

Official Board Packet



Texas State Affordable Housing Corporation

Board Meeting

To be held at the offices of

Texas State Affordable Housing Corporation

1005 Congress Avenue – Suite B-10 Conference Room

Austin Texas 78701

Friday, June 10, 2005

11:30 a.m.

BOARD MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
To be held at the offices of
Texas State Affordable Housing Corporation
1005 Congress Avenue – Suite B-10 Conference Room
Austin Texas 78701
June 10, 2005 at 11:30 am

AGENDA

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

Jerry Romero
Chair

The Board of Directors of Texas State Affordable Housing Corporation will meet to consider and possibly act on the following:

PUBLIC COMMENT

REPORTS

- | | |
|--|--------------------|
| ◆ President's Report | David Long |
| ◆ Single Family Lending Report | David Long |
| ◆ Multifamily Lending Report | Katherine Closmann |
| ◆ Financial Report | Melinda Smith |
| ◆ Presentation of Financial Statements | |
| ◆ Presentation of Budget Report | |

ACTION ITEMS IN OPEN MEETING

- Tab 1** Presentation and Discussion Regarding the 501(c)(3) Bond-Financed Properties, including the Agape Ashton Woodstock Portfolio (2 properties), the American Housing Foundation Portfolio (13 properties), the American Opportunity for Housing Portfolio (5 properties), the Common Wealth Portfolio (1 property), the Housing Initiative Corporation Portfolio (3 properties), the National Housing Trust/GTEX Portfolio (7 properties), the National Farm Workers Services Center Portfolio (1 property), and the South Texas Affordable Housing Portfolio (6 properties), as Presented by the Owners of the 501(c)(3) Properties with a Special Presentation by Standard and Poor's on the Overall State of the Multifamily Affordable Housing Market in Texas.
- Tab 2** Presentation, Discussion and Possible Approval of a Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) Series 2005 and Containing Other Matters Incident and Related Thereto.
- Tab 3** Presentation, Discussion and Possible Approval of the Corporate Investment Policy.
- Tab 4** Presentation, Discussion and Possible Approval of a List of Qualified Brokers that are Authorized to Engage in Investment Transactions with the Corporation.
- Tab 5** Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on May 13, 2005.

CLOSED MEETING

Consultation with legal counsel on legal matters – Texas Government Code § 551.071
Deliberation regarding purchase, exchange, lease, or value of real property – Texas Government Code § 551.072
Deliberation regarding prospective gift or donation to the state or Texas State Affordable Housing Corporation – Texas Government Code § 551.073
Personnel Matters – Texas Government Code § 551.074
Implementation of security personnel or devices – Texas Government Code § 551.076
Other matters authorized under the Texas Government Code

OPEN MEETING

Action in Open Meeting on Items Discussed in Closed Meeting

ADJOURN

Individuals who require auxiliary aids or services for this meeting should contact Laura Smith, ADA Responsible Employee, at 512-477-3555, x 400 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that the appropriate arrangements can be made.

Texas State Affordable Housing Corporation reserves the right to recess this meeting (without adjourning) and convene at a later stated time, if and to the extent allowed by law. If Texas State Affordable Housing Corporation adjourns this meeting and reconvenes at a later time, the later meeting will be held in the same location as this meeting. Texas State Affordable Housing

Corporation also reserves the right to proceed into a closed meeting during the meeting in accordance with the Open Meetings Act, Chapter 551 of the Texas Government Code. If permitted by the Open Meetings Act, Chapter 551 of the Texas Government Code, any item on this Agenda to be discussed in open meeting may also be discussed by the Board (and any other authorized persons) in closed meeting.

**2005 LEGISLATION
RELATING TO
TEXAS STATE AFFORDABLE HOUSING CORPORATION**

HOUSE BILLS

Bill No.	Senate Companion Bill	Authors	Co-Authors	Committee	Description	Filed	Referred to Committee	Public Hearing Date	Approved and out of Committee	Placed on General Calendar	Passed - House	Sent to Senate	Referred to Committee	Public Hearing Date	Approved and out of Committee	Placed of Calendar	Passed - Senate	Signed by Governor
1		<i>Primary:</i> Representative Pitts		Appropriations	General Appropriations Bill (includes TDHCA and riders)	1/14/2005	1/27/2005											
156		<i>Primary:</i> Representative Byron Cook		Urban Affairs	Widens group eligible for Firefighter and Police Officer Program	11/22/2004	1/31/2005											
181		<i>Primary:</i> Representative Guillen <i>Secondary:</i> Representative Escobar		Urban Affairs	Widens group eligible for the Firefighter and Police Officer Program	2/10/2005	2/14/2005	3/8/2005										
1007		<i>Primary:</i> Representative Ritter <i>Joint:</i> Representative Guillen, Representative Menendez, Representative Byron Cook	Representative Hopson, Representative Kolkurst	Urban Affairs	Widens group eligible for the Firefighter and Police Officer Program	2/10/2005	2/14/2005	3/8/2005	3/15/2005	4/12/2005	4/13/2005	4/14/2005	4/18/2005, Intergovernmental Affairs	4/21/2005	4/26/2005, reprinted 4/27/2005	5/5/2005	5/5/2005	5/27/2005
1057	581	<i>Primary:</i> Representative Corte		State Affairs	Relates to the powers and duties of Veteran's Land Board. Mention's TSAHC in text but does not affect it in any way.	2/11/2005	2/15/2005	3/7/2005	3/21/2005	4/12/2005	<i>**postponed in lieu of review of companion (SB 581)</i>							
1167		<i>Primary:</i> Representative Talton <i>Joint:</i> Representative Wong, Representative Edwards, Representative Dawson, Representative Bailey	Representative Hunter, Representative Laubenberg, Representative Menendez, Representative Quintanilla	Urban Affairs	Functions/continuation of TDHCA	2/16/2005	2/22/2005	3/15/2005	4/7/2005	5/10/2005	<i>**point of order sustained</i>							
1883		<i>Primary:</i> Representative Van Arsdale		Urban Affairs	Moratorium on the provision of financial assistance to certain counties by TDHCA	3/2/2005	3/14/2005	5/3/2005	<i>**No action taken in committee</i>									
2018	979	<i>Primary:</i> Representative Swinford		State Affairs	Makes nonsubstantive additions and corrections to enacted codes. Mention's TSAHC in text - changes numbering of code relating to SF programs.	3/4/2005	3/14/2005	4/4/2005	4/4/2005	5/3/2005	5/3/2005	5/5/2005	5/8/2005, Administration	5/16/2005	5/17/2005	5/24/2005	5/24/2005	
2714		<i>Primary:</i> Representative Menendez <i>Joint:</i> Representative Talton		Urban Affairs	Has to do with the operations and functions of TDHCA - does not mention TSAHC	3/10/2005	3/16/2005	4/12/2005	4/14/2005									
2882		<i>Primary:</i> Representative Chisum		Urban Affairs	TDHCA, TSAHC, and ORCA - makes changes to TDHCA and ORCA and repeals TSAHC enabling legislation	3/10/2005	3/17/2005											
3005		<i>Primary:</i> Representative Zedler	Representative Smithee	Higher Education	Adds nurses to Firefighter and Police Officer Program	3/11/2005	3/17/2005	4/25/2005	5/4/2005	<i>**content was incorporated into SB 132</i>								

Texas State Affordable Housing Corporations 2004 Single Family Statistics

2004 Professional Educators Home Loan Program

Total Allocation	\$25,000,000	\$1,077,500	Cost of Issuance
Non-Targeted & Targeted funds		\$ 23,922,500	
Targeted Set aside		\$ 4,784,500	
Total Non-targeted funds		\$ 19,138,000	
Total Loans	224	Funds Used	\$ 23,913,754 as of 6/3/05
		Available Funds	\$ 8,746 as of 6/3/05

2004 Fire Fighters Police Officers Home Loan Program

Total Allocation	\$25,000,000	\$1,077,500	Cost of Issuance
Non-Targeted & Targeted funds		\$ 23,922,500	
Targeted Set aside		\$ 4,784,500	
Total Non-targeted funds		\$ 19,138,000	
Total Loans	99	Funds Used	\$ 10,090,536 as of 6/3/05
		Available Funds	\$ 13,831,964 as of 6/3/05

Total Loan Originations in 2004 Programs	323
Total Loan Amount Originated in 2004 Programs	\$ 34,004,290

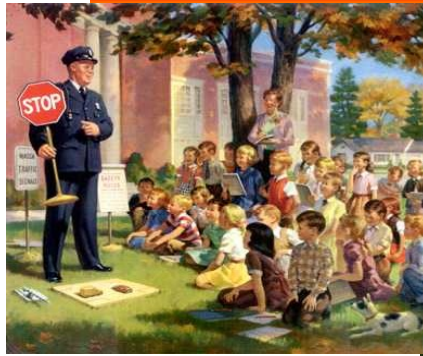
"Homes for Heroes"

Texas Fire Fighter,
Law Enforcement and
Security officer
Home Loan Program

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H
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texas heroes



commitment
service
pride
affordable
homeownership



Honoring HEROES
through
affordable housing

The Program was established under House Bill 1247 in 2003, and expanded in 2005 by House Bill 1007, to acknowledge Firefighters, Peace Officers, Corrections Officers, County Jailers, & Public Security Officers for their commitment to their profession and to help them achieve the dream of homeownership by providing affordable mortgages and down payment/closing cost assistance [in the form of a grant](#). The Program is available state-wide on a first come, first-served basis, to first-time homebuyers who wish to purchase a newly constructed or existing home with a 30-year fixed rate mortgage loan and [5% down payment assistance in the form of a grant](#).

