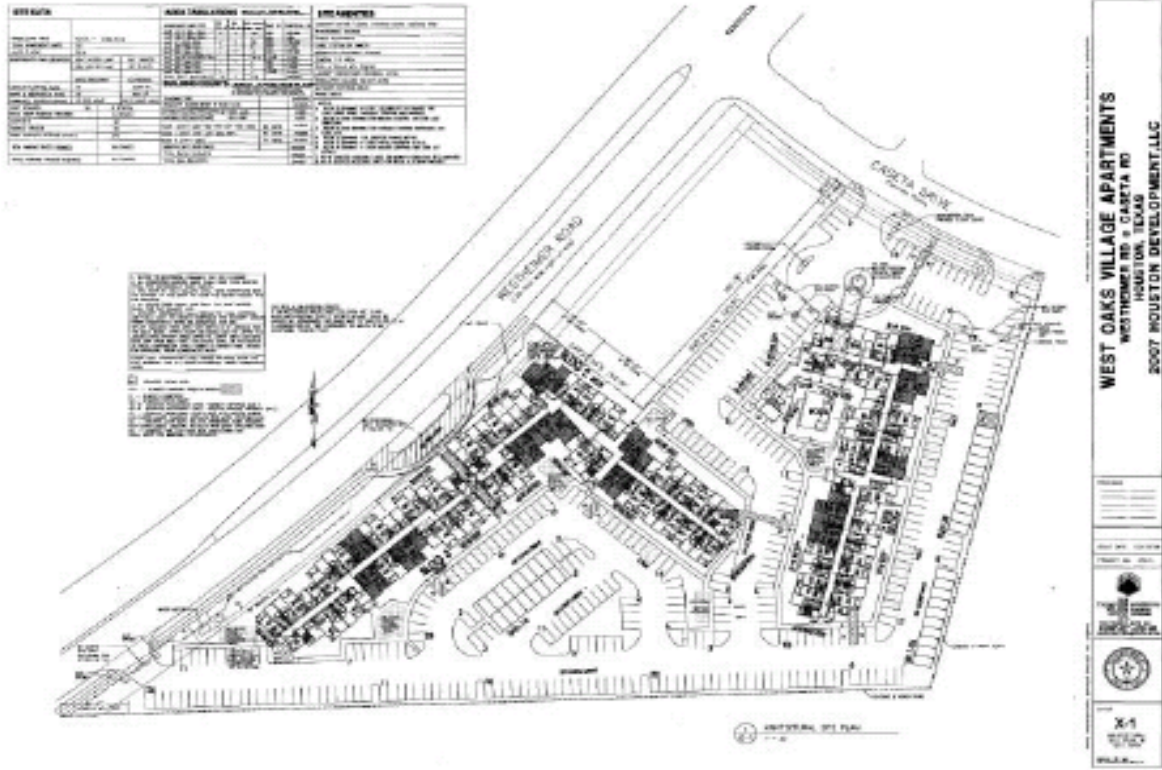
- The Applicant, Developer, and General Contractor are related entities. These are common relationships for HTC-funded developments.

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**PROPOSED SITE**

**SITE PLAN**



**BUILDING CONFIGURATION**

Building Type	A	B	C																	Total Buildings	
Floors/Stories	4	4	4																		
Number	1	1	1																		<b>3</b>

BR/BA	SF	Units										Total Units	Total SF		
1/1	680	50	48	24										122	82,960
2/2	980	34	36	35										105	102,900
2/2	1,026		3											3	3,078
2/2	1,028	2												2	2,056
Units per Building		86	87	59										<b>232</b>	<b>190,994</b>

**SITE ISSUES**

Total Size: 6.99 acres      Scattered site?       Yes       No

Flood Zone: X      Within 100-yr floodplain?       Yes       No

Zoning: No Zoning      Needs to be re-zoned?       Yes       No       N/A

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**TDHCA SITE INSPECTION**

Inspector: Multifamily Staff Date: 4/16/2008

Overall Assessment:

- Excellent   
  Acceptable   
  Questionable   
  Poor   
  Unacceptable

Surrounding Uses:

North: Caseta Road and multifamily residential beyond  
 East: Multifamily Residential and Green Crest Road beyond  
 South: Single-Family Residential and South Richmond Road  
 West: Westheimer Road and Addicks Dam beyond

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: DCH Environmental Consultants, LP Date: 3/4/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- The subject site has two single family residences in the south-central part of the site. Before any demolition an asbestos inspection would be required on potentially affected material. (p. 13-14) This will be a condition of this report.
- "Based upon DCH's site investigation of the subject property, surrounding properties, regulatory agency records review and inquires, interviews, and historical research, no other direct evidence was found indicating recognized environmental conditions exist at the subject property other than, before any demolitions or renovations to public buildings on the subject site, an asbestos inspection would be required on potentially affected material." (p.13-14)

Comments:

The Underwriter discussed the existing structures identified in the ESA and whether the buyer or seller was responsible for the demolition of these structures. The Applicant confirmed that the buyer is responsible for demolition of the existing structures and has revised the development cost schedule to include \$15K in demolition costs related to this activity. Additionally, the ESA did not state if a noise study or lead based paint testing is required for the subject site. Therefore, receipt, review and acceptance of documentation from the ESA provider indicating whether a noise study and testing for lead-based paint is required for the subject development. If it is determined that these tests are required, then receipt, review and acceptance from the ESA provider that these tests have been completed and any recommendations resulting from these tests have been implemented by the Applicant.

**MARKET HIGHLIGHTS**

Provider: Patrick O'Connor & Associates, L.P. Date: 3/2/2008

Contact: Robert O. Coe, II Phone: (713) 686-9955 Fax: (713) 686-8336

Number of Revisions: 0 Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 59.59 square miles / (4.4 miles radius)

The subject's primary market is defined as that area within the following geographic boundaries: Interstate Highway 10, Westheimer, and Alier Clodine Road to the north; Wilcrest Drive and Highway 6 to the east; Harris/Ft. Bend County line to the south; and FM 1464 and South Fry Road to the west. (p. 10)

Secondary Market Area (SMA):

A secondary market was not identified in the Market Study.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS				
PMA				SMA
Name	File #	Total Units	Comp Units	N/A
Pinnacle on Wilcrest	04453	250	125	

INCOME LIMITS						
Harris						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60	\$25,680	\$29,340	\$33,000	\$36,660	\$39,600	\$42,540

MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1BR/60% Rent Limit	286	75	0	361	122	106	63%
2BR/60% Rent Limit	84	28	0	112	110	144	227%

OVERALL DEMAND											
		Target Households	Household Size	Income Eligible	Tenure	Demand					
PMA DEMAND from TURNOVER											
Market Analyst	p. 73	22%	19,913	100%	19,913	included in Tenure %	8%	1,631	45%	734	
Underwriter		22%	20,162	100%	3	16%	3,134	45%	1,401	45%	630
PMA DEMAND from HOUSEHOLD GROWTH											
Market Analyst	p. 73			100%	2,224	included in Tenure %	8%	182	22%	41	
Underwriter				100%	255	16%	40	45%	18	100%	18
DEMAND from OTHER SOURCES											
Market Analyst	p. 72									80	
Underwriter										80	

INCLUSIVE CAPTURE RATE							
		Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst	p. 73	232	125	0	357	855	41.77%
Underwriter		232	250	0	482	728	66.21%

**Inclusive Capture Rate:**

The Market Analyst's capture rate of 42% is lower than the Underwriter's capture rate of 66% due to the fact that the Market Analyst only used in his total unstabilized comparable units the 60% units from Pinnacle on Wilcrest (totaling 125 units); whereas, the Underwriter used all 250 tax credit units in the unstabilized comparable units.

**Primary Market Occupancy Rates:**

"The average occupancy for comparable apartments in the subject's primary market area was reported at 86.8% in the most recent O'Connor Data survey in December 2007." (p. 41)

**Absorption Projections:**

"Considering the strong absorption history of similar properties and the lack of available quality affordable units in this market, we project that the subject property will lease an average of 15-25 units per month until achieving stabilized occupancy. We anticipate that the subject property will achieve stabilized occupancy within ten to eighteen months following completion." (p. 86)

RENT ANALYSIS (Tenant-Paid Net Rents)							
Unit Type (% AMI)			Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR	680 SF	60%	\$625	\$626	\$770	\$621	\$149
2 BR	980 SF	60%	\$748	\$750	\$995	\$745	\$250
2 BR	1,026 SF	60%	\$748	\$750	\$995	\$745	\$250
2 BR	1,028 SF	60%	\$748	\$750	\$995	\$745	\$250

Market Impact:

"Based on the high occupancy levels of the existing properties in the market, along with the strong recent absorption history, we project that the subject property will have minimal sustained negative impact upon the existing apartment market. Any negative impact from the subject property should be of reasonable scope and limited duration." (p. 86)

Comments:

The Market Analyst has provided a market study that meets the Department's guidelines and results in an inclusive capture rate below the 75% maximum for elderly transactions. Further, the Underwriter has verified that the concentration rate for the census tract in which the subject development will be located is 480 units per square mile and the concentration rate for the defined primary market area is 593 units per square mile. Both rates are below the current underwriting guidelines of 1,432 units per square mile for the census tract in which the development is located and 1,000 units per square mile for the primary market area.

**OPERATING PROFORMA ANALYSIS**

Income:      Number of Revisions:          0          Date of Last Applicant Revision:          N/A    

The Applicant's projected rents collected per unit were calculated by subtracting tenant-paid utility allowances as determined by Cirro Energy of \$61 and \$75 for the one and two-bedroom units, respectively. However, the utility provider letter submitted was not specific to the subject development and was dated 5/14/2007. The Applicant subsequently provided a current letter from Cirro Energy specific to the subject development dated 4/14/2008 indicating utility allowances of \$66 and \$80 for the one and two-bedroom units, respectively. As a result, the Applicant's rent projections are slightly higher than the maximum rents allowed under HTC guidelines due to the use of the previously stated allowances of \$61 and \$75. The applicant included \$30.00 per unit in secondary income without substantiation whereas the underwriting analysis assumes only \$20.00 per unit per month in secondary income from normal operation.

The Applicant projects income from 37 garages and 48 carports at \$35.00 and \$20.00 per month, respectively. While the Applicant did provide support for this rental income, the Department typically does not include this additional source of income without specific substantiation.

The Applicant's vacancy and collection loss assumption is in line with 2008 underwriting guidelines and the effective gross income assumption is within 5% of the Underwriter's estimate.

Expense:      Number of Revisions:          0          Date of Last Applicant Revision:          N/A    

The Applicant's total annual operating expense projection at \$4,154 per unit is within 5% of the Underwriter's estimate of \$4,031, derived from the TDHCA database. However, the Applicant's budget shows a line item estimate that differs significantly from the Underwriter's estimate: water, sewer & trash (the Applicant's estimate is \$36.9K higher than the Underwriter's).

Conclusion:

The Applicant's estimated income is consistent with the Underwriter's expectations, total operating expenses are within 5% of the database-derived estimate, and the Applicant's net operating income (NOI) estimate is within 5% of the Underwriter's estimate. Therefore, the Applicant's NOI should be used to evaluate debt service capacity.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

**Acquisition INFORMATION****ASSESSED VALUE**

Land Only:	6.99 acres	<u>\$673,506</u>	Tax Year:	<u>2007</u>
Existing Buildings:		<u>\$0</u>	Valuation by:	<u>Harris CAD</u>
Total Assessed Value:		<u>\$673,506</u>	Tax Rate:	<u>2.54458</u>

**EVIDENCE of PROPERTY CONTROL**

Type:	<u>Commercial Contract - Unimproved Property</u>	Acreage:	<u>6.99</u>
Contract Expiration:	<u>5/15/2008</u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Acquisition Cost:	<u>\$1,825,861</u>	Other:	<u></u>
Seller:	<u>Fred Rizk, Trustee</u>	Related to Development Team?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**CONSTRUCTION COST ESTIMATE EVALUATION**

*COST SCHEDULE* Number of Revisions: 1 Date of Last Applicant Revision: 4/17/2008

**Acquisition Value:**

The site cost of \$261,210 per acre or \$7,870 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

**Sitework Cost:**

The Applicant's claimed sitework costs of \$7,572 per unit are within current Department guidelines. Therefore, further third party substantiation is not required.

**Direct Construction Cost:**

The Applicant's direct construction cost estimate is \$1.1M or 10% lower than the Underwriter's *Marshall & Swift Residential Cost Handbook* -derived estimate. This suggests that the Applicant's direct costs are understated.

**Ineligible Costs:**

The Applicant included \$141,000 for garages and carports as an eligible cost. This cost is regarded to be ineligible; therefore, the Underwriter reduced the Applicant's eligible basis by an equivalent amount.

**Interim Interest Expense:**

The Underwriter reduced the Applicant's eligible interim financing fees by \$185,101 to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

**Contingency & Fees:**

As a result of the reduction in eligible basis for the carports and garages and interest expense, the Applicant's eligible contractor and developer fees exceeds the Department's maximum by a combined total of \$36,198. Additionally, the Applicant's contingency costs were overstated by \$7,785. These amounts have been removed from eligible basis.

**Conclusion:**

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$18,437,376 supports annual tax credits of \$841,297. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

**FINANCING STRUCTURE**

SOURCES & USES Number of Revisions: 0 Date of Last Applicant Revision: N/A

Source: PNC Multifamily Capital Type: Interim to Permanent Financing

Principal: \$12,222,400 Interest Rate: 5.4%  Fixed Amort: 420 months

Comments:

The permanent loan commitment provided by PNC reflects the amount stated above as the maximum loan amount. The term will be set at 24 months based on the Borrower's final intended construction and lease up schedule for the Project. The Permanent Loan must have a minimum term of 18 years and can have a maximum term of 30 years. The lender's commitment indicates that the Applicant will enter into a swap agreement upon closing. The underwriting interest rate is estimated at 5.44% which includes the 3.82% for the Swap rate, 1.00% for the Freddie Mac Guaranty and Servicing fee, 0.25% for the liquidity fee, 0.10% for remarketing, 0.14% for any trustee and/or issuer fees, and 0.13% for the Freddie Mac Swap enhancement fee.

Source: PNC Multifamily Capital Type: Syndication

Proceeds: \$7,275,256 Syndication Rate: 86% Anticipated HTC: \$845,960

Comments:

The Underwriter's analysis utilizes the stated tax credit syndication rate which is supported by the commitment provided by PNC. However, it should be noted that if the rate falls below 79% an increase in the deferred developer fee would be required, which according to the Underwriter's analysis, does not appear to be repayable from development cashflow within 15 years of stabilized operation. All else equal, if the credit price falls below \$0.79 per dollar, the viability of the transaction may be jeopardized.

Amount: \$1,866,702 Type: Deferred Developer Fees

**CONCLUSIONS**

Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$12,222,400 indicates the need for \$9,141,957 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$1,063,125 annually would be required to fill this gap in financing. Of the three possible tax credit allocations, the Applicant's request (\$845,960), the gap-driven amount (\$1,063,125), and eligible basis-derived amount (\$841,297), the eligible basis-derived amount of \$841,297 is recommended resulting in proceeds of \$7,234,435 based on a syndication rate of 86%.

The Underwriter's recommended financing structure indicates the need for \$1,907,522 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within ten years of stabilized operation.

Underwriter: \_\_\_\_\_ Date: May 1, 2008  
*Carl Hoover*

Reviewing Underwriter: \_\_\_\_\_ Date: May 1, 2008  
*Raquel Morales*

**MULTIFAMILY COMPARATIVE ANALYSIS**

**West Oaks Village Seniors, Houston, 4% HTC/MRB #08603**

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WS&T
TC 60%	122	1	1	680	\$687	\$621	\$75,762	\$0.91	\$66.00	\$13.31
TC 60%	105	2	2	980	\$825	\$745	\$78,225	\$0.76	\$80.00	\$13.31
TC 60%	3	2	2	1,026	\$825	\$745	\$2,235	\$0.73	\$80.00	\$13.31
TC 60%	2	2	2	1,028	\$825	\$745	\$1,490	\$0.72	\$80.00	\$13.31
<b>TOTAL:</b>	<b>232</b>		<b>AVERAGE:</b>	<b>823</b>		<b>\$680</b>	<b>\$157,712</b>	<b>\$0.83</b>	<b>\$72.64</b>	<b>\$13.31</b>

<b>INCOME</b>				Total Net Rentable Sq Ft:	190,994	<b>TDHCA</b>	<b>APPLICANT</b>	<b>COUNTY</b>	<b>IREM REGION</b>	<b>COMPT. REGION</b>			
<b>POTENTIAL GROSS RENT</b>						\$1,892,544	\$1,902,360	Harris	Houston	6			
Secondary Income		Per Unit Per Month:	\$20.00			55,680	83,520	\$30.00	Per Unit Per Month				
Other Support Income: Garages & Carport Rental Fees						0	27,060	\$9.72	Per Unit Per Month				
<b>POTENTIAL GROSS INCOME</b>						\$1,948,224	\$2,012,940						
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%			(146,117)	(150,972)	-7.50%	of Potential Gross Income				
Employee or Other Non-Rental Units or Concessions						0							
<b>EFFECTIVE GROSS INCOME</b>						\$1,802,107	\$1,861,968						
<b>EXPENSES</b>													
	<b>% OF EGI</b>	<b>PER UNIT</b>	<b>PER SQ FT</b>					<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% OF EGI</b>			
General & Administrative	4.27%	\$332	0.40			\$76,967	\$79,500	\$0.42	\$343	4.27%			
Management	3.60%	280	0.34			64,899	74,479	0.39	321	4.00%			
Payroll & Payroll Tax	11.92%	926	1.12			214,798	205,000	1.07	884	11.01%			
Repairs & Maintenance	5.08%	395	0.48			91,569	88,000	0.46	379	4.73%			
Utilities	2.81%	218	0.26			50,556	38,500	0.20	166	2.07%			
Water, Sewer, & Trash	2.06%	160	0.19			37,055	74,000	0.39	319	3.97%			
Property Insurance	3.71%	288	0.35			66,848	69,600	0.36	300	3.74%			
Property Tax	2.54458	11.47%	891	1.08		206,620	208,800	1.09	900	11.21%			
Reserve for Replacements	3.22%	250	0.30			58,000	58,000	0.30	250	3.11%			
TDHCA Compliance Fees	0.51%	40	0.05			9,280	9,280	0.05	40	0.50%			
Other: Supp. Serv. & Security	3.25%	252	0.31			58,490	58,490	0.31	252	3.14%			
<b>TOTAL EXPENSES</b>						51.89%	\$4,031	\$4.90	\$935,081	\$963,649	\$5.05	\$4,154	51.75%
<b>NET OPERATING INC</b>						48.11%	\$3,737	\$4.54	\$867,026	\$898,319	\$4.70	\$3,872	48.25%
<b>DEBT SERVICE</b>													
PNC Multifamily Capital	43.39%	\$3,370	\$4.09			\$781,878	\$781,417	\$4.09	\$3,368	41.97%			
Additional Financing	0.00%	\$0	\$0.00			0		\$0.00	\$0	0.00%			
Additional Financing	0.00%	\$0	\$0.00			0		\$0.00	\$0	0.00%			
<b>NET CASH FLOW</b>						4.72%	\$367	\$0.45	\$85,147	\$116,902	\$0.61	\$504	6.28%
<b>AGGREGATE DEBT COVERAGE RATIO</b>							1.11		1.15				
<b>RECOMMENDED DEBT COVERAGE RATIO</b>									1.15				

<b>CONSTRUCTION COST</b>						<b>TDHCA</b>	<b>APPLICANT</b>	<b>PER SQ FT</b>	<b>PER UNIT</b>	<b>% of TOTAL</b>			
Description	Factor	% of TOTAL	PER UNIT	PER SQ FT									
Acquisition Cost (site or bldg)		8.13%	\$7,870	\$9.56		\$1,825,861	\$1,825,861	\$9.56	\$7,870	8.55%			
Off-Sites		0.00%	0	0.00		0	0	0.00	0	0.00%			
Sitework		7.82%	7,572	9.20		1,756,664	1,756,664	9.20	7,572	8.22%			
Direct Construction		50.47%	48,883	59.38		11,340,880	10,236,657	53.60	44,124	47.91%			
Contingency	4.64%	2.70%	2,618	3.18		607,451	607,451	3.18	2,618	2.84%			
Contractor's Fees	12.99%	7.57%	7,331	8.91		1,700,904	1,700,904	8.91	7,331	7.96%			
Indirect Construction		2.12%	2,056	2.50		477,050	477,050	2.50	2,056	2.23%			
Ineligible Costs		3.15%	3,048	3.70		707,137	707,137	3.70	3,048	3.31%			
Developer's Fees	14.09%	10.77%	10,428	12.67		2,419,234	2,419,234	12.67	10,428	11.32%			
Interim Financing		5.71%	5,532	6.72		1,283,399	1,283,399	6.72	5,532	6.01%			
Reserves		1.56%	1,509	1.83		350,000	350,000	1.83	1,509	1.64%			
<b>TOTAL COST</b>						100.00%	\$96,847	\$117.64	\$22,468,580	\$21,364,357	\$111.86	\$92,088	100.00%
<b>Construction Cost Recap</b>						68.57%	\$66,405	\$80.66	\$15,405,899	\$14,301,676	\$74.88	\$61,645	66.94%

<b>SOURCES OF FUNDS</b>						<b>RECOMMENDED</b>			
PNC Multifamily Capital	54.40%	\$52,683	\$63.99			\$12,222,400	\$12,222,400	\$12,222,400	Developer Fee Available
Additional Financing	0.00%	\$0	\$0.00			0		0	\$2,404,875
HTC Syndication Proceeds	32.38%	\$31,359	\$38.09			7,275,256	7,275,256	7,234,435	% of Dev. Fee Deferred
Deferred Developer Fees	8.31%	\$8,046	\$9.77			1,866,702	1,866,702	1,907,522	79%
Additional (Excess) Funds Req'd	4.91%	\$4,760	\$5.78			1,104,222	(1)	0	15-Yr Cumulative Cash Flow
<b>TOTAL SOURCES</b>						\$22,468,580	\$21,364,357	\$21,364,357	\$3,618,386

**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*West Oaks Village Seniors, Houston, 4% HTC/MRB #08603*

**DIRECT CONSTRUCTION COST ESTIMATE**

*Marshall & Swift Residential Cost Handbook  
Average Quality Multiple Residence Basis*

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$54.65	\$10,437,003
<b>Adjustments</b>				
Exterior Wall Finish	1.60%		\$0.87	\$166,992
Elderly	3.00%		1.64	313,110
9-Ft. Ceilings	3.20%		1.75	333,984
Roofing			0.00	0
Subfloor			(0.62)	(117,939)
Floor Cover			2.43	464,115
Balconies	\$22.58	18,224	2.15	411,441
Elevators	\$45,100	5	1.18	225,500
Plumbing Fixtures	\$805	330	1.39	265,650
Rough-ins	\$400	464	0.97	185,600
Built-In Appliances	\$1,850	232	2.25	429,200
Interior Stairs	\$2,100	27	0.30	56,700
Enclosed Corridors	\$43.26	31,836	7.21	1,377,089
Heating/Cooling			1.90	362,889
Garages/Carports	\$12.15	17,200.0	1.09	208,980
Comm &/or Aux Bldgs	\$62.25	6,000	1.96	373,500
Other: fire sprinkler	\$1.95	190,994	1.95	372,438
<b>SUBTOTAL</b>			<b>83.07</b>	<b>15,866,252</b>
Current Cost Multiplier	0.98		(1.66)	(317,325)
Local Multiplier	0.90		(8.31)	(1,586,625)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$73.10</b>	<b>\$13,962,302</b>
Plans, specs, survy, bld prm	3.90%		(\$2.85)	(\$544,530)
Interim Construction Interest	3.38%		(2.47)	(471,228)
Contractor's OH & Profit	11.50%		(8.41)	(1,605,665)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$59.38</b>	<b>\$11,340,880</b>

**PAYMENT COMPUTATION**

<b>Primary</b>	\$12,222,400	Amort	420
Int Rate	5.44%	DCR	1.11

<b>Secondary</b>	\$0	Amort	
Int Rate		Subtotal DCR	1.11

<b>Additional</b>	\$7,275,256	Amort	
Int Rate		Aggregate DCR	1.11

**RECOMMENDED FINANCING STRUCTURE APPLICAN**

Primary Debt Service	\$781,878
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$116,441</b>

<b>Primary</b>	\$12,222,400	Amort	420
Int Rate	5.44%	DCR	1.15

<b>Secondary</b>	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.15

<b>Additional</b>	\$7,275,256	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,902,360	\$1,959,431	\$2,018,214	\$2,078,760	\$2,141,123	\$2,482,148	\$2,877,490	\$3,335,800	\$4,483,036
Secondary Income	83,520	86,026	88,606	91,265	94,002	108,975	126,331	146,453	196,820
Other Support Income: Garages	27,060	27,872	28,708	29,569	30,456	35,307	40,931	47,450	63,769
POTENTIAL GROSS INCOME	2,012,940	2,073,328	2,135,528	2,199,594	2,265,582	2,626,430	3,044,752	3,529,702	4,743,625
Vacancy & Collection Loss	(150,972)	(155,500)	(160,165)	(164,970)	(169,919)	(196,982)	(228,356)	(264,728)	(355,772)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
<b>EFFECTIVE GROSS INCOME</b>	<b>\$1,861,968</b>	<b>\$1,917,829</b>	<b>\$1,975,363</b>	<b>\$2,034,624</b>	<b>\$2,095,663</b>	<b>\$2,429,448</b>	<b>\$2,816,396</b>	<b>\$3,264,975</b>	<b>\$4,387,853</b>
<b>EXPENSES at 4.00%</b>									
General & Administrative	\$79,500	\$82,680	\$85,987	\$89,427	\$93,004	\$113,153	\$137,668	\$167,495	\$247,933
Management	74,479	76,713	79,015	81,385	83,827	97,178	112,656	130,599	175,514
Payroll & Payroll Tax	205,000	213,200	221,728	230,597	239,821	291,779	354,994	431,904	639,324
Repairs & Maintenance	88,000	91,520	95,181	98,988	102,948	125,251	152,388	185,403	274,441
Utilities	38,500	40,040	41,642	43,307	45,040	54,798	66,670	81,114	120,068
Water, Sewer & Trash	74,000	76,960	80,038	83,240	86,570	105,325	128,144	155,907	230,780
Insurance	69,600	72,384	75,279	78,291	81,422	99,063	120,525	146,637	217,058
Property Tax	208,800	217,152	225,838	234,872	244,266	297,188	361,574	439,910	651,174
Reserve for Replacements	58,000	60,320	62,733	65,242	67,852	82,552	100,437	122,197	180,882
Other	67,770	70,481	73,300	76,232	79,281	96,458	117,356	142,781	211,351
<b>TOTAL EXPENSES</b>	<b>\$963,649</b>	<b>\$1,001,450</b>	<b>\$1,040,741</b>	<b>\$1,081,580</b>	<b>\$1,124,030</b>	<b>\$1,362,744</b>	<b>\$1,652,411</b>	<b>\$2,003,946</b>	<b>\$2,948,526</b>
<b>NET OPERATING INCOME</b>	<b>\$898,319</b>	<b>\$916,379</b>	<b>\$934,623</b>	<b>\$953,044</b>	<b>\$971,633</b>	<b>\$1,066,704</b>	<b>\$1,163,985</b>	<b>\$1,261,029</b>	<b>\$1,439,328</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$781,878	\$781,878	\$781,878	\$781,878	\$781,878	\$781,878	\$781,878	\$781,878	\$781,878
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$116,441</b>	<b>\$134,500</b>	<b>\$152,744</b>	<b>\$171,166</b>	<b>\$189,755</b>	<b>\$284,825</b>	<b>\$382,107</b>	<b>\$479,150</b>	<b>\$657,449</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.15</b>	<b>1.17</b>	<b>1.20</b>	<b>1.22</b>	<b>1.24</b>	<b>1.36</b>	<b>1.49</b>	<b>1.61</b>	<b>1.84</b>

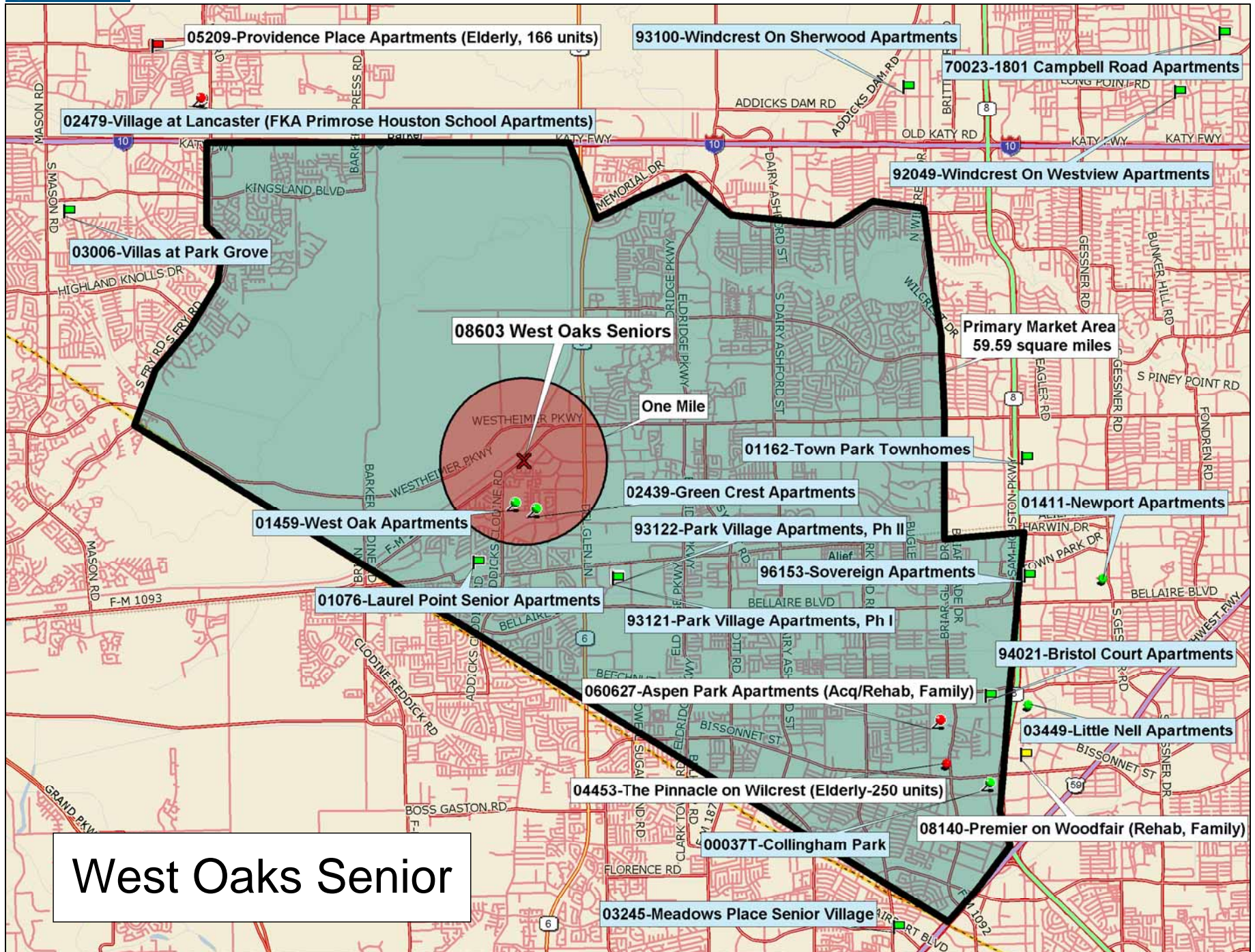


**HTC ALLOCATION ANALYSIS -West Oaks Village Seniors, Houston, 4% HTC/MRB #08603**

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>Acquisition Cost</b>				
Purchase of land	\$1,825,861	\$1,825,861		
Purchase of buildings				
<b>Off-Site Improvements</b>				
Sitework	\$1,756,664	\$1,756,664	\$1,756,664	\$1,756,664
Construction Hard Costs	\$10,236,657	\$11,340,880	\$10,236,657	\$11,340,880
Contractor Fees	\$1,700,904	\$1,700,904	\$1,679,065	\$1,700,904
Contingencies	\$607,451	\$607,451	\$599,666	\$607,451
Eligible Indirect Fees	\$477,050	\$477,050	\$477,050	\$477,050
Eligible Financing Fees	\$1,283,399	\$1,283,399	\$1,283,399	\$1,283,399
All Ineligible Costs	\$707,137	\$707,137		
<b>Developer Fees</b>			\$2,404,875	
Developer Fees	\$2,419,234	\$2,419,234		\$2,419,234
<b>Development Reserves</b>				
	\$350,000	\$350,000		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$21,364,357</b>	<b>\$22,468,580</b>	<b>\$18,437,376</b>	<b>\$19,585,582</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		\$18,437,376	\$19,585,582
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		\$23,968,589	\$25,461,256
Applicable Fraction		100.00%	100.00%
<b>TOTAL QUALIFIED BASIS</b>		\$23,968,589	\$25,461,256
Applicable Percentage		3.51%	3.51%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		\$841,297	\$893,690

<b>Syndication Proceeds</b>	<b>0.8599</b>	<b>\$7,234,435</b>	<b>\$7,684,966</b>
<b>Total Tax Credits (Eligible Basis Method)</b>		<b>\$841,297</b>	<b>\$893,690</b>
<b>Syndication Proceeds</b>		<b>\$7,234,435</b>	<b>\$7,684,966</b>
<b>Requested Tax Credits</b>		<b>\$845,960</b>	
<b>Syndication Proceeds</b>		<b>\$7,274,528</b>	
<b>Gap of Syndication Proceeds Needed</b>		<b>\$9,141,957</b>	
<b>Total Tax Credits (Gap Method)</b>		<b>\$1,063,125</b>	



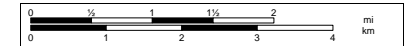
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 Page 12 of 12

Scale 1 : 100,000



1" = 1.58 mi

Data Zoom 11-0

# Applicant Evaluation

Project ID # **08603**

Name: **West Oak Village Sr. Apartments**

City:

HTC 9%     HTC 4%     HOME     BOND     HTF     SECO     ESGP     Other

No Previous Participation in Texas       Members of the development team have been disbarred by HUD

## Portfolio Management and Compliance

Total # of MF awards monitored: 4

### Projects in Material Noncompliance

Yes       No

Projects grouped by score	0-9: <u>4</u>
	10-19: <u>0</u>
	20-29: <u>0</u>

Total # of MF awards not yet monitored or pending review: 2

SF Contract Experience  Yes  No

Total # of MF Projects in Material Noncompliance: 0

Total monitored with a score 0-29: 4

Total # of SF Contracts: 0

Completed by: J. Taylor

Reviewer: Wendy Quackenbush

Date: 4/4/2008

Date: 4/11/2008

### Single Audit

Single audit review not applicable

Late single audit certification form (see comments)

Single audit review found no unresolved issues

Past due single audit or unresolved single audit issue (see comments)

Reviewer: Betty Gallegos

Date: 4/14/2008

Comments (if applicable):

### Financial Administration Loan Servicing

No delinquencies found

Delinquencies found (see comments)

Reviewer: Candace Christiansen

Date: 4 /8 /2008

Comments (if applicable):

### Financial Administration Financial Services

No delinquencies found

Delinquencies found (See Comments)

Reviewer: Monica Guerra

Date: 4 /14/2008

Comments (if applicable):

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

TAX-EXEMPT MULTIFAMILY HOUSING REVENUE BONDS  
WEST OAKS SENIOR VILLAGE

PUBLIC HEARING

Cafeteria  
Holmquist Elementary School  
15040 Westpark  
Houston, Texas

Wednesday  
April 16, 2008  
6:09 p.m.

BEFORE:

TERESA MORALES, Multifamily Bond  
Administrator

ALSO PRESENT:

KENNETH G. CASH, Stone Arch Development, Inc.  
DAVID RUSSELL, WOV Apartments, L. P.

ON THE RECORD REPORTING  
(512) 450-0342

I N D E X

<u>SPEAKER</u>	<u>PAGE</u>
CALL TO ORDER/OPENING REMARKS:	3
Teresa Morales, Multifamily Bond Administrator TDHCA	
PRESENTATION OF PROPOSED HOUSING:	9
David Russell, WOV Apartments, L.P.	
PUBLIC COMMENT:	
Michele Hitchings	12
Gail Menefee	14
Matthew McGee	16
Amir Baig	18
Rigo Rose	28
CLOSING REMARKS/ADJOURNMENT:	
Teresa Morales	37

P R O C E E D I N G S

MS. MORALES: We're going to go ahead and get started this evening. Can everybody hear me okay?

(Pause.)

MS. MORALES: Okay. My name is Teresa Morales, and I am with the Texas Department of Housing and Community Affairs; I am the multifamily bond administrator.

And just to kind of give you a brief overview of kind of how this evening's hearing is going to proceed, first, I will present or kind of go over some of the programs that the developer has applied for with the Department. Second, the developer is here, and he's going to give a brief presentation to kind of go over some specifics of the actual property.

And, lastly, there is a speech that I have to read that is required by the Internal Revenue Service. And it will be at the conclusion of that speech when I will open the floor up for any public comment for any comments or questions that you may have.

On the table over by the door, there are some handouts for you. One is a Q&A that kind of answers some of the more common questions that we have regarding the two programs that the developer has applied for. The

other is a handout provided by the developer that kind of outlines some specifics for the actual property.

Then there's also a three-by-five card; that has my contact information on there, as well as my e-mail address. If there's any questions or comments that you have after tonight's hearing, feel free to send me an e-mail or give me a call, and I'll be more than happy to discuss the property with you.

Also, by the -- on the table, there are witness affirmation forms. If you would like to speak, then I'll ask that you please fill out a witness affirmation form prior to speaking. There's also sign-in sheets. We ask that everyone sign in just so we have an accurate record of those who were in attendance.

And I also would like to suggest that -- on the sign-out sheet, there is a column for support or opposed.

And I would also just like to stress that if you do either -- have a specific feeling, whether you support or oppose this property, please check one of those boxes. If neither box is checked, then we'll just consider your opinion as being neutral.

The entire hearing this evening and all of the comments that will be made are going to be transcribed by a court reporter. It is important that, any comments that

you have, you make them into the microphone. That's being transcribed, and an entire transcript of this particular hearing is going to be provided to our board. That way, they know exactly how many people were in attendance and what kind of comments that they had.

What we'll kind of do is -- after I get finished going through the presentation, then, after the developer gives his presentation, if there are questions that you have, because the group is so small, then we can just entertain whatever questions that you have at that particular time.

According to IRS Code, the Department is only required to take public comment on the bond issuance; however, TDHCA has extended this to take comment on the development itself. We are not required to do that, but we want community input and to ensure that your voice is being heard. TDHCA schedules the public hearing where the development is to be located and at a time and location that is convenient for the community.

The two programs that the developer has applied for. One is the Private Activity Bond program, and the other is the Housing Tax Credit program. Both of these programs were created by the federal government to encourage private industry to build quality housing that



is affordable to individuals and families with lower-than-average incomes.

The first program is the Private Activity Bond program. It refers to the issuance of tax-exempt bonds. The tax-exempt is not an exemption of property tax, but, rather, an exemption to the purchaser of those bonds; the bond purchaser does not have to pay taxes on their investment and the income that they make on that investment.

The bond purchaser accepts a lower rate of return, and, therefore, the lender that is involved will charge a lower interest rate for the mortgage that will be placed on that property. Therefore the developer can build a market rate property at a lower cost to the development.

The other program is the Housing Tax Credit program. This is another program that kind of goes along simultaneously with the Private Activity Bond program. The Housing Tax Credit was created as a result of the Tax Reform Act of 1986.

The Housing Tax Credit is a credit or reduction in tax liability each year for ten years for investors in affordable rental housing. By providing a credit against the tax liability, the Housing Tax Credit is an incentive

for individuals and corporations to invest in the construction and rehabilitation of housing for low-income families.

The Housing Tax Credit provides additional financing to the development and lowers the building costs, which allows the developer to provide lower rents to affordable tenants.

With both of these programs, the tax benefit is going to the investors that help finance the particular development. These two programs result in the developer being able to bring something of high quality to your area. And it is important to note that all of these properties are privately owned and privately managed.

There are specific ongoing oversight responsibilities between affordable housing developments and the Department. This includes regular monitoring to ensure that the development is complying with the rules of the Housing Tax Credit program, as well as the Private Activity Bond program.

The term that the developments will be monitored for is the greater of 30 years or as long as those bonds remain outstanding. Some of the oversight responsibilities include making sure that the units are occupied by eligible households, maintaining the physical

appearance of the property and making sure that the rents are capped at the appropriate levels and making sure that repair reserve accounts are established and are funded.

Some other important things to note is that there are tenant background checks that are done, both criminal and credit; those are established by the developer and would apply to all tenants equally. The developer can establish procedures up to and including eviction for various reasons, making sure that those are consistent with the state eviction laws that would be applicable to any other apartment complex. And it is important to note that the developer sets these requirements; TDHCA, or the Department, does not.

Private Activity Bond developments are monitored every year by the Department's third-party asset oversight agent. And in addition, the Department's compliance division also monitors these properties every two years.

Desk reviews are also done quarterly by the Department, and that's basically a modified version of an on-site visit. The Department verifies that the set-asides were met, for example, that there are eligible tenants and that the units are income and rent restricted.

With all of the Private Activity Bond and tax

credit properties, there are tenant services that are also provided. What typically happens is after lease-up, there is a survey that is distributed to all of the tenants. And what -- the goal is to try to find out what types of services those tenants would be interested in.

Some of these services can include healthcare screening, GED certification, financial planning and credit counseling, and, also, downpayment assistance. And of course, this being a senior property, a lot of those services would be geared towards the senior population.

At this point, I'm going to ask a member of the development team to come up and give a brief presentation and kind of go over some of the specifics. And at the conclusion of his presentation, I'll read a brief speech that I have to read, and then we'll open the floor for any questions that you may have.

MR. RUSSELL: Thank you. My name's David Russell; I'm with the developer. Real quick, I'm going to kind of go over the outline of what we're doing here.

We're planning on 232 units of senior apartments -- that's kind of on this sheet here -- 122 one-bedrooms and 110 two-bedrooms. Rents. We're looking at about 625 right now for a one-bedroom and 748 for a two-. On that end, you'll see the kind of unit breakout

right now and the sizes.

MALE VOICE: [indiscernible].

MR. RUSSELL: Oh. I'm sorry. This one right here.

I've listed some of our proposed amenities. The usual swimming pool, and a fitness center and computer lab. We've also got a few rooms set aside for what Teresa mentioned earlier for the tenant services, and we don't know yet what those are going to be. Once we get a tenant base, we'll poll them and kind of set it up. But we'll have a space designated for those activities.

I've hit some of the unit amenities, just kind of the higher ones. I mean we usually go for a really high-end finish. We've got to own these things for 15 to 30 years, so we try to have the best wheel in town so we can always lease it and sell it.

I've listed the income levels, too, that, you know, the program puts us under. And then I've got my contact info here. If there are any questions or you guys think about something that you want to ask tomorrow, just call or e-mail me, you know. I'm available there for you.

And with that, I'm going to kind of wrap it up. If there are any questions --

Do you want to do questions now?

MS. MORALES: Yes. I'll read my speech first.

MR. RUSSELL: Okay.

MS. MORALES: Good evening. My name is Teresa Morales, and I would like to proceed with the public hearing. Let the record show that it is 6:17 p.m. Wednesday, April 16, 2008 and we are at Holmquist Elementary School, located at 15040 Westpark, Houston, Texas.

I am here to conduct the public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of tax-exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing.

The Department's board is scheduled to meet to consider the transaction on May 8, 2008. In addition to providing your comments at this hearing, the public is also invited to provide comment directly to our board at any of their meetings. The Department staff will also accept written comments from the public up to 5:00 p.m. on

April 29, 2008.

The bonds will be issued as tax-exempt multifamily revenue bonds in the aggregate principal amount not to exceed 14,000,000 and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs, the Issuer.

The proceeds of the bonds will be loaned to WOV Apartments, L. P. or a related person or affiliate entity thereof to finance a portion of the costs of acquiring, constructing and equipping a multifamily rental housing community described as follows: A 232-unit multifamily residential rental development to be constructed on approximately seven acres of land located at approximately 15300 Caseta Drive, Harris County, Texas. The proposed multifamily rental housing community will be initially owned and operated by the borrower or a related person or affiliate thereof.

I would now like to open the floor up for public comment. Do any of you have any questions specific to the development?

MS. HITCHINGS: We had a couple questions just from the community. Just so you know, our subdivision is a subdivision that abuts up right to the proposed

property. And we basically have members from our [inaudible] block captains here today.

MS. MORALES: You can just speak into this one.

MS. HITCHINGS: I'm representing Oak Park Ridge II; we're at South Richmond and Tina Oaks Court. There's a group of us here, and we've come up with a couple of questions. And one of the questions by one of our captains was, Why is so much low-income property being built in one area? We have more than one at this time.

MR. RUSSELL: I may need that mic.

(Pause.)

MR. RUSSELL: We've got it distinguished between the low-income -- we've got seniors, and we've got the two City Parcs right here. The City Parcs over here are family deal.

MS. HITCHINGS: Okay.

MR. RUSSELL: Laurel Point is a seniors deal. It will be very similar to Laurel Point in operation.

MS. HITCHINGS: Okay.

MR. RUSSELL: We're going to be age restricted at 55.

MS. HITCHINGS: Which -- yes. That was one of our other -- age restricted? Six age-restricted -- people in one apartment that are over 55?



MR. RUSSELL: That's -- I mean we would --

MS. HITCHINGS: I'm just asking.

MR. RUSSELL: No. We wouldn't let that happen,  
no.

MR. CASH: No. You're not allowed to exceed --  
what is it?

MR. RUSSELL: No.

MR. CASH: Two people in a one-bedroom.

MR. RUSSELL: It's -- two per bedroom is the  
physical ceiling.

MS. HITCHINGS: Okay.

MR. CASH: Usually, it's just one person in a  
one-bedroom, and sometimes two in a one- --

MS. HITCHINGS: Okay.

MR. CASH: -- or two in a two-, but it's --  
they're not allowed to have six people.

MS. HITCHINGS: Okay. Well, I'm just going by  
the paper. It says six people. Is there -- you said  
there's an age limit. Is it 55?

MR. RUSSELL: Yes.

MALE VOICE: That's the minimum, or maximum?

MR. RUSSELL: Minimum.

MS. MENEFFEE: So it would be like the senior  
apartments that are back here? Would it be like the

senior apartments that are behind us over here where it's just the senior -- it's just senior people? That's it?

MR. RUSSELL: Yes.

MS. MENEFEE: It's not going to be family members? That --

MR. RUSSELL: You don't know the name of that one, do you?

MS. MENEFEE: No, I don't.

MALE VOICE: It's at Green Crest and 1093 and Westheimer.

MS. HITCHINGS: It's also West Oaks -- it's very similar to the name that's proposed -- here at the top of that paper. It's like West -- it's called West Oaks, as well. There's not any kind of amenities. They're just plain apartments. They're nice, and they're kept up.

MR. RUSSELL: Are you --

MS. HITCHINGS: But I really thought that they were affiliated.

MR. RUSSELL: No.

MS. HITCHINGS: Will the property in question take up the entire lot? Because it's --

(Pause.)

MR. RUSSELL: Here. I'll give you this one.

We can just trade.

(Pause.)

MS. HITCHINGS: Will the property in question take up the entire lot? Because there's a -- I don't know if that's all seven acres.

MR. CASH: Let me just answer that. It won't take up the corner at Westheimer and Caseta.

MS. HITCHINGS: Okay.

MR. CASH: For -- I can show you the site plan in just a little bit. It doesn't take up the far western corner. It's only taking up a portion of the site. The corner -- it goes -- back approximately 200 by 150 feet is just going to be left open for the current owners. It's going to remain for sale for commercial type or retail type of development.

And the corner up on the west is approximately -- I'm going to say an acre. That's not part of this site.

MR. MCGEE: I guess the question is, How close to the fence line will it be to the houses?

MR. CASH: We can also show you our plan. But none of the buildings are along the fence line or are even facing that fence line.

MR. RUSSELL: We put the buildings, I mean just

out of respect for you guys, on Westheimer. We don't even have parking on the Westheimer side. The buildings are as close as we can put them.

MR. CASH: And the other ones are up -- the other one's up by Richmond -- I mean by Caseta and Westheimer, wrapping around that corner. And the remainder of the area is parking garages --

MR. RUSSELL: And we put --

MR. CASH: -- carports and --

MS. HITCHINGS: The guy that -- there's a guy that lives there now. Is he moving?

MR. RUSSELL: He's moving.

MS. HITCHINGS: He's moving?

MR. RUSSELL: He's moving.

MS. HITCHINGS: Okay. Another question that one of the group asked is as far as privacy, which we somewhat answered, security, lighting. You know, we have trees that are starting to grow. Will those be taken down? What -- is there another fence that's going to go up?

MR. CASH: You know, those -- as far as trees, we would be happy -- in some of the developments that Dave and I have recently been involved with, we've planted large pine trees and Live oaks and other types of trees

for aesthetic purposes, which we would be, you know, happy to take into consideration if that's something that your subdivision would find to be beneficial.

You know, our site right now -- one of our sites right now is completely wrapped with live oak trees and large pine trees. In fact, we put 20- and 30-foot pine trees down certain areas just for aesthetic purposes.

So if we do take down a tree that is, you know, sort of shading your subdivision and you would prefer to have some sort of screening, we would be happy to plant trees down that entire property line at the appropriate distance to allow them to grow. But we can put in some large evergreen-type trees.

MS. HITCHINGS: And will there be a second fence? Or will --

MR. CASH: Well, that we're going to have to look at individually because sometimes if you put a second fence up against existing fences, it causes leaves and things to get stuck between there.

MS. HITCHINGS: Okay.

MR. CASH: And that can actually be detrimental.

MS. HITCHINGS: Okay. That makes sense.

MR. CASH: So right off the top, we would

probably say no --

MS. HITCHINGS: Leave the fence?

MR. CASH: -- to a fence --

MS. HITCHINGS: Okay.

MR. CASH: -- unless there was a place where it was open. We could install a fence. We'd like to just sort of blend in with whatever's there or just kind of blend in with the existing fence.

MS. HITCHINGS: Okay.

MR. CASH: But we would be happy to put one there.

MR. BAIG: I have some questions, if this thing is working.

MS. HITCHINGS: Uh-huh.

MR. BAIG: Basically, if I can approximately kind of give an estimate, within a radius of a quarter of a mile, there are three huge facilities with similar kind of programs, meaning -- so could you give me an example where there -- within this quarter-of-a-mile radius so much concentration of such facilities are in this area?

MR. RUSSELL: There are three or four senior projects within the area. You have Eagle's Trace, Laurel Point, the one next-door to us, which -- the name kind of bounces around. Laurel Point's the only one that is close

to what we're doing.

MR. CASH: It's 100-percent occupied.

MR. RUSSELL: It's 100-percent occupied, and it has been. There is -- I mean there is a waiting list.

MR. CASH: Or close to it.

MR. BAIG: Well, my question is that -- within this very small, you know, like I said, quarter-of-a-mile radius, there are three buildings that you guys mentioned. One is right here, one is that you are planning to build, and there is another one right here. Is there any other example in -- you know, on Highway 6 where there is such a huge concentration of these facilities? That is my question.

MR. CASH: Well, probably right over by the Westside Hospital: Camden and some other apartment developments. There's some -- several senior facilities located directly across the street, and that's at Richmond and Kirkwood. There are several senior citizens' complexes in that area.

MR. BAIG: So there are three such huge facilities?

MR. CASH: Probably larger and more. And they're planning on developing more --

MR. BAIG: Okay.

MR. CASH: -- because of the proximity to the Westside Hospital.

MR. RUSSELL: And then Houston Heights is another good example. I think within Heights proper, there are 1,100 senior apartment facilities in there.

MR. BAIG: Okay. Well, I mean that's my Objection Number One. I think there's too much concentration in this area. That is my Objection Number One.

Number Two is that -- I think these are -- this is a four-story building -- three-story or four-story building. Right? There's going to be a definite what you call -- privacy, Number One, and security, Number Two issue, meaning that the people who are residing on the fourth floor -- they can definitely, you know, look into what's going on in our subdivision. So I don't know what scientific measures you guys can take which will, you know, stop that.

MR. RUSSELL: Okay. I mean we've tried to -- we've put the buildings as far away as we can.

MS. HITCHINGS: Maybe it'll help to look at the site plans. You mentioned --

MR. RUSSELL: Okay. Let me get it out here.

MR. BAIG: So your building front is facing



Westheimer?

MR. RUSSELL: Yes.

MR. BAIG: Okay. But the way --

MR. CASH: And Caseta. And the other building is facing the existing assisted-living facility that is on Caseta.

MR. BAIG: Where is that?

FEMALE VOICE: That is --

MR. BAIG: You mean the apartment complex --

FEMALE VOICE: -- Caseta --

MR. BAIG: -- which is right at this --

FEMALE VOICE: Exactly.

MR. BAIG: That's not a -- is that a senior --  
here?

FEMALE VOICE: That is. It's right here.

MR. BAIG: Okay.

FEMALE VOICE: Here's Caseta, and then here's Westheimer. From what I can tell, they're talking about right here in this area. And then that one corner when you make the turn from 1093 -- that'll be vacant. And there'll be a little more vacant over here.

MR. BAIG: Okay.

Well, we need to -- at least I need to see a detailed -- basically how, you know, somebody standing on

the fourth floor -- whether there will be a serious privacy issue. And that's my Objection Number 2.

Objection Number 3 is or -- Question Number 3 is, Is there a buffer zone between the outer boundaries of your facility -- and/or a fence? Is there a buffer zone in between, or not?

MR. RUSSELL: Do you mean is there a green space, an easement?

MR. BAIG: Green space or white space or whatever you're going to call it.

MR. CASH: The parking -- there's a parking lot in that general vicinity. And then there's grass between the fence and the parking area.

MR. BAIG: A parking area is not a buffer zone. I mean there should be a zone where there is no -- that's for no use whatsoever. That's what is for a buffer zone, meaning it's not for parking, it's not for any park or it's not for walking around. I mean that's what you call a no-man's zone, or something like that, because if we have these two facilities that are adjacent, you know, that's -- that is directly proportional to the crime in our subdivision --

MR. CASH: Okay.

MR. BAIG: -- in my opinion. So that is Point

Number 3.

MS. HITCHINGS: We have had a rash --

MR. BAIG: And we -- there is no shortage of crime in our subdivision. So that is my, you know, Objection Number 3.

So, Number 1, just to reiterate so that I can -- I mean I want to make sure that I can communicate what I'm saying. Number 1 is that I don't see many, many examples in Katy in Sugarland and even in Alief area where there's so much concentration of these types of facilities. I would like to see, you know, as -- concrete examples of that.

Number 2 is, from the fourth floor and from the third floor, there's a serious privacy issue. And that is also corresponding with the security issue. Number 3 is, there has to be a buffer zone between the outer boundaries of this facility and the outer boundaries or -- of our subdivision. That's I can -- that's what I can think of right now.

MS. MORALES: Thank you.

MR. BAIG: Thank you very much.

MR. MCGEE: I just have a couple of questions mostly to do with security. Will you all be providing a security officer for this building?

MR. RUSSELL: We will have courtesy officer patrols there.

MR. McGEE: Okay. And it's not so much as -- a question as just as a comment. I stay right off South Richmond probably closest to Green Crest as you can get. On Friday and Saturday nights around 2:00 or 3:00 in the morning, there is a lot of street racing that goes straight down 1093 all the way from this little Al's Sports Bar. If you go back -- they meet there, and they race all the way by the mall and up and down.

I live on the bottom -- my bedroom's on the first floor of my house. When guests come on the second floor, sometimes they can't even sleep because of all the noise coming up and down. Now, one thing that you all might be able to help us with is to alleviate this problem. We've talked to constables, sheriffs and everybody, and they won't do anything about it.

MR. RUSSELL: I can speak on this one, because I had the same scenario on an apartment I did just by Greenspoint Mall. And it was one of the big drag-racing strips. And apartment managers are the most persistent people you'll ever find with constables and with elected officials. And we were successful. It took about three months, but the problem went away. There were speed-bumps

put down in the street. There were constables in radar cars that were put there. And it was gone.

MR. McGEE: Okay. And you all would have to own the property 30 years or until the bond is paid off. What is your commitment after 30 years? Will it still be a senior citizens' center, or will it just be who-knows-what? Or --

MR. RUSSELL: I hope I'm still here to worry about it.

(General laughter.)

MR. McGEE: Well, one thing I'm really worried about is our property value, you know. Our property value, like Amir said -- they put this City Parc right here. To be honest, I don't think that helps with our crime, because you've got a lot of walk-through traffic from here to the mall, from here to Wal-Mart.

There's no sidewalks. People are walking in the street all times of the night, and we've had crime. People hop the fence, break in the windows, and things like that. And that's -- one of the objections we have when we hear of low-income housing is that -- you know, you said there's a lot over by, I guess, the West Oaks Hospital area with Camden.

MR. CASH: Westside.

MR. MCGEE: Westside. That is more of a residential -- I mean more of a retail area behind that Wal-Mart and all that. This is a huge retail area. Out here, this is more -- this is a retail area with the mall and Highway 6, but when you come back to this little section, it's nothing but residential houses.

And to be honest, when we bought our houses, we knew that land could be developed for retail. And, you know, that's a thing we had to worry about, but we never thought they would be building a four-story apartment building right behind us when all of our houses are single- or two-story houses. And that is a concern, you know, because -- especially when you all have balconies.

You know, I wouldn't want somebody standing up just watching me and my family have a barbecue or whatever. And, you know, like -- it just alleviates any privacy we have. And I know you all are working on angling the buildings to help with that.

And I guess my second question is on the swimming pool and the barbecue area. Where would that be located?

MR. CASH: We can show you on our site plan here in just a minute. I'd be happy to. But --

MR. RUSSELL: We can show you the site plan.

MR. MCGEE: Okay.

MR. RUSSELL: It's -- the building would actually -- for you guys, the building would be a natural buffer for any noise of that. I mean I -- the few senior projects that I've ever been on or -- all the ones I've ever been on, they don't get too wild and crazy past about 9:30 at night. So --

MR. MCGEE: Okay. Now, if I'm a husband-and-wife senior and I want to live here, let's say I have some grandkids that are 16, 17 and 25. Would they be allowed to live in the units with them?

MR. RUSSELL: No.

MR. MCGEE: Okay. That's a great answer. Okay. That's all I had. Thank you.

MS. MORALES: Thank you.

MS. HITCHINGS: One last question. I'm sure I'm going to get -- you said that you've done some other properties and you've done some trees and stuff. What is your latest property, in case anybody wants to look at it?

MR. CASH: You can look at Stonehaven Apartment Homes --

MS. HITCHINGS: Okay.

MR. CASH: -- located at 15301 Northwest Freeway.

MS. HITCHINGS: Stonehaven? Okay.

MR. CASH: Or --

MR. RUSSELL: I just wrapped one up --

MR. CASH: -- Canal.

MR. RUSSELL: -- downtown. And it has got a website, Canalplaceapartments.net.

MR. CASH: Or you can see Stonehaven Apartments at Stonehavenapartments.net.

MS. HITCHINGS: Okay. Thank you.

MS. MORALES: Are there any other questions that anybody has at this point?

(Pause.)

MS. MORALES: I would like to thank all of you guys for attending this hearing. Please --

MR. ROSE: I have a question.

MS. MORALES: Yes.

MR. ROSE: Is this community going to be gated?

MR. RUSSELL: Yes, with security, cameras, controlled-access doors, gates, card readers. I mean we own it. It's our asset. So we try to protect it the best we can.

MR. ROSE: Now one more question. The people who live around that fence where you all are building at in front -- when you all start construction, are you all



going to cover or do anything, you know, because of all the dust that's blowing through that area? And I don't know if you understand what I'm trying to say here, but --

MR. CASH: I do know that the dust is certainly an issue. It's a concern.

MR. ROSE: Right.

MR. CASH: However, I don't really have a good answer for that other than that when the -- after the paving is put down and the buildings are built and -- there won't be quite so much dust. It'll just be a short period of time during the construction where, if it gets a dry spell, there may be some additional dust.

However, once the project is finished and we'll have an automatic sprinkler system and landscaping, you know, we're planning on doing some, you know, date palms, and we're talking about putting in tall trees. And it'll be 100 percent landscaped and 100 percent sodded and 100 percent irrigation. So that will cut down on the dust issue in the long run.

MR. ROSE: Okay.

MR. MCGEE: What are the construction times that you all will be out there?

MR. CASH: We're not absolutely sure, but we are predicting that the construction would start in

perhaps early August or middle or late July. And it would last approximately 12 months.

MR. MCGEE: So I mean what time will your crews start.

FEMALE VOICE: Yes. What time in the morning?

MR. MCGEE: You won't have anybody out there at 5:00 in the morning or 6:00 in the morning?

MR. RUSSELL: No. No. The city makes sure that we don't have anybody out there.

MR. CASH: Yes.

MR. MCGEE: Okay.

MS. HITCHINGS: Okay. The people that live closest --

MR. MCGEE: Is it actually in the city of Houston?

MR. RUSSELL: Yes, it is. It is in the city, so we've got the city just constantly breathing down our necks, which is -- I mean it's a good thing. So --

MS. MENEFEE: Now, you guys have done this in the past. Have you noticed that any -- in the past, have any of the values of the homes gone down because of these?

MR. RUSSELL: What I've seen in the city is they go up a little bit, because when the property goes in -- anybody can buy a house. Anybody can live in a

house. To live in our apartments, you had better not have any felonies. We're going to run your credit. As soon as you act up, you're out of there, because you're taking the quality of my project down. And I don't want to put up with it. So --

MR. CASH: And we have a very good base of people to draw from that are entering the retirement age in the Katy, Memorial and Alief area. And, you know, I -- my mother and my wife's mother are both considering moving in there, and, you know, they're in their 70s. And it's going to be a nice project.

MS. MENEFEE: Now, are you talking of the senior homes?

MR. CASH: No. We also do family-type projects. We had originally looked at doing some type of family affordable housing in this area; however, it was not really looked upon very --

MR. RUSSELL: Favorably?

MR. CASH: -- highly --

MR. RUSSELL: Yes.

MR. CASH: -- because some of the existing projects. And the suggestion that we were given at the time was, Why not consider seniors, because we have so many people that are seniors that would like to have

affordable housing in the near future.

And so we actually met with the state representative and some of the people within the local subdivisions and spoke to them, and their input was favorable towards senior citizens' housing rather than additional family.

MR. RUSSELL: And to go back to your original question, I was at that project downtown, Canal Place. We had two young men who had a party Friday night by the pool. They were told to stop. They had another party Saturday night. An eviction was filed on Monday morning on them. So I mean that's kind of how we try to run the ship.

MS. HITCHINGS: And so it's managed by -- did you say it was HOV, or no?

MR. CASH: The property management company is -- their name is Alpha-Barnes. It's -- and their website is Alpha-barnes.com. And they manage, you know, market rate-type housing, senior citizens' housing in probably over a hundred different communities throughout Texas and around Texas.

MS. HITCHINGS: And you represent 2007 Houston development?

MR. RUSSELL: Uh-huh.

Any other questions you all want to get on the record? Or --

MR. BAIG: So what is the sequence of events from now until the actual approval of this project?

MS. MORALES: The Department's board is scheduled to consider whether or not to approve or deny the issuance of the bonds, as well as the tax credits, on May 8. And assuming that the transaction is approved, then they will close on those bonds. And they can start construction within 30 days.

MR. BAIG: So would the queries or the objections that we have recorded -- should we assume that they will call us for face-to-face clarification on that, or they can make the decision without ever contacting us?

MS. MORALES: They won't call you for a face to face. There will be a transcript. All of the comments that you have made tonight will be transcribed, and it, the transcript, will be included in with the board package that gets presented to our board on May 8. So they will hear all of the comments and the concerns and the objections that you have.

If you wish to do so, you can submit a separate letter stating all of your concerns. And we'll include that with the board package, as well. That way, the board

members will see that.

And you're also welcome to attend the actual board meeting, which will be held in Austin. All of the board meetings are open to the public. So if you wish to express your concerns directly to them, then you are more than welcome to do so.

MR. BAIG: Well, what is the [inaudible] criteria if, historically speaking, we should see the objections that we have raised over here -- historically speaking, does the board basically approve in such a situation, or it disapproves?

MS. MORALES: There are several different, I guess, criteria that the board can use with which to make their decisions. Part of it has to do with whatever's going on within that community and whatever the market conditions are like within that particular area.

We don't really know the reasons why the board makes the decisions that they do. We've had transactions before that have had opposition and, yet, the board approves them. There's been transactions where there's been no opposition and the board does not, you know, approve those.

We don't know why -- what they base their decisions on. I can tell you that concentration is

definitely something that is of interest to several of our board members, whether there's a concentration of, you know, all family developments or all senior developments, and that's also one of the criteria that our department uses when we are evaluating.

Staff is going to evaluate this particular application and whether it meets the Department's guidelines. To the extent that it does, in compliance with our rules, both on the multifamily side and then also our underwriting guidelines, then we will recommend to the board that they approve it.

The Board does not have to uphold whatever our recommendation is. But, again, that's where comments from the public come in to play. They have the transcript. They're going to be able to read it and also any additional comments that you may have to see what your concerns are.

And that's also one of the reasons why whenever we do these hearings, we go out to the community to kind of get first-hand -- you know, drive around for ourselves and kind of see what's going on within the area and to hear first hand what your concerns are.

MR. BAIG: And what is the formation of the board. I mean who sits on the board? What is their --

what do you call -- what is their designation? And who are these people?

MS. MORALES: The Board members? They are volunteer board members that are appointed by the governor, and they are confirmed by the senate. They come from different areas within the state and, also, from various backgrounds.

MR. BAIG: Would they be residents of this area?

MS. MORALES: We have one board member that does live in Houston. One -- yes, there's one board members that does live in Houston.

MR. BAIG: And this May 8 meeting will be here, or in Austin?

MS. MORALES: The actual board meeting on May 8 will be held in Austin. And they're typically held at the Capitol. And the agenda, as well as the complete board package, will be posted to the Department's website one week prior, which will be May 1.

So you can either access the Department's website, which is on my card, or, if you want, you can give me a call. And I'll be more than happy to walk you through and show you exactly where the board package is that contains all of the information that the board will



have to base their decision on.

MR. BAIG: Could we join the board meeting in a conference call?

MS. MORALES: No. If there's any comments that you wish to make, you would have to actually be present and fill out a witness affirmation form. And then they'll call you up at that time, and you can make your comments.

There are two different times with which you can speak. At the beginning of the board meeting, there's a time for public comment. We don't yet know where this particular item's going to fall on the agenda, so a lot of times the board meeting can go on for several hours. So you can either make your comments in the morning during the public comment period or you can wait until this particular agenda item comes up and then make your comment at that time.

MR. BAIG: If the community opinion is that an incorrect decision is made, can we appeal that?

MS. MORALES: No, you cannot.

MR. BAIG: Thank you.

MS. MORALES: Are there any other questions?

MR. ROSE: I'd like to see the [inaudible].

MS. MORALES: Okay.

At this time, please be -- rest assured that

your comments have been recorded. The meeting is now adjourned, and the time is 6:48 p.m.

And you're more than welcome to discuss the plans.

(Whereupon, at 6:48 p.m., the hearing concluded.)

C E R T I F I C A T E

IN RE: West Oaks Senior Village

LOCATION: Houston, Texas

DATE: April 16, 2008

I do hereby certify that the foregoing pages, numbers 1 through 40, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Leslie Berridge before the Texas Department of Housing and Community Affairs.

\_\_\_\_\_  
(Transcriber) 04/22/2008  
(Date)

On the Record Reporting  
3307 Northland, Suite 315  
Austin, Texas 78731



## **REQUEST FOR BOARD ACTION Multifamily Finance Production**

**Private Activity Bond Program – Waiting List**

**3 Priority 3 Applications for 2008 Waiting List**

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### **TABLE OF EXHIBITS**

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<b>TAB 1</b>	<b>TDHCA Board Presentation – May 8, 2008</b>
<b>TAB 2</b>	<b>Summary of Applications</b>
<b>TAB 3</b>	<b>Inducement Resolution</b>
<b>TAB 4</b>	<b>Map of Development Site</b>
<b>TAB 5</b>	<b>Public Comment</b>

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

May 8, 2008

**Action Item**

Presentation, Discussion and Possible Approval of an Inducement Resolution for Multifamily Housing Revenue Bonds and Authorization for Filing Applications for Private Activity Bond Authority – 2008 Waiting List.

**Requested Action**

Approve the Inducement Resolution to proceed with application submission to the Texas Bond Review Board for possible receipt of State Volume Cap issuance authority from the 2008 Private Activity Bond Program for three (3) applications.

**Background**

Each year, the State of Texas is notified of the cap on the amount of private activity tax-exempt revenue bonds that may be issued within the state. Approximately \$440 million is set aside for multifamily until August 7<sup>th</sup> for the 2008 bond program year. TDHCA has a set aside of approximately \$89 million available for new 2008 applications. If the Board approves the Waiting List application listed below they will be submitted to the Texas Bond Review Board.

Inducement Resolution 08-019 includes three (3) applications that were received on or before April 3, 2008. The applications will reserve approximately \$24.6 million in 2008 state volume cap. It is anticipated that two of the applications listed below, St. James Manor and People's El Shaddai Apartments will be under one bond issuance. Upon Board approval to proceed, the applications will be submitted to the Texas Bond Review Board for placement on the 2008 Waiting List. Board approval of the inducement resolution allows the Department to submit the applications to the Bond Review Board to await a reservation of allocation. The Board has previously approved seven (7) applications for the 2008 program year.

Providence Town Square Apartments, App. #08609– The proposed new construction will consist of 252 units and will target the elderly population. It will be located at approximately 3801 Center Street, Deer Park, Harris County. Demographics for the census tract (3429.00) include AMFI of \$78,546; the total population is 5,855; the percent of the population that is minority is 16.69%; the number of owner occupied units is 1,786; number of renter occupied units is 178; and the number of vacant units is 21. (Census Information from FFIEC Geocoding for 2007).

*Public Comment:* The Department has not received any letters of support or opposition.

St. James Manor Apartments, App. #08610– The proposed acquisition and rehabilitation will consist of 100 units and will target the general population. It will be located at approximately 3119 Easter Avenue, Dallas, Dallas County. Demographics for the census tract (0088.02) include AMFI of \$26,638; the total population is 5,551; the percent of the population that is minority is 99.39%; the number of owner occupied units is 1,201; number of renter occupied units is 744; and the number of vacant units is 139. (Census Information from FFIEC Geocoding for 2007).

*Public Comment:* The Department has received a letter of support from Dallas County Judge Jim Foster. The letter states Dallas County Commissioner John Wiley Price, whose district this property is located is

also in support of this development; however, the Department has not received a support letter from him. A copy of the letter is included in this presentation. The Department has not received any letters of opposition.

People's El Shaddai Apartments, App. #08611– The proposed acquisition and rehabilitation will consist of 100 units and will target the general population. It will be located at approximately 2836 Overton Road, Dallas, Dallas County. Demographics for the census tract (0088.02) include AMFI of \$26,638; the total population is 5,551; the percent of the population that is minority is 99.39%; the number of owner occupied units is 1,201; number of renter occupied units is 744; and the number of vacant units is 139. (Census Information from FFIEC Geocoding for 2007).

*Public Comment:* The Department has received a letter of support from Dallas County Judge Jim Foster. The letter states Dallas County Commissioner John Wiley Price, whose district this property is located, is also in support of this development; however, the Department has not received a support letter from him. A copy of the letter is included in this presentation. The Department has not received any letters of opposition.

### **Recommendation**

Approve the Inducement Resolution as presented by staff. Staff will present all appropriate information to the Board for a final determination for the issuance of the bonds and housing tax credits during the full application process for the bond issuance.

## Texas Department of Housing and Community Affairs

2008 Multifamily Private Activity Bond Program - Waiting List

Application #	Development Information	Units	Bond Amount	Developer Information	Comments
08609	Providence Town Square Apartments 3801 Center Street	252	\$ 15,000,000	Providence Town Square Housing, Ltd. Chris Richardson	Recommend
Priority 3	City: Deer Park County: Harris <i>New Construction</i>	Elderly	Score = 86	18729 FM 1887 Hempstead, TX 77445 (713) 265-4300	
08610	St. James Manor Apartments 3119 Easter Street	100	\$ 4,500,000	Texas 2 Dallas Portfolio, LLC Monique Lawshe	Recommend
Priority 3	City: Dallas County: Dallas <i>Acquisition/Rehabilitation</i>	General	Score = 99.5	15301 Ventura Blvd., Ste. B-570 Sherman Oaks, CA 91403 (818) 808-0600	
08611	People's El Shaddai Village Apartments 2836 Overton Road	100	\$ 5,100,000	Texas 2 Dallas Portfolio, LLC Monique Lawshe	Recommend
Priority 3	City: Dallas County: Dallas <i>Acquisition/Rehabilitation</i>	General	Score = 98	15301 Ventura Blvd., Ste. B-570 Sherman Oaks, CA 91403 (818) 808-0600	
<b>Totals for Recommended Applications</b>		<b>452</b>	<b>\$ 24,600,000</b>		

## RESOLUTION NO. 08-019

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; 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, very low and extremely low income and families of moderate income (all as defined in the Act); and

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

WHEREAS, it is proposed that the Department issue its revenue bonds for the purpose of providing financing for multifamily residential rental developments (each a "Development" and collectively, the "Developments") as more fully described in Exhibit A attached hereto. The ownership of each Development 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 Development 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 Development 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 Development will be occupied at all times by eligible tenants, as determined by the Board pursuant to the Act ("Eligible Tenants"), that the other requirements of the Act and the Department will be satisfied and that its Development 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 Development 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 Development 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 Development 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 Development is not dependent or related to the issuance of Bonds (as defined below) for any other Development and that a separate Application shall be filed with respect to each Development; 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 Development on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD THAT:

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

- (a) each Development is necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;
- (b) each Owner will supply, in its Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;
- (c) the financing of each Development is a public purpose and will provide a public benefit;
- (d) each Owner is financially responsible; and
- (e) each Development will be undertaken within the authority granted by the Act to 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 Development in an aggregate principal amount not to exceed those amounts, corresponding to each respective Development, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and state law requirements regarding tenancy in each Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that each Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and state laws applicable to the issuance of such Bonds.

Section 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 Development and listed on Exhibit A attached hereto ("Costs of each respective Development") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation of its Development, including reimbursing 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 or rehabilitation of its Development; (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 Development will not exceed the amount set forth in Exhibit A which corresponds to its Development.

Section 6--Limited Obligations. The Owner may commence with the acquisition and construction or rehabilitation of its Development, which Development 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 Development 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 Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 7--The Development. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, 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 Development.

Section 9--Costs of Development. The Costs of each respective Development may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Development. Without limiting the generality of the foregoing, the Costs of each respective Development 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 Development, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Development, the placing of the Development in operation and that satisfy the Code and the Act. Each Owner shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 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, 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 Development will be occupied at all times by Eligible Tenants, that all other requirements of the Act will be satisfied and that each Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from 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 Bond Review Board, if required, and the Attorney General.

Section 13--Certain Findings. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for each Development 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 Development's necessary review and legal documentation for the filing of an Application for the 2008 program year and the issuance of the Bonds, subject to satisfaction of the conditions specified in Section 2(i) and (ii) hereof. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner so long as the Application is re-submitted within the current or following program year.

Section 15--Related Persons. The Department acknowledges that financing of all or any part of each Development 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 Development 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 Development 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 of the State of Texas (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 8<sup>th</sup> day of May, 2008.

[SEAL]

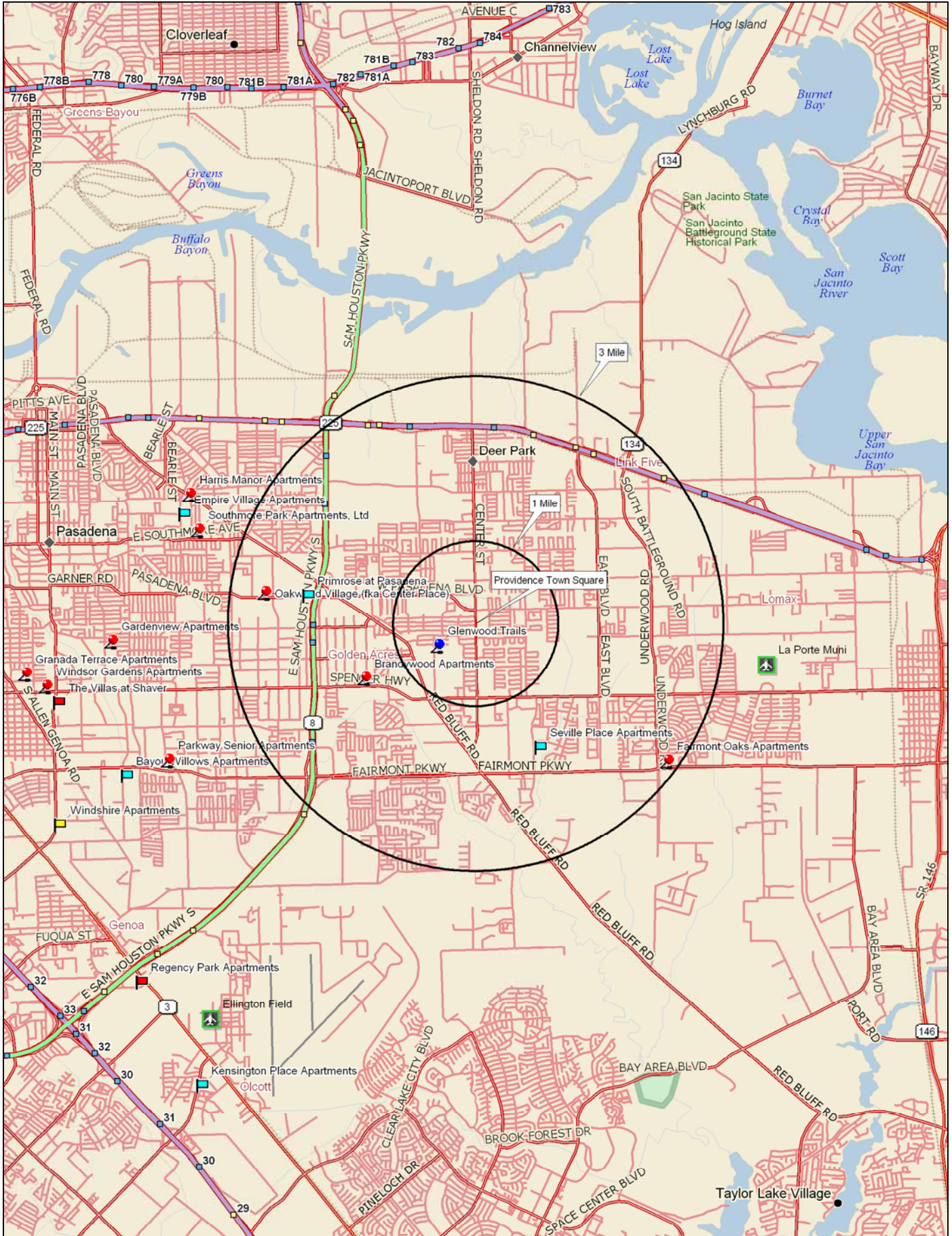
By: \_\_\_\_\_  
Chairman, Governing Board

Attest: \_\_\_\_\_  
Secretary to the Governing Board

EXHIBIT "A"

Description of each Owner and its Development

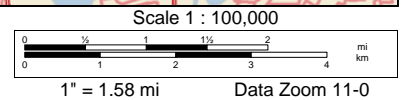
Project Name	Owner	Principals	Amount Not to Exceed
Providence Town Square Apartments	Providence Town Square Housing, Ltd., or other entity	The General Partner of which is Blazer Land, L.L.C., or other entity	\$15,000,000
Costs: (i) acquisition of real property located at 3801 Center Street, Deer Park, Harris County, Texas; and (ii) the construction thereon of an approximately 252-unit multifamily residential rental housing development, in the amount not to exceed \$15,000,000.			
Project Name	Owner	Principals	Amount Not to Exceed
People's El Shaddai Village Apartments	Texas 2 Dallas Portfolio, LLC, to be formed, or other entity	The Managing Member of which will be Texas 2 Dallas Portfolio Manager, LLC, or other entity	\$5,100,000
Costs: (i) acquisition of real property located at approximately the 2836 Overton Road, Dallas, Dallas County, Texas; and (ii) the rehabilitation of an existing approximately 100-unit multifamily residential rental housing development, in the amount not to exceed \$5,100,000.			
Project Name	Owner	Principals	Amount Not to Exceed
St. James Manor Apartments	Texas 2 Dallas Portfolio, LLC, to be formed, or other entity	The Managing Member of which will be Texas 2 Dallas Portfolio Manager, LLC, or other entity	\$4,500,000
Costs: (i) acquisition of real property located at approximately the 3119 Easter Street, Dallas, Dallas County, Texas; and (ii) the rehabilitation of an existing approximately 100-unit multifamily residential rental housing development, in the amount not to exceed \$4,500,000.			

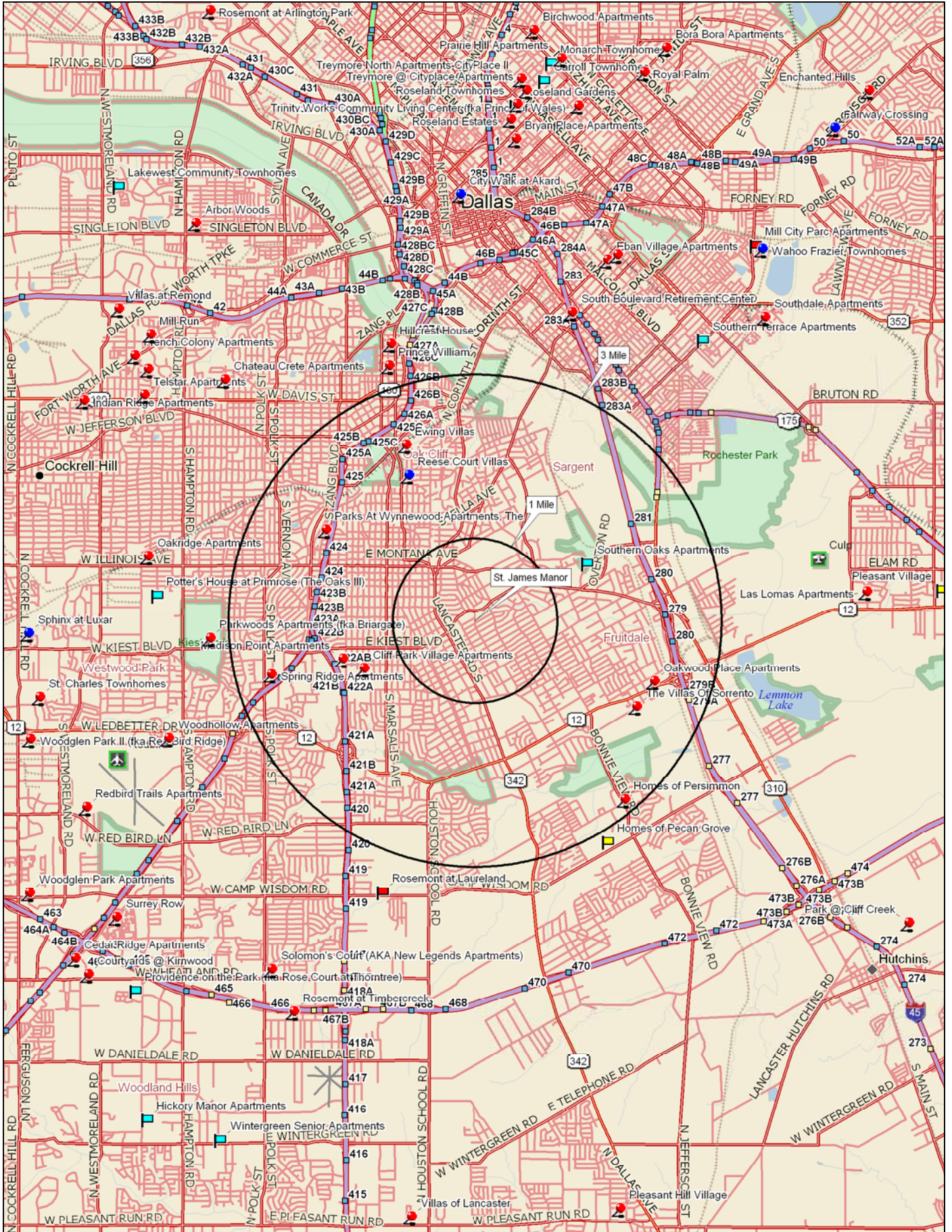


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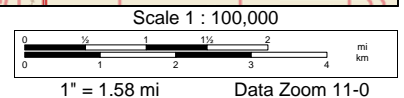




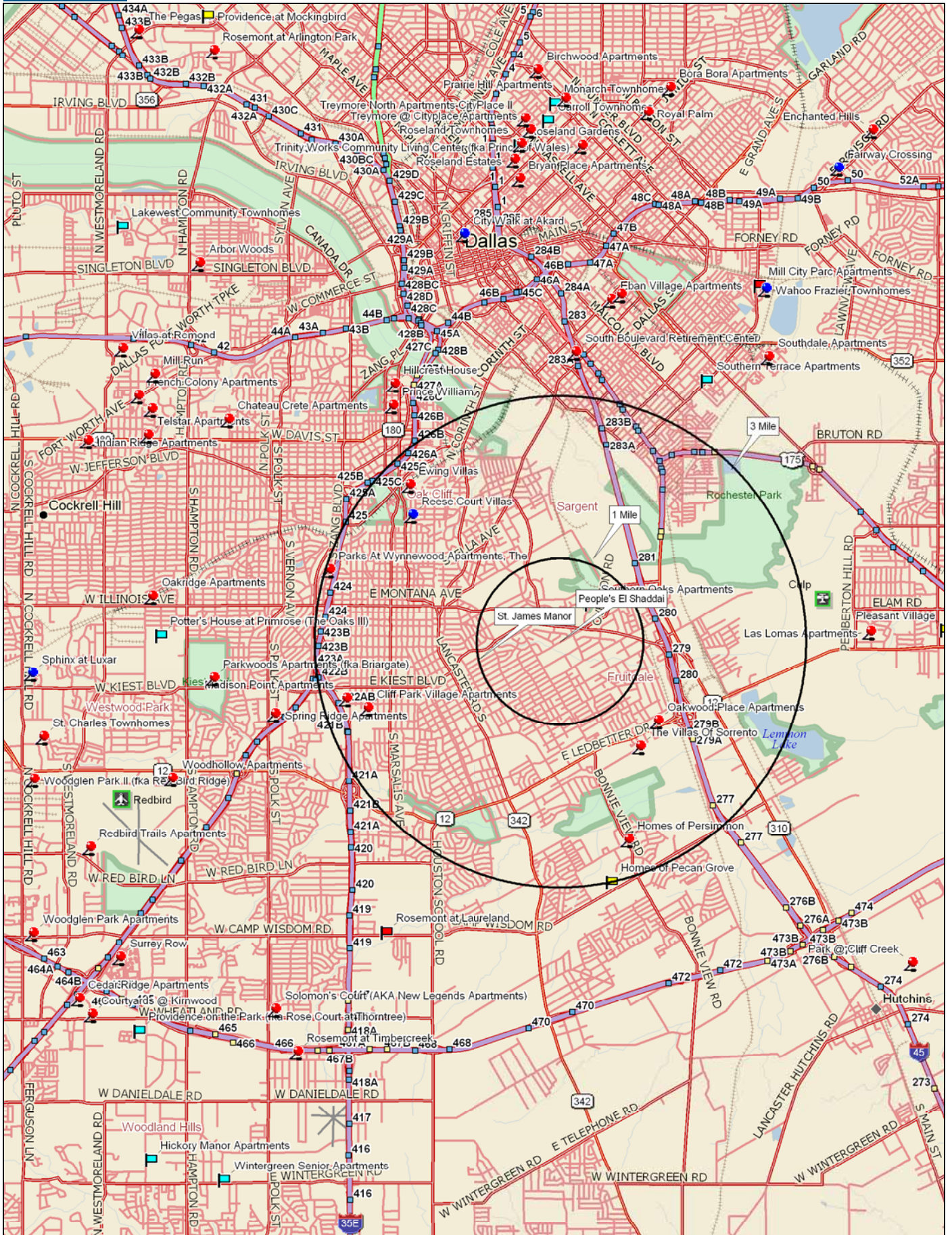
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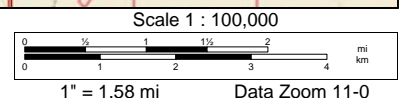




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DALLAS COUNTY JUDGE  
Jim Foster

January 10, 2008

04-03-08P02:43 RCVD

Texas Department Housing & Community Affairs  
P.O. Box 13941  
Austin TX, 78711-3941


**Re: St. James Manor Apartments, 3119 Easter Street, Dallas, TX 75216**

This letter is in support of the GH Capital request for Low Income Housing Tax Credits for the property listed above.

Dallas County Commissioner John Wiley Price, whose district this property encompasses, is also in support of this project based on the recent reports from the City of Dallas and the Dallas Police Department which show this property is in compliance with city's standards.

Should you need to speak with me further regarding this issue, please do not hesitate to contact me.

Sincerely,

  
Jim Foster  
Dallas County Judge



DALLAS COUNTY JUDGE  
Jim Foster

#08611

04-03-08P02:48 RCVD

January 10, 2008

Texas Department Housing & Community Affairs  
P.O. Box 13941  
Austin TX, 78711-3941

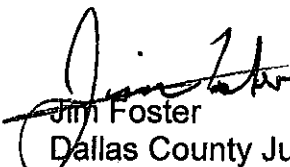
**Re: People's El Shaddai Apartment, 2836 Overton Rd., Dallas, TX 75216**

This letter is in support of the GH Capital request for Low Income Housing Tax Credits for the property listed above.

Dallas County Commissioner John Wiley Price, whose district this property encompasses, is also in support of this project based on the recent reports from the City of Dallas and the Dallas Police Department which show this property is in compliance with city's standards.

Should you need to speak with me further regarding this issue, please do not hesitate to contact me.

Sincerely,

  
Jim Foster  
Dallas County Judge

**THIS ITEM HAS BEEN PULLED  
FROM THE AGENDA**

**FINANCIAL ADMINISTRATION DIVISION**

**BOARD ACTION REQUEST**

**May 8, 2008**

**Report Item**

2nd Quarter Investment Report

**Required Action**

Presentation and approval of the Department's 2nd Quarter Investment Report

**Background**

- This report is in the prescribed format and detail as required by the Public Funds Investment Act. It shows in detail the types of investments, their maturity, their carrying (face amount) value and fair value at the beginning and end of the quarter.
- Overall, the portfolio carrying value increased by \$3,849,472 (See Page 1) for a total of \$1,760,064,396. There was one new Multi Family bond issuance in the amount of \$15 million during the 2<sup>nd</sup> quarter. The Residential Mortgage Revenue Bond indenture paid \$15.25 million in principal and \$8.4 million in interest. The remaining difference is accounted for by construction draws made by multi-family projects currently under construction and interest earnings from investments.

The portfolio consists of (See Page 4):

	<b><u>Beginning Quarter</u></b>	<b><u>Ending Quarter</u></b>
<b>Mortgage Backed Securities (MBS)</b>	69%	73%
<b>Guaranteed Investment Contract/ Investment Agreement (GIC/IA)</b>	25%	18%
<b>Repurchase Agreements</b>	4%	7%
<b>Other (Cd's, MM's, T-Bonds)</b>	2%	2%

The 4% increase in MBS is a result of purchases which represent newly originated loans being pooled and converted into securitized investments. The 7% decrease in GIC/IA is a result of the Single Family indenture drawing on the investments to prepare for the debt service due in March. The 3% increase in Repurchase Agreements is a result of money being transferred from GIC/IAs for debt service of the Single Family indenture.

The portfolio activity for the quarter (See Page 5):

- \$93,023,499 of MBS purchases during the quarter represent portfolio activity for new loans originated.
- The maturities in MBS this quarter were \$18,007,506 which represents loan payoffs. The table below shows a strong trend in new loans and loan payoffs.

	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	
	FY 07	FY 07	FY 07	FY 08	FY 08	Total
Purchases	67,807,964	69,683,755	68,725,501	95,998,230	93,023,499	395,238,949
Sales						
Maturities	19,795,687	32,196,447	21,031,442	20,582,531	18,007,506	111,613,613

- The fair value (the amount at which a financial instruments could be exchanged in a current transaction between willing parties) increased \$10,308,870 (See Pages 1 and 5) increasing the difference between fair value and carrying value (the Department’s acquisition cost of its financial instruments net of amortization) with fair value being more. The national average for a 30-year fixed mortgage as reported by HSH Associates Financial Publishers (a national clearinghouse of mortgage data) was 6.42% for the end of February down from 6.56% at the end of November. The spread between the market rate and our below-market rates is decreasing.
- This change in market value is to be expected. It is reflective of the overall change in the bond market as a whole.
- Since we typically hold our investments to maturity, this quarter’s results are referred to as an unrealized gain.
- The fact that our investments provide the appropriate cash flow to pay debt service and eventually retire the related bond debt is more important than their relative value in the bond market as a whole.
- The more relevant measures of indenture parity, projected future cash flows, and the comparison of current interest income to interest expense are not part of a public funds investment report. The next page is an additional analysis prepared by the Bond Finance group (it is not part of the PFIA report). This report shows parity (ratio of assets to liabilities) by indentures with assets greater than liabilities in a range from 103.04% to 114.04% which would indicate the Department has sufficient assets to meet its obligations. This is considered strong by rating agencies. The interest comparison shows interest income greater than interest expense by indenture and indicates a current positive cash flow.

**Texas Department of Housing and Community Affairs**  
**Bond Finance Division**  
**Executive Summary**  
As of February 29, 2008

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Collateralized Home Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
<b>PARITY COMPARISON:</b>					
<b>PARITY ASSETS</b>					
Cash	\$ 172,318	\$ -	\$ -	\$ 506,657	\$ 678,975
Investments	\$ 250,862,043	\$ 17,808,146	\$ 1,108,996	\$ 148,205,955	\$ 417,985,139
Mortgage Backed Securities	\$ 936,797,149	\$ 287,643,012	\$ 11,626,992		\$ 1,236,067,152
Loans Receivable	\$ 39,760,761	\$ 1,094,433	\$ -	\$ 1,210,488,889	\$ 1,251,344,083
Accrued Interest Receivable	\$ 4,162,594	\$ 1,888,303	\$ 75,653	\$ 11,084,625	\$ 17,211,175
<b>TOTAL PARITY ASSETS</b>	<b>\$ 1,231,754,864</b>	<b>\$ 308,433,893</b>	<b>\$ 12,811,641</b>	<b>\$ 1,370,286,126</b>	<b>\$ 2,923,286,524</b>
<b>PARITY LIABILITIES</b>					
Bonds Payable	\$ 1,168,440,000	\$ 295,440,000	\$ 11,200,000	\$ 1,211,247,240	\$ 2,686,327,240
Accrued Interest Payable	\$ 26,988,490	\$ 2,672,322	\$ 33,869	\$ 11,395,660	\$ 41,090,341
<b>TOTAL PARITY LIABILITIES</b>	<b>\$ 1,195,428,490</b>	<b>\$ 298,112,322</b>	<b>\$ 11,233,869</b>	<b>\$ 1,222,642,900</b>	<b>\$ 2,727,417,581</b>
<b>PARITY DIFFERENCE</b>	<b>\$ 36,326,374</b>	<b>\$ 10,321,571</b>	<b>\$ 1,577,772</b>	<b>\$ 147,643,226</b>	<b>\$ 195,868,943</b>
<b>PARITY</b>	<b>103.04%</b>	<b>103.46%</b>	<b>114.04%</b>	<b>112.08%</b>	<b>107.18%</b>

**INTEREST COMPARISON (For the Sixth Fiscal Month) :**

<b>INTEREST INCOME</b>					
Interest & Investment Income	\$5,481,606	\$1,415,142	\$71,841	\$5,142,227	\$12,110,816
<b>TOTAL INTEREST INCOME</b>	<b>\$5,481,606</b>	<b>\$1,415,142</b>	<b>\$71,841</b>	<b>\$5,142,227</b>	<b>\$12,110,816</b>
<b>INTEREST EXPENSE</b>					
Interest on Bonds	\$4,431,297	\$1,332,939	\$60,746	\$5,140,338	\$10,965,320
<b>TOTAL INTEREST EXPENSE</b>	<b>\$4,431,297</b>	<b>\$1,332,939</b>	<b>\$60,746</b>	<b>\$5,140,338</b>	<b>\$10,965,320</b>
<b>NET INTEREST</b>	<b>\$1,050,309</b>	<b>\$82,203</b>	<b>\$11,095</b>	<b>\$1,889</b>	<b>\$1,145,496</b>
<b>INTEREST RATIO</b>	<b>123.70%</b>	<b>106.17%</b>	<b>118.26%</b>	<b>100.04%</b>	<b>110.45%</b>

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

**PUBLIC FUNDS INVESTMENT ACT  
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)  
QUARTER ENDING February 29, 2008**



**PUBLIC FUNDS INVESTMENT ACT**  
**INTERNAL MANAGEMENT REPORT (SEC. 2256.023)**  
**QUARTER ENDING February 29, 2008**

- 1) PFIA- Internal Management Report (Sec. 2256.023)
- 2) Bar Graph - Comparison of Market by Fund Group between Quarters
- 3) Supplemental Schedule of Portfolio Interest Rate Trends and Maturities
- 4) Bar Graph - Comparison of Market Valuation by Investment Type between Quarters
- 5) Supplemental Public Funds Investment Act Report by Investment Type
- 6) Detail of Investments including maturity dates by Fund Group


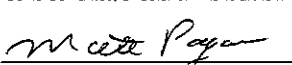
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Internal Management Report (Sec. 2256.023)  
Quarter Ending February 29, 2008

(b) (4) Summary statement of each pooled fund group:

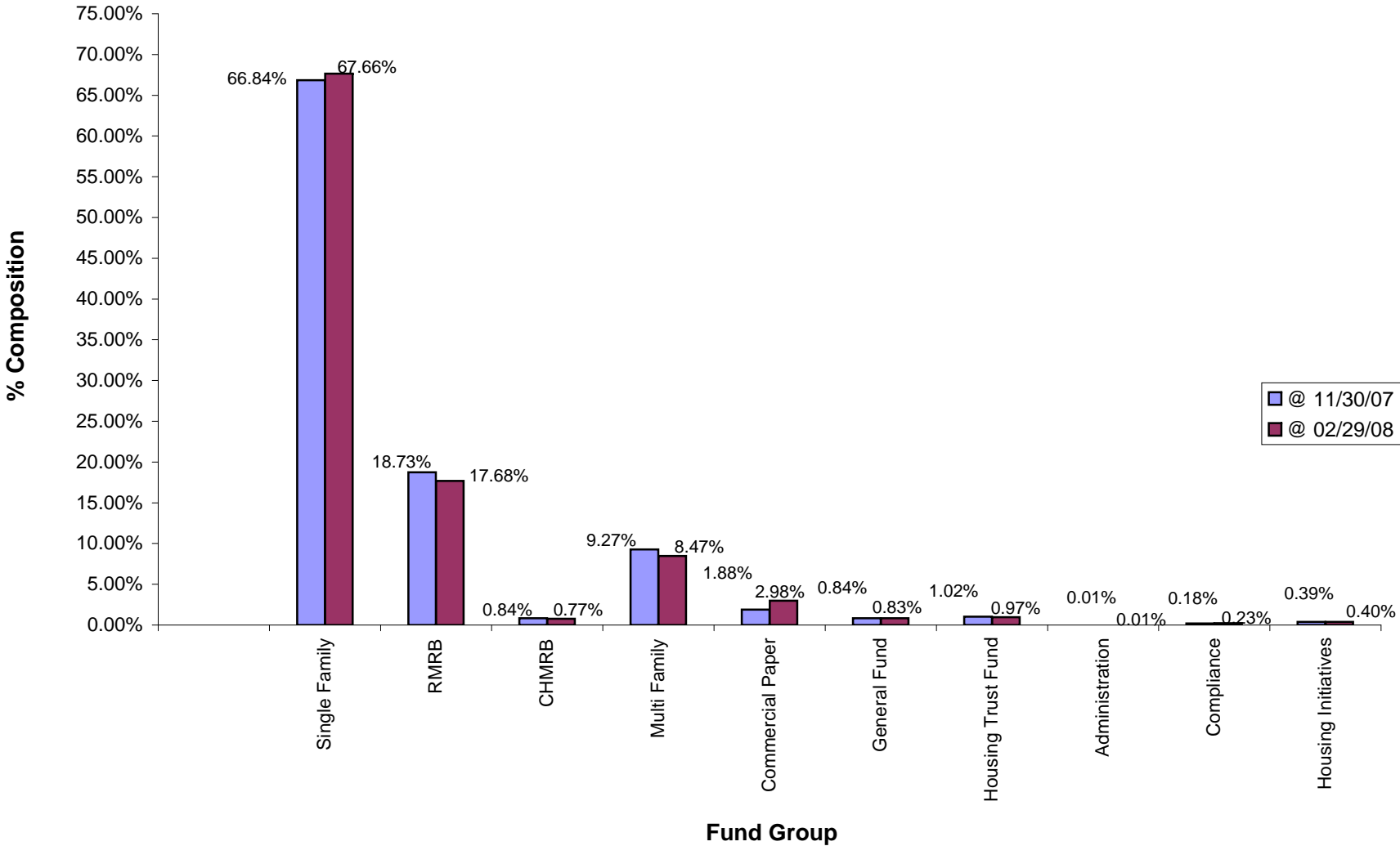
INDENTURE	FAIR VALUE (MARKET) @ 11/30/07	CARRYING VALUE @ 11/30/07	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 02/29/08	FAIR VALUE (MARKET) @ 02/29/08	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 02/29/08	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS					
Single Family	1,172,052,772.47	1,178,205,987.43	295,245,493.31	(266,125,065.21)	(12,210,622.75)	0.00	1,195,115,792.78	1,196,045,143.32	7,082,565.50	4,057,878.00	0.00
RMRB	328,361,913.67	325,692,038.72	3,415,373.91	(17,070,941.42)	(5,238,916.34)	0.00	306,797,554.87	312,532,369.58	3,064,939.76	1,867,126.00	0.00
CHMRB	14,713,952.55	13,996,541.51	308,937.07	(1,015,992.88)	(498,384.12)	0.00	12,791,101.58	13,669,877.62	161,365.00	75,653.00	0.00
Multi Family	162,545,439.21	162,545,439.21	25,625,304.92	(38,613,524.50)	(59,582.66)	0.00	149,697,636.97	149,697,636.97	-	4,352.00	0.00
Commercial Paper	32,968,322.27	32,968,322.27	52,550,475.76	(32,869,000.00)	0.00	0.00	52,649,798.03	52,649,798.03	-	40,451.00	0.00
General Fund	14,783,552.68	14,783,552.68	178,270.82	(277,575.86)	0.00	0.00	14,684,247.64	14,684,247.64	-	1,232.00	0.00
Housing Trust Fund	17,895,864.09	17,895,864.09	1,406,924.79	(2,229,711.22)	0.00	0.00	17,073,077.66	17,073,077.66	-	1,432.00	0.00
Administration	155,945.91	155,945.91	724.29	0.00	0.00	0.00	156,670.20	156,670.20	-	13.00	0.00
Compliance	3,189,065.78	3,189,065.78	824,589.66	0.00	0.00	0.00	4,013,655.44	4,013,655.44	-	337.00	0.00
Housing Initiatives	6,782,165.58	6,782,165.58	302,694.80	0.00	0.00	0.00	7,084,860.38	7,084,860.38	-	594.00	0.00
<b>TOTAL</b>	<b>1,753,448,994.21</b>	<b>1,756,214,923.18</b>	<b>380,058,789.33</b>	<b>(358,201,811.09)</b>	<b>(18,007,505.87)</b>	<b>0.00</b>	<b>1,760,064,395.55</b>	<b>1,767,607,336.84</b>	<b>10,308,870.26</b>	<b>6,049,068.00</b>	<b>0.00</b>

\* No relationship can be drawn between the "ACCRUED INT RECVBL @ 02/29/08" 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 \$150,204,294 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.

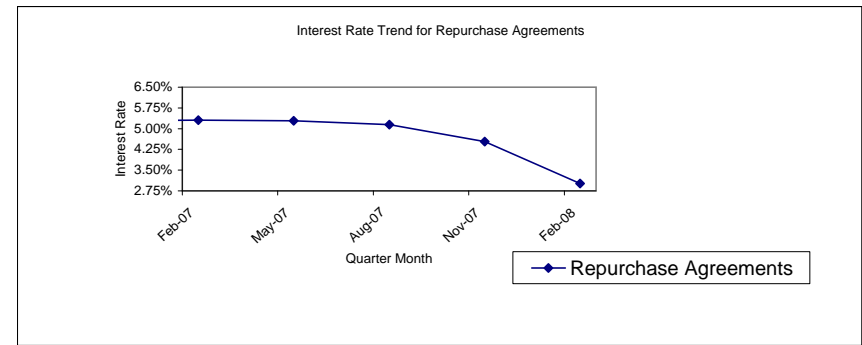
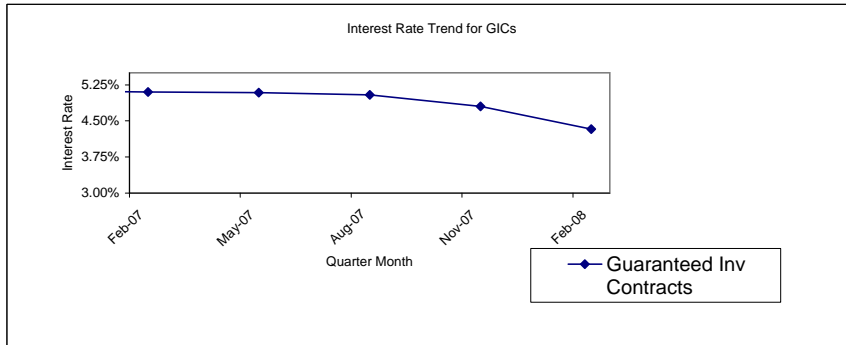
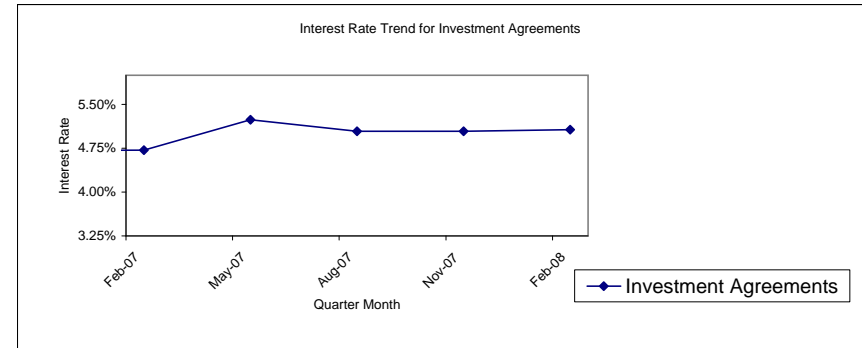
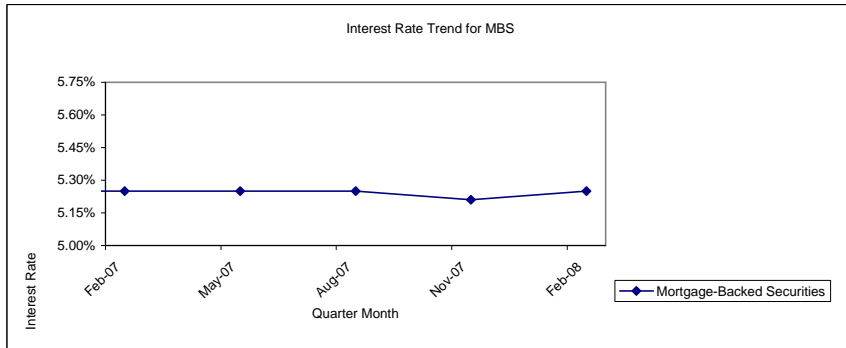
 David Cervantes, Director of Financial Administration	Date <u>4/8/08</u>
 Matt Pogor, Director of Bond Finance	Date <u>4/7/08</u>

### Market Valuation Comparison By Fund Group

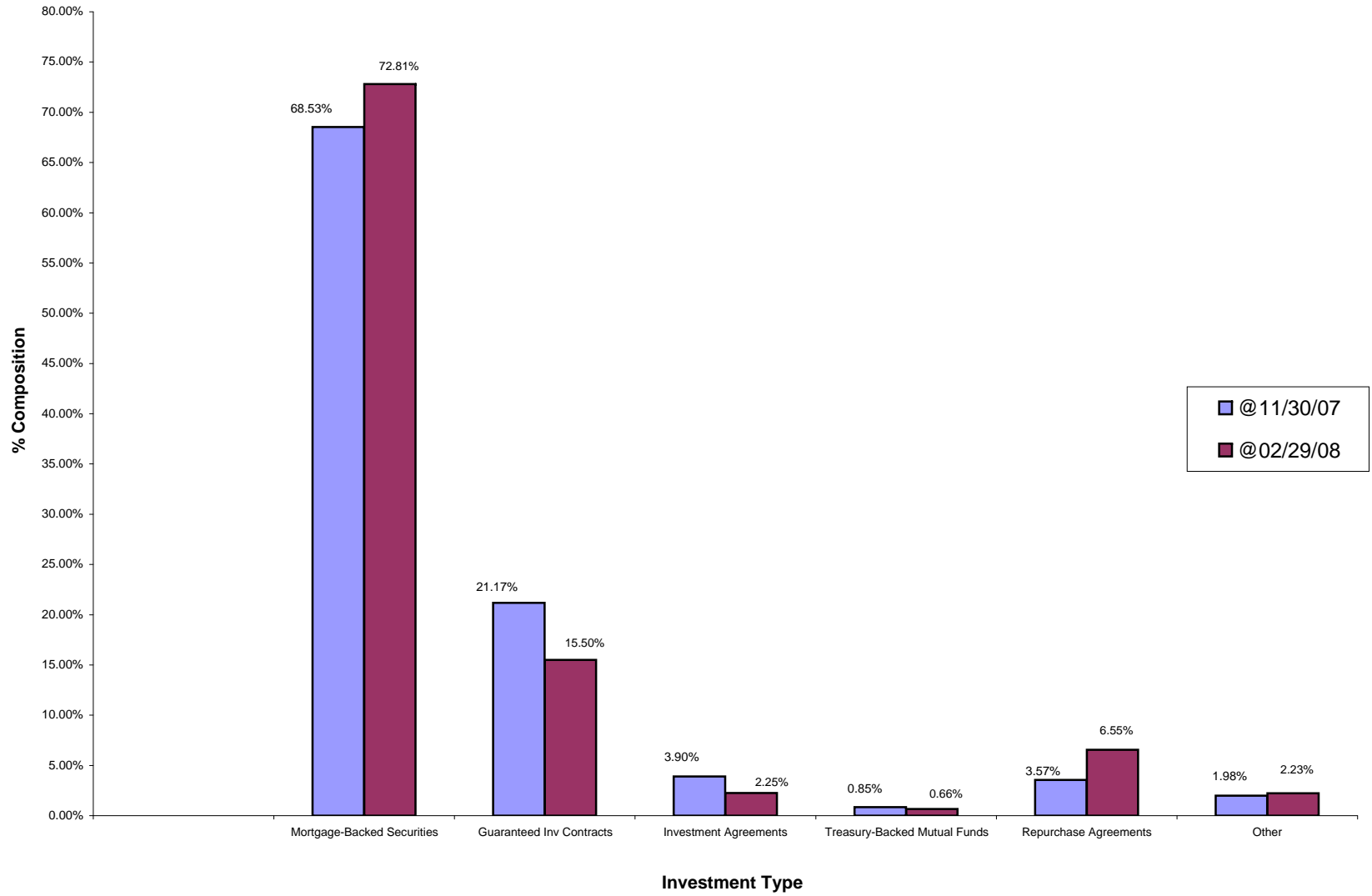


TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Supplemental Schedule of Portfolio Interest Rate Trends and Maturities  
Quarter February 29, 2008

INVESTMENT TYPE	Range of Interest for Current Quarter		Portfolio % Composition	Weighted Avg Rate Beg Carrying Value @ 11/30/07	Weighted Avg Rate Beg Market Value @ 11/30/07	Weighted Avg Rate End Carrying Value @ 02/29/08	Weighted Avg Rate End Market Value @ 02/29/08	Weighted Avg Maturity Beg Carrying Value @ 11/30/07		Weighted Avg Maturity Beg Market Value @ 11/30/07		Weighted Avg Maturity End Carrying Value @ 02/29/08		Weighted Avg Maturity End Market Value @ 02/29/08	
	HI	LOW		Months	Days	Months	Days	Months	Days	Months	Days	Months	Days		
Mortgage-Backed Securities	8.75%	4.43%	72.81%	5.19%	5.21%	5.23%	5.25%	324	2	323	15	323	8	323	15
Guaranteed Inv Contracts	6.51%	1.88%	15.50%	4.80%	4.80%	4.33%	4.33%	58	9	58	9	52	23	58	9
Investment Agreements	6.22%	2.51%	2.25%	5.04%	5.04%	5.07%	5.07%	70	29	70	29	55	17	70	29
Repurchase Agreements	3.02%	3.02%	6.55%	4.53%	4.53%	3.02%	3.02%	0	3	0	3	0	3	0	3
Money Markets	4.32%	1.78%	2.17%	3.62%	3.62%	2.71%	2.71%	0	1	0	1	0	1	0	1
Treasury-Backed Mutual Funds	3.53%	1.78%	0.66%	3.63%	3.63%	2.55%	2.55%	0	1	0	1	0	1	0	1
Treasury Bonds/Notes	13.25%	13.25%	0.06%	13.25%	13.25%	13.25%	13.25%	78	18	78	18	75	17	75	17



Market Valuation Comparison by Investment Type


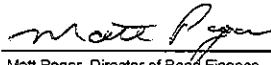


TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Supplemental Public Funds Investment Act Report by Investment Type Schedule  
Quarter Ending February 29, 2008

(b) (4) Summary statement of each pooled investment group:

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 11/30/07	CARRYING VALUE @ 11/30/07	CHANGE IN CARRYING VALUE				CARRYING VALUE @ 11/30/07	FAIR VALUE (MARKET) @ 11/30/07	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
			ACCRETION/ PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS				
Mortgage-Backed Securities	1,201,680,929.60	1,204,584,659.28	93,023,499.30	0.00	(18,007,505.87)	0.00	1,279,600,552.71	1,287,012,579.28	10,315,656.25	0.00
Guaranteed Inv Contracts	371,201,213.71	371,201,213.71	172,933,480.25	(270,134,185.48)	0.00	0.00	274,000,508.48	274,000,508.48	-	0.00
Investment Agreements	68,423,628.15	68,423,628.15	32,626,078.16	(61,299,232.80)	0.00	0.00	39,750,473.51	39,750,473.51	-	0.00
Treasury-Backed Mutual Funds	14,872,290.23	14,872,290.23	2,863,613.03	(6,032,439.42)	0.00	0.00	11,703,463.84	11,703,463.84	-	0.00
Repurchase Agreements	62,560,104.26	62,560,104.26	59,945,511.22	(6,785,365.44)	0.00	0.00	115,720,250.04	115,720,250.04	-	0.00
Money Markets	33,634,186.29	33,634,186.29	18,666,450.68	(13,950,587.95)	0.00	0.00	38,350,049.02	38,350,049.02	-	0.00
Treasury Bonds/Notes	1,076,641.97	938,941.26	156.69		0.00	0.00	939,097.95	1,070,012.67	(6,785.99)	0.00
<b>TOTAL</b>	<b>1,753,448,994.21</b>	<b>1,756,214,923.18</b>	<b>380,058,789.33</b>	<b>(358,201,811.09)</b>	<b>(18,007,505.87)</b>	<b>0.00</b>	<b>1,760,064,395.55</b>	<b>1,767,607,336.84</b>	<b>10,306,870.26</b>	<b>0.00</b>

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

 David Cervantes, Director of Financial Administration	Date <u>4/2/08</u>
 Matt Pogor, Director of Board Finance	Date <u>4/2/08</u>

**Detail of Investments including maturity dates by Fund Group**

**Texas Department of Housing and Community Affairs  
Single Family Investment Summary  
For Period Ending February 29, 2008**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Repo Agmt	1980 Single Family Surplus Rev	3.02	02/29/08	03/03/08	4,441.88	4,441.88	6,042.96				10,484.84	10,484.84	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	3.02	02/29/08	03/03/08	2,670,971.97	2,670,971.97		(2,054,293.07)			616,678.90	616,678.90	-	0.00
GIC's	1980 Single Family Surplus Rev	6.08	11/14/96	09/30/29	1,566,903.66	1,566,903.66	60,599.36				1,627,503.02	1,627,503.02	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	3.02	02/29/08	03/03/08	47,942.27	47,942.27		(47,507.37)			434.90	434.90	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	3.02	02/29/08	03/03/08			48,404.67				48,404.67	48,404.67	-	0.00
Repo Agmt	1980 Single Family Surplus Rev	3.02	02/29/08	03/03/08	1,060,093.74	1,060,093.74	43,013.17				1,103,106.91	1,103,106.91	-	0.00
	<b>1980 Single Family Surplus Rev Total</b>				5,350,353.52	5,350,353.52	158,060.16	(2,101,800.44)	0.00	0.00	3,406,613.24	3,406,613.24	0.00	0.00
Repo Agmt	1982 A Single Family	3.02	02/29/08	03/03/08	0.22	0.22	2,466.72				2,466.94	2,466.94	-	0.00
GIC's	1982 A Single Family	6.08	11/14/96	09/30/29	456.55	456.55		(6.14)			450.41	450.41	-	0.00
	<b>1982 A Single Family Total</b>				456.77	456.77	2,466.72	(6.14)	0.00	0.00	2,917.35	2,917.35	0.00	0.00
Repo Agmt	1983 A&B Single Family	3.02	02/29/08	03/03/08	21.53	21.53	36,199.12				36,220.65	36,220.65	-	0.00
GIC's	1983 A&B Single Family	6.08	11/14/96	09/30/29	252,680.48	252,680.48		(20,552.87)			232,127.61	232,127.61	-	0.00
T-Note	1983 A&B Single Family	13.25	08/05/85	05/15/14	716.73	822.04	0.12				716.85	816.98	(5.18)	0.00
	<b>1983 A&amp;B Single Family Total</b>				253,418.74	253,524.05	36,199.24	(20,552.87)	0.00	0.00	269,065.11	269,165.24	(5.18)	0.00
Repo Agmt	1984 A&B Single Family	3.02	02/29/08	03/03/08	78,905.39	78,905.39		(42,764.24)			36,141.15	36,141.15	-	0.00
T-Bond	1984 A&B Single Family	13.25	08/05/85	05/15/14	408.09	468.11	0.08				408.17	465.22	(2.97)	0.00
GIC's	1984 A&B Single Family				78,878.69	78,878.69		(78,878.69)					-	0.00
	<b>1984 A&amp;B Single Family Total</b>				158,192.17	158,252.19	0.08	(121,642.93)	0.00	0.00	36,549.32	36,606.37	(2.97)	0.00
Repo Agmt	1985 A Single Family	3.02	02/29/08	03/03/08	151,075.86	151,075.86		(147,442.22)			3,633.64	3,633.64	-	0.00
GIC's	1985 A Single Family	6.08	11/14/96	09/30/29	55,412.47	55,412.47		(20,283.17)			35,129.30	35,129.30	-	0.00
	<b>1985 A Single Family Total</b>				206,488.33	206,488.33	0.00	(167,725.39)	0.00	0.00	38,762.94	38,762.94	0.00	0.00
Repo Agmt	1985 B&C Single Family	3.02	02/29/08	03/03/08	28,094.14	28,094.14		(25,163.37)			2,930.77	2,930.77	-	0.00
GIC's	1985 B&C Single Family	6.08	11/14/96	09/30/29	41,242.81	41,242.81	32,171.64				73,414.45	73,414.45	-	0.00
	<b>1985 B&amp;C Single Family Total</b>				69,336.95	69,336.95	32,171.64	(25,163.37)	0.00	0.00	76,345.22	76,345.22	0.00	0.00
Repo Agmt	1987 B Single Family	3.02	02/29/08	03/03/08	19,198.66	19,198.66	19,037.89				38,236.55	38,236.55	-	0.00
GIC's	1987 B Single Family	6.08	11/14/96	09/30/29	46,445.66	46,445.66	58,035.97				104,481.63	104,481.63	-	0.00
Repo Agmt	1987 B Single Family	3.02	02/29/08	03/03/08	496,958.91	496,958.91	0.00				496,958.91	496,958.91	-	0.00
	<b>1987 B Single Family Total</b>				562,603.23	562,603.23	77,073.86	0.00	0.00	0.00	639,677.09	639,677.09	0.00	0.00
Repo Agmt	1995 A&B Single Family	3.02	02/29/08	03/03/08	28,308.46	28,308.46		(12,065.77)			16,242.69	16,242.69	-	0.00
GIC's	1995 A&B Single Family	6.08	11/14/96	09/30/29	14,627.21	14,627.21	55,466.44				70,093.65	70,093.65	-	0.00
GIC's	1995 A&B Single Family	6.08	11/14/96	09/30/29	0.02	0.02	0.00				0.02	0.02	-	0.00
FNMA	1995 A&B Single Family	6.15	07/30/96	06/01/26	219,297.07	227,660.52			(1,543.03)		217,754.04	228,984.38	2,866.89	0.00
GNMA	1995 A&B Single Family	6.15	11/26/96	11/20/26	557,393.38	574,898.78			(4,380.56)		553,012.82	578,895.64	8,377.42	0.00
GNMA	1995 A&B Single Family	6.15	05/29/97	05/20/27	287,764.32	295,718.11			(4,077.31)		283,687.01	295,496.89	3,856.09	0.00
	<b>1995 A&amp;B Single Family Total</b>				1,107,390.46	1,141,213.10	55,466.44	(12,065.77)	(10,000.90)	0.00	1,140,790.23	1,189,713.27	15,100.40	0.00
Repo Agmt	1996 A-C Single Family	3.02	02/29/08	03/03/08	477,798.49	477,798.49	4,608.10				482,406.59	482,406.59	-	0.00
Repo Agmt	1996 A-C Single Family	3.02	02/29/08	03/03/08	2.00	2.00	38,395.56				38,397.56	38,397.56	-	0.00
Inv Agmt	1996 A-C Single Family	6.13	02/26/97	09/01/28	132,428.09	132,428.09	0.00				132,428.09	132,428.09	-	0.00
	<b>1996 A-C Single Family Total</b>				610,228.58	610,228.58	43,003.66	0.00	0.00	0.00	653,232.24	653,232.24	0.00	0.00
T-Bond	1996 D&E Single Family	13.25	08/05/85	05/15/14	937,816.44	1,075,351.82	156.49				937,972.93	1,068,730.47	(6,777.84)	0.00
Repo Agmt	1996 D&E Single Family	3.02	02/29/08	03/03/08	608,998.68	608,998.68	5,873.40				614,872.08	614,872.08	-	0.00
Repo Agmt	1996 D&E Single Family	3.02	02/29/08	03/03/08			112,090.78				112,090.78	112,090.78	-	0.00
GIC's	1996 D&E Single Family	6.08	04/06/98	09/30/29	271,767.11	271,767.11	0.00				271,767.11	271,767.11	-	0.00
	<b>1996 D&amp;E Single Family Total</b>				1,818,582.23	1,956,117.61	118,120.67	0.00	0.00	0.00	1,936,702.90	2,067,460.44	(6,777.84)	0.00
Repo Agmt	1997 A-C Single Family				27.54	27.54		(27.54)					-	0.00
	<b>1997 A-C Single Family Total</b>				27.54	27.54	0.00	(27.54)	0.00	0.00	0.00	0.00	0.00	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Repo Agmt	1997 D-F Single Family				18,554.60	18,554.60		(18,554.60)					-	0.00
Repo Agmt	1997 D-F Single Family	3.02	02/29/08	03/03/08	784,667.19	784,667.19	296,075.17				1,080,742.36	1,080,742.36	-	0.00
FNMA	1997 D-F Single Family	6.25	06/29/98	06/01/28	371,335.91	382,725.46			(4,657.46)		366,678.45	381,617.62	3,549.62	0.00
FNMA	1997 D-F Single Family	6.25	11/30/98	10/01/28	223,908.97	230,776.23			(1,422.53)		222,486.44	231,550.50	2,196.80	0.00
GNMA	1997 D-F Single Family	6.25	05/19/98	05/20/28	571,336.78	589,116.80			(12,513.85)		558,822.93	583,545.28	6,942.33	0.00
GNMA	1997 D-F Single Family	5.45	07/24/00	06/20/30	1,320,647.99	1,329,152.96			(8,743.46)		1,311,904.53	1,335,545.02	15,135.52	0.00
GNMA	1997 D-F Single Family	6.25	08/14/98	07/20/28	205,664.62	212,064.92			(2,059.20)		203,605.42	212,612.92	2,607.20	0.00
GNMA	1997 D-F Single Family	5.45	08/28/00	08/20/30	234,613.07	236,123.94			(1,257.81)		233,355.26	237,560.29	2,694.16	0.00
GNMA	1997 D-F Single Family	6.25	06/30/98	06/20/28	477,079.76	491,926.49			(4,431.86)		472,647.90	493,557.86	6,063.23	0.00
GNMA	1997 D-F Single Family	6.25	09/18/98	08/20/28	986,471.19	1,017,170.21			(7,813.58)		978,657.61	1,021,953.47	12,596.84	0.00
FNMA	1997 D-F Single Family	6.25	03/31/99	11/01/28	153,687.45	158,401.04			(873.04)		152,814.41	159,040.06	1,512.06	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	11/20/28	911,866.29	940,243.49			(6,363.81)		905,502.48	945,561.82	11,682.14	0.00
GNMA	1997 D-F Single Family	6.25	11/30/98	10/20/28	421,329.48	434,441.26			(2,576.17)		418,753.31	437,278.94	5,413.85	0.00
FNMA	1997 D-F Single Family	6.25	05/27/99	04/01/29	209,081.14	215,169.58			(1,324.70)		207,756.44	215,950.35	2,105.47	0.00
GNMA	1997 D-F Single Family	6.25	02/16/99	02/20/29	1,535,825.34	1,582,729.50			(9,826.45)		1,525,998.89	1,593,081.86	20,178.81	0.00
GNMA	1997 D-F Single Family	6.25	03/31/99	03/20/29	650,532.81	670,400.11			(4,228.67)		646,304.14	674,715.69	8,544.25	0.00
GNMA	1997 D-F Single Family	6.25	05/27/99	04/20/29	424,714.76	437,685.51			(4,337.83)		420,376.93	438,856.68	5,509.00	0.00
GNMA	1997 D-F Single Family	5.45	06/22/99	06/20/29	767,072.20	772,564.41			(8,047.56)		759,024.64	773,218.37	8,701.52	0.00
GNMA	1997 D-F Single Family	5.45	07/30/99	07/20/29	977,775.49	984,776.28			(6,610.31)		971,165.18	989,325.89	11,159.92	0.00
GNMA	1997 D-F Single Family	5.45	08/26/99	08/20/29	608,723.08	613,081.54			(4,208.27)		604,514.81	615,819.22	6,945.95	0.00
GNMA	1997 D-F Single Family	5.45	09/30/99	09/20/29	505,767.25	509,388.53			(3,094.42)		502,672.83	512,072.79	5,778.68	0.00
FNMA	1997 D-F Single Family	5.45	12/21/99	11/01/29	298,454.19	300,027.02			(3,830.41)		294,623.78	297,207.61	1,011.00	0.00
GNMA	1997 D-F Single Family	5.45	10/29/99	10/20/29	1,079,397.28	1,087,125.77			(7,934.74)		1,071,462.54	1,091,498.90	12,307.87	0.00
GNMA	1997 D-F Single Family	5.45	11/18/99	11/20/29	1,400,679.12	1,410,707.99			(9,617.48)		1,391,061.64	1,417,074.49	15,983.98	0.00
GNMA	1997 D-F Single Family	5.45	12/30/99	12/20/29	1,161,669.04	1,169,986.55			(7,433.17)		1,154,235.87	1,175,820.04	13,266.66	0.00
GNMA	1997 D-F Single Family	5.45	01/28/00	01/20/30	1,380,027.83	1,388,915.18			(70,652.78)		1,309,375.05	1,332,969.96	14,707.56	0.00
GNMA	1997 D-F Single Family	5.45	02/22/00	01/20/30	695,927.71	700,409.47			(5,304.39)		690,623.32	703,068.34	7,963.26	0.00
GNMA	1997 D-F Single Family	5.45	03/27/00	02/20/30	385,934.74	388,420.16			(2,756.15)		383,178.59	390,083.47	4,419.46	0.00
FNMA	1997 D-F Single Family	5.45	02/23/00	01/01/30	148,552.60	149,335.46			(827.69)		147,724.91	149,020.44	512.67	0.00
GNMA	1997 D-F Single Family	5.45	04/27/00	03/20/30	407,480.33	410,104.50			(2,664.04)		404,816.29	412,111.06	4,670.60	0.00
GNMA	1997 D-F Single Family	5.45	05/30/00	05/20/30	590,598.21	594,401.66			(5,973.53)		584,624.68	595,159.61	6,731.48	0.00
GNMA	1997 D-F Single Family	5.45	06/21/00	06/20/30	1,122,224.71	1,129,451.82			(6,503.33)		1,115,721.38	1,135,826.66	12,878.17	0.00
FNMA	1997 D-F Single Family	5.45	05/30/00	05/01/30	269,745.46	270,856.77			(2,946.48)		266,798.98	269,053.38	1,143.09	0.00
GNMA	1997 D-F Single Family	5.45	10/23/00	09/20/30	42,244.70	42,516.75			(222.26)		42,022.44	42,779.68	485.19	0.00
GNMA	1997 D-F Single Family	5.45	10/30/00	10/20/30	322,749.74	324,828.25			(2,469.12)		320,280.62	326,052.08	3,692.95	0.00
FNMA	1997 D-F Single Family	5.45	07/24/00	06/01/30	474,729.94	476,685.78			(4,800.52)		469,929.42	473,900.27	2,015.01	0.00
GNMA	1997 D-F Single Family	5.45	12/21/00	05/20/30	67,207.83	67,640.62			(378.18)		66,829.65	68,033.89	771.45	0.00
FNMA	1997 D-F Single Family	5.45	10/06/00	09/01/30	313,280.00	314,570.68			(1,780.75)		311,499.25	314,131.39	1,341.46	0.00
FNMA	1997 D-F Single Family	5.45	10/30/00	08/01/30	337,387.46	338,777.50			(2,935.30)		334,452.16	337,278.29	1,436.09	0.00
FNMA	1997 D-F Single Family	5.45	02/12/01	02/01/30	79,032.15	79,448.63			(443.00)		78,589.15	79,278.36	272.73	0.00
Repo Agmt	1997 D-F Single Family	3.02	02/29/08	03/03/08	176,949.00	176,949.00	20,756.33				197,705.33	197,705.33	-	0.00
GNMA	1997 D-F Single Family	4.49	05/12/05	05/20/35	74,568.32	72,133.15			(317.22)		74,251.10	71,740.08	(75.85)	0.00
GNMA	1997 D-F Single Family	4.49	07/14/05	07/20/35	46,116.49	44,574.13			(191.09)		45,925.40	44,336.32	(46.72)	0.00
GNMA	1997 D-F Single Family	4.49	05/26/05	05/20/35	68,965.19	66,836.83			(295.96)		68,669.23	66,477.54	(63.33)	0.00
GNMA	1997 D-F Single Family	4.49	06/02/05	06/20/35	62,783.25	60,849.07			(310.94)		62,472.31	60,482.18	(55.95)	0.00
GNMA	1997 D-F Single Family	4.49	06/09/05	06/20/35	76,242.00	73,694.01			(364.78)		75,877.22	73,254.06	(75.17)	0.00
GNMA	1997 D-F Single Family	4.49	06/15/05	06/20/35	61,962.95	60,111.93			(267.20)		61,695.75	59,787.29	(57.44)	0.00
GNMA	1997 D-F Single Family	4.49	06/23/05	06/20/35	134,471.91	130,069.12			(7,736.85)		126,735.06	122,510.61	(178.34)	0.00
GNMA	1997 D-F Single Family	4.49	06/29/05	06/20/35	53,885.77	52,242.49			(227.38)		53,658.39	51,959.05	(56.06)	0.00
GNMA	1997 D-F Single Family	4.49	09/08/05	09/20/35	12,412.54	12,029.12			(52.47)		12,360.07	11,965.24	(11.41)	0.00
GNMA	1997 D-F Single Family	4.49	07/21/05	07/20/35	30,083.92	29,241.16			(125.88)		29,958.04	29,086.67	(28.61)	0.00
GNMA	1997 D-F Single Family	4.49	07/28/05	07/20/35	23,214.68	22,438.34			(97.95)		23,116.73	22,316.94	(23.45)	0.00
GNMA	1997 D-F Single Family	4.49	08/04/05	08/20/35	5,081.24	5,004.40			(20.70)		5,060.54	4,978.18	(5.52)	0.00
FNMA	1997 D-F Single Family	4.49	07/28/05	07/01/35	29,693.10	28,368.20			(130.42)		29,562.68	28,433.96	(196.18)	0.00
FNMA	1997 D-F Single Family	4.49	10/20/05	09/01/35	6,339.69	6,056.64			(26.79)		6,312.90	6,071.69	(41.84)	0.00
	<b>1997 D-F Single Family Total</b>				<b>23,800,748.46</b>	<b>24,095,968.20</b>	<b>316,831.50</b>	<b>(18,554.60)</b>	<b>(244,029.93)</b>	<b>0.00</b>	<b>23,854,995.43</b>	<b>24,395,060.05</b>	<b>244,844.88</b>	<b>0.00</b>
Repo Agmt	2002A Single Family (JR Lien)	3.02	02/29/08	03/03/08	86,686.63	86,686.63	71,282.64				157,969.27	157,969.27	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	3.02	02/29/08	03/03/08	21,788.23	21,788.23	21,591.59				43,379.82	43,379.82	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Repo Agmt	2002A Single Family (JR Lien)	3.02	02/29/08	03/03/08	417,752.55	417,752.55	0.00				417,752.55	417,752.55	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	3.02	02/29/08	03/03/08	161,878.00	161,878.00	0.00				161,878.00	161,878.00	-	0.00
Repo Agmt	2002A Single Family (JR Lien)	3.02	02/29/08	03/03/08	6,366.97	6,366.97	4,090.35				10,457.32	10,457.32	-	0.00
<b>2002A Single Family (JR Lien) Total</b>					<b>694,472.38</b>	<b>694,472.38</b>	<b>96,964.58</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>791,436.96</b>	<b>791,436.96</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	2004 A/B Single Family	3.02	02/29/08	03/03/08	1,129.93	1,129.93	10.88				1,140.81	1,140.81	-	0.00
Repo Agmt	2004 A/B Single Family	3.02	02/29/08	03/03/08	632.36	632.36	8,207,436.73				8,208,069.09	8,208,069.09	-	0.00
GIC's	2004 A/B Single Family	3.96	04/25/05	03/01/36	5,395,837.13	5,395,837.13		(3,757,264.44)			1,638,572.69	1,638,572.69	-	0.00
GNMA	2004 A/B Single Family	4.49	07/08/04	06/20/34	1,323,826.62	1,278,564.21		(6,425.04)			1,317,401.58	1,270,726.80	(1,412.37)	0.00
GNMA	2004 A/B Single Family	4.49	07/08/04	07/20/34	948,360.14	915,937.92		(4,619.62)			943,740.52	910,307.09	(1,011.21)	0.00
GNMA	2004 A/B Single Family	4.49	06/29/04	06/20/34	516,902.54	499,225.85		(2,639.29)			514,263.25	496,039.74	(546.82)	0.00
GNMA	2004 A/B Single Family	4.49	09/02/04	08/20/34	1,269,053.32	1,225,725.48		(6,142.82)			1,262,910.50	1,218,227.76	(1,354.90)	0.00
GNMA	2004 A/B Single Family	4.49	09/09/04	09/20/34	1,537,626.91	1,485,142.94		(7,767.63)			1,529,859.28	1,475,745.08	(1,630.23)	0.00
GNMA	2004 A/B Single Family	4.49	09/16/04	08/20/34	2,390,054.94	2,308,479.60		(12,436.40)			2,377,618.54	2,293,522.00	(2,521.20)	0.00
GNMA	2004 A/B Single Family	4.49	09/23/04	09/20/34	932,668.86	900,844.00		(4,188.51)			928,480.35	895,648.08	(1,007.41)	0.00
GNMA	2004 A/B Single Family	4.49	09/29/04	09/20/34	1,320,050.22	1,275,013.35		(122,795.32)			1,197,254.90	1,154,924.19	(2,706.16)	0.00
GNMA	2004 A/B Single Family	4.49	10/07/04	10/20/34	2,116,990.65	2,044,782.76		(131,205.57)			1,985,785.08	1,915,592.14	(2,014.95)	0.00
GNMA	2004 A/B Single Family	4.49	07/15/04	07/20/34	2,180,072.33	2,105,551.41		(10,648.29)			2,169,424.04	2,092,579.53	(2,323.59)	0.00
GNMA	2004 A/B Single Family	4.49	07/22/04	07/20/34	1,911,397.23	1,846,071.54		(9,818.27)			1,901,578.96	1,834,233.02	(2,020.25)	0.00
GNMA	2004 A/B Single Family	4.49	07/29/04	07/20/34	2,432,698.42	2,349,568.08		(12,613.81)			2,420,084.61	2,334,387.15	(2,567.12)	0.00
GNMA	2004 A/B Single Family	4.49	08/05/04	08/20/34	2,749,774.92	2,655,833.52		(14,493.64)			2,735,281.28	2,638,446.36	(2,893.52)	0.00
GNMA	2004 A/B Single Family	4.49	08/12/04	08/20/34	3,483,617.79	3,364,626.24		(18,553.63)			3,465,064.16	3,342,413.58	(3,659.03)	0.00
GNMA	2004 A/B Single Family	4.49	08/19/04	08/20/34	3,450,247.29	3,332,412.44		(16,598.42)			3,433,648.87	3,312,127.00	(3,687.02)	0.00
GNMA	2004 A/B Single Family	5.00	08/19/04	08/20/34	266,319.27	264,482.76		(1,085.66)			265,233.61	266,882.43	3,485.33	0.00
GNMA	2004 A/B Single Family	4.49	08/26/04	08/20/34	1,804,304.79	1,742,693.65		(8,158.25)			1,796,146.54	1,732,588.75	(1,946.65)	0.00
GNMA	2004 A/B Single Family	5.00	08/26/04	08/20/34	83,532.27	82,956.74		(338.96)			83,193.31	83,710.99	1,093.21	0.00
GNMA	2004 A/B Single Family	4.49	12/02/04	12/20/34	1,048,876.63	1,013,151.88		(4,706.14)			1,044,170.49	1,007,312.28	(1,133.46)	0.00
GNMA	2004 A/B Single Family	5.00	12/09/04	10/20/34	287,427.04	284,756.10		(1,647.08)			285,779.96	286,857.58	3,748.56	0.00
GNMA	2004 A/B Single Family	4.49	12/09/04	12/20/34	364,199.06	351,796.56		(1,614.15)			362,584.91	349,788.13	(394.28)	0.00
GNMA	2004 A/B Single Family	5.00	12/09/04	11/20/34	207,263.86	205,854.94		(1,247.68)			206,016.18	207,317.37	2,710.11	0.00
GNMA	2004 A/B Single Family	5.00	12/16/04	12/20/34	331,681.04	328,602.52		(1,373.68)			330,307.36	331,556.55	4,327.71	0.00
GNMA	2004 A/B Single Family	4.49	12/16/04	12/20/34	889,788.21	859,491.54		(4,442.30)			885,345.91	854,103.53	(945.71)	0.00
GNMA	2004 A/B Single Family	4.49	10/14/04	10/20/34	1,337,853.21	1,292,227.24		(6,034.39)			1,331,818.82	1,284,748.56	(1,444.29)	0.00
GNMA	2004 A/B Single Family	5.00	10/14/04	10/20/34	980,590.65	971,434.36		(4,064.52)			976,526.13	980,163.94	12,794.10	0.00
GNMA	2004 A/B Single Family	5.00	10/21/04	10/20/34	983,078.77	973,905.10		(4,410.06)			978,668.71	982,320.41	12,825.37	0.00
GNMA	2004 A/B Single Family	4.49	10/21/04	10/20/34	1,410,936.51	1,362,826.37		(6,975.47)			1,403,961.04	1,354,349.28	(1,501.62)	0.00
GNMA	2004 A/B Single Family	5.00	10/28/04	10/20/34	338,979.86	335,818.68		(1,405.17)			337,574.69	338,835.99	4,422.48	0.00
GNMA	2004 A/B Single Family	4.49	10/28/04	10/20/34	746,065.27	720,630.29		(3,340.68)			742,724.59	716,482.57	(807.04)	0.00
GNMA	2004 A/B Single Family	4.49	11/04/04	11/20/34	1,788,912.93	1,727,938.96		(8,888.23)			1,780,024.70	1,717,148.26	(1,902.47)	0.00
GNMA	2004 A/B Single Family	4.49	11/10/04	11/20/34	1,126,248.29	1,087,866.28		(6,172.32)			1,120,075.97	1,080,516.54	(1,177.42)	0.00
GNMA	2004 A/B Single Family	5.00	11/10/04	10/20/34	516,671.06	511,857.98		(2,146.80)			514,524.26	516,452.44	6,741.26	0.00
GNMA	2004 A/B Single Family	4.49	11/18/04	11/20/34	934,830.70	902,977.61		(4,674.27)			930,156.43	897,310.14	(993.20)	0.00
GNMA	2004 A/B Single Family	5.00	11/23/04	11/20/34	393,251.47	390,573.14		(1,568.20)			391,683.27	394,151.95	5,147.01	0.00
GNMA	2004 A/B Single Family	4.49	11/23/04	11/20/34	1,363,531.19	1,317,076.00		(6,499.92)			1,357,031.27	1,309,116.16	(1,459.92)	0.00
GNMA	2004 A/B Single Family	5.00	12/23/04	12/20/34	397,736.31	394,047.07		(1,801.68)			395,934.63	397,434.43	5,189.04	0.00
GNMA	2004 A/B Single Family	4.49	12/23/04	12/20/34	498,942.64	481,956.90		(2,166.50)			496,776.14	479,248.63	(541.77)	0.00
GNMA	2004 A/B Single Family	5.00	12/29/04	12/20/34	539,245.40	534,246.26		(2,289.19)			536,956.21	538,992.91	7,035.84	0.00
GNMA	2004 A/B Single Family	4.49	12/29/04	12/20/34	226,639.29	219,494.15		(976.96)			225,662.33	218,291.10	(226.09)	0.00
GNMA	2004 A/B Single Family	4.49	01/06/05	01/20/35	710,077.26	685,684.24		(4,672.39)			705,404.87	680,333.92	(677.93)	0.00
GNMA	2004 A/B Single Family	4.49	01/13/05	01/20/35	642,122.73	620,067.22		(3,004.19)			639,118.54	616,406.57	(656.46)	0.00
GNMA	2004 A/B Single Family	4.49	01/19/05	01/20/35	465,094.80	449,122.07		(2,659.12)			462,435.68	446,004.62	(458.33)	0.00
GNMA	2004 A/B Single Family	4.49	01/28/05	01/20/35	352,435.45	340,334.19		(1,534.81)			350,900.64	338,435.00	(364.38)	0.00
GNMA	2004 A/B Single Family	4.49	02/03/05	02/20/35	1,869,876.30	1,805,686.64		(8,330.99)			1,861,545.31	1,795,428.96	(1,926.69)	0.00
GNMA	2004 A/B Single Family	4.49	02/10/05	02/20/35	1,391,941.74	1,347,705.89		(6,074.26)			1,385,867.48	1,340,316.90	(1,314.73)	0.00
GNMA	2004 A/B Single Family	5.00	02/10/05	02/20/35	1,663,693.39	1,647,732.23		(58,176.04)			1,605,517.35	1,610,522.25	20,966.06	0.00
GNMA	2004 A/B Single Family	4.49	02/17/05	02/20/35	546,918.13	528,149.22		(2,691.67)			544,226.46	524,903.04	(554.51)	0.00
GNMA	2004 A/B Single Family	5.00	02/17/05	01/20/35	343,134.10	339,843.16		(1,373.39)			341,760.71	342,826.77	4,357.00	0.00
GNMA	2004 A/B Single Family	4.49	02/24/05	02/20/35	362,589.48	350,148.41		(1,607.06)			360,982.42	348,167.41	(373.94)	0.00
GNMA	2004 A/B Single Family	5.00	03/03/05	02/20/35	408,345.73	404,434.66		(1,754.27)			406,591.46	407,865.51	5,185.12	0.00
GNMA	2004 A/B Single Family	4.49	03/03/05	03/20/35	259,727.47	251,478.16		(1,579.27)			258,148.20	249,668.19	(230.70)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2004 A/B Single Family	5.00	03/10/05	03/20/35	184,499.41	183,193.57			(719.68)		183,779.73	184,824.50	2,350.61	0.00
GNMA	2004 A/B Single Family	4.49	03/17/05	03/20/35	571,168.73	551,581.51			(2,784.64)		568,384.09	548,216.75	(580.12)	0.00
GNMA	2004 A/B Single Family	5.00	03/24/05	03/20/35	301,930.23	299,044.43			(1,196.60)		300,733.63	301,682.06	3,834.23	0.00
GNMA	2004 A/B Single Family	4.49	03/24/05	03/20/35	101,977.81	98,740.54			(1,105.51)		100,872.30	97,560.38	(74.65)	0.00
GNMA	2004 A/B Single Family	5.00	03/30/05	03/20/35	180,960.59	179,682.88			(747.31)		180,213.28	181,240.70	2,305.13	0.00
GNMA	2004 A/B Single Family	5.00	04/07/05	04/20/35	129,589.45	128,675.62			(503.42)		129,086.03	129,823.15	1,650.95	0.00
GNMA	2004 A/B Single Family	4.49	04/07/05	04/20/35	778,436.82	751,756.86			(117,477.64)		660,959.18	637,519.94	(3,240.72)	0.00
GNMA	2004 A/B Single Family	5.00	04/21/05	04/20/35	520,289.83	515,329.98			(58,945.58)		461,344.25	462,810.88	6,426.48	0.00
GNMA	2004 A/B Single Family	4.49	04/21/05	04/20/35	319,267.91	308,328.83			(1,365.68)		317,902.23	306,632.05	(331.10)	0.00
GNMA	2004 A/B Single Family	5.00	04/28/05	04/20/35	274,751.56	272,818.77			(1,163.33)		273,588.23	275,155.22	3,499.78	0.00
GNMA	2004 A/B Single Family	5.00	05/05/05	05/20/35	132,695.46	131,763.05			(538.30)		132,157.16	132,915.17	1,690.42	0.00
GNMA	2004 A/B Single Family	4.49	05/05/05	04/20/35	1,042,323.44	1,006,621.45			(5,122.08)		1,037,201.36	1,000,441.88	(1,057.49)	0.00
GNMA	2004 A/B Single Family	5.00	05/12/05	04/20/35	216,833.38	215,310.42			(857.01)		215,976.37	217,215.79	2,762.38	0.00
GNMA	2004 A/B Single Family	4.49	05/12/05	04/20/35	640,129.20	619,834.70			(2,720.07)		637,409.13	616,507.34	(607.29)	0.00
GNMA	2004 A/B Single Family	5.00	06/03/05	05/20/35	126,725.82	125,838.28			(500.81)		126,225.01	126,951.94	1,614.47	0.00
GNMA	2004 A/B Single Family	5.00	07/07/05	06/20/35	328,292.87	326,003.50			(1,273.01)		327,019.86	328,913.12	4,182.63	0.00
GNMA	2004 A/B Single Family	4.49	07/07/05	06/20/35	333,046.77	322,504.21			(1,405.08)		331,641.69	320,782.73	(316.40)	0.00
GNMA	2004 A/B Single Family	5.00	05/26/05	05/20/35	126,864.53	125,975.26			(489.43)		126,375.10	127,102.13	1,616.30	0.00
GNMA	2004 A/B Single Family	4.49	05/26/05	05/20/35	277,119.11	268,337.18			(1,215.27)		275,903.84	266,860.22	(261.69)	0.00
GNMA	2004 A/B Single Family	5.00	06/02/05	05/20/35	258,904.10	257,090.58			(1,000.08)		257,904.02	259,389.03	3,298.53	0.00
GNMA	2004 A/B Single Family	4.49	06/02/05	05/20/35	218,190.58	211,277.17			(3,892.03)		214,298.55	207,275.29	(109.85)	0.00
GNMA	2004 A/B Single Family	4.49	06/10/05	04/20/35	220,254.07	212,716.30			(936.74)		219,317.33	211,550.69	(228.87)	0.00
GNMA	2004 A/B Single Family	5.00	06/15/05	06/20/35	299,722.51	297,626.97			(1,166.02)		298,556.49	300,279.52	3,818.57	0.00
GNMA	2004 A/B Single Family	4.49	06/23/05	06/20/35	262,531.68	254,218.44			(1,099.41)		261,432.27	252,869.37	(249.66)	0.00
GNMA	2004 A/B Single Family	4.49	09/08/05	09/20/35	154,597.85	149,712.83			(633.82)		153,964.03	148,931.50	(147.51)	0.00
GNMA	2004 A/B Single Family	5.00	09/15/05	09/20/35	653,316.02	647,173.60			(106,423.54)		546,892.48	548,703.60	7,953.54	0.00
GNMA	2004 A/B Single Family	5.00	09/22/05	09/20/35	193,914.94	192,576.27			(727.04)		193,187.90	194,320.07	2,470.84	0.00
GNMA	2004 A/B Single Family	4.49	07/21/05	07/20/35	346,302.39	335,344.95			(1,475.70)		344,826.69	333,540.73	(328.52)	0.00
GNMA	2004 A/B Single Family	5.00	07/21/05	07/20/35	105,910.40	105,173.31			(426.84)		105,483.56	106,095.75	1,349.28	0.00
GNMA	2004 A/B Single Family	4.49	07/28/05	07/20/35	3,588,452.57	3,465,805.62			(111,688.16)		3,476,764.41	3,353,801.52	(315.94)	0.00
GNMA	2004 A/B Single Family	5.00	08/04/05	08/20/35	192,819.57	191,480.34			(733.72)		192,085.85	193,203.38	2,456.76	0.00
GNMA	2004 A/B Single Family	4.49	08/11/05	07/20/35	138,381.98	134,005.70			(574.07)		137,807.91	133,299.83	(131.80)	0.00
GNMA	2004 A/B Single Family	5.00	08/11/05	08/20/35	956,190.93	947,171.26			(3,801.64)		952,389.29	955,513.38	12,143.76	0.00
GNMA	2004 A/B Single Family	4.49	08/30/05	08/20/35	428,281.76	413,655.95			(2,217.84)		426,063.92	411,007.32	(430.79)	0.00
GNMA	2004 A/B Single Family	5.00	08/30/05	08/20/35	120,799.20	119,962.73			(470.99)		120,328.21	121,030.83	1,539.09	0.00
GNMA	2004 A/B Single Family	5.00	08/30/05	08/20/35	205,266.98	203,845.62			(1,456.58)		203,810.40	205,000.48	2,611.44	0.00
GNMA	2004 A/B Single Family	5.00	10/27/05	10/20/35	643,025.04	638,605.94			(2,426.93)		640,598.11	644,372.47	8,193.46	0.00
GNMA	2004 A/B Single Family	4.49	10/27/05	09/20/35	211,376.51	204,705.85			(899.46)		210,477.05	203,605.74	(200.65)	0.00
GNMA	2004 A/B Single Family	5.00	09/29/05	09/20/35	147,199.47	146,184.18			(578.66)		146,620.81	147,480.97	1,875.45	0.00
GNMA	2004 A/B Single Family	5.00	09/29/05	09/20/35	168,140.35	166,980.62			(635.88)		167,504.47	168,487.15	2,142.41	0.00
GNMA	2004 A/B Single Family	4.49	09/29/05	09/20/35	203,828.60	197,391.56			(835.99)		202,992.61	196,361.07	(194.50)	0.00
GNMA	2004 A/B Single Family	5.00	12/08/05	12/20/35	616,114.04	610,367.57			(2,677.56)		613,436.48	615,514.54	7,824.53	0.00
GNMA	2004 A/B Single Family	5.00	12/15/05	12/20/35	1,582,393.48	1,567,644.07			(126,173.42)		1,456,220.06	1,461,161.97	19,691.32	0.00
GNMA	2004 A/B Single Family	5.00	11/03/05	11/20/35	545,948.80	542,200.69			(110,821.33)		435,127.47	437,694.76	6,315.40	0.00
GNMA	2004 A/B Single Family	5.00	11/10/05	11/20/35	235,447.32	233,832.32			(58,344.97)		177,102.35	178,148.16	2,660.81	0.00
GNMA	2004 A/B Single Family	4.49	11/17/05	10/20/35	242,376.35	234,731.90			(988.66)		241,387.69	233,511.73	(231.51)	0.00
GNMA	2004 A/B Single Family	5.00	11/17/05	11/20/35	932,821.02	926,428.12			(3,917.72)		928,903.30	934,394.27	11,883.87	0.00
GNMA	2004 A/B Single Family	5.00	11/22/05	11/20/35	276,000.56	274,110.16			(1,024.49)		274,976.07	276,602.64	3,516.97	0.00
GNMA	2004 A/B Single Family	4.49	11/29/05	10/20/35	224,897.84	217,806.85			(959.41)		223,938.43	216,633.98	(213.46)	0.00
GNMA	2004 A/B Single Family	5.00	11/29/05	11/20/35	1,477,260.75	1,467,151.44			(5,676.88)		1,471,583.87	1,480,297.69	18,823.13	0.00
GNMA	2004 A/B Single Family	5.00	12/22/05	12/20/35	1,550,550.76	1,536,107.45			(5,753.55)		1,544,797.21	1,550,049.10	19,695.20	0.00
GNMA	2004 A/B Single Family	5.00	12/29/05	12/20/35	1,461,179.93	1,447,577.87			(7,380.22)		1,453,799.71	1,458,751.06	18,553.41	0.00
GNMA	2004 A/B Single Family	4.49	12/29/05	11/20/35	211,761.29	204,551.53			(1,084.50)		210,676.79	203,253.46	(213.57)	0.00
GNMA	2004 A/B Single Family	5.00	01/05/06	01/20/36	1,385,121.01	1,375,339.99			(5,233.48)		1,379,887.53	1,388,732.64	18,626.13	0.00
GNMA	2004 A/B Single Family	5.00	01/12/06	01/20/36	337,144.51	328,549.66			(164,710.21)		172,434.30	170,346.51	(6,507.06)	0.00
GNMA	2004 A/B Single Family	5.00	01/12/06	01/20/36	844,085.29	838,129.87			(3,126.21)		840,959.08	846,354.78	11,351.12	0.00
GNMA	2004 A/B Single Family	4.49	01/12/06	12/20/35	90,928.78	88,065.36			(405.94)		90,522.84	87,573.69	(85.73)	0.00
GNMA	2004 A/B Single Family	5.00	03/09/06	03/20/36	3,790,011.92	3,754,013.32			(15,898.14)		3,774,113.78	3,788,922.43	50,807.25	0.00
GNMA	2004 A/B Single Family	5.00	03/02/06	03/20/36	891,906.86	883,429.93			(3,315.74)		888,591.12	892,072.32	11,958.13	0.00
GNMA	2004 A/B Single Family	5.00	03/02/06	01/20/36	195,565.05	190,571.38			(759.52)		194,805.53	192,438.87	(2,627.01)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2004 A/B Single Family	5.00	01/19/06	01/20/36	1,550,176.84	1,539,248.91			(6,095.44)		1,544,081.40	1,553,997.80	20,844.33	0.00
GNMA	2004 A/B Single Family	5.00	01/26/06	01/20/36	1,463,047.43	1,449,095.43			(5,632.23)		1,457,415.20	1,463,077.61	19,614.41	0.00
GNMA	2004 A/B Single Family	5.00	01/26/06	01/20/36	206,986.00	201,706.89			(840.01)		206,145.99	203,647.62	2,780.74	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	01/20/36	3,460,357.35	3,356,565.10			(14,686.64)		3,445,670.71	3,388,235.08	46,356.62	0.00
GNMA	2004 A/B Single Family	4.49	02/09/06	01/20/36	176,675.33	171,062.69			(1,079.33)		175,596.00	169,911.44	(71.92)	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	02/20/36	1,466,978.86	1,456,665.37			(5,404.80)		1,461,574.06	1,470,988.80	19,728.23	0.00
GNMA	2004 A/B Single Family	5.00	02/09/06	01/20/36	117,123.12	114,134.58			(459.65)		116,663.47	115,248.20	1,573.27	0.00
GNMA	2004 A/B Single Family	5.00	02/16/06	02/20/36	3,616,768.42	3,582,346.59			(14,913.10)		3,601,855.32	3,615,918.69	48,485.20	0.00
GNMA	2004 A/B Single Family	5.00	02/23/06	02/20/36	2,610,037.39	2,591,719.10			(10,487.59)		2,599,549.80	2,616,326.50	35,094.99	0.00
GNMA	2004 A/B Single Family	5.00	02/23/06	02/20/36	1,643,676.10	1,632,140.11			(6,223.62)		1,637,452.48	1,648,020.09	22,103.60	0.00
GNMA	2004 A/B Single Family	5.00	05/11/06	05/20/36	468,558.22	464,133.96			(1,978.80)		466,579.42	468,436.62	6,281.46	0.00
GNMA	2004 A/B Single Family	5.00	05/11/06	05/20/36	650,224.38	645,705.83			(2,421.31)		647,803.07	652,029.22	8,744.70	0.00
GNMA	2004 A/B Single Family	5.00	05/18/06	05/20/36	965,950.84	956,835.84			(3,492.53)		962,458.31	966,295.19	12,951.88	0.00
GNMA	2004 A/B Single Family	5.00	03/16/06	03/20/36	1,541,281.48	1,526,651.19			(131,198.80)		1,410,082.68	1,415,624.03	20,171.64	0.00
GNMA	2004 A/B Single Family	4.49	03/23/06	02/20/36	292,879.56	283,585.64			(1,306.02)		291,573.54	282,144.97	(134.65)	0.00
GNMA	2004 A/B Single Family	5.00	03/23/06	03/20/36	1,589,742.95	1,578,625.32			(6,738.57)		1,583,004.38	1,593,260.80	21,374.05	0.00
GNMA	2004 A/B Single Family	5.00	03/30/06	03/20/36	170,534.94	166,175.79			(860.28)		169,674.66	167,608.51	2,293.00	0.00
GNMA	2004 A/B Single Family	5.00	03/30/06	03/20/36	1,295,116.63	1,286,067.19			(5,132.40)		1,289,984.23	1,298,350.00	17,415.21	0.00
GNMA	2004 A/B Single Family	5.00	04/06/06	04/20/36	1,465,189.52	1,451,309.37			(6,253.01)		1,458,936.51	1,464,697.95	19,641.59	0.00
GNMA	2004 A/B Single Family	5.00	04/13/06	04/20/36	801,003.68	795,417.23			(3,559.00)		797,444.68	802,626.77	10,768.54	0.00
GNMA	2004 A/B Single Family	5.00	04/20/06	04/20/36	230,952.08	225,044.12			(878.25)		230,073.83	227,267.68	3,101.81	0.00
GNMA	2004 A/B Single Family	5.00	04/20/06	04/20/36	1,652,531.43	1,641,016.09			(6,610.95)		1,645,920.48	1,656,626.32	22,221.18	0.00
GNMA	2004 A/B Single Family	5.00	04/27/06	04/20/36	1,493,771.06	1,479,647.00			(5,600.23)		1,488,170.83	1,494,074.83	20,028.06	0.00
GNMA	2004 A/B Single Family	5.00	05/05/06	05/20/36	1,335,904.51	1,326,614.27			(5,404.23)		1,330,500.28	1,339,173.40	17,963.36	0.00
GNMA	2004 A/B Single Family	5.00	05/05/06	05/20/36	185,075.65	180,338.57			(891.69)		184,183.96	181,934.81	2,487.93	0.00
GNMA	2004 A/B Single Family	4.49	05/25/06	04/20/36	61,703.49	59,748.84			(242.98)		61,460.51	59,476.43	(29.43)	0.00
GNMA	2004 A/B Single Family	5.00	05/25/06	05/20/36	875,472.89	867,216.92			(147,375.22)		728,097.67	731,004.70	11,163.00	0.00
GNMA	2004 A/B Single Family	5.00	05/25/06	05/20/36	141,376.08	137,755.05			(856.02)		140,520.06	138,801.77	1,902.74	0.00
GNMA	2004 A/B Single Family	5.00	06/01/06	05/20/36	1,067,342.10	1,059,944.12			(3,979.70)		1,063,362.40	1,070,318.99	14,354.57	0.00
GNMA	2004 A/B Single Family	5.00	06/08/06	06/20/36	602,074.26	597,905.39			(2,494.19)		599,580.07	603,506.82	8,095.62	0.00
GNMA	2004 A/B Single Family	5.00	06/15/06	05/20/36	225,967.53	219,710.10			(857.15)		225,110.38	221,887.42	3,034.47	0.00
GNMA	2004 A/B Single Family	5.00	06/15/06	06/20/36	1,085,529.19	1,075,312.95			(3,961.00)		1,081,568.19	1,085,907.32	14,555.37	0.00
GNMA	2004 A/B Single Family	5.00	06/27/06	06/20/36	1,048,930.34	1,041,684.15			(6,751.30)		1,042,179.04	1,049,021.38	14,088.53	0.00
GNMA	2004 A/B Single Family	5.00	06/27/06	06/20/36	268,191.66	261,314.77			(1,015.62)		267,176.04	263,900.89	3,601.74	0.00
GNMA	2004 A/B Single Family	5.00	07/06/06	07/20/36	1,627,918.99	1,616,687.77			(109,312.61)		1,518,606.38	1,528,590.58	21,215.42	0.00
GNMA	2004 A/B Single Family	4.49	07/06/06	06/20/36	297,019.32	287,621.61			(1,181.29)		295,838.03	286,299.00	(141.32)	0.00
GNMA	2004 A/B Single Family	5.00	07/13/06	06/20/36	504,062.14	500,587.08			(1,810.45)		502,251.69	505,556.33	6,779.70	0.00
GNMA	2004 A/B Single Family	5.00	07/19/06	07/20/36	1,133,544.96	1,125,736.99			(4,058.36)		1,129,486.60	1,136,925.12	15,246.49	0.00
GNMA	2004 A/B Single Family	5.00	07/19/06	06/20/36	67,893.69	66,151.47			(278.24)		67,615.45	66,785.27	912.04	0.00
GNMA	2004 A/B Single Family	5.00	07/27/06	07/20/36	499,664.84	494,980.83			(1,917.16)		497,747.68	499,763.25	6,699.58	0.00
GNMA	2004 A/B Single Family	5.00	08/09/06	08/20/36	532,277.68	528,621.43			(1,894.86)		530,382.82	533,886.03	7,159.46	0.00
GNMA	2004 A/B Single Family	5.00	08/16/06	06/20/36	61,643.52	60,060.20			(254.20)		61,389.32	60,634.08	828.08	0.00
GNMA	2004 A/B Single Family	5.00	08/23/06	08/20/36	992,677.18	985,870.35			(3,762.19)		988,914.99	995,458.86	13,350.70	0.00
GNMA	2004 A/B Single Family	5.00	09/06/06	08/20/36	932,157.12	923,452.34			(3,499.57)		928,657.55	932,451.90	12,499.13	0.00
GNMA	2004 A/B Single Family	5.00	09/12/06	08/20/36	600,687.30	596,578.61			(2,146.21)		598,541.09	602,512.13	8,079.73	0.00
GNMA	2004 A/B Single Family	4.49	09/20/06	08/20/36	124,209.95	120,288.07			(481.80)		123,728.15	119,746.75	(59.52)	0.00
GNMA	2004 A/B Single Family	5.00	09/20/06	08/20/36	65,133.75	62,581.07			(293.60)		64,840.15	63,162.19	874.72	0.00
GNMA	2004 A/B Single Family	5.00	09/20/06	08/20/36	570,946.58	565,621.75			(2,212.41)		568,734.17	571,064.86	7,655.52	0.00
GNMA	2004 A/B Single Family	5.00	09/26/06	09/20/36	229,207.68	227,642.89			(935.92)		228,271.76	229,789.24	3,082.27	0.00
GNMA	2004 A/B Single Family	5.00	10/17/06	10/20/36	913,109.78	906,893.43			(5,065.92)		908,043.86	914,097.82	12,270.31	0.00
GNMA	2004 A/B Single Family	5.00	11/14/06	10/20/36	942,821.18	936,425.25			(3,329.62)		939,491.56	945,778.10	12,682.47	0.00
GNMA	2004 A/B Single Family	4.49	11/14/06	10/20/36	191,506.13	185,468.58			(781.86)		190,724.27	184,596.16	(90.56)	0.00
GNMA	2004 A/B Single Family	5.00	11/14/06	10/20/36	66,362.32	64,652.29			(243.95)		66,118.37	65,299.46	891.12	0.00
GNMA	2004 A/B Single Family	5.00	11/28/06	11/20/36	557,793.96	554,017.25			(1,968.76)		555,825.20	559,551.80	7,503.31	0.00
GNMA	2004 A/B Single Family	5.00	12/12/06	11/20/36	305,698.74	303,632.59			(1,308.56)		304,390.18	306,434.72	4,110.69	0.00
GNMA	2004 A/B Single Family	5.00	01/09/07	12/20/36	108,709.84	107,977.82			(372.95)		108,336.89	109,067.32	1,462.45	0.00
GNMA	2004 A/B Single Family	5.00	01/09/07	08/20/36	73,562.72	71,663.67			(270.64)		73,292.08	72,380.81	987.78	0.00
GNMA	2004 A/B Single Family	5.00	02/13/07	01/20/37	425,083.96	422,131.79			(1,464.06)		423,619.90	426,519.33	5,851.60	0.00
GNMA	2004 A/B Single Family	5.00	03/20/07	03/20/36	82,580.09	82,028.57			(298.60)		82,281.49	82,840.68	1,110.71	0.00
GNMA	2004 A/B Single Family	5.00	04/10/07	02/20/37	202,136.80	200,743.11			(701.57)		201,435.23	202,824.17	2,782.63	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2004 A/B Single Family	5.00	05/08/07	04/20/37	72,861.76	70,956.11			(257.50)		72,604.26	71,699.05	1,000.44	0.00
GNMA	2004 A/B Single Family	4.49	07/03/07	05/20/37	312,907.38	303,077.05			(1,155.62)		311,751.76	301,860.64	(60.79)	0.00
GNMA	2004 A/B Single Family	4.49	08/23/07	08/20/37	401,532.43	388,916.27			(1,560.78)		399,971.65	387,280.37	(75.12)	0.00
FNMA	2004 A/B Single Family	4.49	08/05/04	07/01/34	440,965.16	421,282.46			(2,873.76)		438,091.40	421,247.74	2,839.04	0.00
FNMA	2004 A/B Single Family	4.49	08/12/04	08/01/34	344,255.76	328,891.05			(134,338.69)		209,917.07	201,847.22	7,294.86	0.00
FNMA	2004 A/B Single Family	4.49	08/26/04	08/01/34	330,743.50	315,983.77			(1,767.33)		328,976.17	316,330.93	2,114.49	0.00
FNMA	2004 A/B Single Family	4.49	09/02/04	08/01/34	239,173.50	228,500.62			(1,065.02)		238,108.48	228,956.72	1,521.12	0.00
FNMA	2004 A/B Single Family	4.49	10/28/04	10/01/34	289,057.32	276,165.37			(1,278.08)		287,779.24	276,725.03	1,837.74	0.00
FNMA	2004 A/B Single Family	5.00	10/28/04	10/01/34	247,807.94	244,348.67			(75,389.91)		172,418.03	171,143.65	2,184.89	0.00
FNMA	2004 A/B Single Family	4.49	11/10/04	10/01/34	360,080.61	344,022.75			(2,078.74)		358,001.87	344,251.99	2,307.98	0.00
FNMA	2004 A/B Single Family	5.00	11/23/04	11/01/34	270,787.24	267,010.15			(1,098.56)		269,688.68	267,698.59	1,787.00	0.00
FNMA	2004 A/B Single Family	4.49	02/10/05	01/01/35	152,086.09	145,231.72			(739.03)		151,347.06	145,497.52	1,004.83	0.00
FNMA	2004 A/B Single Family	5.00	02/10/05	02/01/35	382,470.02	377,148.36			(1,552.33)		380,917.69	378,120.10	2,524.07	0.00
FNMA	2004 A/B Single Family	5.00	03/29/05	04/01/35	223,486.76	220,204.50			(1,358.55)		222,128.21	220,238.23	1,392.28	0.00
FNMA	2004 A/B Single Family	4.49	04/21/05	04/01/35	341,182.67	325,816.05			(1,756.95)		339,425.72	326,317.45	2,258.35	0.00
FNMA	2004 A/B Single Family	4.49	06/10/05	05/01/35	276,183.99	263,750.42			(1,188.74)		274,995.25	264,380.79	1,819.11	0.00
FNMA	2004 A/B Single Family	5.00	06/29/05	06/01/35	288,267.35	284,044.82			(1,155.40)		287,111.95	284,679.93	1,790.51	0.00
FNMA	2004 A/B Single Family	4.49	07/14/05	04/01/35	159,184.13	152,019.78			(677.33)		158,506.80	152,390.48	1,048.03	0.00
FNMA	2004 A/B Single Family	5.00	07/14/05	07/01/35	73,632.80	72,554.74			(282.42)		73,350.38	72,729.57	457.25	0.00
FNMA	2004 A/B Single Family	5.00	09/22/05	09/01/35	270,159.21	266,211.83			(1,031.10)		269,128.11	266,858.34	1,677.61	0.00
FNMA	2004 A/B Single Family	4.49	10/06/05	09/01/35	389,061.08	371,565.28			(2,039.80)		387,021.28	372,101.83	2,576.35	0.00
FNMA	2004 A/B Single Family	5.00	10/20/05	09/01/35	321,388.58	316,696.16			(1,218.60)		320,169.98	317,473.55	1,995.99	0.00
FNMA	2004 A/B Single Family	5.00	11/17/05	10/01/35	312,968.46	308,403.01			(1,688.70)		311,279.76	308,661.93	1,947.62	0.00
FNMA	2004 A/B Single Family	5.00	12/15/05	12/01/35	298,200.82	293,854.63			(1,162.01)		297,038.81	294,544.59	1,851.97	0.00
FNMA	2004 A/B Single Family	4.49	12/29/05	12/01/35	404,220.58	386,057.04			(1,699.42)		402,521.16	387,018.58	2,660.96	0.00
FNMA	2004 A/B Single Family	5.00	12/29/05	12/01/35	935,791.07	922,156.80			(4,757.87)		931,033.20	923,220.92	5,821.99	0.00
FNMA	2004 A/B Single Family	5.00	01/12/06	01/01/36	268,356.38	264,448.35			(1,822.10)		266,534.28	264,299.40	1,673.15	0.00
FNMA	2004 A/B Single Family	5.00	01/12/06	12/01/35	124,879.77	120,787.24			(487.07)		124,392.70	121,090.44	790.27	0.00
FNMA	2004 A/B Single Family	5.00	01/26/06	01/01/36	479,943.57	472,957.07			(1,816.00)		478,127.57	474,121.33	2,980.26	0.00
FNMA	2004 A/B Single Family	5.00	02/09/06	01/01/36	392,102.33	386,164.10			(1,791.08)		390,311.25	386,392.36	2,019.34	0.00
FNMA	2004 A/B Single Family	5.00	02/16/06	02/01/36	534,612.29	526,517.91			(2,034.27)		532,578.02	527,232.30	2,748.66	0.00
FNMA	2004 A/B Single Family	5.00	02/23/06	02/01/36	1,020,665.36	1,005,214.87			(6,821.99)		1,013,843.37	1,003,670.02	5,277.14	0.00
FNMA	2004 A/B Single Family	5.00	03/09/06	02/01/36	590,337.64	581,754.69			(70,079.80)		520,257.84	515,907.92	4,233.03	0.00
FNMA	2004 A/B Single Family	5.00	03/16/06	03/01/36	831,979.40	819,392.57			(5,052.11)		826,927.29	818,637.73	4,297.27	0.00
FNMA	2004 A/B Single Family	5.00	03/23/06	03/01/36	489,664.10	482,257.54			(1,996.08)		487,668.02	482,780.35	2,518.89	0.00
FNMA	2004 A/B Single Family	5.00	03/30/06	03/01/36	631,221.91	621,676.06			(2,339.51)		628,882.40	622,581.30	3,244.75	0.00
FNMA	2004 A/B Single Family	5.00	04/13/06	03/01/36	216,320.16	213,050.07			(793.56)		215,526.60	213,368.41	1,111.90	0.00
FNMA	2004 A/B Single Family	5.00	04/20/06	04/01/36	306,731.99	302,096.06			(1,145.24)		305,586.75	302,527.95	1,577.13	0.00
FNMA	2004 A/B Single Family	5.00	04/27/06	03/01/36	306,392.37	296,130.52			(1,241.94)		305,150.43	296,507.43	1,618.85	0.00
FNMA	2004 A/B Single Family	5.00	05/05/06	04/01/36	282,628.30	278,358.35			(1,087.27)		281,541.03	278,724.60	1,453.52	0.00
FNMA	2004 A/B Single Family	5.00	05/11/06	05/01/36	252,240.15	248,430.30			(1,708.77)		250,531.38	248,025.90	1,304.37	0.00
FNMA	2004 A/B Single Family	5.00	06/27/06	06/01/36	524,363.10	516,453.48			(1,947.77)		522,415.33	517,201.23	2,695.52	0.00
FNMA	2004 A/B Single Family	5.00	07/06/06	05/01/36	64,593.59	62,424.22			(244.25)		64,349.34	62,520.75	340.78	0.00
FNMA	2004 A/B Single Family	5.00	08/09/06	07/01/36	262,589.64	258,633.35			(1,146.31)		261,443.33	258,838.61	1,351.57	0.00
FNMA	2004 A/B Single Family	4.49	08/23/06	06/01/36	77,359.96	73,858.74			(327.05)		77,032.91	73,983.14	451.45	0.00
FNMA	2004 A/B Single Family	5.00	09/20/06	07/01/36	192,978.94	190,074.87			(804.17)		192,174.77	190,263.60	992.90	0.00
FNMA	2004 A/B Single Family	5.00	10/17/06	09/01/36	518,663.85	510,864.83			(5,094.82)		513,569.03	508,467.74	2,697.73	0.00
FNMA	2004 A/B Single Family	5.00	11/14/06	08/01/36	62,102.00	60,005.55			(231.58)		61,870.42	60,101.55	327.58	0.00
FNMA	2004 A/B Single Family	5.00	11/28/06	10/01/36	201,006.05	197,987.15			(714.09)		200,291.96	198,306.04	1,032.98	0.00
FNMA	2004 A/B Single Family	5.00	12/27/06	11/01/36	364,899.66	359,423.95			(1,488.05)		363,411.61	359,813.04	1,877.14	0.00
FNMA	2004 A/B Single Family	5.00	02/13/07	02/01/37	482,394.34	475,165.52			(1,679.21)		480,715.13	475,965.52	2,479.21	0.00
FNMA	2004 A/B Single Family	5.00	03/20/07	01/01/37	151,974.76	146,766.19			(1,023.93)		150,950.83	146,567.78	825.52	0.00
FNMA	2004 A/B Single Family	5.00	04/10/07	03/01/37	59,091.03	58,186.16			(201.71)		58,889.32	58,292.31	307.86	0.00
FNMA	2004 A/B Single Family	5.00	05/08/07	02/01/37	72,630.50	71,515.64			(249.16)		72,381.34	71,644.82	378.34	0.00
FNMA	2004 A/B Single Family	4.49	05/22/07	04/01/37	235,693.99	224,981.02			(1,577.15)		234,116.84	224,814.46	1,410.59	0.00
FNMA	2004 A/B Single Family	5.00	08/23/07	07/01/36	84,695.82	81,805.04			(317.57)		84,378.25	81,934.54	447.07	0.00
FNMA	2004 A/B Single Family	5.00	08/23/07	08/01/37	195,830.54	192,833.49			(659.68)		195,170.86	193,194.02	1,020.21	0.00
FNMA	2004 A/B Single Family	4.49	08/23/07	08/01/37	750,838.43	716,739.48			(4,878.97)		745,959.46	716,348.37	4,487.86	0.00
<b>2004 A/B Single Family Total</b>					<b>162,143,409.54</b>	<b>158,891,469.31</b>	<b>8,207,447.61</b>	<b>(3,757,264.44)</b>	<b>(2,458,417.04)</b>	<b>0.00</b>	<b>164,135,175.67</b>	<b>161,969,757.72</b>	<b>1,086,522.28</b>	<b>0.00</b>

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Repo Agmt	2004 CDEF Single Family	3.02	02/29/08	03/03/08	473.35	473.35	4.64				477.99	477.99	-	0.00
Repo Agmt	2004 CDEF Single Family	3.02	02/29/08	03/03/08	722,334.96	722,334.96	13,576.63				735,911.59	735,911.59	-	0.00
Repo Agmt	2004 CDEF Single Family	3.02	02/29/08	03/03/08	231.81	231.81	4,180,210.55				4,180,442.36	4,180,442.36	-	0.00
Repo Agmt	2004 CDEF Single Family	3.02	02/29/08	03/03/08	0.34	0.34	0.00				0.34	0.34	-	0.00
GIC's	2004 CDEF Single Family				2,076,006.90	2,076,006.90		(2,076,006.90)					-	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	07/20/35	26,408.28	25,547.63			(125.51)		26,282.77	25,394.52	(27.60)	0.00
GNMA	2004 CDEF Single Family	4.49	08/30/05	08/20/35	14,876.26	14,391.73			(63.79)		14,812.47	14,312.17	(15.77)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	36,730.07	35,536.00			(154.99)		36,575.08	35,341.96	(39.05)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	21,795.87	21,087.29			(89.69)		21,706.18	20,974.36	(23.24)	0.00
GNMA	2004 CDEF Single Family	4.49	09/29/05	09/20/35	144,907.58	140,192.42			(6,033.18)		138,874.40	134,188.12	28.88	0.00
GNMA	2004 CDEF Single Family	4.49	10/06/05	09/20/35	45,076.54	43,610.09			(191.32)		44,885.22	43,370.88	(47.89)	0.00
GNMA	2004 CDEF Single Family	4.49	10/20/05	10/20/35	32,342.73	31,291.07			(144.12)		32,198.61	31,112.81	(34.14)	0.00
GNMA	2004 CDEF Single Family	4.49	12/08/05	12/20/35	24,622.22	23,822.85			(99.20)		24,523.02	23,697.32	(26.33)	0.00
GNMA	2004 CDEF Single Family	4.49	12/15/05	12/20/35	36,714.56	35,616.37			(162.33)		36,552.23	35,418.50	(35.54)	0.00
GNMA	2004 CDEF Single Family	4.49	11/03/05	11/20/35	8,476.62	8,222.72			(36.56)		8,440.06	8,177.93	(8.23)	0.00
GNMA	2004 CDEF Single Family	4.49	11/10/05	11/20/35	42,307.35	41,040.40			(210.02)		42,097.33	40,790.14	(40.24)	0.00
GNMA	2004 CDEF Single Family	4.49	11/17/05	11/20/35	30,145.06	29,165.70			(142.24)		30,002.82	28,991.94	(31.52)	0.00
GNMA	2004 CDEF Single Family	4.49	11/22/05	11/20/35	21,060.78	20,376.65			(3,067.84)		17,992.94	17,386.79	77.98	0.00
GNMA	2004 CDEF Single Family	4.49	11/29/05	11/20/35	23,715.30	23,005.53			(134.12)		23,581.18	22,849.39	(22.02)	0.00
GNMA	2004 CDEF Single Family	4.49	12/22/05	12/20/35	35,497.14	34,435.61			(157.03)		35,340.11	34,244.23	(34.35)	0.00
GNMA	2004 CDEF Single Family	4.49	12/29/05	12/20/35	56,324.20	54,496.74			(231.70)		56,092.50	54,204.92	(60.12)	0.00
GNMA	2004 CDEF Single Family	4.49	01/05/06	01/20/36	35,347.90	34,191.33			(191.38)		35,156.52	33,983.01	(16.94)	0.00
GNMA	2004 CDEF Single Family	4.49	01/12/06	01/20/36	40,554.19	39,330.00			(2,386.39)		38,167.80	36,992.03	48.42	0.00
GNMA	2004 CDEF Single Family	4.49	03/09/06	02/20/36	32,517.97	31,456.04			(132.24)		32,385.73	31,306.74	(17.06)	0.00
GNMA	2004 CDEF Single Family	4.49	03/02/06	02/20/36	39,980.74	38,674.81			(170.07)		39,810.67	38,484.02	(20.72)	0.00
GNMA	2004 CDEF Single Family	4.49	01/19/06	01/20/36	21,236.01	20,541.44			(1,570.26)		19,665.75	19,009.58	38.40	0.00
GNMA	2004 CDEF Single Family	4.49	01/26/06	01/20/36	29,023.71	28,074.63			(118.30)		28,905.41	27,941.15	(15.18)	0.00
GNMA	2004 CDEF Single Family	4.49	02/02/06	02/20/36	60,679.21	58,695.53			(290.36)		60,388.85	58,374.88	(30.29)	0.00
GNMA	2004 CDEF Single Family	4.49	02/09/06	02/20/36	25,748.36	24,906.81			(112.09)		25,636.27	24,781.48	(13.24)	0.00
GNMA	2004 CDEF Single Family	4.49	02/16/06	02/20/36	36,270.94	35,085.70			(168.90)		36,102.04	34,898.50	(18.30)	0.00
GNMA	2004 CDEF Single Family	4.49	02/23/06	02/20/36	39,717.29	38,419.72			(163.25)		39,554.04	38,235.71	(20.76)	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	04/20/36	19,162.74	18,538.18			(88.03)		19,074.71	18,440.44	(9.71)	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	05/20/36	8,677.53	8,416.64			(47.95)		8,629.58	8,364.79	(3.90)	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	05/20/36	23,117.66	22,364.37			(94.22)		23,023.44	22,258.06	(12.09)	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	05/20/36	9,400.15	9,117.62			(37.37)		9,362.78	9,075.58	(4.67)	0.00
GNMA	2004 CDEF Single Family	4.49	03/16/06	03/20/36	16,241.83	15,752.59			(65.12)		16,176.71	15,679.42	(8.05)	0.00
GNMA	2004 CDEF Single Family	4.49	03/23/06	03/20/36	46,146.51	44,640.15			(201.30)		45,945.21	44,415.14	(23.71)	0.00
GNMA	2004 CDEF Single Family	4.49	03/30/06	03/20/36	25,059.92	24,242.09			(101.93)		24,957.99	24,127.04	(13.12)	0.00
GNMA	2004 CDEF Single Family	4.49	04/06/06	03/20/36	39,677.66	38,383.02			(2,706.12)		36,971.54	35,740.83	63.93	0.00
GNMA	2004 CDEF Single Family	4.49	04/13/06	03/20/36	23,736.77	22,962.44			(107.67)		23,629.10	22,842.69	(12.08)	0.00
GNMA	2004 CDEF Single Family	4.49	04/20/06	04/20/36	45,172.35	43,699.15			(208.71)		44,963.64	43,467.57	(22.87)	0.00
GNMA	2004 CDEF Single Family	4.49	04/27/06	04/20/36	18,936.32	18,318.89			(96.79)		18,839.53	18,212.82	(9.28)	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/06	04/20/36	35,520.14	34,452.02			(152.39)		35,367.75	34,282.29	(17.34)	0.00
GNMA	2004 CDEF Single Family	4.49	05/25/06	05/20/36	22,029.61	21,311.94			(95.33)		21,934.28	21,205.26	(11.35)	0.00
GNMA	2004 CDEF Single Family	4.49	06/01/06	06/20/36	28,846.97	27,980.38			(132.66)		28,714.31	27,833.93	(13.79)	0.00
GNMA	2004 CDEF Single Family	4.49	06/08/06	06/20/36	36,172.49	34,994.67			(166.53)		36,005.96	34,809.83	(18.31)	0.00
GNMA	2004 CDEF Single Family	4.49	06/15/06	06/20/36	25,003.28	24,252.49			(106.80)		24,896.48	24,133.46	(12.23)	0.00
GNMA	2004 CDEF Single Family	4.49	06/27/06	06/20/36	42,847.17	41,561.08			(2,618.03)		40,229.14	38,996.69	53.64	0.00
GNMA	2004 CDEF Single Family	4.49	07/06/06	07/20/36	18,139.83	17,595.52			(79.23)		18,060.60	17,507.49	(8.80)	0.00
GNMA	2004 CDEF Single Family	4.49	07/13/06	06/20/36	31,750.39	30,797.88			(137.93)		31,612.46	30,644.49	(15.46)	0.00
GNMA	2004 CDEF Single Family	4.49	07/19/06	06/20/36	41,138.76	39,800.82			(184.87)		40,953.89	39,594.94	(21.01)	0.00
GNMA	2004 CDEF Single Family	4.49	07/27/06	07/20/36	26,294.08	25,505.64			(103.92)		26,190.16	25,388.62	(13.10)	0.00
GNMA	2004 CDEF Single Family	4.49	08/02/06	08/20/36	16,363.27	15,872.75			(64.44)		16,298.83	15,800.16	(8.15)	0.00
GNMA	2004 CDEF Single Family	4.49	08/09/06	08/20/36	41,195.98	39,961.31			(201.51)		40,994.47	39,740.42	(19.38)	0.00
GNMA	2004 CDEF Single Family	4.49	08/16/06	07/20/36	23,646.93	22,878.55			(101.12)		23,545.81	22,765.21	(12.22)	0.00
GNMA	2004 CDEF Single Family	4.49	08/23/06	07/20/36	16,908.93	16,402.37			(87.09)		16,821.84	16,307.47	(7.81)	0.00
GNMA	2004 CDEF Single Family	4.49	09/06/06	08/20/36	21,410.50	20,769.39			(2,593.76)		18,816.74	18,241.62	65.99	0.00
GNMA	2004 CDEF Single Family	4.49	09/12/06	08/20/36	11,309.72	10,971.13			(43.70)		11,266.02	10,921.74	(5.69)	0.00
GNMA	2004 CDEF Single Family	4.49	09/26/06	09/20/36	13,224.08	12,828.38			(51.21)		13,172.87	12,770.54	(6.63)	0.00
GNMA	2004 CDEF Single Family	4.49	10/17/06	10/20/36	23,283.36	22,587.19			(91.95)		23,191.41	22,483.63	(11.61)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	4.49	11/14/06	10/20/36	22,377.39	21,708.93			(104.83)		22,272.56	21,593.44	(10.66)	0.00
GNMA	2004 CDEF Single Family	4.49	11/28/06	10/20/36	4,803.15	4,659.72			(18.30)		4,784.85	4,639.01	(2.41)	0.00
GNMA	2004 CDEF Single Family	4.49	12/12/06	10/20/36	5,498.23	5,334.14			(21.63)		5,476.60	5,309.77	(2.74)	0.00
GNMA	2004 CDEF Single Family	4.49	01/16/07	12/20/36	5,438.08	5,275.98			(32.18)		5,405.90	5,241.41	(2.39)	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/07	12/20/36	2,849.68	2,765.15			(10.82)		2,838.86	2,753.01	(1.32)	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/07	01/20/37	6,896.21	6,690.23			(25.86)		6,870.35	6,662.90	(1.47)	0.00
GNMA	2004 CDEF Single Family	4.49	02/20/07	02/20/37	5,027.41	4,877.30			(21.12)		5,006.29	4,855.17	(1.01)	0.00
GNMA	2004 CDEF Single Family	4.49	03/20/07	01/20/37	4,911.27	4,764.74			(20.54)		4,890.73	4,743.22	(0.98)	0.00
GNMA	2004 CDEF Single Family	4.49	04/24/07	03/20/37	11,563.27	11,218.71			(47.56)		11,515.71	11,168.82	(2.33)	0.00
GNMA	2004 CDEF Single Family	4.49	04/10/07	02/20/37	5,942.01	5,764.87			(22.27)		5,919.74	5,741.33	(1.27)	0.00
GNMA	2004 CDEF Single Family	4.49	05/22/07	04/20/37	8,504.53	8,229.61			(39.79)		8,464.74	8,187.99	(1.83)	0.00
GNMA	2004 CDEF Single Family	4.49	06/05/07	05/20/37	7,149.40	6,936.66			(30.54)		7,118.86	6,904.71	(1.41)	0.00
GNMA	2004 CDEF Single Family	4.49	07/03/07	06/20/37	5,786.82	5,614.81			(21.07)		5,765.75	5,592.49	(1.25)	0.00
GNMA	2004 CDEF Single Family	4.49	11/21/07	09/20/37	5,241.49	5,089.02			(18.68)		5,222.81	5,069.16	(1.18)	0.00
GNMA	2004 CDEF Single Family	4.49	09/25/07	04/20/37	2,601.39	2,525.57			(15.99)		2,585.40	2,509.19	(0.39)	0.00
GNMA	2004 CDEF Single Family	4.49	12/11/07	08/20/37			3,050.56				3,050.56	2,960.87	(89.69)	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/08	01/20/38			8,819.34				8,819.34	8,560.45	(258.89)	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/08	01/20/38			2,664.85				2,664.85	2,579.66	(85.19)	0.00
FNMA	2004 CDEF Single Family	4.49	10/20/05	10/01/35	5,559.75	5,311.02			(24.00)		5,535.75	5,323.62	36.60	0.00
FNMA	2004 CDEF Single Family	4.49	11/10/05	11/01/35	2,611.18	2,494.39			(14.21)		2,596.97	2,497.49	17.31	0.00
FNMA	2004 CDEF Single Family	4.49	12/15/05	12/01/35	6,521.42	6,229.80			(30.83)		6,490.59	6,242.02	43.05	0.00
FNMA	2004 CDEF Single Family	4.49	01/05/06	12/01/35	7,603.83	7,263.89			(41.62)		7,562.21	7,272.68	50.41	0.00
FNMA	2004 CDEF Single Family	4.49	02/09/06	02/01/36	4,580.40	4,373.77			(22.44)		4,557.96	4,378.18	26.85	0.00
FNMA	2004 CDEF Single Family	4.49	02/23/06	01/01/36	5,365.70	5,123.64			(21.70)		5,344.00	5,133.20	31.26	0.00
FNMA	2004 CDEF Single Family	4.49	03/16/06	03/01/36	8,422.17	8,042.34			(54.50)		8,367.67	8,037.72	49.88	0.00
FNMA	2004 CDEF Single Family	4.49	04/06/06	03/01/36	5,811.99	5,549.94			(23.29)		5,788.70	5,560.50	33.85	0.00
FNMA	2004 CDEF Single Family	4.49	04/20/06	04/01/36	8,197.95	7,828.37			(33.89)		8,164.06	7,842.28	47.80	0.00
FNMA	2004 CDEF Single Family	4.49	05/11/06	04/01/36	6,432.18	6,142.24			(31.17)		6,401.01	6,148.74	37.67	0.00
FNMA	2004 CDEF Single Family	4.49	06/08/06	04/01/36	6,034.03	5,762.14			(24.47)		6,009.56	5,772.82	35.15	0.00
FNMA	2004 CDEF Single Family	4.49	06/27/06	06/01/36	6,222.16	5,941.84			(24.62)		6,197.54	5,953.45	36.23	0.00
FNMA	2004 CDEF Single Family	4.49	07/13/06	06/01/36	7,671.69	7,326.11			(33.32)		7,638.37	7,337.57	44.78	0.00
FNMA	2004 CDEF Single Family	4.49	07/19/06	07/01/36	11,679.35	11,153.28			(46.23)		11,633.12	11,175.04	67.99	0.00
FNMA	2004 CDEF Single Family	4.49	08/02/06	07/01/36	10,532.46	10,058.12			(42.07)		10,490.39	10,077.38	61.33	0.00
FNMA	2004 CDEF Single Family	4.49	08/09/06	07/01/36	7,908.30	7,552.17			(31.15)		7,877.15	7,567.05	46.03	0.00
FNMA	2004 CDEF Single Family	4.49	09/12/06	08/01/36	6,105.41	5,830.56			(24.15)		6,081.26	5,841.96	35.55	0.00
FNMA	2004 CDEF Single Family	4.49	10/17/06	09/01/36	5,721.89	5,464.37			(39.02)		5,682.87	5,459.31	33.96	0.00
FNMA	2004 CDEF Single Family	4.49	11/14/06	10/01/36	8,660.18	8,270.54			(33.40)		8,626.78	8,287.54	50.40	0.00
FNMA	2004 CDEF Single Family	4.49	11/21/06	10/01/36	6,162.29	5,885.07			(24.36)		6,137.93	5,896.59	35.88	0.00
FNMA	2004 CDEF Single Family	4.49	12/12/06	11/01/36	8,140.99	7,774.81			(39.68)		8,101.31	7,782.83	47.70	0.00
FNMA	2004 CDEF Single Family	4.49	01/30/07	11/01/36	1,216.28	1,161.61			(4.67)		1,211.61	1,164.02	7.08	0.00
FNMA	2004 CDEF Single Family	4.49	02/13/07	01/01/37	1,273.30	1,215.72			(4.83)		1,268.47	1,218.37	7.48	0.00
FNMA	2004 CDEF Single Family	4.49	03/20/07	02/01/37	3,580.90	3,419.02			(16.27)		3,564.63	3,423.87	21.12	0.00
FNMA	2004 CDEF Single Family	4.49	04/10/07	01/01/37	4,822.28	4,604.36			(18.38)		4,803.90	4,614.28	28.30	0.00
FNMA	2004 CDEF Single Family	4.49	04/24/07	04/01/37	8,176.92	7,807.48			(30.56)		8,146.36	7,824.88	47.96	0.00
FNMA	2004 CDEF Single Family	4.49	05/22/07	04/01/37	4,956.13	4,732.26			(18.46)		4,937.67	4,742.88	29.08	0.00
FNMA	2004 CDEF Single Family	4.49	06/05/07	05/01/37	5,827.19	5,564.01			(21.67)		5,805.52	5,576.53	34.19	0.00
FNMA	2004 CDEF Single Family	4.49	07/03/07	06/01/37	15,199.20	14,512.93			(56.58)		15,142.62	14,545.51	89.16	0.00
FNMA	2004 CDEF Single Family	4.49	09/25/07	09/01/37	7,942.66	7,623.17			(28.67)		7,913.99	7,640.80	46.30	0.00
FNMA	2004 CDEF Single Family	4.49	11/08/07	09/01/37	7,807.25	7,532.35			(28.12)		7,779.13	7,549.99	45.76	0.00
FNMA	2004 CDEF Single Family	4.49	11/21/07	09/01/37	3,194.48	3,082.04			(11.44)		3,183.04	3,089.32	18.72	0.00
FNMA	2004 CDEF Single Family	4.49	12/11/07	11/01/37			7,120.83				7,120.83	6,911.29	(209.54)	0.00
Repo Agmt	2004 CDEF Single Family				2.53	2.53		(2.53)					-	0.00
Inv Agmt	2004 CDEF Single Family				1,321,347.98	1,321,347.98		(1,321,347.98)					-	0.00
FNMA	2004 CDEF Single Family	6.10	06/30/94	06/01/24	156,435.53	162,056.63			(2,600.11)		153,835.42	161,349.96	1,893.44	0.00
FNMA	2004 CDEF Single Family	6.90	08/17/94	08/01/24	229,724.69	242,219.48			(30,111.38)		199,613.31	213,609.96	1,501.86	0.00
FNMA	2004 CDEF Single Family	6.97	08/17/94	07/01/24	369,459.72	390,159.42			(3,660.89)		365,798.83	392,046.77	5,548.24	0.00
FNMA	2004 CDEF Single Family	7.06	08/17/94	07/01/24	140,978.61	149,424.72			(1,131.48)		139,847.13	150,329.64	2,036.40	0.00
FNMA	2004 CDEF Single Family	6.90	05/26/95	01/01/25	67,591.26	71,537.72			(521.77)		67,069.49	72,041.16	1,025.21	0.00
FNMA	2004 CDEF Single Family	7.10	08/15/95	05/01/25	49,561.24	52,922.86			(2,265.63)		47,295.61	51,209.56	552.33	0.00
GNMA	2004 CDEF Single Family	6.10	06/30/94	06/20/24	1,664,319.01	1,714,050.52			(155,787.21)		1,508,531.80	1,570,230.70	11,967.39	0.00