To be eligible for a mortgage loan under the Program, a Hero must:

- not have had an ownership interest in any principal residence during the last three years;
- be a full time, paid [Firefighter](#), [Peace Officer](#), [Corrections Officer](#), [County jailer](#), or a [Public Security Officer](#) working in the State of Texas. (For more details, please see back of flier)
- reside in the state of Texas;
- meet the income and purchase price eligibility limits for the Program;
- meet standard mortgage underwriting requirements which demonstrate credit worthiness; and
- occupy the purchased home as primary residence..

In order to access the Program, eligible [Firefighters](#), [Peace Officers](#), [Corrections Officers](#), [County jailers](#), or a [Public Security Officers](#) must directly contact a participating lender to complete the application process.

(A current lender list can be found on the TSAHC website www.tsahc.org.)

Texas
State
Affordable
Housing
Corporation

1005 Congress Avenue, Suite
500
Austin, Texas 78701
www.tsahc.org

Cathy Dean
Single Family Programs
Manager
(888) 638-3555 x411
(512) 477-3555 x411

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Who is Eligible for the Program?

Fire Fighter – a member of a fire department who performs a function listed in Section 419.021 (3) (c), Government Code.

419.021. DEFINITIONS: (3) Fire protection personnel means:

(C) Permanent, full-time fire department employees who are not secretaries, stenographers, clerks, budget analysts, or similar support staff persons or other administrative employees and who are assigned duties in one or more of the following categories:

- (i) fire suppression;
 - (ii) fire inspection;
 - (iii) fire and arson investigation;
 - (iv) marine fire fighting;
 - (v) aircraft rescue and fire fighting;
 - (vi) fire training;
 - (vii) fire education;
 - (viii) fire administration; and
- any other position necessarily or customarily related to fire prevention or suppression.

Fire Fighter Certification is obtained through Texas Commission of Fire Protection – www.tcfp.state.tx.us

Peace officer - has the meaning assigned by Section 1.07(a) (36), Penal Code.

PENAL CODE 1.07. DEFINITIONS. (a) In this code:

(36) Peace officer means a person elected, employed, or appointed as a peace officer under Article 2.12, Code of Criminal Procedure, Section 51.212 or 51.214, Education Code, or other law.

Peace officers are licensed through Texas Commission on Law Enforcement Officer Standards and Education.(TCLEOSE). (512) 936-7700

Corrections officer - means an officer employed by the *Texas Department of Criminal Justice*.

County jailer - has the meaning assigned by Section 1701.001, Occupations Code.

1701.001. DEFINITIONS. In this chapter: (2) County jailer means a person employed as a county jail guard under Section 85.005, Local Government Code.

Public security officer - has the meaning assigned by Section 1701.001, Occupations Code..

1701.001. DEFINITIONS. In this chapter: (5) Public security officer means a person employed or appointed as an armed security officer by this state or a political subdivision of this state. The term does not include a security officer employed by a private security company that contracts with this state or a political subdivision of this state to provide security services for the entity.

For more information, Please contact Cathy Dean at 888-638-3555
extension 411



AFFORDABLE HOMEOWNERSHIP PROGRAM FOR TEXAS

Ameriquest Mortgage Company
and
Texas State Affordable Housing Corporation

Many Texas families seeking to pursue their dream of homeownership find that dream coming to a screeching halt because they are unable to meet the traditional lending requirements. Until now, these families' only options have been to continue renting, continue to live with relatives, or worse, fall prey to predatory lending practices. As a result of a partnership between Ameriquest Mortgage Company ("Ameriquest") and the Texas State Affordable Housing Corporation (the "Corporation"), these families have been afforded another option allowing them to see their dream of homeownership come to fruition. This option is provided through the *Affordable Homeownership Program for Texas* (the "Program"). Ameriquest has committed up to \$100 million dollars for mortgage loans and the Corporation has committed \$1 million dollars for down payment assistance ("DPA") to the Program.

The Program provides mortgage-financing options for eligible low-to-moderate income Texans (the "borrowers") to make their dream of homeownership a reality. Under the Program, borrowers have access to an affordable mortgage loan product and DPA equal to seven percent (7%) of the mortgage loan amount.

An additional Program benefit, achieved by making timely mortgage payments, offers the borrower the ability to reduce their mortgage interest rate, thus resulting in a lower monthly mortgage payment. This benefit can reduce the borrowers mortgage interest rate by a total of two percent (2%) during the first 48 months of their mortgage loan. For every consecutive 12-month period of on-time payments, the borrowers will receive a reduction in their mortgage interest rate by 50 basis points (.5%) within the first 48 months of the loan.

Ameriquest and the Corporation strongly believe home buyer education is an essential component to success in homeownership. The Program requires and provides the borrowers with pre and post-closing Home Buyer Education Training by ACORN Housing. ACORN Housing is a national housing counseling organization, helping low and moderate-income homebuyers and homeowners since 1986. In addition to Home Buyer Education, intervention assistance is available to all borrowers during the life of the mortgage loan. Again, we strongly believe that training and assistance is essential to the success of homeownership.

The initial release of the Program was offered as a Pilot Initiative through local organizations including community development corporations, non-profits, and other entities involved in affordable housing. Ameriquest and the Corporation authorize each participating entity.

Ameriquest and the Corporation strongly believe that this Program has created an option that can overcome certain barriers and can turn the dream of homeownership into a reality for many Texans and future generations of Texans.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

1005 CONGRESS AVE * SUITE 500 * AUSTIN * TEXAS * 78701
For more information contact: Cathy Dean * 512-477-3555 extension 411
Toll free 888-638-3555 extension 411 * or email cdean@tsahc.org.

Multifamily Report

Discussion

TEXAS STATE AFFORDABLE HOUSING CORPORATION
COMPARISON OF BUDGETED TO ACTUAL OPERATING ACTIVITY
ACCRUAL BASIS

(For the Eight Month Period Ending April 30, 2005)

Revenues	FY 2005		% of Annual	Projected	% of Annual
	Budget	Actual	Budget	Through 8/31/05	Budget
Servicing Revenue, Net of Subservicer Fees of \$117,170	699,000	398,272	57%	575,000	82%
Multifamily Revenue	1,038,000	700,485	67%	1,038,000	100%
TDHCA Asset Oversight Revenue	498,000	305,474	61%	460,000	92%
Grant Income	500,000	500,000	100%	500,000	100%
Investment Revenue	60,000	65,004	108%	97,500	163%
Single Family, Net of Interest Expense & FMV Gains/Losses	179,000	(142,080)	-79%	-	0%
TOTAL REVENUES	2,974,000	1,827,155	61%	2,670,500	90%
Expenditures					
Salaries & Payroll Related Expenditures	846,000	514,112	61%	770,000	91%
Professional Services - Legal, Audit, Compliance & IT	413,000	169,661	41%	255,000	62%
Amortization & Depreciation	320,000	350,115	109%	525,000	164%
Bad Debt Expense	460,000	277,271	60%	520,000	113%
Office & Equipment Lease	111,000	78,288	71%	111,000	100%
Travel & Meals	77,500	48,226	62%	72,000	93%
Interest on FHLB Notes	67,400	39,375	58%	67,400	100%
Insurance	23,000	15,308	67%	23,000	100%
Professional Dues & Education	13,500	10,625	79%	13,500	100%
Communication	13,300	7,700	58%	11,500	86%
Bank Fees & Charges	12,000	5,588	47%	8,400	70%
Marketing & Sponsorships	29,000	15,535	54%	26,000	90%
Office Supplies	8,000	5,791	72%	8,700	109%
Office Repair & Maintenance	7,000	4,083	58%	6,100	87%
Freight, Delivery & Postage	7,000	3,734	53%	5,600	80%
Furniture, Equipment, & Software	3,000	1,456	49%	3,000	100%
Printing	2,000	1,223	61%	2,000	100%
Program and Loan Administration	4,000	2,749	69%	4,000	100%
TOTAL EXPENDITURES	2,416,700	1,550,840	64%	2,432,200	101%
NET INCOME	557,300	276,315	50%	238,300	43%

TEXAS STATE AFFORDABLE HOUSING CORPORATION
COMPARISON OF BUDGETED TO ACTUAL OPERATING ACTIVITY
ACCRUAL BASIS

(For the Eight Month Period Ending April 30, 2005)

AGAPE ASHTON & WOODSTOCK

Owner: American Agape Foundation Inc.
Laura Wingfield
San Antonio, Texas

Management Company: Agape Supportive Services Corporation
San Antonio, Texas

Bond Issue:

Series 2001A Tax Exempt	\$9,120,000
Series 2001B Taxable	\$ 270,000
Series 2001C Tax Exempt	\$1,055,000
Series 2001D Tax Exempt	\$1,040,000

Default Status:

- Draws on Series A and Series C Debt Service Reserve Funds on February 1, 2005
- Insufficient funds to make payment to the Series D Bondholders on February 1, 2005
- Failure to meet Debt Service Coverage Ratio for fiscal year ending December 2003.