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GNMA	2004 CDEF Single Family	6.90	08/17/94	08/20/24	1,031,977.23	1,093,175.92			(12,901.82)		1,019,075.41	1,096,798.00	16,523.90	0.00
GNMA	2004 CDEF Single Family	6.97	08/17/94	08/20/24	823,442.79	874,145.28			(91,315.31)		732,127.48	789,524.07	6,695.10	0.00
GNMA	2004 CDEF Single Family	7.06	08/17/94	08/20/24	261,297.09	275,495.32			(5,835.38)		255,461.71	272,950.41	3,290.47	0.00
GNMA	2004 CDEF Single Family	6.10	01/27/95	10/20/24	247,765.41	255,346.89			(2,698.88)		245,066.53	255,265.36	2,617.35	0.00
GNMA	2004 CDEF Single Family	6.97	02/16/95	12/20/24	504,730.06	536,185.95			(4,460.61)		500,269.45	539,864.65	8,139.31	0.00
GNMA	2004 CDEF Single Family	6.90	03/30/95	02/20/25	126,054.73	133,637.93			(986.10)		125,068.63	134,693.20	2,041.37	0.00
GNMA	2004 CDEF Single Family	7.06	03/30/95	12/20/24	78,098.38	82,354.42			(1,278.99)		76,819.39	82,090.63	1,015.20	0.00
GNMA	2004 CDEF Single Family	7.10	06/29/95	05/20/25	75,311.84	79,563.69			(612.94)		74,698.90	79,956.95	1,006.20	0.00
GNMA	2004 CDEF Single Family	7.06	08/15/95	06/20/25	32,855.31	34,670.08			(225.68)		32,629.63	34,888.88	444.48	0.00
GNMA	2004 CDEF Single Family	7.10	08/15/95	08/20/25	47,796.45	50,527.60			(361.91)		47,434.54	50,805.97	640.28	0.00
GNMA	2004 CDEF Single Family	4.49	02/24/05	02/20/35	2,212,554.78	2,140,069.15			(116,944.04)		2,095,610.74	2,024,430.40	1,305.29	0.00
GNMA	2004 CDEF Single Family	4.49	03/17/05	03/20/35	5,510,596.12	5,330,181.60			(27,084.01)		5,483,512.11	5,297,380.09	(5,717.50)	0.00
GNMA	2004 CDEF Single Family	4.49	03/24/05	03/20/35	1,882,833.52	1,821,203.25			(9,675.73)		1,873,157.79	1,809,586.41	(1,941.11)	0.00
GNMA	2004 CDEF Single Family	4.49	03/29/05	02/20/35	408,299.42	395,975.28			(1,750.63)		406,548.79	393,828.42	(396.23)	0.00
GNMA	2004 CDEF Single Family	4.49	04/07/05	04/20/35	2,559,490.88	2,475,751.83			(11,248.39)		2,548,242.49	2,461,802.34	(2,701.10)	0.00
GNMA	2004 CDEF Single Family	4.49	04/14/05	04/20/35	1,074,054.19	1,038,921.64			(4,611.27)		1,069,442.92	1,033,173.13	(1,137.24)	0.00
GNMA	2004 CDEF Single Family	4.49	04/21/05	04/20/35	413,055.42	494,567.73			(129,244.76)		483,810.66	468,686.14	(3,363.17)	0.00
GNMA	2004 CDEF Single Family	4.49	04/28/05	04/20/35	1,651,684.03	1,597,678.04			(7,938.36)		1,643,745.67	1,588,019.48	(1,720.20)	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/05	05/20/35	965,748.60	934,180.44			(4,109.50)		961,639.10	929,046.10	(1,024.84)	0.00
GNMA	2004 CDEF Single Family	4.49	05/12/05	05/20/35	223,278.55	216,550.25			(937.71)		222,340.84	215,395.19	(217.35)	0.00
GNMA	2004 CDEF Single Family	4.49	05/19/05	05/20/35	304,588.72	295,412.01			(1,426.06)		303,162.66	293,694.32	(291.63)	0.00
GNMA	2004 CDEF Single Family	4.49	07/14/05	07/20/35	1,977,287.74	1,917,829.92			(8,210.17)		1,969,077.57	1,907,693.31	(1,926.44)	0.00
GNMA	2004 CDEF Single Family	4.49	05/26/05	05/20/35	821,921.99	795,071.30			(3,567.64)		818,354.35	790,633.73	(869.93)	0.00
GNMA	2004 CDEF Single Family	4.49	06/02/05	06/20/35	1,067,704.08	1,032,833.51			(4,545.74)		1,063,158.34	1,027,155.69	(1,132.08)	0.00
GNMA	2004 CDEF Single Family	4.49	09/08/05	09/20/35	419,660.91	407,066.23			(1,736.73)		417,924.18	404,919.90	(409.60)	0.00
GNMA	2004 CDEF Single Family	4.49	09/15/05	09/20/35	325,779.02	316,003.79			(1,402.99)		324,376.03	314,284.85	(315.95)	0.00
GNMA	2004 CDEF Single Family	4.49	09/22/05	09/20/35	407,328.52	394,071.62			(1,675.51)		405,653.01	391,961.98	(434.13)	0.00
GNMA	2004 CDEF Single Family	4.49	07/21/05	07/20/35	527,324.32	510,128.01			(2,320.91)		525,003.41	507,250.40	(556.70)	0.00
GNMA	2004 CDEF Single Family	4.49	07/28/05	07/20/35	973,386.98	944,130.21			(4,568.19)		968,818.79	938,629.05	(932.97)	0.00
GNMA	2004 CDEF Single Family	4.49	08/04/05	07/20/35	490,915.92	476,163.99			(2,272.56)		488,643.36	473,419.90	(471.53)	0.00
GNMA	2004 CDEF Single Family	4.49	08/04/05	08/20/35	3,701,497.46	3,580,847.62			(15,531.12)		3,685,966.34	3,561,382.73	(3,933.77)	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	08/20/35	1,115,292.29	1,078,947.12			(5,021.15)		1,110,271.14	1,072,752.19	(1,173.78)	0.00
GNMA	2004 CDEF Single Family	4.49	08/11/05	08/20/35	317,764.35	307,409.04			(1,317.07)		316,447.28	305,753.70	(338.27)	0.00
GNMA	2004 CDEF Single Family	4.49	08/30/05	08/20/35	585,084.42	566,027.97			(2,559.77)		582,524.65	562,849.86	(618.34)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	928,973.81	898,773.06			(3,837.95)		925,135.86	893,944.49	(990.62)	0.00
GNMA	2004 CDEF Single Family	4.49	10/27/05	10/20/35	337,881.95	326,897.47			(1,473.13)		336,408.82	325,066.65	(357.69)	0.00
GNMA	2004 CDEF Single Family	4.49	09/29/05	09/20/35	390,807.30	379,086.22			(1,853.98)		388,953.32	376,858.14	(374.10)	0.00
GNMA	2004 CDEF Single Family	4.49	10/06/05	10/20/35	402,186.19	390,127.39			(1,854.78)		400,331.41	387,886.32	(386.29)	0.00
GNMA	2004 CDEF Single Family	4.49	10/20/05	10/20/35	1,085,095.39	1,052,575.73			(5,130.91)		1,079,964.48	1,046,405.43	(1,039.39)	0.00
GNMA	2004 CDEF Single Family	4.49	12/08/05	11/20/35	1,113,179.76	1,077,037.34			(4,884.11)		1,108,295.65	1,070,975.52	(1,177.71)	0.00
GNMA	2004 CDEF Single Family	4.49	12/15/05	12/20/35	629,773.94	609,332.15			(2,684.97)		627,088.97	605,978.23	(668.95)	0.00
GNMA	2004 CDEF Single Family	4.49	11/03/05	11/20/35	1,031,222.66	997,706.89			(4,397.03)		1,026,825.63	992,214.76	(1,095.10)	0.00
GNMA	2004 CDEF Single Family	4.49	11/10/05	10/20/35	1,173,520.62	1,135,384.62			(4,828.60)		1,168,692.02	1,129,305.01	(1,251.01)	0.00
GNMA	2004 CDEF Single Family	4.49	11/17/05	11/20/35	740,172.79	716,125.84			(3,195.81)		736,976.98	712,146.01	(784.02)	0.00
GNMA	2004 CDEF Single Family	4.49	11/22/05	11/20/35	940,081.58	909,544.55			(3,895.97)		936,185.61	904,647.29	(1,001.29)	0.00
GNMA	2004 CDEF Single Family	4.49	11/29/05	11/20/35	661,365.56	639,886.67			(2,694.38)		658,671.18	636,486.28	(706.01)	0.00
GNMA	2004 CDEF Single Family	4.49	12/22/05	12/20/35	814,479.33	788,047.72			(3,421.26)		811,058.07	783,759.56	(866.90)	0.00
GNMA	2004 CDEF Single Family	4.49	12/29/05	12/20/35	725,379.27	701,844.17			(3,706.46)		721,672.81	697,387.81	(749.90)	0.00
GNMA	2004 CDEF Single Family	4.49	01/05/06	01/20/36	575,059.08	556,243.44			(119,670.80)		455,388.28	440,187.70	(3,615.06)	0.00
GNMA	2004 CDEF Single Family	4.49	01/12/06	01/20/36	525,315.93	508,130.94			(2,179.61)		523,136.32	505,677.92	(273.41)	0.00
GNMA	2004 CDEF Single Family	4.49	03/09/06	02/20/36	731,578.42	709,536.31			(2,919.99)		728,658.43	706,252.70	(363.62)	0.00
GNMA	2004 CDEF Single Family	4.49	03/02/06	02/20/36	437,986.40	424,787.07			(1,757.46)		436,228.94	422,812.22	(217.39)	0.00
GNMA	2004 CDEF Single Family	4.49	01/19/06	01/20/36	476,285.13	460,707.37			(2,039.58)		474,245.55	458,422.01	(245.78)	0.00
GNMA	2004 CDEF Single Family	4.49	01/26/06	01/20/36	706,178.02	683,086.04			(3,294.58)		702,883.44	679,436.03	(355.43)	0.00
GNMA	2004 CDEF Single Family	4.49	02/02/06	01/20/36	1,127,543.00	1,090,680.14			(4,825.33)		1,122,717.67	1,085,272.75	(582.06)	0.00
GNMA	2004 CDEF Single Family	4.49	02/09/06	02/20/36	1,213,188.01	1,173,535.82			(5,394.72)		1,207,793.29	1,167,521.55	(619.55)	0.00
GNMA	2004 CDEF Single Family	4.49	02/16/06	02/20/36	422,618.69	408,808.59			(123,897.76)		298,720.93	288,762.35	(3,851.52)	0.00
GNMA	2004 CDEF Single Family	4.49	02/23/06	02/20/36	381,012.57	369,527.61			(1,890.27)		379,122.30	367,459.36	(177.98)	0.00
GNMA	2004 CDEF Single Family	4.49	05/11/06	05/20/36	843,545.75	816,053.45			(3,372.89)		840,172.86	812,236.79	(443.77)	0.00
GNMA	2004 CDEF Single Family	4.49	05/18/06	04/20/36	151,872.00	147,307.05			(616.10)		151,255.90	146,615.71	(75.24)	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2004 CDEF Single Family	4.49	05/18/06	04/20/36	249,111.47	241,623.69			(997.13)		248,114.34	240,502.75	(123.81)	0.00
GNMA	2004 CDEF Single Family	4.49	03/23/06	03/20/36	487,892.68	473,199.88			(1,954.81)		485,937.87	471,003.25	(241.82)	0.00
GNMA	2004 CDEF Single Family	4.49	04/06/06	03/20/36	203,768.39	197,634.75			(903.35)		202,865.04	196,633.05	(98.35)	0.00
GNMA	2004 CDEF Single Family	4.49	04/20/06	04/20/36	198,399.51	192,430.58			(799.89)		197,599.62	191,532.28	(98.41)	0.00
GNMA	2004 CDEF Single Family	4.49	04/27/06	04/20/36	578,951.74	561,537.72			(2,273.51)		576,678.23	558,975.17	(289.04)	0.00
GNMA	2004 CDEF Single Family	4.49	05/05/06	04/20/36	589,859.03	572,121.56			(2,334.06)		587,524.97	569,493.54	(293.96)	0.00
GNMA	2004 CDEF Single Family	4.49	05/25/06	05/20/36	117,589.18	114,055.62			(554.61)		117,034.57	113,445.25	(55.76)	0.00
GNMA	2004 CDEF Single Family	4.49	06/01/06	05/20/36	640,184.52	619,333.15			(2,640.78)		637,543.74	616,358.22	(334.15)	0.00
GNMA	2004 CDEF Single Family	4.49	06/08/06	05/20/36	194,451.12	188,610.51			(775.84)		193,675.28	187,738.12	(96.55)	0.00
GNMA	2004 CDEF Single Family	4.49	06/15/06	06/20/36	229,457.15	222,567.12			(892.42)		228,564.73	221,559.83	(114.87)	0.00
GNMA	2004 CDEF Single Family	4.49	07/06/06	06/20/36	110,751.47	107,428.16			(430.17)		110,321.30	106,942.51	(55.48)	0.00
GNMA	2004 CDEF Single Family	4.49	07/13/06	06/20/36	365,344.57	354,384.21			(1,464.13)		363,880.44	352,738.44	(181.64)	0.00
GNMA	2004 CDEF Single Family	4.49	07/19/06	06/20/36	383,436.26	371,935.40			(1,663.30)		381,772.96	370,085.34	(186.76)	0.00
GNMA	2004 CDEF Single Family	4.49	07/27/06	07/20/36	433,388.08	420,392.78			(3,246.68)		430,141.40	416,977.25	(168.85)	0.00
GNMA	2004 CDEF Single Family	4.49	08/09/06	07/20/36	817,518.60	793,015.44			(3,178.81)		814,339.79	789,427.91	(408.72)	0.00
GNMA	2004 CDEF Single Family	4.49	08/16/06	06/20/36	202,523.02	196,454.07			(787.24)		201,735.78	195,565.37	(101.46)	0.00
GNMA	2004 CDEF Single Family	4.49	09/06/06	08/20/36	692,796.29	672,051.76			(2,769.39)		690,026.90	668,937.54	(344.83)	0.00
GNMA	2004 CDEF Single Family	4.49	09/12/06	09/20/36	216,778.86	210,289.30			(834.10)		215,944.76	209,346.51	(108.69)	0.00
GNMA	2004 CDEF Single Family	4.49	10/05/06	09/20/36	998,800.62	966,398.78			(3,953.42)		994,847.20	961,916.89	(528.47)	0.00
GNMA	2004 CDEF Single Family	4.49	11/02/06	10/20/36	1,044,783.00	1,013,560.35			(4,016.87)		1,040,766.13	1,009,018.31	(525.17)	0.00
GNMA	2004 CDEF Single Family	4.49	11/14/06	10/20/36	417,341.39	404,874.34			(1,593.67)		415,747.72	403,070.94	(209.73)	0.00
GNMA	2004 CDEF Single Family	4.49	11/21/06	11/20/36	541,344.38	525,177.28			(2,275.48)		539,068.90	522,636.09	(265.71)	0.00
GNMA	2004 CDEF Single Family	4.49	11/28/06	11/20/36	517,481.66	502,031.28			(2,190.58)		515,291.08	499,586.64	(254.06)	0.00
GNMA	2004 CDEF Single Family	4.49	12/12/06	11/20/36	554,674.20	538,120.99			(2,396.64)		552,277.56	535,453.47	(270.88)	0.00
GNMA	2004 CDEF Single Family	4.49	12/27/06	12/20/36	538,425.43	522,365.58			(2,051.90)		536,373.53	520,042.34	(271.34)	0.00
GNMA	2004 CDEF Single Family	4.49	01/09/07	12/20/36	399,915.24	387,991.90			(1,517.70)		398,397.54	386,272.83	(201.37)	0.00
GNMA	2004 CDEF Single Family	4.49	01/30/07	12/20/36	233,555.78	226,597.43			(1,192.90)		232,362.88	225,296.00	(108.53)	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/08	01/20/38			66,611.21				66,611.21	64,624.23	(1,986.98)	0.00
GNMA	2004 CDEF Single Family	4.49	02/13/08	01/20/38			125,093.86				125,093.86	121,362.36	(3,731.50)	0.00
GNMA	2004 CDEF Single Family	4.49	02/19/08	02/20/38			171,675.52				171,675.52	166,555.69	(5,119.83)	0.00
FNMA	2004 CDEF Single Family	4.49	04/07/05	02/01/35	180,360.28	172,275.05			(1,933.40)		178,426.88	171,573.62	(1,231.97)	0.00
FNMA	2004 CDEF Single Family	4.49	05/27/05	04/01/35	261,838.92	250,106.92			(1,573.35)		260,265.57	250,274.96	1,741.39	0.00
FNMA	2004 CDEF Single Family	4.49	07/14/05	11/01/33	76,490.03	73,154.32			(2,986.69)		73,503.34	70,751.10	(583.47)	0.00
FNMA	2004 CDEF Single Family	4.49	12/08/05	11/01/35	352,995.82	337,209.91			(1,662.86)		351,332.96	337,877.16	(2,330.11)	0.00
FNMA	2004 CDEF Single Family	4.49	01/05/06	12/01/35	301,375.14	287,901.46			(142,286.74)		159,088.40	152,997.43	(7,382.71)	0.00
FNMA	2004 CDEF Single Family	4.49	01/12/06	11/01/35	110,928.34	105,969.24			(454.81)		110,473.53	106,244.08	(729.65)	0.00
FNMA	2004 CDEF Single Family	4.49	02/02/06	01/01/36	158,359.37	151,281.52			(1,259.55)		157,099.82	151,086.96	(1,064.99)	0.00
FNMA	2004 CDEF Single Family	4.49	04/20/06	04/01/36	253,165.11	241,751.84			(1,146.52)		252,018.59	242,085.07	(1,479.75)	0.00
FNMA	2004 CDEF Single Family	4.49	05/25/06	04/01/36	208,272.15	198,885.76			(831.51)		207,440.64	199,267.20	(1,212.95)	0.00
FNMA	2004 CDEF Single Family	4.49	07/06/06	05/01/36	128,702.96	122,904.93			(518.77)		128,184.19	123,135.91	(749.75)	0.00
FNMA	2004 CDEF Single Family	4.49	08/02/06	07/01/36	248,212.44	237,033.65			(2,982.15)		245,230.29	235,575.46	(1,523.96)	0.00
FNMA	2004 CDEF Single Family	4.49	09/12/06	08/01/36	302,247.55	288,640.68			(1,913.74)		300,333.81	288,515.04	(1,788.10)	0.00
FNMA	2004 CDEF Single Family	4.49	11/14/06	01/01/36	383,049.53	365,813.86			(1,491.11)		381,558.42	366,551.75	(2,229.00)	0.00
FNMA	2004 CDEF Single Family	4.49	01/09/07	09/01/36	77,157.73	73,688.09			(298.53)		76,859.20	73,838.56	(449.00)	0.00
FNMA	2004 CDEF Single Family	4.49	01/30/07	01/01/37	155,812.98	148,767.30			(591.17)		155,221.81	149,090.33	(914.20)	0.00
FNMA	2004 CDEF Single Family	4.49	02/13/08	01/01/38			472,606.43				472,606.43	456,444.35	(16,162.08)	0.00
Repo Agmt	2004 CDEF Single Family	3.02	02/29/08	03/03/08			478,769.51				478,769.51	478,769.51	-	0.00
Repo Agmt	2004 CDEF Single Family	3.02	02/29/08	03/03/08	1,057,092.12	1,057,092.12		(260,410.36)			796,681.76	796,681.76	-	0.00
GNMA	2004 CDEF Single Family	5.63	11/21/07	10/20/37	1,480.37	1,509.59			(7.11)		1,473.26	1,522.82	20.34	0.00
GNMA	2004 CDEF Single Family	5.38	11/21/07	10/20/37	13,621.05	13,784.14			(42.10)		13,578.95	13,927.03	184.99	0.00
GNMA	2004 CDEF Single Family	5.38	09/25/07	09/20/37	39,974.95	40,451.06			(123.18)		39,851.77	40,870.79	542.91	0.00
GNMA	2004 CDEF Single Family	5.13	09/25/07	09/20/37	23,471.71	23,451.24			(76.15)		23,395.56	23,728.86	353.77	0.00
GNMA	2004 CDEF Single Family	5.38	10/09/07	09/20/37	25,664.40	25,970.46			(78.24)		25,586.16	26,240.81	348.59	0.00
GNMA	2004 CDEF Single Family	5.63	10/09/07	06/20/37	2,112.98	2,154.58			(6.16)		2,106.82	2,177.57	29.15	0.00
GNMA	2004 CDEF Single Family	5.13	10/09/07	09/20/37	8,769.45	8,761.93			(30.95)		8,738.50	8,863.14	132.16	0.00
GNMA	2004 CDEF Single Family	5.38	11/28/07	11/20/37	15,738.39	15,926.97			(46.94)		15,691.45	16,093.83	213.80	0.00
GNMA	2004 CDEF Single Family	5.13	12/11/07	11/20/37			11,865.49				11,865.49	12,013.34	147.85	0.00
GNMA	2004 CDEF Single Family	5.38	10/25/07	10/20/37	12,913.84	13,068.09			(39.26)		12,874.58	13,204.23	175.40	0.00
GNMA	2004 CDEF Single Family	5.13	10/25/07	10/20/37	26,357.20	26,286.80			(123.65)		26,233.55	26,559.06	395.91	0.00
GNMA	2004 CDEF Single Family	5.63	10/25/07	09/20/36	3,709.13	3,782.40			(12.03)		3,697.10	3,821.68	51.31	0.00

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GNMA	2004 CDEF Single Family	5.38	10/25/07	10/20/37	23,868.05	24,153.13			(75.04)		23,793.01	24,402.23	324.14	0.00
GNMA	2004 CDEF Single Family	5.38	11/08/07	10/20/37	21,027.90	21,279.38			(63.58)		20,964.32	21,501.43	285.63	0.00
GNMA	2004 CDEF Single Family	5.13	11/08/07	10/20/37	8,388.23	8,381.32			(26.32)		8,361.91	8,481.44	126.44	0.00
GNMA	2004 CDEF Single Family	5.63	01/16/08	12/20/37			1,402.80				1,402.80	1,450.08	47.28	0.00
GNMA	2004 CDEF Single Family	5.38	12/28/07	11/20/37			5,968.40				5,968.40	6,121.65	153.25	0.00
GNMA	2004 CDEF Single Family	5.63	12/28/07	12/20/37			1,468.59				1,468.59	1,518.05	49.46	0.00
GNMA	2004 CDEF Single Family	5.63	12/28/07	12/20/37			22,323.96				22,323.96	23,075.90	751.94	0.00
GNMA	2004 CDEF Single Family	5.38	12/11/07	11/20/37			22,698.61				22,698.61	23,281.00	582.39	0.00
GNMA	2004 CDEF Single Family	5.13	12/20/07	10/20/37			2,407.31				2,407.31	2,441.84	34.53	0.00
GNMA	2004 CDEF Single Family	5.38	12/20/07	11/20/37			5,078.02				5,078.02	5,208.37	130.35	0.00
GNMA	2004 CDEF Single Family	5.13	12/20/07	12/20/37			1,684.25				1,684.25	1,708.41	24.16	0.00
GNMA	2004 CDEF Single Family	5.38	01/16/08	12/20/37			3,192.63				3,192.63	3,274.67	82.04	0.00
GNMA	2004 CDEF Single Family	5.38	01/30/08	12/20/37			1,973.58				1,973.58	2,024.33	50.75	0.00
GNMA	2004 CDEF Single Family	5.63	01/30/08	12/20/37			6,618.28				6,618.28	6,841.45	223.17	0.00
GNMA	2004 CDEF Single Family	5.38	02/13/08	12/20/37			3,406.39				3,406.39	3,494.04	87.65	0.00
GNMA	2004 CDEF Single Family	5.63	01/30/08	01/20/38			1,457.50				1,457.50	1,506.61	49.11	0.00
GNMA	2004 CDEF Single Family	5.38	01/30/08	09/20/37			2,842.73				2,842.73	2,915.84	73.11	0.00
GNMA	2004 CDEF Single Family	5.63	02/13/08	01/20/38			4,210.44				4,210.44	4,352.36	141.92	0.00
GNMA	2004 CDEF Single Family	5.38	02/19/08	12/20/37			3,049.17				3,049.17	3,127.65	78.48	0.00
GNMA	2004 CDEF Single Family	5.63	02/19/08	01/20/38			4,781.43				4,781.43	4,942.63	161.20	0.00
GNMA	2004 CDEF Single Family	5.13	02/27/08	02/20/38			3,876.42				3,876.42	3,924.22	47.80	0.00
GNMA	2004 CDEF Single Family	5.38	02/27/08	02/20/38			6,146.09				6,146.09	6,291.53	145.44	0.00
FNMA	2004 CDEF Single Family	5.38	09/25/07	09/01/37	42,095.81	42,329.24			(150.33)		41,945.48	42,423.15	244.24	0.00
FNMA	2004 CDEF Single Family	5.13	09/25/07	09/01/37	20,284.87	20,157.44			(76.47)		20,208.40	20,251.19	170.22	0.00
FNMA	2004 CDEF Single Family	5.38	10/09/07	08/01/37	6,984.40	7,058.41			(23.95)		6,960.45	7,075.10	40.64	0.00
FNMA	2004 CDEF Single Family	5.13	10/09/07	09/01/37	10,015.71	10,002.78			(31.94)		9,983.77	10,055.25	84.41	0.00
FNMA	2004 CDEF Single Family	5.63	10/09/07	09/01/37	5,810.65	5,912.37			(17.11)		5,793.54	5,951.41	56.15	0.00
FNMA	2004 CDEF Single Family	5.38	10/25/07	10/01/37	41,746.84	42,189.89			(133.64)		41,613.20	42,299.28	243.03	0.00
FNMA	2004 CDEF Single Family	5.13	10/25/07	10/01/37	20,593.08	20,566.80			(74.58)		20,518.50	20,665.71	173.49	0.00
FNMA	2004 CDEF Single Family	5.38	11/08/07	09/01/37	14,386.30	14,539.17			(61.71)		14,324.59	14,560.94	83.48	0.00
FNMA	2004 CDEF Single Family	5.13	11/08/07	10/01/37	6,532.30	6,524.05			(26.40)		6,505.90	6,552.67	55.02	0.00
FNMA	2004 CDEF Single Family	5.38	11/21/07	10/01/37	9,147.21	9,244.52			(28.26)		9,118.95	9,269.52	53.26	0.00
FNMA	2004 CDEF Single Family	5.13	11/21/07	09/01/37	8,184.12	8,173.89			(26.87)		8,157.25	8,215.98	68.96	0.00
FNMA	2004 CDEF Single Family	5.38	11/21/07	11/01/37	13,026.22	13,164.80			(63.62)		12,962.60	13,176.66	75.48	0.00
FNMA	2004 CDEF Single Family	5.38	12/11/07	10/01/37			23,545.99				23,545.99	23,935.23	389.24	0.00
FNMA	2004 CDEF Single Family	5.13	12/11/07	11/01/37			11,771.86				11,771.86	11,856.84	84.98	0.00
FNMA	2004 CDEF Single Family	5.38	12/11/07	11/01/37			6,562.96				6,562.96	6,671.45	108.49	0.00
FNMA	2004 CDEF Single Family	5.13	12/11/07	12/01/37			8,346.36				8,346.36	8,406.61	60.25	0.00
FNMA	2004 CDEF Single Family	5.13	12/20/07	11/01/37			7,344.93				7,344.93	7,398.01	53.08	0.00
FNMA	2004 CDEF Single Family	5.38	12/20/07	10/01/37			1,688.02				1,688.02	1,715.93	27.91	0.00
FNMA	2004 CDEF Single Family	5.63	12/28/07	10/01/37			28,659.04				28,659.04	29,442.10	783.06	0.00
FNMA	2004 CDEF Single Family	5.13	01/16/08	12/01/37			6,998.41				6,998.41	7,049.17	50.76	0.00
FNMA	2004 CDEF Single Family	5.13	01/30/08	12/01/37			3,921.71				3,921.71	3,950.20	28.49	0.00
FNMA	2004 CDEF Single Family	5.38	01/30/08	11/01/37			1,436.21				1,436.21	1,460.02	23.81	0.00
FNMA	2004 CDEF Single Family	5.13	01/30/08	12/01/37			5,366.88				5,366.88	5,405.87	38.99	0.00
FNMA	2004 CDEF Single Family	5.13	02/13/08	01/01/38			2,340.83				2,340.83	2,357.44	16.61	0.00
FNMA	2004 CDEF Single Family	5.38	02/13/08	01/01/38			9,192.48				9,192.48	9,344.71	152.23	0.00
FNMA	2004 CDEF Single Family	5.63	02/19/08	04/01/37			3,475.57				3,475.57	3,570.71	95.14	0.00
FNMA	2004 CDEF Single Family	5.38	02/19/08	12/01/37			4,765.83				4,765.83	4,844.93	79.10	0.00
FNMA	2004 CDEF Single Family	5.13	02/19/08	01/01/38			5,199.50				5,199.50	5,236.43	36.93	0.00
FNMA	2004 CDEF Single Family	5.13	02/27/08	02/01/38			3,895.00				3,895.00	3,922.69	27.69	0.00
	<b>2004 CDEF Single Family Total</b>				<b>77,398,745.92</b>	<b>75,553,414.49</b>	<b>5,781,167.60</b>	<b>(3,657,767.77)</b>	<b>(1,247,725.91)</b>	<b>0.00</b>	<b>78,274,419.84</b>	<b>76,467,247.07</b>	<b>38,158.66</b>	<b>0.00</b>
Repo Agmt	2005 BCD Single Family	3.02	02/29/08	03/03/08	6,127.99	6,127.99	59.09				6,187.08	6,187.08	-	0.00
Repo Agmt	2005 BCD Single Family	3.02	02/29/08	03/03/08	44,966.16	44,966.16	425,942.86				470,909.02	470,909.02	-	0.00
Repo Agmt	2005 BCD Single Family	3.02	02/29/08	03/03/08	1,086,654.57	1,086,654.57	1,287,424.95				2,374,079.52	2,374,079.52	-	0.00
GNMA	2005 BCD Single Family	5.13	08/10/06	07/20/36	16,135.56	16,129.67			(56.31)		16,079.25	16,315.29	241.93	0.00
GNMA	2005 BCD Single Family	5.38	08/16/06	08/20/36	8,001.51	8,090.55			(26.21)		7,975.30	8,172.29	107.95	0.00
GNMA	2005 BCD Single Family	5.63	08/16/06	08/20/36	5,225.02	5,323.11			(16.32)		5,208.70	5,379.07	72.28	0.00
GNMA	2005 BCD Single Family	5.38	08/23/06	08/20/36	13,889.45	14,044.12			(47.85)		13,841.60	14,183.59	187.32	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2005 BCD Single Family	5.13	08/23/06	08/01/36	20,848.37	20,802.89			(72.09)		20,776.28	21,042.69	311.89	0.00
GNMA	2005 BCD Single Family	5.38	09/06/06	08/20/36	53,950.72	54,552.27			(209.55)		53,741.17	55,069.72	727.00	0.00
GNMA	2005 BCD Single Family	5.63	09/06/06	09/20/36	20,941.94	21,304.41			(98.51)		20,843.43	21,494.24	288.34	0.00
GNMA	2005 BCD Single Family	5.13	09/06/06	08/20/36	46,708.73	46,693.18			(169.21)		46,539.52	47,224.23	700.26	0.00
GNMA	2005 BCD Single Family	5.38	09/12/06	09/20/36	25,258.00	25,539.81			(90.94)		25,167.06	25,789.43	340.56	0.00
GNMA	2005 BCD Single Family	5.13	09/12/06	09/20/36	34,434.78	34,386.53			(124.02)		34,310.76	34,778.71	516.20	0.00
GNMA	2005 BCD Single Family	5.63	09/12/06	09/20/36	7,510.51	7,651.71			(106.61)		7,403.90	7,646.27	101.17	0.00
GNMA	2005 BCD Single Family	5.38	09/20/06	09/20/36	47,248.63	47,776.18			(156.32)		47,092.31	48,257.28	637.42	0.00
GNMA	2005 BCD Single Family	5.13	09/20/06	09/20/36	85,400.13	85,124.84			(304.67)		85,095.46	86,097.56	1,277.39	0.00
GNMA	2005 BCD Single Family	5.63	09/20/06	09/20/36	7,654.09	7,798.07			(28.38)		7,625.71	7,875.43	105.74	0.00
GNMA	2005 BCD Single Family	5.13	09/26/06	09/20/36	36,880.60	36,829.45			(138.89)		36,741.71	37,243.34	552.78	0.00
GNMA	2005 BCD Single Family	5.38	09/26/06	09/20/36	43,559.34	44,045.96			(3,988.52)		39,570.82	40,549.97	492.53	0.00
GNMA	2005 BCD Single Family	5.38	10/05/06	10/20/36	76,158.20	77,009.86			(278.72)		75,879.48	77,757.83	1,026.69	0.00
GNMA	2005 BCD Single Family	5.63	10/17/06	10/20/36	43,647.79	44,405.20			(2,829.10)		40,818.69	42,095.00	518.90	0.00
GNMA	2005 BCD Single Family	5.13	10/05/06	10/20/36	71,003.74	70,776.06			(249.43)		70,754.31	71,588.66	1,062.03	0.00
GNMA	2005 BCD Single Family	5.38	10/17/06	10/20/36	48,690.72	49,235.81			(243.52)		48,447.20	49,647.08	654.79	0.00
GNMA	2005 BCD Single Family	5.13	10/17/06	10/20/36	75,214.71	75,112.13			(276.23)		74,938.48	75,963.28	1,127.38	0.00
GNMA	2005 BCD Single Family	5.63	10/24/06	10/20/36	42,727.10	43,532.37			(171.60)		42,555.50	43,950.56	589.79	0.00
GNMA	2005 BCD Single Family	5.38	10/24/06	10/20/36	57,973.26	58,622.69			(200.11)		57,773.15	59,204.43	781.85	0.00
GNMA	2005 BCD Single Family	5.13	10/24/06	10/20/36	76,786.90	76,682.71			(270.93)		76,515.97	77,562.89	1,151.11	0.00
GNMA	2005 BCD Single Family	5.38	11/02/06	11/20/36	45,027.60	45,532.47			(152.91)		44,874.69	45,986.93	607.37	0.00
GNMA	2005 BCD Single Family	5.13	11/02/06	10/20/36	46,762.54	46,699.49			(161.20)		46,601.34	47,239.37	701.08	0.00
GNMA	2005 BCD Single Family	5.63	11/14/06	11/20/36	37,393.83	38,099.45			(125.51)		37,268.32	38,490.96	517.02	0.00
GNMA	2005 BCD Single Family	5.38	11/14/06	10/20/36	31,919.32	32,277.55			(105.40)		31,813.92	32,602.79	430.64	0.00
GNMA	2005 BCD Single Family	5.13	11/14/06	11/20/36	43,395.54	43,337.62			(163.94)		43,231.60	43,824.12	650.44	0.00
GNMA	2005 BCD Single Family	5.38	11/21/06	11/20/36	58,916.25	59,578.00			(206.24)		58,710.01	60,166.33	794.57	0.00
GNMA	2005 BCD Single Family	5.63	11/21/06	11/20/36	16,757.18	17,048.59			(54.44)		16,702.74	17,225.65	231.50	0.00
GNMA	2005 BCD Single Family	5.13	11/21/06	11/20/36	27,855.85	27,818.86			(112.55)		27,743.30	28,123.74	417.43	0.00
GNMA	2005 BCD Single Family	5.38	11/28/06	11/20/36	46,254.20	46,774.11			(150.52)		46,103.68	47,247.65	624.06	0.00
GNMA	2005 BCD Single Family	5.63	11/28/06	11/20/36	5,888.64	5,999.86			(18.09)		5,870.55	6,063.24	81.47	0.00
GNMA	2005 BCD Single Family	5.13	11/28/06	11/20/36	8,572.82	8,561.50			(28.90)		8,543.92	8,661.14	128.54	0.00
GNMA	2005 BCD Single Family	5.38	12/12/06	12/20/36	40,564.19	41,024.78			(192.62)		40,371.57	41,377.94	545.78	0.00
GNMA	2005 BCD Single Family	5.63	12/12/06	12/20/36	27,578.43	28,099.67			(109.28)		27,469.15	28,371.12	380.73	0.00
GNMA	2005 BCD Single Family	5.13	12/12/06	11/20/36	50,361.13	50,295.37			(189.45)		50,171.68	50,860.75	754.83	0.00
GNMA	2005 BCD Single Family	5.38	12/27/06	12/20/36	83,557.42	84,499.15			(2,350.51)		81,206.91	83,224.35	1,075.71	0.00
GNMA	2005 BCD Single Family	5.63	12/27/06	12/20/36	21,872.63	22,253.85			(71.07)		21,801.56	22,484.93	302.15	0.00
GNMA	2005 BCD Single Family	5.13	12/27/06	12/20/36	50,071.93	50,007.37			(179.83)		49,892.10	50,578.15	750.61	0.00
GNMA	2005 BCD Single Family	5.38	01/10/07	12/20/36	47,031.28	47,562.00			(164.60)		46,866.68	48,031.71	634.31	0.00
GNMA	2005 BCD Single Family	5.63	01/09/07	12/20/36	23,070.71	23,473.13			(101.41)		22,969.30	23,689.63	317.91	0.00
GNMA	2005 BCD Single Family	5.13	01/09/07	01/20/37	33,688.24	33,632.68			(115.97)		33,572.27	34,024.25	507.54	0.00
GNMA	2005 BCD Single Family	5.38	01/16/07	12/20/36	28,909.06	29,235.47			(118.25)		28,790.81	29,506.69	389.47	0.00
GNMA	2005 BCD Single Family	5.63	01/16/07	01/20/37	22,201.43	22,620.75			(2,916.24)		19,285.19	19,917.44	212.93	0.00
GNMA	2005 BCD Single Family	5.13	01/30/07	01/20/37	51,052.95	50,969.89			(186.47)		50,866.48	51,552.39	768.97	0.00
GNMA	2005 BCD Single Family	5.38	01/30/07	01/20/37	39,023.30	39,458.24			(159.64)		38,863.66	39,827.48	528.88	0.00
GNMA	2005 BCD Single Family	5.63	01/30/07	01/20/37	11,902.89	12,127.89			(36.78)		11,866.11	12,255.31	164.20	0.00
GNMA	2005 BCD Single Family	5.38	02/13/07	01/20/37	48,264.43	48,803.07			(190.43)		48,074.00	49,266.94	654.30	0.00
GNMA	2005 BCD Single Family	5.13	02/13/07	01/20/37	48,703.43	48,624.87			(199.86)		48,503.57	49,158.32	733.31	0.00
GNMA	2005 BCD Single Family	5.63	02/13/07	02/20/37	5,668.89	5,776.11			(17.34)		5,651.55	5,836.98	78.21	0.00
FNMA	2005 BCD Single Family	5.38	08/09/06	08/01/36	12,633.95	12,641.47			(65.74)		12,568.21	12,649.67	73.94	0.00
FNMA	2005 BCD Single Family	5.13	08/10/06	07/01/36	7,802.32	7,724.43			(61.40)		7,740.92	7,728.41	65.38	0.00
FNMA	2005 BCD Single Family	5.38	08/23/06	08/01/36	12,262.92	12,270.31			(549.83)		11,713.09	11,789.09	68.61	0.00
FNMA	2005 BCD Single Family	5.63	08/23/06	08/01/36	15,824.45	15,941.15			(55.93)		15,768.52	16,037.03	151.81	0.00
FNMA	2005 BCD Single Family	5.13	08/23/06	08/01/36	17,324.70	17,151.81			(584.23)		16,740.47	16,713.50	145.92	0.00
FNMA	2005 BCD Single Family	5.38	09/06/06	09/01/36	20,924.45	20,937.15			(73.77)		20,850.68	20,986.07	122.69	0.00
FNMA	2005 BCD Single Family	5.63	09/06/06	08/01/36	7,880.87	7,939.03			(25.82)		7,855.05	7,988.84	75.63	0.00
FNMA	2005 BCD Single Family	5.13	09/12/06	09/01/36	24,924.96	24,649.89			(148.76)		24,776.20	24,710.12	208.99	0.00
FNMA	2005 BCD Single Family	5.38	09/12/06	09/01/36	19,769.41	19,781.46			(98.16)		19,671.25	19,799.03	115.73	0.00
FNMA	2005 BCD Single Family	5.63	09/20/06	09/01/36	8,140.47	8,200.62			(26.77)		8,113.70	8,251.97	78.12	0.00
FNMA	2005 BCD Single Family	5.38	09/20/06	09/01/36	18,327.23	18,338.48			(67.47)		18,259.76	18,378.44	107.43	0.00
FNMA	2005 BCD Single Family	5.13	09/20/06	09/01/36	14,997.61	14,832.17			(72.99)		14,924.62	14,884.87	125.69	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
FNMA	2005 BCD Single Family	5.38	09/26/06	09/01/36	19,956.86	19,969.15			(96.43)		19,860.43	19,989.58	116.86	0.00
FNMA	2005 BCD Single Family	5.38	10/05/06	09/01/36	30,826.90	30,846.02			(110.36)		30,716.54	30,916.43	180.77	0.00
FNMA	2005 BCD Single Family	5.63	10/17/06	09/01/36	15,827.03	15,944.14			(51.44)		15,775.59	16,044.61	151.91	0.00
FNMA	2005 BCD Single Family	5.13	10/17/06	10/01/36	33,674.65	33,303.55			(134.40)		33,540.25	33,451.35	282.20	0.00
FNMA	2005 BCD Single Family	5.38	10/17/06	10/01/36	31,144.83	31,164.33			(143.69)		31,001.14	31,203.06	182.42	0.00
FNMA	2005 BCD Single Family	5.38	10/24/06	11/01/36	42,915.09	42,942.12			(2,293.74)		40,621.35	40,886.04	237.66	0.00
FNMA	2005 BCD Single Family	5.38	11/02/06	11/01/36	41,852.01	41,878.55			(155.08)		41,696.93	41,968.80	245.33	0.00
FNMA	2005 BCD Single Family	5.63	11/02/06	10/01/36	12,755.27	12,849.72			(43.53)		12,711.74	12,928.61	122.42	0.00
FNMA	2005 BCD Single Family	5.13	11/02/06	10/01/36	19,591.16	19,375.38			(77.42)		19,513.74	19,462.13	164.17	0.00
FNMA	2005 BCD Single Family	5.38	11/14/06	11/01/36	27,511.99	27,529.56			(102.63)		27,409.36	27,588.21	161.28	0.00
FNMA	2005 BCD Single Family	5.63	11/14/06	11/01/36	11,520.33	11,605.72			(47.39)		11,472.94	11,668.74	110.41	0.00
FNMA	2005 BCD Single Family	5.13	11/14/06	11/01/36	10,876.80	10,757.10			(41.40)		10,835.40	10,806.84	91.14	0.00
FNMA	2005 BCD Single Family	5.38	11/21/06	10/01/36	13,422.10	13,430.72			(44.43)		13,377.67	13,465.01	78.72	0.00
FNMA	2005 BCD Single Family	5.63	11/21/06	11/01/36	8,462.07	8,524.81			(29.51)		8,432.56	8,576.49	81.19	0.00
FNMA	2005 BCD Single Family	5.13	11/21/06	11/01/36	5,123.51	5,067.14			(31.57)		5,091.94	5,078.52	42.95	0.00
FNMA	2005 BCD Single Family	5.38	11/28/06	11/01/36	9,764.95	9,771.23			(35.28)		9,729.67	9,793.20	57.25	0.00
FNMA	2005 BCD Single Family	5.13	11/28/06	11/01/36	6,488.17	6,416.79			(30.93)		6,457.24	6,440.25	54.39	0.00
FNMA	2005 BCD Single Family	5.63	11/28/06	11/01/36	8,624.63	8,688.61			(49.70)		8,574.93	8,721.35	82.44	0.00
FNMA	2005 BCD Single Family	5.38	12/12/06	11/01/36	9,077.51	9,083.44			(29.94)		9,047.57	9,106.74	53.24	0.00
FNMA	2005 BCD Single Family	5.63	12/12/06	11/01/36	10,328.74	10,405.41			(32.90)		10,295.84	10,471.66	99.15	0.00
FNMA	2005 BCD Single Family	5.13	12/12/06	11/01/36	12,727.55	12,587.62			(85.13)		12,642.42	12,609.24	106.75	0.00
FNMA	2005 BCD Single Family	5.38	12/27/06	11/01/36	31,192.05	31,212.60			(107.80)		31,084.25	31,287.69	182.89	0.00
FNMA	2005 BCD Single Family	5.63	12/27/06	12/01/36	10,633.45	10,712.46			(36.87)		10,596.58	10,777.65	102.06	0.00
FNMA	2005 BCD Single Family	5.13	12/27/06	10/01/36	8,464.40	8,371.38			(30.33)		8,434.07	8,411.97	70.92	0.00
FNMA	2005 BCD Single Family	5.38	01/09/07	12/01/36	39,896.61	39,923.11			(141.38)		39,755.23	40,015.69	233.96	0.00
FNMA	2005 BCD Single Family	5.63	01/09/07	12/01/36	8,197.38	8,258.32			(34.67)		8,162.71	8,302.22	78.57	0.00
FNMA	2005 BCD Single Family	5.13	01/09/07	12/01/36	10,535.17	10,419.47			(36.17)		10,499.00	10,471.57	88.27	0.00
FNMA	2005 BCD Single Family	5.38	01/30/07	12/01/36	33,210.93	33,233.33			(110.18)		33,100.75	33,317.92	194.77	0.00
FNMA	2005 BCD Single Family	5.63	01/30/07	12/01/36	23,307.20	23,480.77			(2,542.61)		20,764.59	21,119.70	181.54	0.00
FNMA	2005 BCD Single Family	5.13	01/30/07	01/01/37	7,884.90	7,798.38			(42.43)		7,842.47	7,822.06	66.11	0.00
FNMA	2005 BCD Single Family	5.38	02/13/07	01/01/37	22,584.80	22,600.16			(95.04)		22,489.76	22,637.45	132.33	0.00
FNMA	2005 BCD Single Family	5.63	02/13/07	01/01/37	7,103.17	7,156.12			(24.66)		7,078.51	7,199.60	68.14	0.00
FNMA	2005 BCD Single Family	5.13	02/13/07	01/01/37	7,705.73	7,621.31			(27.02)		7,678.71	7,658.84	64.55	0.00
FNMA	2005 BCD Single Family	5.38	02/20/07	01/01/37	9,259.58	9,290.77			(32.70)		9,226.88	9,311.93	53.86	0.00
FNMA	2005 BCD Single Family	5.63	02/20/07	01/01/37	11,704.26	11,791.52			(39.08)		11,665.18	11,864.77	112.33	0.00
FNMA	2005 BCD Single Family	6.15	05/01/96	04/01/26	207,173.64	214,755.98			(1,541.71)		205,631.93	215,920.78	2,706.51	0.00
FNMA	2005 BCD Single Family	6.15	06/01/96	05/01/26	194,603.64	201,474.31			(2,187.98)		192,415.66	201,794.67	2,508.34	0.00
FNMA	2005 BCD Single Family	6.15	07/01/96	06/01/26	217,905.90	226,096.39			(1,727.39)		216,178.51	227,208.72	2,839.72	0.00
FNMA	2005 BCD Single Family	6.15	08/01/96	07/01/26	234,787.94	243,664.21			(3,821.62)		230,966.32	242,801.37	2,958.78	0.00
FNMA	2005 BCD Single Family	6.15	08/01/96	08/01/26	167,510.24	172,252.50			(1,805.80)		165,704.44	172,617.44	2,170.74	0.00
FNMA	2005 BCD Single Family	6.15	09/01/96	08/01/26	169,462.67	174,068.42			(3,838.35)		165,624.32	172,346.68	2,116.61	0.00
FNMA	2005 BCD Single Family	6.15	10/01/96	10/01/26	445,759.72	457,791.01			(5,522.19)		440,237.53	458,023.43	5,754.61	0.00
FNMA	2005 BCD Single Family	6.15	12/01/96	11/01/26	238,246.58	244,776.14			(2,832.24)		235,414.34	245,023.03	3,079.13	0.00
FNMA	2005 BCD Single Family	6.15	03/01/97	01/01/27	233,763.07	240,013.92			(2,797.33)		230,965.74	240,239.04	3,022.45	0.00
FNMA	2005 BCD Single Family	6.15	07/01/97	03/01/27	28,967.93	29,756.95			(1,782.03)		27,185.90	28,290.95	316.03	0.00
FNMA	2005 BCD Single Family	6.15	09/01/97	07/01/27	156,177.92	161,445.78			(52,786.68)		103,391.24	108,016.94	(642.16)	0.00
GNMA	2005 BCD Single Family	6.15	07/01/96	07/20/26	1,135,474.11	1,172,675.25			(102,568.75)		1,032,905.36	1,082,546.11	12,439.61	0.00
GNMA	2005 BCD Single Family	6.15	03/01/96	03/20/26	321,917.05	332,490.00			(3,303.04)		318,614.01	333,951.93	4,764.97	0.00
GNMA	2005 BCD Single Family	6.15	08/01/96	07/20/26	800,724.42	826,927.48			(12,812.93)		787,911.49	825,748.10	11,633.55	0.00
GNMA	2005 BCD Single Family	6.15	04/01/96	04/20/26	349,645.00	361,067.27			(2,882.58)		346,762.42	363,394.72	5,210.03	0.00
GNMA	2005 BCD Single Family	6.15	05/01/96	05/20/26	972,517.23	1,004,300.69			(31,394.24)		941,122.99	986,276.41	13,369.96	0.00
GNMA	2005 BCD Single Family	6.15	05/01/96	05/20/26	386,041.67	398,741.97			(59,359.95)		326,681.72	342,426.26	3,044.24	0.00
GNMA	2005 BCD Single Family	6.15	06/01/96	06/20/26	1,141,594.12	1,179,030.15			(60,200.38)		1,081,393.74	1,133,397.91	14,568.14	0.00
GNMA	2005 BCD Single Family	6.15	06/01/96	06/20/26	315,528.31	325,812.11			(39,150.88)		276,377.43	289,612.75	2,951.52	0.00
GNMA	2005 BCD Single Family	6.15	07/01/96	06/20/26	1,267,818.24	1,308,999.85			(11,988.61)		1,255,829.63	1,315,831.97	18,820.73	0.00
GNMA	2005 BCD Single Family	6.15	08/01/96	08/20/26	931,466.17	958,149.51			(71,753.65)		859,712.52	897,487.58	11,091.72	0.00
GNMA	2005 BCD Single Family	6.15	09/01/96	09/20/26	457,253.13	470,037.32			(5,095.89)		452,157.24	471,713.21	6,771.78	0.00
GNMA	2005 BCD Single Family	6.15	09/01/96	09/20/26	341,665.60	351,352.85			(4,203.68)		337,461.92	352,190.58	5,041.41	0.00
GNMA	2005 BCD Single Family	6.15	10/01/96	10/20/26	962,053.26	989,034.16			(10,917.33)		951,135.93	992,355.44	14,238.61	0.00
GNMA	2005 BCD Single Family	6.15	12/01/96	12/20/26	319,479.16	328,342.64			(2,487.26)		316,991.90	330,633.72	4,778.34	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2005 BCD Single Family	6.15	01/01/97	12/20/26	873,139.41	897,382.28			(118,848.85)		754,290.56	786,768.19	8,234.76	0.00
GNMA	2005 BCD Single Family	6.15	01/01/97	01/20/27	462,238.43	476,167.96			(4,902.37)		457,338.06	477,516.20	6,250.61	0.00
GNMA	2005 BCD Single Family	6.15	02/01/97	02/20/27	486,797.59	501,451.63			(70,578.87)		416,218.72	434,571.46	3,698.70	0.00
GNMA	2005 BCD Single Family	6.15	02/01/97	02/20/27	146,110.76	150,355.24			(1,132.23)		144,978.53	151,218.58	1,995.57	0.00
GNMA	2005 BCD Single Family	6.15	03/01/97	03/20/27	492,124.20	506,064.53			(27,204.35)		464,919.85	484,593.77	5,733.59	0.00
GNMA	2005 BCD Single Family	6.15	04/01/97	04/20/27	221,290.68	227,407.14			(1,501.53)		219,789.15	228,938.96	3,033.35	0.00
GNMA	2005 BCD Single Family	6.15	06/01/97	06/20/27	175,502.83	180,427.87			(1,367.67)		174,135.16	181,457.88	2,397.68	0.00
GNMA	2005 BCD Single Family	6.15	08/01/97	07/20/27	290,620.70	300,557.78			(6,454.36)		284,166.34	297,859.30	3,755.88	0.00
GNMA	2005 BCD Single Family	6.15	09/01/97	08/20/27	632,152.25	649,968.76			(61,359.28)		570,792.97	594,865.58	6,256.10	0.00
GNMA	2005 BCD Single Family	6.15	02/01/98	02/20/28	185,877.04	190,964.51			(47,377.29)		138,499.75	144,156.08	568.86	0.00
GNMA	2005 BCD Single Family	6.15	03/01/98	01/20/28	194,682.48	200,010.92			(2,867.72)		191,814.76	199,648.44	2,505.24	0.00
GNMA	2005 BCD Single Family	6.15	04/01/98	04/20/28	254,041.99	260,995.08			(4,864.14)		249,177.85	259,354.24	3,223.30	0.00
GNMA	2005 BCD Single Family	6.15	06/01/98	05/20/28	180,396.38	185,333.82			(1,409.36)		178,987.02	186,296.84	2,372.38	0.00
GNMA	2005 BCD Single Family	6.15	07/01/98	06/20/28	160,077.65	164,458.95			(1,968.41)		158,109.24	164,566.40	2,075.86	0.00
GNMA	2005 BCD Single Family	6.15	09/01/98	07/20/28	364,667.19	374,648.13			(2,800.95)		361,866.24	376,644.87	4,797.69	0.00
GNMA	2005 BCD Single Family	6.15	11/01/98	10/20/28	640,180.37	657,702.09			(84,492.28)		555,688.09	578,382.39	5,172.58	0.00
Repo Agmt	2005 BCD Single Family	3.02	02/29/08	03/03/08	2,938.66	2,938.66	0.00				2,938.66	2,938.66	-	0.00
	<b>2005 BCD Single Family Total</b>				21,661,205.08	22,213,721.08	1,713,426.90	0.00	(965,424.35)	0.00	22,409,207.63	23,212,581.30	250,857.67	0.00
Repo Agmt	2006 ABCDE Single Family	3.02	02/29/08	03/03/08	866,469.21	866,469.21	449,977.55				449,977.55	449,977.55	-	0.00
GIC's	2006 ABCDE Single Family				637.98	637.98		(866,469.21)					-	0.00
Repo Agmt	2006 ABCDE Single Family	3.02	02/29/08	03/03/08	637.98	637.98	2,587,189.27				2,587,827.25	2,587,827.25	-	0.00
GIC's	2006 ABCDE Single Family	4.73	06/28/06	08/31/37	7,388,017.00	7,388,017.00	4,943,655.40				12,331,672.40	12,331,672.40	-	0.00
GIC's	2006 ABCDE Single Family	4.73	06/28/06	08/31/37	1,651,538.02	1,651,538.02	0.00				1,651,538.02	1,651,538.02	-	0.00
FNMA	2006 ABCDE Single Family	6.25	04/15/97	03/01/27	297,073.98	306,571.42			(59,700.25)		267,373.73	247,424.12	552.95	0.00
FNMA	2006 ABCDE Single Family	6.25	05/29/97	05/01/27	233,671.14	241,141.59			(2,338.55)		231,332.59	241,127.20	2,324.16	0.00
FNMA	2006 ABCDE Single Family	6.25	06/26/97	05/01/27	263,381.77	271,802.04			(2,147.12)		261,234.65	272,295.28	2,640.36	0.00
FNMA	2006 ABCDE Single Family	6.25	08/18/97	06/01/27	130,351.21	135,166.39			(1,206.00)		129,145.21	135,258.95	1,298.56	0.00
FNMA	2006 ABCDE Single Family	6.25	09/29/97	08/01/27	202,418.25	209,895.55			(8,924.43)		193,493.82	202,653.79	1,682.67	0.00
FNMA	2006 ABCDE Single Family	6.25	01/29/98	11/01/27	248,260.14	257,430.86			(3,897.98)		244,362.16	255,930.26	2,397.38	0.00
GNMA	2006 ABCDE Single Family	6.25	03/18/97	02/20/27	2,213,724.71	2,283,434.87			(22,894.89)		2,190,829.82	2,289,460.93	28,920.95	0.00
GNMA	2006 ABCDE Single Family	6.25	04/15/97	04/20/27	779,331.00	803,872.07			(5,899.13)		773,431.87	808,251.71	10,278.77	0.00
GNMA	2006 ABCDE Single Family	6.45	04/29/97	04/20/27	217,873.38	226,413.96			(1,392.92)		216,480.46	227,700.58	2,679.54	0.00
GNMA	2006 ABCDE Single Family	6.25	04/29/97	04/20/27	716,918.61	739,494.31			(7,053.95)		709,864.66	741,822.69	9,382.33	0.00
GNMA	2006 ABCDE Single Family	6.25	05/15/97	05/20/27	728,362.16	751,298.21			(64,149.69)		664,212.47	694,115.25	6,966.73	0.00
GNMA	2006 ABCDE Single Family	6.45	05/29/97	05/20/27	62,613.30	65,067.75			(443.64)		62,169.66	65,391.93	767.82	0.00
GNMA	2006 ABCDE Single Family	6.25	06/17/97	06/20/27	1,359,701.62	1,402,518.52			(43,385.25)		1,316,316.37	1,375,576.83	16,443.56	0.00
GNMA	2006 ABCDE Single Family	6.25	06/26/97	06/20/27	351,779.21	362,856.80			(2,905.14)		348,874.07	364,580.44	4,628.78	0.00
GNMA	2006 ABCDE Single Family	6.45	07/15/97	05/20/27	329,778.42	342,705.78			(2,621.16)		327,157.26	344,113.87	4,029.25	0.00
GNMA	2006 ABCDE Single Family	6.25	07/15/97	06/20/27	571,774.45	589,779.63			(4,790.82)		566,983.63	592,509.24	7,520.43	0.00
GNMA	2006 ABCDE Single Family	6.25	07/30/97	07/20/27	584,033.94	602,425.12			(68,456.98)		515,576.96	538,788.20	4,820.06	0.00
GNMA	2006 ABCDE Single Family	6.25	08/18/97	07/20/27	1,271,181.18	1,311,210.66			(9,074.33)		1,262,106.85	1,318,926.87	16,790.54	0.00
GNMA	2006 ABCDE Single Family	6.25	08/28/97	08/20/27	1,174,858.67	1,211,854.88			(194,351.50)		980,507.17	1,024,649.50	7,146.12	0.00
GNMA	2006 ABCDE Single Family	6.45	08/28/97	08/20/27	290,832.06	302,232.66			(2,157.14)		288,674.92	303,636.93	3,561.41	0.00
GNMA	2006 ABCDE Single Family	6.25	09/18/97	09/20/27	258,874.70	267,026.62			(1,661.29)		257,213.41	268,793.13	3,427.80	0.00
GNMA	2006 ABCDE Single Family	6.25	09/29/97	09/20/27	478,980.99	494,064.09			(5,110.89)		473,870.10	495,203.73	6,250.53	0.00
GNMA	2006 ABCDE Single Family	6.25	10/15/97	09/20/27	456,906.65	471,294.66			(12,406.86)		444,499.79	464,511.20	5,623.40	0.00
GNMA	2006 ABCDE Single Family	6.45	10/15/97	08/20/27	64,540.46	67,070.42			(448.75)		64,091.71	67,413.57	791.90	0.00
GNMA	2006 ABCDE Single Family	6.25	10/30/97	10/20/27	416,619.26	429,738.58			(6,056.59)		410,562.67	429,046.20	5,364.21	0.00
GNMA	2006 ABCDE Single Family	6.25	11/17/97	10/20/27	407,879.64	420,723.76			(2,633.26)		405,246.38	423,490.56	5,400.06	0.00
GNMA	2006 ABCDE Single Family	6.45	11/25/97	10/20/27	356,093.88	370,052.72			(71,261.81)		284,832.07	299,594.89	803.98	0.00
GNMA	2006 ABCDE Single Family	6.25	11/25/97	11/20/27	408,427.68	421,289.01			(3,101.59)		405,326.09	423,573.81	5,386.39	0.00
GNMA	2006 ABCDE Single Family	6.25	12/17/97	11/20/27	694,880.57	716,762.34			(6,317.08)		688,563.49	719,562.63	9,117.37	0.00
GNMA	2006 ABCDE Single Family	6.25	01/29/98	01/20/28	976,008.22	1,006,381.56			(7,307.46)		968,700.76	1,011,556.05	12,481.95	0.00
GNMA	2006 ABCDE Single Family	6.45	02/12/98	12/20/27	301,625.31	313,449.05			(1,884.81)		299,740.50	315,276.07	3,711.83	0.00
GNMA	2006 ABCDE Single Family	6.45	04/16/98	02/20/28	356,812.75	370,600.25			(2,227.28)		354,585.47	372,687.32	4,314.35	0.00
GNMA	2006 ABCDE Single Family	6.25	04/29/98	04/20/28	662,819.07	683,446.04			(18,752.56)		644,066.51	672,560.03	7,866.55	0.00
GNMA	2006 ABCDE Single Family	6.25	07/06/98	05/20/28	148,440.41	153,059.66			(904.32)		147,536.09	154,062.87	1,907.53	0.00
GNMA	2006 ABCDE Single Family	6.45	08/13/98	06/20/28	168,835.67	175,359.46			(1,079.02)		167,756.65	176,320.61	2,040.17	0.00
GNMA	2006 ABCDE Single Family	6.25	08/27/98	07/20/28	278,572.57	287,241.75			(3,511.22)		275,061.35	287,230.08	3,499.55	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	6.25	09/24/98	08/20/28	127,832.55	131,810.65			(738.94)		127,093.61	132,716.19	1,644.48	0.00
GNMA	2006 ABCDE Single Family	6.25	10/01/98	08/20/28	156,029.78	160,885.41			(1,361.26)		154,668.52	161,511.02	1,986.87	0.00
GNMA	2006 ABCDE Single Family	6.25	10/29/98	09/20/28	113,547.30	117,080.88			(1,059.15)		112,488.15	117,464.60	1,442.87	0.00
GNMA	2006 ABCDE Single Family	6.45	12/15/98	09/20/28	219,176.75	227,645.74			(40,328.31)		178,848.44	187,978.65	661.22	0.00
GNMA	2006 ABCDE Single Family	6.25	12/29/98	10/20/28	974,478.65	1,004,804.44			(69,330.03)		905,148.62	945,192.40	9,717.99	0.00
GNMA	2006 ABCDE Single Family	6.45	01/28/99	11/20/28	38,267.36	39,746.00			(217.04)		38,050.32	39,992.78	463.82	0.00
GNMA	2006 ABCDE Single Family	5.45	03/18/99	02/20/29	444,276.87	447,457.86			(2,936.00)		441,340.87	449,593.91	5,072.05	0.00
GNMA	2006 ABCDE Single Family	5.45	06/24/99	05/20/29	544,189.11	548,085.49			(62,250.93)		481,938.18	490,950.42	5,115.86	0.00
GNMA	2006 ABCDE Single Family	5.45	07/29/99	06/20/29	561,457.80	565,477.86			(90,741.55)		470,716.25	479,518.67	4,782.36	0.00
GNMA	2006 ABCDE Single Family	5.45	10/14/99	08/20/29	210,770.42	212,279.59			(51,315.79)		159,454.63	162,436.47	1,472.67	0.00
GNMA	2006 ABCDE Single Family	5.45	08/26/99	07/20/29	367,784.84	370,418.19			(2,551.28)		365,233.56	372,063.43	4,196.52	0.00
GNMA	2006 ABCDE Single Family	6.25	10/20/99	07/20/29	187,606.57	193,336.08			(1,314.48)		186,292.09	194,481.49	2,459.89	0.00
GNMA	2006 ABCDE Single Family	6.25	11/23/99	10/20/29	45,730.02	47,126.61			(233.20)		45,496.82	47,496.85	603.44	0.00
GNMA	2006 ABCDE Single Family	5.45	12/01/99	10/20/29	183,396.99	184,710.09			(2,258.43)		181,138.56	184,525.82	2,074.16	0.00
GNMA	2006 ABCDE Single Family	5.45	01/27/00	12/20/29	1,077,096.03	1,084,808.03			(8,065.86)		1,069,030.17	1,089,021.03	12,278.86	0.00
GNMA	2006 ABCDE Single Family	6.25	01/27/00	12/20/29	212,449.07	218,937.29			(1,131.74)		211,317.33	220,606.86	2,801.31	0.00
FNMA	2006 ABCDE Single Family	5.45	01/28/00	07/01/29	171,977.78	173,563.82			(1,049.68)		170,748.10	173,106.10	591.96	0.00
FNMA	2006 ABCDE Single Family	6.25	01/28/00	09/01/29	194,670.24	201,610.23			(1,554.56)		193,115.68	201,946.85	1,891.18	0.00
GNMA	2006 ABCDE Single Family	5.13	08/10/06	07/20/36	778,677.56	777,543.02			(2,725.36)		775,952.20	786,491.03	11,673.37	0.00
GNMA	2006 ABCDE Single Family	5.38	08/16/06	08/20/36	365,901.04	369,972.97			(1,198.36)		364,702.68	373,710.65	4,936.04	0.00
GNMA	2006 ABCDE Single Family	5.63	08/16/06	08/20/36	238,935.00	243,420.43			(745.72)		238,189.28	245,979.68	3,304.97	0.00
GNMA	2006 ABCDE Single Family	5.38	08/23/06	08/20/36	635,150.53	642,223.33			(2,187.78)		632,962.75	648,601.17	8,565.62	0.00
GNMA	2006 ABCDE Single Family	5.13	08/23/06	08/01/36	1,006,111.79	1,002,818.79			(3,488.63)		1,002,623.16	1,014,378.68	15,048.52	0.00
GNMA	2006 ABCDE Single Family	5.38	09/06/06	08/20/36	2,467,111.05	2,494,619.23			(9,582.55)		2,457,528.50	2,518,281.63	33,244.95	0.00
GNMA	2006 ABCDE Single Family	5.63	09/06/06	09/20/36	957,653.11	974,228.98			(4,504.91)		953,148.20	982,909.62	13,185.55	0.00
GNMA	2006 ABCDE Single Family	5.13	09/06/06	08/20/36	2,254,097.94	2,250,879.72			(8,186.55)		2,245,911.39	2,276,479.41	33,786.24	0.00
GNMA	2006 ABCDE Single Family	5.38	09/12/06	09/20/36	1,155,022.84	1,167,909.55			(4,158.66)		1,150,864.18	1,179,324.49	15,573.60	0.00
GNMA	2006 ABCDE Single Family	5.13	09/12/06	09/20/36	1,661,860.56	1,659,531.49			(5,985.49)		1,655,875.07	1,678,458.18	24,912.18	0.00
GNMA	2006 ABCDE Single Family	5.63	09/12/06	09/20/36	343,447.74	349,905.07			(4,875.22)		338,572.52	349,656.42	4,626.57	0.00
GNMA	2006 ABCDE Single Family	5.38	09/20/06	09/20/36	2,160,632.07	2,184,756.17			(7,148.48)		2,153,483.59	2,206,756.06	29,148.37	0.00
GNMA	2006 ABCDE Single Family	5.13	09/20/06	09/20/36	4,121,503.32	4,108,217.26			(14,703.00)		4,106,800.32	4,155,161.59	61,647.33	0.00
GNMA	2006 ABCDE Single Family	5.63	09/20/06	09/20/36	350,014.50	356,598.17			(1,297.74)		348,716.76	360,135.66	4,835.23	0.00
GNMA	2006 ABCDE Single Family	5.13	09/26/06	09/20/36	1,779,898.36	1,777,429.07			(6,703.05)		1,773,195.31	1,797,403.93	26,677.91	0.00
GNMA	2006 ABCDE Single Family	5.38	09/26/06	09/20/36	1,991,924.15	2,014,176.77			(182,390.52)		1,809,533.63	1,854,308.76	22,522.51	0.00
GNMA	2006 ABCDE Single Family	5.38	10/05/06	10/20/36	3,482,636.84	3,521,582.02			(12,745.66)		3,469,891.18	3,555,786.19	46,949.83	0.00
GNMA	2006 ABCDE Single Family	5.63	10/17/06	10/20/36	1,995,968.34	2,030,604.60			(129,371.87)		1,866,596.47	1,924,961.50	23,728.77	0.00
GNMA	2006 ABCDE Single Family	5.13	10/05/06	10/20/36	3,426,717.34	3,415,729.69			(12,037.78)		3,414,679.56	3,454,946.38	51,254.47	0.00
GNMA	2006 ABCDE Single Family	5.38	10/17/06	10/20/36	2,226,577.01	2,251,503.41			(11,136.09)		2,215,440.92	2,270,310.33	29,943.01	0.00
GNMA	2006 ABCDE Single Family	5.13	10/17/06	10/20/36	3,629,944.37	3,624,992.73			(13,331.36)		3,616,613.01	3,666,070.47	54,409.10	0.00
GNMA	2006 ABCDE Single Family	5.63	10/24/06	10/20/36	1,953,866.57	1,990,690.68			(7,846.87)		1,946,019.70	2,009,814.14	26,970.33	0.00
GNMA	2006 ABCDE Single Family	5.38	10/24/06	10/20/36	2,651,057.85	2,680,755.25			(9,150.97)		2,641,906.88	2,707,357.65	35,753.37	0.00
GNMA	2006 ABCDE Single Family	5.13	10/24/06	10/20/36	3,705,819.56	3,700,790.61			(13,075.51)		3,692,744.05	3,743,269.12	55,554.02	0.00
GNMA	2006 ABCDE Single Family	5.38	11/02/06	11/20/36	2,059,066.42	2,082,153.33			(6,992.71)		2,052,073.71	2,102,935.30	27,774.68	0.00
GNMA	2006 ABCDE Single Family	5.13	11/02/06	10/20/36	2,256,810.57	2,253,768.53			(7,779.35)		2,249,031.22	2,279,823.81	33,834.63	0.00
GNMA	2006 ABCDE Single Family	5.63	11/14/06	11/20/36	1,709,982.17	1,742,248.60			(5,739.34)		1,704,242.83	1,760,152.27	23,643.01	0.00
GNMA	2006 ABCDE Single Family	5.38	11/14/06	10/20/36	1,459,637.06	1,476,019.39			(4,819.83)		1,454,817.23	1,490,892.11	19,692.55	0.00
GNMA	2006 ABCDE Single Family	5.13	11/14/06	11/20/36	2,094,316.29	2,091,520.75			(7,912.24)		2,086,404.05	2,114,999.95	31,391.44	0.00
GNMA	2006 ABCDE Single Family	5.38	11/21/06	11/20/36	2,694,180.28	2,724,440.66			(9,431.13)		2,684,749.15	2,751,344.77	36,335.24	0.00
GNMA	2006 ABCDE Single Family	5.63	11/21/06	11/20/36	766,289.23	779,615.08			(2,489.65)		763,799.58	787,711.64	10,586.21	0.00
GNMA	2006 ABCDE Single Family	5.13	11/21/06	11/20/36	1,344,353.82	1,342,568.85			(5,431.72)		1,338,922.10	1,357,282.75	20,145.62	0.00
GNMA	2006 ABCDE Single Family	5.38	11/28/06	11/20/36	2,115,157.84	2,138,932.07			(6,882.91)		2,108,274.93	2,160,586.30	28,537.14	0.00
GNMA	2006 ABCDE Single Family	5.63	11/28/06	11/20/36	269,282.26	274,367.61			(826.98)		268,455.28	277,266.13	3,725.50	0.00
GNMA	2006 ABCDE Single Family	5.13	11/28/06	11/20/36	413,733.37	413,187.38			(1,394.78)		412,338.59	417,995.95	6,203.35	0.00
GNMA	2006 ABCDE Single Family	5.38	12/12/06	12/20/36	1,855,141.12	1,876,021.23			(8,810.76)		1,846,330.36	1,892,170.96	24,960.49	0.00
GNMA	2006 ABCDE Single Family	5.63	12/12/06	12/20/36	1,261,133.30	1,284,969.16			(4,997.68)		1,256,135.62	1,297,382.48	17,411.00	0.00
GNMA	2006 ABCDE Single Family	5.13	12/12/06	11/20/36	2,430,482.27	2,427,309.19			(9,143.40)		2,421,338.87	2,454,594.82	36,429.03	0.00
GNMA	2006 ABCDE Single Family	5.38	12/27/06	12/20/36	3,820,994.89	3,864,059.82			(107,487.10)		3,713,507.79	3,805,764.28	49,191.56	0.00
GNMA	2006 ABCDE Single Family	5.63	12/27/06	12/20/36	1,000,212.98	1,017,645.93			(3,250.14)		996,962.84	1,028,212.96	13,817.17	0.00
GNMA	2006 ABCDE Single Family	5.13	12/27/06	12/20/36	2,416,525.84	2,413,410.05			(8,679.33)		2,407,846.51	2,440,956.66	36,225.94	0.00
GNMA	2006 ABCDE Single Family	5.38	01/10/07	12/20/36	2,150,691.55	2,174,961.95			(7,527.46)		2,143,164.09	2,196,441.08	29,006.59	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.63	01/09/07	12/20/36	1,055,000.68	1,073,402.64			(4,637.04)		1,050,363.64	1,083,302.95	14,537.35	0.00
GNMA	2006 ABCDE Single Family	5.38	01/09/07	12/01/36	1,636,202.61	1,623,149.48			(5,721.98)		1,630,480.63	1,642,047.46	24,619.96	0.00
GNMA	2006 ABCDE Single Family	5.38	01/16/07	12/20/36	1,321,981.57	1,336,908.14			(5,407.51)		1,316,574.06	1,349,311.00	17,810.37	0.00
GNMA	2006 ABCDE Single Family	5.63	01/16/07	01/20/37	1,015,249.21	1,034,424.12			(133,356.84)		881,892.37	910,804.30	9,737.02	0.00
GNMA	2006 ABCDE Single Family	5.13	01/30/07	01/20/37	2,463,871.33	2,459,862.11			(8,999.32)		2,454,872.01	2,487,974.64	37,111.85	0.00
GNMA	2006 ABCDE Single Family	5.38	01/30/07	01/20/37	1,784,495.84	1,804,385.15			(7,299.92)		1,777,195.92	1,821,270.21	24,184.98	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/07	01/20/37	544,307.77	554,596.47			(1,682.02)		542,625.75	560,423.11	7,508.66	0.00
GNMA	2006 ABCDE Single Family	5.38	02/13/07	01/20/37	2,207,083.40	2,231,714.30			(8,708.00)		2,198,375.40	2,252,926.81	29,920.51	0.00
GNMA	2006 ABCDE Single Family	5.13	02/13/07	01/20/37	2,350,480.88	2,346,689.39			(9,645.26)		2,340,835.62	2,372,434.13	35,390.00	0.00
GNMA	2006 ABCDE Single Family	5.63	02/13/07	02/20/37	259,231.97	264,136.07			(792.95)		258,439.02	266,919.50	3,576.38	0.00
GNMA	2006 ABCDE Single Family	5.38	02/20/07	02/20/37	774,646.41	783,297.74			(2,491.13)		772,155.28	791,323.06	10,516.45	0.00
GNMA	2006 ABCDE Single Family	5.13	02/20/07	02/20/37	1,169,183.64	1,167,307.11			(5,035.19)		1,164,148.45	1,179,873.81	17,601.89	0.00
GNMA	2006 ABCDE Single Family	5.63	02/20/07	02/20/37	558,027.45	568,588.13			(1,694.60)		556,332.85	574,593.14	7,699.61	0.00
GNMA	2006 ABCDE Single Family	5.38	03/06/07	02/20/37	1,057,395.95	1,069,220.21			(3,412.23)		1,053,983.72	1,080,162.83	14,354.85	0.00
GNMA	2006 ABCDE Single Family	5.63	03/06/07	02/20/37	228,417.45	232,743.54			(687.66)		227,729.79	235,207.80	3,151.92	0.00
GNMA	2006 ABCDE Single Family	5.63	03/20/07	02/20/37	274,764.25	279,972.38			(824.82)		273,939.43	282,938.86	3,791.30	0.00
GNMA	2006 ABCDE Single Family	5.13	03/20/07	03/20/37	1,129,740.46	1,127,960.32			(4,068.19)		1,125,672.27	1,140,911.35	17,019.22	0.00
GNMA	2006 ABCDE Single Family	5.38	03/20/07	03/20/37	1,072,675.84	1,084,687.41			(3,855.67)		1,068,820.17	1,095,384.41	14,552.67	0.00
GNMA	2006 ABCDE Single Family	5.13	03/06/07	02/20/37	652,842.00	651,803.41			(132,183.30)		520,658.70	527,699.24	8,079.13	0.00
GNMA	2006 ABCDE Single Family	5.13	04/24/07	04/20/37	1,167,051.80	1,165,256.49			(3,848.04)		1,163,203.76	1,178,993.88	17,585.43	0.00
GNMA	2006 ABCDE Single Family	5.63	04/24/07	04/20/37	1,012,969.91	1,032,209.27			(123,309.64)		889,660.27	918,921.63	10,022.00	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/07	04/20/37	671,840.47	679,389.01			(4,132.78)		667,707.69	684,327.67	9,071.44	0.00
GNMA	2006 ABCDE Single Family	5.13	03/27/07	03/20/37	914,781.23	913,347.20			(4,795.28)		909,985.95	922,311.67	13,759.75	0.00
GNMA	2006 ABCDE Single Family	5.63	03/27/07	02/20/37	210,884.40	214,883.22			(635.08)		210,249.32	217,157.93	2,909.79	0.00
GNMA	2006 ABCDE Single Family	5.38	04/24/07	03/20/37	465,695.67	470,927.57			(1,509.03)		464,186.64	475,740.75	6,322.21	0.00
GNMA	2006 ABCDE Single Family	5.38	04/10/07	03/20/37	629,374.74	636,436.50			(2,032.53)		627,342.21	642,947.71	8,543.74	0.00
GNMA	2006 ABCDE Single Family	5.13	04/10/07	03/20/37	1,193,069.03	1,191,215.62			(3,975.31)		1,189,093.72	1,205,217.00	17,976.69	0.00
GNMA	2006 ABCDE Single Family	5.63	04/10/07	03/20/37	354,194.74	360,916.50			(1,101.47)		353,093.27	364,701.16	4,886.13	0.00
GNMA	2006 ABCDE Single Family	5.13	05/08/07	04/20/37	637,308.66	636,337.27			(3,087.84)		634,220.82	642,839.90	9,590.47	0.00
GNMA	2006 ABCDE Single Family	5.63	05/08/07	04/20/37	284,375.76	289,781.02			(844.27)		283,531.49	292,861.42	3,924.67	0.00
GNMA	2006 ABCDE Single Family	5.38	05/08/07	05/20/37	642,736.30	649,967.68			(2,065.98)		640,670.32	656,627.93	8,726.23	0.00
GNMA	2006 ABCDE Single Family	5.63	05/22/07	04/20/37	223,917.95	228,177.53			(672.23)		223,245.72	230,595.14	3,089.84	0.00
GNMA	2006 ABCDE Single Family	5.38	05/22/07	05/20/37	934,598.96	945,127.47			(3,068.47)		931,530.49	954,746.29	12,687.29	0.00
GNMA	2006 ABCDE Single Family	5.13	05/22/07	05/20/37	1,382,262.85	1,380,176.94			(4,844.69)		1,377,418.16	1,396,158.50	20,826.25	0.00
GNMA	2006 ABCDE Single Family	5.38	06/05/07	05/20/37	1,131,564.12	1,144,328.85			(3,664.90)		1,127,899.22	1,156,025.32	15,361.37	0.00
GNMA	2006 ABCDE Single Family	5.63	06/05/07	05/20/37	356,932.05	363,727.45			(1,567.64)		355,364.41	367,068.85	4,909.04	0.00
FNMA	2006 ABCDE Single Family	5.13	06/05/07	05/20/37	2,131,660.66	2,128,476.14			(7,437.85)		2,124,222.81	2,153,154.23	32,115.94	0.00
GNMA	2006 ABCDE Single Family	5.38	06/19/07	05/20/37	528,907.36	534,881.34			(1,638.51)		527,268.85	540,425.40	7,182.57	0.00
GNMA	2006 ABCDE Single Family	5.13	06/19/07	06/20/37	976,254.23	974,810.59			(3,915.33)		972,338.90	985,596.89	14,701.63	0.00
GNMA	2006 ABCDE Single Family	5.63	06/19/07	06/20/37	451,361.79	459,961.98			(1,340.26)		450,021.53	464,850.69	6,228.97	0.00
GNMA	2006 ABCDE Single Family	5.38	08/07/07	07/20/37	437,766.23	442,955.84			(1,347.03)		436,419.20	447,554.18	5,945.37	0.00
GNMA	2006 ABCDE Single Family	5.63	08/07/07	08/20/37	1,106,050.99	1,127,748.31			(3,557.94)		1,102,493.05	1,139,448.28	15,257.91	0.00
GNMA	2006 ABCDE Single Family	5.13	08/07/07	07/20/37	2,129,687.01	2,127,712.78			(7,978.93)		2,121,708.08	2,151,817.42	32,083.57	0.00
GNMA	2006 ABCDE Single Family	5.38	07/03/07	05/20/37	914,152.13	924,491.45			(3,062.01)		911,090.12	933,837.12	12,407.68	0.00
GNMA	2006 ABCDE Single Family	5.13	07/03/07	06/20/37	990,021.50	986,759.00			(3,255.14)		986,766.36	998,389.96	14,886.10	0.00
GNMA	2006 ABCDE Single Family	5.38	07/17/07	06/20/37	837,728.04	847,215.84			(2,662.47)		835,065.57	855,927.47	11,374.10	0.00
GNMA	2006 ABCDE Single Family	5.13	07/17/07	06/20/37	804,159.06	801,521.21			(27,020.52)		777,138.54	786,303.95	11,803.26	0.00
GNMA	2006 ABCDE Single Family	5.63	11/21/07	10/20/37	67,696.13	69,032.22			(325.15)		67,370.98	69,637.33	930.26	0.00
GNMA	2006 ABCDE Single Family	5.38	11/21/07	10/20/37	622,876.72	630,334.78			(1,925.42)		620,951.30	636,869.25	8,459.89	0.00
GNMA	2006 ABCDE Single Family	5.38	09/25/07	09/20/37	1,828,014.02	1,849,785.79			(5,633.38)		1,822,380.64	1,868,979.74	24,827.33	0.00
GNMA	2006 ABCDE Single Family	5.13	09/25/07	09/20/37	1,132,770.84	1,131,782.60			(3,675.69)		1,129,095.15	1,145,180.82	17,073.91	0.00
GNMA	2006 ABCDE Single Family	5.63	09/25/07	08/20/37	290,073.32	295,779.53			(1,038.06)		289,035.26	298,739.64	3,998.17	0.00
GNMA	2006 ABCDE Single Family	5.63	09/25/07	09/20/37	130,381.40	132,946.35			(1,146.29)		129,235.11	133,574.19	1,774.13	0.00
GNMA	2006 ABCDE Single Family	5.38	10/09/07	09/20/37	1,173,606.85	1,187,602.60			(3,577.96)		1,170,028.89	1,199,965.26	15,940.62	0.00
GNMA	2006 ABCDE Single Family	5.63	10/09/07	06/20/37	96,624.58	98,526.84			(282.19)		96,342.39	99,578.52	1,333.87	0.00
GNMA	2006 ABCDE Single Family	5.13	10/09/07	09/20/37	423,223.28	422,860.47			(1,493.20)		421,730.08	427,744.74	6,377.47	0.00
GNMA	2006 ABCDE Single Family	5.38	08/23/07	08/20/37	885,044.35	895,552.66			(2,727.64)		882,316.71	904,844.99	12,019.97	0.00
GNMA	2006 ABCDE Single Family	5.13	08/23/07	07/20/37	1,166,055.10	1,164,994.19			(3,779.15)		1,162,275.95	1,178,790.17	17,575.13	0.00
GNMA	2006 ABCDE Single Family	5.38	09/11/07	09/20/37	599,435.73	606,565.23			(2,825.73)		596,610.00	611,856.30	8,116.80	0.00
GNMA	2006 ABCDE Single Family	5.63	09/11/07	08/20/37	655,190.54	668,069.04			(1,935.15)		653,255.39	675,177.58	9,043.69	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.13	09/11/07	08/20/37	466,346.20	465,077.54			(1,494.46)		464,851.74	470,596.37	7,013.29	0.00
GNMA	2006 ABCDE Single Family	5.38	11/28/07	11/20/37	719,700.65	728,323.92			(2,146.48)		717,554.17	735,954.48	9,777.04	0.00
GNMA	2006 ABCDE Single Family	5.13	12/11/07	11/20/37			572,641.62				572,641.62	579,776.98	7,135.36	0.00
GNMA	2006 ABCDE Single Family	5.38	10/25/07	10/20/37	590,537.19	597,590.48			(1,795.69)		588,741.50	603,816.05	8,021.26	0.00
GNMA	2006 ABCDE Single Family	5.13	10/25/07	10/20/37	1,272,027.58	1,268,630.06			(5,967.45)		1,266,060.13	1,281,769.63	19,107.02	0.00
GNMA	2006 ABCDE Single Family	5.63	10/25/07	09/20/36	169,614.97	172,965.76			(550.12)		169,064.85	174,761.58	2,345.94	0.00
GNMA	2006 ABCDE Single Family	5.38	10/25/07	10/20/37	1,091,461.88	1,104,498.14			(3,431.46)		1,088,030.42	1,115,889.11	14,822.43	0.00
GNMA	2006 ABCDE Single Family	5.38	11/08/07	10/20/37	961,584.68	973,084.49			(2,907.66)		958,677.02	983,238.57	13,061.74	0.00
GNMA	2006 ABCDE Single Family	5.13	11/08/07	10/20/37	404,825.13	404,491.61			(1,270.74)		403,554.39	409,323.52	6,102.65	0.00
GNMA	2006 ABCDE Single Family	5.63	01/16/08	12/20/37			64,148.70				64,148.70	66,310.82	2,162.12	0.00
GNMA	2006 ABCDE Single Family	5.38	12/28/07	11/20/37			272,928.49				272,928.49	279,936.57	7,008.08	0.00
GNMA	2006 ABCDE Single Family	5.63	12/28/07	12/20/37			67,157.31				67,157.31	69,419.36	2,262.05	0.00
GNMA	2006 ABCDE Single Family	5.63	12/28/07	12/20/37			1,020,851.92				1,020,851.92	1,055,237.14	34,385.22	0.00
GNMA	2006 ABCDE Single Family	5.38	12/11/07	11/20/37			1,037,984.06				1,037,984.06	1,064,616.27	26,632.21	0.00
GNMA	2006 ABCDE Single Family	5.13	12/20/07	10/20/37			116,413.38				116,413.38	117,846.11	1,432.73	0.00
GNMA	2006 ABCDE Single Family	5.38	12/20/07	11/20/37			232,213.04				232,213.04	238,173.49	5,960.45	0.00
GNMA	2006 ABCDE Single Family	5.13	12/20/07	12/20/37			81,284.31				81,284.31	82,450.17	1,165.86	0.00
GNMA	2006 ABCDE Single Family	5.38	01/16/08	12/20/37			145,995.60				145,995.60	149,747.56	3,751.96	0.00
GNMA	2006 ABCDE Single Family	5.38	01/30/08	12/20/37			90,250.21				90,250.21	92,570.97	2,320.76	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/08	12/20/37			302,647.35				302,647.35	312,852.78	10,205.43	0.00
GNMA	2006 ABCDE Single Family	5.38	02/13/08	12/20/37			155,771.20				155,771.20	159,779.24	4,008.04	0.00
GNMA	2006 ABCDE Single Family	5.63	01/30/08	01/20/38			66,650.51				66,650.51	68,895.97	2,245.46	0.00
GNMA	2006 ABCDE Single Family	5.38	01/30/08	09/20/37			129,995.65				129,995.65	133,338.46	3,342.81	0.00
GNMA	2006 ABCDE Single Family	5.63	02/13/08	01/20/38			192,539.50				192,539.50	199,029.21	6,489.71	0.00
GNMA	2006 ABCDE Single Family	5.38	02/19/08	12/20/37			139,435.83				139,435.83	143,024.57	3,588.74	0.00
GNMA	2006 ABCDE Single Family	5.63	02/19/08	01/20/38			218,650.33				218,650.33	226,021.73	7,371.40	0.00
GNMA	2006 ABCDE Single Family	5.13	02/27/08	02/20/38			186,702.17				186,702.17	189,387.05	2,684.88	0.00
GNMA	2006 ABCDE Single Family	5.38	02/27/08	02/20/38			280,486.69				280,486.69	287,705.52	7,218.83	0.00
FNMA	2006 ABCDE Single Family	5.38	08/09/06	08/01/36	577,738.19	578,081.85			(3,006.28)		574,731.91	578,456.58	3,381.01	0.00
FNMA	2006 ABCDE Single Family	5.13	08/10/06	07/01/36	376,530.57	372,362.11			(2,967.00)		373,563.57	372,554.30	3,159.19	0.00
FNMA	2006 ABCDE Single Family	5.38	08/23/06	08/01/36	560,771.82	561,108.77			(25,143.42)		535,628.40	539,102.89	3,137.54	0.00
FNMA	2006 ABCDE Single Family	5.63	08/23/06	08/01/36	723,636.90	728,972.49			(2,557.64)		721,079.26	733,356.94	6,942.09	0.00
FNMA	2006 ABCDE Single Family	5.13	08/23/06	08/01/36	836,066.28	826,816.23			(28,201.52)		807,864.76	805,686.95	7,072.24	0.00
FNMA	2006 ABCDE Single Family	5.38	09/06/06	09/01/36	956,853.26	957,434.94			(3,373.46)		953,479.80	959,671.56	5,610.08	0.00
FNMA	2006 ABCDE Single Family	5.63	09/06/06	08/01/36	360,384.23	363,043.64			(1,180.78)		359,203.45	365,321.73	3,458.87	0.00
FNMA	2006 ABCDE Single Family	5.13	09/12/06	09/01/36	1,202,905.80	1,189,630.59			(7,179.77)		1,195,726.03	1,192,537.39	10,086.57	0.00
FNMA	2006 ABCDE Single Family	5.38	09/12/06	09/01/36	904,034.90	904,586.28			(4,489.31)		899,545.59	905,389.85	5,292.88	0.00
FNMA	2006 ABCDE Single Family	5.63	09/20/06	09/01/36	372,256.49	375,006.14			(1,224.55)		371,031.94	377,354.35	3,572.76	0.00
FNMA	2006 ABCDE Single Family	5.38	09/20/06	09/01/36	838,085.60	838,600.13			(3,085.41)		835,000.19	840,427.62	4,912.90	0.00
FNMA	2006 ABCDE Single Family	5.13	09/20/06	09/01/36	723,801.70	715,816.75			(3,522.87)		720,278.83	718,360.25	6,066.37	0.00
FNMA	2006 ABCDE Single Family	5.38	09/26/06	09/01/36	912,606.86	913,168.99			(4,409.65)		908,197.21	914,103.19	5,343.85	0.00
FNMA	2006 ABCDE Single Family	5.38	10/05/06	09/01/36	1,409,683.37	1,410,557.34			(5,046.60)		1,404,636.77	1,413,776.77	8,266.03	0.00
FNMA	2006 ABCDE Single Family	5.63	10/17/06	09/01/36	723,754.21	729,108.96			(2,352.35)		721,401.86	733,703.44	6,946.83	0.00
FNMA	2006 ABCDE Single Family	5.13	10/17/06	10/01/36	1,625,175.29	1,607,265.79			(6,485.93)		1,618,689.36	1,614,398.78	13,618.92	0.00
FNMA	2006 ABCDE Single Family	5.38	10/17/06	10/01/36	1,424,221.41	1,425,112.96			(6,570.51)		1,417,650.90	1,426,884.15	8,341.70	0.00
FNMA	2006 ABCDE Single Family	5.38	10/24/06	11/01/36	1,962,463.09	1,963,699.48			(104,890.44)		1,857,572.65	1,869,676.78	10,867.74	0.00
FNMA	2006 ABCDE Single Family	5.38	11/02/06	11/01/36	1,913,849.85	1,915,063.33			(7,091.93)		1,906,757.92	1,919,190.28	11,218.88	0.00
FNMA	2006 ABCDE Single Family	5.63	11/02/06	10/01/36	583,285.40	587,605.06			(1,990.25)		581,295.15	591,212.37	5,597.56	0.00
FNMA	2006 ABCDE Single Family	5.13	11/02/06	10/01/36	945,490.01	935,077.25			(3,736.33)		941,753.68	939,264.02	7,923.10	0.00
FNMA	2006 ABCDE Single Family	5.38	11/14/06	11/01/36	1,258,095.09	1,258,899.10			(4,693.06)		1,253,402.03	1,261,580.72	7,374.68	0.00
FNMA	2006 ABCDE Single Family	5.63	11/14/06	11/01/36	526,813.33	530,717.93			(2,166.80)		524,646.53	533,599.94	5,048.81	0.00
FNMA	2006 ABCDE Single Family	5.13	11/14/06	11/01/36	524,927.39	519,149.44			(1,997.58)		522,929.81	521,549.98	4,398.12	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/06	10/01/36	613,779.14	614,173.25			(2,031.47)		611,747.67	615,741.31	3,599.53	0.00
FNMA	2006 ABCDE Single Family	5.63	11/21/06	11/01/36	386,961.95	389,831.19			(1,349.39)		385,612.56	392,194.45	3,712.65	0.00
FNMA	2006 ABCDE Single Family	5.13	11/21/06	11/01/36	247,266.65	244,545.69			(1,523.86)		245,742.79	245,095.10	2,073.27	0.00
FNMA	2006 ABCDE Single Family	5.38	11/28/06	11/01/36	446,540.46	446,828.54			(1,613.82)		444,926.64	447,833.03	2,618.31	0.00
FNMA	2006 ABCDE Single Family	5.13	11/28/06	11/01/36	313,126.41	309,681.66			(1,492.51)		311,633.90	310,813.80	2,624.65	0.00
FNMA	2006 ABCDE Single Family	5.63	11/28/06	11/01/36	394,395.62	397,321.18			(2,272.03)		392,123.59	398,818.21	3,769.06	0.00
FNMA	2006 ABCDE Single Family	5.38	12/12/06	11/01/36	415,106.60	415,376.88			(1,369.31)		413,737.29	416,442.44	2,434.87	0.00
FNMA	2006 ABCDE Single Family	5.63	12/12/06	11/01/36	472,322.35	475,828.85			(1,504.78)		470,817.57	478,858.65	4,534.58	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
FNMA	2006 ABCDE Single Family	5.13	12/12/06	11/01/36	616,336.50	607,492.16			(4,140.20)		612,196.30	608,535.60	5,183.64	0.00
FNMA	2006 ABCDE Single Family	5.38	12/27/06	11/01/36	1,426,381.51	1,427,320.33			(4,929.96)		1,421,451.55	1,430,754.14	8,363.77	0.00
FNMA	2006 ABCDE Single Family	5.63	12/27/06	12/01/36	486,256.77	489,870.14			(1,685.05)		484,571.72	492,851.13	4,666.04	0.00
FNMA	2006 ABCDE Single Family	5.13	12/27/06	10/01/36	408,500.47	404,011.78			(1,463.27)		407,037.20	405,970.94	3,422.43	0.00
FNMA	2006 ABCDE Single Family	5.38	01/09/07	12/01/36	1,824,431.13	1,825,642.93			(6,464.98)		1,817,966.15	1,829,876.55	10,698.60	0.00
FNMA	2006 ABCDE Single Family	5.63	01/09/07	12/01/36	374,857.24	377,645.08			(1,584.98)		373,272.26	379,652.31	3,592.21	0.00
FNMA	2006 ABCDE Single Family	5.13	01/09/07	12/01/36	508,438.87	502,855.05			(1,745.45)		506,693.42	505,369.64	4,260.04	0.00
FNMA	2006 ABCDE Single Family	5.38	01/30/07	12/01/36	1,509,060.22	1,519,726.26			(4,923.63)		1,504,136.59	1,523,594.65	8,792.02	0.00
FNMA	2006 ABCDE Single Family	5.63	01/30/07	12/01/36	1,065,814.58	1,073,751.90			(116,270.69)		949,543.89	965,782.39	8,301.18	0.00
FNMA	2006 ABCDE Single Family	5.13	01/30/07	01/01/37	380,533.99	376,358.63			(2,047.38)		378,486.61	377,501.18	3,189.93	0.00
FNMA	2006 ABCDE Single Family	5.38	02/13/07	01/01/37	1,032,779.50	1,033,482.12			(4,345.71)		1,028,433.79	1,035,187.20	6,050.79	0.00
FNMA	2006 ABCDE Single Family	5.63	02/13/07	01/01/37	324,821.23	327,242.21			(1,128.39)		323,692.84	329,230.43	3,116.61	0.00
FNMA	2006 ABCDE Single Family	5.13	02/13/07	01/01/37	371,891.01	367,812.71			(1,304.25)		370,586.76	369,624.14	3,115.68	0.00
FNMA	2006 ABCDE Single Family	5.38	02/20/07	01/01/37	424,677.90	424,857.54			(1,510.18)		423,167.72	425,825.33	2,477.97	0.00
FNMA	2006 ABCDE Single Family	5.63	02/20/07	01/01/37	535,223.54	539,214.33			(1,787.30)		533,436.24	542,564.20	5,137.17	0.00
FNMA	2006 ABCDE Single Family	5.13	02/20/07	01/01/37	459,235.94	454,201.15			(1,784.46)		457,451.48	456,265.05	3,848.36	0.00
FNMA	2006 ABCDE Single Family	5.38	03/06/07	02/01/37	593,564.29	593,564.56			(1,929.00)		592,054.29	595,098.00	3,462.44	0.00
FNMA	2006 ABCDE Single Family	5.63	03/06/07	02/01/37	312,753.83	315,050.33			(41,835.30)		270,918.53	275,537.00	2,321.97	0.00
FNMA	2006 ABCDE Single Family	5.13	03/20/07	09/01/36	85,320.55	84,386.08			(576.63)		84,743.92	84,524.98	715.53	0.00
FNMA	2006 ABCDE Single Family	5.63	03/20/07	02/01/37	356,148.32	359,443.87			(1,097.05)		355,051.27	361,790.98	3,444.16	0.00
FNMA	2006 ABCDE Single Family	5.38	03/20/07	09/01/36	237,665.94	237,830.98			(820.38)		236,845.56	238,404.22	1,393.62	0.00
FNMA	2006 ABCDE Single Family	5.13	03/27/07	03/01/37	443,076.82	438,057.49			(1,895.27)		441,181.55	439,889.24	3,727.02	0.00
FNMA	2006 ABCDE Single Family	5.38	04/10/07	03/01/37	982,919.10	983,356.67			(3,497.12)		979,421.98	985,593.87	5,734.32	0.00
FNMA	2006 ABCDE Single Family	5.63	04/10/07	03/01/37	531,271.31	535,180.95			(1,830.73)		529,440.58	538,474.84	5,124.62	0.00
FNMA	2006 ABCDE Single Family	5.13	04/10/07	03/01/37	889,521.79	879,450.27			(3,713.54)		885,808.25	883,218.86	7,482.13	0.00
FNMA	2006 ABCDE Single Family	5.38	04/24/07	04/01/37	1,651,768.84	1,658,142.23			(225.08)		1,651,543.76	1,662,444.05	4,526.90	0.00
FNMA	2006 ABCDE Single Family	5.13	04/24/07	04/01/37	487,667.82	482,149.15			(1,665.96)		486,001.86	484,584.60	4,101.41	0.00
FNMA	2006 ABCDE Single Family	5.63	04/24/07	04/01/37	241,826.13	243,607.21			(756.86)		241,069.27	245,184.56	2,334.21	0.00
FNMA	2006 ABCDE Single Family	5.13	05/08/07	04/01/37	253,469.36	250,602.76			(841.93)		252,627.43	251,892.25	2,131.42	0.00
FNMA	2006 ABCDE Single Family	5.38	05/22/07	04/01/37	232,011.34	232,119.06			(740.50)		231,270.84	232,732.67	1,354.11	0.00
FNMA	2006 ABCDE Single Family	5.13	05/22/07	04/01/37	204,498.70	202,187.13			(869.76)		203,628.94	203,037.55	1,720.18	0.00
FNMA	2006 ABCDE Single Family	5.38	06/05/07	05/01/37	338,544.62	338,792.64			(1,095.66)		337,448.96	339,682.63	1,985.65	0.00
FNMA	2006 ABCDE Single Family	5.63	06/05/07	05/01/37	392,606.25	395,505.77			(1,182.12)		391,424.13	398,113.71	3,790.06	0.00
FNMA	2006 ABCDE Single Family	5.13	06/05/07	04/01/37	432,174.83	427,292.31			(1,455.02)		430,719.81	429,471.96	3,634.67	0.00
FNMA	2006 ABCDE Single Family	5.38	06/19/07	05/01/37	643,361.66	643,668.76			(3,344.65)		640,017.01	644,070.83	3,746.72	0.00
FNMA	2006 ABCDE Single Family	5.63	07/03/07	07/01/37	635,102.42	639,801.22			(2,011.38)		633,091.04	643,919.19	6,129.35	0.00
FNMA	2006 ABCDE Single Family	5.13	07/03/07	06/01/37	588,160.22	581,523.04			(2,504.88)		585,655.34	583,966.25	4,948.09	0.00
FNMA	2006 ABCDE Single Family	5.38	08/07/07	07/01/37	2,087,025.36	2,098,502.80			(157,021.97)		1,930,003.39	1,951,894.03	10,413.20	0.00
FNMA	2006 ABCDE Single Family	5.63	08/07/07	07/01/37	471,365.89	477,233.52			(1,512.71)		469,853.18	480,264.36	4,543.55	0.00
FNMA	2006 ABCDE Single Family	5.13	08/07/07	08/01/37	1,777,328.59	1,766,082.33			(5,762.66)		1,771,565.93	1,775,237.21	14,917.54	0.00
FNMA	2006 ABCDE Single Family	5.13	08/29/07	08/01/37	816,861.98	811,709.59			(2,796.82)		814,065.16	815,768.66	6,855.89	0.00
FNMA	2006 ABCDE Single Family	5.38	08/23/07	07/01/37	726,223.91	730,228.04			(12,426.82)		713,797.09	721,904.12	4,102.90	0.00
FNMA	2006 ABCDE Single Family	5.38	09/11/07	08/01/37	683,627.39	687,409.17			(2,184.27)		681,443.12	689,194.51	3,969.61	0.00
FNMA	2006 ABCDE Single Family	5.13	09/11/07	09/01/37	335,488.92	333,376.86			(1,080.32)		334,408.60	335,112.43	2,815.89	0.00
FNMA	2006 ABCDE Single Family	5.63	09/11/07	08/01/37	274,578.19	278,005.17			(864.42)		273,713.77	279,787.86	2,647.11	0.00
FNMA	2006 ABCDE Single Family	5.38	09/25/07	09/01/37	1,924,998.66	1,935,673.00			(6,875.16)		1,918,123.50	1,939,967.54	11,169.70	0.00
FNMA	2006 ABCDE Single Family	5.63	09/25/07	07/01/37	171,399.70	173,541.02			(513.35)		170,886.35	174,680.85	1,653.18	0.00
FNMA	2006 ABCDE Single Family	5.13	09/25/07	09/01/37	978,970.08	972,819.73			(3,690.41)		975,279.67	977,344.19	8,214.87	0.00
FNMA	2006 ABCDE Single Family	5.38	10/09/07	08/01/37	319,389.58	322,774.30			(1,095.21)		318,294.37	323,537.18	1,858.09	0.00
FNMA	2006 ABCDE Single Family	5.13	10/09/07	09/01/37	483,369.24	482,745.29			(1,541.37)		481,827.87	485,277.60	4,073.68	0.00
FNMA	2006 ABCDE Single Family	5.63	10/09/07	09/01/37	265,715.19	270,366.85			(782.03)		264,933.16	272,152.03	2,567.21	0.00
FNMA	2006 ABCDE Single Family	5.38	10/25/07	10/01/37	1,909,040.03	1,929,300.23			(6,111.05)		1,902,928.98	1,934,302.46	11,113.28	0.00
FNMA	2006 ABCDE Single Family	5.13	10/25/07	10/01/37	993,844.19	992,576.33			(3,599.40)		990,244.79	997,349.71	8,372.78	0.00
FNMA	2006 ABCDE Single Family	5.38	11/08/07	09/01/37	657,870.93	664,861.50			(2,821.92)		655,049.01	665,856.84	3,817.26	0.00
FNMA	2006 ABCDE Single Family	5.13	11/08/07	10/01/37	315,255.88	314,857.83			(1,273.87)		313,982.01	316,238.96	2,655.00	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/07	10/01/37	418,292.69	422,742.61			(1,292.47)		417,000.22	423,885.56	2,435.42	0.00
FNMA	2006 ABCDE Single Family	5.13	11/21/07	09/01/37	394,974.84	394,480.93			(1,296.69)		393,678.15	396,512.36	3,328.12	0.00
FNMA	2006 ABCDE Single Family	5.38	11/21/07	11/01/37	595,676.23	602,013.21			(2,909.05)		592,767.18	602,555.32	3,451.16	0.00
GIC's	2006 ABCDE Single Family				26,943,405.88	26,943,405.88							-	0.00
FNMA	2006 ABCDE Single Family	5.38	12/11/07	10/01/37			1,076,733.91				1,076,733.91	1,094,533.51	17,799.60	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
FNMA	2006 ABCDE Single Family	5.13	12/11/07	11/01/37			568,123.30				568,123.30	572,224.38	4,101.08	0.00
FNMA	2006 ABCDE Single Family	5.38	12/11/07	11/01/37			300,117.48				300,117.48	305,078.75	4,961.27	0.00
FNMA	2006 ABCDE Single Family	5.13	12/11/07	12/01/37			402,804.69				402,804.69	405,712.40	2,907.71	0.00
FNMA	2006 ABCDE Single Family	5.13	12/20/07	11/01/37			354,474.50				354,474.50	357,036.21	2,561.71	0.00
FNMA	2006 ABCDE Single Family	5.38	12/20/07	10/01/37			77,191.32				77,191.32	78,468.02	1,276.70	0.00
FNMA	2006 ABCDE Single Family	5.63	12/28/07	10/01/37			1,310,548.58				1,310,548.58	1,346,357.55	35,808.97	0.00
FNMA	2006 ABCDE Single Family	5.13	01/16/08	12/01/37			337,751.08				337,751.08	340,200.53	2,449.45	0.00
FNMA	2006 ABCDE Single Family	5.13	01/30/08	12/01/37			189,266.52				189,266.52	190,641.43	1,374.91	0.00
FNMA	2006 ABCDE Single Family	5.38	01/30/08	11/01/37			65,676.77				65,676.77	66,765.51	1,088.74	0.00
FNMA	2006 ABCDE Single Family	5.13	01/30/08	12/01/37			259,011.71				259,011.71	260,893.29	1,881.58	0.00
FNMA	2006 ABCDE Single Family	5.13	02/13/08	01/01/38			112,971.16				112,971.16	113,772.79	801.63	0.00
FNMA	2006 ABCDE Single Family	5.38	02/13/08	01/01/38			420,363.14				420,363.14	427,324.50	6,961.36	0.00
FNMA	2006 ABCDE Single Family	5.63	02/19/08	04/01/37			158,934.41				158,934.41	163,285.16	4,350.75	0.00
FNMA	2006 ABCDE Single Family	5.38	02/19/08	12/01/37			217,936.69				217,936.69	221,553.74	3,617.05	0.00
FNMA	2006 ABCDE Single Family	5.13	02/19/08	01/01/38			250,933.64				250,933.64	252,715.76	1,782.12	0.00
FNMA	2006 ABCDE Single Family	5.13	02/27/08	02/01/38			187,977.28				187,977.28	189,313.62	1,336.34	0.00
Repo Agmt	2006 ABCDE Single Family	3.02	02/29/08	03/03/08			15,667,521.33				15,667,521.33	15,667,521.33	-	0.00
GNMA	2006 ABCDE Single Family	6.15	11/12/02	11/20/32	8,405.42	8,690.61			(32.77)		8,372.65	8,774.62	116.78	0.00
GNMA	2006 ABCDE Single Family	5.40	11/12/02	10/20/32	9,195.66	9,300.83			(40.51)		9,155.15	9,375.48	115.16	0.00
GNMA	2006 ABCDE Single Family	6.15	01/10/03	09/20/32	8,867.51	9,168.39			(43.39)		8,824.12	9,247.76	122.76	0.00
GNMA	2006 ABCDE Single Family	5.40	09/26/02	09/20/32	11,584.81	11,716.85			(51.12)		11,533.69	11,810.80	145.07	0.00
GNMA	2006 ABCDE Single Family	6.15	10/10/02	09/20/32	5,662.00	5,853.96			(23.19)		5,638.81	5,909.37	78.60	0.00
GNMA	2006 ABCDE Single Family	5.40	10/10/02	09/20/32	3,458.52	3,497.96			(15.23)		3,443.29	3,526.04	43.31	0.00
GNMA	2006 ABCDE Single Family	6.15	10/21/02	10/20/32	10,789.69	11,156.01			(49.98)		10,739.71	11,255.54	149.51	0.00
GNMA	2006 ABCDE Single Family	6.15	10/29/02	10/20/32	6,317.26	6,531.54			(28.80)		6,288.46	6,590.29	87.55	0.00
GNMA	2006 ABCDE Single Family	5.40	10/29/02	09/20/32	2,759.39	2,790.90			(18.91)		2,740.48	2,806.38	34.39	0.00
GNMA	2006 ABCDE Single Family	6.15	11/05/02	10/20/32	3,056.92	3,160.66			(11.86)		3,045.06	3,191.26	42.46	0.00
GNMA	2006 ABCDE Single Family	5.40	11/05/02	09/20/32	6,844.32	6,922.53			(35.03)		6,809.29	6,973.09	85.59	0.00
GNMA	2006 ABCDE Single Family	6.15	11/19/02	11/20/32	4,026.96	4,163.65			(15.53)		4,011.43	4,204.09	55.97	0.00
GNMA	2006 ABCDE Single Family	5.40	11/19/02	11/20/32	4,914.96	4,971.22			(21.34)		4,893.62	5,011.44	61.56	0.00
GNMA	2006 ABCDE Single Family	6.15	11/26/02	11/20/32	17,780.37	18,383.95			(85.90)		17,694.47	18,544.27	246.22	0.00
GNMA	2006 ABCDE Single Family	5.40	11/26/02	11/20/32	13,287.99	13,440.18			(60.62)		13,227.37	13,545.93	166.37	0.00
GNMA	2006 ABCDE Single Family	6.15	11/26/02	11/20/32	5,046.73	5,218.03			(21.04)		5,025.69	5,267.04	70.05	0.00
GNMA	2006 ABCDE Single Family	5.40	11/26/02	11/20/32	7,114.18	7,195.67			(32.86)		7,081.32	7,251.86	89.05	0.00
GNMA	2006 ABCDE Single Family	5.40	12/12/02	12/20/32	5,351.52	5,412.92			(26.02)		5,325.50	5,453.87	66.97	0.00
GNMA	2006 ABCDE Single Family	6.15	12/30/02	12/20/32	5,826.55	6,024.53			(26.53)		5,800.02	6,078.77	80.77	0.00
GNMA	2006 ABCDE Single Family	5.40	12/30/02	12/20/32	10,143.27	10,259.77			(43.88)		10,099.39	10,342.93	127.04	0.00
GNMA	2006 ABCDE Single Family	6.15	12/30/02	12/20/32	8,630.52	8,923.78			(34.24)		8,596.28	9,009.40	119.86	0.00
GNMA	2006 ABCDE Single Family	5.40	12/30/02	12/20/32	5,011.33	5,068.89			(21.58)		4,989.75	5,110.07	62.76	0.00
GNMA	2006 ABCDE Single Family	6.15	01/07/03	12/20/32	5,719.85	5,914.22			(22.90)		5,696.95	5,970.75	79.43	0.00
GNMA	2006 ABCDE Single Family	6.15	01/23/03	01/20/33	24,102.89	24,913.45			(109.93)		23,992.96	25,128.94	325.42	0.00
GNMA	2006 ABCDE Single Family	5.40	01/23/03	01/20/33	4,887.16	4,942.30			(21.06)		4,866.10	4,982.86	61.62	0.00
GNMA	2006 ABCDE Single Family	6.15	01/23/03	01/20/33	5,389.29	5,570.50			(30.95)		5,358.34	5,612.01	72.46	0.00
GNMA	2006 ABCDE Single Family	5.40	01/23/03	01/20/33	5,068.30	5,125.53			(21.70)		5,046.60	5,167.74	63.91	0.00
GNMA	2006 ABCDE Single Family	6.15	01/30/03	01/20/33	14,292.41	14,773.08			(59.65)		14,232.76	14,906.67	193.24	0.00
GNMA	2006 ABCDE Single Family	5.40	01/30/03	01/20/33	16,777.34	16,966.74			(80.99)		16,696.35	17,097.07	211.32	0.00
GNMA	2006 ABCDE Single Family	6.15	02/12/03	02/20/33	20,779.21	21,478.38			(105.96)		20,673.25	21,652.44	280.02	0.00
GNMA	2006 ABCDE Single Family	6.15	02/20/03	02/20/33	8,500.59	8,786.64			(33.38)		8,467.21	8,868.30	115.04	0.00
GNMA	2006 ABCDE Single Family	5.40	03/03/03	03/20/33	5,803.66	5,869.35			(24.55)		5,779.11	5,917.99	73.19	0.00
GNMA	2006 ABCDE Single Family	6.15	02/27/03	02/20/33	21,617.70	22,345.36			(82.45)		21,535.25	22,555.55	292.64	0.00
GNMA	2006 ABCDE Single Family	5.40	02/27/03	01/20/33	5,264.36	5,323.87			(22.58)		5,241.78	5,367.66	66.37	0.00
GNMA	2006 ABCDE Single Family	6.15	03/12/03	02/20/33	15,621.23	16,147.20			(60.91)		15,560.32	16,297.69	211.40	0.00
GNMA	2006 ABCDE Single Family	6.15	03/24/03	03/20/33	7,768.01	8,029.70			(32.99)		7,735.02	8,101.70	104.99	0.00
GNMA	2006 ABCDE Single Family	5.40	03/24/03	02/20/33	5,386.45	5,447.51			(25.16)		5,361.29	5,490.21	67.86	0.00
GNMA	2006 ABCDE Single Family	6.15	04/02/03	04/20/33	2,218.97	2,293.73			(8.26)		2,210.71	2,315.52	30.05	0.00
GNMA	2006 ABCDE Single Family	6.15	04/02/03	03/20/33	7,915.48	8,182.15			(29.79)		7,885.69	8,259.55	107.19	0.00
GNMA	2006 ABCDE Single Family	6.15	04/10/03	03/20/33	15,632.19	16,158.94			(122.69)		15,509.50	16,244.86	208.61	0.00
GNMA	2006 ABCDE Single Family	6.15	04/10/03	03/20/33	3,495.88	3,613.67			(13.23)		3,482.65	3,647.77	47.33	0.00
GNMA	2006 ABCDE Single Family	6.15	04/17/03	04/20/33	8,094.36	8,367.20			(30.47)		8,063.89	8,446.33	109.60	0.00
GNMA	2006 ABCDE Single Family	6.15	04/24/03	04/20/33	5,569.76	5,757.51			(20.88)		5,548.88	5,812.06	75.43	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	6.15	04/29/03	03/20/33	4,347.23	4,493.80			(16.79)		4,330.44	4,535.85	58.84	0.00
GNMA	2006 ABCDE Single Family	6.15	05/08/03	04/20/33	2,542.53	2,628.24			(10.12)		2,532.41	2,652.52	34.40	0.00
GNMA	2006 ABCDE Single Family	6.15	05/08/03	04/20/33	4,155.75	4,295.90			(16.09)		4,139.66	4,336.06	56.25	0.00
GNMA	2006 ABCDE Single Family	6.15	05/15/03	04/20/33	4,279.45	4,423.88			(16.16)		4,263.29	4,465.67	57.95	0.00
GNMA	2006 ABCDE Single Family	6.15	06/10/03	06/20/33	3,137.95	3,243.89			(11.83)		3,126.12	3,274.55	42.49	0.00
GNMA	2006 ABCDE Single Family	6.15	06/19/03	05/20/33	2,021.43	2,089.69			(7.50)		2,013.93	2,109.57	27.38	0.00
GNMA	2006 ABCDE Single Family	6.15	07/17/03	07/20/33	2,563.84	2,650.46			(9.72)		2,554.12	2,675.46	34.72	0.00
GNMA	2006 ABCDE Single Family	6.15	07/17/03	07/20/33	4,580.24	4,734.99			(23.51)		4,556.73	4,773.20	61.72	0.00
GNMA	2006 ABCDE Single Family	6.15	07/24/03	07/20/33	4,319.29	4,465.25			(16.63)		4,302.66	4,507.09	58.47	0.00
GNMA	2006 ABCDE Single Family	6.15	07/30/03	07/30/33	2,396.30	2,477.29			(8.82)		2,387.48	2,500.92	32.45	0.00
GNMA	2006 ABCDE Single Family	6.15	09/04/03	08/20/33	2,736.51	2,829.08			(9.93)		2,726.58	2,856.22	37.07	0.00
GNMA	2006 ABCDE Single Family	6.15	09/29/03	09/20/33	8,211.69	8,489.74			(30.07)		8,181.62	8,570.90	111.23	0.00
GNMA	2006 ABCDE Single Family	6.15	10/09/03	08/20/33	2,871.97	2,969.23			(10.50)		2,861.47	2,997.64	38.91	0.00
GNMA	2006 ABCDE Single Family	6.15	01/15/04	12/20/33	3,241.18	3,351.23			(12.76)		3,228.42	3,382.33	43.86	0.00
GNMA	2006 ABCDE Single Family	6.15	03/11/04	03/20/34	3,125.03	3,229.57			(10.80)		3,114.23	3,259.88	41.11	0.00
GNMA	2006 ABCDE Single Family	5.40	07/08/04	06/20/34	17,653.22	17,850.99			(70.87)		17,582.35	18,004.34	224.22	0.00
GNMA	2006 ABCDE Single Family	6.15	04/08/04	04/20/34	1,976.06	2,042.22			(10.16)		1,965.90	2,057.90	25.84	0.00
GNMA	2006 ABCDE Single Family	5.40	06/17/04	06/20/34	29,805.73	30,139.11			(117.85)		29,687.88	30,399.86	378.60	0.00
GNMA	2006 ABCDE Single Family	5.40	09/02/04	09/20/34	36,458.58	36,868.96			(166.24)		36,292.34	37,165.32	462.60	0.00
GNMA	2006 ABCDE Single Family	5.40	09/09/04	09/20/34	51,810.69	52,298.01			(200.93)		51,609.76	52,754.18	657.10	0.00
GNMA	2006 ABCDE Single Family	5.40	09/16/04	09/20/34	46,881.55	47,409.76			(179.92)		46,701.63	47,825.51	595.67	0.00
GNMA	2006 ABCDE Single Family	5.40	07/15/04	07/20/34	17,561.03	17,757.88			(97.64)		17,463.39	17,882.63	222.39	0.00
GNMA	2006 ABCDE Single Family	5.40	07/22/04	07/20/34	17,763.49	17,962.76			(73.01)		17,690.48	18,115.34	225.59	0.00
GNMA	2006 ABCDE Single Family	5.40	07/29/04	07/20/34	14,918.16	15,085.53			(57.52)		14,860.64	15,217.55	189.54	0.00
GNMA	2006 ABCDE Single Family	5.40	08/05/04	08/20/34	19,101.93	19,316.49			(74.39)		19,027.54	19,484.77	242.67	0.00
GNMA	2006 ABCDE Single Family	5.40	08/12/04	08/20/34	29,516.33	29,847.98			(113.06)		29,403.27	30,109.96	375.04	0.00
GNMA	2006 ABCDE Single Family	5.40	08/20/04	08/20/34	10,260.28	10,375.65			(42.16)		10,218.12	10,463.79	130.30	0.00
GNMA	2006 ABCDE Single Family	5.40	08/26/04	08/20/34	6,484.76	6,557.69			(36.89)		6,447.87	6,602.91	82.11	0.00
GNMA	2006 ABCDE Single Family	5.40	12/02/04	12/20/34	20,518.04	20,750.68			(5,245.34)		15,272.70	15,641.34	136.00	0.00
GNMA	2006 ABCDE Single Family	5.40	10/14/04	10/20/34	39,004.16	39,372.20			(152.19)		38,851.97	39,714.67	494.66	0.00
GNMA	2006 ABCDE Single Family	4.49	10/14/04	09/20/34	7,672.63	7,430.22			(34.34)		7,638.29	7,388.25	(7.63)	0.00
GNMA	2006 ABCDE Single Family	5.40	10/21/04	10/20/34	73,604.18	74,435.82			(8,309.15)		65,295.03	66,868.49	741.82	0.00
GNMA	2006 ABCDE Single Family	4.49	10/21/04	10/20/34	15,963.92	15,459.66			(96.35)		15,867.57	15,348.29	(15.02)	0.00
GNMA	2006 ABCDE Single Family	5.40	10/28/04	10/20/34	19,065.10	19,245.22			(3,982.29)		15,082.81	15,417.87	154.94	0.00
GNMA	2006 ABCDE Single Family	4.49	10/29/04	10/20/34	28,594.81	27,619.96			(148.35)		28,446.46	27,441.43	(30.18)	0.00
GNMA	2006 ABCDE Single Family	4.49	11/04/04	10/20/34	125,092.14	120,828.08			(713.18)		124,378.96	119,985.11	(129.79)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/04/04	11/20/34	22,626.66	22,882.65			(86.35)		22,540.31	23,083.82	287.52	0.00
GNMA	2006 ABCDE Single Family	4.49	11/10/04	11/20/34	26,686.21	25,776.75			(147.39)		26,538.82	25,601.50	(27.86)	0.00
GNMA	2006 ABCDE Single Family	5.40	11/10/04	11/20/34	3,360.47	3,398.46			(12.54)		3,347.93	3,428.63	42.71	0.00
GNMA	2006 ABCDE Single Family	4.49	11/18/04	11/20/34	23,480.29	22,680.23			(115.15)		23,365.14	22,540.06	(25.02)	0.00
GNMA	2006 ABCDE Single Family	5.40	12/23/04	12/20/34	5,286.48	5,346.52			(20.58)		5,265.90	5,393.10	67.16	0.00
GNMA	2006 ABCDE Single Family	5.40	09/08/05	08/20/35	2,928.84	2,960.94			(10.97)		2,917.87	2,988.39	38.42	0.00
FNMA	2006 ABCDE Single Family	5.40	08/14/03	09/01/32	2,831.61	2,843.06			(13.15)		2,818.46	2,847.42	17.51	0.00
FNMA	2006 ABCDE Single Family	6.15	08/14/03	12/01/31	3,022.41	3,108.31			(48.86)		2,973.55	3,090.42	30.97	0.00
FNMA	2006 ABCDE Single Family	6.15	04/15/04	02/01/34	5,103.14	5,232.25			(17.94)		5,085.20	5,267.06	52.75	0.00
FNMA	2006 ABCDE Single Family	5.40	10/28/04	10/01/34	15,006.19	15,047.78			(61.31)		14,944.88	15,073.20	86.73	0.00
FNMA	2006 ABCDE Single Family	4.49	11/04/04	10/01/34	15,181.05	14,504.02			(68.42)		15,112.63	14,532.18	96.58	0.00
GNMA	2006 ABCDE Single Family	5.40	08/29/02	08/20/32	10,839.55	10,962.61			(81.91)		10,757.64	11,015.62	134.92	0.00
GNMA	2006 ABCDE Single Family	6.15	09/12/02	08/20/32	3,088.50	3,193.18			(12.62)		3,075.88	3,223.45	42.89	0.00
GNMA	2006 ABCDE Single Family	6.15	09/19/02	09/20/32	4,569.95	4,724.81			(18.13)		4,551.82	4,770.16	63.48	0.00
GNMA	2006 ABCDE Single Family	5.40	09/19/02	09/20/32	11,922.35	12,058.15			(58.23)		11,864.12	12,149.08	149.16	0.00
GNMA	2006 ABCDE Single Family	4.49	12/09/04	12/20/34	95,957.38	92,689.64			(517.69)		95,439.69	92,071.32	(100.63)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/16/04	12/20/34	73,433.66	70,933.31			(319.75)		73,113.91	70,533.85	(79.71)	0.00
GNMA	2006 ABCDE Single Family	4.49	11/23/04	11/20/34	99,382.34	95,996.39			(439.80)		98,942.54	95,448.98	(107.61)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/02/04	12/20/34	142,514.46	137,660.44			(637.08)		141,877.38	136,869.26	(154.10)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/23/04	12/20/34	94,889.04	91,658.72			(6,459.40)		88,429.64	85,309.64	(110.32)	0.00
GNMA	2006 ABCDE Single Family	4.49	12/29/04	12/20/34	79,231.61	76,534.64			(385.76)		78,845.85	76,064.32	(84.56)	0.00
GNMA	2006 ABCDE Single Family	4.49	01/06/05	01/20/35	179,057.90	172,906.80			(826.05)		178,231.85	171,897.28	(183.47)	0.00
GNMA	2006 ABCDE Single Family	5.40	01/06/05	01/20/35	21,966.59	22,202.38			(81.20)		21,885.39	22,409.26	288.08	0.00
GNMA	2006 ABCDE Single Family	4.49	01/13/05	01/20/35	91,835.73	88,681.36			(10,084.23)		81,751.50	78,846.32	(249.19)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2006 ABCDE Single Family	5.40	01/13/05	01/20/35	9,359.55	9,460.04			(34.39)		9,325.16	9,548.41	122.76	0.00
GNMA	2006 ABCDE Single Family	4.49	01/19/05	01/20/35	121,875.09	117,689.54			(582.93)		121,292.16	116,982.45	(124.16)	0.00
GNMA	2006 ABCDE Single Family	5.40	01/19/05	01/20/35	12,933.82	13,072.80			(47.50)		12,886.32	13,194.92	169.62	0.00
GNMA	2006 ABCDE Single Family	4.49	01/27/05	01/20/35	146,428.46	141,400.67			(820.72)		145,607.74	140,435.06	(144.89)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/03/05	02/20/35	188,660.68	182,184.26			(872.59)		187,788.09	181,118.42	(193.25)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/10/05	02/20/35	56,502.61	54,563.30			(245.17)		56,257.44	54,259.67	(58.46)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/10/05	02/20/35	147,994.21	142,914.68			(681.75)		147,312.46	142,081.23	(151.70)	0.00
GNMA	2006 ABCDE Single Family	5.40	02/17/05	11/20/34	5,107.25	5,165.46			(19.06)		5,088.19	5,211.32	64.92	0.00
GNMA	2006 ABCDE Single Family	4.49	02/17/05	02/20/35	82,023.38	79,208.57			(8,743.48)		73,279.90	70,678.04	(212.95)	0.00
GNMA	2006 ABCDE Single Family	4.49	02/24/05	02/20/35	90,338.71	87,239.05			(446.70)		89,892.01	86,700.81	(91.54)	0.00
GNMA	2006 ABCDE Single Family	4.49	03/03/05	03/20/35	86,851.61	83,872.24			(382.82)		86,468.79	83,399.77	(89.65)	0.00
GNMA	2006 ABCDE Single Family	4.49	03/11/05	03/20/35	31,447.24	30,368.67			(134.32)		31,312.92	30,201.74	(32.61)	0.00
GNMA	2006 ABCDE Single Family	5.40	03/17/05	02/20/35	6,192.86	6,259.72			(23.94)		6,168.92	6,316.99	81.21	0.00
GNMA	2006 ABCDE Single Family	4.49	03/17/05	03/20/35	52,644.75	50,839.41			(271.20)		52,373.55	50,515.25	(52.96)	0.00
GNMA	2006 ABCDE Single Family	4.49	03/24/05	03/20/35	58,097.99	56,105.98			(248.33)		57,849.66	55,797.40	(60.25)	0.00
GNMA	2006 ABCDE Single Family	4.49	04/07/05	04/20/35	66,289.33	64,017.33			(355.25)		65,934.08	63,595.88	(66.20)	0.00
GNMA	2006 ABCDE Single Family	4.49	04/14/05	04/20/35	57,207.67	55,392.67			(242.77)		56,964.90	55,095.63	(54.27)	0.00
GNMA	2006 ABCDE Single Family	5.40	04/21/05	04/20/35	11,353.87	11,455.75			(6,134.21)		5,219.66	5,335.28	13.74	0.00
GNMA	2006 ABCDE Single Family	4.49	04/21/05	04/20/35	74,398.35	71,849.27			(316.87)		74,081.48	71,455.19	(77.21)	0.00
GNMA	2006 ABCDE Single Family	4.49	04/28/05	04/20/35	72,112.59	69,642.24			(305.81)		71,806.78	69,261.54	(74.89)	0.00
GNMA	2006 ABCDE Single Family	5.40	04/28/05	04/20/35	6,517.71	6,588.32			(23.97)		6,493.74	6,649.84	85.49	0.00
GNMA	2006 ABCDE Single Family	4.49	05/05/05	05/20/35	117,857.03	113,820.47			(513.04)		117,343.99	113,185.50	(121.93)	0.00
GNMA	2006 ABCDE Single Family	5.40	05/05/05	04/20/35	11,438.06	11,540.83			(42.60)		11,395.46	11,647.98	149.75	0.00
GNMA	2006 ABCDE Single Family	5.40	07/07/05	07/20/35	5,808.42	5,871.71			(21.85)		5,786.57	5,926.04	76.18	0.00
GNMA	2006 ABCDE Single Family	5.40	05/26/05	05/20/35	7,920.35	8,006.38			(28.70)		7,891.65	8,081.58	103.90	0.00
GNMA	2006 ABCDE Single Family	4.49	05/26/05	05/20/35	34,794.08	33,602.98			(8,373.04)		26,421.04	25,485.16	(255.22)	0.00
GNMA	2006 ABCDE Single Family	5.40	06/09/05	05/20/35	8,362.01	8,452.90			(32.99)		8,329.02	8,529.55	109.64	0.00
GNMA	2006 ABCDE Single Family	5.40	08/11/05	07/20/35	3,163.11	3,197.67			(11.85)		3,151.26	3,227.30	41.48	0.00
FNMA	2006 ABCDE Single Family	4.49	12/23/04	12/01/34	15,800.29	15,095.96			(78.25)		15,722.04	15,118.51	(100.80)	0.00
FNMA	2006 ABCDE Single Family	4.49	01/19/05	01/01/35	15,675.67	14,977.07			(71.34)		15,604.33	15,005.49	(99.76)	0.00
FNMA	2006 ABCDE Single Family	4.49	01/27/05	01/01/35	14,462.47	13,810.54			(73.83)		14,388.64	13,832.40	(95.69)	0.00
FNMA	2006 ABCDE Single Family	4.49	03/14/05	12/01/34	17,136.33	16,372.96			(75.04)		17,061.29	16,406.84	(108.92)	0.00
FNMA	2006 ABCDE Single Family	5.40	03/24/05	02/01/35	11,804.95	11,838.42			(46.22)		11,758.73	11,860.44	68.24	0.00
FNMA	2006 ABCDE Single Family	4.49	04/07/05	02/01/35	14,879.91	14,209.61			(64.03)		14,815.88	14,243.58	(98.00)	0.00
FNMA	2006 ABCDE Single Family	5.40	07/14/05	04/01/35	5,556.54	5,566.74			(20.27)		5,536.27	5,576.85	30.38	0.00
	<b>2006 ABCDE Single Family Total</b>				<b>266,606,120.18</b>	<b>268,158,240.95</b>	<b>35,313,907.60</b>	<b>(27,809,875.09)</b>	<b>(3,059,594.89)</b>	<b>0.00</b>	<b>271,050,557.80</b>	<b>275,509,972.72</b>	<b>2,907,294.15</b>	<b>0.00</b>
GIC's	2006 FGH Single Family	5.19	11/15/06	08/29/08	816,891.35	816,891.35					475,723.05	475,723.05	-	0.00
Repo Agmt	2006 FGH Single Family	3.02	02/29/08	03/03/08	5,370.83	5,370.83					1,845,393.26	1,845,393.26	-	0.00
GIC's	2006 FGH Single Family	4.33	05/25/07	02/26/36	1,549,320.12	1,549,320.12	1,840,022.43				2,622,912.80	2,622,912.80	-	0.00
GIC's	2006 FGH Single Family	4.33	11/15/06	02/26/38	600,000.00	600,000.00	0.00				600,000.00	600,000.00	-	0.00
GNMA	2006 FGH Single Family	5.49	01/30/07	01/20/37	5,401,483.87	5,494,953.71			(21,184.68)		5,380,299.19	5,543,109.38	69,340.35	0.00
GNMA	2006 FGH Single Family	5.15	02/13/07	01/20/37	43,216.78	43,213.50			(166.27)		43,050.51	43,689.98	642.75	0.00
GNMA	2006 FGH Single Family	5.49	02/13/07	02/20/37	2,399,360.00	2,440,916.70			(10,041.04)		2,389,318.96	2,461,658.13	30,782.47	0.00
GNMA	2006 FGH Single Family	5.49	02/13/07	01/20/37	185,809.58	189,027.59			(575.37)		185,234.21	190,842.17	2,389.95	0.00
GNMA	2006 FGH Single Family	5.70	02/20/07	02/20/37	579,403.90	592,232.50			(1,789.47)		577,614.43	598,121.10	7,678.07	0.00
GNMA	2006 FGH Single Family	5.15	02/20/07	01/20/37	421,784.24	421,755.23			(1,431.44)		420,352.80	426,599.67	6,275.88	0.00
GNMA	2006 FGH Single Family	5.15	02/20/07	01/20/37	1,308,786.80	1,331,462.96			(4,361.23)		1,304,425.57	1,343,926.59	16,824.86	0.00
GNMA	2006 FGH Single Family	5.15	03/07/07	02/20/37	766,650.72	766,610.40			(2,523.51)		764,127.21	775,496.26	11,409.37	0.00
GNMA	2006 FGH Single Family	5.49	03/20/07	03/20/37	1,447,964.97	1,473,097.22			(6,107.68)		1,441,857.29	1,485,566.64	18,577.10	0.00
GNMA	2006 FGH Single Family	5.15	03/20/07	02/20/37	272,806.94	272,796.45			(902.66)		271,904.28	275,953.43	4,059.64	0.00
GNMA	2006 FGH Single Family	5.49	03/06/07	02/20/37	2,432,828.27	2,459,248.67			(8,888.22)		2,423,940.05	2,481,608.12	31,247.67	0.00
GNMA	2006 FGH Single Family	5.49	03/20/07	02/20/37	289,360.09	294,382.50			(919.18)		288,440.91	297,184.59	3,721.27	0.00
GNMA	2006 FGH Single Family	5.70	04/24/07	04/20/37	515,794.31	527,249.73			(1,567.88)		514,226.43	532,517.69	6,835.84	0.00
GNMA	2006 FGH Single Family	5.15	04/24/07	04/20/37	1,576,614.01	1,573,710.27			(5,785.03)		1,570,828.98	1,591,342.28	23,417.04	0.00
GNMA	2006 FGH Single Family	5.49	04/24/07	04/20/37	1,892,628.24	1,833,984.98			(5,871.54)		1,796,756.70	1,851,292.06	23,178.62	0.00
GNMA	2006 FGH Single Family	5.15	03/27/07	03/20/37	1,303,798.53	1,301,359.09			(5,122.15)		1,298,676.38	1,315,597.10	19,360.16	0.00
GNMA	2006 FGH Single Family	5.49	03/27/07	02/20/37	532,036.15	541,274.51			(1,650.61)		530,385.54	546,647.29	6,843.39	0.00
GNMA	2006 FGH Single Family	5.15	04/10/07	04/20/37	1,792,633.55	1,789,306.60			(6,026.93)		1,786,606.62	1,809,912.09	26,632.42	0.00
GNMA	2006 FGH Single Family	5.49	04/10/07	03/20/37	1,489,236.30	1,515,118.60			(5,529.06)		1,483,707.24	1,528,717.71	19,128.17	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2006 FGH Single Family	5.49	04/10/07	02/20/37	189,066.34	192,352.04			(792.43)		188,273.91	193,985.29	2,425.68	0.00
GNMA	2006 FGH Single Family	5.15	05/08/07	04/20/37	641,130.70	641,139.13			(2,079.72)		639,050.98	648,601.72	9,542.31	0.00
GNMA	2006 FGH Single Family	5.15	05/08/07	03/20/37	74,675.21	74,676.19			(243.62)		74,431.59	75,543.91	1,111.34	0.00
GNMA	2006 FGH Single Family	5.49	05/08/07	04/20/37	745,352.73	758,328.88			(2,345.59)		743,007.14	765,570.58	9,587.29	0.00
GNMA	2006 FGH Single Family	5.49	05/08/07	04/20/37	194,899.76	198,292.85			(625.39)		194,274.37	200,174.05	2,506.59	0.00
GNMA	2006 FGH Single Family	5.70	05/08/07	04/20/37	181,766.64	184,615.45			(540.84)		181,225.80	186,482.27	2,407.66	0.00
GNMA	2006 FGH Single Family	5.15	05/22/07	05/20/37	979,560.52	979,588.24			(4,167.67)		975,392.85	989,985.31	14,564.74	0.00
GNMA	2006 FGH Single Family	5.49	05/22/07	04/20/37	558,890.54	568,629.13			(1,747.74)		557,142.80	574,070.09	7,188.70	0.00
GNMA	2006 FGH Single Family	5.70	05/22/07	04/20/37	322,602.52	329,776.96			(958.37)		321,644.15	333,094.93	4,276.34	0.00
GNMA	2006 FGH Single Family	5.15	06/05/07	05/20/37	1,567,595.95	1,567,664.11			(5,622.49)		1,561,973.46	1,585,363.96	23,322.34	0.00
GNMA	2006 FGH Single Family	5.70	06/05/07	05/20/37	441,729.34	451,559.92			(1,322.44)		440,406.90	456,092.65	5,855.17	0.00
GNMA	2006 FGH Single Family	5.49	06/05/07	05/20/37	1,306,423.36	1,329,207.77			(3,966.67)		1,302,456.69	1,342,048.72	16,807.62	0.00
GNMA	2006 FGH Single Family	5.15	06/19/07	06/20/37	1,322,805.73	1,322,883.31			(4,703.43)		1,318,102.30	1,337,861.13	19,681.25	0.00
GNMA	2006 FGH Single Family	5.70	06/19/07	06/20/37	436,728.89	446,454.96			(1,267.84)		435,461.05	450,977.49	5,790.37	0.00
GNMA	2006 FGH Single Family	5.15	07/03/07	06/20/37	1,431,245.04	1,431,349.27			(5,101.27)		1,426,143.77	1,447,544.15	21,296.15	0.00
GNMA	2006 FGH Single Family	5.70	07/03/07	06/20/37	425,001.44	434,472.49			(1,495.11)		423,506.33	438,603.45	5,626.07	0.00
GNMA	2006 FGH Single Family	5.49	07/03/07	07/20/37	439,912.84	447,598.64			(1,325.63)		438,587.21	451,933.08	5,660.07	0.00
GNMA	2006 FGH Single Family	5.49	07/03/07	06/20/37	455,455.57	463,412.44			(1,395.37)		454,060.20	467,876.90	5,859.83	0.00
GNMA	2006 FGH Single Family	5.15	07/17/07	06/20/37	1,084,164.83	1,084,260.22			(3,504.98)		1,080,659.85	1,096,891.50	16,136.26	0.00
GNMA	2006 FGH Single Family	5.70	07/17/07	06/20/37	562,218.28	574,755.90			(1,637.30)		560,580.98	580,572.75	7,454.15	0.00
GNMA	2006 FGH Single Family	5.15	08/07/07	07/20/37	1,332,741.44	1,333,556.08			(4,578.47)		1,328,162.97	1,348,811.99	19,834.38	0.00
GNMA	2006 FGH Single Family	5.70	08/07/07	07/20/37	602,640.92	616,402.31			(69,039.04)		533,601.88	552,918.39	5,555.12	0.00
GNMA	2006 FGH Single Family	5.49	08/07/07	06/20/37	906,555.72	922,889.98			(16,705.62)		889,850.10	917,415.61	11,231.25	0.00
GNMA	2006 FGH Single Family	5.15	11/21/07	10/20/37	930,775.56	929,739.29			(2,974.97)		927,800.59	940,598.68	13,834.36	0.00
GNMA	2006 FGH Single Family	5.70	11/21/07	11/20/37	565,173.33	578,147.02			(1,628.46)		563,544.87	584,013.87	7,495.31	0.00
GNMA	2006 FGH Single Family	5.49	11/21/07	06/20/37	113,196.30	115,249.40			(338.28)		112,858.02	116,367.76	1,456.64	0.00
GNMA	2006 FGH Single Family	5.49	11/21/07	10/20/37	66,590.88	67,798.67			(301.41)		66,289.47	68,351.06	853.80	0.00
GNMA	2006 FGH Single Family	5.49	11/21/07	10/20/37	100,374.89	102,195.44			(292.97)		100,081.92	103,194.45	1,291.98	0.00
GNMA	2006 FGH Single Family	5.49	09/25/07	09/20/37	472,035.77	480,567.14			(1,678.27)		470,357.50	484,955.09	6,066.22	0.00
GNMA	2006 FGH Single Family	5.15	09/25/07	09/20/37	3,843,971.98	3,846,531.82			(12,494.91)		3,831,477.07	3,891,257.87	57,220.96	0.00
GNMA	2006 FGH Single Family	5.49	09/25/07	08/20/37	786,139.78	800,347.33			(2,478.44)		783,661.34	807,982.32	10,113.43	0.00
GNMA	2006 FGH Single Family	5.70	09/25/07	09/20/37	262,970.00	268,989.66			(776.40)		262,193.60	271,699.91	3,486.65	0.00
GNMA	2006 FGH Single Family	5.15	10/09/07	09/20/37	1,238,752.94	1,239,596.70			(4,175.32)		1,234,577.62	1,253,859.20	18,437.82	0.00
GNMA	2006 FGH Single Family	5.49	10/09/07	08/20/37	81,267.58	82,737.64			(265.23)		81,002.35	83,517.53	1,045.12	0.00
GNMA	2006 FGH Single Family	5.15	08/23/07	08/20/37	1,255,232.86	1,256,023.01			(4,426.33)		1,250,806.53	1,270,276.02	18,679.34	0.00
GNMA	2006 FGH Single Family	5.49	08/23/07	07/20/37	872,870.06	888,612.69			(2,745.63)		870,124.43	897,095.23	11,228.17	0.00
GNMA	2006 FGH Single Family	5.70	08/23/07	08/20/37	792,606.15	810,720.19			(2,276.72)		790,329.43	818,954.44	10,510.97	0.00
GNMA	2006 FGH Single Family	5.15	09/11/07	08/20/37	980,558.95	981,196.06			(3,135.81)		977,423.14	992,657.36	14,597.11	0.00
GNMA	2006 FGH Single Family	5.70	09/11/07	08/20/37	294,167.55	300,458.84			(965.70)		293,201.85	303,382.44	3,889.30	0.00
GNMA	2006 FGH Single Family	5.49	09/11/07	08/20/37	557,747.40	567,818.70			(1,673.84)		556,073.56	573,322.07	7,177.21	0.00
GNMA	2006 FGH Single Family	5.70	11/21/07	11/20/37	365,522.20	373,912.85			(1,154.06)		364,368.14	377,602.67	4,843.88	0.00
GNMA	2006 FGH Single Family	5.15	11/28/07	11/20/37	765,565.20	764,719.05			(4,198.86)		761,366.34	771,874.89	11,354.70	0.00
GNMA	2006 FGH Single Family	5.15	11/28/07	11/20/37	172,869.72	172,997.09			(544.83)		172,324.89	175,026.00	2,573.74	0.00
GNMA	2006 FGH Single Family	5.49	11/28/07	11/20/37	144,100.09	146,714.89			(419.18)		143,680.91	148,150.56	1,854.85	0.00
GNMA	2006 FGH Single Family	5.15	12/11/07	11/20/37			341,139.24				341,139.24	346,491.34	5,352.10	0.00
GNMA	2006 FGH Single Family	5.70	12/11/07	11/20/37			366,514.21				366,514.21	379,835.15	13,320.94	0.00
GNMA	2006 FGH Single Family	5.15	12/11/07	11/20/37			79,207.19				79,207.19	80,449.87	1,242.68	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37			249,362.98				249,362.98	257,123.84	7,760.86	0.00
GNMA	2006 FGH Single Family	5.70	10/25/07	10/20/37	964,358.61	986,466.74			(2,901.23)		961,457.38	996,350.07	12,784.56	0.00
GNMA	2006 FGH Single Family	5.15	10/25/07	10/20/37	2,332,044.75	2,333,675.69			(8,001.51)		2,324,043.24	2,360,383.04	34,708.86	0.00
GNMA	2006 FGH Single Family	5.15	11/08/07	10/20/37	604,011.67	604,443.27			(2,124.57)		601,887.10	611,307.77	8,989.07	0.00
GNMA	2006 FGH Single Family	5.70	11/08/07	10/20/37	476,556.57	487,489.13			(1,383.78)		475,172.79	492,424.97	6,319.62	0.00
GNMA	2006 FGH Single Family	5.49	11/08/07	09/20/37	421,436.69	429,074.41			(1,256.31)		420,180.38	433,241.75	5,423.65	0.00
GNMA	2006 FGH Single Family	5.49	01/16/08	12/20/37			249,631.60				249,631.60	257,411.23	7,779.63	0.00
GNMA	2006 FGH Single Family	5.70	12/28/07	12/20/37			238,439.35				238,439.35	247,110.17	8,670.82	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37			154,367.76				154,367.76	159,172.10	4,804.34	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37			411,921.95				411,921.95	424,742.08	12,820.13	0.00
GNMA	2006 FGH Single Family	5.70	12/11/07	12/20/37			410,239.83				410,239.83	425,149.98	14,910.15	0.00
GNMA	2006 FGH Single Family	5.49	12/11/07	11/20/37			442,819.10				442,819.10	456,600.84	13,781.74	0.00
GNMA	2006 FGH Single Family	5.15	12/11/07	11/20/37			89,926.04				89,926.04	91,336.88	1,410.84	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2006 FGH Single Family	5.49	12/20/07	11/20/37			161,261.93				161,261.93	166,282.53	5,020.60	0.00
GNMA	2006 FGH Single Family	5.70	12/20/07	12/20/37			211,771.90				211,771.90	219,470.95	7,699.05	0.00
GNMA	2006 FGH Single Family	5.70	01/30/08	01/20/38			58,946.62				58,946.62	61,091.24	2,144.62	0.00
GNMA	2006 FGH Single Family	5.15	01/30/08	01/20/38			68,753.14				68,753.14	69,832.90	1,079.76	0.00
GNMA	2006 FGH Single Family	5.70	01/16/08	11/20/37			82,985.37				82,985.37	86,004.94	3,019.57	0.00
GNMA	2006 FGH Single Family	5.15	01/16/08	12/20/37			826,755.16				826,755.16	839,760.02	13,004.86	0.00
GNMA	2006 FGH Single Family	5.49	01/30/08	12/20/37			192,209.16				192,209.16	198,202.27	5,993.11	0.00
GNMA	2006 FGH Single Family	5.49	01/30/08	12/20/37			177,781.16				177,781.16	183,324.40	5,543.24	0.00
GNMA	2006 FGH Single Family	5.15	01/30/08	12/20/37			274,296.35				274,296.35	278,615.26	4,318.91	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38			106,207.98				106,207.98	109,521.22	3,313.24	0.00
GNMA	2006 FGH Single Family	5.70	01/30/08	12/20/37			77,293.25				77,293.25	80,106.93	2,813.68	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38			74,900.65				74,900.65	76,078.12	1,177.47	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38			122,835.33				122,835.33	126,667.28	3,831.95	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	01/20/38			1,331,203.08				1,331,203.08	1,372,731.01	41,527.93	0.00
GNMA	2006 FGH Single Family	5.49	02/13/08	12/20/37			163,682.96				163,682.96	168,789.18	5,106.22	0.00
GNMA	2006 FGH Single Family	5.70	02/19/08	12/20/37			109,701.82				109,701.82	113,697.79	3,995.97	0.00
GNMA	2006 FGH Single Family	5.15	02/19/08	02/20/38			133,305.40				133,305.40	135,401.97	2,096.57	0.00
GNMA	2006 FGH Single Family	5.49	02/19/08	02/20/38			182,499.46				182,499.46	188,194.01	5,694.55	0.00
GNMA	2006 FGH Single Family	5.49	02/27/08	02/20/38			187,078.17				187,078.17	192,917.35	5,839.18	0.00
GNMA	2006 FGH Single Family	5.49	02/27/08	01/20/38			196,354.52				196,354.52	202,483.24	6,128.72	0.00
GNMA	2006 FGH Single Family	5.49	02/27/08	02/20/38			273,358.41				273,358.41	281,890.61	8,532.20	0.00
FNMA	2006 FGH Single Family	5.49	01/30/07	01/01/37	1,190,014.01	1,197,261.91			(4,933.76)		1,185,080.25	1,197,773.18	5,445.03	0.00
FNMA	2006 FGH Single Family	5.70	02/13/07	01/01/37	199,912.19	201,970.71			(667.25)		199,244.94	203,061.96	1,758.50	0.00
FNMA	2006 FGH Single Family	5.15	02/13/07	01/01/37	173,021.92	171,366.17			(1,048.31)		171,973.61	171,715.26	1,397.40	0.00
FNMA	2006 FGH Single Family	5.49	02/13/07	02/01/37	1,391,491.63	1,400,256.15			(4,806.03)		1,386,685.60	1,401,909.98	6,459.86	0.00
FNMA	2006 FGH Single Family	5.49	02/13/07	02/01/37	92,919.94	93,486.53			(501.56)		92,418.38	93,408.89	423.92	0.00
FNMA	2006 FGH Single Family	5.49	02/20/07	02/01/37	1,242,346.25	1,249,925.46			(4,735.60)		1,237,610.65	1,250,878.81	5,688.95	0.00
FNMA	2006 FGH Single Family	5.15	02/21/07	02/01/37	212,948.21	210,832.05			(713.16)		212,235.05	211,844.56	1,725.67	0.00
FNMA	2006 FGH Single Family	5.49	03/07/07	02/01/37	2,462,707.49	2,477,746.68			(7,837.25)		2,454,870.24	2,481,205.77	11,296.34	0.00
FNMA	2006 FGH Single Family	5.49	03/06/07	01/01/37	236,226.89	237,716.95			(749.44)		235,477.45	238,064.91	1,097.40	0.00
FNMA	2006 FGH Single Family	5.15	03/20/07	02/01/37	344,007.04	340,592.60			(1,405.44)		342,601.60	341,975.38	2,788.22	0.00
FNMA	2006 FGH Single Family	5.49	03/20/07	02/01/37	1,698,113.99	1,708,494.29			(5,454.88)		1,692,659.11	1,710,826.35	7,786.94	0.00
FNMA	2006 FGH Single Family	5.49	03/20/07	02/01/37	83,810.32	84,322.64			(262.49)		83,547.83	84,444.55	384.40	0.00
FNMA	2006 FGH Single Family	5.15	03/27/07	12/01/36	112,261.00	111,188.84			(387.21)		111,873.79	111,707.86	906.23	0.00
FNMA	2006 FGH Single Family	5.70	04/10/07	03/01/37	471,306.04	476,171.57			(1,429.52)		469,876.52	478,890.66	4,148.61	0.00
FNMA	2006 FGH Single Family	5.15	04/10/07	03/01/37	426,411.61	422,183.52			(1,427.32)		424,984.29	424,211.74	3,455.54	0.00
FNMA	2006 FGH Single Family	5.49	04/10/07	03/01/37	2,721,172.46	2,737,834.08			(9,826.13)		2,711,346.33	2,740,474.61	12,466.66	0.00
FNMA	2006 FGH Single Family	5.49	04/10/07	04/20/37	371,478.58	376,158.01			(1,559.35)		369,919.23	376,278.45	1,679.79	0.00
FNMA	2006 FGH Single Family	5.70	04/24/07	04/01/37	64,071.31	64,733.15			(254.00)		63,817.31	65,042.04	562.89	0.00
FNMA	2006 FGH Single Family	5.15	04/24/07	03/01/37	566,401.86	560,789.08			(1,961.48)		564,440.38	563,417.72	4,590.12	0.00
FNMA	2006 FGH Single Family	5.49	04/24/07	04/01/37	1,144,655.85	1,151,671.49			(5,102.20)		1,139,553.65	1,151,804.12	5,234.83	0.00
FNMA	2006 FGH Single Family	5.49	04/24/07	04/01/37	332,405.99	334,443.31			(1,041.67)		331,364.32	334,926.56	1,524.92	0.00
FNMA	2006 FGH Single Family	5.15	05/08/07	04/01/37	433,732.99	429,437.91			(1,605.68)		432,127.31	431,347.42	3,515.19	0.00
FNMA	2006 FGH Single Family	5.49	05/08/07	05/01/37	241,103.21	242,582.64			(743.64)		240,359.57	242,944.96	1,105.96	0.00
FNMA	2006 FGH Single Family	5.49	05/22/07	04/01/37	289,773.64	291,553.48			(906.30)		288,867.34	291,976.24	1,329.06	0.00
FNMA	2006 FGH Single Family	5.70	05/22/07	04/01/37	235,069.17	237,500.44			(718.85)		234,350.32	238,850.67	2,069.08	0.00
FNMA	2006 FGH Single Family	5.15	06/05/07	05/01/37	619,017.88	613,126.18			(2,405.82)		616,612.06	615,717.93	4,997.57	0.00
FNMA	2006 FGH Single Family	5.70	06/19/07	06/01/37	564,542.88	570,389.29			(1,827.56)		562,715.32	573,528.93	4,967.20	0.00
FNMA	2006 FGH Single Family	5.49	06/19/07	06/01/37	887,162.72	892,623.48			(3,311.59)		883,851.13	893,375.16	4,063.27	0.00
FNMA	2006 FGH Single Family	5.70	07/03/07	06/01/37	632,385.08	638,937.92			(2,350.67)		630,034.41	642,146.18	5,558.93	0.00
FNMA	2006 FGH Single Family	5.49	07/03/07	05/01/37	645,549.07	649,526.54			(2,019.96)		643,529.11	650,467.46	2,960.88	0.00
FNMA	2006 FGH Single Family	5.49	07/03/07	06/01/37	293,449.70	295,257.76			(995.56)		292,454.14	295,607.59	1,345.39	0.00
FNMA	2006 FGH Single Family	5.15	07/17/07	06/01/37	512,936.54	507,873.48			(1,689.01)		511,247.53	510,341.25	4,156.78	0.00
FNMA	2006 FGH Single Family	5.70	08/07/07	07/01/37	1,064,396.39	1,080,817.53			(4,615.54)		1,059,780.85	1,085,522.19	9,320.20	0.00
FNMA	2006 FGH Single Family	5.15	08/07/07	06/01/37	215,417.61	214,358.92			(693.10)		214,724.51	215,407.81	1,741.99	0.00
FNMA	2006 FGH Single Family	5.49	08/07/07	07/01/37	975,749.31	986,683.44			(3,454.45)		972,294.86	987,663.03	4,434.04	0.00
FNMA	2006 FGH Single Family	5.49	08/07/07	07/01/37	159,906.90	161,698.80			(481.56)		159,425.34	161,945.22	727.98	0.00
FNMA	2006 FGH Single Family	5.49	08/23/07	07/01/37	481,097.83	486,495.83			(1,445.62)		479,652.21	487,241.01	2,190.80	0.00
FNMA	2006 FGH Single Family	5.70	08/23/07	06/01/37	270,325.24	274,499.61			(808.27)		269,516.97	276,067.25	2,375.91	0.00
FNMA	2006 FGH Single Family	5.15	09/11/07	08/01/37	615,123.10	612,120.40			(1,961.89)		613,161.21	615,132.30	4,973.79	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
FNMA	2006 FGH Single Family	5.49	09/11/07	08/01/37	652,437.74	659,770.20			(17,532.29)		634,905.45	644,961.65	2,723.74	0.00
FNMA	2006 FGH Single Family	5.49	09/11/07	08/01/37	154,733.61	156,472.60			(465.01)		154,268.60	156,712.05	704.46	0.00
FNMA	2006 FGH Single Family	5.70	09/25/07	09/01/37	523,195.89	531,291.72			(1,865.01)		521,330.88	534,017.91	4,591.20	0.00
FNMA	2006 FGH Single Family	5.49	09/25/07	08/01/37	547,110.44	553,265.88			(4,226.30)		542,884.14	551,490.07	2,450.49	0.00
FNMA	2006 FGH Single Family	5.49	09/25/07	08/01/37	537,180.01	543,223.72			(1,611.24)		535,568.77	544,058.73	2,446.25	0.00
FNMA	2006 FGH Single Family	5.15	09/25/07	08/01/37	242,270.09	241,090.38			(777.39)		241,492.70	242,272.19	1,959.20	0.00
FNMA	2006 FGH Single Family	5.49	10/09/07	05/01/37	212,404.99	215,874.53			(1,367.25)		211,037.74	215,462.12	954.84	0.00
FNMA	2006 FGH Single Family	5.49	10/09/07	09/01/37	321,227.27	326,474.37			(966.77)		320,260.50	326,975.05	1,467.45	0.00
FNMA	2006 FGH Single Family	5.15	10/25/07	10/01/37	1,006,942.12	1,007,091.62			(3,969.61)		1,002,972.51	1,011,283.03	8,161.02	0.00
FNMA	2006 FGH Single Family	5.49	10/25/07	10/01/37	1,017,987.18	1,034,631.22			(3,662.73)		1,014,324.45	1,035,606.36	4,637.87	0.00
FNMA	2006 FGH Single Family	5.70	10/25/07	10/01/37	592,662.77	604,819.13			(1,721.12)		590,941.65	608,324.04	5,226.03	0.00
FNMA	2006 FGH Single Family	5.49	11/08/07	10/01/37	261,723.66	266,006.33			(792.67)		260,930.99	266,409.17	1,195.51	0.00
FNMA	2006 FGH Single Family	5.49	11/08/07	10/01/37	343,560.70	349,182.48			(1,059.25)		342,501.45	349,692.20	1,568.97	0.00
FNMA	2006 FGH Single Family	5.49	11/08/07	09/01/37	83,538.87	84,905.84			(246.74)		83,292.13	85,040.74	381.64	0.00
FNMA	2006 FGH Single Family	5.70	11/21/07	10/01/37	503,660.62	514,004.41			(2,079.51)		501,581.11	516,347.49	4,422.59	0.00
FNMA	2006 FGH Single Family	5.49	11/21/07	05/01/37	137,701.20	139,956.14			(419.37)		137,281.83	140,165.45	628.68	0.00
FNMA	2006 FGH Single Family	5.49	11/21/07	10/01/37	481,461.68	489,345.91			(2,037.64)		479,424.04	489,494.88	2,186.61	0.00
FNMA	2006 FGH Single Family	5.70	11/28/07	10/01/37	104,970.90	107,127.36			(296.37)		104,674.53	107,756.88	925.89	0.00
FNMA	2006 FGH Single Family	5.15	12/11/07	11/01/37			829,854.73				829,854.73	836,767.15	6,912.42	0.00
FNMA	2006 FGH Single Family	5.49	12/11/07	11/01/37			723,018.80				723,018.80	738,220.79	15,201.99	0.00
FNMA	2006 FGH Single Family	5.15	12/11/07	12/01/37			346,657.13				346,657.13	349,544.67	2,887.54	0.00
FNMA	2006 FGH Single Family	5.70	12/11/07	11/01/37			331,033.98				331,033.98	340,786.06	9,752.08	0.00
FNMA	2006 FGH Single Family	5.49	12/20/07	10/01/37			152,645.58				152,645.58	155,856.33	3,210.75	0.00
FNMA	2006 FGH Single Family	5.15	12/28/07	12/01/37			221,114.11				221,114.11	222,959.30	1,845.19	0.00
FNMA	2006 FGH Single Family	5.15	12/28/07	11/01/37			218,849.10				218,849.10	220,675.38	1,826.28	0.00
FNMA	2006 FGH Single Family	5.70	12/28/07	12/01/37			215,813.09				215,813.09	222,174.18	6,361.09	0.00
FNMA	2006 FGH Single Family	5.49	12/28/07	01/01/36			86,676.45				86,676.45	88,522.63	1,846.18	0.00
FNMA	2006 FGH Single Family	5.49	01/16/08	12/01/37			268,825.65				268,825.65	274,487.05	5,661.40	0.00
FNMA	2006 FGH Single Family	5.15	01/16/08	01/01/38			271,144.75				271,144.75	273,412.42	2,267.67	0.00
FNMA	2006 FGH Single Family	5.49	01/30/08	12/01/37			244,242.13				244,242.13	249,388.83	5,146.70	0.00
FNMA	2006 FGH Single Family	5.70	01/30/08	12/01/37			106,597.41				106,597.41	109,742.70	3,145.29	0.00
FNMA	2006 FGH Single Family	5.15	01/30/08	11/01/37			116,438.44				116,438.44	117,413.67	975.23	0.00
FNMA	2006 FGH Single Family	5.15	01/30/08	01/01/38			304,631.60				304,631.60	307,183.36	2,551.76	0.00
FNMA	2006 FGH Single Family	5.49	02/13/08	01/01/38			298,262.80				298,262.80	304,551.84	6,289.04	0.00
FNMA	2006 FGH Single Family	5.49	02/13/08	01/01/38			264,010.27				264,010.27	269,593.06	5,582.79	0.00
FNMA	2006 FGH Single Family	5.49	02/13/08	01/01/38			227,270.81				227,270.81	232,076.71	4,805.90	0.00
FNMA	2006 FGH Single Family	5.70	02/13/08	02/01/38			175,341.55				175,341.55	180,501.65	5,160.10	0.00
FNMA	2006 FGH Single Family	5.15	02/19/08	12/01/37			139,625.91				139,625.91	140,798.06	1,172.15	0.00
FNMA	2006 FGH Single Family	5.49	02/19/08	12/01/37			129,332.79				129,332.79	132,060.64	2,727.85	0.00
FNMA	2006 FGH Single Family	5.49	02/19/08	01/01/38			161,078.42				161,078.42	164,485.60	3,407.18	0.00
FNMA	2006 FGH Single Family	5.49	02/27/08	12/01/37			274,575.07				274,575.07	280,368.31	5,793.24	0.00
GIC's	2006 FGH Single Family	5.19	11/15/06	08/29/08	37,625,871.80	37,625,871.80					23,193,782.80	23,193,782.80	-	0.00
	<b>2006 FGH Single Family Total</b>				133,222,906.72	134,048,406.98	17,067,406.75	(14,432,089.00)	(423,459.39)	0.00	135,093,596.78	137,270,954.19	1,351,857.15	0.00
Inv Agmt	2007A Single Family	5.06	06/05/07	09/01/09	1,058,988.05	1,058,988.05			(404,232.25)		654,755.80	654,755.80	-	0.00
Repo Agmt	2007A Single Family	3.02	02/29/08	03/03/08	1,161,766.42	1,161,766.42	3,824,730.15				4,986,496.57	4,986,496.57	-	0.00
Inv Agmt	2007A Single Family	4.32	10/01/07	09/01/38	1,336,042.65	1,336,042.65			(245,209.34)		1,090,833.31	1,090,833.31	-	0.00
FNMA	2007A Single Family	6.25	02/20/98	01/01/28	202,044.92	208,504.38			(2,239.02)		199,805.90	208,265.77	2,000.41	0.00
FNMA	2007A Single Family	6.25	03/27/98	03/01/28	230,005.27	237,059.57			(1,964.39)		228,040.88	237,331.30	2,236.12	0.00
FNMA	2007A Single Family	6.25	06/29/98	05/01/28	172,927.47	178,231.18			(2,604.51)		170,322.96	177,261.95	1,635.28	0.00
GNMA	2007A Single Family	6.25	02/20/98	01/20/28	1,363,830.79	1,406,273.17			(66,738.96)		1,297,091.83	1,354,475.12	14,940.91	0.00
FNMA	2007A Single Family	6.25	11/30/98	09/01/28	288,183.53	297,022.11			(1,858.93)		286,324.60	297,989.46	2,826.28	0.00
GNMA	2007A Single Family	6.25	03/27/98	03/20/28	2,643,414.53	2,725,677.52			(21,620.37)		2,621,794.16	2,737,782.35	33,725.20	0.00
GNMA	2007A Single Family	6.25	05/19/98	05/20/28	1,766,646.68	1,821,624.66			(102,047.73)		1,664,598.95	1,738,240.79	18,663.86	0.00
GNMA	2007A Single Family	5.45	07/28/00	06/20/30	1,177,659.03	1,185,243.12			(8,371.60)		1,169,287.43	1,190,357.95	13,486.43	0.00
GNMA	2007A Single Family	6.25	08/14/98	07/20/28	984,740.81	1,015,385.94			(11,813.60)		972,927.21	1,015,969.50	12,397.16	0.00
GNMA	2007A Single Family	6.25	06/29/98	06/20/28	529,395.23	545,870.04			(3,296.86)		526,098.37	549,372.97	6,799.79	0.00
GNMA	2007A Single Family	6.25	09/18/98	09/20/28	688,264.97	709,683.76			(4,117.49)		684,147.48	714,414.14	8,847.87	0.00
FNMA	2007A Single Family	6.25	03/31/99	11/01/28	126,720.40	130,606.84			(2,119.73)		124,600.67	129,676.83	1,189.72	0.00
GNMA	2007A Single Family	6.25	11/30/98	11/20/28	647,273.89	667,417.05			(109,414.57)		537,859.32	561,654.20	3,651.72	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	6.25	11/30/98	10/20/28	474,895.96	489,674.67			(3,133.38)		471,762.58	492,633.30	6,092.01	0.00
GNMA	2007A Single Family	6.25	11/30/98	10/20/28	160,021.51	165,001.41			(934.99)		159,086.52	166,124.55	2,058.13	0.00
FNMA	2007A Single Family	6.25	05/27/99	11/01/28	128,359.92	132,463.56			(2,198.09)		126,161.83	131,503.51	1,238.04	0.00
GNMA	2007A Single Family	6.25	02/16/99	02/20/29	951,209.02	980,258.96			(8,760.98)		942,448.04	983,878.07	12,380.09	0.00
GNMA	2007A Single Family	6.25	03/31/99	02/20/29	63,069.94	64,996.11			(734.82)		62,335.12	65,075.39	814.10	0.00
GNMA	2007A Single Family	6.25	05/27/99	05/20/29	346,838.25	357,430.68			(2,060.88)		344,777.37	359,933.78	4,563.98	0.00
GNMA	2007A Single Family	5.45	07/30/99	07/20/29	739,782.70	745,079.53			(5,128.90)		734,653.80	748,391.81	8,441.18	0.00
GNMA	2007A Single Family	5.45	08/26/99	08/20/29	685,564.47	690,473.08			(4,725.32)		680,839.15	693,570.79	7,823.03	0.00
FNMA	2007A Single Family	5.45	09/20/99	08/01/29	104,249.63	104,799.65			(597.09)		103,652.54	104,562.20	359.64	0.00
GNMA	2007A Single Family	5.45	09/20/99	09/20/29	367,988.80	370,623.61			(2,182.31)		365,806.49	372,647.07	4,205.77	0.00
FNMA	2007A Single Family	5.45	12/20/99	12/01/29	378,265.94	380,259.41			(2,953.36)		375,312.58	378,604.07	1,298.02	0.00
FNMA	2007A Single Family	5.45	01/19/00	12/01/29	295,189.35	296,744.99			(2,639.67)		292,549.68	295,115.34	1,010.02	0.00
GNMA	2007A Single Family	5.45	10/28/99	10/20/29	1,342,082.09	1,351,691.32			(68,399.26)		1,273,682.83	1,297,500.63	14,208.57	0.00
GNMA	2007A Single Family	5.45	11/18/99	11/20/29	180,274.60	181,565.36			(1,716.28)		178,558.32	181,897.34	2,048.26	0.00
GNMA	2007A Single Family	5.45	12/30/99	12/20/29	2,337,050.61	2,353,783.83			(20,237.15)		2,316,813.46	2,360,137.80	26,591.12	0.00
GNMA	2007A Single Family	5.45	01/28/00	01/20/30	742,034.93	746,813.66			(4,223.14)		737,811.79	751,107.18	8,516.66	0.00
GNMA	2007A Single Family	5.45	02/22/00	01/20/30	313,428.64	315,447.07			(1,797.19)		311,631.45	317,247.00	3,597.12	0.00
GNMA	2007A Single Family	5.45	03/27/00	02/20/30	471,469.50	474,505.78			(4,313.21)		467,156.29	475,574.48	5,381.91	0.00
FNMA	2007A Single Family	5.45	04/27/00	03/01/30	280,928.21	282,085.63			(1,638.34)		279,289.87	281,649.87	1,202.58	0.00
GNMA	2007A Single Family	5.45	04/27/00	04/20/30	514,253.60	517,565.39			(4,193.88)		510,059.72	519,250.99	5,879.48	0.00
GNMA	2007A Single Family	5.45	05/30/00	04/20/30	95,912.45	96,530.16			(526.37)		95,386.08	97,104.97	1,101.18	0.00
GNMA	2007A Single Family	5.45	06/21/00	05/20/30	585,448.16	589,218.41			(3,365.14)		582,083.02	592,572.13	6,718.86	0.00
GNMA	2007A Single Family	5.45	09/18/00	09/20/30	1,130,005.46	1,137,282.64			(6,790.42)		1,123,215.04	1,143,455.34	12,963.12	0.00
FNMA	2007A Single Family	5.45	07/24/00	06/01/30	147,663.86	148,272.20			(1,804.12)		145,859.74	147,092.22	624.14	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	721,631.63	733,368.98			(2,460.82)		719,170.81	740,168.55	9,260.39	0.00
GNMA	2007A Single Family	4.75	11/21/07	10/20/37	319,905.78	313,896.27			(1,195.05)		318,710.73	317,333.45	4,632.23	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	644,713.08	656,406.54			(1,896.89)		642,816.19	662,807.63	8,297.98	0.00
GNMA	2007A Single Family	4.75	09/25/07	08/20/37	352,280.24	345,571.28			(1,205.67)		351,074.57	349,465.49	5,099.88	0.00
GNMA	2007A Single Family	5.49	09/25/07	09/20/37	2,404,280.60	2,447,241.66			(7,484.00)		2,396,796.60	2,470,688.82	30,931.16	0.00
GNMA	2007A Single Family	4.75	09/25/07	09/20/37	6,566,931.74	6,441,868.61			(23,222.78)		6,543,708.96	6,513,723.72	95,077.89	0.00
GNMA	2007A Single Family	5.49	09/25/07	08/20/37	135,774.20	138,200.29			(402.15)		135,372.05	139,545.37	1,747.23	0.00
GNMA	2007A Single Family	5.49	10/09/07	09/20/37	975,003.24	992,640.11			(3,132.82)		971,870.42	1,002,047.70	12,540.41	0.00
GNMA	2007A Single Family	4.75	10/09/07	09/20/37	2,199,709.74	2,158,285.00			(10,518.10)		2,189,191.64	2,179,627.61	31,860.71	0.00
GNMA	2007A Single Family	5.49	08/23/07	08/20/37	479,610.22	488,260.70			(1,476.00)		478,134.22	492,955.19	6,170.49	0.00
GNMA	2007A Single Family	5.49	08/23/07	08/20/37	1,808,690.30	1,841,312.71			(5,397.10)		1,803,293.20	1,859,190.81	23,275.20	0.00
GNMA	2007A Single Family	4.75	08/23/07	08/20/37	4,691,530.53	4,602,942.45			(16,368.07)		4,675,162.46	4,654,497.67	67,923.29	0.00
GNMA	2007A Single Family	5.49	09/11/07	09/20/37	468,621.28	479,879.67			(1,394.02)		467,227.26	484,519.57	6,033.92	0.00
GNMA	2007A Single Family	5.49	09/11/07	08/20/37	1,119,999.47	1,146,906.90			(3,297.88)		1,116,701.59	1,158,031.27	14,422.25	0.00
GNMA	2007A Single Family	4.75	09/11/07	08/20/37	5,056,342.82	4,977,537.69			(18,194.53)		5,038,148.29	5,032,363.86	73,020.70	0.00
GNMA	2007A Single Family	4.75	11/21/07	10/20/37	487,366.56	478,211.26			(2,704.91)		484,661.65	482,567.24	7,060.89	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	407,638.10	414,268.34			(1,684.97)		405,953.13	417,805.80	5,222.43	0.00
GNMA	2007A Single Family	5.49	11/21/07	10/20/37	1,339,210.99	1,363,500.89			(4,209.53)		1,335,001.46	1,376,519.69	17,228.33	0.00
GNMA	2007A Single Family	4.75	11/21/07	10/20/37	136,027.24	133,471.93			(458.13)		135,569.11	134,983.26	1,969.46	0.00
GNMA	2007A Single Family	5.49	12/11/07	11/20/37			636,828.81				636,828.81	656,648.67	19,819.86	0.00
GNMA	2007A Single Family	4.75	12/11/07	11/20/37			1,278,868.68				1,278,868.68	1,273,370.55	(5,498.13)	0.00
GNMA	2007A Single Family	5.49	10/25/07	10/20/37	819,863.65	834,709.39			(2,417.59)		817,446.06	842,843.69	10,551.89	0.00
GNMA	2007A Single Family	5.49	10/25/07	10/20/37	1,660,641.67	1,687,602.50			(4,941.57)		1,655,700.10	1,703,991.81	21,330.88	0.00
GNMA	2007A Single Family	4.75	10/25/07	09/20/37	1,363,603.61	1,337,947.36			(5,533.89)		1,358,069.72	1,352,159.91	19,746.44	0.00
GNMA	2007A Single Family	5.49	10/25/07	10/20/37	1,575,910.56	1,604,446.49			(5,476.67)		1,570,433.89	1,619,226.50	20,256.68	0.00
GNMA	2007A Single Family	4.75	10/25/07	10/20/37	1,214,485.81	1,191,636.43			(4,626.42)		1,209,859.39	1,204,595.77	17,585.76	0.00
GNMA	2007A Single Family	4.75	11/08/07	10/20/37	381,660.82	374,485.93			(1,370.74)		380,290.08	378,641.33	5,526.14	0.00
GNMA	2007A Single Family	4.75	12/28/07	12/20/37			409,502.46				409,502.46	407,749.76	(1,752.70)	0.00
GNMA	2007A Single Family	5.49	12/28/07	12/20/37			139,200.23				139,200.23	143,535.28	4,335.05	0.00
GNMA	2007A Single Family	5.49	12/28/07	12/20/37			136,919.00				136,919.00	141,183.01	4,264.01	0.00
GNMA	2007A Single Family	5.49	12/11/07	11/20/37			449,260.74				449,260.74	463,242.96	13,982.22	0.00
GNMA	2007A Single Family	5.49	12/11/07	11/20/37			548,154.43				548,154.43	565,214.49	17,060.06	0.00
GNMA	2007A Single Family	4.75	12/11/07	12/20/37			1,852,891.65				1,852,891.65	1,844,925.66	(7,965.99)	0.00
GNMA	2007A Single Family	4.75	12/11/07	12/20/37			122,876.08				122,876.08	122,347.81	(528.27)	0.00
GNMA	2007A Single Family	4.75	12/20/07	12/20/37			479,655.73				479,655.73	477,598.42	(2,057.31)	0.00
GNMA	2007A Single Family	5.49	12/20/07	12/20/37			226,055.81				226,055.81	233,093.64	7,037.83	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2007A Single Family	4.75	12/20/07	12/20/37			247,240.21				247,240.21	246,179.76	(1,060.45)	0.00
GNMA	2007A Single Family	4.75	01/30/08	01/20/38			305,492.80				305,492.80	304,190.17	(1,302.63)	0.00
GNMA	2007A Single Family	5.49	01/30/08	11/20/37			190,067.65				190,067.65	195,993.98	5,926.33	0.00
GNMA	2007A Single Family	5.49	01/30/08	11/20/37			49,991.87				49,991.87	51,550.62	1,558.75	0.00
GNMA	2007A Single Family	4.75	01/30/08	01/20/38			297,287.73				297,287.73	296,020.09	(1,267.64)	0.00
GNMA	2007A Single Family	4.75	01/16/08	01/20/38			791,063.55				791,063.55	787,678.48	(3,385.07)	0.00
GNMA	2007A Single Family	5.49	01/16/08	12/20/37			201,371.00				201,371.00	207,646.63	6,275.63	0.00
GNMA	2007A Single Family	4.75	01/16/08	12/20/37			101,495.53				101,495.53	101,063.27	(432.26)	0.00
GNMA	2007A Single Family	4.75	01/30/08	01/20/38			564,449.26				564,449.26	562,042.42	(2,406.84)	0.00
GNMA	2007A Single Family	5.49	01/30/08	01/20/38			307,975.49				307,975.49	317,578.21	9,602.72	0.00
GNMA	2007A Single Family	5.49	01/30/08	12/20/37			294,984.73				294,984.73	304,182.39	9,197.66	0.00
GNMA	2007A Single Family	5.49	02/19/08	02/20/38			229,371.69				229,371.69	236,528.80	7,157.11	0.00
GNMA	2007A Single Family	5.49	01/30/08	12/20/37			136,411.28				136,411.28	140,664.60	4,253.32	0.00
GNMA	2007A Single Family	5.49	02/13/08	01/20/38			92,060.55				92,060.55	94,932.45	2,871.90	0.00
GNMA	2007A Single Family	4.75	02/13/08	01/20/38			166,289.35				166,289.35	165,582.80	(706.55)	0.00
GNMA	2007A Single Family	4.75	02/13/08	12/20/37			111,770.52				111,770.52	111,297.88	(472.64)	0.00
GNMA	2007A Single Family	4.75	02/19/08	02/20/38			127,139.23				127,139.23	126,599.92	(539.31)	0.00
GNMA	2007A Single Family	4.75	02/19/08	12/20/37			115,737.58				115,737.58	115,248.98	(488.60)	0.00
GNMA	2007A Single Family	5.49	02/19/08	01/20/38			348,427.01				348,427.01	359,299.02	10,872.01	0.00
GNMA	2007A Single Family	4.75	02/19/08	02/20/38			224,978.00				224,978.00	224,023.68	(954.32)	0.00
GNMA	2007A Single Family	5.49	02/19/08	10/20/37			149,220.28				149,220.28	153,876.42	4,656.14	0.00
GNMA	2007A Single Family	4.75	02/27/08	02/20/38			100,353.33				100,353.33	99,928.56	(424.77)	0.00
GNMA	2007A Single Family	5.49	02/27/08	02/20/38			223,554.22				223,554.22	230,531.90	6,977.68	0.00
GNMA	2007A Single Family	5.49	02/27/08	02/20/38			175,766.54				175,766.54	181,252.65	5,486.11	0.00
FNMA	2007A Single Family	5.49	08/23/07	08/01/37	309,301.90	312,772.32			(1,007.49)		308,294.41	313,172.08	1,407.25	0.00
FNMA	2007A Single Family	5.49	08/23/07	08/01/37	491,685.52	497,202.32			(21,371.92)		470,313.60	477,754.65	1,924.25	0.00
FNMA	2007A Single Family	4.75	08/23/07	08/01/37	1,700,507.32	1,660,332.64			(6,370.65)		1,694,136.67	1,665,522.75	(11,560.76)	0.00
FNMA	2007A Single Family	5.49	09/11/07	08/01/37	871,093.46	890,706.43			(2,628.07)		868,465.39	891,975.23	3,896.87	0.00
FNMA	2007A Single Family	5.49	09/11/07	08/01/37	455,349.77	465,602.12			(1,642.00)		453,707.77	465,989.90	2,029.78	0.00
FNMA	2007A Single Family	4.75	09/11/07	08/01/37	1,586,825.20	1,566,642.14			(7,021.38)		1,579,803.82	1,570,320.10	(10,699.34)	0.00
FNMA	2007A Single Family	5.49	09/25/07	09/01/37	1,614,490.63	1,632,656.62			(4,838.11)		1,609,652.52	1,635,169.13	7,350.62	0.00
FNMA	2007A Single Family	5.49	09/25/07	08/01/37	269,298.00	275,368.93			(1,617.59)		267,680.41	274,934.25	1,182.91	0.00
FNMA	2007A Single Family	4.75	09/25/07	09/01/37	1,981,819.68	1,956,666.57			(6,629.29)		1,975,190.39	1,963,387.28	(13,350.00)	0.00
FNMA	2007A Single Family	5.49	10/09/07	09/01/37	1,152,982.75	1,171,816.22			(3,855.68)		1,149,127.07	1,173,219.57	5,259.03	0.00
FNMA	2007A Single Family	5.49	10/09/07	09/01/37	172,130.13	174,941.80			(518.27)		171,611.86	175,209.85	786.32	0.00
FNMA	2007A Single Family	4.75	10/09/07	09/01/37	737,771.35	724,061.39			(2,543.44)		735,227.91	726,568.96	(5,051.01)	0.00
FNMA	2007A Single Family	4.75	10/09/07	08/01/37	272,155.23	267,097.78			(1,066.15)		271,089.08	267,896.40	(1,864.77)	0.00
FNMA	2007A Single Family	5.49	10/25/07	09/01/37	1,023,903.06	1,040,643.83			(3,282.21)		1,020,620.85	1,042,034.88	4,673.26	0.00
FNMA	2007A Single Family	5.49	10/25/07	10/01/37	513,811.36	522,212.15			(2,751.93)		511,059.43	521,782.15	2,321.93	0.00
FNMA	2007A Single Family	4.75	10/25/07	10/01/37	1,114,247.30	1,093,557.88			(3,910.41)		1,110,336.89	1,097,276.82	(7,629.35)	0.00
FNMA	2007A Single Family	5.49	10/25/07	10/01/37	674,796.65	685,829.54			(2,057.72)		672,738.93	686,853.92	3,082.10	0.00
FNMA	2007A Single Family	5.49	11/08/07	10/01/37	564,407.43	573,643.00			(1,731.47)		562,675.96	574,489.22	2,577.69	0.00
FNMA	2007A Single Family	4.75	11/08/07	09/01/37	107,663.68	105,665.96			(367.11)		107,296.57	106,035.80	(736.95)	0.00
FNMA	2007A Single Family	4.75	11/21/07	10/01/37	236,750.51	232,360.38			(1,015.60)		235,734.91	232,967.78	(1,623.00)	0.00
FNMA	2007A Single Family	5.49	11/21/07	10/01/37	606,559.09	616,491.87			(1,826.33)		604,732.76	617,435.86	2,770.32	0.00
FNMA	2007A Single Family	5.49	11/21/07	09/01/37	415,201.43	422,000.61			(2,210.20)		412,991.23	421,666.58	1,876.17	0.00
FNMA	2007A Single Family	4.75	11/28/07	09/01/37	120,005.07	117,780.49			(409.27)		119,595.80	118,192.66	(821.44)	0.00
Repo Agmt	2007A Single Family				90.00	90.00			(90.00)				-	0.00
Inv Agmt	2007A Single Family				41,717,484.90	41,717,484.90			(41,717,484.90)				-	0.00
Inv Agmt	2007A Single Family				9,478,488.00	9,478,488.00			(9,478,488.00)				-	0.00
Repo Agmt	2007A Single Family				79,137.82	79,137.82			(79,137.82)				-	0.00
FNMA	2007A Single Family	5.49	12/11/07	11/01/37			883,100.69				883,100.69	901,668.51	18,567.82	0.00
FNMA	2007A Single Family	5.49	12/12/07	09/01/37			94,518.54				94,518.54	96,505.86	1,987.32	0.00
FNMA	2007A Single Family	4.75	12/11/07	12/01/37			728,955.07				728,955.07	720,412.19	(8,542.88)	0.00
FNMA	2007A Single Family	5.49	12/11/07	11/01/37			380,430.11				380,430.11	388,428.92	7,998.81	0.00
FNMA	2007A Single Family	4.75	12/20/07	12/01/37			218,925.47				218,925.47	216,361.56	(2,563.91)	0.00
FNMA	2007A Single Family	5.49	12/20/07	12/01/37			327,837.50				327,837.50	334,733.22	6,895.72	0.00
FNMA	2007A Single Family	5.49	12/28/07	10/01/37			150,421.38				150,421.38	153,586.42	3,165.04	0.00
FNMA	2007A Single Family	4.75	12/28/07	12/01/37			320,969.81				320,969.81	317,213.06	(3,756.75)	0.00
FNMA	2007A Single Family	5.49	12/28/07	12/01/37			90,903.17				90,903.17	92,815.88	1,912.71	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
FNMA	2007A Single Family	5.49	01/16/08	08/01/37			240,247.50				240,247.50	245,306.81	5,059.31	0.00
FNMA	2007A Single Family	5.49	01/30/08	09/01/37			336,473.74				336,473.74	343,563.96	7,090.22	0.00
FNMA	2007A Single Family	4.75	01/30/08	12/01/37			106,182.63				106,182.63	104,943.01	(1,239.62)	0.00
FNMA	2007A Single Family	4.75	01/30/08	12/01/37			95,811.19				95,811.19	94,692.65	(1,118.54)	0.00
FNMA	2007A Single Family	5.49	01/30/08	01/01/38			755,165.20				755,165.20	139,371.95	(615,793.25)	0.00
FNMA	2007A Single Family	5.49	02/13/08	11/01/37			409,618.70				409,618.70	418,255.73	8,637.03	0.00
FNMA	2007A Single Family	4.75	02/13/08	01/01/38			454,247.59				454,247.59	448,881.58	(5,366.01)	0.00
FNMA	2007A Single Family	5.49	02/19/08	01/01/38			213,052.90				213,052.90	217,546.56	4,493.66	0.00
FNMA	2007A Single Family	5.49	02/27/08	02/01/38			181,865.34				181,865.34	185,702.51	3,837.17	0.00
Inv Agmt	2007A Single Family	5.06	06/05/07	09/01/09			24,447,165.46				24,447,165.46	24,447,165.46	-	0.00
Inv Agmt	2007A Single Family	5.06	06/05/07	09/01/09			8,009,495.84				8,009,495.84	8,009,495.84	-	0.00
Repo Agmt	2007A Single Family	3.02	02/29/08	03/03/08			79,901.01				79,901.01	79,901.01	-	0.00
Freddie Mac	2007A Single Family	5.25	12/11/07	11/01/37			8,542.13				8,542.13	8,584.93	42.80	0.00
Freddie Mac	2007A Single Family	5.25	12/11/07	11/01/37			6,077.75				6,077.75	6,108.20	30.45	0.00
Freddie Mac	2007A Single Family	5.25	12/20/07	12/01/37			22,972.52				22,972.52	23,087.78	115.26	0.00
Freddie Mac	2007A Single Family	6.00	12/20/07	12/01/37			4,695.25				4,695.25	4,836.46	141.21	0.00
Freddie Mac	2007A Single Family	5.25	12/20/07	12/01/37			16,542.72				16,542.72	16,625.73	83.01	0.00
Freddie Mac	2007A Single Family	5.25	01/16/08	12/01/37			22,216.33				22,216.33	22,328.26	111.93	0.00
Freddie Mac	2007A Single Family	6.00	01/16/08	12/01/37			4,160.99				4,160.99	4,286.23	125.24	0.00
Freddie Mac	2007A Single Family	5.25	01/16/08	12/01/37			7,754.13				7,754.13	7,793.20	39.07	0.00
Freddie Mac	2007A Single Family	5.25	01/30/08	01/01/38			15,287.99				15,287.99	15,365.16	77.17	0.00
Freddie Mac	2007A Single Family	5.25	01/30/08	12/01/37			9,662.00				9,662.00	9,710.78	48.78	0.00
Freddie Mac	2007A Single Family	6.00	01/30/08	01/01/38			6,841.89				6,841.89	7,047.96	206.07	0.00
Freddie Mac	2007A Single Family	6.00	02/13/08	01/01/38			6,027.10				6,027.10	6,208.69	181.59	0.00
Freddie Mac	2007A Single Family	5.25	02/13/08	01/01/38			7,820.62				7,820.62	7,860.18	39.56	0.00
GNMA	2007A Single Family	5.25	12/28/07	12/20/37			19,133.44				19,133.44	19,484.53	351.09	0.00
GNMA	2007A Single Family	6.00	12/11/07	11/20/37			26,805.41				26,805.41	27,770.85	965.44	0.00
GNMA	2007A Single Family	5.25	12/11/07	11/20/37			102,790.49				102,790.49	104,868.18	2,077.69	0.00
GNMA	2007A Single Family	5.25	12/11/07	11/20/37			17,522.90				17,522.90	17,877.08	354.18	0.00
GNMA	2007A Single Family	6.00	12/11/07	11/20/37			16,025.90				16,025.90	16,769.90	744.00	0.00
GNMA	2007A Single Family	5.25	12/11/07	12/20/37			82,449.83				82,449.83	84,116.37	1,666.54	0.00
GNMA	2007A Single Family	5.25	12/11/07	11/20/37			9,227.30				9,227.30	9,413.82	186.52	0.00
GNMA	2007A Single Family	5.25	12/20/07	12/20/37			43,427.60				43,427.60	44,305.84	878.24	0.00
GNMA	2007A Single Family	6.00	12/20/07	12/20/37			13,514.52				13,514.52	14,142.07	627.55	0.00
GNMA	2007A Single Family	5.25	12/20/07	12/20/37			16,430.20				16,430.20	16,762.48	332.28	0.00
GNMA	2007A Single Family	5.25	12/20/07	11/20/37			4,547.84				4,547.84	4,639.81	91.97	0.00
GNMA	2007A Single Family	5.25	12/20/07	12/20/37			6,770.74				6,770.74	6,907.66	136.92	0.00
GNMA	2007A Single Family	6.00	01/30/08	01/20/38			20,038.29				20,038.29	20,970.15	931.86	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38			14,783.36				14,783.36	15,054.73	271.37	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38			17,652.92				17,652.92	18,010.20	357.28	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38			22,029.45				22,029.45	22,433.83	404.38	0.00
GNMA	2007A Single Family	6.00	01/30/08	01/20/38			5,395.93				5,395.93	5,646.86	250.93	0.00
GNMA	2007A Single Family	6.00	01/16/08	12/20/37			35,767.11				35,767.11	37,429.11	1,662.00	0.00
GNMA	2007A Single Family	5.25	01/16/08	12/20/37			17,377.84				17,377.84	17,729.82	351.98	0.00
GNMA	2007A Single Family	5.25	01/16/08	01/20/38			106,967.86				106,967.86	109,131.15	2,163.29	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38			25,985.49				25,985.49	26,462.50	477.01	0.00
GNMA	2007A Single Family	5.25	01/30/08	12/20/37			5,288.63				5,288.63	5,395.83	107.20	0.00
GNMA	2007A Single Family	5.25	02/13/08	01/20/38			10,102.06				10,102.06	10,306.68	204.62	0.00
GNMA	2007A Single Family	5.25	02/13/08	02/20/38			12,569.26				12,569.26	12,823.85	254.59	0.00
GNMA	2007A Single Family	6.00	02/13/08	01/20/38			9,052.84				9,052.84	9,473.97	421.13	0.00
GNMA	2007A Single Family	6.00	01/30/08	01/20/38			4,607.52				4,607.52	4,821.79	214.27	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38			10,302.14				10,302.14	10,510.64	208.50	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38			4,934.53				4,934.53	5,034.40	99.87	0.00
GNMA	2007A Single Family	5.25	01/30/08	01/20/38			14,641.24				14,641.24	14,937.57	296.33	0.00
GNMA	2007A Single Family	6.00	02/13/08	01/20/38			12,435.24				12,435.24	13,013.72	578.48	0.00
GNMA	2007A Single Family	5.25	02/13/08	01/20/38			24,026.34				24,026.34	24,512.99	486.65	0.00
GNMA	2007A Single Family	5.25	02/13/08	01/20/38			28,626.68				28,626.68	29,206.51	579.83	0.00
GNMA	2007A Single Family	6.00	02/19/08	01/20/38			20,684.54				20,684.54	21,646.92	962.38	0.00
GNMA	2007A Single Family	5.25	02/19/08	02/20/38			18,063.24				18,063.24	18,429.23	365.99	0.00
GNMA	2007A Single Family	5.25	02/19/08	02/20/38			4,973.04				4,973.04	5,073.80	100.76	0.00

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GNMA	2007A Single Family	6.00	02/19/08	02/20/38			7,473.27				7,473.27	7,820.98	347.71	0.00
GNMA	2007A Single Family	5.25	02/19/08	02/20/38			23,628.82				23,628.82	24,107.59	478.77	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38			5,379.34				5,379.34	5,488.39	109.05	0.00
GNMA	2007A Single Family	6.00	02/27/08	02/20/38			9,006.13				9,006.13	9,425.24	419.11	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38			8,472.18				8,472.18	8,643.92	171.74	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38			12,421.85				12,421.85	12,673.65	251.80	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38			10,558.36				10,558.36	10,772.39	214.03	0.00
GNMA	2007A Single Family	6.00	02/27/08	02/20/38			10,933.96				10,933.96	11,442.78	508.82	0.00
GNMA	2007A Single Family	5.25	02/27/08	02/20/38			23,424.73				23,424.73	23,899.58	474.85	0.00
FNMA	2007A Single Family	6.00	12/11/07	12/01/37			11,751.50				11,751.50	12,168.13	416.63	0.00
FNMA	2007A Single Family	5.25	12/11/07	11/01/37			11,977.90				11,977.90	12,098.05	120.15	0.00
FNMA	2007A Single Family	5.25	12/12/07	12/01/37			72,298.10				72,298.10	73,023.36	725.26	0.00
FNMA	2007A Single Family	5.25	12/20/07	11/01/37			5,145.14				5,145.14	5,196.78	51.64	0.00
FNMA	2007A Single Family	6.00	12/20/07	12/01/37			8,047.67				8,047.67	8,333.04	285.37	0.00
FNMA	2007A Single Family	5.25	12/20/07	12/01/37			17,167.46				17,167.46	17,339.78	172.32	0.00
FNMA	2007A Single Family	5.25	12/28/07	12/01/37			12,996.94				12,996.94	13,127.48	130.54	0.00
FNMA	2007A Single Family	5.25	12/28/07	12/01/37			3,439.73				3,439.73	3,474.28	34.55	0.00
FNMA	2007A Single Family	5.25	12/28/07	12/01/37			17,672.28				17,672.28	17,849.79	177.51	0.00
FNMA	2007A Single Family	6.00	01/16/08	12/01/37			11,771.24				11,771.24	12,214.02	442.78	0.00
FNMA	2007A Single Family	5.25	01/16/08	12/01/37			80,587.77				80,587.77	81,562.10	974.33	0.00
FNMA	2007A Single Family	5.25	01/30/08	12/01/37			9,618.87				9,618.87	9,735.28	116.41	0.00
FNMA	2007A Single Family	6.00	01/30/08	01/01/38			16,594.10				16,594.10	17,217.84	623.74	0.00
FNMA	2007A Single Family	5.25	01/30/08	01/01/38			17,999.50				17,999.50	18,217.36	217.86	0.00
FNMA	2007A Single Family	5.25	01/30/08	12/01/37			5,805.40				5,805.40	5,875.66	70.26	0.00
FNMA	2007A Single Family	6.00	01/30/08	01/01/38			5,037.45				5,037.45	5,226.79	189.34	0.00
FNMA	2007A Single Family	5.25	01/30/08	01/01/38			9,217.20				9,217.20	9,327.65	110.45	0.00
FNMA	2007A Single Family	6.00	01/30/08	01/01/38			3,953.97				3,953.97	4,102.59	148.62	0.00
FNMA	2007A Single Family	6.00	02/13/08	02/01/38			16,770.12				16,770.12	17,400.68	630.56	0.00
FNMA	2007A Single Family	5.25	02/13/08	02/01/38			16,642.66				16,642.66	16,842.29	199.63	0.00
FNMA	2007A Single Family	5.25	02/13/08	01/01/38			13,002.50				13,002.50	13,158.46	155.96	0.00
FNMA	2007A Single Family	5.25	02/19/08	01/01/38			7,645.44				7,645.44	7,737.19	91.75	0.00
FNMA	2007A Single Family	5.25	02/19/08	01/01/38			7,636.17				7,636.17	7,727.81	91.64	0.00
FNMA	2007A Single Family	6.00	02/19/08	02/01/38			7,177.79				7,177.79	7,447.72	269.93	0.00
FNMA	2007A Single Family	6.00	02/27/08	02/01/38			14,505.57				14,505.57	15,051.19	545.62	0.00
FNMA	2007A Single Family	5.25	02/27/08	02/01/38			18,745.12				18,745.12	18,970.21	225.09	0.00
FNMA	2007A Single Family	5.25	02/27/08	01/01/38			2,786.14				2,786.14	2,819.59	33.45	0.00
FNMA	2007A Single Family	5.25	02/27/08	02/01/38			21,433.09				21,433.09	21,690.46	257.37	0.00
	<b>2007A Single Family Total</b>				132,813,283.36	133,123,816.66	55,685,010.61	(51,924,642.31)	(705,004.64)	0.00	135,868,647.02	136,625,190.49	446,010.17	0.00
GIC's	2007B Single Family	4.79	09/20/07	08/31/09	2,366,492.05	2,366,492.05		(427,620.80)			1,938,871.25	1,938,871.25	-	0.00
Repo Agmt	2007B Single Family	3.02	02/29/08	03/03/08			3,294,085.30				3,294,085.30	3,294,085.30	-	0.00
GIC's	2007B Single Family	4.79	09/20/07	08/31/09	2,000,000.00	2,000,000.00	0.00				2,000,000.00	2,000,000.00	-	0.00
GIC's	2007B Single Family				155,240,870.45	155,240,870.45		(155,240,870.45)					-	0.00
Repo Agmt	2007B Single Family				40,581.01	40,581.01		(40,581.01)					-	0.00
Freddie Mac	2007B Single Family	5.25	12/11/07	11/01/37			237,057.86				237,057.86	238,245.70	1,187.84	0.00
Freddie Mac	2007B Single Family	5.25	12/11/07	11/01/37			168,667.38				168,667.38	169,512.53	845.15	0.00
Freddie Mac	2007B Single Family	5.25	12/20/07	12/01/37			637,523.56				637,523.56	640,722.58	3,199.02	0.00
Freddie Mac	2007B Single Family	6.00	12/20/07	12/01/37			130,001.93				130,001.93	127,526.38	(2,475.55)	0.00
Freddie Mac	2007B Single Family	5.25	12/20/07	12/01/37			459,087.04				459,087.04	461,390.68	2,303.64	0.00
Freddie Mac	2007B Single Family	5.25	01/16/08	12/01/37			616,538.61				616,538.61	619,644.81	3,106.20	0.00
Freddie Mac	2007B Single Family	6.00	01/16/08	12/01/37			115,223.48				115,223.48	113,018.06	(2,205.42)	0.00
Freddie Mac	2007B Single Family	5.25	01/16/08	12/01/37			215,189.77				215,189.77	216,273.92	1,084.15	0.00
Freddie Mac	2007B Single Family	5.25	01/30/08	01/01/38			424,266.01				424,266.01	426,407.82	2,141.81	0.00
Freddie Mac	2007B Single Family	5.25	01/30/08	12/01/37			268,135.94				268,135.94	269,489.56	1,353.62	0.00
Freddie Mac	2007B Single Family	6.00	01/30/08	01/01/38			189,472.90				189,472.90	185,838.50	(3,634.40)	0.00
Freddie Mac	2007B Single Family	6.00	02/13/08	01/01/38			166,918.84				166,918.84	163,708.74	(3,210.10)	0.00
Freddie Mac	2007B Single Family	5.25	02/13/08	01/01/38			217,034.76				217,034.76	218,132.61	1,097.85	0.00
GNMA	2007B Single Family	5.25	12/28/07	12/20/37			536,326.64				536,326.64	540,726.84	4,400.20	0.00
GNMA	2007B Single Family	6.00	12/11/07	11/20/37			734,917.20				734,917.20	732,252.93	(2,664.27)	0.00
GNMA	2007B Single Family	5.25	12/11/07	11/20/37			2,852,599.56				2,852,599.56	2,910,258.48	57,658.92	0.00