Property Name	Location	Total Units	Current Occupancy	Resident Services Provided	Compliance Status
Ashton Place	Galveston	172	94%	· After School Programs	In Compliance
Woodstock Apartments	Arlington	128	60%	· After School Programs	In Compliance

AMERICAN HOUSING FOUNDATION

Owner: American Housing Foundation
 Steve Sterquell
 Amarillo, Texas

Management Company: Walden Affordable Group
 Dallas, Texas

Bond Issue: Series 2002A Tax Exempt \$114,040,000
 Series 2002A-T Taxable \$ 460,000
 Series 2002B Tax Exempt \$ 14,105,000

Default Status: · Draws on the Series B Debt Service Reserve Fund on March 1, 2005.

Property Name	Location	Total Units	Current Occupancy	Resident Services Provided	Compliance Status
One Willow Chase Apartments	Houston	136	90%	· Dental Awareness - Provided by Dr. Barron · Fax Center Usage	Unknown
One Willow Park Apartments	Houston	178	89%	· Dental Awareness - Provided by Dr. Barron · Fax Center Usage	Unknown
Woodedge Apartments	Houston	126	92%	· Dental Awareness - Provided by Dr. Barron · Spring Break Luncheon · Poison Prevention	Unknown
Fountaingate Apartments	Wichita Falls	280	92%	· After School - Movies	Unknown
Settler's Cove Apartments	Beaumont	182	95%	· Business Center Usage · Computer Facilities Usage · Eye Care - Provided by the Commission of the Blind · Fitness Center Usage · After School - Juice and Cookies · Youth Programs - Easter Basket Drawing · Spring Break Lunches	Unknown

Cimarron Park Apartments	Conroe	162	95%	<ul style="list-style-type: none"> · Budgeting Course - Provided by First National Bank · Financial Planning Courses – Provided by H&R Block · Resumes and Tax/Accounting Services · Pre-paid Legal Services – Provided by Steve Sullivan · Senior Meals · Spring Break Lunches · Scrapbook Making 	Unknown
Stony Creek Apartments	Conroe	252	80%	<ul style="list-style-type: none"> · Business Center Usage · Tax Information – Provided by H&R Block · Crime Watch – Provided by Conroe Police Department · Spring Break Lunches 	Unknown
Pine Creek Village Apartments	Conroe	216	80%	<ul style="list-style-type: none"> · Health & Nutritional Courses – Provided by Gold's Gym · Business Center Usage · Tax Information – Provided by H&R Block · Crime Watch – Provided by Conroe Police Department · Spring Break Lunches 	Unknown
Shadowridge Village Apartments	Dallas	144	95%	<ul style="list-style-type: none"> · Tax Return Assistance – Provided by H&R Block · Public Transportation Information – Provided by DART 	Unknown
Bent Creek Apartments	Dallas	326	76%	<ul style="list-style-type: none"> · Youth Program - Provided by Cares Team · Crime Watch · Utility Assistance – Provided by Cares Team · Social Activities – Provided by Cares Team · Transportation – provided by Cares Team · Transportation – provided by DART · After School Programs · Athletics · Child Care - Provided by Toddler Time · Skate Center 	Unknown
Creekwood Village Apartments	Dallas	362	82%	<ul style="list-style-type: none"> · Tax Information – Provided by H&R Block · Dart Bus Service – Provided by DART · Spring Break Lunches 	Unknown
Northwoods Apartments	Houston	200	90%	<ul style="list-style-type: none"> · After School Snacks · Spring Break Lunches · Athletics · Business Center usage · Transportation to Hospital · Emergency Services · Print a Child – Provided by Harris County Sheriff 	Unknown

Aston Brook Apartments	Houston	152	96%	<ul style="list-style-type: none">· Home Delivery of Packages - Provided to the Elderly· Print a Child – Provided by Harris County S.O. James Kelley· Child Seat Safety· Spring Break Lunches· Income Tax help – Provided by Jackson Hewitt· Business Center Usage· Dental Awareness· Poison Safety	Unknown
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AMERICAN OPPORTUNITY FOR HOUSING

Owner: American Opportunity for Housing
David Starr
San Antonio, Texas

Management Company: The Lynd Company
San Antonio, Texas

Bond Issue:

Series 2002A Tax Exempt	\$53,165,000
Series 2002A -T Taxable	\$ 335,000
Series 2002B Tax Exempt	\$ 5,400,000
Series 2002C Tax Exempt	\$ 4,120,000
Series 2002D Tax Exempt	\$ 1,075,000

Default Status: · Draws on the Series A, B, and C Debt Service Reserve Funds on March 1, 2005.

Property Name	Location	Total Units	Current Occupancy	Resident Services Provided	Compliance Status
Briarcrest Apartments	Spring	376	97%	· None Provided	In Compliance
Clover Hill Apartments	Arlington	216	79%	· None Provided	In Compliance
Hillcrest Apartments	Grand Prairie	310	80%	· None Provided	In Compliance
Mill Creek Apartments	Spring	174	94%	· None Provided	In Compliance
One Westfield Lake Apartments	Spring	246	94%	· None Provided	In Compliance

GTEX

Owner: National Housing Trust
Anne Heitlinger
Washington D.C.

Management Company: Lincoln Property Company
Dallas, Texas

Bond Issue:

Series 2001A Tax Exempt	\$69,230,000
Series 2001A-T Taxable	\$ 770,000
Series 2001B	\$ 7,435,000
Series 2001C	\$ 3,165,000
Series 2001D	\$ 2,605,000

Default Status: · Insufficient Funds to make payments on April 1, 2005 on Series B, C, and D Bonds and no funds remaining in Debt Service Reserve Funds.

Property Name	Location	Total Units	Current Occupancy	Resident Services Provided	Compliance Status
Chelsea Court	Houston	760	82%	· Tax Preparation Class – Provided by David’s Finan	In Compliance
Kressington Place	Spring	136	94%	· Tax Preparation Class – Provided by David’s Financial Service · Neighborhood Watch – Provided by Officer Rhonda Teehee	In Compliance
Victoria Place Apartments	Houston	144	90%	· Program – Provided by Houston Fire Department · Crime Watch – Provided by Rasalie Safford with the Houston Police Department · Financial Planning Courses – Provided by the State of Texas	In Compliance
Champions Green Apartments	Houston	192	94%	· Tax Preparation Class – Provided by Becker Tax Service	In Compliance
Riverwalk	Dallas	176	92%	· Tax Preparation Class – Provided by H&R Block	In Compliance

Timberlodge	Dallas	216	91%	<ul style="list-style-type: none"> · Financial Planning Course – Provided by Courses Consumer Credit Counseling Service · Crime Watch/Car Theft Prevention – Provided by Dallas Police Department 	In Compliance
Ashley Park Townhomes	Plano	140	89%	<ul style="list-style-type: none"> · Tax Preparation Class – Provided by Liberty Tax Service · Senior Meal 	In Compliance

HIC

Owner: Housing Initiative Corporation
Frank Mendez
Austin, Texas

Management Company: Asset Plus Properties
Houston, Texas

Bond Issue: Series 2001A Tax Exempt \$72,020,000
Series 2001B Taxable \$ 375,000
Series 2001C \$ 7,200,000

Default Status: · None Reported

Property Name	Location	Total Units	Current Occupancy	Resident Services Provided	Compliance Status
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Arborstone Apartments	Dallas	536	92%	<ul style="list-style-type: none"> · Resident Council Meeting · After School Programs – Provided by Camp Fire USA · Youth Programs · Senior Care Home Visits · Senior Entertainment · Senior’s Cultural Outing – Provided by Mountain View College · Athletics · Aerobics/Fitness Center · Crime Watch · Building Captains · Referrals · HIV/AIDS Class · AIDS Interface Network · Counseling Services · Parenting Class · Women’s Support Group · Computer Facilities Usage · Job Skills and Vocational Development · Homeownership Counseling – Provided by Coldwell Banker · Transportation · Clothing Provided to Families 	In Compliance
Baybrook Village	Webster	776	86%	<ul style="list-style-type: none"> · Educational Scholastics Tutoring – Provided by YMCA · Computer Facilities Usage · Income Tax E-Files · Resident Meet and Greet · Resident Council Meeting · Resident Breakfast · Kid’s Craft Day · Adult Craft Night · Adult Game Night · Senior Luncheon at the Community Center · Aerobics – Provided by Dorothy Mann · Yoga 	In Compliance

Crescent Oaks Apartments	Houston	429	96%	<ul style="list-style-type: none"> · Educational Scholastics Tutoring – Provided by Catholic Charities · Online Educational Resources · ESL Courses – Provided by Houston Community College and The Alliance · Arts and Crafts – Provided by Catholic Charities · After School Programs · Health Screening Services – Provided by Christus St. Joseph · HIV/AIDS provided by F.L.A.S. · Crime Prevention – Provided by Houston Police Department · Senior Meals · Senior Entertainment · Computer Facilities Usage · Computer Literacy Classes – Provided by The Alliance · HIPPY Program – Provided by Houston Independent School District 	In Compliance
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SOUTH TEXAS AFFORDABLE PROPERTIES