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GNMA	2007B Single Family	5.25	12/11/07	11/20/37			486,288.21				486,288.21	496,117.44	9,829.23	0.00
GNMA	2007B Single Family	6.00	12/11/07	11/20/37			443,792.41				443,792.41	442,183.56	(1,608.85)	0.00
GNMA	2007B Single Family	5.25	12/11/07	12/20/37			2,288,113.73				2,288,113.73	2,334,362.85	46,249.12	0.00
GNMA	2007B Single Family	5.25	12/11/07	11/20/37			256,072.61				256,072.61	261,248.55	5,175.94	0.00
GNMA	2007B Single Family	5.25	12/20/07	12/20/37			1,205,185.04				1,205,185.04	1,229,557.62	24,372.58	0.00
GNMA	2007B Single Family	6.00	12/20/07	12/20/37			374,261.79				374,261.79	372,893.51	(1,368.28)	0.00
GNMA	2007B Single Family	5.25	12/20/07	12/20/37			455,964.36				455,964.36	465,185.36	9,221.00	0.00
GNMA	2007B Single Family	5.25	12/20/07	11/20/37			126,209.78				126,209.78	128,762.14	2,552.36	0.00
GNMA	2007B Single Family	5.25	12/20/07	12/20/37			187,898.91				187,898.91	191,698.81	3,799.90	0.00
GNMA	2007B Single Family	6.00	01/30/08	01/20/38			555,028.26				555,028.26	552,934.13	(2,094.13)	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38			410,261.72				410,261.72	417,792.75	7,531.03	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38			489,896.74				489,896.74	499,811.86	9,915.12	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38			611,352.19				611,352.19	622,574.58	11,222.39	0.00
GNMA	2007B Single Family	6.00	01/30/08	01/20/38			149,458.56				149,458.56	148,894.64	(563.92)	0.00
GNMA	2007B Single Family	6.00	01/16/08	12/20/37			990,628.68				990,628.68	986,918.52	(3,710.16)	0.00
GNMA	2007B Single Family	5.25	01/16/08	12/20/37			482,262.89				482,262.89	492,030.68	9,767.79	0.00
GNMA	2007B Single Family	5.25	01/16/08	01/20/38			2,968,528.15				2,968,528.15	3,028,562.80	60,034.65	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38			721,138.70				721,138.70	734,376.41	13,237.71	0.00
GNMA	2007B Single Family	5.25	01/30/08	12/20/37			146,768.12				146,768.12	149,743.04	2,974.92	0.00
GNMA	2007B Single Family	5.25	02/13/08	01/20/38			280,348.54				280,348.54	286,026.91	5,678.37	0.00
GNMA	2007B Single Family	5.25	02/13/08	02/20/38			348,817.08				348,817.08	355,882.26	7,065.18	0.00
GNMA	2007B Single Family	6.00	02/13/08	01/20/38			250,764.54				250,764.54	249,806.84	(957.70)	0.00
GNMA	2007B Single Family	6.00	01/30/08	01/20/38			127,620.93				127,620.93	127,139.41	(481.52)	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38			285,900.92				285,900.92	291,687.32	5,786.40	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38			136,940.99				136,940.99	139,712.57	2,771.58	0.00
GNMA	2007B Single Family	5.25	01/30/08	01/20/38			406,317.87				406,317.87	414,541.41	8,223.54	0.00
GNMA	2007B Single Family	6.00	02/13/08	01/20/38			344,457.23				344,457.23	343,141.72	(1,315.51)	0.00
GNMA	2007B Single Family	5.25	02/13/08	01/20/38			666,769.16				666,769.16	680,274.36	13,505.20	0.00
GNMA	2007B Single Family	5.25	02/13/08	01/20/38			794,435.78				794,435.78	810,526.83	16,091.05	0.00
GNMA	2007B Single Family	6.00	02/19/08	01/20/38			572,978.95				572,978.95	570,779.14	(2,199.81)	0.00
GNMA	2007B Single Family	5.25	02/19/08	02/20/38			501,283.75				501,283.75	511,440.72	10,156.97	0.00
GNMA	2007B Single Family	5.25	02/19/08	02/20/38			138,009.93				138,009.93	140,806.27	2,796.34	0.00
GNMA	2007B Single Family	6.00	02/19/08	02/20/38			207,015.93				207,015.93	206,221.14	(794.79)	0.00
GNMA	2007B Single Family	5.25	02/19/08	02/20/38			655,737.41				655,737.41	669,023.91	13,286.50	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38			149,285.45				149,285.45	152,311.64	3,026.19	0.00
GNMA	2007B Single Family	6.00	02/27/08	02/20/38			249,486.28				249,486.28	248,521.74	(964.54)	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38			235,116.74				235,116.74	239,882.84	4,766.10	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38			344,725.35				344,725.35	351,714.06	6,988.71	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38			293,011.18				293,011.18	298,950.87	5,939.69	0.00
GNMA	2007B Single Family	6.00	02/27/08	02/20/38			303,446.16				303,446.16	301,719.76	(1,726.40)	0.00
GNMA	2007B Single Family	5.25	02/27/08	02/20/38			650,073.50				650,073.50	663,251.28	13,177.78	0.00
FNMA	2007B Single Family	6.00	12/11/07	12/01/37			324,742.67				324,742.67	320,845.29	(3,897.38)	0.00
FNMA	2007B Single Family	5.25	12/11/07	11/01/37			331,740.47				331,740.47	335,740.15	3,999.68	0.00
FNMA	2007B Single Family	5.25	12/12/07	12/01/37			2,002,370.26				2,002,370.26	2,026,514.24	24,143.98	0.00
FNMA	2007B Single Family	5.25	12/20/07	11/01/37			142,499.81				142,499.81	144,219.06	1,719.25	0.00
FNMA	2007B Single Family	6.00	12/20/07	12/01/37			222,398.98				222,398.98	219,723.10	(2,675.88)	0.00
FNMA	2007B Single Family	5.25	12/20/07	12/01/37			475,470.00				475,470.00	481,206.48	5,736.48	0.00
FNMA	2007B Single Family	5.25	12/28/07	12/01/37			359,962.84				359,962.84	364,308.31	4,345.47	0.00
FNMA	2007B Single Family	5.25	12/28/07	12/01/37			95,266.73				95,266.73	96,416.79	1,150.06	0.00
FNMA	2007B Single Family	5.25	12/28/07	12/01/37			489,451.39				489,451.39	495,360.06	5,908.67	0.00
FNMA	2007B Single Family	6.00	01/16/08	12/01/37			326,008.71				326,008.71	322,055.55	(3,953.16)	0.00
FNMA	2007B Single Family	5.25	01/16/08	12/01/37			2,236,438.34				2,236,438.34	2,263,477.82	27,039.48	0.00
FNMA	2007B Single Family	5.25	01/30/08	12/01/37			266,938.84				266,938.84	270,169.52	3,230.68	0.00
FNMA	2007B Single Family	6.00	01/30/08	01/01/38			460,488.74				460,488.74	453,994.53	(6,494.21)	0.00
FNMA	2007B Single Family	5.25	01/30/08	01/01/38			499,514.75				499,514.75	505,560.73	6,045.98	0.00
FNMA	2007B Single Family	5.25	01/30/08	12/01/37			161,102.85				161,102.85	163,058.97	1,956.12	0.00
FNMA	2007B Single Family	6.00	01/30/08	01/01/38			139,515.59				139,515.59	137,818.42	(1,697.17)	0.00
FNMA	2007B Single Family	5.25	01/30/08	01/01/38			255,791.97				255,791.97	258,856.99	3,065.02	0.00
FNMA	2007B Single Family	6.00	01/30/08	01/01/38			109,507.99				109,507.99	108,175.86	(1,332.13)	0.00
FNMA	2007B Single Family	6.00	02/13/08	11/01/37			464,488.33				464,488.33	458,815.45	(5,672.88)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
FNMA	2007B Single Family	5.25	02/13/08	02/01/38			461,860.29				461,860.29	467,400.19	5,539.90	0.00
FNMA	2007B Single Family	5.25	02/13/08	01/01/38			360,840.03				360,840.03	365,168.22	4,328.19	0.00
FNMA	2007B Single Family	5.25	02/19/08	01/01/38			212,173.18				212,173.18	214,719.45	2,546.27	0.00
FNMA	2007B Single Family	5.25	02/19/08	01/01/38			211,916.13				211,916.13	214,459.32	2,543.19	0.00
FNMA	2007B Single Family	6.00	02/19/08	02/01/38			198,811.56				198,811.56	196,379.28	(2,432.28)	0.00
FNMA	2007B Single Family	6.00	02/27/08	02/01/38			401,791.86				401,791.86	396,864.85	(4,927.01)	0.00
FNMA	2007B Single Family	5.25	02/27/08	02/01/38			520,207.01				520,207.01	526,453.69	6,246.68	0.00
FNMA	2007B Single Family	5.25	02/27/08	01/01/38			77,319.71				77,319.71	78,248.33	928.62	0.00
FNMA	2007B Single Family	5.25	02/27/08	02/01/38			594,802.55				594,802.55	601,944.97	7,142.42	0.00
GIC's	2007B Single Family	4.79	09/20/07	08/31/09			113,935,608.87				113,935,608.87	113,935,608.87	-	0.00
Repo Agmt	2007B Single Family	3.02	02/29/08	03/03/08			36,746.44				36,746.44	36,746.44	-	0.00
<b>2007B Single Family Total</b>					159,647,943.51	159,647,943.51	158,930,478.19	(155,709,072.26)	0.00	0.00	162,869,349.44	163,335,429.87	466,080.43	0.00
GNMA	2002 A-D SF MRB	4.49	12/09/04	12/20/34	73,871.97	71,356.32			(398.53)		73,473.44	70,880.31	(77.48)	0.00
GNMA	2002 A-D SF MRB	4.49	12/16/04	12/20/34	56,532.25	54,607.38			(246.17)		56,286.08	54,299.87	(61.34)	0.00
GNMA	2002 A-D SF MRB	4.49	10/14/04	09/20/34	5,906.70	5,720.09			(26.44)		5,880.26	5,687.78	(5.87)	0.00
GNMA	2002 A-D SF MRB	4.49	10/01/04	10/20/34	12,289.89	11,901.49			(74.17)		12,215.72	11,815.76	(11.56)	0.00
GNMA	2002 A-D SF MRB	4.49	10/01/04	10/20/34	22,013.95	21,262.99			(114.20)		21,899.75	21,125.55	(23.24)	0.00
GNMA	2002 A-D SF MRB	4.49	11/04/04	10/20/34	96,301.08	93,018.45			(549.04)		95,752.04	92,369.49	(99.92)	0.00
GNMA	2002 A-D SF MRB	4.49	11/10/04	11/20/34	20,544.12	19,844.00			(113.46)		20,430.66	19,709.09	(21.45)	0.00
GNMA	2002 A-D SF MRB	4.49	11/18/04	11/20/34	18,076.10	17,460.18			(88.65)		17,987.45	17,352.27	(19.26)	0.00
GNMA	2002 A-D SF MRB	4.49	11/23/04	11/20/34	76,508.61	73,901.98			(338.58)		76,170.03	73,480.56	(82.84)	0.00
GNMA	2002 A-D SF MRB	4.49	12/02/04	12/20/34	109,713.56	105,976.68			(490.45)		109,223.11	105,367.60	(118.63)	0.00
GNMA	2002 A-D SF MRB	4.49	12/23/04	12/20/34	73,049.50	70,562.66			(4,972.71)		68,076.79	65,674.88	84.93	0.00
GNMA	2002 A-D SF MRB	4.49	12/29/04	12/20/34	60,995.70	58,919.52			(296.98)		60,698.72	58,557.45	(65.09)	0.00
GNMA	2002 A-D SF MRB	4.49	01/06/05	01/20/35	137,846.17	133,110.79			(635.93)		137,210.24	132,333.62	(141.24)	0.00
GNMA	2002 A-D SF MRB	4.49	01/13/05	01/20/35	70,698.91	68,270.57			(7,763.27)		62,935.64	60,699.15	191.85	0.00
GNMA	2002 A-D SF MRB	5.40	01/13/05	01/20/35	7,205.34	7,282.73			(26.48)		7,178.86	7,350.76	94.51	0.00
GNMA	2002 A-D SF MRB	4.49	01/19/05	01/20/35	93,824.49	90,602.26			(448.77)		93,375.72	90,057.92	(95.57)	0.00
GNMA	2002 A-D SF MRB	5.40	01/19/05	01/20/35	9,957.01	10,063.98			(36.57)		9,920.44	10,157.99	130.58	0.00
GNMA	2002 A-D SF MRB	4.49	01/27/05	01/20/35	112,726.66	108,856.07			(631.84)		112,094.82	108,112.70	(111.53)	0.00
GNMA	2002 A-D SF MRB	4.49	02/03/05	02/20/35	145,238.77	140,252.97			(671.75)		144,567.02	139,432.43	(148.79)	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	43,498.02	42,005.07			(188.74)		43,309.28	41,771.33	(45.00)	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	113,932.05	110,021.63			(524.84)		113,407.21	109,380.01	(116.78)	0.00
GNMA	2002 A-D SF MRB	4.49	02/17/05	02/20/35	63,145.02	60,978.02			(6,731.10)		56,413.92	54,410.87	163.95	0.00
GNMA	2002 A-D SF MRB	4.49	02/24/05	02/20/35	69,546.46	67,160.22			(343.90)		69,202.56	66,745.86	(70.46)	0.00
GNMA	2002 A-D SF MRB	4.49	03/03/05	03/20/35	66,861.93	64,568.31			(294.71)		66,567.22	64,204.58	(69.02)	0.00
GNMA	2002 A-D SF MRB	4.49	03/11/05	03/20/35	24,209.38	23,379.05			(103.40)		24,105.98	23,250.54	(25.11)	0.00
GNMA	2002 A-D SF MRB	4.49	03/17/05	03/20/35	40,528.09	39,138.27			(208.78)		40,319.31	38,888.73	(40.76)	0.00
GNMA	2002 A-D SF MRB	4.49	03/24/05	03/20/35	44,726.23	43,192.69			(191.17)		44,535.06	42,955.13	(46.39)	0.00
GNMA	2002 A-D SF MRB	4.49	04/07/05	04/20/35	51,032.26	49,283.18			(273.48)		50,758.78	48,958.73	(50.97)	0.00
GNMA	2002 A-D SF MRB	4.49	04/14/05	04/20/35	44,040.80	42,643.56			(186.90)		43,853.90	42,414.89	(41.77)	0.00
GNMA	2002 A-D SF MRB	4.49	04/21/05	04/20/35	57,274.96	55,312.54			(243.94)		57,031.02	55,009.16	(59.44)	0.00
GNMA	2002 A-D SF MRB	4.49	04/28/05	04/20/35	55,515.27	53,613.47			(235.44)		55,279.83	53,320.39	(57.64)	0.00
GNMA	2002 A-D SF MRB	4.49	05/05/05	05/20/35	90,731.20	87,623.69			(394.97)		90,336.23	87,134.86	(93.86)	0.00
GNMA	2002 A-D SF MRB	4.49	05/12/05	05/20/35	57,500.14	55,531.08			(242.86)		57,257.28	55,228.47	(59.75)	0.00
GNMA	2002 A-D SF MRB	4.49	07/07/05	07/20/35	188,588.63	182,139.68			(7,517.30)		181,071.33	174,664.36	41.98	0.00
GNMA	2002 A-D SF MRB	4.49	07/14/05	07/20/35	35,529.78	34,315.01			(146.00)		35,383.78	34,131.93	(37.08)	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	53,137.66	51,453.74			(226.19)		52,911.47	51,177.15	(50.40)	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	26,785.93	25,868.96			(6,445.91)		20,340.02	19,619.52	196.47	0.00
GNMA	2002 A-D SF MRB	4.49	06/02/05	06/20/35	48,376.82	46,844.12			(237.60)		48,139.22	46,561.67	(44.85)	0.00
GNMA	2002 A-D SF MRB	4.49	06/09/05	06/20/35	58,742.86	56,732.69			(278.74)		58,464.12	56,394.00	(59.95)	0.00
GNMA	2002 A-D SF MRB	4.49	06/15/05	06/20/35	47,790.28	46,276.65			(204.64)		47,585.64	46,026.72	(45.29)	0.00
GNMA	2002 A-D SF MRB	4.49	06/23/05	06/20/35	103,679.27	100,132.57			(5,904.60)		97,774.67	94,313.72	85.75	0.00
GNMA	2002 A-D SF MRB	4.49	06/29/05	06/20/35	41,642.74	40,218.42			(174.89)		41,467.85	40,000.22	(43.31)	0.00
GNMA	2002 A-D SF MRB	4.49	09/08/05	09/20/35	9,562.66	9,260.52			(40.08)		9,522.58	9,211.34	(9.10)	0.00
GNMA	2002 A-D SF MRB	4.49	09/15/05	09/20/35	16,500.82	15,937.57			(68.90)		16,431.92	15,851.49	(17.18)	0.00
GNMA	2002 A-D SF MRB	4.49	09/22/05	09/20/35	21,582.85	20,846.25			(97.21)		21,485.64	20,726.81	(22.23)	0.00
GNMA	2002 A-D SF MRB	4.49	07/21/05	07/20/35	23,246.59	22,511.04			(96.81)		23,149.78	22,392.11	(22.12)	0.00
GNMA	2002 A-D SF MRB	4.49	07/28/05	07/20/35	17,885.24	17,273.96			(74.85)		17,810.39	17,180.50	(18.61)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	4.49	08/04/05	08/20/35	3,978.42	3,852.59			(16.39)		3,962.03	3,832.41	(3.79)	0.00
GNMA	2002 A-D SF MRB	4.49	08/11/05	07/20/35	28,833.61	27,921.72			(120.06)		28,713.55	27,774.21	(27.45)	0.00
GNMA	2002 A-D SF MRB	4.49	08/18/05	08/20/35	73,800.99	71,279.95			(335.99)		73,465.00	70,868.10	(75.86)	0.00
GNMA	2002 A-D SF MRB	4.49	08/30/05	08/20/35	141,578.51	136,743.61			(654.74)		140,923.77	135,943.69	(145.18)	0.00
GNMA	2002 A-D SF MRB	4.49	09/29/05	07/20/35	11,726.64	11,356.27			(49.01)		11,677.63	11,296.09	(11.17)	0.00
GNMA	2002 A-D SF MRB	4.49	10/13/05	09/20/35	14,898.16	14,389.93			(65.44)		14,832.72	14,309.09	(15.40)	0.00
GNMA	2002 A-D SF MRB	4.49	10/27/05	10/20/35	92,404.34	89,253.41			(7,168.66)		85,235.68	82,227.86	(143.11)	0.00
GNMA	2002 A-D SF MRB	4.49	11/01/05	11/20/35	24,434.82	23,663.91			(111.92)		24,322.90	23,529.06	(22.93)	0.00
FNMA	2002 A-D SF MRB	4.49	11/04/04	10/01/34	11,687.02	11,165.80			(52.67)		11,634.35	11,187.48	(74.35)	0.00
FNMA	2002 A-D SF MRB	4.49	12/23/04	12/01/34	12,163.71	11,621.48			(60.23)		12,103.48	11,638.84	(77.59)	0.00
FNMA	2002 A-D SF MRB	4.49	01/19/05	01/01/35	12,067.78	11,529.96			(54.91)		12,012.87	11,551.84	(76.79)	0.00
FNMA	2002 A-D SF MRB	4.49	01/27/05	01/01/35	11,133.79	10,631.92			(56.82)		11,076.97	10,648.76	(73.66)	0.00
FNMA	2002 A-D SF MRB	4.49	03/14/05	12/01/34	13,192.23	12,604.58			(57.78)		13,134.45	12,630.65	(83.85)	0.00
FNMA	2002 A-D SF MRB	4.49	04/07/05	02/01/35	11,455.15	10,939.16			(49.31)		11,405.84	10,965.30	(75.45)	0.00
FNMA	2002 A-D SF MRB	4.49	07/28/05	07/01/35	22,868.05	21,839.01			(100.07)		22,767.98	21,889.63	(150.69)	0.00
FNMA	2002 A-D SF MRB	4.49	09/08/05	08/01/35	17,627.12	16,834.24			(104.46)		17,522.66	16,846.98	(117.20)	0.00
FNMA	2002 A-D SF MRB	4.49	10/20/05	09/01/35	4,882.17	4,662.65			(20.55)		4,861.62	4,674.24	(32.14)	0.00
FNMA	2002 A-D SF MRB	4.49	11/01/05	10/01/35	9,977.03	9,528.47			(43.71)		9,933.32	9,550.50	(65.74)	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	06/20/34	7,694.53	7,780.65			(30.89)		7,663.64	7,847.49	97.73	0.00
GNMA	2002 A-D SF MRB	5.40	06/01/04	06/20/34	12,991.49	13,136.64			(61.38)		12,940.11	13,250.29	165.03	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	15,891.08	16,069.96			(72.48)		15,818.60	16,199.14	201.66	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	22,582.72	22,794.97			(87.59)		22,495.13	22,993.80	286.42	0.00
GNMA	2002 A-D SF MRB	5.40	09/01/04	09/20/34	20,434.36	20,664.34			(78.45)		20,355.91	20,845.56	259.67	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	7,654.32	7,740.07			(42.56)		7,611.76	7,794.44	96.93	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	7,742.65	7,829.37			(31.82)		7,710.83	7,895.88	98.33	0.00
GNMA	2002 A-D SF MRB	5.40	07/01/04	07/20/34	6,502.46	6,575.29			(25.08)		6,477.38	6,632.83	82.62	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	8,325.92	8,419.42			(32.43)		8,293.49	8,492.76	105.77	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	12,865.27	13,009.74			(49.28)		12,815.99	13,123.93	163.47	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	4,472.19	4,522.41			(18.37)		4,453.82	4,560.82	56.78	0.00
GNMA	2002 A-D SF MRB	5.40	08/01/04	08/20/34	2,826.54	2,858.27			(16.07)		2,810.47	2,877.99	35.79	0.00
GNMA	2002 A-D SF MRB	5.40	10/14/04	10/20/34	17,000.63	17,161.04			(66.33)		16,934.30	17,310.31	215.60	0.00
Repo Agmt	2002 A-D SF MRB	3.02	02/29/08	03/03/08	11,278.16	11,278.16	108.76				11,386.92	11,386.92	-	0.00
Repo Agmt	2002 A-D SF MRB	3.02	02/29/08	03/03/08	650.91	650.91	6.29				657.20	657.20	-	0.00
Repo Agmt	2002 A-D SF MRB	3.02	02/29/08	03/03/08	218.63	218.63	5,474,472.76				5,474,691.39	5,474,691.39	-	0.00
Repo Agmt	2002 A-D SF MRB	3.02	02/29/08	03/03/08	4,732.11	4,732.11	165,613.52				170,345.63	170,345.63	-	0.00
GIC's	2002 A-D SF MRB				2,780,546.83	2,780,546.83		(2,780,546.83)						0.00
GIC's	2002 A-D SF MRB	4.51	06/26/02	03/01/34	131,707.77	131,707.77		(13,758.83)			117,948.94	117,948.94	-	0.00
GNMA	2002 A-D SF MRB	5.40	08/29/02	08/20/32	216,177.90	218,636.38			(1,633.62)		214,544.28	219,693.58	2,690.82	0.00
GNMA	2002 A-D SF MRB	6.15	11/12/02	11/20/32	167,439.40	173,121.50			(652.77)		166,786.63	174,794.99	2,326.26	0.00
GNMA	2002 A-D SF MRB	5.40	11/12/02	10/20/32	183,181.86	185,277.24			(806.88)		182,374.98	186,764.42	2,294.06	0.00
GNMA	2002 A-D SF MRB	6.15	09/12/02	08/20/32	62,162.09	64,267.73			(253.85)		61,908.24	64,876.86	862.98	0.00
GNMA	2002 A-D SF MRB	6.15	09/19/02	09/20/32	91,977.42	95,093.97			(364.78)		91,612.64	96,006.60	1,277.41	0.00
GNMA	2002 A-D SF MRB	5.40	09/19/02	09/20/32	239,954.43	242,688.20			(1,172.04)		238,782.39	244,518.37	3,002.21	0.00
GNMA	2002 A-D SF MRB	6.15	09/26/02	09/20/32	178,481.86	184,530.70			(873.36)		177,608.50	186,128.23	2,470.89	0.00
GNMA	2002 A-D SF MRB	5.40	09/26/02	09/20/32	233,161.27	235,819.07			(1,029.02)		232,132.25	237,709.91	2,919.86	0.00
GNMA	2002 A-D SF MRB	6.15	10/10/02	09/20/32	112,790.23	116,613.89			(461.87)		112,328.36	117,717.81	1,565.79	0.00
GNMA	2002 A-D SF MRB	5.40	10/10/02	09/20/32	68,895.19	69,681.23			(303.48)		68,591.71	70,240.55	862.80	0.00
GNMA	2002 A-D SF MRB	6.15	10/21/02	10/20/32	214,938.75	222,228.25			(995.84)		213,942.91	224,210.74	2,978.33	0.00
GNMA	2002 A-D SF MRB	6.15	10/29/02	10/20/32	125,843.00	130,111.57			(573.77)		125,269.23	131,282.01	1,744.21	0.00
GNMA	2002 A-D SF MRB	5.40	10/29/02	09/20/32	54,968.36	55,596.26			(376.89)		54,591.47	55,904.51	685.14	0.00
GNMA	2002 A-D SF MRB	6.15	11/05/02	10/20/32	60,896.05	62,961.97			(236.35)		60,659.70	63,571.64	846.02	0.00
GNMA	2002 A-D SF MRB	5.40	11/05/02	09/20/32	136,341.99	137,900.19			(697.93)		135,644.06	138,907.38	1,705.12	0.00
GNMA	2002 A-D SF MRB	6.15	11/19/02	11/20/32	80,219.41	82,942.15			(309.15)		79,910.26	83,747.60	1,114.60	0.00
GNMA	2002 A-D SF MRB	5.40	11/19/02	11/20/32	97,908.40	99,029.32			(425.17)		97,483.23	99,830.46	1,226.31	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	354,193.99	366,217.68			(1,711.06)		352,482.93	369,411.31	4,904.69	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	264,703.43	267,735.36			(1,207.46)		263,495.97	269,841.92	3,314.02	0.00
GNMA	2002 A-D SF MRB	6.15	11/26/02	11/20/32	100,533.17	103,945.92			(419.10)		100,114.07	104,922.15	1,395.33	0.00
GNMA	2002 A-D SF MRB	5.40	11/26/02	11/20/32	141,718.16	143,341.40			(654.69)		141,063.47	144,460.80	1,774.09	0.00
GNMA	2002 A-D SF MRB	5.40	12/12/02	12/20/32	106,605.45	107,828.23			(518.26)		106,087.19	108,643.88	1,333.91	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	116,068.11	120,011.84			(528.35)		115,539.76	121,092.20	1,608.71	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	202,059.26	204,379.82			(874.01)		201,185.25	206,036.53	2,530.72	0.00
GNMA	2002 A-D SF MRB	6.15	12/30/02	12/20/32	171,924.69	177,766.31			(682.13)		171,242.56	179,471.90	2,387.72	0.00
GNMA	2002 A-D SF MRB	5.40	12/30/02	12/20/32	99,828.41	100,974.88			(430.02)		99,398.39	101,795.23	1,250.37	0.00
GNMA	2002 A-D SF MRB	6.15	01/07/03	12/20/32	113,942.13	117,814.24			(456.13)		113,486.00	118,940.47	1,582.36	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	480,142.32	496,288.45			(2,189.80)		477,952.52	500,581.21	6,482.56	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	97,354.60	98,453.29			(419.56)		96,935.04	99,261.12	1,227.39	0.00
GNMA	2002 A-D SF MRB	6.15	01/23/03	01/20/33	107,357.06	110,967.26			(616.54)		106,740.52	111,794.19	1,443.47	0.00
GNMA	2002 A-D SF MRB	5.40	01/23/03	01/20/33	100,963.85	102,103.22			(432.19)		100,531.66	102,944.00	1,272.97	0.00
GNMA	2002 A-D SF MRB	6.15	01/30/03	01/20/33	284,711.69	294,287.40			(1,188.16)		283,523.53	296,948.46	3,849.22	0.00
GNMA	2002 A-D SF MRB	5.40	01/30/03	01/20/33	334,212.65	337,986.05			(1,613.25)		332,599.40	340,582.26	4,209.46	0.00
GNMA	2002 A-D SF MRB	6.15	02/12/03	02/20/33	413,932.30	427,860.14			(2,110.68)		411,821.62	431,327.61	5,578.15	0.00
GNMA	2002 A-D SF MRB	6.15	02/20/03	02/20/33	169,335.62	175,034.41			(664.81)		168,670.81	176,660.98	2,291.38	0.00
GNMA	2002 A-D SF MRB	5.40	03/03/03	03/20/33	115,611.39	116,920.48			(489.01)		115,122.38	117,889.41	1,457.94	0.00
GNMA	2002 A-D SF MRB	6.15	02/27/03	02/20/33	430,636.06	445,130.90			(1,642.44)		428,993.62	449,317.98	5,829.52	0.00
GNMA	2002 A-D SF MRB	5.40	02/27/03	01/20/33	104,867.97	106,054.23			(449.78)		104,418.19	106,926.65	1,322.20	0.00
GNMA	2002 A-D SF MRB	6.15	03/12/03	02/20/33	311,183.12	321,660.48			(1,213.38)		309,969.74	324,658.36	4,211.26	0.00
GNMA	2002 A-D SF MRB	6.15	03/24/03	03/20/33	154,743.46	159,955.67			(657.31)		154,086.15	161,389.98	2,091.62	0.00
GNMA	2002 A-D SF MRB	5.40	03/24/03	02/20/33	107,300.85	108,517.16			(501.31)		106,799.54	109,367.76	1,351.91	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	04/20/33	44,203.01	45,692.37			(164.54)		44,038.47	46,126.41	598.58	0.00
GNMA	2002 A-D SF MRB	6.15	04/02/03	03/20/33	157,680.37	162,992.67			(593.29)		157,087.08	164,534.34	2,134.96	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	311,401.03	321,894.22			(2,444.24)		308,956.79	323,605.94	4,155.96	0.00
GNMA	2002 A-D SF MRB	6.15	04/10/03	03/20/33	69,639.65	71,986.29			(263.60)		69,376.05	72,665.52	942.83	0.00
GNMA	2002 A-D SF MRB	6.15	04/17/03	04/20/33	161,244.00	166,678.87			(607.10)		160,636.90	168,255.14	2,183.37	0.00
GNMA	2002 A-D SF MRB	6.15	04/24/03	04/20/33	110,952.20	114,692.67			(415.83)		110,536.37	115,779.19	1,502.35	0.00
GNMA	2002 A-D SF MRB	6.15	04/29/03	03/20/33	86,599.41	89,518.77			(334.52)		86,264.89	90,356.40	1,172.15	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	50,647.85	52,355.87			(201.58)		50,446.27	52,839.54	685.25	0.00
GNMA	2002 A-D SF MRB	6.15	05/08/03	04/20/33	82,784.90	85,576.60			(320.45)		82,464.45	86,376.64	1,120.49	0.00
GNMA	2002 A-D SF MRB	6.15	05/15/03	04/20/33	85,250.72	88,126.08			(321.79)		84,928.93	88,958.44	1,154.15	0.00
GNMA	2002 A-D SF MRB	6.15	06/10/03	06/20/33	62,509.83	64,619.97			(235.57)		62,274.26	65,230.85	846.45	0.00
GNMA	2002 A-D SF MRB	6.15	06/19/03	05/20/33	40,268.32	41,627.77			(149.26)		40,119.06	42,023.86	545.35	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	51,072.89	52,798.67			(193.53)		50,879.36	53,296.64	691.50	0.00
GNMA	2002 A-D SF MRB	6.15	07/17/03	07/20/33	91,240.35	94,323.42			(468.28)		90,772.07	95,084.65	1,229.51	0.00
GNMA	2002 A-D SF MRB	6.15	07/24/03	07/20/33	86,042.13	88,950.10			(331.23)		85,710.90	89,783.58	1,164.71	0.00
GNMA	2002 A-D SF MRB	6.15	07/30/03	07/20/33	47,735.36	49,348.87			(175.66)		47,559.70	49,819.77	646.56	0.00
GNMA	2002 A-D SF MRB	6.15	09/04/03	08/20/33	54,512.43	56,356.83			(197.90)		54,314.53	56,897.45	738.52	0.00
GNMA	2002 A-D SF MRB	6.15	09/30/03	09/20/33	163,581.15	169,119.90			(599.07)		162,982.08	170,736.72	2,215.89	0.00
GNMA	2002 A-D SF MRB	6.15	10/09/03	08/20/33	57,211.29	59,148.58			(209.04)		57,002.25	59,714.49	774.95	0.00
GNMA	2002 A-D SF MRB	6.15	01/15/04	12/20/33	64,565.90	66,758.31			(254.26)		64,311.64	67,377.89	873.84	0.00
GNMA	2002 A-D SF MRB	6.15	03/11/04	03/20/34	62,251.98	64,334.79			(215.28)		62,036.70	64,938.58	819.07	0.00
GNMA	2002 A-D SF MRB	5.40	07/08/04	06/20/34	184,310.80	186,375.44			(740.00)		183,570.80	187,976.44	2,341.00	0.00
GNMA	2002 A-D SF MRB	6.15	04/01/04	04/20/34	39,364.27	40,682.11			(202.48)		39,161.79	40,994.50	514.87	0.00
GNMA	2002 A-D SF MRB	5.40	06/17/04	06/20/34	311,190.41	314,670.91			(1,230.47)		309,959.94	317,393.37	3,952.93	0.00
GNMA	2002 A-D SF MRB	5.40	09/02/04	09/20/34	380,650.12	384,934.70			(1,735.69)		378,914.43	388,028.96	4,829.95	0.00
GNMA	2002 A-D SF MRB	5.40	09/09/04	09/20/34	540,935.64	546,023.58			(2,097.68)		538,837.96	550,786.24	6,860.34	0.00
GNMA	2002 A-D SF MRB	5.40	09/16/04	09/20/34	489,472.27	494,987.23			(1,878.60)		487,593.67	499,327.95	6,219.32	0.00
GNMA	2002 A-D SF MRB	5.40	07/15/04	07/20/34	183,347.89	185,403.25			(1,019.50)		182,328.39	186,705.73	2,321.98	0.00
GNMA	2002 A-D SF MRB	5.40	07/22/04	07/20/34	185,462.18	187,542.36			(762.13)		184,700.05	189,135.45	2,355.22	0.00
GNMA	2002 A-D SF MRB	5.40	07/29/04	07/20/34	155,754.57	157,502.33			(600.58)		155,153.99	158,880.65	1,978.90	0.00
GNMA	2002 A-D SF MRB	5.40	08/05/04	08/20/34	199,436.35	201,676.11			(776.75)		198,659.60	203,433.09	2,533.73	0.00
GNMA	2002 A-D SF MRB	5.40	08/12/04	08/20/34	308,168.58	311,631.34			(1,180.31)		306,988.27	314,366.64	3,915.61	0.00
GNMA	2002 A-D SF MRB	5.40	08/20/04	08/20/34	107,123.99	108,328.33			(440.18)		106,683.81	109,248.56	1,360.41	0.00
GNMA	2002 A-D SF MRB	5.40	08/26/04	08/20/34	67,704.79	68,466.33			(385.09)		67,319.70	68,938.48	857.24	0.00
GNMA	2002 A-D SF MRB	5.40	12/02/04	12/20/34	408,729.51	413,363.91			(104,489.79)		304,239.72	311,583.45	2,709.33	0.00
GNMA	2002 A-D SF MRB	4.49	12/09/04	12/20/34	1,353,303.88	1,307,218.26			(7,301.09)		1,346,002.79	1,298,498.07	(1,419.10)	0.00
GNMA	2002 A-D SF MRB	4.49	12/16/04	12/20/34	1,035,648.01	1,000,384.91			(4,509.51)		1,031,138.50	994,751.34	(1,124.06)	0.00
GNMA	2002 A-D SF MRB	5.40	10/14/04	10/20/34	407,227.40	411,070.15			(1,588.96)		405,638.44	414,645.67	5,164.48	0.00
GNMA	2002 A-D SF MRB	4.49	10/14/04	09/20/34	108,208.45	104,789.73			(484.47)		107,723.98	104,197.85	(107.41)	0.00
GNMA	2002 A-D SF MRB	5.40	10/21/04	10/20/34	1,466,232.43	1,482,799.00			(165,522.58)		1,300,709.85	1,332,053.90	14,777.48	0.00
GNMA	2002 A-D SF MRB	4.49	10/21/04	10/20/34	225,141.77	218,030.45			(1,358.81)		223,782.96	216,459.83	(211.81)	0.00
GNMA	2002 A-D SF MRB	5.40	10/28/04	10/20/34	379,786.05	383,374.50			(79,329.33)		300,456.72	307,131.80	3,086.63	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	4.49	10/29/04	10/20/34	403,277.80	389,529.22			(2,092.09)		401,185.71	387,011.39	(425.74)	0.00
GNMA	2002 A-D SF MRB	4.49	11/04/04	10/20/34	1,764,196.33	1,704,059.64			(10,058.14)		1,754,138.19	1,692,171.01	(1,830.49)	0.00
GNMA	2002 A-D SF MRB	5.40	11/04/04	11/20/34	450,734.77	455,833.93			(1,720.20)		449,014.57	459,841.25	5,727.52	0.00
GNMA	2002 A-D SF MRB	4.49	11/10/04	11/20/34	376,360.21	363,534.02			(2,078.63)		374,281.58	361,062.49	(392.90)	0.00
GNMA	2002 A-D SF MRB	5.40	11/10/04	11/20/34	66,941.49	67,699.19			(249.83)		66,691.66	68,300.12	850.76	0.00
GNMA	2002 A-D SF MRB	4.49	11/18/04	11/20/34	331,146.69	319,863.30			(1,623.86)		329,522.83	317,886.50	(352.94)	0.00
GNMA	2002 A-D SF MRB	4.49	11/23/04	11/20/34	1,401,606.25	1,353,853.86			(6,202.61)		1,395,403.64	1,346,133.65	(1,517.60)	0.00
GNMA	2002 A-D SF MRB	4.49	12/02/04	12/20/34	2,009,906.64	1,941,449.20			(8,984.94)		2,000,921.70	1,930,291.13	(2,173.13)	0.00
GNMA	2002 A-D SF MRB	5.40	12/23/04	12/20/34	105,309.63	106,505.52			(410.16)		104,899.47	107,433.38	1,338.02	0.00
GNMA	2002 A-D SF MRB	4.49	12/23/04	12/20/34	1,338,237.12	1,292,678.93			(91,098.12)		1,247,139.00	1,203,136.84	(1,556.03)	0.00
GNMA	2002 A-D SF MRB	4.49	12/29/04	12/20/34	1,117,416.66	1,079,381.41			(5,440.36)		1,111,976.30	1,072,748.44	(1,192.61)	0.00
GNMA	2002 A-D SF MRB	4.49	01/06/05	01/20/35	2,525,285.08	2,438,534.85			(11,649.97)		2,513,635.11	2,424,297.41	(2,587.47)	0.00
GNMA	2002 A-D SF MRB	5.40	01/06/05	01/20/35	437,585.36	442,282.66			(1,617.66)		435,967.70	446,403.90	5,738.90	0.00
GNMA	2002 A-D SF MRB	4.49	01/13/05	01/20/35	1,295,175.14	1,250,688.75			(142,219.77)		1,152,955.37	1,111,983.50	(3,514.52)	0.00
GNMA	2002 A-D SF MRB	5.40	01/13/05	01/20/35	131,999.11	133,416.76			(485.00)		131,514.11	134,662.99	1,731.23	0.00
GNMA	2002 A-D SF MRB	4.49	01/19/05	01/20/35	1,718,825.65	1,659,796.19			(8,221.26)		1,710,604.39	1,649,824.04	(1,750.89)	0.00
GNMA	2002 A-D SF MRB	5.40	01/19/05	01/20/35	182,408.07	184,368.02			(670.08)		181,737.99	186,090.32	2,392.38	0.00
GNMA	2002 A-D SF MRB	4.49	01/27/05	01/20/35	2,065,106.06	1,994,198.39			(11,574.82)		2,053,531.24	1,980,580.15	(2,043.42)	0.00
GNMA	2002 A-D SF MRB	4.49	02/03/05	02/20/35	2,660,714.32	2,569,376.52			(12,306.28)		2,648,408.04	2,554,344.72	(2,725.52)	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	796,866.13	769,515.73			(3,457.66)		793,408.47	765,233.68	(824.39)	0.00
GNMA	2002 A-D SF MRB	4.49	02/10/05	02/20/35	2,087,188.28	2,015,550.85			(9,614.75)		2,077,573.53	2,003,796.64	(2,139.46)	0.00
GNMA	2002 A-D SF MRB	5.40	02/17/05	11/20/34	101,738.92	102,898.71			(379.51)		101,359.41	103,812.19	1,292.99	0.00
GNMA	2002 A-D SF MRB	4.49	02/17/05	02/20/35	1,156,790.58	1,117,092.29			(123,310.89)		1,033,479.69	996,784.71	(3,003.31)	0.00
GNMA	2002 A-D SF MRB	4.49	02/24/05	02/20/35	1,274,062.87	1,230,347.56			(6,300.17)		1,267,762.70	1,222,756.65	(1,290.74)	0.00
GNMA	2002 A-D SF MRB	4.49	03/03/05	03/20/35	1,224,883.24	1,182,864.93			(5,399.01)		1,219,484.23	1,176,201.59	(1,264.33)	0.00
GNMA	2002 A-D SF MRB	4.49	03/11/05	03/20/35	443,506.11	428,294.69			(1,894.32)		441,611.79	425,940.41	(459.96)	0.00
GNMA	2002 A-D SF MRB	5.40	03/17/05	02/20/35	123,365.01	124,696.70			(476.57)		122,888.44	125,837.61	1,617.48	0.00
GNMA	2002 A-D SF MRB	4.49	03/17/05	03/20/35	742,458.41	716,997.10			(3,824.77)		738,633.64	712,425.50	(746.83)	0.00
GNMA	2002 A-D SF MRB	4.49	03/24/05	03/20/35	819,366.30	791,272.39			(3,502.18)		815,864.12	786,920.48	(849.73)	0.00
GNMA	2002 A-D SF MRB	4.49	04/07/05	04/20/35	934,889.78	902,847.61			(5,010.14)		929,879.64	896,903.84	(933.63)	0.00
GNMA	2002 A-D SF MRB	4.49	04/14/05	04/20/35	806,809.58	781,212.54			(3,423.73)		803,385.85	777,023.32	(765.49)	0.00
GNMA	2002 A-D SF MRB	5.40	04/21/05	04/20/35	226,175.18	228,204.37			(122,196.38)		103,978.80	106,281.53	273.54	0.00
GNMA	2002 A-D SF MRB	4.49	04/21/05	04/20/35	1,049,253.59	1,013,302.99			(4,469.03)		1,044,784.56	1,007,745.13	(1,088.83)	0.00
GNMA	2002 A-D SF MRB	4.49	04/28/05	04/20/35	1,017,016.91	982,176.77			(4,312.97)		1,012,703.94	976,807.74	(1,056.06)	0.00
GNMA	2002 A-D SF MRB	5.40	04/28/05	04/20/35	129,835.94	131,242.64			(477.32)		129,358.62	132,468.28	1,702.96	0.00
GNMA	2002 A-D SF MRB	4.49	05/05/05	05/20/35	1,662,157.93	1,605,230.08			(7,235.67)		1,654,922.26	1,596,274.97	(1,719.44)	0.00
GNMA	2002 A-D SF MRB	5.40	05/05/05	04/20/35	227,852.58	229,899.37			(848.67)		227,003.91	232,033.77	2,983.07	0.00
GNMA	2002 A-D SF MRB	4.49	05/12/05	05/20/35	1,053,379.00	1,017,306.53			(4,449.06)		1,048,929.94	1,011,762.94	(1,094.53)	0.00
GNMA	2002 A-D SF MRB	4.49	07/07/05	07/20/35	3,454,865.77	3,336,723.96			(137,713.91)		3,317,151.86	3,199,779.07	(769.02)	0.00
GNMA	2002 A-D SF MRB	5.40	07/07/05	07/20/35	115,706.49	116,967.54			(435.31)		115,271.18	118,049.83	1,517.60	0.00
GNMA	2002 A-D SF MRB	4.49	07/14/05	07/20/35	650,890.77	628,636.89			(2,674.79)		648,215.98	625,282.95	(679.15)	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/35	973,460.58	942,611.53			(4,143.65)		969,316.93	937,544.51	(923.37)	0.00
GNMA	2002 A-D SF MRB	5.40	05/26/05	05/20/35	157,777.82	159,491.28			(571.73)		157,206.09	160,989.25	2,069.70	0.00
GNMA	2002 A-D SF MRB	4.49	05/26/05	05/20/34	490,721.34	473,908.71			(118,089.20)		372,632.14	359,421.70	(3,602.19)	0.00
GNMA	2002 A-D SF MRB	4.49	06/02/05	06/20/35	886,243.35	858,165.14			(4,352.76)		881,890.59	852,990.73	(821.65)	0.00
GNMA	2002 A-D SF MRB	5.40	06/09/05	05/20/35	166,575.22	168,386.11			(657.04)		165,918.18	169,192.90	2,183.83	0.00
GNMA	2002 A-D SF MRB	4.49	06/09/05	06/20/35	1,076,145.46	1,039,319.61			(5,106.16)		1,071,039.30	1,033,114.97	(1,098.48)	0.00
GNMA	2002 A-D SF MRB	4.49	06/15/05	06/20/35	875,498.40	847,769.18			(3,748.75)		871,749.65	843,190.62	(829.81)	0.00
GNMA	2002 A-D SF MRB	4.49	06/23/05	06/20/35	1,899,361.75	1,834,387.56			(108,169.96)		1,791,191.79	1,727,788.59	(1,570.99)	0.00
GNMA	2002 A-D SF MRB	4.49	06/29/05	06/20/35	762,878.17	736,785.00			(3,203.84)		759,674.33	732,787.65	(793.51)	0.00
GNMA	2002 A-D SF MRB	4.49	09/08/05	09/20/35	175,184.39	169,648.85			(734.32)		174,450.07	168,747.89	(166.64)	0.00
GNMA	2002 A-D SF MRB	5.40	09/08/05	08/20/35	58,344.45	58,983.53			(218.58)		58,125.87	59,530.17	765.22	0.00
GNMA	2002 A-D SF MRB	4.49	09/15/05	09/20/35	302,288.58	291,969.87			(1,262.22)		301,026.36	290,392.84	(314.81)	0.00
GNMA	2002 A-D SF MRB	4.49	09/22/05	09/20/35	395,389.24	381,894.80			(1,780.89)		393,608.35	379,706.74	(407.17)	0.00
GNMA	2002 A-D SF MRB	4.49	07/21/05	07/20/35	425,868.22	412,393.24			(1,773.47)		424,094.75	410,214.42	(405.35)	0.00
GNMA	2002 A-D SF MRB	4.49	07/28/05	07/20/35	327,650.48	316,451.95			(1,371.11)		326,279.37	314,739.82	(341.02)	0.00
GNMA	2002 A-D SF MRB	4.49	08/04/05	08/20/35	72,883.06	70,577.95			(300.22)		72,582.84	70,208.25	(69.48)	0.00
GNMA	2002 A-D SF MRB	5.40	08/11/05	07/20/35	63,010.58	63,699.18			(236.11)		62,774.47	64,289.48	826.41	0.00
GNMA	2002 A-D SF MRB	4.49	08/11/05	07/20/35	528,219.26	511,514.50			(2,199.52)		526,019.74	508,812.16	(502.82)	0.00
GNMA	2002 A-D SF MRB	4.49	08/18/05	08/20/35	1,352,003.55	1,305,819.50			(6,155.31)		1,345,848.24	1,298,274.45	(1,389.74)	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	4.49	08/30/05	08/20/35	2,593,660.01	2,505,086.62			(11,994.54)		2,581,665.47	2,490,432.46	(2,659.62)	0.00
GNMA	2002 A-D SF MRB	4.49	09/29/05	07/20/35	214,827.48	208,042.24			(897.83)		213,929.65	206,939.75	(204.66)	0.00
GNMA	2002 A-D SF MRB	4.49	10/13/05	09/20/35	272,928.02	263,617.63			(1,198.86)		271,729.16	262,136.61	(282.16)	0.00
GNMA	2002 A-D SF MRB	4.49	10/27/05	10/20/35	1,692,809.12	1,635,085.58			(131,326.67)		1,561,482.45	1,506,380.58	(2,621.67)	0.00
GNMA	2002 A-D SF MRB	4.49	11/01/05	11/20/35	447,636.35	433,513.25			(2,050.32)		445,586.03	431,042.72	(420.21)	0.00
FNMA	2002 A-D SF MRB	6.40	07/24/03	11/01/32	75,454.92	77,783.45			(266.20)		75,188.72	78,294.76	777.51	0.00
FNMA	2002 A-D SF MRB	5.40	08/14/03	09/01/32	56,407.04	56,635.17			(262.05)		56,144.99	56,722.06	348.94	0.00
FNMA	2002 A-D SF MRB	6.15	08/14/03	12/01/31	60,207.93	61,919.25			(973.33)		59,234.60	61,562.75	616.83	0.00
FNMA	2002 A-D SF MRB	6.40	08/28/03	11/01/32	47,701.11	49,173.16			(165.48)		47,535.63	49,499.32	491.64	0.00
FNMA	2002 A-D SF MRB	6.15	04/01/04	02/01/34	101,658.10	104,229.27			(357.35)		101,300.75	104,922.71	1,050.79	0.00
FNMA	2002 A-D SF MRB	5.40	10/28/04	10/01/34	298,930.83	299,759.38			(1,221.23)		297,709.60	300,265.77	1,727.62	0.00
FNMA	2002 A-D SF MRB	4.49	11/04/04	10/01/34	214,101.24	204,552.95			(964.87)		213,136.37	204,949.99	(1,361.91)	0.00
FNMA	2002 A-D SF MRB	4.49	12/23/04	12/01/34	222,834.18	212,900.89			(1,103.45)		221,730.73	213,218.92	(1,421.48)	0.00
FNMA	2002 A-D SF MRB	4.49	01/19/05	01/01/35	221,076.69	211,224.29			(1,006.07)		220,070.62	211,625.09	(1,406.87)	0.00
FNMA	2002 A-D SF MRB	4.49	01/27/05	01/01/35	203,966.23	194,772.50			(1,041.31)		202,924.92	195,080.92	(1,349.73)	0.00
FNMA	2002 A-D SF MRB	4.49	03/14/05	12/01/34	241,676.57	230,910.76			(1,058.44)		240,618.13	231,388.48	(1,536.16)	0.00
FNMA	2002 A-D SF MRB	5.40	03/24/05	02/01/35	235,160.54	235,827.30			(920.75)		234,239.79	236,265.99	1,359.44	0.00
FNMA	2002 A-D SF MRB	4.49	04/07/05	02/01/35	209,854.15	200,400.84			(903.23)		208,950.92	200,879.83	(1,382.22)	0.00
FNMA	2002 A-D SF MRB	4.49	07/28/05	07/01/35	418,933.37	400,081.78			(1,833.07)		417,100.30	401,009.23	(2,760.52)	0.00
FNMA	2002 A-D SF MRB	5.40	07/14/05	04/01/35	110,690.05	110,892.35			(403.67)		110,286.38	111,093.82	605.14	0.00
FNMA	2002 A-D SF MRB	4.49	09/08/05	08/01/35	322,921.92	308,396.32			(1,913.70)		321,008.22	308,629.81	(2,147.19)	0.00
FNMA	2002 A-D SF MRB	4.49	10/20/05	09/01/35	89,439.47	85,417.86			(376.46)		89,063.01	85,630.20	(588.80)	0.00
FNMA	2002 A-D SF MRB	4.49	11/01/05	10/01/35	182,775.02	174,557.68			(800.64)		181,974.38	174,961.28	(1,204.24)	0.00
Repo Agmt	2002 A-D SF MRB	3.02	02/29/08	03/03/08	169,331.56	169,331.56	17,217.44				186,549.00	186,549.00	-	0.00
GNMA	2002 A-D SF MRB	5.38	02/20/07	02/20/37	16,939.93	17,129.13			(54.49)		16,885.44	17,304.63	229.99	0.00
GNMA	2002 A-D SF MRB	5.13	02/20/07	02/20/37	24,226.20	24,187.33			(104.33)		24,121.87	24,447.72	364.72	0.00
GNMA	2002 A-D SF MRB	5.63	02/20/07	02/20/37	12,202.93	12,433.87			(37.06)		12,165.87	12,565.18	168.37	0.00
GNMA	2002 A-D SF MRB	5.38	03/06/07	02/20/37	23,123.11	23,381.68			(74.62)		23,048.49	23,620.97	313.91	0.00
GNMA	2002 A-D SF MRB	5.63	03/06/07	02/20/37	4,995.02	5,089.63			(15.04)		4,979.98	5,143.52	68.93	0.00
GNMA	2002 A-D SF MRB	5.63	03/20/07	02/20/37	6,008.54	6,122.43			(18.04)		5,990.50	6,187.30	82.91	0.00
GNMA	2002 A-D SF MRB	5.13	03/20/07	03/20/37	23,408.93	23,372.04			(84.30)		23,324.63	23,640.40	352.66	0.00
GNMA	2002 A-D SF MRB	5.38	03/20/07	03/20/37	23,457.26	23,719.91			(84.31)		23,372.95	23,953.84	318.24	0.00
GNMA	2002 A-D SF MRB	5.13	03/06/07	02/20/37	13,527.29	13,505.77			(2,738.92)		10,788.37	10,934.26	167.41	0.00
GNMA	2002 A-D SF MRB	5.13	04/24/07	04/20/37	24,182.05	24,144.84			(79.73)		24,102.32	24,429.49	364.38	0.00
GNMA	2002 A-D SF MRB	5.63	04/24/07	04/20/37	22,151.59	22,572.32			(2,696.53)		19,455.06	20,094.95	219.16	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/07	04/20/37	14,691.78	14,856.86			(90.39)		14,601.39	14,964.86	198.39	0.00
GNMA	2002 A-D SF MRB	5.13	03/27/07	03/20/37	18,954.84	18,925.13			(99.36)		18,855.48	19,110.88	285.11	0.00
GNMA	2002 A-D SF MRB	5.62	03/27/07	02/20/37	4,611.61	4,699.05			(13.89)		4,597.72	4,748.80	63.64	0.00
GNMA	2002 A-D SF MRB	5.38	04/24/07	03/20/37	10,183.82	10,298.22			(33.00)		10,150.82	10,403.48	138.26	0.00
GNMA	2002 A-D SF MRB	5.38	04/10/07	03/20/37	13,763.14	13,917.57			(44.45)		13,718.69	14,059.96	186.84	0.00
GNMA	2002 A-D SF MRB	5.13	04/10/07	03/20/37	24,721.15	24,682.73			(82.39)		24,638.76	24,972.85	372.51	0.00
GNMA	2002 A-D SF MRB	5.63	04/10/07	03/20/37	7,745.52	7,892.51			(24.08)		7,721.44	7,975.27	106.84	0.00
GNMA	2002 A-D SF MRB	5.13	05/08/07	04/20/37	13,205.42	13,185.30			(63.98)		13,141.44	13,320.04	198.72	0.00
GNMA	2002 A-D SF MRB	5.63	05/08/07	04/20/37	6,218.72	6,336.92			(18.47)		6,200.25	6,404.28	85.83	0.00
GNMA	2002 A-D SF MRB	5.38	05/08/07	05/20/37	14,055.32	14,213.47			(45.17)		14,010.15	14,359.12	190.82	0.00
GNMA	2002 A-D SF MRB	5.63	05/22/07	04/20/37	4,896.62	4,989.77			(14.70)		4,881.92	5,042.64	67.57	0.00
GNMA	2002 A-D SF MRB	5.38	05/22/07	05/20/37	20,437.79	20,668.02			(67.10)		20,370.69	20,878.36	277.44	0.00
GNMA	2002 A-D SF MRB	5.13	05/22/07	05/20/37	28,641.36	28,598.13			(100.38)		28,540.98	28,929.28	431.53	0.00
GNMA	2002 A-D SF MRB	5.63	06/05/07	05/20/37	24,745.02	25,024.15			(80.15)		24,664.87	25,279.93	335.93	0.00
GNMA	2002 A-D SF MRB	5.63	06/05/07	05/20/37	7,805.37	7,953.98			(34.27)		7,771.10	8,027.05	107.34	0.00
GNMA	2002 A-D SF MRB	5.13	06/05/07	05/20/37	44,169.35	44,103.36			(154.12)		44,015.23	44,614.70	665.46	0.00
GNMA	2002 A-D SF MRB	5.38	06/19/07	05/20/37	11,566.13	11,696.77			(35.82)		11,530.31	11,818.00	157.05	0.00
GNMA	2002 A-D SF MRB	5.13	06/19/07	06/20/37	20,228.60	20,198.68			(81.12)		20,147.48	20,422.18	304.62	0.00
GNMA	2002 A-D SF MRB	5.63	06/19/07	06/20/37	9,870.37	10,058.43			(29.31)		9,841.06	10,165.34	136.22	0.00
GNMA	2002 A-D SF MRB	5.38	08/07/07	07/20/37	9,573.06	9,686.54			(29.45)		9,543.61	9,787.09	130.00	0.00
GNMA	2002 A-D SF MRB	5.63	08/07/07	08/20/37	24,187.09	24,661.56			(77.81)		24,109.28	24,917.42	333.67	0.00
GNMA	2002 A-D SF MRB	5.13	08/07/07	07/20/37	44,128.47	44,087.54			(165.33)		43,963.14	44,587.01	664.80	0.00
GNMA	2002 A-D SF MRB	5.38	07/03/07	05/20/37	19,990.65	20,216.76			(66.97)		19,923.68	20,421.13	271.34	0.00
GNMA	2002 A-D SF MRB	5.13	07/03/07	06/20/37	20,513.87	20,446.27			(67.44)		20,446.43	20,687.27	308.44	0.00
GNMA	2002 A-D SF MRB	5.38	07/17/07	06/20/37	18,319.41	18,526.89			(58.22)		18,261.19	18,717.40	248.73	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2002 A-D SF MRB	5.13	07/17/07	06/20/37	16,662.67	16,608.02			(559.88)		16,102.79	16,292.71	244.57	0.00
GNMA	2002 A-D SF MRB	5.63	09/25/07	08/20/37	6,343.31	6,468.09			(22.71)		6,320.60	6,532.82	87.44	0.00
GNMA	2002 A-D SF MRB	5.63	09/25/07	09/20/37	2,851.18	2,907.27			(25.07)		2,826.11	2,921.00	38.80	0.00
GNMA	2002 A-D SF MRB	5.38	08/23/07	08/20/37	19,354.13	19,583.92			(59.66)		19,294.47	19,787.12	262.86	0.00
GNMA	2002 A-D SF MRB	5.13	08/23/07	07/20/37	24,161.38	24,139.41			(78.31)		24,083.07	24,425.27	364.17	0.00
GNMA	2002 A-D SF MRB	5.38	09/11/07	09/20/37	13,108.43	13,264.35			(61.79)		13,046.64	13,380.05	177.49	0.00
GNMA	2002 A-D SF MRB	5.63	09/11/07	08/20/37	14,327.69	14,609.31			(42.32)		14,285.37	14,764.76	197.77	0.00
GNMA	2002 A-D SF MRB	5.13	09/11/07	08/20/37	9,662.98	9,636.69			(30.97)		9,632.01	9,751.05	145.33	0.00
FNMA	2002 A-D SF MRB	5.13	02/20/07	01/01/37	9,515.65	9,411.33			(36.98)		9,478.67	9,454.09	79.74	0.00
FNMA	2002 A-D SF MRB	5.38	03/06/07	02/01/37	12,974.48	12,980.05			(42.19)		12,932.29	13,013.58	75.72	0.00
FNMA	2002 A-D SF MRB	5.63	03/06/07	02/01/37	6,839.29	6,889.50			(914.86)		5,924.43	6,025.43	50.79	0.00
FNMA	2002 A-D SF MRB	5.13	03/20/07	09/01/36	1,767.88	1,748.52			(11.94)		1,755.94	1,751.40	14.82	0.00
FNMA	2002 A-D SF MRB	5.63	03/20/07	02/01/37	7,802.98	7,860.30			(24.00)		7,778.98	7,911.63	75.33	0.00
FNMA	2002 A-D SF MRB	5.38	03/20/07	09/01/36	5,197.31	5,200.88			(17.93)		5,179.38	5,213.42	30.47	0.00
FNMA	2002 A-D SF MRB	5.13	03/27/07	03/01/37	9,180.84	9,076.82			(39.27)		9,141.57	9,114.78	77.23	0.00
FNMA	2002 A-D SF MRB	5.38	04/10/07	03/01/37	21,494.45	21,504.02			(76.48)		21,417.97	21,552.94	125.40	0.00
FNMA	2002 A-D SF MRB	5.63	04/10/07	03/01/37	11,617.84	11,703.32			(40.03)		11,577.81	11,775.35	112.06	0.00
FNMA	2002 A-D SF MRB	5.13	04/10/07	03/01/37	18,431.45	18,222.76			(76.96)		18,354.49	18,300.85	155.05	0.00
FNMA	2002 A-D SF MRB	5.38	04/24/07	04/01/37	36,234.41	36,260.21			(118.48)		36,115.93	36,354.28	212.55	0.00
FNMA	2002 A-D SF MRB	5.13	04/24/07	04/01/37	10,104.78	9,990.43			(34.53)		10,070.25	10,040.89	84.99	0.00
FNMA	2002 A-D SF MRB	5.63	04/24/07	04/01/37	5,288.25	5,327.19			(16.55)		5,271.70	5,361.68	51.04	0.00
FNMA	2002 A-D SF MRB	5.13	05/08/07	04/01/37	5,252.04	5,192.64			(17.45)		5,234.59	5,219.36	44.17	0.00
FNMA	2002 A-D SF MRB	5.38	05/22/07	04/01/37	5,073.64	5,075.97			(16.20)		5,057.44	5,089.39	29.62	0.00
FNMA	2002 A-D SF MRB	5.13	05/22/07	04/01/37	4,237.34	4,189.44			(18.03)		4,219.31	4,207.06	35.65	0.00
FNMA	2002 A-D SF MRB	5.38	06/05/07	05/01/37	7,403.29	7,408.70			(23.96)		7,379.33	7,428.16	43.42	0.00
FNMA	2002 A-D SF MRB	5.63	06/05/07	05/01/37	8,585.50	8,648.90			(25.86)		8,559.64	8,705.93	82.89	0.00
FNMA	2002 A-D SF MRB	5.13	06/05/07	04/01/37	8,954.92	8,853.76			(30.14)		8,924.78	8,898.92	75.30	0.00
FNMA	2002 A-D SF MRB	5.38	06/19/07	05/01/37	14,069.01	14,075.73			(73.14)		13,995.87	14,084.52	81.93	0.00
FNMA	2002 A-D SF MRB	5.63	07/03/07	07/01/37	13,888.40	13,991.15			(44.00)		13,844.40	14,081.20	134.05	0.00
FNMA	2002 A-D SF MRB	5.13	07/03/07	06/01/37	12,187.04	12,049.51			(51.89)		12,135.15	12,100.14	102.52	0.00
FNMA	2002 A-D SF MRB	5.38	08/07/07	07/01/37	45,639.01	45,890.00			(3,433.74)		42,205.27	42,683.96	227.70	0.00
FNMA	2002 A-D SF MRB	5.63	08/07/07	07/01/37	10,307.81	10,436.12			(33.08)		10,274.73	10,502.40	99.36	0.00
FNMA	2002 A-D SF MRB	5.13	08/07/07	08/01/37	36,827.37	36,594.33			(119.41)		36,707.96	36,784.02	309.10	0.00
FNMA	2002 A-D SF MRB	5.13	08/29/07	08/01/37	16,925.89	16,819.13			(57.95)		16,867.94	16,903.23	142.05	0.00
FNMA	2002 A-D SF MRB	5.38	08/23/07	07/01/37	15,881.03	15,968.60			(271.74)		15,609.29	15,786.58	89.72	0.00
FNMA	2002 A-D SF MRB	5.38	09/11/07	08/01/37	14,949.53	15,032.24			(47.76)		14,901.77	15,071.28	86.80	0.00
FNMA	2002 A-D SF MRB	5.13	09/11/07	09/01/37	6,951.55	6,907.78			(22.39)		6,929.16	6,943.74	58.35	0.00
FNMA	2002 A-D SF MRB	5.63	09/11/07	08/01/37	6,004.46	6,079.40			(18.91)		5,985.55	6,118.39	57.90	0.00
FNMA	2002 A-D SF MRB	5.63	09/25/07	07/01/37	3,748.16	3,794.99			(11.23)		3,736.93	3,819.91	36.15	0.00
	<b>2002 A-D SF MRB Total</b>				<b>85,308,616.56</b>	<b>83,522,845.81</b>	<b>5,657,418.77</b>	<b>(2,794,305.66)</b>	<b>(1,689,931.09)</b>	<b>0.00</b>	<b>86,481,798.58</b>	<b>84,923,277.49</b>	<b>227,249.66</b>	<b>0.00</b>
Repo Agmt	2004A Single Family Jr Lien	3.02	02/29/08	03/03/08	495.74	495.74	1,202.65				1,698.39	1,698.39	-	0.00
Repo Agmt	2004A Single Family Jr Lien	3.02	02/29/08	03/03/08	124,205.19	124,205.19	0.00				124,205.19	124,205.19	-	0.00
	<b>2004A Single Family Jr Lien Total</b>				<b>124,700.93</b>	<b>124,700.93</b>	<b>1,202.65</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>125,903.58</b>	<b>125,903.58</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1991 A S/F (1980 A Refunding)	3.02	02/29/08	03/03/08	59,120.50	59,120.50		(29,306.97)			29,813.53	29,813.53	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	391,199.23	391,199.23	97,967.27				489,166.50	489,166.50	-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	3.02	02/29/08	03/03/08	0.04	0.04	96.26				96.30	96.30	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29			0.04				0.04	0.04	-	0.00
Repo Agmt	1991 A S/F (1980 A Refunding)	3.02	02/29/08	03/03/08	3.52	3.52	13,164.58				13,168.10	13,168.10	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	4.51	06/26/02	03/01/34	592,612.99	592,612.99		(114.13)			592,498.86	592,498.86	-	0.00
GIC's	1991 A S/F (1980 A Refunding)	6.08	11/14/96	09/30/29	0.12	0.12	0.00				0.12	0.12	-	0.00
	<b>1991 A S/F (1980 A Refunding) Total</b>				<b>1,042,936.40</b>	<b>1,042,936.40</b>	<b>111,228.15</b>	<b>(29,421.10)</b>	<b>0.00</b>	<b>0.00</b>	<b>1,124,743.45</b>	<b>1,124,743.45</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	1994 A&B SF (1983 Refunding)	3.02	02/29/08	03/03/08	9,837.86	9,837.86	1,404.16				11,242.02	11,242.02	-	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)	3.02	02/29/08	03/03/08	0.14	0.14		(0.13)			0.01	0.01	-	0.00
GIC's	1994 A&B SF (1983 Refunding)	6.08	11/14/96	09/30/29	13,513.14	13,513.14	9,885.07				23,398.21	23,398.21	-	0.00
GIC's	1994 A&B SF (1983 Refunding)	6.08	11/14/96	09/30/29			0.14				0.14	0.14	-	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	05/30/96	04/01/26	10,217.22	10,591.32			(76.03)		10,141.19	10,648.76	133.47	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	06/27/96	05/01/26	9,597.38	9,936.30			(107.90)		9,489.48	9,952.10	123.70	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/96	06/01/26	10,746.60	11,150.60			(85.18)		10,661.42	11,205.46	140.04	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/01/96	06/01/26	10,815.27	11,227.74			(76.10)		10,739.17	11,293.03	141.39	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	08/15/96	07/01/26	11,579.16	12,017.01			(188.47)		11,390.69	11,974.46	145.92	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	08/29/96	08/01/26	8,261.25	8,495.13			(89.05)		8,172.20	8,513.13	107.05	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	09/16/96	08/01/26	8,357.52	8,584.69			(189.29)		8,168.23	8,499.78	104.38	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	10/30/96	10/01/26	21,984.05	22,577.26			(272.35)		21,711.70	22,588.72	283.81	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	12/23/96	11/01/26	11,749.35	12,071.85			(139.69)		11,609.66	12,084.03	151.87	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	03/27/97	01/01/27	11,528.77	11,836.99			(137.96)		11,390.81	11,848.09	149.06	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/97	03/01/27	1,428.71	1,467.54			(87.88)		1,340.83	1,395.24	15.58	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.15	09/29/97	07/01/27	7,702.25	7,962.21			(2,603.34)		5,098.91	5,327.20	(31.67)	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/30/96	07/20/26	55,987.87	57,833.93			(5,057.35)		50,930.52	53,388.95	612.37	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/28/96	03/20/26	15,875.74	16,397.82			(162.90)		15,712.84	16,469.92	235.00	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/15/96	07/20/26	39,489.80	40,782.36			(631.89)		38,857.91	40,724.19	573.72	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/96	04/20/26	17,242.55	17,807.09			(142.17)		17,100.38	17,921.88	256.96	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/15/96	05/20/26	47,962.18	49,530.06			(1,548.28)		46,413.90	48,641.14	659.36	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/30/96	05/20/26	19,038.50	19,665.13			(2,927.46)		16,111.04	16,887.75	150.08	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/17/96	06/20/26	56,300.57	58,147.34			(2,968.93)		53,331.64	55,896.85	718.44	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/29/96	06/20/26	15,560.93	16,068.38			(1,930.83)		13,630.10	14,283.10	145.55	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/15/96	06/20/26	62,525.74	64,557.18			(591.25)		61,934.49	64,894.12	928.19	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/29/96	08/20/26	45,937.80	47,253.96			(3,538.73)		42,399.07	44,262.24	547.01	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/16/96	09/20/26	22,550.77	23,181.27			(251.32)		22,299.45	23,263.92	333.97	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/26/96	09/20/26	16,850.17	17,328.00			(207.31)		16,642.86	17,369.31	248.62	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	10/30/96	10/20/26	46,483.37	47,787.02			(527.49)		45,955.88	47,947.49	687.96	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	11/26/96	11/20/26	27,557.96	28,352.82			(214.85)		27,343.11	28,549.94	411.97	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	12/23/96	12/20/26	15,756.05	16,193.18			(122.66)		15,633.39	16,306.17	235.65	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	01/16/97	12/20/26	43,061.44	44,257.04			(5,861.33)		37,200.11	38,801.78	406.07	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	01/30/97	01/20/27	22,796.49	23,483.62			(241.79)		22,554.70	23,550.11	308.28	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/13/97	02/20/27	24,007.82	24,730.56			(3,480.79)		20,527.03	21,432.16	182.39	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/27/97	02/20/27	7,205.90	7,415.21			(55.83)		7,150.07	7,457.78	98.40	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/27/97	03/20/27	24,270.48	24,958.06			(1,341.66)		22,928.82	23,899.16	282.76	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/97	04/20/27	10,913.63	11,215.25			(74.05)		10,839.58	11,290.79	149.59	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	05/29/97	05/20/27	14,192.00	14,584.20			(201.09)		13,990.91	14,573.29	190.18	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/26/97	06/20/27	8,655.40	8,898.33			(67.46)		8,587.94	8,949.13	118.26	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	08/18/97	07/20/27	14,332.65	14,822.89			(318.33)		14,014.32	14,689.80	185.24	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/29/97	08/20/27	31,177.11	32,053.70			(3,026.20)		28,150.91	29,336.25	308.75	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	02/26/98	02/20/28	9,167.08	9,417.97			(2,336.56)		6,830.52	7,109.48	28.07	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	03/26/98	01/20/28	9,601.32	9,864.12			(141.43)		9,459.89	9,846.25	123.56	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	04/29/98	04/20/28	12,528.90	12,871.73			(239.89)		12,289.01	12,790.81	158.97	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	06/25/98	05/20/28	8,896.78	9,140.28			(69.51)		8,827.27	9,187.77	117.00	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	07/16/98	06/20/28	7,894.66	8,110.77			(97.07)		7,797.59	8,116.07	102.37	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	09/10/98	07/20/28	17,984.64	18,476.87			(138.14)		17,846.50	18,575.35	236.62	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.15	11/19/98	10/20/28	31,572.37	32,436.51			(4,166.98)		27,405.39	28,524.63	255.10	0.00
GIC's	1994 A&B SF (1983 Refunding)	6.10	06/09/94	09/01/00			27,269.23				27,269.23	27,269.23	-	0.00
Repo Agmt	1994 A&B SF (1983 Refunding)	3.02	02/29/08	03/03/08	118,185.80	118,185.80	96,518.03				214,703.83	214,703.83	-	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.75	02/20/98	01/01/28	3,327.03	3,433.39			(36.88)		3,290.15	3,429.46	32.95	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	03/27/98	03/01/28	3,787.39	3,903.60			(32.34)		3,755.05	3,908.07	36.81	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	06/29/98	05/01/28	2,847.58	2,934.88			(42.90)		2,804.68	2,918.92	26.94	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.75	02/20/98	01/20/28	22,457.87	23,156.76			(1,098.98)		21,358.89	22,303.81	246.03	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	09/01/28	4,745.38	4,890.99			(30.61)		4,714.77	4,906.92	46.54	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	03/27/98	03/20/28	43,528.46	44,883.08			(356.03)		43,172.43	45,082.41	555.36	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	05/19/98	05/20/28	29,090.95	29,996.25			(1,680.40)		27,410.55	28,623.19	307.34	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/28/00	06/20/30	19,392.30	19,517.14			(137.85)		19,254.45	19,601.37	222.08	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	08/14/98	07/20/28	16,215.50	16,720.11			(194.53)		16,020.97	16,729.72	204.14	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	06/29/98	06/20/28	8,717.42	8,988.71			(54.29)		8,663.13	9,046.39	111.97	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	09/18/98	09/20/28	11,333.53	11,686.19			(67.81)		11,265.72	11,764.08	145.70	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	03/31/99	11/01/28	2,086.64	2,150.67			(34.91)		2,051.73	2,135.35	19.59	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	11/20/28	10,658.53	10,990.19			(1,801.71)		8,856.82	9,248.62	60.14	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	11/20/28	7,819.99	8,063.35			(51.60)		7,768.39	8,112.07	100.32	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	11/30/98	10/20/28	2,635.05	2,717.03			(15.39)		2,619.66	2,735.53	33.89	0.00
FNMA	1994 A&B SF (1983 Refunding)	6.25	05/27/99	11/01/28	2,113.66	2,181.24			(36.19)		2,077.47	2,165.43	20.38	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Refunding)	6.25	02/16/99	02/20/29	15,663.34	16,141.69			(144.26)		15,519.08	16,201.28	203.85	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	03/31/99	02/20/29	1,038.58	1,070.27			(12.10)		1,026.48	1,071.58	13.41	0.00
GNMA	1994 A&B SF (1983 Refunding)	6.25	05/27/99	05/20/29	5,711.29	5,885.72			(33.94)		5,677.35	5,926.94	75.16	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	12,181.83	12,269.06			(84.47)		12,097.36	12,323.61	139.02	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	11,289.07	11,369.87			(77.81)		11,211.26	11,420.88	128.82	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	08/01/29	1,716.87	1,725.56			(9.83)		1,707.04	1,721.65	5.92	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	6,059.58	6,102.98			(35.94)		6,023.64	6,136.30	69.26	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/20/99	12/01/29	6,228.85	6,261.65			(48.64)		6,180.21	6,234.39	21.38	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	01/19/00	12/01/29	4,860.81	4,886.43			(43.46)		4,817.35	4,859.59	16.62	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/28/99	10/20/29	22,099.79	22,258.01			(1,126.32)		20,973.47	21,365.66	233.97	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	2,968.53	2,989.79			(28.26)		2,940.27	2,995.26	33.73	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/20/29	38,483.77	38,759.26			(333.25)		38,150.52	38,863.89	437.88	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	12,218.86	12,297.62			(69.55)		12,149.31	12,368.32	140.25	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	5,161.16	5,194.39			(29.59)		5,131.57	5,224.03	59.23	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	7,763.61	7,813.58			(71.02)		7,692.59	7,831.18	88.62	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/01/30	4,625.95	4,645.04			(26.97)		4,598.98	4,637.87	19.80	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	04/20/30	8,468.13	8,522.64			(69.06)		8,399.07	8,550.39	96.81	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	04/20/30	1,579.41	1,589.54			(8.66)		1,570.75	1,599.00	18.12	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	05/20/30	9,640.45	9,702.53			(55.41)		9,585.04	9,757.76	110.64	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/18/00	09/20/30	18,607.57	18,727.39			(111.81)		18,495.76	18,829.03	213.45	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	2,431.61	2,441.56			(29.71)		2,401.90	2,422.13	10.28	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	101,105.93	101,829.82			(700.96)		100,404.97	102,282.51	1,153.65	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	93,695.86	94,366.77			(645.80)		93,050.06	94,790.13	1,069.16	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	08/01/29	14,247.94	14,322.80			(81.61)		14,166.33	14,290.35	49.16	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	50,292.97	50,653.03			(298.26)		49,994.71	50,929.57	574.80	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/20/99	12/01/29	51,697.51	51,969.95			(403.63)		51,293.88	51,743.72	177.40	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	01/19/00	12/01/29	40,343.48	40,556.06			(360.76)		39,982.72	40,333.34	138.04	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/28/99	10/20/29	183,422.01	184,735.30			(9,348.10)		174,073.91	177,329.07	1,941.87	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	24,638.08	24,814.49			(234.56)		24,403.52	24,859.86	279.93	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/30/29	319,404.15	321,691.03			(2,765.80)		316,638.35	322,559.42	3,634.19	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	101,413.70	102,066.83			(577.17)		100,836.53	102,653.62	1,163.96	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	42,836.22	43,112.07			(245.62)		42,590.60	43,358.06	491.61	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	17,462.08	17,574.50			(159.75)		17,302.33	17,614.08	199.33	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/22/99	06/20/29	103,137.19	103,875.67			(1,082.04)		102,055.15	103,963.60	1,169.97	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/30/99	07/20/29	131,467.47	132,408.77			(888.79)		130,578.68	133,020.49	1,500.51	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/26/99	08/20/29	81,846.28	82,432.30			(565.83)		81,280.45	82,800.39	933.92	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/20/99	09/20/29	68,003.30	68,490.18			(416.06)		67,587.24	68,851.10	776.98	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	12/21/99	11/01/29	40,128.88	40,340.33			(515.01)		39,613.87	39,961.25	135.93	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/29/99	10/20/29	145,131.11	146,170.24			(1,066.87)		144,064.24	146,758.23	1,654.86	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	11/18/99	11/20/29	188,329.24	189,677.71			(1,293.12)		187,036.12	190,533.72	2,149.13	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/30/99	12/20/29	156,192.98	157,311.34			(999.43)		155,193.55	158,095.69	1,783.78	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	01/28/00	01/20/30	185,552.61	186,747.54			(9,499.68)		176,052.93	179,225.39	1,977.53	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	02/22/00	01/20/30	93,571.44	94,174.04			(713.21)		92,858.23	94,531.53	1,070.70	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	45,100.41	45,390.60			(322.08)		44,778.33	45,584.98	516.46	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	02/23/00	01/01/30	19,973.74	20,079.00			(111.29)		19,862.45	20,036.64	68.93	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/28/00	06/20/30	160,950.35	161,986.87			(1,144.14)		159,806.21	162,685.91	1,843.18	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	46,973.57	47,276.07			(429.73)		46,543.84	47,382.55	536.21	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/01/30	38,394.40	38,552.57			(223.92)		38,170.48	38,493.01	164.36	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	04/20/30	70,282.91	70,735.52			(573.18)		69,709.73	70,965.89	803.55	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	04/20/30	13,108.35	13,192.75			(71.94)		13,036.41	13,271.31	150.50	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	05/20/30	80,013.10	80,528.32			(459.91)		79,553.19	80,986.68	918.27	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	09/18/00	09/20/30	154,437.56	155,432.12			(928.05)		153,509.51	156,275.74	1,771.67	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	20,181.17	20,264.32			(246.57)		19,934.60	20,103.05	85.30	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/20/30	177,568.62	178,712.17			(1,175.60)		176,393.02	179,571.62	2,035.05	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	08/28/00	08/20/30	31,545.03	31,748.20			(169.12)		31,375.91	31,941.33	362.25	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	03/27/00	02/20/30	6,790.74	6,834.68			(48.49)		6,742.25	6,863.95	77.76	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	04/27/00	03/20/30	54,788.06	55,140.88			(358.19)		54,429.87	55,410.67	627.98	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	05/30/00	05/20/30	79,409.26	79,920.68			(803.18)		78,606.08	80,022.59	905.09	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	06/21/00	06/20/30	150,889.50	151,861.22			(874.41)		150,015.09	152,718.35	1,731.54	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	05/31/00	05/01/30	36,268.79	36,418.23			(396.18)		35,872.61	36,175.75	153.70	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/23/00	09/20/30	5,680.04	5,716.61			(29.88)		5,650.16	5,751.97	65.24	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	10/30/00	10/20/30	43,395.59	43,675.00			(331.98)		43,063.61	43,839.55	496.53	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	07/24/00	06/01/30	63,830.17	64,093.11			(645.45)		63,184.72	63,718.58	270.92	0.00
GNMA	1994 A&B SF (1983 Refunding)	5.45	12/21/00	05/20/30	9,036.46	9,094.66			(50.85)		8,985.61	9,147.54	103.73	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	10/06/00	09/01/30	42,122.25	42,295.81			(239.43)		41,882.82	42,236.75	180.37	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	10/30/00	08/01/30	45,363.68	45,550.56			(394.67)		44,969.01	45,348.98	193.09	0.00
FNMA	1994 A&B SF (1983 Refunding)	5.45	02/12/01	02/01/30	10,626.30	10,682.32			(59.56)		10,566.74	10,659.42	36.66	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	07/07/05	07/20/35	244,970.79	236,593.81			(9,764.74)		235,206.05	226,883.59	54.52	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/15/05	09/20/35	21,434.06	20,702.42			(89.51)		21,344.55	20,590.60	(22.31)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/22/05	09/20/35	28,035.46	27,078.64			(126.28)		27,909.18	26,923.49	(28.87)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/11/05	07/20/35	37,453.94	36,269.46			(155.96)		37,297.98	36,077.85	(35.65)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/18/05	08/20/35	95,675.01	92,590.46			(448.29)		95,226.72	92,055.47	(86.70)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	08/30/05	08/20/35	183,906.10	177,625.72			(850.49)		183,055.61	176,586.65	(188.58)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	09/29/05	07/20/35	15,232.55	14,751.45			(63.67)		15,168.88	14,673.27	(14.51)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	10/13/05	09/20/35	19,352.23	18,692.07			(85.00)		19,267.23	18,587.05	(20.02)	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	10/27/05	10/20/35	120,030.37	115,937.40			(9,311.84)		110,718.53	106,811.45	185.89	0.00
GNMA	1994 A&B SF (1983 Refunding)	4.49	11/01/05	11/20/35	31,740.12	30,738.70			(145.38)		31,594.74	30,563.52	(29.80)	0.00
FNMA	1994 A&B SF (1983 Refunding)	4.49	09/08/05	08/01/35	22,897.11	21,867.14			(135.69)		22,761.42	21,883.70	152.25	0.00
FNMA	1994 A&B SF (1983 Refunding)	4.49	11/01/05	10/01/35	12,959.84	12,377.18			(56.77)		12,903.07	12,405.80	85.39	0.00
<b>1994 A&amp;B SF (1983 Refunding) Total</b>					<b>5,932,777.54</b>	<b>5,963,673.88</b>	<b>135,076.63</b>	<b>(0.13)</b>	<b>(119,040.73)</b>	<b>0.00</b>	<b>5,948,813.31</b>	<b>6,033,653.47</b>	<b>53,943.82</b>	<b>0.00</b>
Repo Agmt	1995 C SF (1985 A&B Refunding)	3.02	02/29/08	03/03/08			0.67				0.67	0.67	-	0.00
GIC's	1995 C SF (1985 A&B Refunding)	6.08	11/14/96	09/30/29	22.17	22.17	0.00				22.17	22.17	-	0.00
Repo Agmt	1995 C SF (1985 A&B Refunding)	3.02	02/29/08	03/03/08			0.01				0.01	0.01	-	0.00
GIC's	1995 C SF (1985 A&B Refunding)	6.08	11/14/96	09/30/29	0.31	0.31					0.31	0.31	-	0.00
<b>1995 C SF (1985 A&amp;B Refunding) Total</b>					<b>22.48</b>	<b>22.48</b>	<b>0.68</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>23.16</b>	<b>23.16</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	2005 A Single Family	3.02	02/29/08	03/03/08	1,148,245.98	1,148,245.98	22,666.79				1,170,912.77	1,170,912.77	-	0.00
Repo Agmt	2005 A Single Family	3.02	02/29/08	03/03/08	598.33	598.33	4,698,105.86				4,698,704.19	4,698,704.19	-	0.00
GIC's	2005 A Single Family	3.37	09/22/05	09/01/36	3,225,878.72	3,225,878.72		(2,208,041.01)			1,017,837.71	1,017,837.71	-	0.00
Repo Agmt	2005 A Single Family	3.02	02/29/08	03/03/08	1,083.28	1,083.28	2,650.08				3,733.36	3,733.36	-	0.00
Inv Agmt	2005 A Single Family				395,878.82	395,878.82		(395,878.82)					-	0.00
GNMA	2005 A Single Family	4.49	08/11/05	07/20/35	1,197,443.60	1,158,418.96			(5,691.08)		1,191,752.52	1,151,476.62	(1,251.26)	0.00
GNMA	2005 A Single Family	4.49	08/30/05	08/20/35	674,541.90	652,571.78			(2,892.53)		671,649.37	648,964.38	(714.87)	0.00
GNMA	2005 A Single Family	4.49	10/27/05	10/20/35	1,665,470.87	1,611,326.73			(7,027.58)		1,658,443.29	1,602,528.11	(1,771.04)	0.00
GNMA	2005 A Single Family	4.49	10/27/05	10/20/35	988,301.18	956,171.72			(4,066.47)		984,234.71	951,050.79	(1,054.46)	0.00
GNMA	2005 A Single Family	4.49	09/29/05	09/20/35	6,570,617.22	6,356,815.03			(273,565.71)		6,297,051.51	6,084,559.08	1,309.76	0.00
GNMA	2005 A Single Family	4.49	10/06/05	09/20/35	2,043,927.96	1,977,434.32			(8,675.21)		2,035,252.75	1,966,587.59	(2,171.52)	0.00
GNMA	2005 A Single Family	4.49	10/20/05	10/20/35	1,466,533.67	1,418,846.95			(6,535.16)		1,459,998.51	1,410,764.04	(1,547.75)	0.00
GNMA	2005 A Single Family	4.49	12/08/05	12/20/35	1,116,457.94	1,080,211.27			(4,498.14)		1,111,959.80	1,074,519.53	(1,193.60)	0.00
GNMA	2005 A Single Family	4.49	12/15/05	12/20/35	1,085,460.20	1,052,992.38			(4,799.41)		1,080,660.79	1,047,142.50	(1,050.47)	0.00
GNMA	2005 A Single Family	4.49	11/03/05	11/20/35	384,360.22	372,847.21			(1,658.16)		382,702.06	370,815.88	(373.17)	0.00
GNMA	2005 A Single Family	4.49	11/10/05	11/20/35	1,918,364.28	1,860,915.27			(9,523.68)		1,908,840.60	1,849,567.81	(1,823.78)	0.00
GNMA	2005 A Single Family	4.49	11/17/05	11/20/35	1,366,882.84	1,322,475.18			(6,449.71)		1,360,433.13	1,314,596.09	(1,429.38)	0.00
GNMA	2005 A Single Family	4.49	11/22/05	11/20/35	954,969.61	923,948.94			(139,106.65)		815,862.96	788,378.07	3,535.78	0.00
GNMA	2005 A Single Family	4.49	11/29/05	11/20/35	1,075,335.28	1,043,151.35			(6,081.58)		1,069,253.70	1,036,071.43	(998.34)	0.00
GNMA	2005 A Single Family	4.49	12/22/05	12/20/35	1,609,564.64	1,561,431.11			(7,120.23)		1,602,444.41	1,552,753.26	(1,557.62)	0.00
GNMA	2005 A Single Family	4.49	12/29/05	12/20/35	2,553,936.01	2,471,072.95			(10,506.00)		2,543,430.01	2,457,841.07	(2,725.88)	0.00
GNMA	2005 A Single Family	4.49	01/05/06	01/20/36	1,602,797.08	1,550,354.36			(8,677.73)		1,594,119.35	1,540,908.61	(768.02)	0.00
GNMA	2005 A Single Family	4.49	01/12/06	01/20/36	1,838,868.68	1,783,359.87			(108,207.55)		1,730,661.13	1,677,347.88	2,195.56	0.00
GNMA	2005 A Single Family	4.49	03/09/06	02/20/36	1,474,479.28	1,426,327.33			(5,996.32)		1,468,482.96	1,419,557.70	(773.31)	0.00
GNMA	2005 A Single Family	4.49	03/02/06	02/20/36	1,812,866.52	1,753,651.48			(7,711.63)		1,805,154.89	1,745,000.42	(939.43)	0.00
GNMA	2005 A Single Family	4.49	01/19/06	01/20/36	962,915.03	931,421.19			(71,201.23)		891,713.80	861,961.14	1,741.18	0.00
GNMA	2005 A Single Family	4.49	01/26/06	01/20/36	1,316,036.26	1,273,001.97			(5,364.25)		1,310,672.01	1,266,949.49	(688.23)	0.00
GNMA	2005 A Single Family	4.49	02/02/06	02/20/36	2,751,407.57	2,661,460.95			(13,165.55)		2,738,242.02	2,646,921.43	(1,373.97)	0.00
GNMA	2005 A Single Family	4.49	02/09/06	02/20/36	1,167,521.52	1,129,361.91			(5,082.80)		1,162,438.72	1,123,679.23	(599.88)	0.00
GNMA	2005 A Single Family	4.49	02/16/06	02/20/36	1,644,651.65	1,590,908.63			(7,658.29)		1,636,993.36	1,582,420.28	(830.06)	0.00
GNMA	2005 A Single Family	4.49	02/23/06	02/20/36	1,800,921.70	1,742,084.49			(7,401.97)		1,793,519.73	1,733,740.76	(941.76)	0.00
GNMA	2005 A Single Family	4.49	05/11/06	04/20/36	868,905.79	840,586.09			(3,991.34)		864,914.45	836,153.98	(440.77)	0.00
GNMA	2005 A Single Family	4.49	05/11/06	05/20/36	393,469.26	381,640.06			(2,174.30)		391,294.96	379,288.98	(176.78)	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2005 A Single Family	4.49	05/18/06	05/20/36	1,048,235.30	1,014,079.03			(4,271.73)		1,043,963.57	1,009,258.48	(548.82)	0.00
GNMA	2005 A Single Family	4.49	05/18/06	05/20/36	426,236.62	413,425.24			(1,694.26)		424,542.36	411,519.17	(211.81)	0.00
GNMA	2005 A Single Family	4.49	03/16/06	03/20/36	736,461.19	714,277.75			(2,953.20)		733,507.99	710,959.62	(364.93)	0.00
GNMA	2005 A Single Family	4.49	03/23/06	03/20/36	2,092,442.73	2,024,140.71			(9,127.79)		2,083,314.94	2,013,937.99	(1,074.93)	0.00
GNMA	2005 A Single Family	4.49	03/30/06	03/20/36	1,136,305.19	1,099,221.42			(4,621.86)		1,131,683.33	1,094,004.62	(594.94)	0.00
GNMA	2005 A Single Family	4.49	04/06/06	03/20/36	1,799,123.43	1,740,420.64			(122,705.05)		1,676,418.38	1,620,614.50	2,898.91	0.00
GNMA	2005 A Single Family	4.49	04/13/06	03/20/36	1,076,308.38	1,041,197.39			(4,881.91)		1,071,426.47	1,035,767.61	(547.87)	0.00
GNMA	2005 A Single Family	4.49	04/20/06	04/20/36	2,048,272.62	1,981,472.53			(9,463.66)		2,038,808.96	1,970,971.93	(1,036.94)	0.00
GNMA	2005 A Single Family	4.49	04/27/06	04/20/36	858,639.60	830,642.75			(4,388.90)		854,250.70	825,833.16	(420.69)	0.00
GNMA	2005 A Single Family	4.49	05/05/06	04/20/36	1,610,607.31	1,562,175.24			(6,909.91)		1,603,697.40	1,554,479.12	(786.21)	0.00
GNMA	2005 A Single Family	4.49	05/25/06	05/20/36	998,899.94	966,358.08			(4,322.72)		994,577.22	961,520.73	(514.63)	0.00
GNMA	2005 A Single Family	4.49	06/01/06	06/20/36	1,308,023.66	1,268,728.95			(6,015.62)		1,302,008.04	1,262,088.30	(625.03)	0.00
GNMA	2005 A Single Family	4.49	06/08/06	06/20/36	1,640,188.59	1,586,780.70			(7,551.00)		1,632,637.59	1,578,399.60	(830.10)	0.00
GNMA	2005 A Single Family	4.49	06/15/06	06/20/36	1,133,735.93	1,099,692.63			(4,842.75)		1,128,893.18	1,094,295.56	(554.32)	0.00
GNMA	2005 A Single Family	4.49	06/27/06	06/20/36	1,942,840.87	1,884,525.01			(118,710.88)		1,824,129.99	1,768,246.66	2,432.53	0.00
GNMA	2005 A Single Family	4.49	07/06/06	07/20/36	822,523.18	797,842.59			(3,592.80)		818,930.38	793,850.78	(399.01)	0.00
GNMA	2005 A Single Family	4.49	07/13/06	06/20/36	1,439,673.90	1,396,483.59			(6,254.29)		1,433,419.61	1,389,528.40	(700.90)	0.00
GNMA	2005 A Single Family	4.49	07/19/06	06/20/36	1,865,374.34	1,804,708.76			(8,382.50)		1,856,991.84	1,795,373.15	(953.11)	0.00
GNMA	2005 A Single Family	4.49	07/27/06	07/20/36	1,192,265.75	1,156,515.22			(4,712.40)		1,187,553.35	1,151,209.16	(593.66)	0.00
GNMA	2005 A Single Family	4.49	08/02/06	08/20/36	741,968.75	719,726.38			(2,921.84)		739,046.91	716,434.71	(369.83)	0.00
GNMA	2005 A Single Family	4.49	08/09/06	08/20/36	1,867,970.44	1,811,986.15			(9,137.78)		1,858,832.66	1,801,969.96	(878.41)	0.00
GNMA	2005 A Single Family	4.49	08/16/06	07/20/36	1,072,234.29	1,037,393.56			(4,584.50)		1,067,649.79	1,032,254.34	(554.72)	0.00
GNMA	2005 A Single Family	4.49	08/23/06	07/20/36	766,710.30	743,741.27			(3,948.86)		762,761.44	739,437.88	(354.53)	0.00
GNMA	2005 A Single Family	4.49	09/06/06	08/20/36	970,826.52	941,756.86			(117,610.32)		853,216.20	827,139.27	2,992.73	0.00
GNMA	2005 A Single Family	4.49	09/12/06	08/20/36	512,822.18	497,469.67			(1,982.04)		510,840.14	495,230.31	(257.32)	0.00
GNMA	2005 A Single Family	4.49	09/26/06	09/20/36	599,626.22	581,683.85			(2,322.20)		597,304.02	579,061.45	(300.20)	0.00
GNMA	2005 A Single Family	4.49	10/17/06	10/20/36	1,055,749.52	1,024,182.59			(4,168.89)		1,051,580.63	1,019,486.44	(527.26)	0.00
GNMA	2005 A Single Family	4.49	11/14/06	10/20/36	1,014,669.72	984,358.94			(4,753.37)		1,009,916.35	979,122.45	(483.12)	0.00
GNMA	2005 A Single Family	4.49	11/28/06	10/20/36	217,791.15	211,288.17			(829.53)		216,961.62	210,349.11	(109.53)	0.00
GNMA	2005 A Single Family	4.49	12/12/06	10/20/36	249,309.39	241,868.97			(980.31)		248,329.08	240,763.95	(124.71)	0.00
GNMA	2005 A Single Family	4.49	01/16/07	12/20/36	246,581.63	239,231.58			(1,459.17)		245,122.46	237,664.18	(108.23)	0.00
GNMA	2005 A Single Family	4.49	01/30/07	12/20/36	130,502.93	125,382.10			(501.18)		130,001.75	124,831.37	(49.55)	0.00
GNMA	2005 A Single Family	4.49	02/13/07	01/20/37	312,558.89	303,358.57			(1,216.19)		311,342.70	302,119.46	(22.92)	0.00
GNMA	2005 A Single Family	4.49	02/20/07	02/20/37	227,860.31	221,154.23			(990.94)		226,869.37	220,150.86	(12.43)	0.00
GNMA	2005 A Single Family	4.49	03/20/07	01/20/37	222,694.14	216,050.26			(931.14)		221,763.00	215,074.43	(44.69)	0.00
GNMA	2005 A Single Family	4.49	04/24/07	03/20/37	524,319.30	508,695.76			(2,156.48)		522,162.82	506,433.41	(105.87)	0.00
GNMA	2005 A Single Family	4.49	04/10/07	02/20/37	269,432.00	261,399.57			(1,009.92)		268,422.08	260,332.04	(57.61)	0.00
GNMA	2005 A Single Family	4.49	05/22/07	04/20/37	385,625.88	373,159.66			(1,804.53)		383,821.35	371,272.60	(82.53)	0.00
GNMA	2005 A Single Family	4.49	06/05/07	05/20/37	324,178.00	314,532.55			(1,384.46)		322,793.54	313,083.79	(64.30)	0.00
GNMA	2005 A Single Family	4.49	07/03/07	06/20/37	262,394.97	254,595.23			(955.21)		261,439.76	253,583.23	(56.79)	0.00
GNMA	2005 A Single Family	4.49	11/21/07	09/20/37	237,667.68	230,754.22			(846.85)		236,820.83	229,853.61	(53.76)	0.00
GNMA	2005 A Single Family	4.49	09/25/07	04/20/37	117,956.99	114,518.46			(725.00)		117,231.99	113,775.67	(17.79)	0.00
GNMA	2005 A Single Family	4.49	12/11/07	08/20/37			138,323.34				138,323.34	134,256.76	(4,066.58)	0.00
GNMA	2005 A Single Family	4.49	01/30/08	01/20/38			399,899.70				399,899.70	388,160.93	(11,738.77)	0.00
GNMA	2005 A Single Family	4.49	01/30/08	01/20/38			120,833.67				120,833.67	116,971.16	(3,862.51)	0.00
FNMA	2005 A Single Family	4.49	10/20/05	10/01/35	252,099.12	240,820.21			(1,088.56)		251,010.56	241,391.70	1,660.05	0.00
FNMA	2005 A Single Family	4.49	11/10/05	11/01/35	118,400.86	113,104.63			(644.25)		117,756.61	113,245.25	784.87	0.00
FNMA	2005 A Single Family	4.49	12/15/05	12/01/35	240,303.51	229,558.12			(1,135.84)		239,167.67	230,008.67	1,586.39	0.00
FNMA	2005 A Single Family	4.49	01/05/06	12/01/35	344,785.03	329,370.61			(1,887.33)		342,897.70	329,769.28	2,286.00	0.00
FNMA	2005 A Single Family	4.49	02/09/06	02/01/36	207,692.09	198,322.48			(1,017.17)		206,674.92	198,522.46	1,217.15	0.00
FNMA	2005 A Single Family	4.49	02/23/06	01/01/36	243,298.80	232,324.05			(984.16)		242,314.64	232,757.55	1,417.66	0.00
FNMA	2005 A Single Family	4.49	03/16/06	03/01/36	381,890.60	364,668.24			(2,470.90)		379,419.70	364,458.70	2,261.36	0.00
FNMA	2005 A Single Family	4.49	04/06/06	03/01/36	263,536.37	251,653.77			(1,055.88)		262,480.49	252,132.83	1,534.94	0.00
FNMA	2005 A Single Family	4.49	04/20/06	04/01/36	371,724.07	354,965.91			(1,536.30)		370,187.77	355,596.52	2,166.91	0.00
FNMA	2005 A Single Family	4.49	05/11/06	04/01/36	291,656.84	278,510.80			(1,413.72)		290,243.12	278,805.47	1,708.39	0.00
FNMA	2005 A Single Family	4.49	06/08/06	04/01/36	273,605.04	261,275.80			(1,109.95)		272,495.09	261,759.98	1,594.13	0.00
FNMA	2005 A Single Family	4.49	06/27/06	06/01/36	282,134.99	269,424.10			(1,116.05)		281,018.94	269,950.75	1,642.70	0.00
FNMA	2005 A Single Family	4.49	07/13/06	06/01/36	347,861.54	332,191.83			(1,511.29)		346,350.25	332,711.26	2,030.72	0.00
FNMA	2005 A Single Family	4.49	07/19/06	07/01/36	529,583.00	505,729.02			(2,096.71)		527,486.29	506,715.85	3,083.54	0.00
FNMA	2005 A Single Family	4.49	08/02/06	07/01/36	477,579.20	456,070.35			(1,908.00)		475,671.20	456,943.79	2,781.44	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
FNMA	2005 A Single Family	4.49	08/09/06	07/01/36	358,590.69	342,441.81			(1,412.66)		357,178.03	343,116.81	2,087.66	0.00
FNMA	2005 A Single Family	4.49	09/12/06	08/01/36	276,841.37	264,378.25			(1,094.91)		275,746.46	264,895.25	1,611.91	0.00
FNMA	2005 A Single Family	4.49	10/17/06	09/01/36	259,449.88	247,773.70			(1,769.25)		257,680.63	247,544.32	1,539.87	0.00
FNMA	2005 A Single Family	4.49	11/14/06	10/01/36	392,682.95	375,015.31			(1,514.35)		391,168.60	375,786.21	2,285.25	0.00
FNMA	2005 A Single Family	4.49	11/21/06	10/01/36	279,420.46	266,849.81			(1,104.50)		278,315.96	267,372.23	1,626.92	0.00
FNMA	2005 A Single Family	4.49	12/12/06	11/01/36	369,140.86	352,537.05			(1,799.39)		367,341.47	352,900.70	2,163.04	0.00
FNMA	2005 A Single Family	4.49	01/30/07	11/01/36	55,151.40	52,671.86			(211.72)		54,939.68	52,781.02	320.88	0.00
FNMA	2005 A Single Family	4.49	02/13/07	01/01/37	57,724.51	55,125.09			(222.13)		57,502.38	55,245.21	342.25	0.00
FNMA	2005 A Single Family	4.49	03/20/07	02/01/37	162,369.32	155,030.60			(737.62)		161,631.70	155,250.46	957.48	0.00
FNMA	2005 A Single Family	4.49	04/10/07	01/01/37	218,658.88	208,777.89			(833.09)		217,825.79	209,227.89	1,283.09	0.00
FNMA	2005 A Single Family	4.49	04/24/07	04/01/37	370,770.67	354,018.38			(1,386.04)		369,384.63	354,807.34	2,175.00	0.00
FNMA	2005 A Single Family	4.49	05/22/07	04/01/37	224,728.68	214,577.72			(836.75)		223,891.93	215,058.92	1,317.95	0.00
FNMA	2005 A Single Family	4.49	06/05/07	05/01/37	264,225.30	252,292.04			(981.88)		263,243.42	252,859.69	1,549.53	0.00
FNMA	2005 A Single Family	4.49	07/03/07	06/01/37	689,184.95	658,067.12			(2,565.01)		686,619.94	659,544.58	4,042.47	0.00
FNMA	2005 A Single Family	4.49	09/25/07	09/01/37	360,184.18	345,661.27			(1,300.40)		358,883.78	346,460.96	2,100.09	0.00
FNMA	2005 A Single Family	4.49	11/08/07	09/01/37	354,008.42	341,543.28			(1,275.21)		352,733.21	342,343.28	2,075.21	0.00
FNMA	2005 A Single Family	4.49	11/21/07	09/01/37	144,849.32	139,750.67			(518.66)		144,330.66	140,081.02	849.01	0.00
FNMA	2005 A Single Family	4.49	12/11/07	11/01/37			322,883.18				322,883.18	313,382.30	(9,500.88)	0.00
Repo Agmt	2005 A Single Family	3.02	02/29/08	03/03/08	1,620,584.33	1,620,584.33		(598,000.27)			1,022,584.06	1,022,584.06	-	0.00
	<b>2005 A Single Family Total</b>				<u>97,671,019.85</u>	<u>94,662,537.54</u>	<u>5,705,362.62</u>	<u>(3,201,920.10)</u>	<u>(1,287,993.88)</u>	<u>0.00</u>	<u>98,886,468.49</u>	<u>95,879,418.40</u>	<u>1,432.22</u>	<u>0.00</u>
	<b>Total Single Family Investment Summary</b>				<b>1,178,205,987.43</b>	<b>1,172,052,772.47</b>	<b>295,245,493.31</b>	<b>(266,125,065.21)</b>	<b>(12,210,622.75)</b>	<b>0.00</b>	<b>1,195,115,792.78</b>	<b>1,196,045,143.32</b>	<b>7,082,565.50</b>	<b>0.00</b>