Owner: South Texas Affordable Properties Corp.
David Cole
Temple, Texas

Management Company: Coach Realty
Houston, Texas

Bond Issue:

Series 2002A Tax Exempt	\$53,675,000
Series 2002A-T Taxable	\$ 325,000
Series 2002B Tax Exempt	\$ 6,630,000
Series 2002C Tax Exempt	\$ 2,945,000
Series 2002D Tax Exempt	\$ 930,000

Default Status: · None Reported

Property Name	Location	Total Units	Current Occupancy	Resident Services Provided	Compliance Status
The Charleston Apartments	Cranbrook (near Houston)	312	89%	<ul style="list-style-type: none"> · Financial Planning Courses – Provided by Bryant Turner · Educational and Scholastic Tutoring · Cookie Friday, Health Messages Attached · Know Your Neighbors Resident Breakfast · Bible Study · Bingo Night · Emergency Service Transportation, Community Safety · Educational Resources Homework Helper · Fruity Friday, Health Messages Attached · Resources distributed for Abused Women and Children in Houston 	In Compliance
The Rafters Apartments	Corpus Christi	250	94%	<ul style="list-style-type: none"> · Fruity Friday, Health Messages Attached 	In Compliance
Remington Apartments	San Antonio	158	98%	<ul style="list-style-type: none"> · Tax Preparation Seminar – Provided by Liberty Tax 	In Compliance
Summer Oaks Apartments	San Antonio	256	93%	<ul style="list-style-type: none"> · None Provided 	In Compliance

The Wharf Apartments	Corpus Christi	250	98%	· Fruity Friday, Health Messages Attached · Resources Distributed for Abused Women and Children in Corpus Christi	In Compliance
Willowick Apartments	Corpus Christi	250	94%	· Resources Distributed for Abused Women and Children in Corpus Christi	In Compliance

WHITE ROCK

Owner: Common Wealth
David Cole
Temple, Texas

Management Company: Coach Realty
Houston, Texas

Bond Issue: Series 2001A Tax Exempt \$20,345,000
Series 2001A-T Taxable \$ 430,000
Series 2001B Tax Exempt \$ 1,771,172

Default Status: · None Reported

Property Name	Location	Total Units	Current Occupancy	Resident Services Provided	Compliance Status
White Rock Apartments	San Antonio	336	90%	· Tax Preparation Seminar – Provided by Liberty Tax · After School Programs · Fruity Friday, Health Messages Attached · Resources Distributed for Abused Women and Children	In Compliance

WORTHING OAKS

Owner: National Farm Workers Services Center
 Bert Ortiz
 Phoenix, Arizona

Management Company: National Farm Workers Services Center
 Phoenix, Arizona

Bond Issue: Series 2002A Tax Exempt \$9,550,000
 Series 2002B Taxable \$ 270,000

Default Status: · None Reported

Property Name	Location	Total Units	Current Occupancy	Resident Services Provided	Compliance Status
Aguila Oaks (Formerly known as Worthing Oaks)	San Antonio	346	94%	<ul style="list-style-type: none"> · Computer Literacy Classes – Provided by Leona Williams · After School Programs · Senior Entertainment · Computer Facilities · Resident Council · PRESA · Craft Afternoon · Yoga/Low Impact Aerobics · Bingo · Meet Officer Pedrazina, New Courtesy Officer 	In Compliance

RESOLUTION NO. _____

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Resolution Authorizing the Issuance, Sale and Delivery of Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) Series 2005A in One or More Series; Authorizing a Trust Indenture or Trust Indentures, an Origination, Sale and Servicing Agreement, Purchase Contract and Continuing Disclosure Agreement, Making Certain Findings and Determinations; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out a 2005 Texas State Affordable Housing Corporation Professional Educators Home Loan Program; and Containing Other Matters Incident and Related Thereto

WHEREAS, the Texas State Affordable Housing Corporation (the "Issuer") has been duly created and organized pursuant to and in accordance with the provisions of the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq. Vernon's Annotated Texas Civil Statutes, as amended and under the authority of Subchapter Y of Chapter 2306, Texas Government Code, as amended (the "Act"), the Issuer is authorized to establish a program to provide eligible professional educators whose income does not exceed 115 percent of the area median family income, adjusted for family size, with low-interest home mortgage loans; and

WHEREAS, the Board of Directors of the Issuer has heretofore determined to adopt and implement a 2005 Texas State Affordable Housing Corporation Professional Educators Home Loan Program (the "Program") to provide eligible professional educators meeting the requirements of the Act with low interest home mortgage loans; and

WHEREAS, section 103(a) and section 143 of the Internal Revenue Code of 1986, as amended (the "Code"), provide that the interest on obligations issued by or on behalf of a state or a political subdivision thereof the proceeds of which are to be used to finance owner-occupied residences shall be exempt from federal income taxation if such issue meets certain requirements set forth in said section 143; and

WHEREAS, in order to carry out the Program, the Issuer, Wells Fargo Bank, National Association (the "Trustee"), CitiMortgage, Inc., as Servicer/Administrator (the "Servicer/Administrator") and various commercial lending institutions doing business in the State of Texas (the "Participants"), propose to enter into an Origination, Sale and Servicing Agreement (the "Agreement"), pursuant to which: (a) the Issuer will indicate its intent to issue its bonds in an amount sufficient to enable the Issuer to acquire Government National Mortgage Association mortgage-backed certificates (the "GNMA Certificates") and Fannie Mae mortgage-backed securities (the "Fannie Mae Certificates") each backed by certain qualified home mortgage loans made to eligible professional educators (the "Mortgage Loans"); (b) the Trustee has agreed to disburse funds on behalf of the Issuer to acquire the GNMA Certificates and the Fannie Mae Certificates and to perform certain other duties in connection with the Program; (c) the Servicer/Administrator has agreed to accept general responsibility for monitoring the Participants' performance, preparing certain periodic reports, and performing certain other duties, including servicing the Mortgage Loans, in connection with the Program; (d) the Participants have agreed to originate and sell the Mortgage Loans; and (e) the Issuer, the Trustee, and the Servicer/Administrator and the Participants each agree to perform certain

actions and to follow reasonable procedures to ensure compliance with Section 143 of the Code and the Act; and

WHEREAS, the Program has been designed to provide down payment and closing cost assistance to the mortgagors as provided in the Agreement; and

WHEREAS, the Issuer believes that the addition of the down payment assistance feature and the interest rate or rates associated with the Mortgage Loans will make the Program attractive to potential mortgagors; and

WHEREAS, in order to carry out the Program, the Board of Directors of the Issuer has determined that the Issuer shall issue its Single Family Mortgage Revenue Bonds (Professional Educators Home Loan Program) in one or more series (the "Bonds"), in the maximum aggregate principal amount of not to exceed \$25,000,000 pursuant to and as generally described one or more Trust Indentures prepared in connection with the issuance of the Bonds (the "Indenture"), by and between the Issuer and the Trustee, thereby making funds available for acquiring GNMA Certificates and Fannie Mae Certificates, all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Issuer further proposes to sell the Bonds, upon the issuance thereof, to the entity referenced in the Purchase Contract hereinafter described (the "Purchaser"); and

WHEREAS, there have been presented to the Issuer and its advisors proposed forms of each of the following and all of which comprise a part of this Resolution:

1. the Indenture;
2. the Agreement; and
3. the Continuing Disclosure Agreement by and between the Issuer and the Trustee (the "Disclosure Agreement").

WHEREAS, the Issuer finds the form and substance of the above-listed documents (hereinafter, collectively the "Bond Documents") to be satisfactory and proper and finds the recitals with regard to the Issuer contained therein to be true, correct and complete and hereby determines to proceed with the issuance and sale of the Bonds to carry out the Program, the execution of such documents and the taking of such other actions as may be necessary and appropriate in connection therewith; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION:

Section 1. Approval of Program. That the Issuer hereby expresses its intent to implement the Program, as described more fully in the Agreement, under which the Trustee, on behalf of the Issuer, will acquire GNMA Certificates and Fannie Mae Certificates, backed by mortgages on residences in the State of Texas owned and occupied by eligible professional educators.

Section 2. Public Purposes of Program and Bonds. That the Issuer hereby finds, determines, recites and declares that the adoption and implementation of the Program, including the down payment assistance and the interest rate or rates to be borne by the

Mortgage Loans, and the issuance of the Bonds will promote the public purposes set forth in the Act, including, without limitation, assisting eligible professional educators in acquiring and owning adequate, safe and sanitary housing.

Section 3. Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds in one or more series in the maximum aggregate principal amount of not to exceed \$25,000,000 is hereby authorized, all under and in accordance with the Indenture, and that, upon execution and delivery of the Indenture, the officers of the Issuer are each hereby authorized to execute and attest the Bonds and to deliver the Bonds to the Trustee for authentication all as provided in the Indenture. The Bonds shall mature on the date or dates and in the amounts, shall bear interest and shall be subject to redemption prior to maturity on the date or dates and in the amounts as specified in the Indenture.

Section 4. Approval, Execution and Delivery of the Indenture. That the Indenture, in substantially the form and substance as presented to the Board of Directors at the meeting at which this Resolution was considered, with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon the advice of bond counsel to the Issuer), as evidenced by the execution of the Indenture by said Chairperson, Vice Chairperson, President or Executive Vice President, is hereby approved and that the proper officers of the Issuer are each hereby authorized and directed to execute and attest the Indenture and to deliver the Indenture to the Trustee.

Section 5. Approval, Execution and Delivery of the Agreement. That the Agreement in substantially the form and substance of the Agreement presented to the Board of Directors at the meeting at which this Resolution was considered, with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon the advice of bond counsel to the Issuer), as evidenced by the execution of the Agreement by said Chairperson, Vice Chairperson, President or Executive Vice President, is hereby approved and that the proper officers of the Issuer are each hereby authorized and directed to execute and attest the Agreement and to deliver the Agreement to the Trustee, the Servicer/Administrator and each Participant.

Section 6. Purchase Contract and Sale of Bonds. That the sale and delivery of the Bonds to the Purchaser, upon the terms and conditions set forth in a purchase contract between the Issuer and a bond purchaser named therein (the "Purchaser") is hereby authorized and approved. The Bonds shall be sold to the Purchaser at the purchase price specified in the Purchase Contract. The Issuer hereby authorizes the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer, either individually or in any combination of such officers, for and on behalf of the Issuer, to determine the actual Purchaser and the terms of the Purchase Contract and to execute and deliver the Purchase Contract. Upon execution by the parties thereto and delivery thereof, the Purchase Contract shall be binding upon the Issuer in accordance with the terms and provisions thereof. In addition, the officers of the Issuer are each authorized and directed to execute any necessary certificates evidencing approval of any or all of the matters set forth in this Section 6. In the event it becomes necessary to engage an investment banking firm or investment banking firms to assist in the sale of the Bonds, the President or the Executive Vice President of the Issuer shall be and hereby is authorized to engage the services of any such investment banking firm or firms.

Section 7. Approval, Execution and Delivery of the Disclosure Agreement. That the Disclosure Agreement, in substantially the form and substance of the Disclosure Agreement presented to the Board of Directors at the meeting at which this Resolution was considered, with

such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon the advice of bond counsel to the Issuer), as evidenced by the execution of the Disclosure Agreement by said Chairperson, Vice Chairperson, President or Executive Vice President, is hereby approved and that the proper officers of the Issuer are each hereby authorized and directed to execute and attest the Disclosure Agreement and to deliver the Disclosure Agreement to the Trustee.

Section 8. Approval, Execution, Use and Distribution of Offering Document. The Board hereby authorizes and approves the preparation of a Preliminary Official Statement and the changes to the Preliminary Official Statement which will result in the final Official Statement proposed to be delivered in connection with the sale of the Bonds (the "Official Statement"), in substantially the form and substance approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer (upon advice of bond counsel to the Issuer) as evidenced by their execution thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer is hereby authorized and directed, for and on behalf of the Issuer, to execute the Preliminary Official Statement and the Official Statement. Delivery to the Purchaser of the Preliminary Official Statement and the Official Statement is hereby authorized.

Section 9. Execution and Delivery of Other Documents. That the officers of the Issuer are each hereby authorized to consent to, accept, execute and attest such other agreements, investment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, offering documents, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the Program and the issuance, sale and delivery of the Bonds.

Section 10. Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Chairperson, Vice Chairperson, President, Executive Vice President, Secretary and any Assistant Secretary of the Issuer are each hereby authorized to make or approve such revisions in the form of the Bond Documents as, in the opinion of counsel to the Issuer or bond counsel, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution and the Program.

Section 11. Delegation to President or Executive Vice President. The President and Executive Vice President of the Issuer, either individually or jointly, are hereby authorized to approve the principal amount and maturity of any and all series of the Bonds to be issued pursuant to this Resolution, to establish the interest rate or rates to be borne by the Bonds, provided, however, that the interest rate shall never exceed 15% per annum, and to determine the rate on the Mortgage Loans associated with each series or subseries of Bonds, provided however, that such rate shall not exceed 10% per annum. The President and Executive Vice President of the Issuer, either individually or jointly, are further authorized to engage the services of consultants that may be needed, in the opinion of such officer, to fully complete the issuance and delivery of the Bonds.

Section 12. Ratification of Certain Prior Actions. That all prior actions taken by or on behalf of the Issuer in connection with the Program and the Bonds, are hereby authorized, ratified, confirmed and approved.

Section 13. Purposes of Resolution. That the Board of Directors of the Issuer has expressly determined and hereby confirms that the issuance of the Bonds and the

implementation of the Program accomplish a valid public purpose of the Issuer by assisting eligible teachers in the State of Texas to obtain adequate, safe and sanitary housing, thereby promoting the public health, welfare and safety for professional educators in the State of Texas.

Section 14. Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Issuer payable solely from the revenues, funds and assets 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 Issuer.

Section 15. Obligations of Issuer Only. That the Bonds and the interest thereon shall not constitute an indebtedness, liability, general, special or moral obligation or a pledge or loan of the faith or credit or taxing power, within the meaning of any constitutional or statutory provision whatsoever, of the State of Texas or any other political subdivision or governmental unit of the State of Texas.

Section 16. Conflicting Prior Actions. That all orders, resolutions, or any actions or parts thereof of the Board of Directors of the Issuer in conflict herewith are hereby expressly repealed to the extent of any such conflict.

Section 17. Appointment of Hearing Officer. The appointment of Cathleen Dean as the Hearing Officer of the Issuer and all actions heretofore taken by the Hearing Officer, including the conducting of any public hearing or hearings, is hereby in all things ratified and confirmed.

Section 18. Authorization of Investment. That the Board of Directors of the Issuer hereby authorizes the Chairperson, Vice Chairperson, President or Executive Vice President of the Issuer to direct the Trustee to invest any funds received by the Trustee pursuant to the Indenture in Investment Securities specified in the Indenture.

Section 19. Authorization of Application for Allocation of Private Activity Bonds to the Texas Bond Review Board. That the Board of Directors of the Issuer hereby authorizes the Chairperson, Vice Chairperson, President or Executive Vice President to execute and deliver a 2005 Application for Allocation of Private Activity Bonds to the Texas Bond Review Board in connection with requesting an allocation for the Bonds, together with any documents, certificates or instruments related thereto.

Section 20. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

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PASSED, APPROVED AND EFFECTIVE this June 10, 2005.

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

Chairperson

ATTEST:

Secretary



INVESTMENT POLICY

ADOPTED JUNE 10, 2004

TEXAS STATE AFFORDABLE HOUSING CORPORATION
INVESTMENT POLICY

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ATTACHMENT A: CERTIFICATION OF INVESTMENT POLICY

TEXAS STATE AFFORDABLE HOUSING CORPORATION
INVESTMENT POLICY

I. POLICY

It is the policy of Texas State Affordable Housing Corporation (the "Corporation") to invest public funds in a manner which will fulfill, by priority, the following objectives:

1. Safety of principal;
2. Sufficient liquidity to meet the Corporation's cash flow needs;
3. Diversification to reduce market and credit risk;
4. A market rate of return for the risk assumed; and
5. Conformation to all applicable state statutes governing the investment of public funds including the Corporation's enabling legislature, Texas Government Code, Section 2306, Subchapter Y, and specifically Texas Government Code, Section 2256, the Public Funds Investment Act. (the "Act").

II. SCOPE

A. This Investment Policy ("Policy") applies to all financial assets of the Corporation, except for any promissory notes payable to the Corporation.

III. PRUDENCE

A. Investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety and liquidity of their capital as well as the probable income to be derived.

B. The standard of prudence to be used by the Investment Officer shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment Officers (hereinafter defined) acting in accordance with the Policy and written procedures and exercising due diligence shall be relieved of personal liability for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. OBJECTIVES

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles commensurate with the Corporation's investment risk constraints and cash flow needs. A maximum dollar-weighted average maturity will be six (6) months. A benchmark for risk in the portfolio shall be the six-month U.S. Treasury Bill. The following are the primary objectives of investment activities in order of priority:

1. Safety of Principal

Preservation and safety of principal is the foremost objective of the investment program. Investments of the Corporation shall be undertaken in a manner that

seeks to ensure the preservation of capital. The principal will be protected by limiting credit risk through purchase of high credit quality securities and limiting interest rate risk through a structured portfolio which addresses projected cash flow requirements.

2. Liquidity

Liquidity risk is the risk that funds will not be available to pay liabilities or the inability to sell a security for needed cash. To protect liquidity needs the Corporation will prepare a cash flow analysis to direct investments and limit its maximum final stated maturity to three years. The Corporation's investment portfolio shall contain a liquidity buffer to meet all unanticipated cash flow needs. In addition, securities with active secondary or resale markets will be used to meet unanticipated liabilities.

3. Diversification

The Corporation shall diversify its portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of investments. Investment shall always be selected that provide for stability of income and reasonable liquidity.

4. Yield

The Corporation's investment portfolio shall be designed with the objective of attaining a reasonable market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow needs of the Corporation. Return on investment is of less importance than the safety and liquidity. Reasonable returns will be obtained through competitive bidding on all transactions and comparative analysis of all market alternatives available within the parameters of this Policy.