**Texas Department of Housing and Community Affairs  
Residential Mortgage Revenue Bonds Investment Summary  
For Period Ending February 29, 2008**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Repo Agmt	1989 A&B RMRB	3.02	02/29/08	03/03/08	719.17	719.17	1,963.91				2,683.08	2,683.08	-	0.00
Repo Agmt	1989 A&B RMRB				519,536.69	519,536.69		(519,536.69)					-	0.00
	<b>1989 A&amp;B RMRB Total</b>				520,255.86	520,255.86	1,963.91	(519,536.69)	0.00	0.00	2,683.08	2,683.08	0.00	0.00
Repo Agmt	1998 A/B RMRB	3.02	02/29/08	03/03/08	589.53	589.53	747,134.94				747,724.47	747,724.47	-	0.00
GIC's	1998 A/B RMRB	5.04	12/03/98	01/01/31	4,795,346.39	4,795,346.39		(2,729,769.75)			2,065,576.64	2,065,576.64	-	0.00
GIC's	1998 A/B RMRB	5.04	12/03/98	01/01/31	1,662,346.43	1,662,346.43	0.00				1,662,346.43	1,662,346.43	-	0.00
GNMA	1998 A/B RMRB	5.35	07/28/00	07/20/30	1,137,404.58	1,139,406.38			(91,514.26)		1,045,890.32	1,060,365.40	12,473.28	0.00
GNMA	1998 A/B RMRB	5.35	08/28/00	07/20/30	2,385,195.52	2,389,393.48			(13,865.61)		2,371,329.91	2,404,149.12	28,621.25	0.00
FNMA	1998 A/B RMRB	5.35	05/25/99	04/01/29	188,330.28	188,456.46			(1,316.34)		187,013.94	187,919.09	778.97	0.00
GNMA	1998 A/B RMRB	5.35	04/16/99	04/20/29	854,977.16	857,123.12			(6,318.15)		848,659.01	860,981.50	10,176.53	0.00
FNMA	1998 A/B RMRB	5.35	06/22/99	05/01/29	103,545.30	103,614.62			(665.78)		102,879.52	103,377.40	428.56	0.00
GNMA	1998 A/B RMRB	5.35	05/25/99	05/20/29	2,721,686.04	2,728,517.42			(49,751.23)		2,671,934.81	2,710,731.23	31,965.04	0.00
GNMA	1998 A/B RMRB	5.35	06/22/99	06/20/29	3,942,254.70	3,952,149.64			(88,026.53)		3,854,228.17	3,910,191.43	46,068.32	0.00
FNMA	1998 A/B RMRB	5.35	07/30/99	07/01/29	72,076.32	72,124.58			(469.30)		71,607.02	71,953.57	298.29	0.00
FNMA	1998 A/B RMRB	5.35	08/24/99	08/01/29	136,454.66	136,546.08			(918.72)		135,535.94	136,191.93	564.57	0.00
GNMA	1998 A/B RMRB	5.35	07/30/99	07/20/29	3,179,046.70	3,187,026.03			(26,165.24)		3,152,881.46	3,198,661.19	37,800.40	0.00
GNMA	1998 A/B RMRB	5.35	08/26/99	08/20/29	2,627,222.55	2,633,816.86			(165,487.71)		2,461,734.84	2,497,479.25	29,150.10	0.00
FNMA	1998 A/B RMRB	5.35	09/30/99	08/01/29	177,144.30	177,262.98			(1,047.82)		176,096.48	176,948.78	733.62	0.00
GNMA	1998 A/B RMRB	5.35	09/20/99	09/20/29	1,915,420.88	1,920,228.57			(12,600.81)		1,902,820.07	1,930,448.99	22,821.23	0.00
FNMA	1998 A/B RMRB	5.35	10/29/99	10/01/29	430,690.82	430,979.41			(4,571.46)		426,119.36	428,181.81	1,773.86	0.00
FNMA	1998 A/B RMRB	5.35	11/16/99	10/01/29	334,500.92	334,725.03			(62,576.64)		271,924.28	273,240.39	1,092.00	0.00
FNMA	1998 A/B RMRB	5.35	12/21/99	11/01/29	528,229.83	528,583.71			(55,233.48)		472,996.35	475,285.62	1,935.39	0.00
GNMA	1998 A/B RMRB	5.35	10/29/99	10/20/29	2,601,807.56	2,608,338.04			(20,435.79)		2,581,371.77	2,618,853.30	30,951.05	0.00
GNMA	1998 A/B RMRB	5.35	11/18/99	11/20/29	3,039,941.84	3,047,572.07			(117,883.54)		2,922,058.30	2,964,486.55	34,798.02	0.00
GNMA	1998 A/B RMRB	5.35	12/30/99	12/20/29	4,720,543.24	4,732,391.69			(32,972.92)		4,687,570.32	4,755,633.71	56,214.94	0.00
GNMA	1998 A/B RMRB	5.35	01/28/00	01/20/30	2,384,134.51	2,388,330.56			(17,367.21)		2,366,767.30	2,399,523.32	28,559.97	0.00
GNMA	1998 A/B RMRB	5.35	02/22/00	01/20/30	2,799,125.40	2,804,051.77			(172,097.03)		2,627,028.37	2,663,386.39	31,431.65	0.00
GNMA	1998 A/B RMRB	5.35	03/27/00	03/20/30	1,529,931.79	1,532,624.44			(11,270.23)		1,518,661.56	1,539,679.80	18,325.59	0.00
FNMA	1998 A/B RMRB	5.35	02/23/00	01/01/30	474,832.80	475,150.90			(8,541.20)		466,291.60	468,548.40	1,938.70	0.00
FNMA	1998 A/B RMRB	5.35	03/27/00	02/01/30	269,830.80	269,693.18			(4,350.17)		265,480.63	266,654.05	1,311.04	0.00
FNMA	1998 A/B RMRB	5.35	04/21/00	04/01/30	301,637.59	301,483.75			(1,809.90)		299,827.69	301,152.92	1,479.07	0.00
GNMA	1998 A/B RMRB	5.35	04/24/00	04/20/30	1,976,199.19	1,979,677.32			(120,290.06)		1,855,909.13	1,881,594.93	22,207.67	0.00
GNMA	1998 A/B RMRB	5.35	05/30/00	05/20/30	1,570,360.63	1,573,124.40			(21,605.74)		1,548,754.89	1,570,189.60	18,670.94	0.00
GNMA	1998 A/B RMRB	5.35	06/21/00	06/20/30	1,215,549.33	1,217,688.72			(10,972.93)		1,204,576.40	1,221,247.75	14,531.96	0.00
FNMA	1998 A/B RMRB	5.35	05/30/00	05/01/30	397,858.51	397,655.60			(5,788.78)		392,069.73	393,802.67	1,935.85	0.00
FNMA	1998 A/B RMRB	5.35	06/21/00	06/01/30	195,722.19	195,622.36			(5,462.44)		190,259.75	191,100.69	940.77	0.00
GNMA	1998 A/B RMRB	5.35	10/23/00	09/20/30	1,672,601.53	1,675,545.28			(66,558.71)		1,606,042.82	1,628,270.43	19,283.86	0.00
GNMA	1998 A/B RMRB	5.35	10/25/00	10/20/30	447,362.22	448,149.57			(5,375.02)		441,987.20	448,104.28	5,329.73	0.00
FNMA	1998 A/B RMRB	5.35	07/24/00	06/01/30	392,708.91	392,508.62			(3,234.43)		389,474.48	391,195.95	1,921.76	0.00
FNMA	1998 A/B RMRB	5.35	08/25/00	07/01/30	198,579.18	198,477.90			(1,880.34)		196,698.84	197,568.24	970.68	0.00
GNMA	1998 A/B RMRB	5.35	01/08/01	12/20/30	316,274.58	316,831.21			(4,825.03)		311,449.55	315,760.00	3,753.82	0.00
GNMA	1998 A/B RMRB	5.35	01/16/01	12/20/30	200,460.18	200,812.98			(1,678.43)		198,781.75	201,532.88	2,398.33	0.00
GNMA	1998 A/B RMRB	5.35	01/31/01	08/20/30	111,146.99	111,342.55			(612.61)		110,534.38	112,064.13	1,334.19	0.00
GNMA	1998 A/B RMRB	5.35	11/16/00	11/20/30	312,644.40	313,194.65			(4,098.22)		308,546.18	312,816.45	3,720.02	0.00
GNMA	1998 A/B RMRB	5.35	11/29/00	11/20/30	739,710.24	741,012.10			(5,730.06)		733,980.18	744,138.43	8,856.39	0.00
GNMA	1998 A/B RMRB	5.35	12/21/00	11/20/30	135,176.55	135,414.46			(4,109.12)		131,067.43	132,881.40	1,576.06	0.00
GNMA	1998 A/B RMRB	5.35	12/27/00	12/20/30	289,320.78	289,829.98			(1,542.53)		287,778.25	291,761.10	3,473.65	0.00
FNMA	1998 A/B RMRB	5.35	10/06/00	09/01/30	417,402.21	417,189.31			(3,675.09)		413,727.12	415,555.76	2,041.54	0.00
FNMA	1998 A/B RMRB	5.35	01/12/01	12/01/30	387,294.28	387,096.72			(2,784.77)		384,509.51	386,209.01	1,897.06	0.00
Repo Agmt	1998 A/B RMRB	3.02	02/29/08	03/03/08	1,289,069.91	1,289,069.91	14,337.93				1,303,407.84	1,303,407.84	-	0.00
GNMA	1998 A/B RMRB	5.49	01/12/06	01/20/36	26,830.34	27,240.02			(90.20)		26,740.14	27,492.16	342.34	0.00
GNMA	1998 A/B RMRB	5.49	03/09/06	03/20/36	33,067.39	33,573.96			(176.46)		32,890.93	33,817.61	420.11	0.00
GNMA	1998 A/B RMRB	5.49	03/02/06	03/20/36	18,815.70	19,103.82			(63.05)		18,752.65	19,280.86	240.09	0.00
GNMA	1998 A/B RMRB	5.49	02/23/06	02/20/36	37,162.81	37,731.65			(712.42)		36,450.39	37,476.89	457.66	0.00
GNMA	1998 A/B RMRB	5.49	03/16/06	03/20/36	29,425.09	29,876.04			(112.05)		29,313.04	30,139.09	375.10	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	1998 A/B RMRB	5.49	03/30/06	03/20/36	30,146.20	30,552.29			(105.73)		30,040.47	30,830.40	383.84	0.00
GNMA	1998 A/B RMRB	5.49	04/06/06	04/20/36	36,546.97	37,107.80			(121.09)		36,425.88	37,453.11	466.40	0.00
FNMA	1998 A/B RMRB	5.49	04/27/06	03/01/36	25,791.19	25,943.94			(87.99)		25,703.20	25,975.76	119.81	0.00
FNMA	1998 A/B RMRB	5.49	04/27/06	10/01/35	8,595.87	8,650.29			(29.79)		8,566.08	8,661.27	40.77	0.00
	<b>1998 A/B RMRB Total</b>				57,826,071.81	57,927,896.57	761,472.87	(2,729,769.75)	(1,238,980.16)	0.00	54,618,794.77	55,270,001.37	549,381.84	0.00
Repo Agmt	2000 BCDE RMRB	3.02	02/29/08	03/03/08	233,020.10	233,020.10	2,247.32				235,267.42	235,267.42	-	0.00
Repo Agmt	2000 BCDE RMRB	3.02	02/29/08	03/03/08	626,621.44	626,621.44		(14,522.20)			612,099.24	612,099.24	-	0.00
Repo Agmt	2000 BCDE RMRB	3.02	02/29/08	03/03/08	219.09	219.09	477,118.49				477,337.58	477,337.58	-	0.00
Inv Agmt	2000 BCDE RMRB	6.22	10/26/00	12/31/32	4,636,331.68	4,636,331.68		(3,241,388.91)			1,394,942.77	1,394,942.77	-	0.00
Inv Agmt	2000 BCDE RMRB	6.22	10/26/00	12/31/32	1,228.19	1,228.19	0.00				1,228.19	1,228.19	-	0.00
Inv Agmt	2000 BCDE RMRB	6.22	10/26/00	12/31/32	1,384,556.49	1,384,556.49	11.49				1,384,567.98	1,384,567.98	-	0.00
GNMA	2000 BCDE RMRB	6.10	02/22/01	02/20/31	716,306.08	736,255.51			(3,633.82)		712,672.26	742,641.57	10,019.88	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	02/20/31	180,447.36	185,472.31			(1,099.34)		179,348.02	186,889.36	2,516.39	0.00
GNMA	2000 BCDE RMRB	6.10	02/14/01	01/20/31	115,688.75	118,910.02			(601.33)		115,087.42	119,926.35	1,617.66	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	199,319.92	204,872.10			(910.13)		198,409.79	206,754.15	2,792.18	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	1,253,877.35	1,288,804.87			(7,945.45)		1,245,931.90	1,298,331.10	17,471.68	0.00
GNMA	2000 BCDE RMRB	6.10	03/07/01	02/20/31	94,127.65	96,749.63			(575.35)		93,552.30	97,486.75	1,312.47	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	231,046.16	237,483.26			(1,076.50)		229,969.66	239,642.74	3,235.98	0.00
GNMA	2000 BCDE RMRB	6.10	03/15/01	03/20/31	778,427.62	800,115.18			(3,976.86)		774,450.76	807,026.06	10,887.74	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	26,640.86	27,383.23			(132.47)		26,508.39	27,623.51	372.75	0.00
GNMA	2000 BCDE RMRB	6.10	03/29/01	03/20/31	252,407.24	259,440.83			(1,647.70)		250,759.54	261,308.19	3,515.06	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	03/20/31	179,228.00	184,223.49			(841.72)		178,386.28	185,891.55	2,509.78	0.00
GNMA	2000 BCDE RMRB	6.10	04/16/01	04/20/31	676,135.42	694,982.85			(3,270.39)		672,865.03	701,176.58	9,464.12	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	423,907.26	435,725.45			(2,476.35)		421,430.91	439,165.22	5,916.12	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	758,548.95	779,696.79			(3,983.41)		754,565.54	786,318.68	10,605.30	0.00
GNMA	2000 BCDE RMRB	6.10	04/30/01	04/20/31	94,908.58	97,554.57			(429.02)		94,479.56	98,455.40	1,329.85	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	168,355.06	173,049.89			(827.96)		167,527.10	174,577.91	2,355.98	0.00
GNMA	2000 BCDE RMRB	6.10	05/10/01	05/20/31	394,117.12	405,107.72			(1,960.26)		392,156.86	408,661.83	5,514.37	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	110,539.54	113,622.22			(619.35)		109,920.19	114,546.58	1,543.71	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	04/20/31	1,100,377.20	1,131,064.03			(5,314.06)		1,095,063.14	1,141,152.85	15,402.88	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/01	05/20/31	113,486.63	116,651.85			(520.87)		112,965.76	117,720.69	1,589.71	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	46,583.28	47,882.62			(266.15)		46,317.13	48,266.84	650.37	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	282,047.73	289,914.78			(1,767.90)		280,279.83	292,078.14	3,931.26	0.00
GNMA	2000 BCDE RMRB	6.10	05/30/01	05/20/31	47,243.30	48,561.05			(254.83)		46,988.47	48,966.44	660.22	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	195,807.55	201,270.53			(985.51)		194,822.04	203,024.23	2,739.21	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	1,165,668.68	1,198,190.78			(6,310.24)		1,159,358.44	1,208,168.81	16,288.27	0.00
GNMA	2000 BCDE RMRB	6.10	06/18/01	05/20/31	42,587.59	43,775.78			(205.39)		42,382.20	44,166.53	596.14	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	243,840.72	250,645.64			(1,254.20)		242,586.52	252,801.48	3,410.04	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	972,931.49	1,000,083.26			(4,572.50)		968,358.99	1,009,135.13	13,624.37	0.00
GNMA	2000 BCDE RMRB	6.10	06/29/01	06/20/31	258,210.94	265,416.88			(1,561.28)		256,649.66	267,456.79	3,601.19	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	258,967.24	266,196.45			(1,443.89)		257,523.35	268,369.73	3,617.17	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	07/20/31	610,962.86	628,020.03			(2,869.09)		608,093.77	633,707.31	8,556.37	0.00
GNMA	2000 BCDE RMRB	6.10	07/25/01	06/20/31	136,686.81	140,502.48			(1,148.75)		135,538.06	141,246.64	1,892.91	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	142,725.81	146,711.24			(736.54)		141,989.27	147,970.59	1,995.89	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	08/20/31	1,004,499.98	1,032,552.44			(5,324.00)		999,175.98	1,041,269.64	14,041.20	0.00
GNMA	2000 BCDE RMRB	6.10	08/08/01	07/20/31	174,499.15	179,371.80			(1,477.95)		173,021.20	180,309.76	2,415.91	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	322,992.40	332,015.21			(1,490.82)		321,501.58	335,048.62	4,524.23	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	775,734.10	797,404.24			(5,990.11)		769,743.99	802,178.47	10,764.34	0.00
GNMA	2000 BCDE RMRB	6.10	08/31/01	08/20/31	114,907.07	118,117.01			(826.91)		114,080.16	118,887.12	1,597.02	0.00
FNMA	2000 BCDE RMRB	6.10	02/14/01	02/01/31	282,060.01	289,571.79			(2,297.88)		279,762.13	290,292.61	3,018.70	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	227,017.57	233,367.75			(1,049.43)		225,968.14	235,498.45	3,180.13	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	10/20/31	264,087.90	271,475.01			(1,589.52)		262,498.38	273,569.36	3,683.87	0.00
GNMA	2000 BCDE RMRB	6.10	11/29/01	11/20/31	199,071.34	204,640.42			(894.86)		198,176.48	206,535.07	2,789.51	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	318,468.20	327,367.24			(63,763.56)		254,704.64	265,439.46	1,835.78	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	09/20/31	591,286.20	607,810.49			(2,996.91)		588,289.29	613,085.22	8,271.64	0.00
GNMA	2000 BCDE RMRB	6.10	09/25/01	08/20/31	184,244.56	189,392.95			(1,341.50)		182,903.06	190,611.71	2,560.26	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	70,063.32	72,021.90			(1,042.90)		69,020.42	71,930.08	951.08	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	768,504.62	789,987.86			(4,217.41)		764,287.21	796,506.93	10,736.48	0.00
GNMA	2000 BCDE RMRB	6.10	10/17/01	09/20/31	195,904.80	201,381.25			(977.03)		194,927.77	203,145.27	2,741.05	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	6.10	11/15/01	08/20/31	93,219.10	95,825.67			(406.17)		92,812.93	96,726.29	1,306.79	0.00
GNMA	2000 BCDE RMRB	6.10	11/15/01	10/20/31	203,530.54	209,222.69			(930.88)		202,599.66	211,143.33	2,851.52	0.00
FNMA	2000 BCDE RMRB	6.10	03/15/01	02/01/31	190,275.98	195,345.14			(47,338.65)		142,937.33	148,319.08	312.59	0.00
GNMA	2000 BCDE RMRB	6.10	01/22/02	12/20/31	199,964.59	205,562.99			(951.47)		199,013.12	207,411.58	2,800.06	0.00
FNMA	2000 BCDE RMRB	6.10	05/10/01	04/01/31	316,324.76	324,760.15			(2,263.65)		314,061.11	325,893.73	3,397.23	0.00
GNMA	2000 BCDE RMRB	6.10	02/25/02	02/20/32	319,649.83	328,450.62			(2,497.41)		317,152.42	330,405.15	4,451.94	0.00
FNMA	2000 BCDE RMRB	6.10	05/30/01	04/01/31	205,797.85	211,287.31			(56,730.01)		149,067.84	154,685.23	127.93	0.00
FNMA	2000 BCDE RMRB	6.10	07/12/01	05/01/31	285,228.58	292,841.79			(2,208.03)		283,020.55	293,691.05	3,057.29	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	472,005.01	485,018.04			(2,191.21)		469,813.80	489,462.92	6,636.09	0.00
GNMA	2000 BCDE RMRB	6.10	05/24/02	05/20/32	109,675.69	112,699.76			(472.28)		109,203.41	113,770.99	1,543.51	0.00
GNMA	2000 BCDE RMRB	6.10	03/21/02	02/20/32	221,733.27	227,840.24			(66,726.11)		155,007.16	161,485.71	371.58	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/02	04/20/32	258,181.22	265,295.74			(1,313.11)		256,868.11	267,607.94	3,625.31	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/02	04/20/32	343,527.69	352,995.80			(1,481.49)		342,046.20	356,348.81	4,834.50	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	05/20/32	75,152.68	77,224.60			(311.43)		74,841.25	77,971.33	1,058.16	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/02	02/20/32	43,930.70	45,141.50			(185.77)		43,744.93	45,574.17	618.44	0.00
GNMA	2000 BCDE RMRB	6.10	08/29/02	08/20/32	1,033,153.30	1,061,683.99			(5,087.68)		1,028,065.62	1,071,111.10	14,514.79	0.00
GNMA	2000 BCDE RMRB	6.10	06/03/02	05/20/32	434,698.29	446,685.52			(2,665.82)		432,032.47	450,104.65	6,084.95	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/02	06/20/32	436,796.30	448,843.64			(1,854.57)		434,941.73	453,137.89	6,148.82	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/02	06/20/32	537,227.96	552,046.99			(4,680.84)		532,547.12	554,828.38	7,462.23	0.00
GNMA	2000 BCDE RMRB	6.10	06/25/02	06/20/32	437,350.16	449,415.48			(2,280.92)		435,069.24	453,273.02	6,138.46	0.00
GNMA	2000 BCDE RMRB	6.10	07/05/02	06/20/32	661,460.56	679,710.52			(3,453.87)		658,006.69	685,541.14	9,284.49	0.00
GNMA	2000 BCDE RMRB	6.10	07/22/02	07/20/32	599,437.00	615,981.26			(2,721.69)		596,715.31	621,690.00	8,430.43	0.00
GNMA	2000 BCDE RMRB	6.10	07/29/02	07/20/32	87,107.52	89,511.84			(400.87)		86,706.65	90,335.92	1,224.95	0.00
GNMA	2000 BCDE RMRB	6.10	08/01/02	07/20/32	192,378.20	197,688.36			(812.56)		191,565.64	199,584.15	2,708.35	0.00
GNMA	2000 BCDE RMRB	6.10	08/12/02	08/20/32	1,352,861.23	1,390,212.32			(7,893.75)		1,344,967.48	1,401,273.30	18,954.73	0.00
GNMA	2000 BCDE RMRB	6.10	08/23/02	08/20/32	1,081,942.38	1,111,818.15			(5,408.35)		1,076,534.03	1,121,606.65	15,196.85	0.00
GNMA	2000 BCDE RMRB	6.10	11/12/02	10/20/32	454,357.69	466,919.88			(2,458.22)		451,899.47	470,835.34	6,373.68	0.00
GNMA	2000 BCDE RMRB	6.10	09/12/02	08/20/32	776,039.48	797,473.96			(3,462.14)		772,577.34	804,929.50	10,917.68	0.00
GNMA	2000 BCDE RMRB	6.10	09/19/02	09/20/32	288,078.25	296,036.58			(1,334.35)		286,743.90	298,753.01	4,050.78	0.00
GNMA	2000 BCDE RMRB	6.10	09/26/02	09/20/32	1,339,268.85	1,376,271.01			(49,901.25)		1,289,367.60	1,343,370.15	17,000.39	0.00
GNMA	2000 BCDE RMRB	6.10	10/10/02	10/20/32	909,975.60	935,123.48			(4,076.49)		905,899.11	943,848.38	12,801.39	0.00
GNMA	2000 BCDE RMRB	6.10	10/21/02	10/20/32	616,889.73	633,940.52			(3,120.82)		613,768.91	639,483.05	8,663.35	0.00
GNMA	2000 BCDE RMRB	6.10	10/29/02	11/20/32	464,890.29	477,742.22			(2,078.41)		462,811.88	482,204.03	6,540.22	0.00
FNMA	2000 BCDE RMRB	6.10	08/31/01	06/01/31	581,258.78	596,785.56			(3,364.06)		577,894.72	599,694.74	6,273.24	0.00
GNMA	2000 BCDE RMRB	6.10	11/05/02	10/20/32	338,356.96	347,710.83			(2,178.88)		336,178.08	350,264.14	4,732.19	0.00
GNMA	2000 BCDE RMRB	6.10	11/19/02	11/20/32	30,300.54	31,138.45			(161.14)		30,139.40	31,402.48	425.17	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	119,794.67	123,107.64			(857.86)		118,936.81	123,921.60	1,671.82	0.00
GNMA	2000 BCDE RMRB	6.10	11/26/02	11/20/32	154,229.79	158,495.08			(707.80)		153,521.99	159,956.28	2,169.00	0.00
GNMA	2000 BCDE RMRB	6.10	12/12/02	11/20/32	25,899.56	26,615.99			(554.18)		25,345.38	26,407.80	345.99	0.00
GNMA	2000 BCDE RMRB	6.10	12/19/02	06/20/32	63,262.34	65,011.69			(272.36)		62,989.98	65,629.70	890.37	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	09/20/32	80,996.23	83,236.88			(1,210.70)		79,785.53	83,130.02	1,103.84	0.00
GNMA	2000 BCDE RMRB	6.10	12/30/02	11/20/32	34,065.26	35,007.81			(146.32)		33,918.94	35,340.95	479.46	0.00
GNMA	2000 BCDE RMRB	6.10	01/07/03	12/20/32	119,493.55	122,800.41			(981.38)		118,512.17	123,481.26	1,662.23	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	17,900.54	18,389.42			(714.03)		17,186.51	17,895.19	219.80	0.00
GNMA	2000 BCDE RMRB	6.10	01/23/03	01/20/33	327,387.89	336,329.10			(1,374.35)		326,013.54	339,456.56	4,501.81	0.00
GNMA	2000 BCDE RMRB	6.10	02/12/03	02/20/33	171,725.32	176,416.86			(1,145.44)		170,579.88	177,615.45	2,344.03	0.00
FNMA	2000 BCDE RMRB	6.10	10/17/01	09/01/31	320,879.94	329,836.47			(3,104.01)		317,775.93	330,029.72	3,297.26	0.00
GNMA	2000 BCDE RMRB	6.10	02/20/03	02/20/33	253,824.46	260,759.74			(1,445.66)		252,378.80	262,788.96	3,474.88	0.00
GNMA	2000 BCDE RMRB	6.10	02/27/03	02/20/33	101,605.07	104,381.55			(392.53)		101,212.54	105,387.58	1,398.56	0.00
GNMA	2000 BCDE RMRB	6.10	03/24/03	03/20/33	187,554.61	192,681.90			(752.17)		186,802.44	194,510.23	2,580.50	0.00
GNMA	2000 BCDE RMRB	6.10	04/02/03	03/20/33	147,245.58	151,271.38			(570.43)		146,675.15	152,727.68	2,026.73	0.00
GNMA	2000 BCDE RMRB	6.10	04/17/03	04/20/33	143,841.96	147,775.73			(633.49)		143,208.47	149,119.15	1,976.91	0.00
GNMA	2000 BCDE RMRB	6.10	04/24/03	04/20/33	26,837.43	27,571.46			(104.28)		26,733.15	27,836.60	369.42	0.00
GNMA	2000 BCDE RMRB	6.10	04/29/03	04/20/33	330,480.24	339,519.88			(1,303.51)		329,176.73	342,764.29	4,547.92	0.00
GNMA	2000 BCDE RMRB	6.10	05/08/03	04/20/33	81,431.37	83,659.01			(336.02)		81,095.35	84,443.10	1,120.11	0.00
GNMA	2000 BCDE RMRB	6.10	05/15/03	04/20/33	71,028.22	72,971.50			(269.44)		70,758.78	73,679.96	977.90	0.00
GNMA	2000 BCDE RMRB	6.10	05/22/03	05/20/33	144,841.99	148,805.35			(586.91)		144,255.08	150,211.21	1,992.77	0.00
GNMA	2000 BCDE RMRB	6.10	05/29/03	04/20/33	60,599.68	62,257.95			(230.82)		60,368.86	62,861.43	834.30	0.00
GNMA	2000 BCDE RMRB	6.10	06/10/03	05/20/33	132,604.01	136,233.46			(564.60)		132,039.41	137,492.14	1,823.28	0.00
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	191,507.54	196,750.39			(911.35)		190,596.19	198,468.09	2,629.05	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	6.10	06/19/03	06/20/33	59,636.34	61,268.99			(231.83)		59,404.51	61,858.01	820.85	0.00
GNMA	2000 BCDE RMRB	6.10	06/26/03	06/20/33	97,499.75	100,169.18			(365.03)		97,134.72	101,146.83	1,342.68	0.00
GNMA	2000 BCDE RMRB	6.10	07/03/03	07/20/33	71,490.25	73,447.93			(267.87)		71,222.38	74,164.49	984.43	0.00
GNMA	2000 BCDE RMRB	6.10	07/10/03	07/20/33	474,439.36	487,432.39			(2,032.48)		472,406.88	491,922.92	6,523.01	0.00
GNMA	2000 BCDE RMRB	6.10	07/17/03	07/20/33	234,932.85	241,367.46			(916.55)		234,016.30	243,684.45	3,233.54	0.00
GNMA	2000 BCDE RMRB	6.10	07/24/03	07/20/33	48,322.18	49,645.83			(179.84)		48,142.34	50,131.45	665.46	0.00
GNMA	2000 BCDE RMRB	6.10	07/30/03	07/20/33	169,037.51	173,668.17			(660.59)		168,376.92	175,334.12	2,326.54	0.00
GNMA	2000 BCDE RMRB	6.10	08/07/03	08/20/33	168,159.44	172,766.91			(660.38)		167,499.06	174,420.87	2,314.34	0.00
GNMA	2000 BCDE RMRB	6.10	08/14/03	08/20/33	167,177.13	171,758.04			(623.09)		166,554.04	173,437.31	2,302.36	0.00
FNMA	2000 BCDE RMRB	6.10	12/27/01	10/01/31	222,032.45	227,975.33			(1,143.50)		220,888.95	229,233.52	2,401.69	0.00
GNMA	2000 BCDE RMRB	6.10	08/21/03	08/20/33	202,169.00	207,709.36			(938.55)		201,230.45	209,547.24	2,776.43	0.00
GNMA	2000 BCDE RMRB	6.10	08/28/03	08/20/33	336,063.56	345,273.95			(1,345.94)		334,717.62	348,552.44	4,624.43	0.00
GNMA	2000 BCDE RMRB	6.10	09/04/03	08/20/33	155,172.23	159,425.47			(718.90)		154,453.33	160,837.80	2,131.23	0.00
GNMA	2000 BCDE RMRB	6.10	09/18/03	09/20/33	381,075.15	391,523.08			(1,507.33)		379,567.82	395,260.40	5,244.65	0.00
GNMA	2000 BCDE RMRB	6.10	09/18/03	08/20/33	80,343.80	82,546.42			(351.20)		79,992.60	83,299.59	1,104.37	0.00
GNMA	2000 BCDE RMRB	6.10	09/29/03	09/20/33	357,381.19	367,180.99			(38,147.36)		319,233.83	332,433.33	3,399.70	0.00
GNMA	2000 BCDE RMRB	6.10	10/09/03	09/20/33	187,629.40	192,775.19			(783.68)		186,845.72	194,572.10	2,580.59	0.00
GNMA	2000 BCDE RMRB	6.10	10/16/03	09/20/33	87,383.03	89,779.80			(321.80)		87,061.23	90,661.53	1,203.53	0.00
GNMA	2000 BCDE RMRB	5.40	10/23/03	10/20/33	231,727.63	233,384.31			(1,080.43)		230,647.20	235,225.90	2,922.02	0.00
GNMA	2000 BCDE RMRB	6.10	10/23/03	10/20/33	240,034.70	246,619.45			(890.90)		239,143.80	249,034.54	3,305.99	0.00
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33	105,192.04	105,944.47			(430.25)		104,761.79	106,841.76	1,327.54	0.00
GNMA	2000 BCDE RMRB	6.10	10/30/03	08/20/33	57,438.06	59,013.67			(231.70)		57,206.36	59,572.23	790.26	0.00
GNMA	2000 BCDE RMRB	5.40	11/13/03	11/20/33	475,301.03	478,703.89			(2,102.12)		473,198.91	482,597.03	5,995.26	0.00
GNMA	2000 BCDE RMRB	6.10	11/13/03	11/20/33	135,024.01	138,729.44			(708.53)		134,315.48	139,871.89	1,850.98	0.00
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	490,634.05	494,147.69			(2,527.47)		488,106.58	497,802.27	6,182.05	0.00
GNMA	2000 BCDE RMRB	6.10	11/20/03	10/20/33	46,820.75	48,105.69			(171.81)		46,648.94	48,578.78	644.90	0.00
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	279,265.10	281,265.89			(1,943.39)		277,321.71	282,830.96	3,508.46	0.00
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	359,315.57	361,890.99			(1,509.82)		357,805.75	364,915.03	4,533.86	0.00
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	325,144.02	327,475.83			(1,766.88)		323,377.14	329,804.01	4,095.06	0.00
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	937,431.82	944,157.50			(5,969.96)		931,461.86	949,975.76	11,788.22	0.00
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	802,713.47	808,473.44			(3,631.08)		799,082.39	814,966.76	10,124.40	0.00
GNMA	2000 BCDE RMRB	5.40	01/08/04	01/20/34	128,319.25	129,168.88			(566.74)		127,752.51	130,231.45	1,629.31	0.00
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	1,109,066.54	1,116,413.46			(10,403.69)		1,098,662.85	1,119,984.07	13,974.30	0.00
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	285,325.75	286,689.59			(1,295.42)		284,030.33	289,009.97	3,615.80	0.00
GNMA	2000 BCDE RMRB	5.40	01/29/04	01/20/34	48,883.83	49,207.90			(233.02)		48,650.81	49,595.25	620.37	0.00
GNMA	2000 BCDE RMRB	6.10	02/02/04	12/20/33	43,752.39	44,954.52			(187.63)		43,564.76	45,368.42	601.53	0.00
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34	159,820.79	162,625.96			(619.84)		159,200.95	164,214.00	2,207.88	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	725,099.41	737,859.07			(2,930.24)		722,169.17	744,943.23	10,014.40	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	241,857.68	246,113.69			(2,689.66)		239,168.02	246,710.35	3,286.32	0.00
GNMA	2000 BCDE RMRB	5.75	04/08/04	04/20/34	160,935.04	163,760.62			(621.73)		160,313.31	165,362.25	2,223.36	0.00
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34	205,366.46	208,972.56			(809.57)		204,556.89	210,999.88	2,836.89	0.00
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34	65,010.75	66,152.49			(241.16)		64,769.59	66,809.86	898.53	0.00
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34	254,286.56	258,753.24			(1,103.93)		253,182.63	261,158.53	3,509.22	0.00
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34	131,166.31	133,470.83			(587.63)		130,578.68	134,692.76	1,809.56	0.00
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34	296,207.00	301,412.14			(1,143.66)		295,063.34	304,360.71	4,092.23	0.00
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34	495,643.30	504,354.06			(1,858.79)		493,784.51	509,345.06	6,849.79	0.00
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34	243,474.56	247,754.30			(943.89)		242,530.67	250,174.01	3,363.60	0.00
GNMA	2000 BCDE RMRB	5.75	06/03/04	06/20/34	346,052.00	352,136.21			(1,295.39)		344,756.61	355,623.36	4,782.54	0.00
GNMA	2000 BCDE RMRB	5.75	06/10/04	06/20/34	371,663.78	378,199.47			(1,386.38)		370,277.40	381,949.37	5,136.28	0.00
GNMA	2000 BCDE RMRB	5.75	06/17/04	06/20/34	96,340.53	98,034.84			(371.38)		95,969.15	98,994.59	1,331.13	0.00
GNMA	2000 BCDE RMRB	5.75	06/24/04	06/20/34	422,667.09	430,101.78			(1,675.52)		420,991.57	434,264.75	5,838.49	0.00
GNMA	2000 BCDE RMRB	5.75	09/02/04	08/20/34	103,491.73	105,315.31			(396.34)		103,095.39	106,349.02	1,430.05	0.00
GNMA	2000 BCDE RMRB	5.75	09/09/04	08/20/34	103,549.95	105,374.87			(377.07)		103,172.88	106,429.16	1,431.36	0.00
GNMA	2000 BCDE RMRB	5.75	09/16/04	09/20/34	93,038.35	94,678.43			(341.00)		92,697.35	95,623.51	1,286.08	0.00
GNMA	2000 BCDE RMRB	5.75	09/23/04	08/20/34	94,752.28	96,422.67			(352.78)		94,399.50	97,379.50	1,309.61	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/04	09/20/34	228,002.03	232,022.41			(844.09)		227,157.94	234,329.78	3,151.46	0.00
GNMA	2000 BCDE RMRB	5.75	10/07/04	10/20/34	140,136.04	142,607.60			(543.72)		139,592.32	144,000.07	1,936.19	0.00
GNMA	2000 BCDE RMRB	5.75	07/15/04	07/20/34	468,812.95	477,064.16			(2,037.45)		466,775.50	481,496.54	6,469.83	0.00
GNMA	2000 BCDE RMRB	5.75	07/22/04	07/20/34	592,737.92	603,171.42			(3,959.84)		588,778.08	607,348.60	8,137.02	0.00
GNMA	2000 BCDE RMRB	5.75	07/29/04	07/20/34	376,315.80	382,940.96			(1,664.72)		374,651.08	386,469.06	5,192.82	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	5.75	08/05/04	08/20/34	416,960.60	424,303.02			(3,271.96)		413,688.64	426,739.72	5,708.66	0.00
GNMA	2000 BCDE RMRB	5.75	08/12/04	08/20/34	385,269.16	392,054.69			(1,930.86)		383,338.30	395,433.06	5,309.23	0.00
GNMA	2000 BCDE RMRB	5.75	08/19/04	08/20/34	238,306.76	242,150.48			(1,094.15)		237,212.61	244,342.52	3,286.19	0.00
GNMA	2000 BCDE RMRB	5.75	08/26/04	08/20/34	75,317.79	76,644.69			(277.54)		75,040.25	77,408.23	1,041.08	0.00
GNMA	2000 BCDE RMRB	5.75	12/02/04	11/20/34	13,716.38	13,958.64			(59.52)		13,656.86	14,088.43	189.31	0.00
GNMA	2000 BCDE RMRB	5.75	12/17/04	12/20/34	187,917.69	191,237.97			(987.80)		186,929.89	192,838.23	2,588.06	0.00
GNMA	2000 BCDE RMRB	5.75	10/14/04	10/20/34	57,220.19	58,229.56			(205.53)		57,014.66	58,815.13	791.10	0.00
GNMA	2000 BCDE RMRB	5.75	10/28/04	10/20/34	52,324.44	53,247.77			(191.41)		52,133.03	53,779.63	723.27	0.00
GNMA	2000 BCDE RMRB	5.75	11/04/04	10/20/34	61,319.06	62,401.23			(256.97)		61,062.09	62,990.88	846.62	0.00
GNMA	2000 BCDE RMRB	5.75	11/23/04	11/20/34	59,892.26	60,949.80			(212.33)		59,679.93	61,565.61	828.14	0.00
GNMA	2000 BCDE RMRB	5.75	12/23/04	12/20/34	294,788.07	299,997.18			(1,082.00)		293,706.07	302,990.18	4,075.00	0.00
GNMA	2000 BCDE RMRB	5.75	02/17/05	02/20/35	51,655.80	52,540.33			(180.23)		51,475.57	53,072.97	712.87	0.00
GNMA	2000 BCDE RMRB	5.75	05/05/05	04/20/35	136,853.68	139,201.66			(505.04)		136,348.64	140,584.58	1,887.96	0.00
FNMA	2000 BCDE RMRB	6.10	06/10/02	05/01/32	122,518.64	125,807.55			(788.69)		121,729.95	126,338.20	1,319.34	0.00
GNMA	2000 BCDE RMRB	5.75	09/08/05	08/20/35	62,228.42	63,595.17			(209.62)		62,018.80	64,244.98	859.43	0.00
GNMA	2000 BCDE RMRB	5.75	10/27/05	10/20/35	122,074.16	124,760.97			(409.78)		121,664.38	126,037.26	1,686.07	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/05	09/20/35	135,605.40	138,586.53			(450.66)		135,154.74	140,008.96	1,873.09	0.00
GNMA	2000 BCDE RMRB	5.75	11/22/05	11/20/35	166,715.66	169,590.90			(554.62)		166,161.04	171,338.25	2,301.97	0.00
GNMA	2000 BCDE RMRB	5.75	12/29/05	12/20/35	120,089.25	122,162.32			(640.01)		119,449.24	123,172.87	1,650.56	0.00
FNMA	2000 BCDE RMRB	6.10	07/29/02	07/01/32	276,906.93	284,057.72			(2,064.08)		274,842.85	285,101.96	3,108.32	0.00
GNMA	2000 BCDE RMRB	5.75	02/02/06	01/20/36	156,814.51	159,514.51			(516.62)		156,297.89	161,028.21	2,030.32	0.00
FNMA	2000 BCDE RMRB	6.10	09/12/02	07/01/32	264,918.23	271,763.79			(1,302.60)		263,615.63	273,460.05	2,998.86	0.00
FNMA	2000 BCDE RMRB	6.10	10/29/02	10/01/32	171,822.10	176,266.27			(1,248.20)		170,573.90	176,948.04	1,929.97	0.00
FNMA	2000 BCDE RMRB	6.10	04/10/03	03/01/33	112,654.95	115,499.98			(663.86)		111,991.09	116,074.04	1,237.92	0.00
FNMA	2000 BCDE RMRB	6.10	07/03/03	05/01/33	261,809.85	268,431.12			(997.83)		260,812.02	270,330.16	2,896.87	0.00
FNMA	2000 BCDE RMRB	6.10	08/14/03	08/01/33	243,695.89	249,864.31			(1,003.70)		242,692.19	251,554.62	2,694.01	0.00
FNMA	2000 BCDE RMRB	6.10	09/04/03	08/01/33	189,746.73	194,551.16			(3,423.17)		186,323.56	193,128.92	2,000.93	0.00
FNMA	2000 BCDE RMRB	6.10	12/04/03	10/01/33	117,367.64	120,344.01			(1,039.16)		116,328.48	120,581.91	1,277.06	0.00
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	245,767.18	246,628.19			(1,157.37)		244,609.81	246,997.13	1,526.31	0.00
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	177,204.83	177,829.59			(1,015.86)		176,188.97	177,912.47	1,098.74	0.00
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34	252,189.17	255,326.44			(1,207.43)		250,981.74	256,394.79	2,275.78	0.00
FNMA	2000 BCDE RMRB	5.75	06/10/04	06/01/34	265,666.47	268,974.63			(2,035.85)		263,630.62	269,319.71	2,380.93	0.00
FNMA	2000 BCDE RMRB	5.75	07/15/04	07/01/34	285,986.88	289,552.43			(2,176.31)		283,810.57	289,939.49	2,563.37	0.00
FNMA	2000 BCDE RMRB	5.75	08/19/04	08/01/34	172,255.32	174,405.56			(699.94)		171,555.38	175,262.80	1,557.18	0.00
FNMA	2000 BCDE RMRB	5.75	09/23/04	08/01/34	72,882.93	73,793.70			(276.01)		72,606.92	74,177.05	659.36	0.00
FNMA	2000 BCDE RMRB	5.75	11/10/04	10/01/34	45,136.28	45,701.34			(361.79)		44,774.49	45,743.72	404.17	0.00
FNMA	2000 BCDE RMRB	5.75	02/03/05	02/01/35	229,097.92	231,714.71			(905.03)		228,192.89	232,793.25	1,983.57	0.00
FNMA	2000 BCDE RMRB	5.75	06/26/05	04/01/35	62,701.39	63,421.34			(215.87)		62,485.52	63,749.01	543.54	0.00
FNMA	2000 BCDE RMRB	5.75	10/27/05	10/01/35	216,457.65	218,955.35			(78,847.29)		137,610.36	140,400.65	292.59	0.00
FNMA	2000 BCDE RMRB	5.75	01/12/06	12/01/35	148,248.37	149,963.98			(491.14)		147,757.23	150,758.27	1,285.43	0.00
Repo Agmt	2000 BCDE RMRB	3.02	02/29/08	03/03/08	1,637.16	1,637.16	15.76				1,652.92	1,652.92	-	0.00
GNMA	2000 BCDE RMRB	5.40	10/30/03	10/20/33	19,268.92	19,406.77			(89.83)		19,179.09	19,559.90	242.96	0.00
GNMA	2000 BCDE RMRB	5.40	10/20/03	10/20/33	8,747.19	8,809.67			(35.77)		8,711.42	8,884.28	110.38	0.00
GNMA	2000 BCDE RMRB	5.40	11/19/03	10/20/33	39,523.02	39,806.00			(174.83)		39,348.19	40,129.73	498.56	0.00
GNMA	2000 BCDE RMRB	5.40	11/20/03	11/20/33	40,798.04	41,090.21			(210.17)		40,587.87	41,394.10	514.06	0.00
GNMA	2000 BCDE RMRB	5.40	11/26/03	11/20/33	23,221.89	23,388.30			(161.60)		23,060.29	23,518.44	291.74	0.00
GNMA	2000 BCDE RMRB	5.40	12/04/03	11/20/33	29,878.40	30,092.58			(125.55)		29,752.85	30,344.04	377.01	0.00
GNMA	2000 BCDE RMRB	5.40	12/11/03	12/20/33	27,036.95	27,230.82			(146.93)		26,890.02	27,424.42	340.53	0.00
GNMA	2000 BCDE RMRB	5.40	12/18/03	12/20/33	77,950.90	78,510.20			(496.43)		77,454.47	78,994.01	980.24	0.00
GNMA	2000 BCDE RMRB	5.40	12/23/03	12/20/33	66,748.60	67,227.56			(301.94)		66,446.66	67,767.51	841.89	0.00
GNMA	2000 BCDE RMRB	5.40	01/01/04	01/20/34	10,670.19	10,740.87			(47.12)		10,623.07	10,829.23	135.48	0.00
GNMA	2000 BCDE RMRB	5.40	01/15/04	01/20/34	92,222.97	92,833.91			(865.11)		91,357.86	93,130.82	1,162.02	0.00
GNMA	2000 BCDE RMRB	5.40	01/22/04	01/20/34	23,725.92	23,839.30			(107.71)		23,618.21	24,032.25	300.66	0.00
GNMA	2000 BCDE RMRB	5.40	01/29/04	01/20/34	4,064.88	4,091.81			(19.38)		4,045.50	4,124.02	51.59	0.00
GNMA	2000 BCDE RMRB	5.75	03/30/04	03/20/34	6,185.39	6,293.96			(23.99)		6,161.40	6,355.42	85.45	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	28,062.85	28,556.65			(113.41)		27,949.44	28,830.82	387.58	0.00
GNMA	2000 BCDE RMRB	5.75	07/08/04	07/20/34	9,360.39	9,525.10			(104.10)		9,256.29	9,548.19	127.19	0.00
GNMA	2000 BCDE RMRB	4.75	04/08/04	04/20/34	6,228.49	6,337.86			(24.06)		6,204.43	6,399.85	86.05	0.00
GNMA	2000 BCDE RMRB	5.75	04/15/04	04/20/34	7,948.07	8,087.66			(31.33)		7,916.74	8,166.12	109.79	0.00
GNMA	2000 BCDE RMRB	5.75	04/22/04	04/20/34	2,516.04	2,560.23			(9.34)		2,506.70	2,585.67	34.78	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2000 BCDE RMRB	5.75	04/29/04	04/20/34	9,841.45	10,014.28			(42.72)		9,798.73	10,107.37	135.81	0.00
GNMA	2000 BCDE RMRB	5.75	05/06/04	05/20/34	5,076.37	5,165.59			(22.74)		5,053.63	5,212.88	70.03	0.00
GNMA	2000 BCDE RMRB	5.75	05/13/04	05/20/34	11,463.81	11,665.26			(44.25)		11,419.56	11,779.38	158.37	0.00
GNMA	2000 BCDE RMRB	5.75	05/20/04	05/20/34	19,182.41	19,519.52			(71.93)		19,110.48	19,712.68	265.09	0.00
GNMA	2000 BCDE RMRB	5.75	05/27/04	05/20/34	9,422.99	9,588.59			(36.54)		9,386.45	9,682.24	130.19	0.00
GNMA	2000 BCDE RMRB	5.75	06/03/04	06/20/34	13,392.90	13,628.38			(50.13)		13,342.77	13,763.34	185.09	0.00
GNMA	2000 BCDE RMRB	5.75	06/10/04	06/20/34	14,384.15	14,637.08			(53.65)		14,330.50	14,782.21	198.78	0.00
GNMA	2000 BCDE RMRB	5.75	06/17/04	06/20/34	3,728.59	3,794.14			(14.39)		3,714.20	3,831.29	51.54	0.00
GNMA	2000 BCDE RMRB	5.75	06/24/04	06/20/34	16,358.09	16,645.81			(64.84)		16,293.25	16,806.93	225.96	0.00
GNMA	2000 BCDE RMRB	5.75	09/02/04	08/20/34	4,005.34	4,075.91			(15.34)		3,990.00	4,115.92	55.35	0.00
GNMA	2000 BCDE RMRB	5.75	09/09/04	08/20/34	4,007.59	4,078.22			(14.58)		3,993.01	4,119.02	55.38	0.00
GNMA	2000 BCDE RMRB	5.75	09/16/04	09/20/34	3,600.78	3,664.25			(13.19)		3,587.59	3,700.82	49.76	0.00
GNMA	2000 BCDE RMRB	5.75	09/23/04	08/20/34	3,667.12	3,731.75			(13.65)		3,653.47	3,768.78	50.68	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/04	09/20/34	8,824.15	8,979.73			(32.66)		8,791.49	9,069.03	121.96	0.00
GNMA	2000 BCDE RMRB	5.75	10/07/04	10/20/34	5,423.54	5,519.20			(21.05)		5,402.49	5,573.09	74.94	0.00
GNMA	2000 BCDE RMRB	5.75	07/15/04	07/20/34	18,144.01	18,463.35			(78.86)		18,065.15	18,634.89	250.40	0.00
GNMA	2000 BCDE RMRB	5.75	07/22/04	07/20/34	22,940.14	23,343.96			(153.25)		22,786.89	23,505.62	314.91	0.00
GNMA	2000 BCDE RMRB	5.75	07/29/04	07/20/34	14,564.19	14,820.59			(64.43)		14,499.76	14,957.13	200.97	0.00
GNMA	2000 BCDE RMRB	5.75	08/05/04	08/20/34	16,137.23	16,421.38			(126.64)		16,010.59	16,515.69	220.95	0.00
GNMA	2000 BCDE RMRB	5.75	08/12/04	08/20/34	14,910.71	15,173.31			(74.73)		14,835.98	15,304.06	205.48	0.00
GNMA	2000 BCDE RMRB	5.75	08/19/04	08/20/34	9,222.97	9,371.71			(42.35)		9,180.62	9,456.55	127.19	0.00
GNMA	2000 BCDE RMRB	5.75	08/26/04	08/20/34	2,914.93	2,966.30			(10.73)		2,904.20	2,995.85	40.28	0.00
GNMA	2000 BCDE RMRB	5.75	12/02/04	11/20/34	530.88	540.22			(2.30)		528.58	545.25	7.33	0.00
GNMA	2000 BCDE RMRB	5.75	12/17/04	12/20/34	7,272.81	7,401.30			(38.23)		7,234.58	7,463.23	100.16	0.00
GNMA	2000 BCDE RMRB	5.75	10/14/04	10/20/34	2,214.53	2,253.60			(7.96)		2,206.57	2,276.26	30.62	0.00
GNMA	2000 BCDE RMRB	5.75	10/28/04	10/20/34	2,025.09	2,060.79			(7.41)		2,017.68	2,081.38	28.00	0.00
GNMA	2000 BCDE RMRB	5.75	11/04/04	10/20/34	2,373.15	2,415.05			(9.94)		2,363.21	2,437.87	32.76	0.00
GNMA	2000 BCDE RMRB	5.75	11/23/04	11/20/34	2,317.95	2,358.88			(8.22)		2,309.73	2,382.71	32.05	0.00
GNMA	2000 BCDE RMRB	5.75	12/23/04	12/20/34	11,408.90	11,610.50			(41.88)		11,367.02	11,726.33	157.71	0.00
GNMA	2000 BCDE RMRB	5.75	02/17/05	02/20/35	1,999.16	2,033.41			(6.97)		1,992.19	2,054.03	27.59	0.00
GNMA	2000 BCDE RMRB	5.75	05/05/05	04/20/35	5,296.54	5,387.38			(19.55)		5,276.99	5,440.91	73.08	0.00
GNMA	2000 BCDE RMRB	5.75	09/08/05	08/20/35	2,408.37	2,461.26			(8.11)		2,400.26	2,486.41	33.26	0.00
GNMA	2000 BCDE RMRB	5.75	10/27/05	10/20/35	4,746.70	4,828.50			(16.14)		4,730.56	4,877.89	65.53	0.00
GNMA	2000 BCDE RMRB	5.75	09/29/05	09/20/35	5,248.21	5,363.58			(17.44)		5,230.77	5,418.63	72.49	0.00
GNMA	2000 BCDE RMRB	5.75	11/22/05	11/20/35	6,452.22	6,563.51			(21.46)		6,430.76	6,631.14	89.09	0.00
GNMA	2000 BCDE RMRB	5.75	12/29/05	12/20/35	4,647.69	4,727.93			(24.77)		4,622.92	4,767.04	63.88	0.00
GNMA	2000 BCDE RMRB	5.75	02/02/06	01/20/36	6,069.03	6,173.53			(20.00)		6,049.03	6,232.11	78.58	0.00
FNMA	2000 BCDE RMRB	5.40	12/11/03	11/01/33	20,436.43	20,508.05			(96.24)		20,340.19	20,538.73	126.92	0.00
FNMA	2000 BCDE RMRB	5.40	01/29/04	01/01/34	14,735.22	14,787.18			(84.48)		14,650.74	14,794.08	91.38	0.00
FNMA	2000 BCDE RMRB	5.75	05/13/04	05/01/34	9,760.24	9,881.65			(46.73)		9,713.51	9,923.00	88.08	0.00
FNMA	2000 BCDE RMRB	5.75	06/10/04	06/01/34	10,281.83	10,409.86			(78.80)		10,203.03	10,423.22	92.16	0.00
FNMA	2000 BCDE RMRB	5.75	07/15/04	07/01/34	11,068.26	11,206.27			(84.23)		10,984.03	11,221.25	99.21	0.00
FNMA	2000 BCDE RMRB	5.75	08/19/04	08/01/34	6,666.63	6,749.84			(27.09)		6,639.54	6,783.02	60.27	0.00
FNMA	2000 BCDE RMRB	5.75	09/23/04	08/01/34	2,820.74	2,855.97			(10.69)		2,810.05	2,870.80	25.52	0.00
FNMA	2000 BCDE RMRB	5.75	11/10/04	10/01/34	1,746.88	1,768.73			(14.00)		1,732.88	1,770.37	15.64	0.00
FNMA	2000 BCDE RMRB	5.75	02/03/05	02/01/35	8,866.55	8,967.83			(35.03)		8,831.52	9,009.57	76.77	0.00
FNMA	2000 BCDE RMRB	5.75	05/26/05	04/01/35	2,426.70	2,454.53			(8.34)		2,418.36	2,467.21	21.02	0.00
FNMA	2000 BCDE RMRB	5.75	10/27/05	10/01/35	8,377.36	8,474.01			(3,051.55)		5,325.81	5,433.79	11.33	0.00
FNMA	2000 BCDE RMRB	5.75	01/12/06	12/01/35	5,737.51	5,803.91			(19.00)		5,718.51	5,834.65	49.74	0.00
<b>2000 BCDE RMRB Total</b>					<b>67,621,351.64</b>	<b>69,037,653.90</b>	<b>479,393.06</b>	<b>(3,255,911.11)</b>	<b>(713,631.57)</b>	<b>0.00</b>	<b>64,131,202.02</b>	<b>66,345,465.72</b>	<b>797,961.44</b>	<b>0.00</b>
Repo Agmt	2001 A-E RMRB	3.02	02/29/08	03/03/08	4,909.23	4,909.23	47.35				4,956.58	4,956.58	-	0.00
Repo Agmt	2001 A-E RMRB	3.02	02/29/08	03/03/08	89,266.06	89,266.06		(89,234.25)			31.81	31.81	-	0.00
Repo Agmt	2001 A-E RMRB	3.02	02/29/08	03/03/08	359.64	359.64	3.42				363.06	363.06	-	0.00
Repo Agmt	2001 A-E RMRB	3.02	02/29/08	03/03/08	313.00	313.00	537,794.93				538,107.93	538,107.93	-	0.00
Repo Agmt	2001 A-E RMRB	3.02	02/29/08	03/03/08	824.31	824.31		(43.77)			780.54	780.54	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	3,863,080.33	3,863,080.33		(3,325,495.05)			537,585.28	537,585.28	-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	2,787.04	2,787.04	1,715.49				4,502.53	4,502.53	-	0.00
Repo Agmt	2001 A-E RMRB				146,234.95	146,234.95		(146,234.95)					-	0.00
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	3,201,433.55	3,201,433.55		(289,554.01)			2,911,879.54	2,911,879.54	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GIC's	2001 A-E RMRB	4.71	10/30/01	07/01/33	191,204.38	191,204.38					337,439.33	337,439.33	-	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	185,853.05	198,047.27	146,234.95		(4,849.87)		181,003.18	195,793.05	2,595.65	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	50,777.26	53,161.92			(1,786.42)		48,990.84	51,981.19	605.69	0.00
GNMA	2001 A-E RMRB	8.19	07/25/90	06/20/15	44,723.95	47,658.29			(1,410.37)		43,313.58	46,852.65	604.73	0.00
GNMA	2001 A-E RMRB	7.19	01/22/90	11/20/14	140,809.05	147,043.13			(4,934.50)		135,874.55	143,752.04	1,643.41	0.00
GNMA	2001 A-E RMRB	8.19	01/22/90	11/20/14	24,769.27	26,325.52			(828.87)		23,940.40	25,818.15	321.50	0.00
GNMA	2001 A-E RMRB	7.19	01/01/90	11/20/14	100,876.04	105,341.68			(3,418.77)		97,457.27	103,107.00	1,184.09	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	11/20/14	40,505.35	43,050.09			(3,152.21)		37,353.14	40,282.73	384.85	0.00
GNMA	2001 A-E RMRB	7.19	01/01/90	12/20/14	117,379.12	122,577.30			(5,114.40)		112,264.72	118,774.79	1,311.89	0.00
GNMA	2001 A-E RMRB	8.19	02/28/90	12/20/14	154,074.69	163,759.31			(7,918.38)		146,156.31	157,624.06	1,783.13	0.00
GNMA	2001 A-E RMRB	7.19	01/20/90	01/20/15	205,485.25	215,108.65			(6,208.22)		199,277.03	211,414.51	2,514.08	0.00
GNMA	2001 A-E RMRB	8.19	01/01/90	01/20/15	237,557.80	253,111.95			(30,811.51)		206,746.29	223,611.15	1,310.71	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	85,948.91	89,974.94			(2,362.85)		83,586.06	88,677.80	1,065.71	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	12/20/14	61,060.75	64,898.78			(1,727.47)		59,333.28	63,988.58	817.27	0.00
GNMA	2001 A-E RMRB	7.19	02/27/90	01/20/15	121,525.46	127,217.98			(5,274.61)		116,250.85	123,332.41	1,389.04	0.00
GNMA	2001 A-E RMRB	8.19	02/27/90	01/20/15	114,458.60	121,954.44			(3,136.03)		111,322.57	120,404.96	1,586.55	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	01/20/15	49,879.26	52,216.06			(2,610.73)		47,268.53	50,148.23	542.90	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	01/20/15	89,396.06	95,251.27			(3,048.68)		86,347.38	93,392.73	1,190.14	0.00
GNMA	2001 A-E RMRB	7.19	03/30/90	02/20/15	54,207.37	56,747.96			(2,968.37)		51,239.00	54,361.62	582.03	0.00
GNMA	2001 A-E RMRB	8.19	03/30/90	02/20/15	217,897.77	232,173.39			(6,124.47)		211,773.30	229,056.57	3,007.65	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	176,280.20	184,545.84			(4,977.62)		171,302.58	181,745.86	2,177.64	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	189,045.79	201,435.38			(7,663.22)		181,382.57	196,189.70	2,417.54	0.00
GNMA	2001 A-E RMRB	7.19	04/26/90	03/20/15	202,187.69	211,668.13			(24,755.81)		177,431.88	188,248.82	1,336.50	0.00
GNMA	2001 A-E RMRB	8.19	04/26/90	03/20/15	482,869.74	514,515.67			(15,140.50)		467,729.24	505,912.17	6,537.00	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	71,519.77	74,875.03			(3,168.98)		68,350.79	72,519.41	813.36	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	03/20/15	31,965.06	34,060.24			(824.11)		31,140.95	33,683.40	447.27	0.00
GNMA	2001 A-E RMRB	7.19	05/29/90	04/20/15	122,204.04	127,937.18			(5,064.79)		117,139.25	124,283.51	1,411.12	0.00
GNMA	2001 A-E RMRB	8.19	05/29/90	04/20/15	391,486.76	417,153.96			(34,831.62)		356,655.14	385,779.99	3,457.65	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	73,645.35	77,102.15			(2,030.87)		71,614.48	75,983.95	912.67	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	50,422.26	53,729.39			(1,298.36)		49,123.90	53,136.69	705.66	0.00
GNMA	2001 A-E RMRB	7.19	06/28/90	05/20/15	81,605.71	85,436.20			(2,229.62)		79,376.09	84,219.17	1,012.59	0.00
GNMA	2001 A-E RMRB	8.19	06/28/90	05/20/15	208,291.22	221,952.57			(6,027.58)		202,263.64	218,785.72	2,860.73	0.00
GNMA	2001 A-E RMRB	6.19	06/28/90	05/20/15	78,839.12	80,748.67			(2,207.85)		76,631.27	79,380.25	839.43	0.00
GNMA	2001 A-E RMRB	7.19	07/25/90	06/20/15	49,475.61	51,799.18			(1,402.36)		48,073.25	51,007.62	610.80	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	06/20/15	26,428.65	27,670.18			(684.40)		25,744.25	27,316.01	330.23	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	07/20/15	69,519.16	74,082.57			(1,865.71)		67,653.45	73,183.55	966.69	0.00
GNMA	2001 A-E RMRB	7.19	09/13/90	07/20/15	80,807.01	84,604.29			(2,046.01)		78,761.00	83,570.77	1,012.49	0.00
GNMA	2001 A-E RMRB	8.19	09/13/90	08/20/15	104,392.30	111,246.64			(2,949.02)		101,443.28	109,737.15	1,439.53	0.00
GNMA	2001 A-E RMRB	6.19	09/13/90	07/20/15	92,487.37	94,732.35			(2,592.45)		89,894.92	93,124.48	984.58	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	91,935.70	97,972.50			(3,405.91)		88,529.79	95,768.22	1,201.63	0.00
GNMA	2001 A-E RMRB	6.19	09/28/90	08/20/15	170,536.68	174,679.75			(5,483.33)		165,053.35	170,986.53	1,790.11	0.00
GNMA	2001 A-E RMRB	7.19	09/28/90	08/20/15	168,811.30	176,747.66			(5,532.32)		163,278.98	173,253.63	2,038.29	0.00
GNMA	2001 A-E RMRB	8.19	09/28/90	08/20/15	341,183.25	363,586.55			(42,946.82)		298,236.43	322,621.05	1,981.32	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	08/20/15	8,078.05	8,457.89			(194.94)		7,883.11	8,364.75	101.80	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	94,717.25	100,939.19			(4,092.47)		90,624.78	98,036.91	1,190.19	0.00
GNMA	2001 A-E RMRB	6.19	10/31/90	09/20/15	83,446.53	85,475.85			(2,650.17)		80,796.36	83,702.76	877.08	0.00
GNMA	2001 A-E RMRB	7.19	10/31/90	09/20/15	26,032.39	27,256.89			(1,368.42)		24,663.97	26,171.30	282.83	0.00
GNMA	2001 A-E RMRB	8.19	10/31/90	09/20/15	227,003.78	241,915.45			(5,553.98)		221,449.80	239,561.89	3,200.42	0.00
GNMA	2001 A-E RMRB	6.19	11/28/90	10/20/15	119,330.66	122,235.39			(5,848.05)		113,482.61	117,567.44	1,180.10	0.00
GNMA	2001 A-E RMRB	8.19	11/28/90	10/20/15	402,662.43	429,122.93			(9,924.23)		392,738.20	424,869.60	5,670.90	0.00
GNMA	2001 A-E RMRB	7.19	12/21/90	10/20/15	67,589.19	70,770.54			(1,602.95)		65,986.24	70,020.96	853.37	0.00
GNMA	2001 A-E RMRB	8.19	12/21/90	11/20/15	97,871.44	104,305.22			(2,442.82)		95,428.62	103,238.25	1,375.85	0.00
GNMA	2001 A-E RMRB	8.19	02/25/91	10/20/15	37,169.71	39,613.20			(1,342.95)		35,826.76	38,758.73	488.48	0.00
GNMA	2001 A-E RMRB	6.19	01/25/91	11/20/15	132,802.51	136,039.41			(3,403.37)		129,399.14	134,060.93	1,424.89	0.00
GNMA	2001 A-E RMRB	8.19	01/28/91	11/20/15	36,945.94	39,375.02			(1,074.64)		35,871.30	38,807.29	506.91	0.00
GNMA	2001 A-E RMRB	8.19	02/25/90	01/20/16	86,415.86	92,369.12			(2,786.40)		83,629.46	90,765.91	1,183.19	0.00
GNMA	2001 A-E RMRB	8.19	03/28/91	02/20/16	87,557.50	93,599.89			(4,705.44)		82,852.06	89,931.97	1,037.52	0.00
GNMA	2001 A-E RMRB	8.75	04/29/91	02/20/20	120,315.46	129,257.43			(1,393.72)		118,921.74	129,828.78	1,965.07	0.00
GNMA	2001 A-E RMRB	8.19	04/29/91	04/20/16	116,225.78	124,251.60			(6,604.31)		109,621.47	118,993.70	1,346.41	0.00
GNMA	2001 A-E RMRB	7.19	04/29/91	02/20/16	235,094.96	246,674.43			(5,521.78)		229,573.18	244,163.29	3,010.64	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	6.19	04/29/91	04/20/16	284,636.29	291,526.74			(7,631.40)		277,004.89	286,908.53	3,013.19	0.00
GNMA	2001 A-E RMRB	7.19	04/26/91	04/20/16	41,473.69	43,517.81			(1,117.08)		40,356.61	42,922.74	522.01	0.00
GNMA	2001 A-E RMRB	6.19	10/23/92	09/20/17	269,900.75	276,682.04			(12,471.25)		257,429.50	266,824.10	2,613.31	0.00
GNMA	2001 A-E RMRB	8.19	11/23/92	01/20/17	15,845.43	17,009.01			(353.57)		15,491.86	16,887.82	232.38	0.00
GNMA	2001 A-E RMRB	7.19	10/30/92	08/20/17	272,450.43	286,409.28			(11,574.10)		260,876.33	277,999.81	3,164.63	0.00
GNMA	2001 A-E RMRB	6.00	10/30/92	09/20/17	329,564.84	338,308.62			(31,027.27)		298,537.57	310,717.25	3,435.90	0.00
GNMA	2001 A-E RMRB	5.45	02/25/02	01/20/32	450,632.13	456,782.98			(2,199.35)		448,432.78	460,093.14	5,509.51	0.00
GNMA	2001 A-E RMRB	4.95	02/25/02	02/20/32	1,142,440.65	1,131,900.85			(6,819.34)		1,135,621.31	1,139,061.80	13,980.29	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	222,395.79	225,448.85			(1,049.12)		221,346.67	227,120.09	2,720.36	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	05/20/32	942,374.29	933,747.96			(5,025.89)		937,348.40	940,256.38	11,534.31	0.00
GNMA	2001 A-E RMRB	4.95	05/24/02	05/20/32	732,758.04	726,055.70			(3,656.15)		729,101.89	731,369.05	8,969.50	0.00
GNMA	2001 A-E RMRB	5.45	05/24/02	05/20/32	327,842.87	332,345.88			(1,539.57)		326,303.30	334,816.70	4,010.39	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	808,409.04	819,461.57			(4,641.63)		803,767.41	824,686.53	9,866.59	0.00
GNMA	2001 A-E RMRB	5.45	03/21/02	02/20/32	100,213.55	101,583.67			(708.63)		99,504.92	102,094.67	1,219.63	0.00
GNMA	2001 A-E RMRB	4.95	03/21/02	02/20/32	688,568.37	682,227.52			(5,338.54)		683,229.83	685,311.47	8,422.49	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	04/20/32	1,545,530.12	1,566,707.79			(109,720.59)		1,435,809.53	1,473,222.89	16,235.69	0.00
GNMA	2001 A-E RMRB	5.45	04/17/02	03/20/32	151,861.45	153,941.57			(698.17)		151,163.28	155,101.26	1,857.86	0.00
GNMA	2001 A-E RMRB	4.95	04/17/02	04/20/32	1,363,932.83	1,351,413.64			(9,115.36)		1,354,817.47	1,358,986.42	16,688.14	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	61,057.46	61,894.67			(276.89)		60,780.57	62,364.86	747.08	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	1,624,714.81	1,609,816.59			(11,452.33)		1,613,262.48	1,618,239.74	19,875.48	0.00
GNMA	2001 A-E RMRB	5.45	04/29/02	04/20/32	624,820.48	633,387.87			(3,045.05)		621,775.43	637,982.39	7,639.57	0.00
GNMA	2001 A-E RMRB	4.95	04/29/02	04/20/32	78,526.27	77,806.21			(422.78)		78,103.49	78,344.46	961.03	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	05/20/32	393,472.77	398,874.41			(55,014.67)		338,458.10	347,286.17	3,426.43	0.00
GNMA	2001 A-E RMRB	4.95	05/15/02	04/20/32	316,898.17	313,995.77			(1,556.57)		315,341.60	316,318.33	3,879.13	0.00
GNMA	2001 A-E RMRB	5.45	05/15/02	04/20/32	125,143.42	126,860.77			(579.37)		124,564.05	127,812.43	1,531.03	0.00
GNMA	2001 A-E RMRB	5.45	08/29/02	08/20/32	272,974.08	276,747.14			(2,774.27)		270,199.81	277,273.18	3,300.31	0.00
GNMA	2001 A-E RMRB	4.95	08/29/02	08/20/32	332,807.24	329,791.38			(1,630.55)		331,176.69	332,234.93	4,074.10	0.00
GNMA	2001 A-E RMRB	5.45	06/03/02	05/20/32	291,207.83	295,209.74			(1,388.73)		289,819.10	297,382.71	3,561.70	0.00
GNMA	2001 A-E RMRB	4.95	06/03/02	05/20/32	814,273.54	806,831.20			(104,817.43)		709,456.11	711,667.11	9,653.34	0.00
GNMA	2001 A-E RMRB	4.95	06/10/02	05/20/32	395,513.21	391,900.27			(2,156.31)		393,356.90	394,584.80	4,840.84	0.00
GNMA	2001 A-E RMRB	5.45	06/19/02	06/20/32	96,536.44	97,864.76			(493.98)		96,042.46	98,550.63	1,179.85	0.00
GNMA	2001 A-E RMRB	4.95	06/19/02	06/20/32	179,978.32	178,336.42			(899.03)		179,079.29	179,640.47	2,203.08	0.00
GNMA	2001 A-E RMRB	5.45	06/25/02	05/20/32	91,482.03	92,740.71			(416.14)		91,065.89	93,444.01	1,119.44	0.00
GNMA	2001 A-E RMRB	4.95	06/25/02	06/20/32	187,922.57	186,208.94			(940.90)		186,981.67	187,568.38	2,300.34	0.00
GNMA	2001 A-E RMRB	5.45	07/05/02	06/20/32	346,007.19	350,772.07			(1,618.21)		344,388.98	353,386.72	4,232.86	0.00
GNMA	2001 A-E RMRB	4.95	07/05/02	06/20/32	808,657.63	801,289.26			(4,515.67)		804,141.96	806,670.84	9,897.25	0.00
GNMA	2001 A-E RMRB	5.45	07/15/02	06/20/32	116,340.01	117,943.08			(525.53)		115,814.48	118,841.17	1,423.62	0.00
GNMA	2001 A-E RMRB	4.95	07/15/02	06/20/32	286,816.34	284,205.22			(1,630.80)		285,185.54	286,084.44	3,510.02	0.00
GNMA	2001 A-E RMRB	5.45	07/22/02	06/20/32	163,120.14	165,368.64			(790.51)		162,329.63	166,572.77	1,994.64	0.00
GNMA	2001 A-E RMRB	4.95	07/22/02	07/20/32	512,555.68	507,894.05			(85,150.65)		427,405.03	428,756.49	6,013.09	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	97,864.45	100,343.08			(843.24)		97,021.21	101,065.41	1,565.57	0.00
GNMA	2001 A-E RMRB	5.45	07/29/02	06/20/32	72,017.44	71,881.40	5.88				72,023.32	72,398.84	511.56	0.00
GNMA	2001 A-E RMRB	4.95	07/29/02	07/20/32	351,768.96	348,571.81			(1,704.36)		350,064.60	351,173.66	4,306.21	0.00
GNMA	2001 A-E RMRB	5.45	08/01/02	07/20/32	62,485.22	63,347.30			(280.04)		62,205.18	63,832.00	764.74	0.00
GNMA	2001 A-E RMRB	4.95	08/01/02	06/20/32	54,827.80	54,329.32			(271.62)		54,556.18	54,728.85	671.15	0.00
GNMA	2001 A-E RMRB	5.45	08/12/02	07/20/32	161,267.87	163,494.14			(791.16)		160,476.71	164,674.91	1,971.93	0.00
GNMA	2001 A-E RMRB	4.95	08/12/02	07/20/32	236,075.31	233,932.02			(1,820.47)		234,254.84	234,999.36	2,887.81	0.00
GNMA	2001 A-E RMRB	5.45	08/23/02	08/20/32	841,691.19	853,321.73			(3,840.74)		837,850.45	859,780.54	10,299.55	0.00
GNMA	2001 A-E RMRB	4.95	08/23/02	08/20/32	1,141,660.98	1,131,310.81			(5,634.86)		1,136,026.12	1,139,651.58	13,975.63	0.00
GNMA	2001 A-E RMRB	5.45	11/12/02	10/20/32	347,544.02	352,370.91			(2,487.48)		345,056.54	354,112.77	4,229.34	0.00
GNMA	2001 A-E RMRB	5.45	09/12/02	08/20/32	233,386.95	236,615.22			(1,099.14)		232,287.81	238,371.09	2,855.01	0.00
GNMA	2001 A-E RMRB	4.95	09/12/02	08/20/32	426,109.64	422,252.58			(2,082.47)		424,027.17	425,386.44	5,216.33	0.00
GNMA	2001 A-E RMRB	5.45	09/19/02	09/20/32	112,578.54	114,136.92			(490.75)		112,087.79	115,024.38	1,378.21	0.00
GNMA	2001 A-E RMRB	4.95	09/19/02	09/20/32	537,112.13	532,255.61			(3,061.19)		534,050.94	535,768.25	6,573.83	0.00
GNMA	2001 A-E RMRB	5.45	09/26/02	09/20/32	587,612.31	595,749.96			(2,680.81)		584,931.50	600,259.76	7,190.61	0.00
GNMA	2001 A-E RMRB	4.95	09/26/02	09/20/32	375,793.78	372,398.13			(1,843.75)		373,950.03	375,154.77	4,600.39	0.00
GNMA	2001 A-E RMRB	5.45	10/10/02	09/20/32	584,756.14	592,860.25			(2,627.97)		582,128.17	597,389.03	7,156.75	0.00
GNMA	2001 A-E RMRB	4.95	10/10/02	09/20/32	325,281.75	322,345.79			(1,682.58)		323,599.17	324,644.99	3,981.78	0.00
GNMA	2001 A-E RMRB	5.45	10/21/02	10/20/32	149,411.09	151,483.76			(658.35)		148,752.74	152,654.38	1,828.97	0.00
GNMA	2001 A-E RMRB	4.95	10/21/02	10/20/32	305,639.13	302,884.43			(1,755.63)		303,883.50	304,869.60	3,740.80	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	5.45	10/29/02	11/20/32	50,134.06	50,830.05			(219.57)		49,914.49	51,224.21	613.73	0.00
GNMA	2001 A-E RMRB	4.95	10/29/02	11/20/32	309,048.47	306,266.13			(1,483.54)		307,564.93	308,566.09	3,783.50	0.00
GNMA	2001 A-E RMRB	5.45	11/05/02	10/20/32	418,887.74	424,703.35			(1,930.47)		416,957.27	427,898.42	5,125.54	0.00
GNMA	2001 A-E RMRB	4.95	11/05/02	10/20/32	254,202.94	251,914.62			(1,232.66)		252,970.28	253,793.98	3,112.02	0.00
GNMA	2001 A-E RMRB	5.45	11/19/02	11/20/32	108,267.51	109,772.29			(472.96)		107,794.55	110,624.80	1,325.47	0.00
GNMA	2001 A-E RMRB	4.95	11/19/02	11/20/32	72,491.35	71,839.88			(339.31)		72,152.04	72,388.07	887.50	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	189,852.07	192,491.80			(826.34)		189,025.73	193,989.80	2,324.34	0.00
GNMA	2001 A-E RMRB	4.95	11/26/02	11/20/32	77,945.19	77,245.09			(372.40)		77,572.79	77,826.95	954.26	0.00
GNMA	2001 A-E RMRB	5.45	11/26/02	11/20/32	174,725.76	177,155.13			(2,019.58)		172,706.18	177,241.64	2,106.09	0.00
GNMA	2001 A-E RMRB	4.95	12/12/02	11/20/32	75,235.26	74,560.40			(380.39)		74,854.87	75,101.03	921.02	0.00
GNMA	2001 A-E RMRB	5.45	12/12/02	11/20/32	356,567.25	361,529.31			(1,684.10)		354,883.15	364,207.19	4,361.98	0.00
GNMA	2001 A-E RMRB	5.45	12/19/02	12/20/32	377,259.04	382,512.51			(7,464.47)		369,794.57	379,513.83	4,465.79	0.00
GNMA	2001 A-E RMRB	4.95	12/19/02	11/20/32	64,551.25	63,972.55			(300.07)		64,251.18	64,462.79	790.31	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	428,308.11	434,276.40			(2,082.65)		426,225.46	437,431.41	5,237.66	0.00
GNMA	2001 A-E RMRB	5.45	12/30/02	12/20/32	42,917.46	43,515.50			(187.50)		42,729.96	43,853.38	525.38	0.00
GNMA	2001 A-E RMRB	4.95	12/30/02	12/20/32	60,802.19	60,257.89			(298.68)		60,503.51	60,703.52	744.31	0.00
GNMA	2001 A-E RMRB	5.45	01/09/03	12/20/32	103,814.98	105,262.34			(832.80)		102,982.18	105,690.56	1,261.02	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	376,774.19	381,960.68			(1,770.45)		375,003.74	384,826.57	4,636.34	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	368,405.96	364,833.80			(2,036.74)		366,369.22	367,592.53	4,795.47	0.00
GNMA	2001 A-E RMRB	5.45	01/23/03	01/20/33	91,639.79	92,901.26			(393.80)		91,245.99	93,636.08	1,128.62	0.00
GNMA	2001 A-E RMRB	4.95	01/23/03	01/20/33	49,503.18	49,023.19			(1,094.73)		48,408.45	48,570.08	641.62	0.00
GNMA	2001 A-E RMRB	5.45	01/30/03	12/20/32	279,924.89	283,832.11			(1,519.94)		278,404.95	285,731.16	3,418.99	0.00
GNMA	2001 A-E RMRB	4.95	01/30/03	01/20/33	73,329.67	72,619.01			(617.86)		72,711.81	72,954.96	953.81	0.00
GNMA	2001 A-E RMRB	5.45	02/12/03	01/20/33	234,003.88	237,228.65			(1,520.96)		232,482.92	238,576.17	2,868.48	0.00
GNMA	2001 A-E RMRB	4.95	02/12/03	02/20/33	159,236.90	157,695.92			(743.41)		158,493.49	159,025.75	2,073.24	0.00
GNMA	2001 A-E RMRB	5.45	02/20/03	02/20/33	177,595.55	180,044.78			(784.27)		176,811.28	181,447.24	2,186.73	0.00
GNMA	2001 A-E RMRB	4.95	02/27/03	02/20/33	138,075.27	136,740.59			(660.57)		137,414.70	137,877.70	1,797.68	0.00
GNMA	2001 A-E RMRB	4.95	03/12/03	02/20/33	159,447.17	157,907.50			(738.65)		158,708.52	159,244.87	2,076.02	0.00
GNMA	2001 A-E RMRB	5.45	03/20/03	02/20/33	265,185.81	268,848.70			(1,340.35)		263,845.46	270,769.18	3,260.83	0.00
GNMA	2001 A-E RMRB	4.95	03/20/03	02/20/33	102,318.59	101,331.18			(791.83)		101,526.76	101,870.48	1,331.13	0.00
GNMA	2001 A-E RMRB	5.45	04/02/03	03/20/33	112,479.63	114,034.87			(533.02)		111,946.61	114,885.88	1,384.03	0.00
GNMA	2001 A-E RMRB	5.45	04/10/03	03/20/33	122,630.28	124,326.62			(630.36)		121,999.92	125,203.91	1,507.65	0.00
GNMA	2001 A-E RMRB	5.45	04/17/03	03/20/33	51,951.66	52,670.57			(602.97)		51,348.69	52,697.48	629.88	0.00
GNMA	2001 A-E RMRB	5.45	04/29/03	04/20/33	219,498.98	222,539.56			(948.38)		218,550.60	224,294.53	2,703.35	0.00
GNMA	2001 A-E RMRB	5.45	05/08/03	04/20/33	204,741.75	207,579.17			(931.05)		203,810.70	209,168.50	2,520.38	0.00
GNMA	2001 A-E RMRB	4.95	05/08/03	04/20/33	141,691.45	140,330.45			(690.43)		141,001.02	141,484.81	1,844.79	0.00
GNMA	2001 A-E RMRB	4.95	05/15/03	04/20/33	146,080.04	144,677.76			(667.58)		145,412.46	145,912.11	1,901.93	0.00
GNMA	2001 A-E RMRB	5.45	05/22/03	04/20/33	151,462.06	153,562.80			(661.90)		150,800.16	154,766.13	1,865.23	0.00
GNMA	2001 A-E RMRB	5.45	05/29/03	05/20/33	282,568.31	286,490.06			(1,212.15)		281,356.16	288,758.31	3,480.40	0.00
GNMA	2001 A-E RMRB	5.45	06/10/03	05/20/33	261,798.13	265,434.02			(1,102.46)		260,695.67	267,556.69	3,225.13	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	112,825.40	114,393.60			(513.20)		112,312.20	115,269.33	1,388.93	0.00
GNMA	2001 A-E RMRB	5.45	06/19/03	06/20/33	214,313.11	217,291.93			(2,115.00)		212,198.11	217,785.18	2,608.25	0.00
GNMA	2001 A-E RMRB	5.45	06/26/03	06/20/33	102,851.07	104,281.27			(609.84)		102,241.23	104,933.83	1,262.40	0.00
GNMA	2001 A-E RMRB	5.45	07/10/03	06/20/33	49,328.78	50,015.22			(202.83)		49,125.95	50,420.23	607.84	0.00
GNMA	2001 A-E RMRB	5.45	07/17/03	07/20/33	52,791.50	53,526.62			(215.68)		52,575.82	53,961.48	650.54	0.00
GNMA	2001 A-E RMRB	5.45	07/24/03	07/20/33	49,206.31	49,891.81			(204.46)		49,001.85	50,293.61	606.26	0.00
GNMA	2001 A-E RMRB	5.45	07/30/03	07/20/33	51,923.76	52,647.33			(212.12)		51,711.64	53,075.06	639.85	0.00
GNMA	2001 A-E RMRB	5.45	08/07/03	07/20/33	96,074.89	97,414.30			(517.61)		95,557.28	98,077.31	1,180.62	0.00
GNMA	2001 A-E RMRB	5.45	08/28/03	08/20/33	54,432.00	55,191.97			(274.78)		54,157.22	55,586.57	669.38	0.00
GNMA	2001 A-E RMRB	5.45	09/29/03	09/20/33	53,619.71	54,369.93			(218.80)		53,400.91	54,811.91	660.78	0.00
GNMA	2001 A-E RMRB	5.45	10/23/03	10/20/33	49,438.49	50,131.32			(205.00)		49,233.49	50,535.50	609.18	0.00
GNMA	2001 A-E RMRB	5.45	11/20/03	10/20/33	52,848.32	53,590.07			(211.75)		52,636.57	54,029.71	651.39	0.00
GNMA	2001 A-E RMRB	5.45	11/26/03	06/20/33	63,293.72	64,181.42			(277.27)		63,016.45	64,683.60	779.45	0.00
GNMA	2001 A-E RMRB	5.45	12/04/03	11/20/33	244,840.49	248,280.69			(1,204.53)		243,635.96	250,088.10	3,011.94	0.00
GNMA	2001 A-E RMRB	5.45	12/11/03	12/20/33	60,021.69	60,865.59			(237.44)		59,784.25	61,368.05	739.90	0.00
GNMA	2001 A-E RMRB	4.95	01/15/04	01/20/34	121,902.56	120,699.16			(519.94)		121,382.62	121,798.94	1,619.72	0.00
GNMA	2001 A-E RMRB	4.95	01/22/04	01/20/34	375,713.21	371,073.93			(1,801.48)		373,911.73	374,249.59	4,977.14	0.00
GNMA	2001 A-E RMRB	5.45	01/22/04	12/20/33	51,760.09	52,489.53			(204.88)		51,555.21	52,922.72	638.07	0.00
GNMA	2001 A-E RMRB	5.45	01/29/04	11/20/33	51,063.73	51,783.46			(205.28)		50,858.45	52,207.58	629.40	0.00
GNMA	2001 A-E RMRB	5.45	02/12/04	11/20/33	51,447.42	52,173.14			(210.37)		51,237.05	52,596.80	634.03	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	5.45	03/11/04	02/20/34	52,207.41	52,915.59			(203.86)		52,003.55	53,360.20	648.47	0.00
GNMA	2001 A-E RMRB	4.95	03/11/04	02/20/34	127,332.35	126,081.32			(543.50)		126,788.85	127,229.61	1,691.79	0.00
GNMA	2001 A-E RMRB	4.95	04/08/04	02/20/34	100,432.50	99,198.77			(425.71)		100,006.79	100,103.51	1,330.45	0.00
GNMA	2001 A-E RMRB	5.49	04/16/04	04/20/34	95,087.64	96,569.73			(451.69)		94,635.95	97,274.29	1,156.25	0.00
FNMA	2001 A-E RMRB	5.45	04/17/02	03/01/32	283,382.80	285,162.51			(1,729.72)		281,653.08	285,067.63	1,634.84	0.00
FNMA	2001 A-E RMRB	4.95	05/15/02	04/01/32	193,091.78	190,242.11			(2,581.57)		190,510.21	188,821.34	1,160.80	0.00
FNMA	2001 A-E RMRB	4.95	06/10/02	06/01/32	86,084.06	84,814.81			(517.64)		85,566.42	84,809.07	511.90	0.00
FNMA	2001 A-E RMRB	4.95	07/22/02	06/01/32	233,904.25	230,458.97			(1,449.01)		232,455.24	230,401.24	1,391.28	0.00
FNMA	2001 A-E RMRB	5.45	09/19/02	08/01/32	236,457.33	237,958.58			(1,073.30)		235,384.03	238,253.68	1,368.40	0.00
FNMA	2001 A-E RMRB	4.95	09/26/02	09/01/32	86,022.84	84,758.33			(412.54)		85,610.30	84,856.47	510.68	0.00
FNMA	2001 A-E RMRB	5.45	01/23/03	11/01/32	301,266.72	303,195.26			(1,486.00)		299,780.72	303,451.29	1,742.03	0.00
FNMA	2001 A-E RMRB	4.95	07/24/03	09/01/32	220,156.70	216,944.85			(1,226.89)		218,929.81	217,026.05	1,308.09	0.00
FNMA	2001 A-E RMRB	5.45	09/18/03	01/01/33	63,526.98	63,900.70			(2,873.40)		60,653.58	61,367.81	340.51	0.00
FNMA	2001 A-E RMRB	5.45	12/04/03	11/01/33	92,177.72	92,724.46			(429.20)		91,748.52	92,833.47	538.21	0.00
FNMA	2001 A-E RMRB	4.95	02/26/04	09/01/33	63,576.93	62,549.40			(313.51)		63,263.42	62,701.55	465.66	0.00
FNMA	2001 A-E RMRB	5.45	04/08/04	01/01/32	25,380.04	25,546.36			(147.73)		25,232.31	25,545.03	146.40	0.00
Repo Agmt	2001 A-E RMRB	3.02	02/29/08	03/03/08	8,231.75	8,231.75	50,982.05				59,213.80	59,213.80	-	0.00
Repo Agmt	2001 A-E RMRB	3.02	02/29/08	03/03/08	287.00	287.00	2.68				289.68	289.68	-	0.00
Repo Agmt	2001 A-E RMRB	3.02	02/29/08	03/03/08	179.25	179.25	1.69				180.94	180.94	-	0.00
GNMA	2001 A-E RMRB	5.49	03/12/03	03/20/33	4,820.14	4,896.25			(20.08)		4,800.06	4,934.50	58.33	0.00
GNMA	2001 A-E RMRB	5.49	03/20/03	02/20/33	11,669.67	11,853.93			(49.30)		11,620.37	11,945.81	141.18	0.00
GNMA	2001 A-E RMRB	5.49	04/02/03	03/20/33	26,020.10	26,431.31			(5,876.94)		20,143.16	20,707.58	153.21	0.00
GNMA	2001 A-E RMRB	4.80	04/02/03	03/20/33	11,066.32	10,869.07			(53.63)		11,012.69	10,964.75	149.31	0.00
GNMA	2001 A-E RMRB	4.80	04/10/03	04/20/33	56,145.13	56,145.13			(265.30)		55,879.83	55,637.13	(242.70)	0.00
GNMA	2001 A-E RMRB	5.49	04/17/03	04/20/33	66,859.18	67,916.78			(391.18)		66,468.00	68,331.56	805.96	0.00
GNMA	2001 A-E RMRB	4.80	04/17/03	03/20/33	9,415.06	9,247.34			(43.79)		9,371.27	9,330.56	127.01	0.00
GNMA	2001 A-E RMRB	4.80	04/24/03	04/20/33	23,179.76	22,767.09			(12,102.08)		11,077.68	11,029.68	364.67	0.00
GNMA	2001 A-E RMRB	5.49	04/29/03	04/20/33	6,951.23	7,061.28			(29.21)		6,922.02	7,116.17	84.10	0.00
GNMA	2001 A-E RMRB	4.80	04/29/03	03/20/33	9,550.74	9,380.69			(45.91)		9,504.83	9,463.63	128.85	0.00
GNMA	2001 A-E RMRB	5.49	05/08/03	05/20/33	27,708.50	28,147.40			(118.94)		27,589.56	28,363.69	335.23	0.00
GNMA	2001 A-E RMRB	5.49	05/15/03	05/20/33	14,955.88	15,192.86			(62.09)		14,893.79	15,311.76	180.99	0.00
GNMA	2001 A-E RMRB	4.80	05/15/03	04/20/33	14,025.29	13,775.81			(80.45)		13,944.84	13,884.63	189.27	0.00
GNMA	2001 A-E RMRB	5.49	05/22/03	05/20/33	37,030.06	37,617.03			(156.31)		36,873.75	37,908.76	448.04	0.00
GNMA	2001 A-E RMRB	4.80	05/22/03	04/20/33	25,882.79	25,882.79			(119.79)		25,763.00	25,651.92	(111.08)	0.00
GNMA	2001 A-E RMRB	5.49	05/29/03	05/20/33	20,759.94	21,089.11			(90.02)		20,669.92	21,250.21	251.12	0.00
GNMA	2001 A-E RMRB	4.80	05/29/03	05/20/33	19,728.96	19,378.33			(91.39)		19,637.57	19,553.10	266.16	0.00
GNMA	2001 A-E RMRB	5.49	06/10/03	05/20/33	11,162.56	11,339.64			(45.95)		11,116.61	11,428.78	135.09	0.00
GNMA	2001 A-E RMRB	4.80	06/10/03	05/20/33	9,031.91	8,871.44			(42.04)		8,989.87	8,951.26	121.86	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	11,344.02	11,524.11			(46.97)		11,297.05	11,614.43	137.29	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	10,377.14	10,192.94			(47.29)		10,329.85	10,285.64	139.99	0.00
GNMA	2001 A-E RMRB	5.49	06/19/03	06/20/33	12,955.78	13,161.43			(67.89)		12,887.89	13,249.93	156.39	0.00
GNMA	2001 A-E RMRB	4.80	06/19/03	06/20/33	6,616.80	6,499.31			(30.72)		6,586.08	6,557.87	89.28	0.00
GNMA	2001 A-E RMRB	5.49	06/26/03	06/20/33	5,020.73	5,100.50			(20.84)		4,999.89	5,140.42	60.76	0.00
GNMA	2001 A-E RMRB	5.49	07/03/03	06/20/33	14,978.31	15,216.25			(61.60)		14,916.71	15,335.93	181.28	0.00
GNMA	2001 A-E RMRB	5.49	07/10/03	06/20/33	15,196.82	15,438.34			(62.39)		15,134.43	15,559.88	183.93	0.00
GNMA	2001 A-E RMRB	4.80	07/10/03	06/20/33	14,125.23	13,874.71			(64.80)		14,060.43	14,000.48	190.57	0.00
GNMA	2001 A-E RMRB	4.80	07/17/03	06/20/33	64,208.08	63,069.55			(12,842.80)		51,365.28	51,146.39	919.64	0.00
GNMA	2001 A-E RMRB	5.49	07/24/03	07/20/33	38,936.32	39,555.71			(235.59)		38,700.73	39,789.25	469.13	0.00
GNMA	2001 A-E RMRB	4.80	07/24/03	07/20/33	38,904.80	38,215.28			(180.81)		38,723.99	38,559.35	524.88	0.00
GNMA	2001 A-E RMRB	5.49	07/30/03	07/20/33	11,715.92	11,902.34			(50.01)		11,665.91	11,994.07	141.74	0.00
GNMA	2001 A-E RMRB	5.49	08/07/03	07/20/33	27,251.90	27,685.72			(135.46)		27,116.44	27,879.42	329.16	0.00
GNMA	2001 A-E RMRB	4.80	08/07/03	06/20/33	10,760.70	10,570.07			(49.03)		10,711.67	10,666.19	145.15	0.00
GNMA	2001 A-E RMRB	5.49	08/14/03	08/20/33	16,060.48	16,316.28			(65.77)		15,994.71	16,444.90	194.39	0.00
GNMA	2001 A-E RMRB	4.80	08/14/03	07/20/33	31,326.52	30,771.85			(142.58)		31,183.94	31,051.89	422.62	0.00
GNMA	2001 A-E RMRB	5.49	08/21/03	08/20/33	12,145.46	12,339.01			(50.16)		12,095.30	12,435.84	146.99	0.00
GNMA	2001 A-E RMRB	4.80	08/28/03	08/20/33	12,765.91	12,540.02			(77.77)		12,688.14	12,634.56	172.31	0.00
GNMA	2001 A-E RMRB	5.49	09/04/03	08/20/33	5,313.60	5,398.34			(24.29)		5,289.31	5,438.30	64.25	0.00
GNMA	2001 A-E RMRB	5.49	09/18/03	09/20/33	40,703.82	41,353.40			(181.03)		40,522.79	41,664.64	492.27	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	45,683.23	44,875.85			(207.27)		45,475.96	45,284.90	616.32	0.00
GNMA	2001 A-E RMRB	4.80	09/18/03	09/20/33	7,389.40	7,258.82			(33.07)		7,366.33	7,325.42	99.67	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2001 A-E RMRB	5.49	09/29/03	09/20/33	55,343.09	56,226.83			(238.84)		55,104.25	56,657.51	669.52	0.00
GNMA	2001 A-E RMRB	4.80	09/29/03	09/20/33	34,290.04	33,684.33			(224.95)		34,065.09	33,922.30	462.92	0.00
GNMA	2001 A-E RMRB	5.49	10/16/03	09/20/33	9,812.76	9,969.59			(39.61)		9,773.15	10,048.77	118.79	0.00
GNMA	2001 A-E RMRB	5.49	10/30/03	10/20/33	33,316.34	33,787.08			(134.76)		33,181.58	34,054.89	402.57	0.00
GNMA	2001 A-E RMRB	4.80	10/30/03	10/20/33	198,102.44	194,120.95			(926.63)		197,175.81	195,857.56	2,663.24	0.00
GNMA	2001 A-E RMRB	5.49	11/13/03	10/20/33	20,079.16	20,363.11			(120.96)		19,958.20	20,483.72	241.57	0.00
GNMA	2001 A-E RMRB	4.80	11/13/03	10/20/33	103,686.94	101,859.28			(508.31)		103,178.63	102,750.06	1,399.09	0.00
GNMA	2001 A-E RMRB	5.49	11/20/03	11/20/33	5,196.72	5,279.94			(26.79)		5,169.93	5,315.91	62.76	0.00
GNMA	2001 A-E RMRB	4.80	11/20/03	11/20/33	152,839.20	149,770.41			(723.73)		152,115.47	151,101.50	2,054.82	0.00
GNMA	2001 A-E RMRB	5.49	11/26/03	10/20/33	6,416.13	6,518.90			(49.91)		6,366.22	6,545.98	76.99	0.00
GNMA	2001 A-E RMRB	4.80	11/26/03	11/20/33	52,158.29	51,239.64			(241.56)		51,916.73	51,701.81	703.73	0.00
GNMA	2001 A-E RMRB	4.80	12/04/03	12/20/33	73,585.96	72,109.56			(467.95)		73,118.01	72,631.74	990.13	0.00
GNMA	2001 A-E RMRB	5.49	12/04/03	11/20/33	4,964.90	5,044.45			(20.02)		4,944.88	5,084.53	60.10	0.00
GNMA	2001 A-E RMRB	4.80	12/11/03	12/20/33	43,673.36	42,797.32			(237.11)		43,436.25	43,147.58	587.37	0.00
GNMA	2001 A-E RMRB	5.49	12/11/03	09/20/33	10,754.55	10,926.87			(43.10)		10,711.45	11,013.98	130.21	0.00
GNMA	2001 A-E RMRB	5.49	12/18/03	12/20/33	5,567.33	5,656.67			(22.32)		5,545.01	5,701.75	67.40	0.00
GNMA	2001 A-E RMRB	4.80	12/18/03	12/20/33	41,819.33	41,083.59			(190.96)		41,628.37	41,456.86	564.23	0.00
GNMA	2001 A-E RMRB	5.49	12/23/03	12/20/33	11,582.71	11,768.59			(46.07)		11,536.64	11,862.76	140.24	0.00
GNMA	2001 A-E RMRB	4.80	12/23/03	12/20/33	21,381.44	20,952.72			(94.41)		21,287.03	21,145.73	287.42	0.00
GNMA	2001 A-E RMRB	5.49	01/15/04	01/20/34	32,083.63	32,581.01			(196.00)		31,887.63	32,773.92	388.91	0.00
GNMA	2001 A-E RMRB	5.49	01/22/04	01/20/34	39,554.02	40,093.67			(172.84)		39,381.18	40,401.33	480.50	0.00
GNMA	2001 A-E RMRB	4.80	01/22/04	01/20/34	38,152.17	37,458.28			(229.01)		37,923.16	37,760.09	530.82	0.00
GNMA	2001 A-E RMRB	5.49	01/29/04	01/20/34	12,152.33	12,340.87			(51.16)		12,101.17	12,437.64	147.93	0.00
GNMA	2001 A-E RMRB	4.80	01/29/04	11/20/33	8,308.19	8,162.29			(37.84)		8,270.35	8,236.55	112.10	0.00
GNMA	2001 A-E RMRB	4.80	02/12/04	01/20/34	20,367.25	19,947.01			(103.38)		20,263.87	20,125.95	282.32	0.00
GNMA	2001 A-E RMRB	5.49	02/12/04	02/20/34	42,961.76	43,628.92			(172.61)		42,789.15	43,979.57	523.26	0.00
GNMA	2001 A-E RMRB	4.80	02/26/04	02/20/34	26,813.13	26,260.30			(133.80)		26,679.33	26,498.18	371.68	0.00
GNMA	2001 A-E RMRB	5.49	02/26/04	02/20/34	21,631.60	21,631.60			(87.19)		21,544.41	22,103.18	558.77	0.00
GNMA	2001 A-E RMRB	4.80	03/11/04	03/20/34	25,271.39	24,750.75			(110.65)		25,160.74	24,990.30	350.20	0.00
GNMA	2001 A-E RMRB	5.49	03/11/04	03/20/34	71,517.85	72,630.29			(303.73)		71,214.12	73,197.18	870.62	0.00
GNMA	2001 A-E RMRB	5.49	03/25/04	03/20/34	28,511.52	28,902.14			(110.46)		28,401.06	29,138.41	346.73	0.00
GNMA	2001 A-E RMRB	4.80	03/30/04	03/20/34	10,960.60	10,761.86			(47.61)		10,912.99	10,866.68	152.43	0.00
GNMA	2001 A-E RMRB	5.49	07/09/04	07/20/34	15,232.96	15,471.56			(65.50)		15,167.46	15,591.48	185.42	0.00
GNMA	2001 A-E RMRB	4.80	07/08/04	06/20/34	9,699.25	9,500.38			(42.16)		9,657.09	9,592.62	134.40	0.00
GNMA	2001 A-E RMRB	5.49	04/01/04	04/20/34	28,058.70	36,916.59			(34.86)		28,023.84	37,212.28	330.55	0.00
GNMA	2001 A-E RMRB	4.80	04/22/04	04/20/34	30,840.60	30,282.18			(134.41)		30,706.19	30,576.68	428.91	0.00
GNMA	2001 A-E RMRB	5.49	04/22/04	04/20/34	18,859.95	19,154.03			(73.13)		18,786.82	19,310.68	229.78	0.00
GNMA	2001 A-E RMRB	4.80	04/29/04	04/20/34	22,346.45	21,886.95			(105.79)		22,240.66	22,090.87	309.71	0.00
GNMA	2001 A-E RMRB	5.49	04/29/04	04/20/34	10,538.27	10,702.61			(42.51)		10,495.76	10,788.46	128.36	0.00
GNMA	2001 A-E RMRB	4.80	05/06/04	04/20/34	17,412.70	17,097.62			(76.96)		17,335.74	17,262.83	242.17	0.00
GNMA	2001 A-E RMRB	5.49	05/06/04	04/20/34	6,939.78	7,048.04			(26.60)		6,913.18	7,106.01	84.57	0.00
GNMA	2001 A-E RMRB	4.80	05/13/04	04/20/34	10,919.26	10,721.73			(46.97)		10,872.29	10,826.62	151.86	0.00
GNMA	2001 A-E RMRB	5.49	05/27/04	05/20/34	18,638.23	18,929.40			(74.21)		18,564.02	19,082.23	227.04	0.00
GNMA	2001 A-E RMRB	5.49	06/03/04	05/20/34	6,560.34	6,662.88			(24.97)		6,535.37	6,717.85	79.94	0.00
GNMA	2001 A-E RMRB	5.49	06/24/04	06/20/34	13,636.46	13,849.86			(51.57)		13,584.89	13,964.48	166.19	0.00
GNMA	2001 A-E RMRB	5.49	09/02/04	08/20/34	16,051.01	16,273.24			(64.82)		15,986.19	16,403.58	195.16	0.00
GNMA	2001 A-E RMRB	5.49	09/09/04	09/20/34	28,648.22	29,098.58			(107.23)		28,540.99	29,340.54	349.19	0.00
GNMA	2001 A-E RMRB	5.49	09/16/04	09/20/34	16,903.75	17,169.53			(63.00)		16,840.75	17,312.58	206.05	0.00
GNMA	2001 A-E RMRB	4.80	09/29/04	09/20/34	13,778.92	13,531.34			(57.41)		13,721.51	13,665.56	191.63	0.00
GNMA	2001 A-E RMRB	5.49	09/29/04	09/20/34	16,569.90	16,830.66			(63.15)		16,506.75	16,969.44	201.93	0.00
GNMA	2001 A-E RMRB	5.49	10/07/04	09/20/34	19,366.84	19,671.74			(74.09)		19,292.75	19,833.67	236.02	0.00
GNMA	2001 A-E RMRB	4.80	10/07/04	09/20/34	13,600.72	13,356.43			(79.00)		13,521.72	13,466.68	189.25	0.00
GNMA	2001 A-E RMRB	5.49	07/15/04	04/20/34	11,765.23	11,949.50			(45.58)		11,719.65	12,047.28	143.36	0.00
GNMA	2001 A-E RMRB	5.49	07/22/04	07/20/34	11,432.66	11,611.89			(43.16)		11,389.50	11,708.07	139.34	0.00
GNMA	2001 A-E RMRB	5.49	07/29/04	07/20/34	6,508.85	6,610.90			(24.45)		6,484.40	6,665.77	79.32	0.00
GNMA	2001 A-E RMRB	5.49	08/05/04	08/20/34	25,991.08	26,398.87			(101.49)		25,889.59	26,614.06	316.68	0.00
GNMA	2001 A-E RMRB	5.49	08/19/04	08/20/34	22,059.78	22,406.13			(135.22)		21,924.56	22,538.31	267.40	0.00
GNMA	2001 A-E RMRB	5.49	08/26/04	08/20/34	13,320.85	13,530.03			(50.10)		13,270.75	13,642.29	162.36	0.00
GNMA	2001 A-E RMRB	5.49	12/02/04	11/20/34	37,463.68	38,055.39			(149.97)		37,313.71	38,361.80	456.38	0.00
GNMA	2001 A-E RMRB	4.80	12/02/04	11/20/34	25,489.63	25,033.09			(107.53)		25,382.10	25,280.08	354.52	0.00

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GNMA	2001 A-E RMRB	4.80	10/14/04	09/20/34	3,218.05	3,160.24			(17.52)		3,200.53	3,187.48	44.76	0.00
GNMA	2001 A-E RMRB	5.49	10/21/04	06/20/34	10,026.12	10,165.27			(45.76)		9,980.36	10,241.26	121.75	0.00
GNMA	2001 A-E RMRB	4.80	10/28/04	09/20/34	10,055.48	9,850.29			(79.17)		9,976.31	9,910.70	139.58	0.00
GNMA	2001 A-E RMRB	5.49	10/28/04	10/20/34	14,641.10	14,871.88			(54.94)		14,586.16	14,995.37	178.43	0.00
GNMA	2001 A-E RMRB	5.49	12/29/04	12/20/34	37,035.93	37,621.83			(135.97)		36,899.96	37,937.39	451.53	0.00
GNMA	2001 A-E RMRB	4.80	12/29/04	12/20/34	14,823.05	14,557.92			(60.68)		14,762.37	14,703.41	206.17	0.00
GNMA	2001 A-E RMRB	5.49	01/06/05	01/20/35	11,041.30	11,209.43			(39.94)		11,001.36	11,308.92	139.43	0.00
GNMA	2001 A-E RMRB	5.49	01/13/05	12/20/34	12,029.50	12,219.94			(45.01)		11,984.49	12,321.57	146.64	0.00
GNMA	2001 A-E RMRB	5.49	01/27/05	01/20/35	46,249.68	46,868.26			(167.71)		46,081.97	47,283.49	582.94	0.00
GNMA	2001 A-E RMRB	5.49	03/10/05	12/20/34	11,718.53	11,904.61			(42.77)		11,675.76	12,004.71	142.87	0.00
GNMA	2001 A-E RMRB	5.49	05/05/05	03/20/35	6,507.67	6,607.39			(24.35)		6,483.32	6,665.20	82.16	0.00
GNMA	2001 A-E RMRB	5.49	07/07/05	06/20/35	8,122.36	8,247.33			(28.47)		8,093.89	8,321.47	102.61	0.00
GNMA	2001 A-E RMRB	4.80	07/07/05	06/20/35	8,565.87	8,256.58			(35.27)		8,530.60	8,338.65	117.34	0.00
GNMA	2001 A-E RMRB	4.80	06/02/05	04/20/35	34,489.73	33,162.15			(146.66)		34,343.07	33,486.34	470.85	0.00
GNMA	2001 A-E RMRB	5.49	09/08/05	08/20/35	13,999.83	14,189.93			(51.72)		13,948.11	14,314.66	176.45	0.00
GNMA	2001 A-E RMRB	5.49	09/15/05	09/20/35	26,107.24	26,461.93			(92.83)		26,014.41	26,698.28	329.18	0.00
GNMA	2001 A-E RMRB	5.49	08/04/05	08/20/35	34,615.06	35,148.67			(123.13)		34,491.93	35,462.77	437.23	0.00
GNMA	2001 A-E RMRB	4.80	10/13/05	09/20/35	13,175.22	12,698.32			(54.47)		13,120.75	12,824.32	180.47	0.00
GNMA	2001 A-E RMRB	5.49	10/13/05	10/20/35	27,159.98	27,580.37			(5,510.41)		21,649.57	22,260.31	190.35	0.00
GNMA	2001 A-E RMRB	5.49	12/19/05	12/20/35	26,190.02	26,596.96			(111.54)		26,078.48	26,815.75	330.33	0.00
GNMA	2001 A-E RMRB	5.49	11/17/05	11/20/35	26,505.66	26,916.77			(91.17)		26,414.49	27,160.50	334.90	0.00
GNMA	2001 A-E RMRB	4.80	11/22/05	10/20/35	24,981.96	23,753.24			(153.53)		24,828.43	23,943.31	343.60	0.00
GNMA	2001 A-E RMRB	4.80	12/22/05	12/20/35	22,248.23	21,441.48			(89.27)		22,158.96	21,656.89	304.68	0.00
GNMA	2001 A-E RMRB	5.49	12/29/05	11/20/35	19,308.71	19,608.87			(66.20)		19,242.51	19,786.65	243.98	0.00
GNMA	2001 A-E RMRB	5.49	01/12/06	01/20/36	8,340.40	8,467.76			(28.04)		8,312.36	8,546.14	106.42	0.00
FNMA	2001 A-E RMRB	5.49	05/29/03	04/01/33	28,361.13	28,581.90			(129.57)		28,231.56	28,609.75	157.42	0.00
FNMA	2001 A-E RMRB	4.80	09/18/03	07/01/33	8,484.98	8,281.36			(39.58)		8,445.40	8,308.62	66.84	0.00
FNMA	2001 A-E RMRB	5.49	12/04/03	11/01/33	15,737.85	15,861.76			(68.88)		15,668.97	15,880.27	87.39	0.00
FNMA	2001 A-E RMRB	4.80	01/15/04	11/01/33	32,567.76	31,787.84			(188.59)		32,379.17	31,856.45	257.20	0.00
FNMA	2001 A-E RMRB	4.80	02/26/04	01/01/34	11,385.37	11,103.22			(150.13)		11,235.24	11,043.58	90.49	0.00
FNMA	2001 A-E RMRB	5.49	04/08/04	06/01/33	7,529.58	7,589.09			(33.38)		7,496.20	7,597.52	41.81	0.00
FNMA	2001 A-E RMRB	5.49	09/01/04	08/01/34	27,102.51	27,418.38			(104.83)		26,997.68	27,448.96	135.41	0.00
FNMA	2001 A-E RMRB	4.80	09/23/04	08/01/34	6,668.49	6,503.83			(31.56)		6,636.93	6,524.31	52.04	0.00
FNMA	2001 A-E RMRB	4.80	11/10/04	10/01/34	6,779.46	6,612.21			(28.46)		6,751.00	6,636.59	52.84	0.00
FNMA	2001 A-E RMRB	5.49	07/14/05	05/01/35	4,272.48	4,299.00			(15.58)		4,256.90	4,303.68	20.26	0.00
FNMA	2001 A-E RMRB	4.80	07/14/05	04/01/35	8,398.05	8,036.31			(56.05)		8,342.00	8,043.99	63.73	0.00
FNMA	2001 A-E RMRB	5.49	11/03/05	10/01/35	26,946.40	27,115.03			(104.98)		26,841.42	27,137.72	127.67	0.00
FNMA	2001 A-E RMRB	4.80	12/15/05	10/01/35	7,929.54	7,586.35			(32.36)		7,897.18	7,613.43	59.44	0.00
	<b>2001 A-E RMRB Total</b>				<b>54,587,728.31</b>	<b>55,102,527.08</b>	<b>736,788.44</b>	<b>(3,850,562.03)</b>	<b>(990,638.63)</b>	<b>0.00</b>	<b>50,483,316.09</b>	<b>51,553,454.08</b>	<b>555,339.22</b>	<b>0.00</b>
Repo Agmt	2002 RMRB	3.02	02/29/08	03/03/08	428.84	428.84			(428.69)		0.15	0.15	-	0.00
Repo Agmt	2002 RMRB	3.02	02/29/08	03/03/08	55.98	55.98	287,400.96				287,456.94	287,456.94	-	0.00
Repo Agmt	2002 RMRB	3.02	02/29/08	03/03/08	0.55	0.55	0.00				0.55	0.55	-	0.00
GIC's	2002 RMRB	4.20	12/18/02	04/01/34	1,753,187.58	1,753,187.58			(1,566,869.77)		186,317.81	186,317.81	-	0.00
GIC's	2002 RMRB	4.20	12/18/02	04/01/34	27,175.43	27,175.43			(27,175.23)		0.20	0.20	-	0.00
GNMA	2002 RMRB	5.49	03/12/03	03/20/33	39,401.50	40,023.51			(164.14)		39,237.36	40,336.14	476.77	0.00
GNMA	2002 RMRB	5.49	03/20/03	02/20/33	95,391.65	96,897.75			(403.00)		94,988.65	97,648.89	1,154.14	0.00
GNMA	2002 RMRB	5.49	04/02/03	03/20/33	212,696.51	216,057.78			(48,040.03)		164,656.48	169,270.25	1,252.50	0.00
GNMA	2002 RMRB	4.80	04/02/03	03/20/33	90,459.64	88,847.28			(438.33)		90,021.31	89,629.37	1,220.42	0.00
GNMA	2002 RMRB	4.80	04/10/03	04/20/33	458,947.96	450,772.33			(2,168.61)		456,779.35	454,795.35	6,191.63	0.00
GNMA	2002 RMRB	5.49	04/17/03	04/20/33	546,527.77	555,172.96			(3,197.59)		543,330.18	558,563.48	6,588.11	0.00
GNMA	2002 RMRB	4.80	04/17/03	03/20/33	76,961.59	75,590.67			(358.01)		76,603.58	76,270.92	1,038.26	0.00
GNMA	2002 RMRB	4.80	04/24/03	04/20/33	189,478.60	186,105.32			(98,926.21)		90,552.39	90,160.09	2,980.98	0.00
GNMA	2002 RMRB	5.49	04/29/03	04/20/33	56,821.72	57,721.12			(238.79)		56,582.93	58,169.86	687.53	0.00
GNMA	2002 RMRB	4.80	04/29/03	03/20/33	78,070.77	76,680.71			(375.28)		77,695.49	77,358.71	1,053.28	0.00
GNMA	2002 RMRB	5.49	05/08/03	05/20/33	226,498.14	230,085.64			(972.26)		225,525.88	231,853.64	2,740.26	0.00
GNMA	2002 RMRB	5.49	05/15/03	05/20/33	122,254.09	124,191.20			(507.52)		121,746.57	125,163.12	1,479.44	0.00
GNMA	2002 RMRB	4.80	05/15/03	04/20/33	114,647.04	112,607.78			(657.53)		113,989.51	113,497.35	1,547.10	0.00
GNMA	2002 RMRB	5.49	05/22/03	05/20/33	302,695.66	307,493.41			(1,277.79)		301,417.87	309,878.06	3,662.44	0.00
GNMA	2002 RMRB	4.80	05/22/03	04/20/33	211,573.94	207,811.68			(979.17)		210,594.77	209,686.81	2,854.30	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2002 RMRB	5.49	05/29/03	05/20/33	169,698.43	172,389.01			(735.81)		168,962.62	173,705.90	2,052.70	0.00
GNMA	2002 RMRB	4.80	05/29/03	05/20/33	161,270.91	158,404.58			(747.05)		160,523.86	159,833.21	2,175.68	0.00
GNMA	2002 RMRB	5.49	06/10/03	05/20/33	91,246.20	92,693.77			(375.65)		90,870.55	93,422.42	1,104.30	0.00
GNMA	2002 RMRB	4.80	06/10/03	05/20/33	73,829.53	72,517.97			(343.60)		73,485.93	73,170.42	996.05	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	92,729.56	94,201.72			(383.89)		92,345.67	94,940.03	1,122.20	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	84,826.33	83,320.34			(386.63)		84,439.70	84,078.08	1,144.37	0.00
GNMA	2002 RMRB	5.49	06/19/03	06/20/33	105,904.38	107,585.72			(554.97)		105,349.41	108,309.12	1,278.37	0.00
GNMA	2002 RMRB	4.80	06/19/03	06/20/33	54,087.66	53,127.44			(251.07)		53,836.59	53,606.07	729.70	0.00
GNMA	2002 RMRB	5.49	06/26/03	06/20/33	41,041.35	41,693.14			(170.37)		40,870.98	42,019.43	496.66	0.00
GNMA	2002 RMRB	5.49	07/03/03	06/20/33	122,437.25	124,382.41			(503.50)		121,933.75	125,360.73	1,481.82	0.00
GNMA	2002 RMRB	5.49	07/10/03	06/20/33	124,223.66	126,197.84			(510.02)		123,713.64	127,191.30	1,503.48	0.00
GNMA	2002 RMRB	4.80	07/10/03	06/20/33	115,464.29	113,416.22			(529.67)		114,934.62	114,444.28	1,557.73	0.00
GNMA	2002 RMRB	4.80	07/17/03	06/20/33	524,856.78	515,550.21			(104,981.03)		419,875.75	418,086.60	7,517.42	0.00
GNMA	2002 RMRB	5.49	07/24/03	07/20/33	318,277.77	323,340.77			(1,925.79)		316,351.98	325,249.72	3,834.74	0.00
GNMA	2002 RMRB	4.80	07/24/03	07/20/33	318,019.78	312,383.60			(1,478.01)		316,541.77	315,196.12	4,290.53	0.00
GNMA	2002 RMRB	5.49	07/30/03	07/20/33	95,769.62	97,293.46			(408.80)		95,360.82	98,043.32	1,158.66	0.00
GNMA	2002 RMRB	5.49	08/07/03	07/20/33	222,765.84	226,311.79			(1,107.39)		221,658.45	227,895.15	2,690.75	0.00
GNMA	2002 RMRB	4.80	08/07/03	06/20/33	87,961.38	86,403.08			(400.84)		87,560.54	87,188.85	1,186.61	0.00
GNMA	2002 RMRB	5.49	08/14/03	08/20/33	131,283.27	133,374.38			(537.61)		130,745.66	134,425.76	1,588.99	0.00
GNMA	2002 RMRB	4.80	08/14/03	07/20/33	256,072.91	251,538.66			(1,165.53)		254,907.38	253,827.85	3,454.72	0.00
GNMA	2002 RMRB	5.49	08/21/03	08/20/33	99,281.14	100,862.99			(410.05)		98,871.09	101,654.50	1,201.56	0.00
GNMA	2002 RMRB	4.80	08/28/03	08/20/33	104,352.39	102,506.09			(635.74)		103,716.65	103,278.87	1,408.52	0.00
GNMA	2002 RMRB	5.49	09/04/03	08/20/33	43,435.24	44,127.77			(198.55)		43,236.69	44,454.36	525.14	0.00
GNMA	2002 RMRB	5.49	09/18/03	09/20/33	332,725.72	338,035.66			(1,479.79)		331,245.93	340,579.80	4,023.93	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	373,428.94	366,829.24			(1,694.35)		371,734.59	370,172.97	5,038.08	0.00
GNMA	2002 RMRB	4.80	09/18/03	09/20/33	60,403.41	59,335.87			(270.47)		60,132.94	59,880.33	814.93	0.00
GNMA	2002 RMRB	5.49	09/29/03	09/20/33	452,391.87	459,615.67			(1,952.34)		450,439.53	463,136.20	5,472.87	0.00
GNMA	2002 RMRB	4.80	09/29/03	09/20/33	280,297.49	275,346.26			(1,838.79)		278,458.70	277,291.47	3,784.00	0.00
GNMA	2002 RMRB	5.49	10/16/03	09/20/33	80,212.65	81,494.56			(323.81)		79,888.84	82,141.77	971.02	0.00
GNMA	2002 RMRB	5.49	10/30/03	10/20/33	272,338.11	276,186.19			(1,101.58)		271,236.53	278,375.30	3,290.69	0.00
GNMA	2002 RMRB	4.80	10/30/03	10/20/33	1,619,351.36	1,586,805.22			(7,574.57)		1,611,776.79	1,601,000.82	21,770.17	0.00
GNMA	2002 RMRB	5.49	11/13/03	10/20/33	164,133.44	166,454.46			(988.82)		163,144.62	167,440.34	1,974.70	0.00
GNMA	2002 RMRB	4.80	11/13/03	10/20/33	847,569.34	832,629.54			(4,155.03)		843,414.31	839,911.02	11,436.51	0.00
GNMA	2002 RMRB	5.49	11/20/03	11/20/33	42,479.59	43,159.97			(218.91)		42,260.68	43,453.96	512.90	0.00
GNMA	2002 RMRB	4.80	11/20/03	11/20/33	1,249,355.25	1,224,270.09			(5,915.98)		1,243,439.27	1,235,150.84	16,796.73	0.00
GNMA	2002 RMRB	5.49	11/26/03	10/20/33	52,447.56	53,287.63			(408.05)		52,039.51	53,508.97	629.39	0.00
GNMA	2002 RMRB	4.80	11/26/03	11/20/33	426,358.19	418,848.85			(1,974.59)		424,383.60	422,626.80	5,752.54	0.00
GNMA	2002 RMRB	4.80	12/04/03	12/20/33	601,514.61	589,446.06			(3,825.06)		597,689.55	593,714.53	8,093.53	0.00
GNMA	2002 RMRB	5.49	12/04/03	11/20/33	40,584.50	41,234.99			(163.69)		40,420.81	41,562.62	491.32	0.00
GNMA	2002 RMRB	4.80	12/11/03	12/20/33	356,999.65	349,838.68			(1,938.16)		355,061.49	352,701.84	4,801.32	0.00
GNMA	2002 RMRB	5.49	12/11/03	09/20/33	87,910.89	89,319.71			(352.28)		87,558.61	90,031.75	1,064.32	0.00
GNMA	2002 RMRB	5.49	12/18/03	12/20/33	45,509.33	46,239.35			(182.46)		45,326.87	46,607.85	550.96	0.00
GNMA	2002 RMRB	4.80	12/18/03	12/20/33	341,844.16	335,830.13			(1,560.95)		340,283.21	338,881.42	4,612.24	0.00
GNMA	2002 RMRB	5.49	12/23/03	12/20/33	94,680.97	96,200.17			(376.62)		94,304.35	96,969.94	1,146.39	0.00
GNMA	2002 RMRB	4.80	12/23/03	12/20/33	174,778.37	171,274.14			(771.76)		174,006.61	172,851.84	2,349.46	0.00
GNMA	2002 RMRB	5.49	01/15/04	01/20/34	262,261.38	266,327.40			(1,602.12)		260,659.26	267,904.24	3,178.96	0.00
GNMA	2002 RMRB	5.49	01/22/04	01/20/34	323,327.03	327,738.18			(1,412.85)		321,914.18	330,253.08	3,927.75	0.00
GNMA	2002 RMRB	4.80	01/22/04	01/20/34	311,867.79	306,195.70			(1,871.97)		309,995.82	308,662.79	4,339.06	0.00
GNMA	2002 RMRB	5.49	01/29/04	01/20/34	99,337.04	100,878.14			(418.28)		98,918.76	101,669.21	1,209.35	0.00
GNMA	2002 RMRB	4.80	01/29/04	11/20/33	67,914.07	66,721.20			(309.36)		67,604.71	67,328.16	916.32	0.00
GNMA	2002 RMRB	4.80	02/12/04	01/20/34	166,488.16	163,053.12			(845.17)		165,642.99	164,515.78	2,307.83	0.00
GNMA	2002 RMRB	5.49	02/12/04	02/20/34	351,182.83	356,636.43			(1,410.94)		349,771.89	359,502.78	4,277.29	0.00
GNMA	2002 RMRB	4.80	02/26/04	02/20/34	219,178.91	214,659.93			(1,093.68)		218,085.23	216,604.37	3,038.12	0.00
GNMA	2002 RMRB	5.49	02/26/04	02/20/34	176,823.49	179,241.48			(712.82)		176,110.67	180,678.28	2,149.62	0.00
GNMA	2002 RMRB	4.80	03/11/04	03/20/34	206,576.69	202,320.36			(904.40)		205,672.29	204,278.56	2,862.60	0.00
GNMA	2002 RMRB	5.49	03/11/04	03/20/34	584,609.20	593,702.71			(2,482.79)		582,126.41	598,336.65	7,116.73	0.00
GNMA	2002 RMRB	5.49	03/25/04	03/20/34	233,062.15	236,255.14			(902.99)		232,159.16	238,186.46	2,834.31	0.00
GNMA	2002 RMRB	4.80	03/30/04	03/20/34	89,595.00	87,970.85			(389.08)		89,205.92	88,827.63	1,245.86	0.00
GNMA	2002 RMRB	5.49	07/09/04	07/20/34	124,518.88	126,469.40			(535.48)		123,983.40	127,449.68	1,515.76	0.00
GNMA	2002 RMRB	4.80	07/08/04	06/20/34	79,284.55	77,659.06			(344.72)		78,939.83	78,413.07	1,098.73	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2002 RMRB	5.49	04/01/04	04/20/34	229,360.61	301,767.72			(284.96)		229,075.65	304,184.81	2,702.05	0.00
GNMA	2002 RMRB	4.80	04/22/04	04/20/34	252,100.90	247,536.02			(1,098.64)		251,002.26	249,943.30	3,505.92	0.00
GNMA	2002 RMRB	5.49	04/22/04	04/20/34	154,167.32	156,571.06			(597.84)		153,569.48	157,851.61	1,878.39	0.00
GNMA	2002 RMRB	4.80	04/29/04	04/20/34	182,667.07	178,910.80			(864.88)		181,802.19	180,577.72	2,531.80	0.00
GNMA	2002 RMRB	5.49	04/29/04	04/20/34	86,142.91	87,486.49			(347.45)		85,795.46	88,188.23	1,049.19	0.00
GNMA	2002 RMRB	4.80	05/06/04	04/20/34	142,337.15	139,761.35			(629.07)		141,708.08	141,111.78	1,979.50	0.00
GNMA	2002 RMRB	5.49	05/06/04	04/20/34	56,727.72	57,612.87			(217.36)		56,510.36	58,086.75	691.24	0.00
GNMA	2002 RMRB	4.80	05/13/04	04/20/34	89,257.63	87,642.80			(383.88)		88,873.75	88,500.20	1,241.28	0.00
GNMA	2002 RMRB	5.49	05/27/04	05/20/34	152,354.75	154,734.92			(606.65)		151,748.10	155,984.17	1,855.90	0.00
GNMA	2002 RMRB	5.49	06/03/04	05/20/34	53,626.36	54,464.47			(204.11)		53,422.25	54,913.87	653.51	0.00
GNMA	2002 RMRB	5.49	06/24/04	06/20/34	111,468.73	113,213.13			(421.57)		111,047.16	114,150.05	1,358.49	0.00
GNMA	2002 RMRB	5.49	09/02/04	08/20/34	131,205.98	133,022.60			(529.82)		130,676.16	134,087.99	1,595.21	0.00
GNMA	2002 RMRB	5.49	09/01/04	09/20/34	234,181.07	237,860.90			(876.78)		233,304.29	239,838.74	2,854.62	0.00
GNMA	2002 RMRB	5.49	09/16/04	09/20/34	138,176.11	140,349.08			(514.94)		137,661.17	141,518.41	1,684.27	0.00
GNMA	2002 RMRB	4.80	09/29/04	09/20/34	112,633.05	110,609.42			(469.27)		112,163.78	111,706.58	1,566.43	0.00
GNMA	2002 RMRB	5.49	09/29/04	09/20/34	135,447.52	137,579.11			(516.27)		134,931.25	138,713.55	1,650.71	0.00
GNMA	2002 RMRB	5.49	10/07/04	09/20/34	158,310.57	160,802.90			(605.60)		157,704.97	162,126.59	1,929.29	0.00
GNMA	2002 RMRB	4.80	10/07/04	09/20/34	111,176.51	109,179.70			(645.72)		110,530.79	110,080.92	1,546.94	0.00
GNMA	2002 RMRB	5.49	07/15/04	04/20/34	96,172.96	97,678.96			(372.55)		95,800.41	98,478.25	1,171.84	0.00
GNMA	2002 RMRB	5.49	07/22/04	07/20/34	93,454.38	94,919.24			(352.82)		93,101.56	95,705.41	1,138.99	0.00
GNMA	2002 RMRB	5.49	07/29/04	07/20/34	53,205.34	54,039.60			(199.94)		53,005.40	54,488.15	648.49	0.00
GNMA	2002 RMRB	5.49	08/05/04	08/20/34	212,459.31	215,792.59			(829.59)		211,629.72	217,551.62	2,588.62	0.00
GNMA	2002 RMRB	5.49	08/19/04	08/20/34	180,323.60	183,154.75			(1,105.38)		179,218.22	184,235.25	2,185.88	0.00
GNMA	2002 RMRB	5.49	08/26/04	08/20/34	108,888.42	110,598.71			(409.51)		108,478.91	111,516.36	1,327.16	0.00
GNMA	2002 RMRB	5.49	12/02/04	11/20/34	306,239.65	311,076.59			(1,225.94)		305,013.71	313,581.31	3,730.66	0.00
GNMA	2002 RMRB	4.80	12/02/04	11/20/34	208,360.31	204,628.32			(878.94)		207,481.37	206,647.30	2,897.92	0.00
GNMA	2002 RMRB	4.80	10/14/04	09/20/34	26,305.09	25,832.80			(143.27)		26,161.82	26,055.49	365.96	0.00
GNMA	2002 RMRB	5.49	10/21/04	06/20/34	81,956.53	83,094.09			(374.07)		81,582.46	83,715.26	995.24	0.00
GNMA	2002 RMRB	4.80	10/28/04	09/20/34	82,196.67	80,519.43			(647.25)		81,549.42	81,013.25	1,141.07	0.00
GNMA	2002 RMRB	5.49	10/28/04	10/20/34	119,680.73	121,567.39			(449.20)		119,231.53	122,576.84	1,458.65	0.00
GNMA	2002 RMRB	5.49	12/29/04	12/20/34	302,743.19	307,532.66			(1,111.51)		301,631.68	310,112.10	3,690.95	0.00
GNMA	2002 RMRB	4.80	12/29/04	12/20/34	121,168.27	119,001.01			(495.94)		120,672.33	120,190.26	1,685.19	0.00
GNMA	2002 RMRB	5.49	01/06/05	01/20/35	90,255.40	91,629.44			(326.47)		89,928.93	92,442.70	1,139.73	0.00
GNMA	2002 RMRB	5.49	01/13/05	12/20/34	98,332.77	99,889.63			(367.90)		97,964.87	100,720.39	1,198.66	0.00
GNMA	2002 RMRB	5.49	01/27/05	01/20/35	378,059.25	383,115.82			(1,371.01)		376,688.24	386,510.04	4,765.23	0.00
GNMA	2002 RMRB	5.49	03/10/05	12/20/34	95,790.95	97,311.99			(349.66)		95,441.29	98,130.29	1,167.96	0.00
GNMA	2002 RMRB	5.49	05/05/05	03/20/35	53,195.52	54,010.91			(199.08)		52,996.44	54,483.43	671.60	0.00
GNMA	2002 RMRB	5.49	07/07/05	06/20/35	66,394.62	67,416.25			(232.65)		66,161.97	68,022.32	838.72	0.00
GNMA	2002 RMRB	4.80	07/07/05	06/20/35	70,020.22	67,491.88			(288.21)		69,732.01	68,162.76	959.09	0.00
GNMA	2002 RMRB	4.80	06/02/05	04/20/35	281,930.02	271,077.84			(1,198.82)		280,731.20	273,727.85	3,848.83	0.00
GNMA	2002 RMRB	5.49	09/08/05	08/20/35	114,439.15	115,992.94			(422.83)		114,016.32	117,012.56	1,442.45	0.00
GNMA	2002 RMRB	5.49	09/15/05	09/20/35	213,408.77	216,308.09			(758.72)		212,650.05	218,240.04	2,690.67	0.00
GNMA	2002 RMRB	5.49	08/04/05	08/20/35	282,954.36	287,316.29			(1,006.51)		281,947.85	289,883.82	3,574.04	0.00
GNMA	2002 RMRB	5.49	09/01/05	09/20/35	235,948.27	239,151.14			(811.36)		235,136.91	241,315.35	2,975.57	0.00
GNMA	2002 RMRB	4.80	10/13/05	09/20/35	107,814.76	103,800.10			(432.05)		107,382.71	104,830.04	1,461.99	0.00
GNMA	2002 RMRB	5.49	10/13/05	10/20/35	222,014.24	225,450.62			(45,043.89)		176,970.35	181,962.74	1,556.01	0.00
GNMA	2002 RMRB	5.49	12/19/05	12/20/35	214,085.33	217,411.94			(911.75)		213,173.58	219,200.32	2,700.13	0.00
GNMA	2002 RMRB	5.49	11/17/05	11/20/35	216,665.61	220,026.08			(745.28)		215,920.33	222,018.44	2,737.64	0.00
GNMA	2002 RMRB	4.80	11/22/05	10/20/35	201,465.83	194,166.38			(1,214.51)		200,251.32	195,720.10	2,768.23	0.00
GNMA	2002 RMRB	4.80	12/22/05	12/20/35	181,863.80	175,269.37			(729.71)		181,134.09	177,030.21	2,490.55	0.00
GNMA	2002 RMRB	5.49	12/29/05	11/20/35	157,835.31	160,288.99			(541.17)		157,294.14	161,742.22	1,994.40	0.00
GNMA	2002 RMRB	5.49	01/12/06	01/20/36	287,496.92	291,886.55			(966.55)		286,530.37	294,588.36	3,668.36	0.00
GNMA	2002 RMRB	5.49	03/09/06	03/20/36	270,303.04	274,444.06			(1,442.41)		268,860.63	276,435.71	3,434.06	0.00
GNMA	2002 RMRB	5.49	03/02/06	03/20/36	153,805.28	156,160.61			(515.37)		153,289.91	157,607.84	1,962.60	0.00
GNMA	2002 RMRB	5.49	02/23/06	02/20/36	303,780.58	308,430.37			(5,823.54)		297,957.04	306,347.83	3,741.00	0.00
GNMA	2002 RMRB	5.49	03/16/06	03/20/36	240,529.79	244,216.13			(916.00)		239,613.79	246,366.32	3,066.19	0.00
GNMA	2002 RMRB	5.49	03/30/06	03/20/36	246,424.35	249,743.94			(864.23)		245,560.12	252,017.36	3,137.65	0.00
GNMA	2002 RMRB	5.49	04/06/06	04/20/36	298,746.37	303,330.75			(989.84)		297,756.53	306,153.44	3,812.53	0.00
FNMA	2002 RMRB	5.49	05/29/03	04/01/33	231,832.66	233,637.35			(1,059.19)		230,773.47	233,865.05	1,286.89	0.00
FNMA	2002 RMRB	4.80	09/18/03	07/01/33	69,358.97	67,694.48			(323.63)		69,035.34	67,917.27	546.42	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
FNMA	2002 RMRB	5.49	12/04/03	11/01/33	128,646.64	129,658.97			(563.09)		128,083.55	129,810.33	714.45	0.00
FNMA	2002 RMRB	4.80	01/15/04	11/01/33	266,218.82	259,843.71			(1,541.57)		264,677.25	260,404.57	2,102.43	0.00
FNMA	2002 RMRB	4.80	02/26/04	01/01/34	93,067.51	90,761.21			(1,227.20)		91,840.31	90,273.68	739.67	0.00
FNMA	2002 RMRB	5.49	04/08/04	06/01/33	61,548.84	62,035.66			(272.89)		61,275.95	62,104.54	341.77	0.00
FNMA	2002 RMRB	5.49	09/02/04	08/01/34	221,544.53	224,126.47			(857.11)		220,687.42	224,376.41	1,107.05	0.00
FNMA	2002 RMRB	4.80	09/01/04	08/01/34	54,510.76	53,164.36			(257.97)		54,252.79	53,331.77	425.38	0.00
FNMA	2002 RMRB	4.80	11/10/04	10/01/34	55,417.40	54,050.24			(232.61)		55,184.79	54,249.60	431.97	0.00
FNMA	2002 RMRB	5.49	07/14/05	05/01/35	34,924.59	35,141.41			(127.33)		34,797.26	35,179.64	165.56	0.00
FNMA	2002 RMRB	4.80	07/14/05	04/01/35	68,648.41	65,691.39			(458.23)		68,190.18	65,754.12	520.96	0.00
FNMA	2002 RMRB	5.49	11/03/05	10/01/35	220,268.13	221,646.73			(858.10)		219,410.03	221,832.20	1,043.57	0.00
FNMA	2002 RMRB	4.80	12/15/05	10/01/35	64,818.66	62,013.22			(264.49)		64,554.17	62,234.56	485.83	0.00
FNMA	2002 RMRB	5.49	04/27/06	03/01/36	210,825.21	212,073.86			(719.29)		210,105.92	212,333.95	979.38	0.00
FNMA	2002 RMRB	5.49	04/27/06	10/01/35	70,265.38	70,710.27			(243.47)		70,021.91	70,800.03	333.23	0.00
Repo Agmt	2002 RMRB	3.02	02/29/08	03/03/08	5,817.84	5,817.84	56.10				5,873.94	5,873.94	-	0.00
<b>2002 RMRB Total</b>					<b>30,801,224.47</b>	<b>30,829,988.78</b>	<b>287,457.06</b>	<b>(1,594,473.69)</b>	<b>(427,636.95)</b>	<b>0.00</b>	<b>29,066,570.89</b>	<b>29,454,489.16</b>	<b>359,153.96</b>	<b>0.00</b>
Repo Agmt	1999 B-D RMRB	3.02	02/29/08	03/03/08	60.79	60.79	292,289.79				292,350.58	292,350.58	-	0.00
GIC's	1999 B-D RMRB	6.40	12/02/99	07/01/32	2,026,368.06	2,026,368.06		(1,109,255.68)			917,112.38	917,112.38	-	0.00
GIC's	1999 B-D RMRB	6.40	12/02/99	07/01/32	1,879,201.01	1,879,201.01	0.00				1,879,201.01	1,879,201.01	-	0.00
GNMA	1999 B-D RMRB	8.18	08/01/90	06/20/20	177,972.10	191,369.62			(2,994.78)		174,977.32	191,090.69	2,715.85	0.00
GNMA	1999 B-D RMRB	7.18	08/01/90	06/20/20	68,766.18	72,389.60			(1,081.37)		67,684.81	72,222.21	913.98	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	234,209.38	251,843.93			(3,484.17)		230,725.21	251,975.83	3,616.07	0.00
GNMA	1999 B-D RMRB	8.18	07/02/90	05/20/20	16,416.11	17,651.66			(664.88)		15,751.23	17,201.51	214.73	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	181,145.42	194,790.02			(4,871.08)		176,274.34	192,515.22	2,596.28	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	08/20/20	150,238.36	161,551.72			(2,470.28)		147,768.08	161,379.54	2,298.10	0.00
GNMA	1999 B-D RMRB	8.18	09/04/90	07/20/20	107,152.41	115,220.37			(1,828.30)		105,324.11	115,024.88	1,632.81	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	08/20/20	113,687.65	122,250.07			(1,245.81)		112,441.84	122,800.58	1,796.32	0.00
GNMA	1999 B-D RMRB	8.18	11/01/90	09/20/20	71,983.56	77,405.67			(1,170.06)		70,813.50	77,337.86	1,102.25	0.00
GNMA	1999 B-D RMRB	7.18	11/01/90	09/20/20	98,212.88	103,392.19			(1,259.26)		96,953.62	103,457.40	1,324.47	0.00
GNMA	1999 B-D RMRB	8.18	12/03/90	10/20/20	11,303.06	12,154.66			(365.64)		10,937.42	11,945.35	156.33	0.00
GNMA	1999 B-D RMRB	8.75	12/28/89	09/20/18	902,151.96	966,118.43			(13,840.26)		888,311.70	966,731.06	14,452.89	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	10/20/18	93,912.23	100,571.46			(1,525.54)		92,386.69	100,543.05	1,497.13	0.00
GNMA	1999 B-D RMRB	8.75	11/30/89	09/20/18	95,269.97	102,024.55			(1,563.85)		93,706.12	101,978.04	1,517.34	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	11/20/18	217,354.02	232,769.81			(4,348.57)		213,005.45	231,813.81	3,392.57	0.00
GNMA	1999 B-D RMRB	8.75	01/01/90	12/20/18	82,681.11	88,545.92			(1,314.36)		81,366.75	88,552.18	1,320.62	0.00
GNMA	1999 B-D RMRB	8.75	02/27/90	01/20/19	105,544.29	113,151.59			(2,959.40)		102,584.89	111,764.53	1,572.34	0.00
GNMA	1999 B-D RMRB	8.75	05/29/90	04/20/19	134,514.63	144,216.28			(2,698.38)		131,816.25	143,617.70	2,099.80	0.00
GNMA	1999 B-D RMRB	8.75	06/28/90	05/20/19	47,525.37	50,953.79			(622.81)		46,902.56	51,102.53	771.55	0.00
GNMA	1999 B-D RMRB	7.18	02/01/91	11/20/20	111,323.06	117,197.81			(2,213.43)		109,109.63	116,432.91	1,448.53	0.00
GNMA	1999 B-D RMRB	8.18	02/25/91	11/20/20	96,822.94	104,120.09			(31,380.57)		65,442.37	71,474.60	(1,264.92)	0.00
GNMA	1999 B-D RMRB	7.18	05/02/91	02/20/21	106,482.23	112,183.09			(2,449.62)		104,032.61	111,085.50	1,352.03	0.00
GNMA	1999 B-D RMRB	8.75	09/28/90	08/20/19	89,278.02	95,722.51			(1,251.19)		88,026.83	95,913.41	1,442.09	0.00
GNMA	1999 B-D RMRB	8.75	10/23/90	09/20/19	47,262.06	50,674.35			(1,244.43)		46,017.63	50,141.19	711.27	0.00
GNMA	1999 B-D RMRB	8.75	11/28/90	09/20/19	94,278.43	101,085.96			(2,981.32)		91,297.11	99,478.74	1,374.10	0.00
GNMA	1999 B-D RMRB	8.75	12/21/90	09/20/19	50,316.02	53,949.43			(1,441.38)		48,874.64	53,254.82	746.77	0.00
GNMA	1999 B-D RMRB	8.75	01/25/91	12/20/19	112,840.78	120,993.20			(3,434.42)		109,406.36	119,215.24	1,656.46	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	02/20/20	47,185.05	50,648.44			(1,758.60)		45,426.45	49,551.18	661.34	0.00
GNMA	1999 B-D RMRB	8.75	03/28/91	12/20/19	54,700.86	58,653.52			(1,192.91)		53,507.95	58,305.96	845.35	0.00
GNMA	1999 B-D RMRB	8.18	05/02/91	03/20/21	187,143.06	201,483.17			(2,980.17)		184,162.89	201,363.31	2,860.31	0.00
GNMA	1999 B-D RMRB	6.10	07/28/00	07/20/30	1,449,925.98	1,485,594.16			(74,476.18)		1,375,449.80	1,428,487.13	17,369.15	0.00
FNMA	1999 B-D RMRB	6.10	04/28/00	04/01/30	154,544.27	158,257.96			(1,183.86)		153,360.41	158,678.94	1,604.84	0.00
GNMA	1999 B-D RMRB	6.10	04/20/00	04/20/30	829,680.74	850,090.88			(7,577.33)		822,103.41	853,803.70	11,290.15	0.00
GNMA	1999 B-D RMRB	6.10	04/27/00	04/20/30	998,075.94	1,022,628.52			(7,575.85)		990,500.09	1,028,693.71	13,641.04	0.00
GNMA	1999 B-D RMRB	6.10	06/26/00	06/20/30	1,249,262.01	1,279,993.81			(9,577.16)		1,239,684.85	1,287,487.04	17,070.39	0.00
GNMA	1999 B-D RMRB	6.10	05/30/00	03/20/30	1,754,144.66	1,797,296.59			(9,793.54)		1,744,351.12	1,811,613.30	24,110.25	0.00
FNMA	1999 B-D RMRB	6.10	05/30/00	05/01/30	216,617.83	221,823.15			(1,933.35)		214,684.48	222,129.73	2,239.93	0.00
FNMA	1999 B-D RMRB	6.10	06/26/00	06/01/30	94,212.51	96,476.43			(848.50)		93,364.01	96,601.87	973.94	0.00
GNMA	1999 B-D RMRB	6.10	09/14/00	08/20/30	2,599,923.66	2,663,881.77			(15,090.64)		2,584,833.02	2,684,504.17	35,713.04	0.00
GNMA	1999 B-D RMRB	6.10	10/19/00	09/20/30	926,580.57	949,374.46			(8,229.91)		918,350.66	953,762.26	12,617.71	0.00
GNMA	1999 B-D RMRB	6.10	10/23/00	10/20/30	367,324.44	376,360.62			(1,884.82)		365,439.62	379,530.96	5,055.16	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	1999 B-D RMRB	6.10	10/27/00	10/20/30	256,927.17	263,247.56			(1,455.00)		255,472.17	265,323.16	3,530.60	0.00
GNMA	1999 B-D RMRB	6.10	10/30/00	10/20/30	260,376.96	266,782.19			(59,347.72)		201,029.24	208,780.89	1,346.42	0.00
FNMA	1999 B-D RMRB	6.10	07/24/00	07/01/30	47,031.28	48,161.43			(309.58)		46,721.70	48,342.00	490.15	0.00
GNMA	1999 B-D RMRB	6.10	01/16/01	12/20/30	105,577.75	108,174.95			(1,005.56)		104,572.19	108,604.49	1,435.10	0.00
GNMA	1999 B-D RMRB	6.10	01/29/01	12/20/30	56,130.86	57,511.67			(488.85)		55,642.01	57,787.56	764.74	0.00
GNMA	1999 B-D RMRB	6.10	12/21/00	11/20/30	531,055.44	544,119.36			(3,404.17)		527,651.27	547,997.46	7,282.27	0.00
GNMA	1999 B-D RMRB	6.10	12/27/00	12/20/30	246,683.89	252,752.30			(2,449.16)		244,234.73	253,652.41	3,349.27	0.00
GNMA	1999 B-D RMRB	6.10	02/20/01	01/20/31	111,870.05	114,562.73			(50,820.44)		61,049.61	63,385.34	(356.95)	0.00
GNMA	1999 B-D RMRB	6.10	03/15/01	03/20/31	200,206.99	205,025.97			(1,043.59)		199,163.40	206,783.39	2,801.01	0.00
GNMA	1999 B-D RMRB	6.10	03/29/01	03/20/31	104,393.45	106,906.19			(546.53)		103,846.92	107,820.10	1,460.44	0.00
GNMA	1999 B-D RMRB	6.10	05/10/01	04/20/31	671,821.78	687,992.51			(9,705.86)		662,115.92	687,448.45	9,161.80	0.00
FNMA	1999 B-D RMRB	6.10	09/11/00	08/01/30	756,368.46	774,543.99			(5,504.48)		750,863.98	776,903.95	7,864.44	0.00
FNMA	1999 B-D RMRB	6.10	10/06/00	10/01/30	107,155.49	109,730.41			(1,515.72)		105,639.77	109,303.34	1,088.65	0.00
GNMA	1999 B-D RMRB	6.10	05/30/01	05/20/31	259,617.32	265,866.30			(1,335.36)		258,281.96	268,163.82	3,632.88	0.00
GNMA	1999 B-D RMRB	6.10	06/18/01	04/20/31	208,934.50	213,963.55			(1,963.30)		206,971.20	214,889.91	2,889.66	0.00
GNMA	1999 B-D RMRB	6.10	07/25/01	06/20/31	441,863.57	452,499.23			(2,855.08)		439,008.49	455,804.96	6,160.81	0.00
GNMA	1999 B-D RMRB	6.10	08/31/01	08/20/31	480,145.27	491,702.36			(2,183.21)		477,962.06	496,248.89	6,729.74	0.00
FNMA	1999 B-D RMRB	6.10	12/27/00	11/01/30	144,722.82	148,200.49			(1,252.36)		143,470.46	148,446.00	1,497.87	0.00
FNMA	1999 B-D RMRB	6.10	01/12/01	12/01/30	44,396.88	45,463.73			(499.68)		43,897.20	45,419.55	455.50	0.00
FNMA	1999 B-D RMRB	6.10	02/05/01	01/01/31	250,515.66	256,535.54			(2,013.59)		248,502.07	257,120.11	2,598.16	0.00
GNMA	1999 B-D RMRB	6.10	12/27/01	10/20/31	58,802.96	60,218.34			(1,441.24)		57,361.72	59,556.37	779.27	0.00
GNMA	1999 B-D RMRB	6.10	09/20/01	08/20/31	243,371.46	249,229.38			(1,942.65)		241,428.81	250,665.84	3,379.11	0.00
GNMA	1999 B-D RMRB	6.10	09/28/01	09/20/31	68,058.98	69,697.15			(1,011.22)		67,047.76	69,613.00	927.07	0.00
GNMA	1999 B-D RMRB	6.10	10/17/01	09/20/31	177,203.96	181,469.25			(923.95)		176,280.01	183,024.48	2,479.18	0.00
GNMA	1999 B-D RMRB	6.10	10/30/01	05/20/31	41,439.98	42,437.44			(221.67)		41,218.31	42,795.32	579.55	0.00
FNMA	1999 B-D RMRB	6.10	03/15/01	02/01/31	265,188.39	271,560.86			(2,164.89)		263,023.50	272,145.15	2,749.18	0.00
GNMA	1999 B-D RMRB	6.10	02/25/02	02/20/32	851,835.44	871,930.22			(4,579.22)		847,256.22	879,307.92	11,956.92	0.00
GNMA	1999 B-D RMRB	6.10	05/24/02	05/20/32	235,088.86	240,634.60			(1,102.45)		233,986.41	242,838.11	3,305.96	0.00
GNMA	1999 B-D RMRB	6.10	03/21/02	03/20/32	328,363.64	336,109.79			(1,921.20)		326,442.44	338,791.81	4,603.22	0.00
GNMA	1999 B-D RMRB	6.10	04/17/02	03/20/32	573,940.58	587,479.79			(2,670.66)		571,269.92	592,881.01	8,071.88	0.00
GNMA	1999 B-D RMRB	6.10	04/29/02	04/20/32	486,555.21	498,033.03			(2,141.93)		484,413.28	502,738.62	6,847.52	0.00
GNMA	1999 B-D RMRB	6.10	05/15/02	04/20/32	94,712.12	96,946.37			(404.50)		94,307.62	97,875.27	1,333.40	0.00
GNMA	1999 B-D RMRB	6.10	06/03/02	05/20/32	306,785.98	314,023.05			(1,275.52)		305,510.46	317,067.92	4,320.39	0.00
GNMA	1999 B-D RMRB	6.10	06/19/02	04/20/32	208,386.33	213,302.16			(864.06)		207,522.27	215,372.83	2,934.73	0.00
GNMA	1999 B-D RMRB	6.10	06/28/02	06/20/32	59,900.42	61,313.46			(247.89)		59,652.53	61,909.18	843.61	0.00
GNMA	1999 B-D RMRB	6.10	11/12/02	10/20/32	90,874.62	93,018.35			(365.49)		90,509.13	93,933.08	1,280.22	0.00
GNMA	1999 B-D RMRB	6.10	10/21/02	09/20/32	95,462.02	97,713.96			(384.58)		95,077.44	98,674.21	1,344.83	0.00
GNMA	1999 B-D RMRB	6.10	01/30/03	01/20/33	106,021.79	108,483.61			(414.78)		105,607.01	109,528.19	1,459.36	0.00
FNMA	1999 B-D RMRB	6.10	10/17/01	09/01/31	78,236.41	80,024.89			(435.19)		77,801.22	80,436.34	846.64	0.00
FNMA	1999 B-D RMRB	6.10	01/28/02	11/01/31	201,798.51	206,411.62			(921.01)		200,877.50	207,681.21	2,190.60	0.00
FNMA	1999 B-D RMRB	6.10	04/17/02	02/01/32	34,710.92	35,468.31			(146.58)		34,564.34	35,716.02	394.29	0.00
Repo Agmt	1999 B-D RMRB	3.02	02/29/08	03/03/08	310.37	310.37	0.00				310.37	310.37	-	0.00
	<b>1999 B-D RMRB Total</b>				<b>28,346,440.21</b>	<b>29,122,049.58</b>	<b>292,289.79</b>	<b>(1,109,255.68)</b>	<b>(416,087.90)</b>	<b>0.00</b>	<b>27,113,386.42</b>	<b>28,214,315.64</b>	<b>325,319.85</b>	<b>0.00</b>
Repo Agmt	2000 A RMRB	3.02	02/29/08	03/03/08	78,280.46	78,280.46	754.97				79,035.43	79,035.43	-	0.00
Repo Agmt	2000 A RMRB	3.02	02/29/08	03/03/08	32.13	32.13	112,812.19				112,844.32	112,844.32	-	0.00
GIC's	2000 A RMRB	6.51	05/01/00	07/01/31	1,155,415.21	1,155,415.21		(877,574.00)			277,841.21	277,841.21	-	0.00
Repo Agmt	2000 A RMRB	3.02	02/29/08	03/03/08			2.20				2.20	2.20	-	0.00
GIC's	2000 A RMRB	6.51	05/01/00	07/01/31	284,946.43	284,946.43	9,277.70				294,224.13	294,224.13	-	0.00
GNMA	2000 A RMRB	6.45	07/28/00	07/20/30	404,780.58	420,251.25			(1,921.96)		402,858.62	423,360.04	5,030.75	0.00
GNMA	2000 A RMRB	6.45	09/14/00	08/20/30	1,882,305.91	1,954,247.58			(10,870.09)		1,871,435.82	1,966,673.16	23,295.67	0.00
GNMA	2000 A RMRB	6.45	10/16/00	09/20/30	336,483.53	349,343.89			(1,766.46)		334,717.07	351,750.78	4,173.35	0.00
GNMA	2000 A RMRB	6.45	10/23/00	10/20/30	518,760.08	538,587.05			(2,639.27)		516,120.81	542,386.17	6,438.39	0.00
GNMA	2000 A RMRB	6.45	10/30/00	10/20/30	423,237.79	439,413.91			(2,350.69)		420,887.10	442,306.02	5,242.80	0.00
FNMA	2000 A RMRB	6.45	07/28/00	06/01/30	148,279.41	153,396.53			(852.81)		147,426.60	153,875.03	1,331.31	0.00
GNMA	2000 A RMRB	6.45	01/08/01	12/20/30	161,521.84	167,695.19			(736.27)		160,785.57	168,967.93	2,009.01	0.00
GNMA	2000 A RMRB	6.45	01/29/01	01/20/31	116,209.19	120,573.98			(1,057.42)		115,151.77	120,977.27	1,460.71	0.00
GNMA	2000 A RMRB	6.45	11/16/00	11/20/30	798,335.64	828,848.02			(4,344.24)		793,991.40	834,397.62	9,893.84	0.00
GNMA	2000 A RMRB	6.45	11/29/00	11/20/30	317,460.52	329,593.85			(1,589.92)		315,870.60	331,945.25	3,941.32	0.00
GNMA	2000 A RMRB	6.45	12/21/00	11/20/30	305,827.78	317,516.49			(1,578.88)		304,248.90	319,732.11	3,794.50	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2000 A RMRB	6.45	12/27/00	11/20/30	137,048.32	142,286.34			(661.86)		136,386.46	143,327.20	1,702.72	0.00
GNMA	2000 A RMRB	6.45	02/20/01	01/20/31	219,267.27	227,502.95			(1,064.72)		218,202.55	229,241.42	2,803.19	0.00
GNMA	2000 A RMRB	6.45	02/28/01	02/20/31	357,818.88	371,258.53			(2,060.45)		355,758.43	373,756.22	4,558.14	0.00
GNMA	2000 A RMRB	6.45	03/15/01	06/20/31	323,548.07	335,700.52			(1,497.67)		322,050.40	338,342.92	4,140.07	0.00
GNMA	2000 A RMRB	6.45	03/29/01	02/20/31	98,930.65	102,646.48			(905.23)		98,025.42	102,984.52	1,243.27	0.00
GNMA	2000 A RMRB	6.45	04/30/01	04/20/31	225,479.46	233,948.47			(1,036.32)		224,443.14	235,797.72	2,885.57	0.00
FNMA	2000 A RMRB	6.45	09/11/00	08/01/30	343,757.01	355,620.05			(1,961.08)		341,795.93	356,746.07	3,087.10	0.00
FNMA	2000 A RMRB	6.45	10/06/00	09/01/30	28,339.30	29,317.28			(130.92)		28,208.38	29,442.21	255.85	0.00
FNMA	2000 A RMRB	6.45	11/16/00	10/01/30	140,264.27	145,104.78			(72,795.95)		67,468.32	70,419.38	(1,889.45)	0.00
GNMA	2000 A RMRB	6.45	05/30/01	05/30/31	407,835.85	423,154.36			(1,870.53)		405,965.32	426,503.30	5,219.47	0.00
GNMA	2000 A RMRB	6.45	06/18/01	03/20/31	212,741.09	220,731.64			(1,616.38)		211,124.71	221,805.50	2,690.24	0.00
GNMA	2000 A RMRB	6.45	07/16/01	06/20/31	126,610.11	131,365.58			(663.94)		125,946.17	132,317.78	1,616.14	0.00
GNMA	2000 A RMRB	6.45	08/08/01	07/20/31	226,038.38	234,528.37			(967.05)		225,071.33	236,457.68	2,896.36	0.00
GNMA	2000 A RMRB	6.45	08/31/01	08/20/31	161,965.54	168,048.94			(707.10)		161,258.44	169,416.47	2,074.63	0.00
FNMA	2000 A RMRB	6.45	12/27/00	11/01/30	204,706.12	211,770.54			(1,049.48)		203,656.64	212,564.59	1,843.53	0.00
FNMA	2000 A RMRB	6.45	02/05/01	01/01/31	85,221.87	88,162.87			(1,058.98)		84,162.89	87,844.17	740.28	0.00
GNMA	2000 A RMRB	6.45	11/29/01	11/20/31	397,329.17	412,252.78			(2,026.03)		395,303.14	415,301.44	5,074.69	0.00
GNMA	2000 A RMRB	6.45	12/17/01	11/20/31	170,763.28	177,177.11			(1,498.64)		169,264.64	177,827.70	2,149.23	0.00
GNMA	2000 A RMRB	6.45	12/27/01	12/20/31	428,227.27	444,311.48			(1,926.25)		426,301.02	447,867.58	5,482.35	0.00
GNMA	2000 A RMRB	6.45	09/25/01	09/20/31	185,043.42	191,993.64			(1,263.07)		183,780.35	193,077.79	2,347.22	0.00
GNMA	2000 A RMRB	6.45	09/28/01	09/20/31	573,000.59	594,522.47			(3,868.43)		569,132.16	597,924.55	7,270.51	0.00
GNMA	2000 A RMRB	6.45	10/17/01	10/20/31	281,782.04	292,365.74			(2,322.45)		279,459.59	293,597.42	3,554.13	0.00
GNMA	2000 A RMRB	6.45	10/30/01	10/20/31	259,437.35	269,181.85			(1,447.30)		257,990.05	271,041.80	3,307.25	0.00
GNMA	2000 A RMRB	6.45	11/15/01	11/20/31	196,378.47	203,754.47			(1,637.58)		194,740.89	204,592.86	2,475.97	0.00
FNMA	2000 A RMRB	6.45	03/29/01	02/01/31	128,519.21	132,954.40			(3,528.11)		124,991.10	130,458.21	1,031.92	0.00
GNMA	2000 A RMRB	6.45	01/22/02	01/20/32	562,703.50	583,726.05			(3,021.67)		559,681.83	587,794.61	7,090.23	0.00
GNMA	2000 A RMRB	6.45	01/30/02	12/20/31	129,504.59	134,368.78			(597.28)		128,907.31	135,428.72	1,657.22	0.00
GNMA	2000 A RMRB	6.45	02/25/02	02/20/32	1,259,406.69	1,306,458.10			(6,279.96)		1,253,126.73	1,316,071.25	15,893.11	0.00
FNMA	2000 A RMRB	6.45	07/12/01	06/01/31	136,362.65	140,838.06			(591.01)		135,771.64	141,601.67	1,354.62	0.00
GNMA	2000 A RMRB	6.45	05/15/02	04/20/32	88,243.32	91,540.09			(350.89)		87,892.43	92,307.26	1,118.06	0.00
GNMA	2000 A RMRB	6.45	05/24/02	05/20/32	206,540.07	214,256.40			(1,236.88)		205,303.19	215,615.56	2,596.04	0.00
GNMA	2000 A RMRB	6.45	03/21/02	02/20/32	384,565.03	398,932.39			(1,624.19)		382,940.84	402,175.98	4,867.78	0.00
GNMA	2000 A RMRB	6.45	04/17/02	03/20/32	339,744.21	352,437.04			(1,966.51)		337,777.70	354,744.25	4,273.72	0.00
GNMA	2000 A RMRB	6.45	04/29/02	04/20/32	90,792.81	94,184.82			(372.07)		90,420.74	94,962.57	1,149.82	0.00
GNMA	2000 A RMRB	6.45	05/15/02	03/20/32	65,626.32	68,078.11			(273.06)		65,353.26	68,635.95	830.90	0.00
GNMA	2000 A RMRB	6.45	08/29/02	08/20/32	63,198.60	65,559.69			(294.85)		62,903.75	66,063.40	798.56	0.00
GNMA	2000 A RMRB	6.45	06/03/02	05/20/32	62,235.25	64,560.35			(713.65)		61,521.60	64,611.82	765.12	0.00
GNMA	2000 A RMRB	6.45	07/05/02	03/20/32	38,801.76	40,251.39			(857.46)		37,944.30	39,850.24	456.31	0.00
GNMA	2000 A RMRB	6.45	08/01/02	05/20/32	60,351.31	62,606.03			(236.71)		60,114.60	63,134.15	764.83	0.00
GNMA	2000 A RMRB	6.45	11/12/02	11/20/32	130,213.78	135,078.56			(512.23)		129,701.55	136,216.45	1,650.12	0.00
GNMA	2000 A RMRB	6.45	10/21/02	10/20/32	72,635.73	75,349.40			(276.36)		72,359.37	75,993.98	920.94	0.00
GNMA	2000 A RMRB	6.45	11/26/02	11/20/32	39,013.95	40,471.51			(250.76)		38,763.19	40,710.26	489.51	0.00
GNMA	2000 A RMRB	6.45	12/30/02	12/20/32	65,779.47	68,236.99			(245.25)		65,534.22	68,826.00	834.26	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	76,994.87	79,844.44			(309.16)		76,685.71	80,471.68	936.40	0.00
GNMA	2000 A RMRB	6.45	01/23/03	01/20/33	51,275.63	53,173.33			(205.06)		51,070.57	53,591.92	623.65	0.00
FNMA	2000 A RMRB	6.45	09/28/01	09/01/31	155,335.42	160,433.52			(976.81)		154,358.61	160,986.76	1,530.05	0.00
FNMA	2000 A RMRB	6.45	10/17/01	09/01/31	158,154.77	163,345.40			(677.09)		157,477.68	164,239.76	1,571.45	0.00
FNMA	2000 A RMRB	6.45	12/27/01	11/01/31	81,763.45	84,446.92			(943.56)		80,819.89	84,290.29	786.93	0.00
FNMA	2000 A RMRB	6.45	04/17/02	03/01/32	117,884.85	121,701.95			(510.51)		117,374.34	122,380.35	1,188.91	0.00
Repo Agmt	2000 A RMRB	3.02	02/29/08	03/03/08	401.93	401.93	0.00				401.93	401.93	-	0.00
	<b>2000 A RMRB Total</b>				<b>17,289,459.45</b>	<b>17,878,084.86</b>	<b>122,847.06</b>	<b>(877,574.00)</b>	<b>(162,596.51)</b>	<b>0.00</b>	<b>16,372,136.00</b>	<b>17,150,081.98</b>	<b>189,320.57</b>	<b>0.00</b>
Repo Agmt	2003A RMRB	3.02	02/29/08	03/03/08	41,607.40	41,607.40		(41,592.57)			14.83	14.83	-	0.00
Repo Agmt	2003A RMRB	3.02	02/29/08	03/03/08	141.04	141.04	733,125.57				733,266.61	733,266.61	-	0.00
GIC's	2003A RMRB	4.13	08/20/03	06/28/34	3,850,912.59	3,850,912.59		(3,090,087.79)			760,824.80	760,824.80	-	0.00
Repo Agmt	2003A RMRB	3.02	02/29/08	03/03/08	2,178.88	2,178.88		(2,178.11)			0.77	0.77	-	0.00
GNMA	2003A RMRB	4.49	03/25/04	03/20/34	10,062,819.96	9,717,864.47			(298,364.52)		9,764,455.44	9,417,632.49	(1,867.46)	0.00
GNMA	2003A RMRB	4.49	03/30/04	03/20/34	1,668,941.47	1,611,736.33			(7,920.53)		1,661,020.94	1,602,028.12	(1,787.68)	0.00
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	1,291,327.01	1,247,179.55			(6,555.27)		1,284,771.74	1,239,256.75	(1,367.53)	0.00
GNMA	2003A RMRB	5.49	07/08/04	06/20/34	165,611.01	168,204.54			(715.62)		164,895.39	169,504.78	2,015.86	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2003A RMRB	4.49	07/08/04	07/20/34	177,317.01	171,700.33			(1,060.49)		176,256.52	170,472.81	(167.03)	0.00
GNMA	2003A RMRB	5.49	07/08/04	07/20/34	169,069.64	171,402.34			(715.43)		168,354.21	172,741.57	2,054.66	0.00
GNMA	2003A RMRB	4.49	04/08/04	04/20/34	1,625,614.34	1,573,992.85			(148,253.11)		1,477,361.23	1,428,766.17	3,026.43	0.00
GNMA	2003A RMRB	4.49	04/15/04	04/20/34	970,497.49	939,684.02			(4,662.63)		965,834.86	934,070.22	(951.17)	0.00
GNMA	2003A RMRB	5.49	04/15/04	04/20/34	61,912.24	62,877.18			(383.25)		61,528.99	63,244.28	750.35	0.00
GNMA	2003A RMRB	4.49	04/22/04	04/20/34	1,317,648.08	1,275,820.25			(6,317.26)		1,311,330.82	1,268,211.10	(1,291.89)	0.00
GNMA	2003A RMRB	4.49	04/29/04	04/20/34	1,050,521.03	1,014,539.63			(5,033.98)		1,045,487.05	1,008,382.96	(1,122.69)	0.00
GNMA	2003A RMRB	5.49	04/29/04	04/20/34	59,195.99	60,119.26			(226.95)		58,969.04	60,613.64	721.33	0.00
GNMA	2003A RMRB	4.49	05/06/04	05/20/34	653,371.56	630,998.66			(2,990.65)		650,380.91	627,304.75	(703.26)	0.00
GNMA	2003A RMRB	4.49	05/13/04	05/20/34	521,381.18	503,530.98			(2,665.22)		518,715.96	500,314.43	(551.33)	0.00
GNMA	2003A RMRB	5.49	05/01/04	04/20/34	94,744.95	96,222.86			(1,039.60)		93,705.35	96,318.90	1,135.64	0.00
GNMA	2003A RMRB	4.49	05/20/04	05/20/34	1,349,640.42	1,303,440.23			(122,514.56)		1,227,125.86	1,183,599.38	2,673.71	0.00
GNMA	2003A RMRB	4.49	05/27/04	05/20/34	638,831.73	616,966.72			(2,928.06)		635,903.67	613,351.12	(687.54)	0.00
GNMA	2003A RMRB	4.49	06/03/04	06/20/34	929,223.81	897,427.75			(4,200.83)		925,022.98	892,224.74	(1,002.18)	0.00
GNMA	2003A RMRB	4.49	06/10/04	06/20/34	542,079.96	523,534.32			(2,437.23)		539,642.73	520,511.96	(585.13)	0.00
GNMA	2003A RMRB	4.49	06/17/04	06/20/34	1,161,813.15	1,122,070.84			(5,423.08)		1,156,390.07	1,115,400.71	(1,247.05)	0.00
GNMA	2003A RMRB	4.49	06/24/04	06/20/34	1,249,211.16	1,206,486.49			(5,811.50)		1,243,399.66	1,199,333.39	(1,341.60)	0.00
GNMA	2003A RMRB	5.49	06/24/04	06/20/34	1,141,076.25	1,158,933.07			(4,564.76)		1,136,511.49	1,168,267.88	13,899.57	0.00
GNMA	2003A RMRB	4.49	09/02/04	08/20/34	131,606.28	127,113.00			(601.97)		131,004.31	126,369.27	(141.76)	0.00
GNMA	2003A RMRB	5.49	09/09/04	09/20/34	79,124.84	80,368.74			(451.05)		78,673.79	80,877.80	960.11	0.00
GNMA	2003A RMRB	4.49	09/09/04	09/20/34	152,832.59	147,615.94			(682.56)		152,150.03	146,768.18	(165.20)	0.00
GNMA	2003A RMRB	5.49	09/16/04	09/20/34	166,343.26	168,959.17			(618.32)		165,724.94	170,368.51	2,027.66	0.00
GNMA	2003A RMRB	4.49	09/16/04	09/20/34	1,129,210.28	1,090,672.34			(5,855.08)		1,123,355.20	1,083,625.33	(1,191.93)	0.00
GNMA	2003A RMRB	5.49	09/23/04	09/20/34	74,696.53	75,871.66			(312.88)		74,383.65	76,468.33	909.55	0.00
GNMA	2003A RMRB	4.49	09/23/04	09/20/34	193,757.31	187,632.55			(1,029.75)		192,727.56	186,415.97	(186.83)	0.00
GNMA	2003A RMRB	4.49	09/29/04	09/20/34	439,015.52	424,037.43			(2,064.60)		436,950.92	421,501.91	(470.92)	0.00
GNMA	2003A RMRB	5.49	09/29/04	09/20/34	200,219.84	202,997.08			(1,089.21)		199,130.63	204,334.87	2,427.00	0.00
GNMA	2003A RMRB	5.49	10/07/04	09/20/34	134,613.96	136,733.24			(499.51)		134,114.45	137,874.67	1,640.94	0.00
GNMA	2003A RMRB	4.49	10/07/04	10/20/34	440,149.10	425,136.17			(2,100.60)		438,048.50	422,564.49	(471.08)	0.00
GNMA	2003A RMRB	5.49	07/15/04	06/20/34	52,176.78	52,994.15			(197.36)		51,979.42	53,432.69	635.90	0.00
GNMA	2003A RMRB	4.49	07/15/04	07/20/34	349,108.55	337,175.05			(1,559.11)		347,549.44	335,238.67	(377.27)	0.00
GNMA	2003A RMRB	5.49	07/22/04	07/20/34	61,475.91	62,439.52			(231.22)		61,244.69	62,957.58	749.28	0.00
GNMA	2003A RMRB	4.49	07/22/04	07/20/34	570,128.56	550,643.32			(2,565.29)		567,563.27	547,462.58	(615.45)	0.00
GNMA	2003A RMRB	4.49	07/29/04	07/20/34	544,300.22	527,067.50			(2,438.79)		541,861.43	524,089.18	(539.53)	0.00
GNMA	2003A RMRB	5.49	07/29/04	07/20/34	251,572.36	255,516.98			(956.57)		250,615.79	257,626.29	3,065.88	0.00
GNMA	2003A RMRB	4.49	08/05/04	08/20/34	326,430.26	316,098.24			(1,501.95)		324,928.31	314,273.99	(322.30)	0.00
GNMA	2003A RMRB	5.49	08/05/04	07/20/34	107,220.09	108,901.94			(404.90)		106,815.19	109,803.81	1,306.77	0.00
GNMA	2003A RMRB	4.49	08/12/04	08/20/34	379,836.12	367,815.95			(2,370.97)		377,465.15	365,090.38	(354.60)	0.00
GNMA	2003A RMRB	5.49	08/12/04	07/20/34	84,151.12	85,471.54			(316.22)		83,834.90	86,180.98	1,025.66	0.00
GNMA	2003A RMRB	4.49	08/19/04	08/20/34	377,503.38	365,558.87			(1,717.77)		375,785.61	363,467.72	(373.38)	0.00
GNMA	2003A RMRB	5.49	08/19/04	08/20/34	275,548.72	279,874.92			(1,128.79)		274,419.93	282,102.00	3,355.87	0.00
GNMA	2003A RMRB	4.49	12/02/04	10/20/34	137,913.39	133,215.39			(604.59)		137,308.80	132,461.13	(149.67)	0.00
GNMA	2003A RMRB	4.49	12/09/04	11/20/34	278,075.36	268,604.92			(1,226.80)		276,848.56	267,076.88	(301.24)	0.00
GNMA	2003A RMRB	5.49	12/16/04	12/20/34	116,487.76	118,329.31			(464.49)		116,023.27	119,283.96	1,419.14	0.00
GNMA	2003A RMRB	4.49	12/16/04	12/20/34	296,528.50	286,431.91			(2,377.90)		294,150.60	283,770.52	(283.49)	0.00
GNMA	2003A RMRB	4.49	10/14/04	09/20/34	336,920.37	325,429.43			(1,683.71)		335,236.66	323,387.46	(358.26)	0.00
GNMA	2003A RMRB	5.49	10/14/04	09/20/34	40,352.62	40,988.16			(163.18)		40,189.44	41,316.46	491.48	0.00
GNMA	2003A RMRB	5.49	10/21/04	10/20/34	182,509.61	185,385.54			(708.84)		181,800.77	186,900.63	2,223.93	0.00
GNMA	2003A RMRB	4.49	10/21/04	10/20/34	189,752.60	183,759.07			(828.62)		188,923.98	182,741.57	(188.88)	0.00
GNMA	2003A RMRB	4.49	10/28/04	10/20/34	465,923.54	450,039.20			(2,096.99)		463,826.55	447,438.58	(503.63)	0.00
GNMA	2003A RMRB	5.49	10/28/04	10/20/34	52,948.81	53,783.49			(210.41)		52,738.40	54,218.08	645.00	0.00
GNMA	2003A RMRB	5.49	11/04/04	11/20/34	499,866.51	506,817.51			(5,384.98)		494,481.53	507,422.09	5,989.56	0.00
GNMA	2003A RMRB	4.49	11/04/04	10/20/34	332,251.86	320,926.27			(1,490.06)		330,761.80	319,077.20	(359.01)	0.00
GNMA	2003A RMRB	5.49	11/10/04	11/20/34	64,977.02	66,002.18			(240.37)		64,736.65	66,553.91	792.10	0.00
GNMA	2003A RMRB	4.49	11/10/04	10/20/34	113,969.62	110,371.55			(523.42)		113,446.20	109,735.51	(112.62)	0.00
GNMA	2003A RMRB	5.49	11/18/04	11/20/34	105,091.68	106,750.38			(410.24)		104,681.44	107,620.67	1,280.53	0.00
GNMA	2003A RMRB	4.49	11/18/04	10/20/34	236,817.77	229,342.71			(1,037.58)		235,780.19	228,069.50	(235.63)	0.00
GNMA	2003A RMRB	5.49	11/23/04	11/20/34	263,124.93	267,279.00			(993.38)		262,131.55	269,492.72	3,207.10	0.00
GNMA	2003A RMRB	4.49	11/01/04	11/20/34	291,944.73	281,993.40			(1,302.02)		290,642.71	280,375.66	(315.72)	0.00
GNMA	2003A RMRB	5.49	12/29/04	12/20/34	323,830.83	328,953.91			(1,207.97)		322,622.86	331,693.45	3,947.51	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2003A RMRB	4.49	12/29/04	12/20/34	155,018.09	149,741.49			(817.99)		154,200.10	148,760.29	(163.21)	0.00
GNMA	2003A RMRB	5.49	01/06/05	01/20/35	51,662.63	52,449.15			(231.39)		51,431.24	52,868.90	651.14	0.00
GNMA	2003A RMRB	4.49	03/30/05	01/20/35	173,942.05	167,978.19			(810.71)		173,131.34	166,989.31	(178.17)	0.00
GNMA	2003A RMRB	5.49	01/13/05	01/20/35	219,520.21	222,863.34			(811.80)		218,708.41	224,823.10	2,771.56	0.00
GNMA	2003A RMRB	4.49	01/19/05	01/20/35	106,315.76	102,934.86			(504.62)		105,811.14	102,331.18	(99.06)	0.00
GNMA	2003A RMRB	4.49	01/27/05	01/20/35	774,142.01	747,561.00			(3,418.70)		770,723.31	743,343.60	(798.70)	0.00
GNMA	2003A RMRB	5.49	02/03/05	01/20/35	213,159.81	216,011.93			(797.81)		212,362.00	217,900.23	2,686.11	0.00
GNMA	2003A RMRB	4.49	02/03/05	02/20/35	747,396.28	723,639.66			(4,283.32)		743,112.96	718,684.03	(672.31)	0.00
GNMA	2003A RMRB	4.49	02/17/05	02/20/35	165,002.19	159,339.71			(715.37)		164,286.82	158,453.62	(170.72)	0.00
GNMA	2003A RMRB	5.49	02/17/05	01/20/35	54,737.32	55,572.55			(197.92)		54,539.40	56,065.80	691.17	0.00
GNMA	2003A RMRB	5.49	03/10/05	02/20/35	103,024.40	104,598.45			(393.30)		102,631.10	105,505.59	1,300.44	0.00
GNMA	2003A RMRB	4.49	03/17/05	01/20/35	27,226.26	26,361.67			(116.68)		27,109.58	26,219.20	(25.79)	0.00
GNMA	2003A RMRB	5.49	03/17/05	03/20/35	117,509.32	119,305.64			(443.98)		117,065.34	120,345.07	1,483.41	0.00
GNMA	2003A RMRB	5.49	04/07/05	04/20/35	306,971.10	311,669.93			(1,290.65)		305,680.45	314,250.82	3,871.54	0.00
GNMA	2003A RMRB	5.49	04/21/05	04/20/35	222,106.42	225,508.73			(922.73)		221,183.69	227,387.54	2,801.54	0.00
GNMA	2003A RMRB	4.49	04/28/05	03/20/35	61,147.70	59,208.25			(259.85)		60,887.85	58,890.39	(58.01)	0.00
GNMA	2003A RMRB	5.49	04/28/05	04/20/35	179,609.86	182,362.29			(658.42)		178,951.44	183,971.86	2,267.99	0.00
GNMA	2003A RMRB	5.49	05/12/05	05/20/35	173,961.71	176,629.91			(1,569.37)		172,392.34	177,231.07	2,170.53	0.00
GNMA	2003A RMRB	4.49	05/19/05	05/20/35	1,231,573.24	1,189,405.84			(5,804.08)		1,225,769.16	1,182,343.35	(1,258.41)	0.00
GNMA	2003A RMRB	5.49	07/07/05	07/20/35	664,671.25	674,899.93			(107,563.36)		557,107.89	572,774.35	5,437.78	0.00
GNMA	2003A RMRB	5.49	07/14/05	07/20/35	353,371.18	358,151.74			(1,317.66)		352,053.52	361,287.64	4,453.56	0.00
GNMA	2003A RMRB	4.49	05/26/05	04/20/35	124,747.85	120,794.21			(528.96)		124,218.89	120,146.86	(118.39)	0.00
GNMA	2003A RMRB	5.49	05/26/05	05/20/35	322,865.69	327,821.72			(1,712.30)		321,153.39	330,171.55	4,062.13	0.00
GNMA	2003A RMRB	5.49	06/09/05	05/20/35	280,312.26	284,618.24			(1,123.54)		279,188.72	287,031.68	3,536.98	0.00
GNMA	2003A RMRB	5.49	06/15/05	06/20/35	316,485.50	321,349.42			(1,213.62)		315,271.88	324,130.77	3,994.97	0.00
GNMA	2003A RMRB	5.49	06/23/05	06/20/35	294,580.77	298,560.26			(1,049.45)		293,531.32	301,224.68	3,713.87	0.00
GNMA	2003A RMRB	5.49	09/08/05	09/20/35	272,614.75	276,825.68			(994.04)		271,620.71	279,274.46	3,442.82	0.00
GNMA	2003A RMRB	5.49	09/15/05	09/20/35	695,491.83	706,238.97			(2,617.87)		692,873.96	712,402.13	8,781.03	0.00
GNMA	2003A RMRB	5.49	09/22/05	09/20/35	133,016.60	135,072.87			(470.99)		132,545.61	136,282.14	1,680.26	0.00
GNMA	2003A RMRB	4.49	07/28/05	07/20/35	85,639.23	82,930.00			(426.24)		85,212.99	82,424.52	(79.24)	0.00
GNMA	2003A RMRB	5.49	07/21/05	07/20/35	574,167.33	583,010.28			(2,570.40)		571,596.93	587,677.34	7,237.46	0.00
GNMA	2003A RMRB	5.49	07/28/05	07/20/35	225,323.98	228,795.65			(813.83)		224,510.15	230,827.57	2,845.75	0.00
GNMA	2003A RMRB	5.49	08/04/05	07/20/35	326,731.66	331,767.45			(61,965.03)		264,766.63	272,218.17	2,415.75	0.00
GNMA	2003A RMRB	5.49	08/11/05	08/20/35	255,904.66	259,850.91			(902.41)		255,002.25	262,181.11	3,232.61	0.00
GNMA	2003A RMRB	5.49	08/18/05	07/20/35	306,183.69	310,906.55			(1,071.08)		305,112.61	313,703.45	3,867.98	0.00
GNMA	2003A RMRB	5.49	08/30/05	08/20/35	844,825.90	857,867.67			(3,652.29)		841,173.61	864,868.42	10,653.04	0.00
GNMA	2003A RMRB	5.49	08/30/05	08/20/35	404,851.95	411,101.73			(1,528.65)		403,323.30	414,684.41	5,111.33	0.00
GNMA	2003A RMRB	5.49	10/27/05	10/20/35	404,386.53	410,650.67			(1,415.61)		402,970.92	414,343.84	5,108.78	0.00
GNMA	2003A RMRB	5.49	09/29/05	09/20/35	609,154.81	618,575.31			(2,130.70)		607,024.11	624,140.21	7,695.60	0.00
GNMA	2003A RMRB	5.49	10/06/05	09/20/35	519,900.38	527,943.23			(1,822.27)		518,078.11	532,688.92	6,567.96	0.00
GNMA	2003A RMRB	5.49	10/13/05	10/20/35	378,580.04	384,439.78			(1,305.41)		377,274.63	387,917.64	4,783.27	0.00
GNMA	2003A RMRB	5.49	10/20/05	10/20/35	324,251.62	329,272.44			(1,279.89)		322,971.73	332,084.85	4,092.30	0.00
GNMA	2003A RMRB	5.49	10/20/05	10/20/35	285,664.60	290,087.93			(1,128.12)		284,536.48	292,565.09	3,605.28	0.00
GNMA	2003A RMRB	5.49	12/15/05	12/20/35	151,827.39	154,186.12			(521.71)		151,305.68	155,582.84	1,918.43	0.00
GNMA	2003A RMRB	5.49	11/03/05	09/20/35	202,737.53	205,878.87			(698.55)		202,038.98	207,741.69	2,561.37	0.00
GNMA	2003A RMRB	5.49	11/03/05	10/20/35	270,619.30	274,812.99			(928.19)		269,691.11	277,303.92	3,419.12	0.00
GNMA	2003A RMRB	5.49	11/10/05	11/20/35	158,986.29	161,451.18			(543.51)		158,442.78	162,916.60	2,008.93	0.00
GNMA	2003A RMRB	5.49	11/17/05	07/20/35	120,187.83	122,051.08			(418.40)		119,769.43	123,151.01	1,518.33	0.00
GNMA	2003A RMRB	5.49	11/17/05	10/20/35	425,508.38	432,107.13			(1,729.16)		423,779.22	435,746.89	5,368.92	0.00
GNMA	2003A RMRB	5.49	11/22/05	11/20/35	217,152.58	220,521.50			(749.58)		216,403.00	222,515.64	2,743.72	0.00
GNMA	2003A RMRB	5.49	12/29/05	12/20/35	426,309.64	432,141.92			(1,447.60)		424,862.04	436,071.44	5,377.12	0.00
GNMA	2003A RMRB	5.49	01/12/06	01/20/36	211,394.65	214,622.34			(718.27)		210,676.38	216,601.18	2,697.11	0.00
GNMA	2003A RMRB	5.49	01/12/06	12/20/35	78,055.74	79,270.22			(263.40)		77,792.34	79,993.26	986.44	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	313,634.39	317,853.27			(1,093.70)		312,540.69	320,753.10	3,993.53	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	199,436.43	202,491.55			(675.04)		198,761.39	204,361.21	2,544.70	0.00
GNMA	2003A RMRB	5.49	02/09/06	01/20/36	204,898.44	208,031.97			(842.84)		204,055.60	209,799.07	2,609.94	0.00
GNMA	2003A RMRB	5.49	02/23/06	01/20/36	237,704.71	241,342.64			(145,628.32)		92,076.39	94,669.17	(1,045.15)	0.00
GNMA	2003A RMRB	5.49	03/09/06	02/20/36	361,013.70	366,543.98			(1,221.25)		359,792.45	369,929.09	4,606.36	0.00
GNMA	2003A RMRB	5.49	03/30/06	03/20/36	338,619.09	343,812.90			(1,122.38)		337,496.71	347,011.85	4,321.33	0.00
GNMA	2003A RMRB	5.49	04/27/06	03/20/36	139,040.38	141,176.28			(468.55)		138,571.83	142,481.93	1,774.20	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
GNMA	2003A RMRB	4.49	04/27/06	03/20/36	119,761.21	115,662.27			(474.29)		119,286.92	115,127.38	(60.60)	0.00
FNMA	2003A RMRB	4.49	03/25/04	02/01/34	197,980.74	189,132.56			(945.27)		197,035.47	189,448.85	1,261.56	0.00
FNMA	2003A RMRB	4.49	07/29/04	07/01/34	304,853.62	291,245.45			(1,401.34)		303,452.28	291,784.62	1,940.51	0.00
FNMA	2003A RMRB	4.49	08/26/04	08/01/34	259,452.96	247,874.64			(1,493.95)		257,959.01	248,043.53	1,662.84	0.00
FNMA	2003A RMRB	5.49	09/23/04	08/01/34	199,823.95	201,249.34			(769.07)		199,054.88	201,486.40	1,006.13	0.00
FNMA	2003A RMRB	4.49	09/29/04	09/01/34	324,153.71	309,692.41			(1,453.40)		322,700.31	310,300.97	2,061.96	0.00
FNMA	2003A RMRB	4.49	11/10/04	10/01/34	161,582.61	154,376.80			(728.18)		160,854.43	154,676.45	1,027.83	0.00
FNMA	2003A RMRB	4.49	03/29/05	01/20/35	224,688.82	214,566.41			(1,030.71)		223,658.11	215,018.07	1,482.37	0.00
FNMA	2003A RMRB	5.49	06/23/05	06/01/35	348,793.92	350,956.46			(1,281.66)		347,512.26	351,328.46	1,653.66	0.00
FNMA	2003A RMRB	5.49	08/18/05	06/01/35	312,050.59	313,992.57			(2,204.34)		309,846.25	313,255.74	1,467.51	0.00
FNMA	2003A RMRB	5.49	09/08/05	08/01/35	250,372.05	251,932.72			(895.71)		249,476.34	252,224.32	1,187.31	0.00
FNMA	2003A RMRB	5.49	10/06/05	10/01/35	262,981.07	264,624.06			(1,112.12)		261,868.95	264,756.90	1,244.96	0.00
FNMA	2003A RMRB	5.49	10/20/05	10/01/35	246,261.17	247,800.94			(1,416.69)		244,844.48	247,546.16	1,161.91	0.00
FNMA	2003A RMRB	4.49	12/15/05	06/01/35	88,948.77	84,950.94			(374.55)		88,574.22	85,161.87	585.48	0.00
FNMA	2003A RMRB	5.49	12/29/05	12/01/35	332,737.95	334,828.52			(1,152.54)		331,585.41	335,254.32	1,578.34	0.00
FNMA	2003A RMRB	4.49	01/12/06	12/01/35	73,453.24	70,153.06			(299.10)		73,154.14	70,337.06	483.10	0.00
FNMA	2003A RMRB	5.49	02/02/06	01/01/36	112,708.55	113,371.98			(382.82)		112,325.73	113,512.75	523.59	0.00
Repo Agmt	2003A RMRB	3.02	02/29/08	03/03/08	3,750.67	3,750.67	36.15				3,786.82	3,786.82	-	0.00
<b>2003A RMRB Total</b>					63,616,230.93	62,613,804.18	733,161.72	(3,133,858.47)	(1,089,573.15)	0.00	60,125,961.03	59,356,287.65	232,753.37	0.00
GNMA	1999 A RMRB	7.50	08/31/89	07/20/18	297,410.03	314,972.00			(4,948.89)		292,461.14	313,845.74	3,822.63	0.00
GNMA	1999 A RMRB	7.50	10/31/89	09/20/18	598,934.94	634,320.35			(10,884.54)		588,050.40	631,066.67	7,630.86	0.00
GNMA	1999 A RMRB	8.75	10/31/89	09/20/18	67,234.37	72,000.86			(2,262.98)		64,971.39	70,706.37	968.49	0.00
GNMA	1999 A RMRB	7.50	11/30/89	10/20/18	595,423.58	633,719.71			(12,311.82)		583,111.76	628,978.23	7,570.34	0.00
GNMA	1999 A RMRB	8.75	11/30/89	09/20/18	41,307.49	44,794.51			(1,074.77)		40,232.72	44,355.79	636.05	0.00
GNMA	1999 A RMRB	7.50	01/01/90	11/20/18	364,852.34	386,419.59			(7,767.93)		357,084.41	383,216.50	4,564.84	0.00
GNMA	1999 A RMRB	8.75	01/01/90	11/20/18	118,887.24	127,319.31			(1,680.34)		117,206.90	127,556.29	1,917.32	0.00
GNMA	1999 A RMRB	7.50	01/01/90	12/20/18	164,635.94	174,369.37			(2,498.24)		162,137.70	174,004.84	2,133.71	0.00
GNMA	1999 A RMRB	7.50	02/27/90	12/20/18	32,244.75	34,151.52			(474.67)		31,770.08	34,095.78	418.93	0.00
GNMA	1999 A RMRB	8.75	05/29/90	02/20/19	140,054.18	150,152.74			(2,590.69)		137,463.49	149,768.10	2,206.05	0.00
GNMA	1999 A RMRB	7.50	03/30/90	01/20/19	248,546.32	263,565.94			(4,803.38)		243,742.94	261,884.91	3,122.35	0.00
GNMA	1999 A RMRB	8.75	03/30/90	01/20/19	69,020.67	73,995.87			(909.49)		68,111.18	74,206.42	1,120.04	0.00
GNMA	1999 A RMRB	7.50	04/26/90	03/20/19	240,829.32	255,388.32			(8,181.68)		232,647.64	249,969.37	2,762.73	0.00
GNMA	1999 A RMRB	8.75	04/26/90	03/20/19	157,969.73	169,360.32			(29,639.18)		128,330.55	139,817.85	96.71	0.00
GNMA	1999 A RMRB	7.50	05/29/90	04/20/19	343,793.48	364,582.75			(5,477.97)		338,315.51	363,510.05	4,405.27	0.00
GNMA	1999 A RMRB	8.75	06/28/90	04/20/19	59,358.08	63,639.50			(915.44)		58,442.64	63,675.37	951.31	0.00
GNMA	1999 A RMRB	7.50	10/31/90	07/20/19	52,541.30	55,721.58			(728.38)		51,812.92	55,674.60	681.40	0.00
GNMA	1999 A RMRB	7.50	12/21/90	08/20/19	44,961.56	47,683.93			(762.43)		44,199.13	47,494.17	572.67	0.00
GNMA	1999 A RMRB	8.75	12/21/90	08/20/19	19,078.67	20,456.22			(270.29)		18,808.38	20,493.83	307.90	0.00
GNMA	1999 A RMRB	7.50	03/28/91	11/20/19	38,663.93	41,006.83			(531.09)		38,132.84	40,977.49	501.75	0.00
GNMA	1999 A RMRB	8.75	04/26/91	01/20/20	125,239.36	134,431.60			(1,514.29)		123,725.07	134,958.96	2,041.65	0.00
GNMA	1999 A RMRB	7.50	04/29/91	12/20/19	83,816.84	88,897.16			(3,044.17)		80,772.67	86,799.56	946.57	0.00
GNMA	1999 A RMRB	5.35	01/31/01	08/20/30	41,282.80	41,355.49			(227.53)		41,055.27	41,623.50	495.54	0.00
GNMA	1999 A RMRB	5.35	01/31/01	01/20/31	285,779.19	286,062.10			(92,219.32)		193,559.87	196,227.12	2,384.34	0.00
GNMA	1999 A RMRB	5.35	05/10/01	04/20/31	8,384.81	8,393.10			(1,102.47)		7,282.34	7,382.68	92.05	0.00
GNMA	1999 A RMRB	5.35	06/29/01	05/20/31	97,155.09	97,251.27			(573.51)		96,581.58	97,912.47	1,234.71	0.00
FNMA	1999 A RMRB	5.35	03/15/01	10/01/30	240,911.86	240,788.99			(1,539.67)		239,372.19	240,430.21	1,180.89	0.00
FNMA	1999 A RMRB	5.35	06/18/01	03/01/31	64,940.51	64,802.83			(649.22)		64,291.29	64,598.60	444.99	0.00
GNMA	1999 A RMRB	5.35	03/18/02	02/20/32	38,818.43	38,849.87			(187.09)		38,631.34	39,160.20	497.42	0.00
Repo Agmt	1999 A RMRB	3.02	02/29/08	03/03/08	401,199.23	401,199.23	0.00				401,199.23	401,199.23	-	0.00
<b>1999 A RMRB Total</b>					5,083,276.04	5,329,652.86	0.00	0.00	(199,771.47)	0.00	4,883,504.57	5,185,590.90	55,709.51	0.00
<b>Total Residential Mortgage Revenue Bonds Investment Summary</b>					325,692,038.72	328,361,913.67	3,415,373.91	(17,070,941.42)	(5,238,916.34)	0.00	306,797,554.87	312,532,369.58	3,064,939.76	0.00

**Texas Department of Housing and Community Affairs  
Collateralized Home Mortgage Revenue Bonds Investment Summary  
For Period Ending February 29, 2008**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Repo Agmt	1990 A&B CHMRB	3.02	02/29/08	03/03/08	52,666.23	52,666.23	507.91				53,174.14	53,174.14	-	0.00
Repo Agmt	1990 A&B CHMRB	3.02	02/29/08	03/03/08	85,155.91	85,155.91	821.26				85,977.17	85,977.17	-	0.00
Repo Agmt	1990 A&B CHMRB	3.02	02/29/08	03/03/08	235,243.10	235,243.10	2,268.80				237,511.90	237,511.90	-	0.00
	<b>1990 A&amp;B CHMRB Total</b>				373,065.24	373,065.24	3,597.97	0.00	0.00	0.00	376,663.21	376,663.21	0.00	0.00
Repo Agmt	1991 A CHMRB	3.02	02/29/08	03/03/08	111,131.89	111,131.89	1,071.81				112,203.70	112,203.70	-	0.00
Repo Agmt	1991 A CHMRB	3.02	02/29/08	03/03/08	7,408.74	7,408.74	71.45				7,480.19	7,480.19	-	0.00
	<b>1991 A CHMRB Total</b>				118,540.63	118,540.63	1,143.26	0.00	0.00	0.00	119,683.89	119,683.89	0.00	0.00
Repo Agmt	1992 A-C CHMRB	3.02	02/29/08	03/03/08	79.47	79.47	304,073.08				304,152.55	304,152.55	-	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	1,033,191.20	1,033,191.20		(973,506.57)			59,684.63	59,684.63	-	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	12/01/23	29,570.16	31,270.59			(269.58)		29,300.58	31,443.68	442.67	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/23	126,075.01	133,318.07			(1,913.17)		124,161.84	133,236.11	1,831.21	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	06/01/23	240,659.09	254,513.30			(5,156.13)		235,502.96	252,751.87	3,394.70	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	02/01/25	1,044,834.58	1,105,213.25			(39,057.27)		1,005,777.31	1,079,730.63	13,574.65	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	583,370.21	617,085.58			(6,665.86)		576,704.35	619,112.24	8,692.52	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	03/01/25	180,059.30	190,465.68			(20,935.12)		159,124.18	170,825.39	1,294.83	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	581,006.70	614,593.47			(6,181.01)		574,825.69	617,103.45	8,690.99	0.00
FNMA	1992 A-C CHMRB	6.91	06/30/95	05/01/25	736,319.59	778,914.26			(8,975.01)		727,344.58	780,883.75	10,944.50	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/96	12/20/22	223,837.33	236,969.41			(30,587.23)		193,250.10	207,920.81	1,538.63	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	01/20/23	191,680.64	203,082.35			(2,329.72)		189,350.92	203,849.51	3,096.88	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/23	155,930.94	165,211.98			(2,756.67)		153,174.27	164,908.82	2,453.51	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	07/20/23	359,408.23	380,813.67			(4,096.90)		355,311.33	382,544.83	5,828.06	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	08/20/23	189,908.29	201,221.02			(1,819.84)		188,088.45	202,507.31	3,106.13	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	09/20/23	38,870.34	41,186.31			(767.38)		38,102.96	41,024.43	605.50	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	12/20/23	250,398.68	265,326.97			(4,338.96)		246,059.72	264,934.82	3,946.81	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/23	39,757.35	42,124.18			(882.29)		38,875.06	41,853.70	611.81	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	04/20/25	542,669.28	575,453.15			(10,796.20)		531,873.08	572,922.60	8,265.65	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	05/20/25	502,049.09	532,384.40			(7,456.44)		494,592.65	532,770.31	7,842.35	0.00
GNMA	1992 A-C CHMRB	6.91	06/30/95	06/20/25	353,317.40	374,670.00			(3,536.83)		349,780.57	376,784.31	5,651.14	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	100,000.00	100,000.00	0.00				100,000.00	100,000.00	-	0.00
GIC's	1992 A-C CHMRB	6.09	06/29/92	07/02/24	284,755.21	284,755.21		(42,486.31)			242,268.90	242,268.90	-	0.00
FNMA	1992 A-C CHMRB	6.91	04/28/95	06/01/23	116,004.37	122,667.39			(1,595.45)		114,408.92	122,769.04	1,697.10	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/23	750,250.05	794,871.51			(13,300.88)		736,949.17	793,372.55	11,801.92	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	01/20/25	1,822,475.55	1,932,460.86			(90,053.40)		1,732,422.15	1,866,016.60	23,609.14	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	02/20/25	1,504,317.09	1,595,117.76			(219,532.26)		1,284,784.83	1,383,875.38	8,289.88	0.00
GNMA	1992 A-C CHMRB	6.91	04/28/95	03/20/25	1,511,415.25	1,602,660.40			(15,380.52)		1,496,034.73	1,611,434.30	24,154.42	0.00
Repo Agmt	1992 A-C CHMRB	3.02	02/29/08	03/03/08	12,725.24	12,725.24	122.76				12,848.00	12,848.00	-	0.00
	<b>1992 A-C CHMRB Total</b>				13,504,935.64	14,222,346.68	304,195.84	(1,015,992.88)	(498,384.12)	0.00	12,294,754.48	13,173,530.52	161,365.00	0.00
	<b>Total CHMRB Investment Summary</b>				13,996,541.51	14,713,952.55	308,937.07	(1,015,992.88)	(498,384.12)	0.00	12,791,101.58	13,669,877.62	161,365.00	0.00

**Texas Department of Housing and Community Affairs  
Multi Family Investment Summary  
For Period Ending February 29, 2008**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Mutual Fund	1996 A&B MF (Brighton/LasColi)	2.85	02/01/08	03/01/08	62,865.63	62,865.63		(1,952.53)			60,913.10	60,913.10	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	2.75	02/01/08	03/01/08	43,418.86	43,418.86		(1,361.77)			42,057.09	42,057.09	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	2.75	02/01/08	03/01/08	59,833.05	59,833.05		(27,521.54)			32,311.51	32,311.51	-	0.00
Mutual Fund	1996 A&B MF (Brighton/LasColi)	2.75	02/01/08	03/01/08	15,680.06	15,680.06	6,389.58				22,069.64	22,069.64	-	0.00
	<b>1996 A&amp;B MF (Brighton/LasColi) Total</b>				181,797.60	181,797.60	6,389.58	(30,835.84)	0.00	0.00	157,351.34	157,351.34	0.00	0.00
Mutual Fund	1998 M/F (Dallas-Oxford Rfdg)	2.39	02/01/08	03/01/08	0.32	0.32	0.00				0.32	0.32	-	0.00
	<b>1998 M/F (Dallas-Oxford Rfdg) Total</b>				0.32	0.32	0.00	0.00	0.00	0.00	0.32	0.32	0.00	0.00
Mutual Fund	1996 A&B MF (Braxton's)	2.85	02/01/08	03/01/08	72,538.77	72,538.77		(2,281.89)			70,256.88	70,256.88	-	0.00
Mutual Fund	1996 A&B MF (Braxton's)	2.85	02/01/08	03/01/08	29,652.12	29,652.12	10,182.05				39,834.17	39,834.17	-	0.00
	<b>1996 A&amp;B MF (Braxton's) Total</b>				102,190.89	102,190.89	10,182.05	(2,281.89)	0.00	0.00	110,091.05	110,091.05	0.00	0.00
Repo Agmt	1987 South Tx. Rental Housing	3.02	02/29/08	03/03/08	867,269.15	867,269.15		(108,959.86)			758,309.29	758,309.29	-	0.00
	<b>1987 South Tx. Rental Housing Total</b>				867,269.15	867,269.15	0.00	(108,959.86)	0.00	0.00	758,309.29	758,309.29	0.00	0.00
Mutual Fund	1996 A&B M/F(NHP Project)	2.39	02/01/08	03/01/08	0.02	0.02	0.00				0.02	0.02	-	0.00
Mutual Fund	1996 A&B M/F(NHP Project)				344,208.02	344,208.02		(344,208.02)					-	0.00
	<b>1996 A&amp;B M/F(NHP Project) Total</b>				344,208.04	344,208.04	0.00	(344,208.02)	0.00	0.00	0.02	0.02	0.00	0.00
Mutual Fund	1998 M/F (Pebble Brook)	2.75	02/01/08	03/01/08	101,140.81	101,140.81		(41,841.46)			59,299.35	59,299.35	-	0.00
Mutual Fund	1998 M/F (Pebble Brook)	2.75	02/01/08	03/01/08			61,442.01				61,442.01	61,442.01	-	0.00
Inv Agmt	1998 M/F (Pebble Brook)	5.20	04/30/98	12/01/30	282,742.00	282,742.00		(156,859.15)			125,882.85	125,882.85	-	0.00
Mutual Fund	1998 M/F (Pebble Brook)	2.39	02/01/08	03/01/08	38,311.37	38,311.37	285.26				38,596.63	38,596.63	-	0.00
	<b>1998 M/F (Pebble Brook) Total</b>				422,194.18	422,194.18	61,727.27	(198,700.61)	0.00	0.00	285,220.84	285,220.84	0.00	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	2.85	02/01/08	03/01/08	182,114.61	182,114.61		(62,080.96)			120,033.65	120,033.65	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	2.85	02/01/08	03/01/08	32,197.13	32,197.13	17,922.86				50,119.99	50,119.99	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	2.85	02/01/08	03/01/08	227.13	227.13	51,401.72				51,628.85	51,628.85	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	2.85	02/01/08	03/01/08	3,482.54	3,482.54	146,749.55				150,232.09	150,232.09	-	0.00
Mutual Fund	1998 M/F (Residence Oaks Proj)	2.85	02/01/08	03/01/08	26.02	26.02	0.12				26.14	26.14	-	0.00
	<b>1998 M/F (Residence Oaks Proj) Total</b>				218,047.43	218,047.43	216,074.25	(62,080.96)	0.00	0.00	372,040.72	372,040.72	0.00	0.00
Mutual Fund	1998 M/F (Volente Project)				10,473.61	10,473.61		(10,473.61)					-	0.00
Mutual Fund	1998 M/F (Volente Project)				79,883.47	79,883.47		(79,883.47)					-	0.00
Mutual Fund	1998 M/F (Volente Project)				4,349.40	4,349.40		(4,349.40)					-	0.00
	<b>1998 M/F (Volente Project) Total</b>				94,706.48	94,706.48	0.00	(94,706.48)	0.00	0.00	0.00	0.00	0.00	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	2.32	02/01/08	03/01/08	12,701.44	12,701.44	9,375.00				22,076.44	22,076.44	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	2.32	02/01/08	03/01/08	348,396.78	348,396.78		(107,113.97)			241,282.81	241,282.81	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	2.32	02/01/08	03/01/08	131,584.50	131,584.50		(16,788.64)			114,795.86	114,795.86	-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	2.39	02/01/08	03/01/08			20,000.00				20,000.00	20,000.00	-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail)				60,000.00	60,000.00		(60,000.00)					-	0.00
Mutual Fund	1998 M/F (Greens-Hickory Trail)	2.39	02/01/08	03/01/08			457,417.98				457,417.98	457,417.98	-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail)				162,630.39	162,630.39		(162,630.39)					-	0.00
Inv Agmt	1998 M/F (Greens-Hickory Trail)	4.94	03/22/01	09/01/30	47,809.43	47,809.43		(38,196.98)			9,612.45	9,612.45	-	0.00
	<b>1998 M/F (Greens-Hickory Trail) Total</b>				763,122.54	763,122.54	486,792.98	(384,729.98)	0.00	0.00	865,185.54	865,185.54	0.00	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	2.85	02/01/08	03/01/08	183,983.65	183,983.65		(134,264.84)			49,718.81	49,718.81	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	2.85	02/01/08	03/01/08	27,393.89	27,393.89	4,916.42				32,310.31	32,310.31	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	2.85	02/01/08	03/01/08	72,923.88	72,923.88		(14,184.93)			58,738.95	58,738.95	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	2.39	02/01/08	03/01/08	18,105.16	18,105.16	53,115.24				71,220.40	71,220.40	-	0.00
Mutual Fund	1999 M/F (Mayfield Aptss)	2.85	02/01/08	03/01/08	57,152.03	57,152.03	147,199.23				204,351.26	204,351.26	-	0.00
	<b>1999 M/F (Mayfield Aptss) Total</b>				359,558.61	359,558.61	205,230.89	(148,449.77)	0.00	0.00	416,339.73	416,339.73	0.00	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	2.85	02/01/08	03/01/08	22,669.45	22,669.45		(4,130.92)			18,538.53	18,538.53	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Mutual Fund	2000 M/F (Timber Point Apts)	2.39	02/01/08	03/01/08	17,011.18	17,011.18	10,829.80				27,840.98	27,840.98	-	0.00
Mutual Fund	2000 M/F (Timber Point Apts)	2.39	02/01/08	03/01/08	62,278.58	62,278.58	29,848.09				92,126.67	92,126.67	-	0.00
	<b>2000 M/F (Timber Point Apts) Total</b>				101,959.21	101,959.21	40,677.89	(4,130.92)	0.00	0.00	138,506.18	138,506.18	0.00	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	2.39	02/01/08	03/01/08	252,688.38	252,688.38		(129,996.02)			122,692.36	122,692.36	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	2.39	02/01/08	03/01/08	211,727.36	211,727.36	11,939.12				223,666.48	223,666.48	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	2.39	02/01/08	03/01/08	95,698.63	95,698.63	102.29				95,800.92	95,800.92	-	0.00
Mutual Fund	2000 A&B M/F (Oaks at Hampton)	2.39	02/01/08	03/01/08	22,018.90	22,018.90	7,870.31				29,889.21	29,889.21	-	0.00
	<b>2000 A&amp;B M/F (Oaks at Hampton) Total</b>				582,133.27	582,133.27	19,911.72	(129,996.02)	0.00	0.00	472,048.97	472,048.97	0.00	0.00
Mutual Fund	2000 M/F (Deerwood Apts)	2.39	02/01/08	03/01/08	10,038.88	10,038.88	6,000.00				16,038.88	16,038.88	-	0.00
Inv Agmt	2000 M/F (Deerwood Apts)	6.15	05/23/00	06/01/32	229,893.70	229,893.70		(122,825.26)			107,068.44	107,068.44	-	0.00
	<b>2000 M/F (Deerwood Apts) Total</b>				239,932.58	239,932.58	6,000.00	(122,825.26)	0.00	0.00	123,107.32	123,107.32	0.00	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	2.85	02/01/08	03/01/08	22,498.90	22,498.90	958.88				23,457.78	23,457.78	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	2.85	02/01/08	03/01/08	14,344.67	14,344.67	9,338.55				23,683.22	23,683.22	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	2.85	02/01/08	03/01/08	26,807.05	26,807.05	65,319.62				92,126.67	92,126.67	-	0.00
Mutual Fund	2000 M/F (Creek Point Apts)	2.85	02/01/08	03/01/08	243.59	243.59	0.00				243.59	243.59	-	0.00
	<b>2000 M/F (Creek Point Apts) Total</b>				63,894.21	63,894.21	75,617.05	0.00	0.00	0.00	139,511.26	139,511.26	0.00	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	2.39	02/01/08	03/01/08	16,680.97	16,680.97	2,233.54				18,914.51	18,914.51	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	2.39	02/01/08	03/01/08	186,793.38	186,793.38	12,225.91				199,019.29	199,019.29	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	2.39	02/01/08	03/01/08	93,193.00	93,193.00	78.19				93,271.19	93,271.19	-	0.00
Mutual Fund	2000 M/F (Parks @ Westmoreld)	2.39	02/01/08	03/01/08	234,643.76	234,643.76		(140,602.87)			94,040.89	94,040.89	-	0.00
	<b>2000 M/F (Parks @ Westmoreld) Total</b>				531,311.11	531,311.11	14,537.64	(140,602.87)	0.00	0.00	405,245.88	405,245.88	0.00	0.00
Mutual Fund	2000 A-C MF Highland Meadows	2.85	02/01/08	03/01/08	202,075.24	202,075.24		(140,127.40)			61,947.84	61,947.84	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	2.85	02/01/08	03/01/08	2,487.25	2,487.25	4,131.09				6,618.34	6,618.34	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	2.85	02/01/08	03/01/08	30,345.40	30,345.40		(17,968.91)			12,376.49	12,376.49	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	2.85	02/01/08	03/01/08	10,166.67	10,166.67	30,575.41				40,742.08	40,742.08	-	0.00
Mutual Fund	2000 A-C MF Highland Meadows	2.85	02/01/08	03/01/08	47,840.63	47,840.63	143,873.69				191,714.32	191,714.32	-	0.00
	<b>2000 A-C MF Highland Meadows Total</b>				292,915.19	292,915.19	178,580.19	(158,096.31)	0.00	0.00	313,399.07	313,399.07	0.00	0.00
Mutual Fund	2000 A/B MF Greenbridge	2.39	02/01/08	03/01/08	118,117.91	118,117.91	0.00				118,117.91	118,117.91	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	2.39	02/01/08	03/01/08	68,611.11	68,611.11	88,499.10				157,110.21	157,110.21	-	0.00
Mutual Fund	2000 A/B MF Greenbridge	2.39	02/01/08	03/01/08	11,770.00	11,770.00	0.00				11,770.00	11,770.00	-	0.00
Inv Agmt	2000 A/B MF Greenbridge	6.15	11/09/00	11/01/40	5.45	5.45	0.00				5.45	5.45	-	0.00
	<b>2000 A/B MF Greenbridge Total</b>				198,504.47	198,504.47	88,499.10	0.00	0.00	0.00	287,003.57	287,003.57	0.00	0.00
Mutual Fund	2000 A-C MF Collingham Park	2.75	02/01/08	03/01/08	194,741.28	194,741.28		(132,445.78)			62,295.50	62,295.50	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	2.75	02/01/08	03/01/08	19,183.32	19,183.32		(11,077.45)			8,105.87	8,105.87	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	2.75	02/01/08	03/01/08	15,513.77	15,513.77		(11,960.43)			3,553.34	3,553.34	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	2.75	02/01/08	03/01/08	15,779.92	15,779.92	46,627.86				62,407.78	62,407.78	-	0.00
Mutual Fund	2000 A-C MF Collingham Park	2.75	02/01/08	03/01/08	79,753.58	79,753.58	216,854.85				296,608.43	296,608.43	-	0.00
	<b>2000 A-C MF Collingham Park Total</b>				324,971.87	324,971.87	263,482.71	(155,483.66)	0.00	0.00	432,970.92	432,970.92	0.00	0.00
Mutual Fund	2000 A/B MF Williams Run	2.39	02/01/08	03/01/08	18,013.09	18,013.09	0.00				18,013.09	18,013.09	-	0.00
Mutual Fund	2000 A/B MF Williams Run	2.39	02/01/08	03/01/08	14.72	14.72	0.00				14.72	14.72	-	0.00
Mutual Fund	2000 A/B MF Williams Run	2.39	02/01/08	03/01/08	4,294.31	4,294.31	48,318.12				52,612.43	52,612.43	-	0.00
Mutual Fund	2000 A/B MF Williams Run	2.39	02/01/08	03/01/08	1,564.36	1,564.36	12.77				1,577.13	1,577.13	-	0.00
	<b>2000 A/B MF Williams Run Total</b>				23,886.48	23,886.48	48,330.89	0.00	0.00	0.00	72,217.37	72,217.37	0.00	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	2.39	02/01/08	03/01/08	24,090.47	24,090.47	8,339.86				32,430.33	32,430.33	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	2.39	02/01/08	03/01/08	243,184.42	243,184.42		(123,357.15)			119,827.27	119,827.27	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	2.39	02/01/08	03/01/08	149,576.97	149,576.97	10,550.82				160,127.79	160,127.79	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	2.39	02/01/08	03/01/08	100,178.15	100,178.15	0.01				100,178.16	100,178.16	-	0.00
Mutual Fund	2001A MF Bluffview Sr. Apts.	2.39	02/01/08	03/01/08	41,286.97	41,286.97	336.99				41,623.96	41,623.96	-	0.00
	<b>2001A MF Bluffview Sr. Apts. Total</b>				558,316.98	558,316.98	19,227.68	(123,357.15)	0.00	0.00	454,187.51	454,187.51	0.00	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	2.39	02/01/08	03/01/08	13,577.43	13,577.43	9,250.90				22,828.33	22,828.33	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Mutual Fund	2001A MF Knollwood Villas Apts	2.39	02/01/08	03/01/08	239,761.39	239,761.39		(136,140.70)			103,620.69	103,620.69	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	2.39	02/01/08	03/01/08	79,731.35	79,731.35	2,479.70				82,211.05	82,211.05	-	0.00
Mutual Fund	2001A MF Knollwood Villas Apts	2.39	02/01/08	03/01/08	119,764.99	119,764.99		(0.01)			119,764.98	119,764.98	-	0.00
	<b>2001A MF Knollwood Villas Apts Total</b>				452,835.16	452,835.16	11,730.60	(136,140.71)	0.00	0.00	328,425.05	328,425.05	0.00	0.00
Mutual Fund	2001A MF Skyway Villas	2.39	02/01/08	03/01/08	21,153.60	21,153.60		(4,154.55)			16,999.05	16,999.05	-	0.00
Mutual Fund	2001A MF Skyway Villas	2.39	02/01/08	03/01/08	267,890.60	267,890.60	9,666.66				277,557.26	277,557.26	-	0.00
Mutual Fund	2001A MF Skyway Villas	2.39	02/01/08	03/01/08	18,243.09	18,243.09	71,112.17				89,355.26	89,355.26	-	0.00
Mutual Fund	2001A MF Skyway Villas	3.02	02/01/08	03/01/08	138,816.26	138,816.26		(101,647.21)			37,169.05	37,169.05	-	0.00
Mutual Fund	2001A MF Skyway Villas	2.39	02/01/08	03/01/08	10,815.43	10,815.43		(992.72)			9,822.71	9,822.71	-	0.00
Inv Agmt	2001A MF Skyway Villas	5.00	04/17/03	12/01/34	12,089.71	12,089.71	20,639.17				32,728.88	32,728.88	-	0.00
Mutual Fund	2001A MF Skyway Villas	2.39	02/01/08	03/01/08	50,000.00	50,000.00		(33,333.34)			16,666.66	16,666.66	-	0.00
Mutual Fund	2001A MF Skyway Villas	2.39	02/01/08	03/01/08	179,243.25	179,243.25		(124,618.55)			54,624.70	54,624.70	-	0.00
	<b>2001A MF Skyway Villas Total</b>				698,251.94	698,251.94	101,418.00	(264,746.37)	0.00	0.00	534,923.57	534,923.57	0.00	0.00
Mutual Fund	2001AB MF Cobb Park Apts	2.39	02/01/08	03/01/08	8,738.81	8,738.81	2,648.50				11,387.31	11,387.31	-	0.00
Mutual Fund	2001AB MF Cobb Park Apts	2.39	02/01/08	03/01/08	167,537.01	167,537.01		(69,387.36)			98,149.65	98,149.65	-	0.00
Mutual Fund	2001AB MF Cobb Park Apts	2.39	02/01/08	03/01/08	72,684.41	72,684.41		(64,156.20)			8,528.21	8,528.21	-	0.00
Mutual Fund	2001AB MF Cobb Park Apts	2.39	02/01/08	03/01/08	72,692.04	72,692.04		(72,686.89)			5.15	5.15	-	0.00
Mutual Fund	2001AB MF Cobb Park Apts	2.39	02/01/08	03/01/08	57,268.47	57,268.47	467.43				57,735.90	57,735.90	-	0.00
	<b>2001AB MF Cobb Park Apts Total</b>				378,920.74	378,920.74	3,115.93	(206,230.45)	0.00	0.00	175,806.22	175,806.22	0.00	0.00
Mutual Fund	2001A MF Greens Road Apts	2.75	02/01/08	03/01/08	32.15	32.15	0.15				32.30	32.30	-	0.00
Inv Agmt	2001A MF Greens Road Apts	4.01	09/14/01	06/01/34	0.00	0.00	148,766.20				148,766.20	148,766.20	-	0.00
Mutual Fund	2001A MF Greens Road Apts				266,740.11	266,740.11		(266,740.11)					-	0.00
Mutual Fund	2001A MF Greens Road Apts				0.09	0.09		(0.09)					-	0.00
Mutual Fund	2001A MF Greens Road Apts				0.01	0.01		(0.01)					-	0.00
	<b>2001A MF Greens Road Apts Total</b>				266,772.36	266,772.36	148,766.35	(266,740.21)	0.00	0.00	148,798.50	148,798.50	0.00	0.00
Mutual Fund	2001AB MF Meridian Aptss	2.85	02/01/08	03/01/08	8,766.84	8,766.84	5,956.28				14,723.12	14,723.12	-	0.00
Mutual Fund	2001AB MF Meridian Apts	2.85	02/01/08	03/01/08			23,360.99				23,360.99	23,360.99	-	0.00
Money Market	2001AB MF Meridian Apts				127,010.52	127,010.52		(127,010.52)					-	0.00
Mutual Fund	2001AB MF Meridian Apts	2.85	02/01/08	03/01/08	183,253.61	183,253.61		(169,800.86)			13,452.75	13,452.75	-	0.00
Mutual Fund	2001AB MF Meridian Apts	2.85	02/01/08	03/01/08	879.54	879.54	67,151.41				68,030.95	68,030.95	-	0.00
Mutual Fund	2001AB MF Meridian Apts	2.85	02/01/08	03/01/08	75,652.27	75,652.27		(28,029.04)			47,623.23	47,623.23	-	0.00
Mutual Fund	2001AB MF Meridian Apts	2.85	02/01/08	03/01/08	326,740.38	326,740.38		(108,307.57)			218,432.81	218,432.81	-	0.00
	<b>2001AB MF Meridian Apts Total</b>				722,303.16	722,303.16	96,468.68	(433,147.99)	0.00	0.00	385,623.85	385,623.85	0.00	0.00
Mutual Fund	2001AB MF Wildwood Branch	2.85	02/01/08	03/01/08	2.62	2.62	0.00				2.62	2.62	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	2.85	02/01/08	03/01/08	11,344.59	11,344.59	2,953.54				14,298.13	14,298.13	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	2.85	02/01/08	03/01/08	176,130.80	176,130.80		(170,098.80)			6,032.00	6,032.00	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	2.85	02/01/08	03/01/08	0.02	0.02	0.00				0.02	0.02	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	2.85	02/01/08	03/01/08	56,796.54	56,796.54		(45,227.18)			11,569.36	11,569.36	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	2.85	02/01/08	03/01/08	17,778.02	17,778.02	51,688.71				69,466.73	69,466.73	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	2.85	02/01/08	03/01/08	91,452.78	91,452.78		(41,295.00)			50,157.78	50,157.78	-	0.00
Mutual Fund	2001AB MF Wildwood Branch	2.85	02/01/08	03/01/08	375,372.37	375,372.37		(158,195.00)			217,177.37	217,177.37	-	0.00
	<b>2001AB MF Wildwood Branch Total</b>				728,877.74	728,877.74	54,642.25	(414,815.98)	0.00	0.00	368,704.01	368,704.01	0.00	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	2.85	02/01/08	03/01/08	250,204.55	250,204.55		(167,549.76)			82,654.79	82,654.79	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	2.39	02/01/08	03/01/08	25,703.59	25,703.59		(18,410.87)			7,292.72	7,292.72	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	2.39	02/01/08	03/01/08	54.44	54.44	11.72				66.16	66.16	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	2.39	02/01/08	03/01/08	183,992.71	183,992.71		(99,674.86)			84,317.85	84,317.85	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	2.39	02/01/08	03/01/08	105,376.53	105,376.53		(48,054.13)			57,322.40	57,322.40	-	0.00
Mutual Fund	2001ABC MF Fallbrook Apts	2.39	02/01/08	03/01/08	458,561.23	458,561.23		(288,983.23)			169,578.00	169,578.00	-	0.00
	<b>2001ABC MF Fallbrook Apts Total</b>				1,023,893.05	1,023,893.05	11.72	(622,672.85)	0.00	0.00	401,231.92	401,231.92	0.00	0.00
Mutual Fund	2001 MF Oak Hollow Apts	2.39	02/01/08	03/01/08	31,894.88	31,894.88		(10,874.65)			21,020.23	21,020.23	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	2.39	02/01/08	03/01/08	25,149.05	25,149.05	6,030.47				31,179.52	31,179.52	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	2.39	02/01/08	03/01/08	56,982.25	56,982.25	0.00				56,982.25	56,982.25	-	0.00
Mutual Fund	2001 MF Oak Hollow Apts	2.39	02/01/08	03/01/08	139,056.96	139,056.96		(76,039.80)			63,017.16	63,017.16	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
	<b>2001 MF Oak Hollow Apts Total</b>				253,083.14	253,083.14	6,030.47	(86,914.45)	0.00	0.00	172,199.16	172,199.16	0.00	0.00
Mutual Fund	2001AB MF Hillside Apts	2.39	02/01/08	03/01/08	28,645.55	28,645.55		(18,770.52)			9,875.03	9,875.03	-	0.00
Mutual Fund	2001AB MF Hillside Apts	2.39	02/01/08	03/01/08	28,828.37	28,828.37		(618.38)			28,209.99	28,209.99	-	0.00
Mutual Fund	2001AB MF Hillside Apts	2.39	02/01/08	03/01/08	108,441.10	108,441.10		(0.90)			108,440.20	108,440.20	-	0.00
Mutual Fund	2001AB MF Hillside Apts	3.02	02/01/08	03/01/08	314,899.38	314,899.38		(101,248.78)			213,650.60	213,650.60	-	0.00
	<b>2001AB MF Hillside Apts Total</b>				480,814.40	480,814.40	0.00	(120,638.58)	0.00	0.00	360,175.82	360,175.82	0.00	0.00
Mutual Fund	2002A MF Millstone Apts	1.78	02/01/08	03/01/08	18,494.44	18,494.44		(15,980.20)			2,514.24	2,514.24	-	0.00
Mutual Fund	2002A MF Millstone Apts	1.78	02/01/08	03/01/08	68,495.07	68,495.07	10,844.22				79,339.29	79,339.29	-	0.00
Mutual Fund	2002A MF Millstone Apts	1.78	02/01/08	03/01/08	1.03	1.03	115,404.89				115,405.92	115,405.92	-	0.00
Mutual Fund	2002A MF Millstone Apts	1.78	02/01/08	03/01/08	7,075.31	7,075.31	49,449.35				56,524.66	56,524.66	-	0.00
Mutual Fund	2002A MF Millstone Apts	1.78	02/01/08	03/01/08	29,071.90	29,071.90	8,539.65				37,611.55	37,611.55	-	0.00
Mutual Fund	2002A MF Millstone Apts	1.78	02/01/08	03/01/08	75,676.63	75,676.63	25,212.59				100,889.22	100,889.22	-	0.00
Mutual Fund	2002A MF Millstone Apts	1.78	02/01/08	03/01/08	343,145.92	343,145.92		(342,949.83)			196.09	196.09	-	0.00
Mutual Fund	2002A MF Millstone Apts				91,891.69	91,891.69		(91,891.69)					-	0.00
Mutual Fund	2002A MF Millstone Apts				2.42	2.42		(2.42)					-	0.00
	<b>2002A MF Millstone Apts Total</b>				633,854.41	633,854.41	209,450.70	(450,824.14)	0.00	0.00	392,480.97	392,480.97	0.00	0.00
Mutual Fund	2002 MF SugarCreek Apts	1.78	02/01/08	03/01/08	270.90	270.90	2.03				272.93	272.93	-	0.00
Money Market	2002 MF SugarCreek Apts	1.78	02/01/08	03/01/08	0.13	0.13	0.00				0.13	0.13	-	0.00
Money Market	2002 MF SugarCreek Apts	1.78	02/01/08	03/01/08	0.55	0.55	0.63				1.18	1.18	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	1.78	02/01/08	03/01/08	355,140.84	355,140.84		(245,989.18)			109,151.66	109,151.66	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	1.78	02/01/08	03/01/08	18.01	18.01	0.04				18.05	18.05	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	1.78	02/01/08	03/01/08			1.42				1.42	1.42	-	0.00
Mutual Fund	2002 MF SugarCreek Apts	1.78	02/01/08	03/01/08	81.53	81.53	0.65				82.18	82.18	-	0.00
	<b>2002 MF SugarCreek Apts Total</b>				355,511.96	355,511.96	4.77	(245,989.18)	0.00	0.00	109,527.55	109,527.55	0.00	0.00
Mutual Fund	2002 MF West Oaks Apts	2.39	02/01/08	03/01/08	864.05	864.05	7.05				871.10	871.10	-	0.00
Mutual Fund	2002 MF West Oaks Apts	2.39	02/01/08	03/01/08	165,882.43	165,882.43	10,786.20				176,668.63	176,668.63	-	0.00
Money Market	2002 MF West Oaks Apts	2.39	02/01/08	03/01/08	16,438.10	16,438.10		(14,711.85)			1,726.25	1,726.25	-	0.00
Mutual Fund	2002 MF West Oaks Apts	2.39	02/01/08	03/01/08			19.59				19.59	19.59	-	0.00
Mutual Fund	2002 MF West Oaks Apts	2.39	02/01/08	03/01/08	247,680.12	247,680.12		(56,973.74)			190,706.38	190,706.38	-	0.00
	<b>2002 MF West Oaks Apts Total</b>				430,864.70	430,864.70	10,812.84	(71,685.59)	0.00	0.00	369,991.95	369,991.95	0.00	0.00
Mutual Fund	2002 MF Park Meadows Apts	2.85	02/01/08	03/01/08	7,276.94	7,276.94		(3,832.68)			3,444.26	3,444.26	-	0.00
Mutual Fund	2002 MF Park Meadows Apts	2.85	02/01/08	03/01/08	192,768.58	192,768.58		(56,836.64)			135,931.94	135,931.94	-	0.00
Mutual Fund	2002 MF Park Meadows Apts	2.85	02/01/08	03/01/08	30,000.00	30,000.00		(29,947.89)			52.11	52.11	-	0.00
	<b>2002 MF Park Meadows Apts Total</b>				230,045.52	230,045.52	0.00	(90,617.21)	0.00	0.00	139,428.31	139,428.31	0.00	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	2.39	02/01/08	03/01/08	12,783.65	12,783.65	8,197.62				20,981.27	20,981.27	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	2.39	02/01/08	03/01/08	134,736.93	134,736.93	4,926.32				139,663.25	139,663.25	-	0.00
Mutual Fund	2002 MF Clarkridge Villas Apts	2.39	02/01/08	03/01/08	121,164.60	121,164.60	0.00				121,164.60	121,164.60	-	0.00
Money Market	2002 MF Clarkridge Villas Apts	2.39	02/01/08	03/01/08	313,410.41	313,410.41		(164,284.11)			149,126.30	149,126.30	-	0.00
	<b>2002 MF Clarkridge Villas Apts Total</b>				582,095.59	582,095.59	13,123.94	(164,284.11)	0.00	0.00	430,935.42	430,935.42	0.00	0.00
Mutual Fund	2002 MF Hickory Trace Apts				1,925.70	1,925.70		(1,925.70)					-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	2.39	02/01/08	03/01/08	49,575.73	49,575.73		(3,104.80)			46,470.93	46,470.93	-	0.00
Money Market	2002 MF Hickory Trace Apts	2.39	02/01/08	03/01/08	92,712.97	92,712.97	0.00				92,712.97	92,712.97	-	0.00
Mutual Fund	2002 MF Hickory Trace Apts	2.39	02/01/08	03/01/08	180,923.86	180,923.86		(120,223.85)			60,700.01	60,700.01	-	0.00
	<b>2002 MF Hickory Trace Apts Total</b>				325,138.26	325,138.26	0.00	(125,254.35)	0.00	0.00	199,883.91	199,883.91	0.00	0.00
Mutual Fund	2002 MF Green Crest Apts	2.39	02/01/08	03/01/08	352.89	352.89	30,821.68				31,174.57	31,174.57	-	0.00
Mutual Fund	2002 MF Green Crest Apts	2.39	02/01/08	03/01/08	84,645.29	84,645.29	690.88				85,336.17	85,336.17	-	0.00
Mutual Fund	2002 MF Green Crest Apts	2.39	02/01/08	03/01/08	251.47	251.47	1.08				252.55	252.55	-	0.00
Mutual Fund	2002 MF Green Crest Apts	2.39	02/01/08	03/01/08	7,481.79	7,481.79		(6,224.04)			1,257.75	1,257.75	-	0.00
	<b>2002 MF Green Crest Apts Total</b>				92,731.44	92,731.44	31,513.64	(6,224.04)	0.00	0.00	118,021.04	118,021.04	0.00	0.00
Mutual Fund	2002 MF Ironwood Apts	2.39	02/01/08	03/01/08	502,040.31	502,040.31		(275,622.83)			226,417.48	226,417.48	-	0.00
Mutual Fund	2002 MF Ironwood Apts	2.39	02/01/08	03/01/08	3,924.02	3,924.02	32.03				3,956.05	3,956.05	-	0.00



Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Mutual Fund	2002 MF Ironwood Apts	2.39	02/01/08	03/01/08	9,772.46	9,772.46	114.28				9,886.74	9,886.74	-	0.00
Mutual Fund	2002 MF Ironwood Apts	2.39	02/01/08	03/01/08	876.98	876.98	7.15				884.13	884.13	-	0.00
	<b>2002 MF Ironwood Apts Total</b>				<u>516,613.77</u>	<u>516,613.77</u>	<u>153.46</u>	<u>(275,622.83)</u>	<u>0.00</u>	<u>0.00</u>	<u>241,144.40</u>	<u>241,144.40</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2002 MF Woodway Village	2.85	02/01/08	03/01/08	15,734.89	15,734.89		(1,169.01)			14,565.88	14,565.88	-	0.00
Mutual Fund	2002 MF Woodway Village	2.85	02/01/08	03/01/08	248,683.61	248,683.61		(120,948.61)			127,735.00	127,735.00	-	0.00
	<b>2002 MF Woodway Village Total</b>				<u>264,418.50</u>	<u>264,418.50</u>	<u>0.00</u>	<u>(122,117.62)</u>	<u>0.00</u>	<u>0.00</u>	<u>142,300.88</u>	<u>142,300.88</u>	<u>0.00</u>	<u>0.00</u>
Money Market	2003 AB MF Reading Road	2.85	02/01/08	03/01/08	1,400.07	1,400.07		(1,360.43)			39.64	39.64	-	0.00
Mutual Fund	2003 AB MF Reading Road	2.85	02/01/08	03/01/08	30,536.62	30,536.62		(5,449.62)			25,087.00	25,087.00	-	0.00
Mutual Fund	2003 AB MF Reading Road	2.85	02/01/08	03/01/08	23,983.55	23,983.55		(6,054.41)			17,929.14	17,929.14	-	0.00
Money Market	2003 AB MF Reading Road	2.85	02/01/08	03/01/08	7.96	7.96	0.00				7.96	7.96	-	0.00
Mutual Fund	2003 AB MF Reading Road	2.85	02/01/08	03/01/08	7.96	7.96	0.00				7.96	7.96	-	0.00
Mutual Fund	2003 AB MF Reading Road	2.85	02/01/08	03/01/08	85,308.44	85,308.44	36,675.61				121,984.05	121,984.05	-	0.00
Mutual Fund	2003 AB MF Reading Road	2.85	02/01/08	03/01/08	0.16	0.16	0.00				0.16	0.16	-	0.00
	<b>2003 AB MF Reading Road Total</b>				<u>141,244.76</u>	<u>141,244.76</u>	<u>36,675.61</u>	<u>(12,864.46)</u>	<u>0.00</u>	<u>0.00</u>	<u>165,055.91</u>	<u>165,055.91</u>	<u>0.00</u>	<u>0.00</u>
Money Market	2003 AB MF North Vista Apts	3.24	02/01/08	03/01/08	221,000.58	221,000.58		(174,969.56)			46,031.02	46,031.02	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	3.24	02/01/08	03/01/08	387.36	387.36	4.04				391.40	391.40	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	3.24	02/01/08	03/01/08	13,670.66	13,670.66	114,957.51				128,628.17	128,628.17	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	3.24	02/01/08	03/01/08	94,378.58	94,378.58	11,479.13				105,857.71	105,857.71	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	3.24	02/01/08	03/01/08	17,406.18	17,406.18	31,600.58				49,006.76	49,006.76	-	0.00
Money Market	2003 AB MF North Vista Apts	2.39	02/01/08	03/01/08	89,584.03	89,584.03		(47,862.19)			41,721.84	41,721.84	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	3.24	02/01/08	03/01/08	263,629.05	263,629.05		(162,058.35)			101,570.70	101,570.70	-	0.00
Mutual Fund	2003 AB MF North Vista Apts	3.24	02/01/08	03/01/08	30,351.58	30,351.58		(18,650.78)			11,700.80	11,700.80	-	0.00
	<b>2003 AB MF North Vista Apts Total</b>				<u>730,408.02</u>	<u>730,408.02</u>	<u>158,041.26</u>	<u>(403,540.88)</u>	<u>0.00</u>	<u>0.00</u>	<u>484,908.40</u>	<u>484,908.40</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2003 AB MF West Virginia Apts	3.53	02/01/08	03/01/08	30,441.51	30,441.51		(13,343.74)			17,097.77	17,097.77	-	0.00
Money Market	2003 AB MF West Virginia Apts	3.53	02/01/08	03/01/08	67,689.82	67,689.82	9,254.78				76,944.60	76,944.60	-	0.00
Money Market	2003 AB MF West Virginia Apts	3.53	02/01/08	03/01/08	200,291.40	200,291.40		(147,354.49)			52,936.91	52,936.91	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	3.53	02/01/08	03/01/08	9,652.67	9,652.67	77,227.80				86,880.47	86,880.47	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	3.53	02/01/08	03/01/08	12,103.80	12,103.80	21,806.24				33,910.04	33,910.04	-	0.00
Money Market	2003 AB MF West Virginia Apts	3.53	02/01/08	03/01/08	67,113.25	67,113.25		(41,317.55)			25,795.70	25,795.70	-	0.00
Mutual Fund	2003 AB MF West Virginia Apts	3.53	02/01/08	03/01/08	217,354.53	217,354.53		(121,045.20)			96,309.33	96,309.33	-	0.00
	<b>2003 AB MF West Virginia Apts Total</b>				<u>604,646.98</u>	<u>604,646.98</u>	<u>108,288.82</u>	<u>(323,060.98)</u>	<u>0.00</u>	<u>0.00</u>	<u>389,874.82</u>	<u>389,874.82</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2003AB MF Sphinx @ Murdeaux	2.39	02/01/08	03/01/08			16.66				16.66	16.66	-	0.00
GNMA	2003AB MF Sphinx @ Murdeaux	5.10	12/30/04	12/15/42	14,700,482.29	14,700,482.29			(35,866.74)		14,664,615.55	14,664,615.55	-	0.00
Inv Agmt	2003AB MF Sphinx @ Murdeaux	2.51	05/13/03	12/01/42	383,210.67	383,210.67		(224,335.57)			158,875.10	158,875.10	-	0.00
	<b>2003AB MF Sphinx @ Murdeaux Total</b>				<u>15,083,692.96</u>	<u>15,083,692.96</u>	<u>16.66</u>	<u>(224,335.57)</u>	<u>(35,866.74)</u>	<u>0.00</u>	<u>14,823,507.31</u>	<u>14,823,507.31</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2003 AB MF Primrose Houston	2.39	02/01/08	03/01/08	100,007.93	100,007.93		(40.88)			99,967.05	99,967.05	-	0.00
Money Market	2003 AB MF Primrose Houston	2.39	02/01/08	03/01/08	530.37	530.37	12,040.56				12,570.93	12,570.93	-	0.00
	<b>2003 AB MF Primrose Houston Total</b>				<u>100,538.30</u>	<u>100,538.30</u>	<u>12,040.56</u>	<u>(40.88)</u>	<u>0.00</u>	<u>0.00</u>	<u>112,537.98</u>	<u>112,537.98</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2003 AB MF Timber Oaks Apts	2.39	02/01/08	03/01/08	64,801.70	64,801.70		(40,967.11)			23,834.59	23,834.59	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	2.39	02/01/08	03/01/08	168,423.41	168,423.41	15,237.07				183,660.48	183,660.48	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	2.39	02/01/08	03/01/08	96,768.43	96,768.43		(3,057.68)			93,710.75	93,710.75	-	0.00
Mutual Fund	2003 AB MF Timber Oaks Apts	2.39	02/01/08	03/01/08	9,400.83	9,400.83	4,429.77				13,830.60	13,830.60	-	0.00
	<b>2003 AB MF Timber Oaks Apts Total</b>				<u>339,394.37</u>	<u>339,394.37</u>	<u>19,666.84</u>	<u>(44,024.79)</u>	<u>0.00</u>	<u>0.00</u>	<u>315,036.42</u>	<u>315,036.42</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2003 AB MF Ash Creek	2.39	02/01/08	03/01/08	1,105.82	1,105.82	48.43				1,154.25	1,154.25	-	0.00
Mutual Fund	2003 AB MF Ash Creek	2.39	02/01/08	03/01/08	4,828.48	4,828.48	0.00				4,828.48	4,828.48	-	0.00
Mutual Fund	2003 AB MF Ash Creek	2.39	02/01/08	03/01/08	99,450.70	99,450.70		(32.60)			99,418.10	99,418.10	-	0.00
Money Market	2003 AB MF Ash Creek	2.39	02/01/08	03/01/08	2,302.32	2,302.32	420.30				2,722.62	2,722.62	-	0.00
	<b>2003 AB MF Ash Creek Total</b>				<u>107,687.32</u>	<u>107,687.32</u>	<u>468.73</u>	<u>(32.60)</u>	<u>0.00</u>	<u>0.00</u>	<u>108,123.45</u>	<u>108,123.45</u>	<u>0.00</u>	<u>0.00</u>
Mutual Fund	2003 AB MF Peninsula	2.39	02/01/08	03/01/08	10.12	10.12	0.00				10.12	10.12	-	0.00
Mutual Fund	2003 AB MF Peninsula	2.39	02/01/08	03/01/08	148,020.70	148,020.70	206,366.49				354,387.19	354,387.19	-	0.00
Mutual Fund	2003 AB MF Peninsula	2.39	02/01/08	03/01/08	8,832.14	8,832.14	96.23				8,928.37	8,928.37	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
	<b>2003 AB MF Peninsula Total</b>				156,862.96	156,862.96	206,462.72	0.00	0.00	0.00	363,325.68	363,325.68	0.00	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	2.39	02/01/08	03/01/08	30.83	30.83	0.26				31.09	31.09	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	2.39	02/01/08	03/01/08			71,281.78				71,281.78	71,281.78	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	2.39	02/01/08	03/01/08	82,196.31	82,196.31		(785.16)			81,411.15	81,411.15	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	2.39	02/01/08	03/01/08	1,257.37	1,257.37	10.26				1,267.63	1,267.63	-	0.00
Money Market	2003 A MF Evergreen @ Mesquite	2.39	02/01/08	03/01/08	36.97	36.97	0.30				37.27	37.27	-	0.00
Mutual Fund	2003 A MF Evergreen @ Mesquite	2.39	02/01/08	03/01/08	18,100.93	18,100.93	4,333.20				22,434.13	22,434.13	-	0.00
	<b>2003 A MF Evergreen @ Mesquite Total</b>				101,622.41	101,622.41	75,625.80	(785.16)	0.00	0.00	176,463.05	176,463.05	0.00	0.00
Mutual Fund	2003 AB Arlington Villas	2.39	02/01/08	03/01/08	107,084.70	107,084.70	610.27				107,694.97	107,694.97	-	0.00
Mutual Fund	2003 AB Arlington Villas	2.39	02/01/08	03/01/08	7,000.23	7,000.23	5,930.70				12,930.93	12,930.93	-	0.00
	<b>2003 AB Arlington Villas Total</b>				114,084.93	114,084.93	6,540.97	0.00	0.00	0.00	120,625.90	120,625.90	0.00	0.00
Mutual Fund	2003 AB Parkview Twnhms	2.39	02/01/08	03/01/08	10,897.07	10,897.07		(4,413.40)			6,483.67	6,483.67	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	2.39	02/01/08	03/01/08	77,216.31	77,216.31	630.24				77,846.55	77,846.55	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	2.39	02/01/08	03/01/08	99,401.64	99,401.64		(99,333.62)			68.02	68.02	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	2.39	02/01/08	03/01/08	174,554.86	174,554.86		(174,149.89)			404.97	404.97	-	0.00
Mutual Fund	2003 AB Parkview Twnhms	2.39	02/01/08	03/01/08	217,042.84	217,042.84	1,771.52				218,814.36	218,814.36	-	0.00
	<b>2003 AB Parkview Twnhms Total</b>				579,112.72	579,112.72	2,401.76	(277,896.91)	0.00	0.00	303,617.57	303,617.57	0.00	0.00
Money Market	2003 MF NHP-Asmara-Refunding	2.39	02/01/08	03/01/08	127,049.64	127,049.64	90,588.49				217,638.13	217,638.13	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	2.39	02/01/08	03/01/08	67,578.21	67,578.21		(42,880.87)			24,697.34	24,697.34	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding				68.19	68.19		(68.19)					-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	2.39	02/01/08	03/01/08	670.56	670.56	0.00				670.56	670.56	-	0.00
Money Market	2003 MF NHP-Asmara-Refunding	2.39	02/01/08	03/01/08	97,769.08	97,769.08	797.21				98,566.29	98,566.29	-	0.00
	<b>2003 MF NHP-Asmara-Refunding Total</b>				293,135.68	293,135.68	91,385.70	(42,949.06)	0.00	0.00	341,572.32	341,572.32	0.00	0.00
Money Market	2004 A&B Timber Ridge	2.39	02/01/08	03/01/08	12,893.80	12,893.80		(8,561.65)			4,332.15	4,332.15	-	0.00
Money Market	2004 A&B Timber Ridge	2.39	02/01/08	03/01/08	49,156.95	49,156.95	898.74				50,055.69	50,055.69	-	0.00
	<b>2004 A&amp;B Timber Ridge Total</b>				62,050.75	62,050.75	898.74	(8,561.65)	0.00	0.00	54,387.84	54,387.84	0.00	0.00
Money Market	2004 A&B Century Park	2.39	02/01/08	03/01/08	46,027.59	46,027.59		(15,013.10)			31,014.49	31,014.49	-	0.00
Money Market	2004 A&B Century Park	2.39	02/01/08	03/01/08	14,814.84	14,814.84	44,443.77				59,258.61	59,258.61	-	0.00
Money Market	2004 A&B Century Park	2.39	02/01/08	03/01/08	190,840.04	190,840.04		(130,345.89)			60,494.15	60,494.15	-	0.00
Money Market	2004 A&B Century Park	2.39	02/01/08	03/01/08	13,222.91	13,222.91	2,008.33				15,231.24	15,231.24	-	0.00
Money Market	2004 A&B Century Park	2.39	02/01/08	03/01/08	82,028.56	82,028.56		(37,175.80)			44,852.76	44,852.76	-	0.00
Money Market	2004 A&B Century Park	3.02	02/01/08	03/01/08	50,668.21	50,668.21	15,417.53				66,085.74	66,085.74	-	0.00
Money Market	2004 A&B Century Park	2.39	02/01/08	03/01/08	319,214.84	319,214.84		(137,866.23)			181,348.61	181,348.61	-	0.00
	<b>2004 A&amp;B Century Park Total</b>				716,816.99	716,816.99	61,869.63	(320,401.02)	0.00	0.00	458,285.60	458,285.60	0.00	0.00
Money Market	2004 A Addison Park	2.39	02/01/08	03/01/08	583.20	583.20	6.36				589.56	589.56	-	0.00
Money Market	2004 A Addison Park	2.39	02/01/08	03/01/08	176.92	176.92	1.93				178.85	178.85	-	0.00
Money Market	2004 A Addison Park	2.39	02/01/08	03/01/08	1,258.15	1,258.15	13.71				1,271.86	1,271.86	-	0.00
Money Market	2004 A Addison Park	2.39	02/01/08	03/01/08	12.00	12.00	0.12				12.12	12.12	-	0.00
	<b>2004 A Addison Park Total</b>				2,030.27	2,030.27	22.12	0.00	0.00	0.00	2,052.39	2,052.39	0.00	0.00
Money Market	2004 A&B MF Veterans Memorial	2.39	02/01/08	03/01/08	0.17	0.17	0.00				0.17	0.17	-	0.00
Money Market	2004 A&B MF Veterans Memorial	2.39	02/01/08	03/01/08	147,452.98	147,452.98		(147,110.89)			342.09	342.09	-	0.00
Money Market	2004 A&B MF Veterans Memorial	2.39	02/01/08	03/01/08	71,462.17	71,462.17	583.27				72,045.44	72,045.44	-	0.00
Money Market	2004 A&B MF Veterans Memorial	2.39	02/01/08	03/01/08	97,412.28	97,412.28		(97,266.08)			146.20	146.20	-	0.00
Money Market	2004 A&B MF Veterans Memorial	2.39	02/01/08	03/01/08	676.63	676.63	5.53				682.16	682.16	-	0.00
	<b>2004 A&amp;B MF Veterans Memorial Total</b>				317,004.23	317,004.23	588.80	(244,376.97)	0.00	0.00	73,216.06	73,216.06	0.00	0.00
Money Market	2004 MF Rush Creek Apts	2.39	02/01/08	03/01/08	28,385.24	28,385.24	7,727.08				36,112.32	36,112.32	-	0.00
Money Market	2004 MF Rush Creek Apts	2.39	02/01/08	03/01/08	388,136.03	388,136.03		(386,826.81)			1,309.22	1,309.22	-	0.00
Money Market	2004 MF Rush Creek Apts	2.39	02/01/08	03/01/08	39.96	39.96		(39.83)			0.13	0.13	-	0.00
Money Market	2004 MF Rush Creek Apts	2.39	02/01/08	03/01/08	68,640.86	68,640.86		(68,138.31)			502.55	502.55	-	0.00
Money Market	2004 MF Rush Creek Apts	2.39	02/01/08	03/01/08	71.38	71.38	0.73				72.11	72.11	-	0.00
Money Market	2004 MF Rush Creek Apts	2.39	02/01/08	03/01/08	19,764.57	19,764.57	200.32				19,964.89	19,964.89	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Money Market	2004 MF Rush Creek Apts	2.39	02/01/08	03/01/08	18,854.37	18,854.37		(15,046.36)			3,808.01	3,808.01	-	0.00
Money Market	2004 MF Rush Creek Apts	2.39	02/01/08	03/01/08	149,823.98	149,823.98		(121,902.86)			27,921.12	27,921.12	-	0.00
Money Market	2004 MF Rush Creek Apts	2.39	02/01/08	03/01/08	88.11	88.11		(87.81)			0.30	0.30	-	0.00
Money Market	2004 MF Rush Creek Apts	2.39	02/01/08	03/01/08	70.38	70.38	250.32				320.70	320.70	-	0.00
	<b>2004 MF Rush Creek Apts Total</b>				673,874.88	673,874.88	8,178.45	(592,041.98)	0.00	0.00	90,011.35	90,011.35	0.00	0.00
Money Market	2004 MF Humble Parkway	2.39	02/01/08	03/01/08	62,890.38	62,890.38	11,359.41				74,249.79	74,249.79	-	0.00
Money Market	2004 MF Humble Parkway	2.39	02/01/08	03/01/08	168,597.27	168,597.27		(110,179.64)			58,417.63	58,417.63	-	0.00
Inv Agmt	2004 MF Humble Parkway	3.65	11/16/05	02/01/10	380,755.33	380,755.33		(212,727.34)			168,027.99	168,027.99	-	0.00
Money Market	2004 MF Humble Parkway	2.39	02/01/08	03/01/08	13,504.20	13,504.20		(2,721.82)			10,782.38	10,782.38	-	0.00
	<b>2004 MF Humble Parkway Total</b>				625,747.18	625,747.18	11,359.41	(325,628.80)	0.00	0.00	311,477.79	311,477.79	0.00	0.00
Money Market	2004 MF Chisholm Trail Apts	2.22	02/01/08	03/01/08	101,445.52	101,445.52		(100,000.00)			1,445.52	1,445.52	-	0.00
Money Market	2004 MF Chisholm Trail Apts	2.39	02/01/08	03/01/08	15,983.84	15,983.84	35,832.69				51,816.53	51,816.53	-	0.00
Money Market	2004 MF Chisholm Trail Apts	2.22	02/01/08	03/01/08	1,467.88	1,467.88	648.12				2,116.00	2,116.00	-	0.00
Money Market	2004 MF Chisholm Trail Apts	2.22	02/01/08	03/01/08	7,998.79	7,998.79	6,694.16				14,692.95	14,692.95	-	0.00
	<b>2004 MF Chisholm Trail Apts Total</b>				126,896.03	126,896.03	43,174.97	(100,000.00)	0.00	0.00	70,071.00	70,071.00	0.00	0.00
Money Market	2004 MF Evergreen at Plano	2.23	02/01/08	03/01/08	86,138.64	86,138.64	49,350.08				135,488.72	135,488.72	-	0.00
Money Market	2004 MF Evergreen at Plano	2.23	02/01/08	03/01/08	5,516.43	5,516.43	9,414.14				14,930.57	14,930.57	-	0.00
Money Market	2004 MF Evergreen at Plano	2.23	02/01/08	03/01/08	2,130.67	2,130.67	17.97				2,148.64	2,148.64	-	0.00
Money Market	2004 MF Evergreen at Plano	2.23	02/01/08	03/01/08	2.67	2.67	6,654.16				6,656.83	6,656.83	-	0.00
Money Market	2004 MF Evergreen at Plano	2.23	02/01/08	03/01/08	32.72	32.72	80,229.66				80,262.38	80,262.38	-	0.00
Money Market	2004 MF Evergreen at Plano	2.23	02/01/08	03/01/08	109,316.47	109,316.47		(108,366.05)			950.42	950.42	-	0.00
Money Market	2004 MF Evergreen at Plano	2.23	02/01/08	03/01/08	98,798.78	98,798.78	18,007.56				116,806.34	116,806.34	-	0.00
	<b>2004 MF Evergreen at Plano Total</b>				301,936.38	301,936.38	163,673.57	(108,366.05)	0.00	0.00	357,243.90	357,243.90	0.00	0.00
Money Market	2004 MF Montgomery Pines Apts	2.22	02/01/08	03/01/08	4,640.41	4,640.41	10,246.99				14,887.40	14,887.40	-	0.00
Money Market	2004 MF Montgomery Pines Apts	2.22	02/01/08	03/01/08	33.80	33.80	0.00				33.80	33.80	-	0.00
	<b>2004 MF Montgomery Pines Apts Total</b>				4,674.21	4,674.21	10,246.99	0.00	0.00	0.00	14,921.20	14,921.20	0.00	0.00
Money Market	2004 MF Bristol Apts	2.22	02/01/08	03/01/08	223.45	223.45	1.32				224.77	224.77	-	0.00
Money Market	2004 MF Bristol Apts	2.22	02/01/08	03/01/08	16.22	16.22	0.14				16.36	16.36	-	0.00
Money Market	2004 MF Bristol Apts	2.22	02/01/08	03/01/08	97.66	97.66	0.83				98.49	98.49	-	0.00
Money Market	2004 MF Bristol Apts	2.22	02/01/08	03/01/08	11,978.53	11,978.53	789.30				12,767.83	12,767.83	-	0.00
Money Market	2004 MF Bristol Apts	2.22	02/01/08	03/01/08	48.16	48.16	0.41				48.57	48.57	-	0.00
Money Market	2004 MF Bristol Apts	2.22	02/01/08	03/01/08	14,353.46	14,353.46	21,954.31				36,307.77	36,307.77	-	0.00
Money Market	2004 MF Bristol Apts	2.22	02/01/08	03/01/08	0.05	0.05	0.00				0.05	0.05	-	0.00
	<b>2004 MF Bristol Apts Total</b>				26,717.53	26,717.53	22,746.31	0.00	0.00	0.00	49,463.84	49,463.84	0.00	0.00
Money Market	2004 MF Pinnacle Apts	2.22	02/01/08	03/01/08	10,049.64	10,049.64		(518.90)			9,530.74	9,530.74	-	0.00
Money Market	2004 MF Pinnacle Apts	2.22	02/01/08	03/01/08	1,003.31	1,003.31	8.55				1,011.86	1,011.86	-	0.00
Money Market	2004 MF Pinnacle Apts	2.22	02/01/08	03/01/08	50.50	50.50	0.44				50.94	50.94	-	0.00
Money Market	2004 MF Pinnacle Apts	2.22	02/01/08	03/01/08	268.54	268.54	6,611.89				6,880.43	6,880.43	-	0.00
Money Market	2004 MF Pinnacle Apts	2.22	02/01/08	03/01/08			170.82				170.82	170.82	-	0.00
Money Market	2004 MF Pinnacle Apts	2.22	02/01/08	03/01/08	43.47	43.47	0.37				43.84	43.84	-	0.00
	<b>2004 MF Pinnacle Apts Total</b>				11,415.46	11,415.46	6,792.07	(518.90)	0.00	0.00	17,688.63	17,688.63	0.00	0.00
Money Market	2004 MF Tranquility Bay Apts	2.00	02/01/08	03/01/08	59,569.83	59,569.83	16,857.51				76,427.34	76,427.34	-	0.00
Money Market	2004 MF Tranquility Bay Apts	2.00	02/01/08	03/01/08	246.79	246.79	76,978.13				77,224.92	77,224.92	-	0.00
Money Market	2004 MF Tranquility Bay Apts	2.00	02/01/08	03/01/08	1,078.23	1,078.23	50.72				1,128.95	1,128.95	-	0.00
Money Market	2004 MF Tranquility Bay Apts	2.00	02/01/08	03/01/08	316,770.44	316,770.44		(45,443.83)			271,326.61	271,326.61	-	0.00
Money Market	2004 MF Tranquility Bay Apts	2.00	02/01/08	03/01/08	25,862.68	25,862.68		(5,015.14)			20,847.54	20,847.54	-	0.00
Money Market	2004 MF Tranquility Bay Apts	2.00	02/01/08	03/01/08			7,038.93				7,038.93	7,038.93	-	0.00
	<b>2004 MF Tranquility Bay Apts Total</b>				403,527.97	403,527.97	100,925.29	(50,458.97)	0.00	0.00	453,994.29	453,994.29	0.00	0.00
GNMA	2004 MF Sphinx @ Delafield	5.42	03/01/06	01/15/44	11,215,962.71	11,215,962.71			(23,715.92)		11,192,246.79	11,192,246.79	-	0.00
Inv Agmt	2004 MF Sphinx @ Delafield	3.00	11/22/04	01/20/44	234,570.82	234,570.82		(172,660.72)			61,910.10	61,910.10	-	0.00
Money Market	2004 MF Sphinx @ Delafield	2.39	02/01/08	03/01/08	6,405.97	6,405.97	1,749.06				8,155.03	8,155.03	-	0.00
	<b>2004 MF Sphinx @ Delafield Total</b>				11,456,939.50	11,456,939.50	1,749.06	(172,660.72)	(23,715.92)	0.00	11,262,311.92	11,262,311.92	0.00	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Money Market	2004 MF Churchill @ Pinnacle	2.23	02/01/08	03/01/08	8,283.86	8,283.86	68.07				8,351.93	8,351.93	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	2.23	02/01/08	03/01/08	260,136.27	260,136.27		(76,856.25)			183,280.02	183,280.02	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	2.23	02/01/08	03/01/08	351.78	351.78	3.06				354.84	354.84	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	2.23	02/01/08	03/01/08	78,921.96	78,921.96	14,158.33				93,080.29	93,080.29	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	2.23	02/01/08	03/01/08	49.49	49.49	54,921.74				54,971.23	54,971.23	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	2.23	02/01/08	03/01/08	87,042.39	87,042.39		(86,353.93)			688.46	688.46	-	0.00
Money Market	2004 MF Churchill @ Pinnacle	2.23	02/01/08	03/01/08	15,929.52	15,929.52	2,577.16				18,506.68	18,506.68	-	0.00
	<b>2004 MF Churchill @ Pinnacle Total</b>				450,715.27	450,715.27	71,728.36	(163,210.18)	0.00	0.00	359,233.45	359,233.45	0.00	0.00
Money Market	2004 A/B MF Post Oak East Apts	2.22	02/01/08	03/01/08	2,982.57	2,982.57	25.43				3,008.00	3,008.00	-	0.00
Money Market	2004 A/B MF Post Oak East Apts	2.22	02/01/08	03/01/08	2.85	2.85	0.03				2.88	2.88	-	0.00
Money Market	2004 A/B MF Post Oak East Apts	2.22	02/01/08	03/01/08	5.88	5.88	0.05				5.93	5.93	-	0.00
	<b>2004 A/B MF Post Oak East Apts Total</b>				2,991.30	2,991.30	25.51	0.00	0.00	0.00	3,016.81	3,016.81	0.00	0.00
Money Market	2004 MF Village Fair	2.39	02/01/08	03/01/08	213,318.76	213,318.76		(124,029.86)			89,288.90	89,288.90	-	0.00
Money Market	2004 MF Village Fair	2.39	02/01/08	03/01/08	111,719.46	111,719.46		(1.65)			111,717.81	111,717.81	-	0.00
Money Market	2004 MF Village Fair	2.39	02/01/08	03/01/08	29,894.32	29,894.32	320.97				30,215.29	30,215.29	-	0.00
	<b>2004 MF Village Fair Total</b>				354,932.54	354,932.54	320.97	(124,031.51)	0.00	0.00	231,222.00	231,222.00	0.00	0.00
Money Market	2005 MF Pecan Grove	2.39	02/01/08	03/01/08	516.94	516.94	0.00				516.94	516.94	-	0.00
Money Market	2005 MF Pecan Grove	2.39	02/01/08	03/01/08	85.89	85.89	13.05				98.94	98.94	-	0.00
Money Market	2005 MF Pecan Grove	2.39	02/01/08	03/01/08	15.22	15.22	4.34				19.56	19.56	-	0.00
	<b>2005 MF Pecan Grove Total</b>				618.05	618.05	17.39	0.00	0.00	0.00	635.44	635.44	0.00	0.00
Money Market	2005 MF Prairie Oaks	2.39	02/01/08	03/01/08	25,938.12	25,938.12		(14,759.12)			11,179.00	11,179.00	-	0.00
Money Market	2005 MF Prairie Oaks	2.39	02/01/08	03/01/08	41,656.43	41,656.43	8,779.72				50,436.15	50,436.15	-	0.00
Money Market	2005 MF Prairie Oaks	2.39	02/01/08	03/01/08	364,539.08	364,539.08	2,975.39				367,514.47	367,514.47	-	0.00
Money Market	2005 MF Prairie Oaks	2.39	02/01/08	03/01/08	25,103.60	25,103.60	204.90				25,308.50	25,308.50	-	0.00
Money Market	2005 MF Prairie Oaks	2.39	02/01/08	03/01/08	89,410.69	89,410.69		(415.24)			88,995.45	88,995.45	-	0.00
Money Market	2005 MF Prairie Oaks	2.39	02/01/08	03/01/08	163,171.75	163,171.75		(91,246.67)			71,925.08	71,925.08	-	0.00
	<b>2005 MF Prairie Oaks Total</b>				709,819.67	709,819.67	11,960.01	(106,421.03)	0.00	0.00	615,358.65	615,358.65	0.00	0.00
Money Market	2005 MF Port Royal	2.39	02/01/08	03/01/08	142.07	142.07	0.00				142.07	142.07	-	0.00
Money Market	2005 MF Port Royal	2.39	02/01/08	03/01/08	293.55	293.55	2.39				295.94	295.94	-	0.00
Money Market	2005 MF Port Royal	2.39	02/01/08	03/01/08	4.16	4.16	1.18				5.34	5.34	-	0.00
	<b>2005 MF Port Royal Total</b>				439.78	439.78	3.57	0.00	0.00	0.00	443.35	443.35	0.00	0.00
Money Market	2005 MF Mission Del Rio	2.39	02/01/08	03/01/08	143,182.67	143,182.67		(143,154.37)			28.30	28.30	-	0.00
Money Market	2005 MF Mission Del Rio	2.39	02/01/08	03/01/08	1,991,919.20	1,991,919.20	16,258.15				2,008,177.35	2,008,177.35	-	0.00
Money Market	2005 MF Mission Del Rio	2.39	02/01/08	03/01/08	2,105.03	2,105.03	0.00				2,105.03	2,105.03	-	0.00
Money Market	2005 MF Mission Del Rio	2.39	02/01/08	03/01/08	2,271.16	2,271.16	35.72				2,306.88	2,306.88	-	0.00
	<b>2005 MF Mission Del Rio Total</b>				2,139,478.06	2,139,478.06	16,293.87	(143,154.37)	0.00	0.00	2,012,617.56	2,012,617.56	0.00	0.00
Money Market	2005 MF Atascocita Apts	2.39	02/01/08	03/01/08	18,718.12	18,718.12	6,621.56				25,339.68	25,339.68	-	0.00
Money Market	2005 MF Atascocita Apts	2.39	02/01/08	03/01/08			186.15				186.15	186.15	-	0.00
Money Market	2005 MF Atascocita Apts	2.39	02/01/08	03/01/08			53,153.27				53,153.27	53,153.27	-	0.00
	<b>2005 MF Atascocita Apts Total</b>				18,718.12	18,718.12	59,960.98	0.00	0.00	0.00	78,679.10	78,679.10	0.00	0.00
Money Market	2005 MF Tower Ridge	2.85	02/01/08	03/01/08	899.94	899.94	7.38				907.32	907.32	-	0.00
Money Market	2005 MF Tower Ridge	2.75	02/01/08	03/01/08	84.97	84.97	0.75				85.72	85.72	-	0.00
Money Market	2005 MF Tower Ridge	2.75	02/01/08	03/01/08	5.89	5.89		(5.78)			0.11	0.11	-	0.00
	<b>2005 MF Tower Ridge Total</b>				990.80	990.80	8.13	(5.78)	0.00	0.00	993.15	993.15	0.00	0.00
Money Market	2005 MF Alta Cullen	2.23	02/01/08	03/01/08	4,133.33	4,133.33	12,462.51				16,595.84	16,595.84	-	0.00
Money Market	2005 MF Alta Cullen	2.23	02/01/08	03/01/08	794.95	794.95	32.35				827.30	827.30	-	0.00
Money Market	2005 MF Alta Cullen	2.23	02/01/08	03/01/08	4,892.46	4,892.46	41.88				4,934.34	4,934.34	-	0.00
Money Market	2005 MF Alta Cullen	2.23	02/01/08	03/01/08	248,591.48	248,591.48		(73,671.23)			174,920.25	174,920.25	-	0.00
	<b>2005 MF Alta Cullen Total</b>				258,412.22	258,412.22	12,536.74	(73,671.23)	0.00	0.00	197,277.73	197,277.73	0.00	0.00

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GNMA	2005 MF Prairie Ranch	4.99	03/28/06	01/15/45	12,113,657.22	12,113,657.22	23,653.84				12,137,311.06	12,137,311.06	-	0.00
Inv Agmt	2005 MF Prairie Ranch	3.25	12/06/05	01/20/45	348,553.14	348,553.14		(213,311.52)			135,241.62	135,241.62	-	0.00
Money Market	2005 MF Prairie Ranch	2.39	02/01/08	03/01/08	3,519.96	3,519.96	27.80				3,547.76	3,547.76	-	0.00
Money Market	2005 MF Prairie Ranch	2.39	02/01/08	03/01/08	8,724.38	8,724.38	9,380.87				18,105.25	18,105.25	-	0.00
	<b>2005 MF Prairie Ranch Total</b>				12,474,454.70	12,474,454.70	33,062.51	(213,311.52)	0.00	0.00	12,294,205.69	12,294,205.69	0.00	0.00
Money Market	2005 MF St. Augustine	2.22	02/01/08	03/01/08	41.62	41.62	0.35				41.97	41.97	-	0.00
Money Market	2005 MF St. Augustine	2.22	02/01/08	03/01/08	4,199.90	4,199.90	35.81				4,235.71	4,235.71	-	0.00
Money Market	2005 MF St. Augustine	2.22	02/01/08	03/01/08	15,938.86	15,938.86	6,385.16				22,324.02	22,324.02	-	0.00
Money Market	2005 MF St. Augustine	2.22	02/01/08	03/01/08	24,681.61	24,681.61	354.59				25,036.20	25,036.20	-	0.00
	<b>2005 MF St. Augustine Total</b>				44,861.99	44,861.99	6,775.91	0.00	0.00	0.00	51,637.90	51,637.90	0.00	0.00
Mutual Fund	2005 MF Park Manor	2.23	02/01/08	03/01/08	48,247.54	48,247.54		(23,563.18)			24,684.36	24,684.36	-	0.00
Money Market	2005 MF Park Manor	2.23	02/01/08	03/01/08	16.64	16.64	6.87				23.51	23.51	-	0.00
Money Market	2005 MF Park Manor	2.23	02/01/08	03/01/08	87.81	87.81	0.77				88.58	88.58	-	0.00
Money Market	2005 MF Park Manor	2.23	02/01/08	03/01/08	19,386.60	19,386.60	2,285.04				21,671.64	21,671.64	-	0.00
	<b>2005 MF Park Manor Total</b>				67,738.59	67,738.59	2,292.68	(23,563.18)	0.00	0.00	46,468.09	46,468.09	0.00	0.00
Money Market	2005 MF Pr Mockingbird	2.39	02/01/08	03/01/08	17,961.16	17,961.16	12,728.08				30,689.24	30,689.24	-	0.00
Money Market	2005 MF Pr Mockingbird	2.39	02/01/08	03/01/08	143,151.74	143,151.74		(3,004.87)			140,146.87	140,146.87	-	0.00
Money Market	2005 MF Pr Mockingbird	2.39	02/01/08	03/01/08	89,925.32	89,925.32		(1.66)			89,923.66	89,923.66	-	0.00
Money Market	2005 MF Pr Mockingbird	2.39	02/01/08	03/01/08	20,231.83	20,231.83	9,152.23				29,384.06	29,384.06	-	0.00
	<b>2005 MF Pr Mockingbird Total</b>				271,270.05	271,270.05	21,880.31	(3,006.53)	0.00	0.00	290,143.83	290,143.83	0.00	0.00
Money Market	2005 MF PI @ Chase Oaks	2.22	02/01/08	03/01/08	403.09	403.09	3.39				406.48	406.48	-	0.00
Money Market	2005 MF PI @ Chase Oaks	2.22	02/01/08	03/01/08	117.65	117.65	0.99				118.64	118.64	-	0.00
	<b>2005 MF PI @ Chase Oaks Total</b>				520.74	520.74	4.38	0.00	0.00	0.00	525.12	525.12	0.00	0.00
Money Market	2005 MF Canal Place	2.39	02/01/08	03/01/08	8,868.82	8,868.82	8,014.53				16,883.35	16,883.35	-	0.00
Money Market	2005 MF Canal Place	2.39	02/01/08	03/01/08	88,517.44	88,517.44		(168.72)			88,348.72	88,348.72	-	0.00
Money Market	2005 MF Canal Place	2.39	02/01/08	03/01/08	1,010.26	1,010.26	732.39				1,742.65	1,742.65	-	0.00
	<b>2005 MF Canal Place Total</b>				98,396.52	98,396.52	8,746.92	(168.72)	0.00	0.00	106,974.72	106,974.72	0.00	0.00
Money Market	2006 MF Coral Hills	2.04	02/01/08	03/01/08	47.52	47.52	0.20				47.72	47.72	-	0.00
Money Market	2006 MF Coral Hills	2.04	02/01/08	03/01/08	149,892.25	149,892.25		(63,875.29)			86,016.96	86,016.96	-	0.00
Money Market	2006 MF Coral Hills	2.04	02/01/08	03/01/08	9.82	9.82	0.00				9.82	9.82	-	0.00
	<b>2006 MF Coral Hills Total</b>				149,949.59	149,949.59	0.20	(63,875.29)	0.00	0.00	86,074.50	86,074.50	0.00	0.00
Money Market	2006 MF Harris Branch	2.39	02/01/08	03/01/08	564.55	564.55	4,119.71				4,684.26	4,684.26	-	0.00
Money Market	2006 MF Harris Branch	2.39	02/01/08	03/01/08	8,276.81	8,276.81	0.00				8,276.81	8,276.81	-	0.00
Money Market	2006 MF Harris Branch	2.39	02/01/08	03/01/08	9,362.61	9,362.61	0.00				9,362.61	9,362.61	-	0.00
Money Market	2006 MF Harris Branch	2.39	02/01/08	03/01/08			3,592.54				3,592.54	3,592.54	-	0.00
Inv Agmt	2006 MF Harris Branch				3,481.07	3,481.07		(3,481.07)					-	0.00
Money Market	2006 MF Harris Branch	2.39	02/01/08	03/01/08			25,721.36				25,721.36	25,721.36	-	0.00
Inv Agmt	2006 MF Harris Branch				68.46	68.46		(68.46)					-	0.00
Money Market	2006 MF Harris Branch				7,506.58	7,506.58		(7,506.58)					-	0.00
	<b>2006 MF Harris Branch Total</b>				29,260.08	29,260.08	33,433.61	(11,056.11)	0.00	0.00	51,637.58	51,637.58	0.00	0.00
Money Market	2006 MF Bella Vista	2.39	02/01/08	03/01/08			27,166.00				27,166.00	27,166.00	-	0.00
Money Market	2006 MF Bella Vista	2.39	02/01/08	03/01/08	3,797.81	3,797.81	31.01				3,828.82	3,828.82	-	0.00
Money Market	2006 MF Bella Vista	2.39	02/01/08	03/01/08	45.01	45.01		(20.22)			24.79	24.79	-	0.00
Money Market	2006 MF Bella Vista	2.39	02/01/08	03/01/08	247,858.88	247,858.88		(9,977.80)			237,881.08	237,881.08	-	0.00
Money Market	2006 MF Bella Vista	2.39	02/01/08	03/01/08	7,414.41	7,414.41	60.52				7,474.93	7,474.93	-	0.00
Money Market	2006 MF Bella Vista	2.39	02/01/08	03/01/08	357.70	357.70	2.92				360.62	360.62	-	0.00
	<b>2006 MF Bella Vista Total</b>				259,473.81	259,473.81	27,260.45	(9,998.02)	0.00	0.00	276,736.24	276,736.24	0.00	0.00
Money Market	2006 MF Village Park	2.04	02/01/08	03/01/08	3.73	3.73	0.00				3.73	3.73	-	0.00
Money Market	2006 MF Village Park	2.04	02/01/08	03/01/08	80.90	80.90	0.69				81.59	81.59	-	0.00
Money Market	2006 MF Village Park	2.04	02/01/08	03/01/08	402,752.05	402,752.05		(165,023.15)			237,728.90	237,728.90	-	0.00
Money Market	2006 MF Village Park	2.04	02/01/08	03/01/08	246.55	246.55	1.97				248.52	248.52	-	0.00

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	<b>2006 MF Village Park Total</b>				403,083.23	403,083.23	2.66	(165,023.15)	0.00	0.00	238,062.74	238,062.74	0.00	0.00
Money Market	2006 MF Oakmoor	2.23	02/01/08	03/01/08	1,290.00	1,290.00	0.00				1,290.00	1,290.00	-	0.00
Money Market	2006 MF Oakmoor	2.23	02/01/08	03/01/08	397,007.62	397,007.62	0.00				397,007.62	397,007.62	-	0.00
Money Market	2006 MF Oakmoor	2.23	02/01/08	03/01/08	100,000.00	100,000.00		(5,835.32)			94,164.68	94,164.68	-	0.00
Money Market	2006 MF Oakmoor				202,797.29	202,797.29		(202,797.29)					-	0.00
Money Market	2006 MF Oakmoor	2.23	02/01/08	03/01/08	8,703.34	8,703.34	1,566.11				10,269.45	10,269.45	-	0.00
	<b>2006 MF Oakmoor Total</b>				709,798.25	709,798.25	1,566.11	(208,632.61)	0.00	0.00	502,731.75	502,731.75	0.00	0.00
Money Market	2006 MF Sunset Pointe	4.32	02/01/08	03/01/08	182,931.25	182,931.25		(80,577.30)			102,353.95	102,353.95	-	0.00
	<b>2006 MF Sunset Pointe Total</b>				182,931.25	182,931.25	0.00	(80,577.30)	0.00	0.00	102,353.95	102,353.95	0.00	0.00
Money Market	2006 MF Hillcrest	2.04	02/01/08	03/01/08	4,838.90	4,838.90	35.03				4,873.93	4,873.93	-	0.00
Money Market	2006 MF Hillcrest	2.04	02/01/08	03/01/08	158,709.98	158,709.98	168,287.29				326,997.27	326,997.27	-	0.00
Money Market	2006 MF Hillcrest	2.04	02/01/08	03/01/08	947,534.31	947,534.31		(464,038.21)			483,496.10	483,496.10	-	0.00
Money Market	2006 MF Hillcrest	2.04	02/01/08	03/01/08	24.47	24.47	0.12				24.59	24.59	-	0.00
	<b>2006 MF Hillcrest Total</b>				1,111,107.66	1,111,107.66	168,322.44	(464,038.21)	0.00	0.00	815,391.89	815,391.89	0.00	0.00
Money Market	2006 MF Pleasant Village	2.08	02/01/08	03/01/08	1,166.60	1,166.60	875.01				2,041.61	2,041.61	-	0.00
Mutual Fund	2006 MF Pleasant Village	2.08	02/01/08	03/01/08	2,462.75	2,462.75		(859.66)			1,603.09	1,603.09	-	0.00
Money Market	2006 MF Pleasant Village	2.08	02/01/08	03/01/08	63,712.06	63,712.06		(60,653.64)			3,058.42	3,058.42	-	0.00
Money Market	2006 MF Pleasant Village	2.08	02/01/08	03/01/08	6.57	6.57	29,576.77				29,583.34	29,583.34	-	0.00
	<b>2006 MF Pleasant Village Total</b>				67,347.98	67,347.98	30,451.78	(61,513.30)	0.00	0.00	36,286.46	36,286.46	0.00	0.00
Money Market	2006 MF Grove Village	2.08	02/01/08	03/01/08	33,639.19	33,639.19		(33,626.46)			12.73	12.73	-	0.00
Money Market	2006 MF Grove Village	2.08	02/01/08	03/01/08	1,166.60	1,166.60	583.34				1,749.94	1,749.94	-	0.00
Money Market	2006 MF Grove Village	2.08	02/01/08	03/01/08	2,329.29	2,329.29		(2,326.68)			2.61	2.61	-	0.00
Money Market	2006 MF Grove Village	2.08	02/01/08	03/01/08	6.67	6.67	30,446.67				30,453.34	30,453.34	-	0.00
	<b>2006 MF Grove Village Total</b>				37,141.75	37,141.75	31,030.01	(35,953.14)	0.00	0.00	32,218.62	32,218.62	0.00	0.00
Money Market	2006 MF Red Hills	2.39	02/01/08	03/01/08	15,897.01	15,897.01	5,250.86				21,147.87	21,147.87	-	0.00
Money Market	2006 MF Red Hills	2.39	02/01/08	03/01/08	38,282.93	38,282.93	9,133.37				47,416.30	47,416.30	-	0.00
	<b>2006 MF Red Hills Total</b>				54,179.94	54,179.94	14,384.23	0.00	0.00	0.00	68,564.17	68,564.17	0.00	0.00
Money Market	2006 MF Champion Crossing	2.39	02/01/08	03/01/08	19,330.07	19,330.07	5,083.74				24,413.81	24,413.81	-	0.00
Money Market	2006 MF Champion Crossing	2.39	02/01/08	03/01/08	71,816.61	71,816.61	16,345.89				88,162.50	88,162.50	-	0.00
	<b>2006 MF Champion Crossing Total</b>				91,146.68	91,146.68	21,429.63	0.00	0.00	0.00	112,576.31	112,576.31	0.00	0.00
Money Market	2006 MF Stonehaven	2.39	02/01/08	03/01/08	1,347.10	1,347.10	147,275.53				148,622.63	148,622.63	-	0.00
Inv Agmt	2006 MF Stonehaven				145,042.02	145,042.02		(145,042.02)					-	0.00
Money Market	2006 MF Stonehaven	2.39	02/01/08	03/01/08	6,736.76	6,736.76	7,277.95				14,014.71	14,014.71	-	0.00
Money Market	2006 MF Stonehaven	2.39	02/01/08	03/01/08	474,153.50	474,153.50		(160,385.55)			313,767.95	313,767.95	-	0.00
	<b>2006 MF Stonehaven Total</b>				627,279.38	627,279.38	154,553.48	(305,427.57)	0.00	0.00	476,405.29	476,405.29	0.00	0.00
Money Market	2006 MF Center Ridge	2.04	02/01/08	03/01/08	78.55	78.55	0.69				79.24	79.24	-	0.00
Money Market	2006 MF Center Ridge	2.04	02/01/08	03/01/08	1,522.16	1,522.16	11.23				1,533.39	1,533.39	-	0.00
Money Market	2006 MF Center Ridge	2.04	02/01/08	03/01/08	65,580.79	65,580.79	107,582.49				173,163.28	173,163.28	-	0.00
	<b>2006 MF Center Ridge Total</b>				67,181.50	67,181.50	107,594.41	0.00	0.00	0.00	174,775.91	174,775.91	0.00	0.00
Money Market	2006 MF Meadowlands	2.23	02/01/08	03/01/08	9,440.00	9,440.00	80.84				9,520.84	9,520.84	-	0.00
Money Market	2006 MF Meadowlands	2.23	02/01/08	03/01/08	220,778.47	220,778.47	908,001.83				1,128,780.30	1,128,780.30	-	0.00
Money Market	2006 MF Meadowlands				1,107,613.87	1,107,613.87		(1,107,613.87)					-	0.00
Money Market	2006 MF Meadowlands	2.04	02/01/08	03/01/08	38,644.00	38,644.00	0.00				38,644.00	38,644.00	-	0.00
Money Market	2006 MF Meadowlands	2.23	02/01/08	03/01/08	113.55	113.55	497,032.25				497,145.80	497,145.80	-	0.00
Money Market	2006 MF Meadowlands				1,215,627.31	1,215,627.31		(1,215,627.31)					-	0.00
	<b>2006 MF Meadowlands Total</b>				2,592,217.20	2,592,217.20	1,405,114.92	(2,323,241.18)	0.00	0.00	1,674,090.94	1,674,090.94	0.00	0.00
GIC's	2006 MF East Texas Pines	5.00	11/08/06	11/08/08	4,512,461.50	4,512,461.50		(2,065,698.38)			2,446,763.12	2,446,763.12	-	0.00
Money Market	2006 MF East Texas Pines	2.39	02/01/08	03/01/08			242,117.92				242,117.92	242,117.92	-	0.00
Money Market	2006 MF East Texas Pines				51.73	51.73		(51.73)					-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Money Market GIC's	2006 MF East Texas Pines				5,330.48	5,330.48		(5,330.48)					-	0.00
Money Market GIC's	2006 MF East Texas Pines				54,340.87	54,340.87		(54,340.87)					-	0.00
Money Market GIC's	2006 MF East Texas Pines				0.36	0.36		(0.36)					-	0.00
Money Market GIC's	2006 MF East Texas Pines				122,918.55	122,918.55		(122,918.55)					-	0.00
	<b>2006 MF East Texas Pines Total</b>				4,695,103.49	4,695,103.49	242,117.92	(2,248,340.37)	0.00	0.00	2,688,881.04	2,688,881.04	0.00	0.00
Money Market	2006 MF Villas at Henderson	2.39	02/01/08	03/01/08	2.70	2.70	0.03				2.73	2.73	-	0.00
Money Market GIC's	2006 MF Villas at Henderson				1.42	1.42		(1.42)					-	0.00
Money Market GIC's	2006 MF Villas at Henderson				248,285.00	248,285.00		(248,285.00)					-	0.00
Money Market	2006 MF Villas at Henderson	2.39	02/01/08	03/01/08			0.03				0.03	0.03	-	0.00
Money Market GIC's	2006 MF Villas at Henderson	2.39	02/01/08	03/01/08			19.00				19.00	19.00	-	0.00
Money Market GIC's	2006 MF Villas at Henderson				794,448.31	794,448.31		(794,448.31)					-	0.00
Money Market GIC's	2006 MF Villas at Henderson	2.39	02/01/08	03/01/08	6,292.77	6,292.77		(5,832.70)			460.07	460.07	-	0.00
Money Market GIC's	2006 MF Villas at Henderson	4.47	11/20/06	04/01/08	171,759.76	171,759.76		(69,837.53)			101,922.23	101,922.23	-	0.00
Money Market	2006 MF Villas at Henderson	2.39	02/01/08	03/01/08			8.29				8.29	8.29	-	0.00
Money Market	2006 MF Villas at Henderson	2.39	02/01/08	03/01/08	7,561.35	7,561.35	3,565.71				11,127.06	11,127.06	-	0.00
Money Market	2006 MF Villas at Henderson				25,669.47	25,669.47		(25,669.47)					-	0.00
	<b>2006 MF Villas at Henderson Total</b>				1,254,020.78	1,254,020.78	3,593.06	(1,144,074.43)	0.00	0.00	113,539.41	113,539.41	0.00	0.00
Money Market	2006 MF Aspen Parks Apts	2.45	02/01/08	03/01/08	685.56	685.56	5.14				690.70	690.70	-	0.00
Money Market	2006 MF Aspen Parks Apts	2.45	02/01/08	03/01/08	236,633.74	236,633.74		(121,296.52)			115,337.22	115,337.22	-	0.00
Money Market	2006 MF Aspen Parks Apts	2.45	02/01/08	03/01/08	145.84	145.84	1.09				146.93	146.93	-	0.00
	<b>2006 MF Aspen Parks Apts Total</b>				237,465.14	237,465.14	6.23	(121,296.52)	0.00	0.00	116,174.85	116,174.85	0.00	0.00
Money Market	2006 MF Idlewilde Apts	2.39	02/01/08	03/01/08	68.66	68.66	90,504.32				90,572.98	90,572.98	-	0.00
Money Market GIC's	2006 MF Idlewilde Apts	2.39	02/01/08	03/01/08	109,000.00	109,000.00	670,056.93				779,056.93	779,056.93	-	0.00
Money Market GIC's	2006 MF Idlewilde Apts				46,760.01	46,760.01		(46,760.01)					-	0.00
Money Market	2006 MF Idlewilde Apts	2.39	02/01/08	03/01/08	9,879.93	9,879.93		(179.76)			9,700.17	9,700.17	-	0.00
Money Market	2006 MF Idlewilde Apts				75,708.81	75,708.81		(75,708.81)					-	0.00
Money Market GIC's	2006 MF Idlewilde Apts	2.39	02/01/08	03/01/08	2,216,578.41	2,216,578.41		(1,907,939.28)			308,639.13	308,639.13	-	0.00
Money Market GIC's	2006 MF Idlewilde Apts				297,949.27	297,949.27		(297,949.27)					-	0.00
Money Market	2006 MF Idlewilde Apts	2.39	02/01/08	03/01/08	24,819.76	24,819.76		(2,629.38)			22,190.38	22,190.38	-	0.00
	<b>2006 MF Idlewilde Apts Total</b>				2,780,764.85	2,780,764.85	760,561.25	(2,331,166.51)	0.00	0.00	1,210,159.59	1,210,159.59	0.00	0.00
Money Market	2007 MF Landcaster Apts				100,922.75	100,922.75		(100,922.75)					-	0.00
Money Market GIC's	2007 MF Landcaster Apts	2.39	02/01/08	03/01/08	2,181,341.16	2,181,341.16		(1,964,215.52)			217,125.64	217,125.64	-	0.00
Money Market GIC's	2007 MF Landcaster Apts				3,109,824.44	3,109,824.44		(3,109,824.44)					-	0.00
Money Market	2007 MF Landcaster Apts	2.39	02/01/08	03/01/08	8,067.35	8,067.35		(554.99)			7,512.36	7,512.36	-	0.00
Money Market GIC's	2007 MF Landcaster Apts	2.39	02/01/08	03/01/08	109,000.00	109,000.00	2,396,045.99				2,505,045.99	2,505,045.99	-	0.00
Money Market GIC's	2007 MF Landcaster Apts				169,293.64	169,293.64		(169,293.64)					-	0.00
Money Market	2007 MF Landcaster Apts	2.39	02/01/08	03/01/08	23,664.15	23,664.15	66,563.41				90,227.56	90,227.56	-	0.00
Money Market	2007 MF Landcaster Apts	2.39	02/01/08	03/01/08	405.92	405.92	145.48				551.40	551.40	-	0.00
	<b>2007 MF Landcaster Apts Total</b>				5,702,519.41	5,702,519.41	2,462,754.88	(5,344,811.34)	0.00	0.00	2,820,462.95	2,820,462.95	0.00	0.00
Money Market GIC's	2007 MF Park Place	2.23	02/01/08	03/01/08	38,506.02	38,506.02		(25,047.05)			13,458.97	13,458.97	-	0.00
Money Market GIC's	2007 MF Park Place	5.80	02/21/07	10/01/08	327,220.00	327,220.00	0.00				327,220.00	327,220.00	-	0.00
Money Market	2007 MF Park Place	2.23	02/01/08	03/01/08	378,887.00	378,887.00	0.00				378,887.00	378,887.00	-	0.00
Money Market GIC's	2007 MF Park Place	2.23	02/01/08	03/01/08	1,329.39	1,329.39		(1,176.06)			153.33	153.33	-	0.00
Money Market GIC's	2007 MF Park Place	5.80	02/28/07	10/01/08	7,840,072.19	7,840,072.19		(2,467,210.73)			5,372,861.46	5,372,861.46	-	0.00
Money Market	2007 MF Park Place	2.23	02/01/08	03/01/08	1,194,812.93	1,194,812.93		(404,494.23)			790,318.70	790,318.70	-	0.00
Money Market	2007 MF Park Place	2.23	02/01/08	03/01/08			72,500.00				72,500.00	72,500.00	-	0.00
Money Market	2007 MF Park Place	2.23	02/01/08	03/01/08			1,500.00				1,500.00	1,500.00	-	0.00
	<b>2007 MF Park Place Total</b>				9,780,827.53	9,780,827.53	74,000.00	(2,897,928.07)	0.00	0.00	6,956,899.46	6,956,899.46	0.00	0.00
GIC's	2007 MF Terrace @ Cibolo	4.57	05/09/07	07/01/08	505,036.78	505,036.78	0.00				505,036.78	505,036.78	-	0.00
GIC's	2007 MF Terrace @ Cibolo	4.57	05/09/07	07/01/08	4,711,076.93	4,711,076.93		(1,226,113.08)			3,484,963.85	3,484,963.85	-	0.00
Money Market GIC's	2007 MF Terrace @ Cibolo	2.39	02/01/08	03/01/08	20,891.61	20,891.61		(7,396.29)			13,495.32	13,495.32	-	0.00
Money Market GIC's	2007 MF Terrace @ Cibolo	4.57	05/09/07	07/01/08	351,560.15	351,560.15		(1,232.22)			350,327.93	350,327.93	-	0.00
Money Market	2007 MF Terrace @ Cibolo	2.39	02/01/08	03/01/08	11,631.79	11,631.79	5,880.47				17,512.26	17,512.26	-	0.00
Money Market	2007 MF Terrace @ Cibolo	2.39	02/01/08	03/01/08	3,815.85	3,815.85	1,131.40				4,947.25	4,947.25	-	0.00

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Money Market	2007 MF Terrace @ Cibolo	2.39	02/01/08	03/01/08	20,721.86	20,721.86	169.13				20,890.99	20,890.99	-	0.00
	<b>2007 MF Terrace @ Cibolo Total</b>				5,624,734.97	5,624,734.97	7,181.00	(1,234,741.59)	0.00	0.00	4,397,174.38	4,397,174.38	0.00	0.00
Money Market	2007 MF Santora Villas	2.23	02/01/08	03/01/08	31,379.38	31,379.38		(8,379.01)			23,000.37	23,000.37	-	0.00
GIC's	2007 MF Santora Villas	5.80	05/25/07	08/01/08	365,386.55	365,386.55		(71,959.12)			293,427.43	293,427.43	-	0.00
Money Market	2007 MF Santora Villas	2.23	02/01/08	03/01/08	1,599.68	1,599.68		(1,431.98)			167.70	167.70	-	0.00
GIC's	2007 MF Santora Villas	5.80	05/25/07	08/01/08	8,967,521.16	8,967,521.16		(1,128,203.58)			7,839,317.58	7,839,317.58	-	0.00
Money Market	2007 MF Santora Villas	2.23	02/01/08	03/01/08			63,181.33				63,181.33	63,181.33	-	0.00
Money Market	2007 MF Santora Villas	2.23	02/01/08	03/01/08	92.78	92.78	0.82				93.60	93.60	-	0.00
Money Market	2007 MF Santora Villas	2.23	02/01/08	03/01/08	1,500.00	1,500.00	12.82				1,512.82	1,512.82	-	0.00
	<b>2007 MF Santora Villas Total</b>				9,367,479.55	9,367,479.55	63,194.97	(1,209,973.69)	0.00	0.00	8,220,700.83	8,220,700.83	0.00	0.00
GIC's	2007 A/B MF Villas @ Mesquite	5.04	06/26/07	01/15/10	57,908.29	57,908.29		(4,436.76)			53,471.53	53,471.53	-	0.00
GNMA	2007 A/B MF Villas @ Mesquite	5.17	07/30/07	03/15/11	2,944,491.00	2,944,491.00	1,130,973.00				4,075,464.00	4,075,464.00	-	0.00
GIC's	2007 A/B MF Villas @ Mesquite	5.04	06/26/07	01/15/10	13,915,509.00	13,915,509.00		(1,130,973.00)			12,784,536.00	12,784,536.00	-	0.00
Money Market	2007 A/B MF Villas @ Mesquite	2.39	02/01/08	03/01/08	56,590.05	56,590.05		(4,683.08)			51,906.97	51,906.97	-	0.00
GIC's	2007 A/B MF Villas @ Mesquite	4.78	08/23/07	07/20/47	289,746.23	289,746.23		(260,888.05)			28,858.18	28,858.18	-	0.00
	<b>2007 A/B MF Villas @ Mesquite Total</b>				17,264,244.57	17,264,244.57	1,130,973.00	(1,400,980.89)	0.00	0.00	16,994,236.68	16,994,236.68	0.00	0.00
Money Market	2007 MF Summit Point	2.45	02/01/08	03/01/08	47,496.10	47,496.10		(47,406.86)			89.24	89.24	-	0.00
GNMA	2007 MF Summit Point	5.32	07/30/07	07/15/09	7,000,000.00	7,000,000.00	2,971,209.00				9,971,209.00	9,971,209.00	-	0.00
Money Market	2007 MF Summit Point	2.45	02/01/08	03/01/08	222,673.29	222,673.29	3,217.74				225,891.03	225,891.03	-	0.00
Inv Agmt	2007 MF Summit Point	4.41	06/29/07	11/30/09	4,670,001.11	4,670,001.11		(2,983,064.12)			1,686,936.99	1,686,936.99	-	0.00
Money Market	2007 MF Summit Point	2.45	02/01/08	03/01/08	2,114.51	2,114.51		(1,713.74)			400.77	400.77	-	0.00
GIC's	2007 MF Summit Point				140,000.00	140,000.00		(140,000.00)					-	0.00
	<b>2007 MF Summit Point Total</b>				12,082,285.01	12,082,285.01	2,974,426.74	(3,172,184.72)	0.00	0.00	11,884,527.03	11,884,527.03	0.00	0.00
Money Market	2007 MF Costa Rialto	2.39	02/01/08	03/01/08	280,365.33	280,365.33		(268,591.14)			11,774.19	11,774.19	-	0.00
Money Market	2007 MF Costa Rialto	2.39	02/01/08	03/01/08	746,767.45	746,767.45		(81,105.85)			665,661.60	665,661.60	-	0.00
Money Market	2007 MF Costa Rialto	2.39	02/01/08	03/01/08	9,971,083.44	9,971,083.44		(2,084,459.45)			7,886,623.99	7,886,623.99	-	0.00
	<b>2007 MF Costa Rialto Total</b>				10,998,216.22	10,998,216.22	0.00	(2,434,156.44)	0.00	0.00	8,564,059.78	8,564,059.78	0.00	0.00
Money Market	2007 MF Windshire Apts	2.39	02/01/08	03/01/08	4,734.05	4,734.05	1,099.14				5,833.19	5,833.19	-	0.00
Money Market	2007 MF Windshire Apts	2.39	02/01/08	03/01/08	4,962.03	4,962.03	6,223.52				11,185.55	11,185.55	-	0.00
GIC's	2007 MF Windshire Apts	4.55	08/06/07	08/15/08	330,614.01	330,614.01		(110,933.95)			219,680.06	219,680.06	-	0.00
Money Market	2007 MF Windshire Apts	2.39	02/01/08	03/01/08	408,317.11	408,317.11		(290,806.67)			117,510.44	117,510.44	-	0.00
GIC's	2007 MF Windshire Apts	4.56	08/06/07	08/15/08	10,353,759.59	10,353,759.59		(465,311.48)			9,888,448.11	9,888,448.11	-	0.00
Money Market	2007 MF Windshire Apts	2.39	02/01/08	03/01/08	6,246.85	6,246.85	25,645.95				31,892.80	31,892.80	-	0.00
GIC's	2007 MF Windshire Apts	4.56	08/06/07	08/15/08	457,374.93	457,374.93	0.00				457,374.93	457,374.93	-	0.00
Money Market	2007 MF Windshire Apts	2.39	02/01/08	03/01/08	592.40	592.40		(347.46)			244.94	244.94	-	0.00
GIC's	2007 MF Windshire Apts	4.56	08/13/07	08/15/08	95,419.86	95,419.86		(39,716.70)			55,703.16	55,703.16	-	0.00
Money Market	2007 MF Windshire Apts	2.39	02/01/08	03/01/08	9,036.42	9,036.42	145.98				9,182.40	9,182.40	-	0.00
Money Market	2007 MF Windshire Apts	2.39	02/01/08	03/01/08	20,254.50	20,254.50		(20,215.13)			39.37	39.37	-	0.00
	<b>2007 MF Windshire Apts Total</b>				11,691,311.75	11,691,311.75	33,114.59	(927,331.39)	0.00	0.00	10,797,094.95	10,797,094.95	0.00	0.00
Money Market	2007 MF Residences @ Onion Crk	3.48	02/01/08	03/01/08			359,421.47				359,421.47	359,421.47	-	0.00
Money Market	2007 MF Residences @ Onion Crk	3.48	02/01/08	03/01/08			11,888,368.75				11,888,368.75	11,888,368.75	-	0.00
Money Market	2007 MF Residences @ Onion Crk	3.48	02/01/08	03/01/08			6,482.81				6,482.81	6,482.81	-	0.00
	<b>2007 MF Residences @ Onion Crk Total</b>				0.00	0.00	12,254,273.03	0.00	0.00	0.00	12,254,273.03	12,254,273.03	0.00	0.00
	<b>Total Multi-Family Investment Summary</b>				162,545,439.21	162,545,439.21	25,825,304.92	(38,613,524.50)	(59,582.66)	0.00	149,697,636.97	149,697,636.97	0.00	0.00



**Texas Department of Housing and Community Affairs  
Commercial Paper Investment Summary  
For Period Ending February 29, 2008**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Repo Agmt	Commercial Paper	3.02	02/29/08	03/03/08	99,322.27	99,322.27	68,475.76				167,798.03	167,798.03	-	0.00
GIC's	Commercial Paper	1.88	02/20/08	03/10/08			42,645,000.00				42,645,000.00	42,645,000.00	-	0.00
GIC's	Commercial Paper	1.88	02/15/08	06/18/08			9,837,000.00				9,837,000.00	9,837,000.00	-	0.00
GIC's	Commercial Paper				32,869,000.00	32,869,000.00		(32,869,000.00)					-	0.00
	<b>Commercial Paper Total</b>				32,968,322.27	32,968,322.27	52,550,475.76	(32,869,000.00)	0.00	0.00	52,649,798.03	52,649,798.03	0.00	0.00
	<b>Total Commercial Paper Investment Summary</b>				32,968,322.27	32,968,322.27	52,550,475.76	(32,869,000.00)	0.00	0.00	52,649,798.03	52,649,798.03	0.00	0.00

**Texas Department of Housing and Community Affairs  
General Fund Investment Summary  
For Period Ending February 29, 2008**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	2,904,723.66	2,904,723.66	28,014.44				2,932,738.10	2,932,738.10	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	3,475,591.13	3,475,591.13	33,520.10				3,509,111.23	3,509,111.23	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	221,003.76	221,003.76	1,293.09				222,296.85	222,296.85	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	673,458.58	673,458.58	31,852.44				705,311.02	705,311.02	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	59,059.53	59,059.53	2,337.26				61,396.79	61,396.79	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	1,025,695.79	1,025,695.79	13,929.77				1,039,625.56	1,039,625.56	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	734,330.54	734,330.54	7,082.23				741,412.77	741,412.77	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	336,561.83	336,561.83	3,245.94				339,807.77	339,807.77	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	405,658.75	405,658.75	3,912.38				409,571.13	409,571.13	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	156,000.00	156,000.00	0.00				156,000.00	156,000.00	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	88,498.27	88,498.27	6,973.19				95,471.46	95,471.46	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	417,177.94	417,177.94	4,023.47				421,201.41	421,201.41	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	207,806.56	207,806.56	8,083.37				215,889.93	215,889.93	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	716,601.42	716,601.42	6,911.26				723,512.68	723,512.68	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	509,618.28	509,618.28		(99,847.15)			409,771.13	409,771.13	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	251,000.00	251,000.00		(112,400.00)			138,600.00	138,600.00	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	2,185,954.18	2,185,954.18	24,804.10				2,210,758.28	2,210,758.28	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	237,211.11	237,211.11	2,287.78				239,498.89	239,498.89	-	0.00
Repo Agmt	General Fund	3.02	02/29/08	03/03/08	177,601.35	177,601.35		(65,328.71)			112,272.64	112,272.64	-	0.00
<b>General Fund Total</b>					<b>14,783,552.68</b>	<b>14,783,552.68</b>	<b>178,270.82</b>	<b>(277,575.86)</b>	<b>0.00</b>	<b>0.00</b>	<b>14,684,247.64</b>	<b>14,684,247.64</b>	<b>0.00</b>	<b>0.00</b>
<b>Total General Fund Investment Summary</b>					<b>14,783,552.68</b>	<b>14,783,552.68</b>	<b>178,270.82</b>	<b>(277,575.86)</b>	<b>0.00</b>	<b>0.00</b>	<b>14,684,247.64</b>	<b>14,684,247.64</b>	<b>0.00</b>	<b>0.00</b>

**Texas Department of Housing and Community Affairs  
Housing Trust Fund Investment Summary  
For Period Ending February 29, 2008**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Repo Agmt	Housing Assistance Fund	3.02	02/29/08	03/03/08	135,780.33	135,780.33	17,328.31				153,108.64	153,108.64	-	0.00
Repo Agmt	Housing Trust Fund	3.02	02/29/08	03/03/08	250,000.00	250,000.00	0.00				250,000.00	250,000.00	-	0.00
Repo Agmt	Housing Trust Fund	3.02	02/29/08	03/03/08	218,440.00	218,440.00		(124,800.00)			93,640.00	93,640.00	-	0.00
Repo Agmt	Housing Trust Fund	3.02	02/29/08	03/03/08	400,000.00	400,000.00	0.00				400,000.00	400,000.00	-	0.00
Repo Agmt	Housing Trust Fund	3.02	02/29/08	03/03/08	230,640.84	230,640.84	71,499.81				302,140.65	302,140.65	-	0.00
Repo Agmt	Housing Trust Fund	3.02	02/29/08	03/03/08	71,621.09	71,621.09	7,661.09				79,282.18	79,282.18	-	0.00
Repo Agmt	Housing Trust Fund	3.02	02/29/08	03/03/08	95,090.52	95,090.52	905.51				95,996.03	95,996.03	-	0.00
Repo Agmt	Housing Trust Fund	3.02	02/29/08	03/03/08	562,763.85	562,763.85	52,035.61				614,799.46	614,799.46	-	0.00
Repo Agmt	Housing Trust Fund	3.02	02/29/08	03/03/08	158,259.38	158,259.38	1,513.62				159,773.00	159,773.00	-	0.00
Repo Agmt	Housing Trust Fund	3.02	02/29/08	03/03/08	1,741,572.32	1,741,572.32	0.00				1,741,572.32	1,741,572.32	-	0.00
Repo Agmt	Housing Trust Fund	3.02	02/29/08	03/03/08	200,000.00	200,000.00	50,000.00				250,000.00	250,000.00	-	0.00
Repo Agmt	Housing Trust Fund	3.02	02/29/08	03/03/08	1,000,000.00	1,000,000.00	0.00				1,000,000.00	1,000,000.00	-	0.00
Repo Agmt	Housing Trust Fund	3.02	02/29/08	03/03/08	250,000.00	250,000.00	0.00				250,000.00	250,000.00	-	0.00
Repo Agmt	General Revenue Appn	3.02	02/29/08	03/03/08	985,857.10	985,857.10	230,689.71				1,216,546.81	1,216,546.81	-	0.00
Repo Agmt	General Revenue Appn	3.02	02/29/08	03/03/08	1,437,089.09	1,437,089.09		(317,821.89)			1,119,267.20	1,119,267.20	-	0.00
Repo Agmt	Disaster Recover - GR	3.02	02/29/08	03/03/08			975,080.20				975,080.20	975,080.20	-	0.00
Repo Agmt	Capacity Building -GR	3.02	02/29/08	03/03/08	10,878.28	10,878.28	0.00				10,878.28	10,878.28	-	0.00
Repo Agmt	Capacity Building -GR	3.02	02/29/08	03/03/08	52,586.39	52,586.39	210.93				52,797.32	52,797.32	-	0.00
Repo Agmt	Pre-Development -GR	3.02	02/29/08	03/03/08	400,778.31	400,778.31		(350,000.00)			50,778.31	50,778.31	-	0.00
Repo Agmt	Pre-Development -GR	3.02	02/29/08	03/03/08	100,000.00	100,000.00	0.00				100,000.00	100,000.00	-	0.00
Repo Agmt	Housing Trust Fund-GR	3.02	02/29/08	03/03/08	315,800.00	315,800.00	0.00				315,800.00	315,800.00	-	0.00
Repo Agmt	Bootstrap -GR	3.02	02/29/08	03/03/08	28,500.00	28,500.00	0.00				28,500.00	28,500.00	-	0.00
Repo Agmt	Bootstrap -GR	3.02	02/29/08	03/03/08	439,722.31	439,722.31		(246,050.93)			193,671.38	193,671.38	-	0.00
Repo Agmt	Bootstrap -GR	3.02	02/29/08	03/03/08	550,658.70	550,658.70		(281,808.75)			268,849.95	268,849.95	-	0.00
Repo Agmt	Bootstrap -GR	3.02	02/29/08	03/03/08	4,782,525.58	4,782,525.58		(170,712.25)			4,611,813.33	4,611,813.33	-	0.00
Repo Agmt	Bootstrap -GR	3.02	02/29/08	03/03/08	477,300.00	477,300.00		(129,000.00)			348,300.00	348,300.00	-	0.00
Repo Agmt	Bootstrap -GR	3.02	02/29/08	03/03/08	3,000,000.00	3,000,000.00		(609,517.40)			2,390,482.60	2,390,482.60	-	0.00
<b>Housing Trust Total</b>					<b>17,895,864.09</b>	<b>17,895,864.09</b>	<b>1,406,924.79</b>	<b>(2,229,711.22)</b>	<b>0.00</b>	<b>0.00</b>	<b>17,073,077.66</b>	<b>17,073,077.66</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Housing Trust Fund Investment Summary</b>					<b>17,895,864.09</b>	<b>17,895,864.09</b>	<b>1,406,924.79</b>	<b>(2,229,711.22)</b>	<b>0.00</b>	<b>0.00</b>	<b>17,073,077.66</b>	<b>17,073,077.66</b>	<b>0.00</b>	<b>0.00</b>

**Texas Department of Housing and Community Affairs  
Administration Investment Summary  
For Period Ending February 29, 2008**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change In Market Value	Recognized Gain
Repo Agmt	Administration	3.02	02/29/08	03/03/08	155,945.91	155,945.91	724.29				156,670.20	156,670.20	-	0.00
	<b>Administration Total</b>				155,945.91	155,945.91	724.29	0.00	0.00	0.00	156,670.20	156,670.20	0.00	0.00
	<b>Total Administration Investment Summary</b>				155,945.91	155,945.91	724.29	0.00	0.00	0.00	156,670.20	156,670.20	0.00	0.00

**Texas Department of Housing and Community Affairs  
Compliance Investment Summary  
For Period Ending February 29, 2008**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change in Market Value	Recognized Gain
Repo Agmt	RTC	3.02	02/29/08	03/03/08	299,277.79	299,277.79	34,657.60				333,935.39	333,935.39	-	0.00
Repo Agmt	Multi Family	3.02	02/29/08	03/03/08	930,619.31	930,619.31	39,427.30				970,046.61	970,046.61	-	0.00
Repo Agmt	Multi Family	3.02	02/29/08	03/03/08	142,889.19	142,889.19	22,196.45				165,085.64	165,085.64	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	3.02	02/29/08	03/03/08	1,816,279.49	1,816,279.49	728,308.31				2,544,587.80	2,544,587.80	-	0.00
<b>Compliance Total</b>					<b>3,189,065.78</b>	<b>3,189,065.78</b>	<b>824,589.66</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,013,655.44</b>	<b>4,013,655.44</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Compliance Investment Summary</b>					<b>3,189,065.78</b>	<b>3,189,065.78</b>	<b>824,589.66</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,013,655.44</b>	<b>4,013,655.44</b>	<b>0.00</b>	<b>0.00</b>

**Texas Department of Housing and Community Affairs  
Housing Initiatives Investment Summary  
For Period Ending February 29, 2008**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 11/30/07	Beginning Market Value 11/30/07	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 02/29/08	Ending Market Value 02/29/08	Change in Market Value	Recognized Gain
Repo Agmt	S/F Interim Construction	3.02	02/29/08	03/03/08	501,333.65	501,333.65	8,082.35				509,416.00	509,416.00	-	0.00
Repo Agmt	S/F Interim Construction	3.02	02/29/08	03/03/08	193.24	193.24	1.88				195.12	195.12	-	0.00
Repo Agmt	S/F Interim Construction	3.02	02/29/08	03/03/08	7.25	7.25	0.01				7.26	7.26	-	0.00
Repo Agmt	Mtg. Credit Certificate	3.02	02/29/08	03/03/08	76,228.57	76,228.57	723.86				76,952.43	76,952.43	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	3.02	02/29/08	03/03/08	665,508.05	665,508.05	135,617.69				801,125.74	801,125.74	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	3.02	02/29/08	03/03/08	5,150,271.33	5,150,271.33	154,021.92				5,304,293.25	5,304,293.25	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	3.02	02/29/08	03/03/08	388,623.49	388,623.49	4,247.09				392,870.58	392,870.58	-	0.00
<b>Total Housing Initiatives Investment Summary</b>					6,782,165.58	6,782,165.58	302,694.80	0.00	0.00	0.00	7,084,860.38	7,084,860.38	0.00	0.00
<b>Total Investment Summary</b>					<u>1,756,214,923.18</u>	<u>1,753,448,994.21</u>	<u>380,058,789.33</u>	<u>(358,201,811.09)</u>	<u>(18,007,505.87)</u>	<u>0.00</u>	<u>1,760,064,395.55</u>	<u>1,767,607,336.84</u>	<u>10,308,870.26</u>	<u>0.00</u>

# REPORT ITEMS



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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**Memorandum**

**To:** Michael Gerber  
**From:** Gordon Anderson  
**cc:** Tom Gouris, Michael Lyttle  
**Date:** April 28, 2008  
**Re:** TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for February through April 2008. 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, February-April 2008

*A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public*

<b>Event</b>	<b>Location</b>	<b>Date</b>	<b>Division</b>	<b>Purpose</b>
City of Pearsall Technical Assistance Visit	Pearsall	February 1	HOME	Training/Technical Assistance
Texas Interagency Council for the Homeless Meeting	Austin	February 1	Housing Resource Center	Participant
First Thursday Eligibility Training	Austin	February 7	Portfolio Management and Compliance	Training
Disability Advisory Workgroup Meeting	Austin	February 7	Housing Resource Center	Participant
Mental Health Transformation Workgroup	Austin	February 8	Housing Resource Center	Participant
Newton County Technical Assistance Visit	Newton	February 14-15	HOME	Training/Technical Assistance
2008 Weatherization Assistance Program State Plan/Application Hearing	Austin	February 15	Community Affairs	Public Hearing
SETRPC Technical Assistance Visit	Beaumont	February 19-21	HOME	Training/Technical Assistance
Texas Apartment Assn/Tax Credit Training Workshop	San Antonio	February 21	Portfolio Management & Compliance	Training
Disability Advisory Workgroup Meeting	Austin	February 25	Housing Resource Center	Participant
HUD Rental Compliance Training	San Antonio	February 26	HOME	Participant
HOME/HBA Training for Homebuyers with Rehabilitation	Austin	February 26	HOME	Training
Lifetime Independence Technical Assistance Visit	Lubbock	February 27-29	HOME	Training/Technical Assistance
Basic Foreclosure Workshop	Houston	March 3	Homeownership	Training
State Independent Living Council Meeting	Houston	March 4	Housing Resource Center	Participant
Housing Tax Credit Workshop	Houston	March 5-6	Portfolio Management & Compliance	Training
First Thursday Eligibility Training	Austin	March 6	Portfolio Management & Compliance	Training
Basic Foreclosure Workshop	El Paso	March 6	Homeownership	Training
HOME/HBA Training	Austin	March 6	HOME	Training
HOME/TBRA Training	Austin	March 6	HOME	Training
Johnson County Technical Assistance	Cleburne	March 11	HOME	Technical Assistance
Trust Fund/Texas Veterans Rental Assistance Workshop	Dallas	March 17	HOME	Training
Texas Foreclosure Prevention Task Force Media Event	Dallas	March 17	Board, Executive, Policy & Public Affairs	News Conference
Ribbon Cutting Ceremony	Taft	March 18	HOME	Participant
Harris County PHA/FEMA AHPP Update	Houston	March 19	Disaster Recovery	Presentation
Harris Branch Grand Opening	Austin	March 20	Executive, Policy & Public Affairs	Remarks, Participant
Texas Foreclosure Prevention Task Force Media Event	San Antonio	March 24	Board, Executive, Policy & Public Affairs	News Conference

Texas Foreclosure Prevention Task Force Media Event	El Paso	March 26	Board, Executive, Policy & Public Affairs	News Conference
Trust Fund TBRA Workshop	San Antonio	March 27	HOME	Training
Lutheran Social Services/Rita Homeowner Event	Port Arthur	March 27	Disaster Recovery	Participant
Community Empowerment and Development Assn/ CDBG Update	Port Arthur	March 27	Disaster Recovery	Presentation
Basic Foreclosure Training Workshop	McAllen	March 31	Homeownership	Training
Trust Fund/Texas Veterans Assistance Workshop	Houston	April 1	HOME	Training
Disability Advisory Workgroup Meeting	Austin	April 1	Housing Resource Center	Participant
Tenant-Based Rental Asst. Wednesday Workshop	Austin	April 2	HOME	Technical Assistance
Money Follows the Person Meeting	Austin	April 2	Housing Resource Center	Participant
City of Rio Grande Technical Assistance Visit	Rio Grande City	April 2-3	HOME	Training
First Thursday Eligibility Workshop	Austin	April 3	Portfolio Management & Compliance	Training
Texas Interagency Council for the Homeless Meeting	Austin	April 3	Housing Resource Center	Participant
City of Technical Assistance Visit	Roma	April 4	HOME	Training
Texas Interagency Council for the Homeless 10 Year Plan Forum	Austin	April 4	Housing Resource Center	Participant
Texas Interagency Council for the Homeless 10 Year Plan Hearing	Dallas	April 7	Housing Resource Center	Participant
Nonprofit Technical Assistance Visit	Midland	April 8-9	HOME	Technical Assistance
Consumer Information Sharing with OAG Outreach Staff	Austin	April 9	Policy & Public Affairs	Presentation
DETCOG Meeting	Jasper	April 9-11	HOME	Technical Assistance
Housing Trust Fund Super NOFA Application Workshop	Austin	April 11	HOME	Training
State Agency Council Meeting	Austin	April 16	Policy & Public Affairs	Participant
Texas Foreclosure Prevention Task Force Media Event	Houston	April 17	Executive, Policy & Public Affairs	News Conference
Promoting Independence Advisory Committee Meeting	Austin	April 17	Housing Resource Center	Participant
Disability Policy Consortium Housing Summit	Austin	April 22-23	Housing Resource Center	Participant
SETRPC Meeting	Beaumont	April 22-23	HOME	Technical Assistance
H-GAC Meeting	Houston	April 24-25	HOME	Technical Assistance
Disability Advisory Workgroup Project Access Wrap Up	Austin	April 29	Housing Resource Center	Participant

**HOME DIVISION**  
**EXECUTIVE DIRECTOR'S REPORT ITEM**  
**May 8, 2008**

**Report Item**

In order to provide effective oversight of the HOME contracts that previously received a Board-approved amendment, this report item is prepared by staff to provide a status update on the progress of each contract amendment.

**Background**

All of the amendments included in the attached report were awarded in 2006 or earlier and were subject to the amendment requirements in the 2006 HOME Program Rules, Texas Administrative Code, Title 10, Part 1, Chapter 53. Section 53.62(b)(3) states that modifications and/or amendments that increase the dollar amount by more than 25% of the original award or \$50,000, whichever is greater; or significantly decrease the benefits to be received by the Department, in the estimation of the Executive Director, will be presented to the Board for approval. The Board previously approved these amendments and requested status updates on the progress of each contract.

The HOME Division's Performance Team provides oversight and technical assistance to all Contract Administrators (CA) with active HOME contracts to ensure progress resulting in successfully meeting contractual requirements. Once a contract is complete, terminated or expired, the Department proceeds with contract close-out by generating a Certificate of Contract Completion (COC). The COC details the financial and contractual requirements of the contract and any remaining balances and is sent to the Contract Administrator (CA) for execution. If this is not completed and returned within 30 days, the Department continues with contract close-out administratively and ensures deobligation of any remaining balances.

**Board-Approved Contract Amendments Status Report**

The attached report has been updated for activity that has occurred since the last report in January 2008. Since the last report to the Board, five contracts have been removed from this list since the terms of the contract were either complete or the administrative process of termination and deobligation has been performed. Of the remaining contracts detailed on the attached report, six (6) contracts have successfully completed the COC process and have closed-out, six (6) contracts have completed the contractually required number of activities and are in the process of drawing final program funds and/or processing COCs, six (6) contracts are making substantial progress and, as noted on the report, may be requesting an additional extension to ensure contract requirements are met and one (1) contract has been recommended for termination and deobligation.

### Board-Approved Contract Amendments Status Report

Board Approval Date	Contract Number	Contract Administrator	Begin Date	End Date	Amended Date	Amendment Type	Activity Type	Total Funded	Total Committed	Total Drawn	# of Units Req'd by Contract	# of Set-Ups	# of Units Completed	% Time Expired	Notes
10/12/2006	1000156	Val Verde County	9/1/2003	8/30/2005	12/31/2007	Time Extension	OCC	336,000	330,000	332,000	6	6	6	100%	All activities have been completed and the CA is in the process of requesting final administrative funds in the amount of \$4,000. Contract is to be closed out when admin funds are drawn.
5/10/2007	1000533	Travis County Housing Finance Corporation	10/3/2005	9/28/2007	12/31/2007	AMFI Modification (increase)	HBA/ADDI	214,240	214,240	214,240	29	29	29	100%	All activities have been completed. CA is in the process of completing COC for contract close out.
8/23/2007	1000290	City of Granger	10/1/2004	9/30/2006	12/31/2007	Time Extension	OCC	57,075	55,099	55,099	1	1	1	100%	Activity has been completed. CA is in the process of submitting final draw in the amount of \$2,195 in admin. Once final draw is released, CA will be sent a COC for completion and contract close out.
3/20/2007	1000596	Jefferson County	4/17/2006	4/17/2007	8/31/2008	Time Extension	OCC-Rita	2,246,400	2,160,00	1,917,600	36	36	31	84% of ext.	Currently, 31 of the 36 required activities have been completed which is an increase from 15 in January 2008. The contract has been extended through Aug 31, 2008 to complete contractual obligations. Perf Spec assigned to this contract has been in contact with CA and is ensuring contract progress and completion.
11/9/2006	1000253	City of Lewisville	10/1/2004	9/30/2006	3/28/2008	Reduction in units and Time ext	OCC	334,759	321,884	239,212	6	6	6	100%	The final unit has been completed. CA is finalizing documents to submit final draw, process COC and close out contract.
12/20/2007	1000192	Midland CDC	10/1/2003	9/30/2007	3/28/2008	Time Extension	HBA	566,750	525,000	447,000	37	37	28	100%	All activities have been set up in the Department's Contract System and have been served. CA is finalizing documents to submit final draw requests for last nine activities, process COC and close out contract.
12/20/2007	1000189	Edinburg Housing Opportunities	10/1/2003	9/30/2007	3/28/2008	Time Extension	HBA	230,000	230,000	230,000	20	23	23	100%	All activities have been completed. CA is in the process of completing COC for contract close out.
11/9/2006	1000301	Alpha Concepts	10/1/2004	9/30/2006	4/30/2008	Time Extension	HBA	364,000	0	0	29	0	0	100%	<b>Since January 2008, the Department has terminated and deobligated funds. COC has been processed and contract is closed.</b>
11/9/2006	1000299	City of Pearsall	10/1/2004	9/30/2006	4/30/2008	Time Extension	OCC	520,000	0	0	10	0	0	100%	<b>Since January 2008, the Department has terminated and deobligated funds. COC has been processed and contract is closed.</b>

### Board-Approved Contract Amendments Status Report

Board Approval Date	Contract Number	Contract Administrator	Begin Date	End Date	Amended Date	Amendment Type	Activity Type	Total Funded	Total Committed	Total Drawn	# of Units Req'd by Contract	# of Set-Ups	# of Units Completed	% Time Expired	Notes
11/9/2006	1000302	City of Presidio	10/1/2004	9/30/2006	4/30/2008	Time Extension	OCC	466,802	0	0	9	0	0	100%	<b>Since January 2008, the Department has terminated and deobligated funds. COC has been processed and contract is closed.</b>
11/09/2006	1000308	Frio County	10/1/2004	9/30/2006	4/30/2008	Time Extension	OCC	520,000	239,110	0	10	5	0	100%	The Perf Spec is in contact with the CA and is ensuring contract progress. The CA recently submitted an amdmnt request for an add'l six months and reduce the number of households to be served from 10 to six. Amendment request has been processed and has been submitted for mgmt and exec review and approval.
11/9/2006	1000298	Town of Anthony	10/1/2004	9/30/2006	4/30/2008	Time Extension	OCC	187,546	0	0	4	5	0	100%	Perf Spec assigned to this contract has made contact with the CA and has assisted in completing the Env Clear and is assisting CA in gathering the correct elig documentation for two identified homeowners. A TA visit with CA was conducted in Jan. This CA has requested an amdmnt for add'l time and to reduce the number of households to be served from five to two. Amendment has been processed and has been submitted to mgmt and exec for review and approval.
12/14/2006	1000607	Angelina County	4/17/2006	4/17/2007	4/30/2008	Time Extension	OCC-Rita	312,000	298,000	302,200	5	5	5	100%	<b>COC has been processed and contract is closed.</b>
11/9/2006	1000300	City of Balmorhea	10/1/2004	9/30/2006	4/30/2008	Time Extension	OCC	520,000	0	0	10	0	0	100%	<b>Since January 2008, the Department has terminated and deobligated funds. COC has been processed and contract is closed.</b>
11/9/2006	1000303	Town of Combs	10/1/2004	9/30/2006	4/30/2008	Time Extension	OCC	228,962	0	0	5	0	0	100%	<b>Through technical assistance and oversight, the Department staff determined that insufficient progress has been made on this contract and a COC was mailed to CA for execution and contract close out. CA sent an appeal letter on 03/10/08. Staff reviewed appeal and determined that appeal should be denied. A denial was sent to the CA on 04/16/08. A COC has been processed ant the contract is closed.</b>

### Board-Approved Contract Amendments Status Report

Board Approval Date	Contract Number	Contract Administrator	Begin Date	End Date	Amended Date	Amendment Type	Activity Type	Total Funded	Total Committed	Total Drawn	# of Units Req'd by Contract	# of Set-Ups	# of Units Completed	% Time Expired	Notes
4/12/2007	1000529	City of Bay City	10/3/2005	9/28/2007	6/30/2008	Time Extension and add'l HH with add'l funds	HBA/ADDI	426,400	330,000	310,000	41	33	30	81% of ext.	Since January 2008, the CA has set-up one more unit and completed 4 units. Perf Spec assigned to this contract has been in contact with the CA and is providing assistance to ensure the contract progresses. It is anticipated that the CA will request an additional extension.
12/14/2006	1000360	Accessible Community Inc.	2/1/2005	7/31/2007	10/31/2008	Time Extension	TBRA	752,264	693,817	663,439	65	125	83	68% of ext.	Since January 2008, the CA has set-up and 6 additional units to serve and completed 21 units. Perf Spec assigned to this contract has been in contact with CA and ensures that contract is progressing and meeting milestone requirements.
3/20/2007	1000223	ARCIL, Inc	8/1/2004	1/31/2007	10/31/2008	Time Extension	TBRA	225,986	205,889	202,122	20	27	18	77% of ext.	Since January 2008, the CA has completed 2 units. Perf Spec assigned to this contract has been in contact with CA and ensures that contract is progressing and meeting milestone requirements.
7/12/2006	1000541	Midland Habitat	10/3/2005	9/28/2007	N/A	AMFI Modification (increase)	HBA	41,600	40,000	41,600	4	4	4	100%	<b>COC has been processed and contract is closed.</b>