V. Investment Strategy

The Corporation will commingle its operating funds for maximum investment efficiency and economy of scale. Interest will be distributed as applicable among the funds. The authorized securities, investments or pools utilized for this portfolio will be of the highest credit quality and marketability supporting the Corporation's objectives of safety, liquidity and yield.

Securities, when not matched to a specific liability, will be short term and of a liquid nature to provide adequate cash flow for the Corporation. The portfolio shall be diversified to protect against credit and market risk in any one sector. Diversification requirements can be fully met through use of an authorized pool. The weighted average maturity on the pooled investment group will be no greater than six (6) months. Because the funds are pooled for investment purposes, the portfolio will address the varying needs of all funds in the pooled fund.

VI DELEGATION OF AUTHORITY AND RESPONSIBILITY

Board of Directors

A. The Board establishes investment policy and objectives, obtains such expert advice and assistance with respect to its actions as is necessary to exercise its responsibilities prudently, and monitors the actions of staff and advisors to ensure compliance with its Policy. It is the Board's intention that this Policy be carried out by those persons who are qualified and competent in their areas of expertise.

B. The delegation of authority as provided below in no way diminishes the Board's ultimate responsibility as a fiduciary to follow the policies and objectives established by this Policy.

C. Each member of the Board shall attend at least one training session relating to the person's responsibilities under the Act within six months after taking office or assuming duties. Training under this section may be provided by the Texas Higher Education Coordinating Board and include investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, compliance with the Act and compliance with the Policy.

Investment Officer(s)

A. Authority to manage the Corporation's investment program is granted to the Chief Executive Officer (CEO), or President when the CEO and President are not the same individual. The Board designates by resolution responsibility for the operation of the investment program to the Chief Financial Officer as the designated "Investment Officer".

B. The Investment Officer shall be responsible for all transactions undertaken and shall establish internal controls to regulate the activities of subordinate officials. Procedures should include reference to safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures may include explicit temporary delegation of authority to persons responsible for investment transactions.

C. The Investment Officer shall establish written procedures for the operation of the investment program consistent with this Policy.

D. Investment Officer shall attend 10 hours of training within twelve months of assuming the position and in each succeeding two-year period and may receive the training from any independent source approved by the Board. Training is to include investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Act.

E. The Investment Officer may temporarily delegate investment responsibilities to subordinate staff. Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions.

F. No person may engage in an investment transaction except as provided under the terms of this Policy and the procedures established by the Investment Officer.

VII. ETHICS AND CONFLICT OF INTEREST

An Investment Officer of the Corporation has a personal business relationship as defined by the Act (2256.005(j)) with a business organization offering to engage in an investment transaction with the Corporation, the Investment Officer shall file a statement disclosing that personal business interest with the Corporation's Board and the Texas Ethics Commission.

1. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the Corporation shall file a statement disclosing that relationship with the Corporation's Board and the Texas Ethics Commission.

VIII. AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS

A. The Corporation shall maintain a list with a minimum of three qualified broker/dealers authorized to engage in investment transactions with the Corporation. This list of qualified brokers shall be reviewed, revised and adopted at least annually by the Board.

B. Broker/dealers shall, at a minimum, provide information as required by the Investment Officer and provide evidence of SEC registration and NASD membership.

C. Any person/firm offering to engage in an investment transaction with the Corporation shall be provided a copy of the current Investment Policy. The Certification or a form acceptable to the Corporation shall affirm that the person/firm:

1. Has received and reviewed the Policy; and
2. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions that are not authorized by the Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entire portfolio or requires an interpretation of subjective investment standards.

D. The Investment Officer of the Corporation may not buy any securities from a person who has not delivered the signed Certification to the Corporation.

E. If the brokerage subsidiary of the banking services bank is used for purchase of securities, the securities should be safe-kept in trust to perfect delivery versus payment settlement.

E. No less than every five years, the Corporation shall, through a competitive process chose a banking services institution to serve as its primary depository and a custodian for Corporation owned securities.

IX. AUTHORIZED INVESTMENTS

A. Notwithstanding any grant or program limitations to the contrary, the following are authorized investments of the Corporation:

1. **Obligations of the US Government, its agencies and instrumentalities** including collateralized mortgage obligations (CMO). Debentures shall have a stated maturity not to exceed three (3) years. CMOs shall have a stated maturity not to exceed ten (10) years.
2. **Certificates of Deposit** issued by a state or national bank doing business in the State of Texas or a savings bank doing business in the State of Texas and is:
 - i. Guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its;
 - ii. Secured by obligations of the US Government, its agencies and instrumentalities as further defined in Section XIII of this Policy; and
 - iii. Has a stated maturity not to exceed one year.
3. **Fully collateralized repurchase agreements** and reverse repurchase agreements which:
 - i. Have a defined termination date and is executed under the terms of a written Master Repurchase Agreement;
 - ii. Are secured by collateral defined in Section XIII of this Policy and held by an independent safekeeping agent approved by the Corporation;
 - iii. Require the securities being purchased be held in the Corporation's name; and
 - iv. Are executed with a primary government securities dealer, as defined by the Federal Reserve;

The term of any reverse security repurchase agreement may not exceed 90 days after the date of the reverse. Money received by the Corporation from the reverse security repurchase agreement may be used to acquire authorized investments, but the maturity date of the investment acquired must not be later than the expiration date of the reverse

3. **SEC registered money market mutual fund**
 - a. A money market mutual fund is an authorized investment if the fund:
 - i. Is registered with and regulated by the Securities and Exchange Commission;
 - ii. Has a dollar-weighted average stated maturity of 90 days or fewer; and

iii. Includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

b. The Corporation is not authorized to invest its funds or funds under its control in any money market mutual fund in an amount that exceeds 10 percent of the total assets of the mutual fund.

4. Commercial Paper

a. Commercial Paper is an authorized investment if the commercial paper:

i. Has a stated maturity of ninety (90) days or fewer to its stated maturity; and

ii. Is rated not less than A-1/P-1 or equivalent by at least two nationally-recognized credit rating agencies,

5. Texas Local Government Investment Pools

a. Constant dollar investment pools, as defined by the Act, are authorized under this Policy if the investment pool:

i. Is created to function as a money market mutual fund, marks its portfolio to market daily and strives to maintain a \$1 net asset value.

ii. If it is rated not less than AAA or AAA-m or equivalent rating by at least one nationally recognized rating service.

E. No additional securities or investments are authorized for Corporation use until this Policy has been amended and the amended Policy adopted by the Board.

F. All investment transactions shall require competitive bidding.

D. To minimize loss of principal, securities which are downgraded in credit or become unauthorized after purchase should be monitored on a daily basis and may be sold prior to maturity after a prudent analysis of market conditions.

E. Security swaps may be utilized for improvement in the quality, yield, or target duration in the portfolio but only if analysis proves a positive horizon value for the swap.

F. Any investment held prior to changes in the Investment Policy that does not meet the guidelines of this Policy shall be exempted from the requirements of this Policy. However, at maturity or liquidation, such monies shall be reinvested only as provided by this Policy.

X. UNAUTHORIZED INVESTMENTS.

The following are not authorized investments:

- A. Interest Only Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (IO);
- B. Principal Only Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (PO); and
- C. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
- D. Inverse Floating Collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in a market index (Inverses).

XI. DIVERSIFICATION

The Corporation will diversify its investments by security type and institution. With the exception of U.S. Treasury securities, no more than 50% of the Corporation's total investment portfolio will be invested in a single security type or single issuer.

General diversification parameters will include:

	<u>Max % of Portfolio</u>
US Obligations	80%
Obligations of US Agencies	70%
Certificates of Deposit	25%
By Institution	10%
Repurchase Agreements	30%
Money Market Mutual Funds	25%
Commercial Paper	30%
By Issuer	10%
Local Government Stable Net Asset Value Pools	75%

XII. EFFECT OF LOSS OF REQUIRED RATING

An investment that requires a minimum rating under this Policy does not qualify as an authorized investment during the period the investment does not meet or exceed the minimum rating. The Corporation shall take prudent measures that are consistent with its Policy to evaluate possible liquidation of an investment that does not meet or exceed the minimum rating as market conditions dictate. (2256.021) However, the Corporation is not required to liquidate investments that were authorized at the time of purchase. (2256.017)

XIII. COLLATERALIZATION

Collateralization will be required on all time and demand accounts above FDIC insurance levels and on repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization margin level will be 102%.

A. For time and demand deposits the following securities are authorized as pledged collateral:

1. Obligations of the United States or its agencies and instrumentalities including mortgage backed securities meeting the bank test;
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of Texas or the United States or their respective agencies and instrumentalities; and
4. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

B. For repurchase agreements, the following securities are authorized are authorized as collateral owned under the transaction:

1. Obligations of the US Government, its agencies and instrumentalities including mortgage backed securities.

C. Collateral shall always be safekept by an independent third party with whom the Corporation has a current custodial agreement executed under the terms of FIRREA (time and demand deposits). A clearly marked evidence of pledge or ownership must be supplied to the Corporation and retained. The Corporation shall grant the right of collateral substitution, subject to receiving prior approval from the Investment Officer.

D. It shall be the contractual liability of the counter-party pledging or selling the securities to monitor and maintain the appropriate 102% margin at all times.

XIV. SAFEKEEPING AND CUSTODY

All securities owned by the Corporation will be held by an independent third party custodian approved by the Corporation and under a current custody agreement.

Delivery versus Payment

All security transactions will be executed on a Delivery vs. Payment (DVP) basis. This ensures that securities are deposited prior to the release of funds. Securities will be held by an independent third-party custodian and evidenced by safekeeping receipts.

XV. INTERNAL CONTROLS

A. Internal Controls

The Investment Officer is responsible for establishing and maintaining internal controls to ensure that the assets of the Corporation are protected from loss, theft, or misuse. The internal controls shall address the following points:

5. Control of collusion.
6. Separation of transaction authority from accounting and record keeping.
7. Custodial safekeeping.
8. Clear delegation of authority to subordinate staff members.
9. Written confirmation of all transactions.

In developing controls, the concept of reasonable assurance recognizes that:

1. The cost of control should not exceed the benefits likely to be derived; and
2. The valuation of costs and benefits requires estimates and judgements by management.

B. Compliance Audit

At least once every two years, the Corporation, shall arrange for a compliance audit of management controls on investments and adherence to this Policy and the Act.

1. The Compliance audit shall be performed by the Corporation's internal auditor or by a private auditor.
2. The results of the audit performed under this section shall be presented to the Corporation's Board.
3. The Corporation shall report the results of the audit performed under this section to the Office of the State Auditor not later than January 1 of each even-numbered year. The report shall be prepared in a manner as prescribed by the Office of the State Auditor.
4. The Corporation shall also report to the Office of the State Auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to the Corporation's investment.

C. Wire Transfers

All wire transfers will be transacted under a written agreement. This agreement shall delineate controls, security provisions, and responsibilities of each party.

XVI. REPORTING

A. Quarterly Reports

At least quarterly, the Investment Officer shall prepare and present to the Board an investment report, including a summary that provides a clear picture of the status of the current investment portfolio and transactions made over the last quarter. This investment report will be prepared in a manner, which will allow the Board to ascertain whether investment activities during the reporting period have conformed to the Policy. The report must:

- a. Describe in detail the investment position on the date of the report;
- b. Be prepared jointly by all Investment Officers;
- c. Be signed by each Investment Officer;
- d. Be prepared in compliance with Generally Accepted Accounting Principles (GAAP) for each fund that states:
 - i. The stated maturity date and call or reset date of each security;
 - ii. The book value and market value of each security at the beginning and end of the reporting period by type and market sector;
 - iii. Additions and changes in market value during the period;
 - iv. Fully accrued interest and total earnings for the reporting period;
 - v. State the fund or pooled group for which each individual investment was acquired; and
- e. State the compliance of the investment portfolio as it relates to the investment strategy expressed in this Policy and the Act.

B. Audit Report

An independent auditor shall formally review the investment reports prepared by the Investment Officer under this Policy at least annually and that auditor shall report the result of the review to the Board.

C. Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this Policy and the cash flow analysis. The maximum dollar weighted average maturity of the portfolio is six months. In order to measure performance and the level of risk in the portfolio, a benchmark of the six-month Treasury Bill for the comparable period will be reported quarterly.

D. Market Value

The Investment Officer will obtain market prices used to calculate market value from independent, recognized published sources or from other qualified professionals.

E. The Investment Officer shall present to the Board a report on changes to the Act no later than 180 days after the last regular session of the legislature.

XVII. POLICY ADOPTION

The Investment Policy shall be reviewed and adopted by resolution of the Board at least annually. The Board must approve and adopt any amendments made thereto. The Board shall adopt by written resolution a statement that it has reviewed the investment policies and strategies and note any changes made.

Attachment A

**CERTIFICATION OF RECEIPT AND REVIEW
OF TEXAS STATE AFFORDABLE HOUSING INVESTMENT POLICY**

As a qualified representative of the Firm _____ (name of "Firm").

I, and the broker covering the account, acknowledge that we have received and reviewed the Corporation's Investment Policy dated _____.

We acknowledge that the Firm has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Firm and the Corporation that are not authorized by the Corporation's Investment Policy, except to the extent that this authorization is dependent on an analysis of the Corporation's entire portfolio or requires an interpretation of subjective investment standards.

Dated this _____ day of _____, _____.

Signature: _____

Name: _____

Title: _____

**Texas State Affordable Housing Corporation
Authorized Broker/Dealer List**

June 2005

The authorized broker/dealer list for Texas State Affordable Housing Corporation is shown below. Each of these firms, and the individual covering the account, will be sent the current Investment Policy¹. In accordance with the Public Funds Investment Act (TX Gov't Code 2256.005(k)) before any broker/dealer transacts business with the Corporation it will have had to certify in writing to a review of the Policy and have certified that procedures are in place to assure compliance with that Policy.

The Corporation's Policy establishes specific criteria for the brokers and requires that the list of broke/dealers be approved annually by the Board. Attachment A of the Policy is the certification form used for this purpose. Patterson & Associates maintains the brokerage compliance files for the Corporation.

When any material changes are made to the Investment Policy the new Policy is sent out for re-certification.

Bank of America
Citigroup-Smith Barney
Lehman Brothers
Merrill Lynch
Mizuho Securities
Morgan Stanley
Wells Fargo

¹ Pending approval and adoption of the Investment Policy by the Board in June 2004.

**BOARD MEETING
TEXAS STATE AFFORDABLE HOUSING CORPORATION
Held at the Offices of
Texas State Affordable Housing Corporation
1005 Congress Avenue – Suite B-10 Conference Room
Austin Texas 78701
May 13, 2005 at 11:30 a.m.**

Summary of Minutes

**Call to Order, Roll Call
Certification of Quorum**

The Board Meeting of the Texas State Affordable Housing Corporation (the “Corporation”) was called to order by Jerry Romero, Chair, at 11:36 a.m., on May 13, 2005, at the offices of Texas State Affordable Housing Corporation, 1005 Congress Avenue Suite B-10 Conference Room, Austin, Texas 78701. Roll Call certified that a quorum was present.

In order to accommodate Special Guests in attendance, items on the agenda for the meeting were taken out of order.

Members Present

Jerry Romero, Chair
Thomas A. Leeper, Vice Chair
Christopher D. DeCluitt, Member

Members Absent

Charles G. Rencher, Member
Jo Van Hovel, Member

Staff Present

David Long, President
Melinda Smith, Chief Financial Officer
Katherine Closmann, Executive Vice President
Cathleen Dean, Single Family Programs Manager
Emily Lah, Asset Oversight and Compliance Manager
Laura Smith, Corporate Secretary

Public Comment

Please refer to Tabs 2 and 4.

Special Guests

Jim Buie, Banc of America Securities
Bob Coleman, Morgan Keegan
Tom Daly, Raymond James
Gary Driggers, Legacy Renewal Inc.

Phil Harloff, Raymond James
Steven Harris, George K Baum & Company
Laura Laury, Citimortgage
Gary P. Machak, RBC Dain Rauscher
Catherine Mayer, George K Baum & Company
Robin Miller, First Southwest Company
Timothy Earl Nelson, RBC Dain Rauscher
Elena Pienado, Texas Department of Housing and Community Affairs
Larry Soule, Banc of America Securities
Chris Spelbring, Morgan Keegan
Barton Withrow, RBC Dain Rauscher
Guy Yandel, George K Baum & Company

Reports

All Reports were deferred.

Tab 1 Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on April 15, 2005.

Mr. DeCluitt moved to approve the minutes for the Board Meeting held on April 15, 2005. Mr. Leeper seconded the motion. Motion passed unanimously.

Tab 4 Presentation, Discussion, and Possible Approval of an Application to the Department of Housing and Urban Development for a Rural Housing and Economic Development Grant to fund a Portion of the Development and Construction of a 32-Unit Affordable Multifamily Apartment Complex in Goliad, Texas to be known as Fenner Square

Ms. Closmann began by explaining that the Rural Housing and Economic Development Grant from HUD would be for up to \$400,000 and would help with development and construction costs for a 32-unit apartment complex in Goliad called Fenner Square. Ms. Closmann stated that the application for the grant was almost completed. Ms. Closmann turned the Board's attention to the handout containing budget information for the project and gave a brief description of the Fenner Square deal. Ms. Closmann explained that the non-profit partner in the deal was Merced Housing. Ms. Closmann stated that Mr. Driggers with Merced Housing and Legacy Renewal was at the meeting today to speak about the project. Ms. Closmann referred the Board to information about Mr. Drigger's experience and the history of Merced Housing that was included in the handouts.

Ms. Closmann explained that if the grant was awarded, the Corporation would serve as overseer in accordance with a subcontract held between the Corporation and Fenner Square Limited. Ms. Closmann explained the Corporation's role in further detail.

Ms. Closmann stated that the purpose of the grant was to create economic development opportunities in Goliad. Mr. Romero asked why the Corporation was brought in so late in the process. Mr. Driggers explained that in addition to all of the people involved with the project on a local level, it was suggested by the application that bringing in a housing finance corporation would be suitable for the grant. Mr. Driggers stated that once he had learned that information he

contacted the Corporation. Ms. Closmann followed by stating that because the construction costs were higher than originally expected, this grant was needed to help with that.

Mr. Romero inquired what the exposure the Corporation would have with this application. Ms. Closmann stated that the exposure would be minimal. Ms. Closmann added that the Corporation would administer the Grant. Ms. Closmann stated that HUD would assist with the sub-contract so that all requirements set by HUD would be included. Ms. Closmann stated that HUD would be monitoring to make sure the money was spent on eligible project costs and on economic development.

Mr. DeCluitt inquired about the oversight for the project. Mr. Long briefly spoke of how oversight would be administered and then referred to Mr. Driggers to further explain. Discussion followed.

Mr. Driggers with Legacy Renewal introduced himself to the Board. Mr. Driggers referred the Board attention to the presentation materials regarding the economic development and plans of the developer. Mr. Driggers gave an overview of the project. Mr. Driggers outlined the economic impact the project would have in Goliad.

Ms. Closmann stated that it was the staff's recommendation to move forward with the application for the grant.

Mr. Romero moved to approve an application to the Department of Housing and Urban Development for a Rural Housing and Economic Development Grant to fund a portion of the development and construction of a 32-Unit affordable multifamily apartment complex in Goliad, Texas to be known as Fenner Square. Mr. Leeper seconded the motion. Motion passed unanimously.

Tab 2 Presentation, Discussion, and Consideration relating to the Designation of Underwriter(s) for the Corporation's anticipated 2005 Single Family Mortgage Revenue Bond Programs.

Mr. Long began by refreshing the Board's memory of the RFP that was issued concerning underwriting services for the Single Family programs. Mr. Long explained that representatives from each of the five respondents were present at the meeting and would be making presentations to the Board. Names were then drawn by the Board to determine the order that the presentations would be made.

Mr. Miller with First Southwest Company, the Corporation's Financial Advisor, introduced himself to the Board. Mr. Miller stated that respondents to the RFP would specifically address the Professional Educators allocation. Mr. Miller stated that each respondent would discuss their background, experience, the kinds of programs they provide, and what their financing strategy would be for the program. Mr. Miller referred the Board's attention to two handouts that compared the programs and proposed fees. Mr. Miller further spoke to what the respondents would present to the Board.

Mr. Harris with George K Baum introduced himself, Mr. Yandel and Ms. Mayer to the Board. Mr. Harris, Mr. Yandel, and Mr. Mayer proceeded to present George K Baum's response to the RFP. Discussion followed. Mr. Romero thanked them for the presentation.

Mr. Spelbring with Morgan Keegan and Company introduced himself and Mr. Coleman to the Board. Mr. Spelbring and Mr. Coleman proceeded to present Morgan Keegan's response to the RFP. Discussion followed. Mr. Romero thanked them for their time.

Following the presentation by Morgan Keegan, there was a brief recess beginning at 12:56pm. The meeting resumed at 1:02pm.

Mr. Buie with Banc of America Securities introduced himself and Mr. Soule to the Board. Mr. Buie and Mr. Soule proceeded to present Banc of America Securities' response to the RFP. Discussion followed. Mr. Romero thanked them for their presentation.

Mr. Harloff with Raymond James introduced himself to the Board. Mr. Daly with Raymond James followed by introducing himself to the Board. Mr. Harloff and Mr. Daly proceeded to present Raymond James' response to the RFP. Discussion followed. Mr. Romero thanked them for their time.

Mr. Nelson and Mr. Machak with RBC Dain Rauscher introduced themselves to the Board. Mr. Withrow with RBC Dain Rauscher followed by introducing himself to the Board and proceeded to present RBC Dain Rascher's response to the RFP. Discussion followed. Mr. Romero thanked them for their presentation.

After the last presentation was complete, Mr. Romero asked for the staff's and financial advisor's recommendation. Mr. Romero asked for clarification on the costs associated with each proposal.

Mr. Miller proceeded to explain the numbers and point out how each proposal compared to the others. Discussion followed between Mr. Long, Mr. Miller and Mr. Romero regarding the financing options and proposals.

Mr. Romero asked whether they had the option of choosing a team of underwriters as opposed to going with just one. Mr. Miller and Mr. Long concurred that this would be the best course of action. Discussion followed.

Mr. Romero concluded after the Board Members conferred that RBC Dain Rauscher would be the primary underwriter and Morgan Keegan would be the co-underwriter.

Mr. Romero thanked the respondents for their presentations.

Mr. Romero made a motion to recommend RBC Dain Rauscher as the lead underwriter with Morgan Keegan being the co-lead. Mr. Romero noted that he expected the fees presented by both underwriters would not be exceeded, and if they were that staff would bring that information back before the Board for possible action. Mr. DeCluitt seconded the motion. Motion passed unanimously.

Tab 3 Presentation and Discussion relating to the Corporation's anticipated 2005 Single Family Mortgage Revenue Bond Programs.

Ms. Dean explained that she was seeking the approval of the Board to go forward with expanded eligibility requirements for the "Homes for Heroes" Home Loan Program as set forth in House Bill 1007. Ms. Dean explained that House Bill 1007 had passed the House 140 to zero, and

passed the Senate 31 to zero. Ms. Dean noted that a committee substitute was used in the Senate to expand the eligibility requirements even farther and therefore needed to be concurred with in the House before it would become law. Ms. Dean stated that she expected this would happen the following week. Ms. Dean informed the Board that if it passed with a two thirds vote, it would be effective immediately, and therefore would effect the 2004 program. Ms. Dean referred to the Affidavit of Mortgagor that was given to the Board. Ms. Dean stated that because the bond documents would need to be modified, the Affidavit of Mortgagor would need to be issued.

Ms. Dean also informed the Board about two other bills currently in legislation that would have an impact on the Corporation's programs. Ms. Dean stated that Senate Bill 779, which would include retired teachers with those eligible for the Professional Educators Home Loan Program, was moving forward as was House Bill 3005, which created a new program eligible to the faculty members of nursing schools. Ms. Dean explained that there was a shortage of nurses in the state due to a lack of nursing teachers, and this program would be an added benefit to help attract more nursing professors to Texas. Ms. Dean noted that this program would probably be released with professional educators program, but it depended on what was done with the 2005 Firefighter and Police Officer Home Loan Program. Ms. Dean noted that the Affidavit presented to the Board did not include the final language and that it was provided for informational purposes.

Mr. Long requested that the Board acknowledge or approve the new language for the Firefighter and Police Officer Program, because if and when passed the language contained in House Bill 1007 would be retroactive for the program. Mr. Long stated that the Board's blessing was needed because the new language would effect the current program.

Mr. Long further explained that the tab item was listed as presentation and discussion because the House Bill containing the new language had not yet passed the House a second time, and a resolution could therefore not be drafted.

Mr. Romero concluded that staff was asking for the Board's acknowledgement that they know there will be a language change regarding the program in the future. Mr. Long followed by explaining that the resolution would ask for acknowledgement of that and that the Board would accept the new definitions if authorized by legislation.

Mr. Romero noted for the record that he didn't have a problem with staff going forward and having the resolution ready when the definition change was official.

Tab 5 Presentation, Discussion and Possible Approval of the Corporation's Request for Non Public Private Sector Program Funds from Wells Fargo Equity Investment Program.

Mr. Romero recused himself from the discussion and the vote due to his employment with Wells Fargo.

Mr. Long explained that the application to Wells Fargo was an opportunity for the Corporation to access community development or EQ-2 funds available to non-profits seeking low interest rate funding to be used towards facilitating existing or new programs. Mr. Long proceeded to inform the Board of the loan the Corporation was seeking, what programs the money would go towards and how it would be used in those programs. Mr. Long asked for the Board's approval to continue with the application process and if awarded the money, to move forward with the programs outlined in the application.

Mr. Leeper moved to approve the Corporation's request for non-public private sector program funds from Wells Fargo Equity Investments Program. Mr. DeCluitt seconded. Mr. Romero recused himself from the vote. Motion passed.

Closed Meeting

Board Chair Mr. Jerry Romero, called the Board into Executive Session at 3:00 pm.

Mr. Romero resumed the Board Meeting at 3:15pm.

Open Meeting

Mr. Long asked that the dates be set for the Board Meetings in June and July. It was decided that the June meeting would be held on Friday, June 10, 2005. Ms. Long informed the Board and Ms. Closmann concurred that the owners of the 501(c)(3) properties would be attending the June meeting, as well as a representative of Standard and Poor's.

It was decided that the July meeting would be held on Friday, July 15, 2005.

Mr. DeCluitt announced that he had been appointed to the Board of Directors for the Brazos River Authority and that it was possible he would need to step down from the Corporation's Board. Mr. DeCluitt thanked the Board Members, officers and staff of the Corporation. Mr. DeCluitt stated that it had been a wonderful experience. Mr. DeCluitt stated that he would be seeking clarification on this issue from the Attorney General's office and would know in the next few weeks if this would be necessary.

Adjournment

Mr. DeCluitt made a motion to adjourn the meeting. Mr. Leeper seconded the motion. Motion passed unanimously.

The Texas State Affordable Housing Corporation Board Meeting was officially adjourned at 3:20pm.

Respectfully submitted by _____
Laura Smith, Corporate Secretary