

**Official Board Packet**



**September Board Meeting**

To be held at the offices of  
Texas State Affordable Housing Corporation  
2200 East Martin Luther King Jr. Blvd  
Austin, Texas 78702

Friday, September 11, 2009  
1:30 p.m.

**BOARD MEETING**  
**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
To be held at the offices of  
**Texas State Affordable Housing Corporation**  
**2200 East Martin Luther King Jr. Blvd.**  
**Austin, Texas 78702**  
**September 11, 2009 at 1:30 pm**

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

Robert "Bob" Jones  
Chair

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

**PRESIDENT'S REPORT**

David Long

- Program Area Reports
- Monthly Budget and Investment Reports

**ACTION ITEMS IN OPEN MEETING:**

- Tab 1            Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on August 11, 2009.
- Tab 2            Presentation, Discussion and Possible Approval of the Publication for Public Comment Guidelines Regarding the 2009 Texas Foundations Fund.
- Tab 3            Presentation, Discussion and Possible Approval of Texas State Affordable Housing Corporation Employee Handbook.
- Tab 4            Presentation, Discussion and Possible Approval of a Resolution Approving a Grant Acceptance Policy for the Corporation and a Fiscal Agent Policy for the Corporation.
- Tab 5            Presentation, Discussion and Possible Approval of a Resolution Approving the Corporation's Role as Fiscal Agent for the Texas Foreclosure Prevention Task Force and Authorizing the President to Negotiate and Execute Appropriate Documents Related Thereto.
- Tab 6            Discussion on Requirements for Conduct of Meetings of Board of Directors.

**PUBLIC COMMENT**

**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 Cynthia Gonzales, ADA Responsible Employee, at 512-477-3565, 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.*

# **Program Area Reports**



**2008 Mortgage Credit Certificate Program  
As of November 28, 2008 through August 31, 2009**

Month	# of Loans	% of Total Loans	Total Originated
Dec-08	5	8%	\$586,153
Jan-09	6	10%	\$610,912
Feb-09	6	10%	\$577,822
Mar-09	5	8%	\$599,525
Apr-09	13	21%	\$1,404,371
May-09	20	32%	\$2,542,727
Jun-09	5	8%	\$604,512
Jul-09	2	3%	\$117,072
<b>Totals</b>	<b>62</b>	<b>100%</b>	<b>\$7,043,094</b>

Lender	Originated	# of Loans	Total %
PrimeLending	\$1,525,787	14	23%
Cornerstone	\$1,489,232	12	19%
National City	\$612,908	5	8%
Network Funding	\$410,700	4	6%
WR Starkey	\$397,036	3	5%
Colonial Savings	\$300,918	3	5%
SWBC	\$276,320	2	3%
Allied Home Mortgage	\$244,947	2	3%
NTFN	\$237,571	2	3%
Flagstone dba 1st Choice	\$226,513	2	3%
Wells Fargo	\$177,960	2	3%
CTX Mortgage	\$142,760	1	2%
UAMC	\$128,510	1	2%
Liberty Mortgage	\$125,148	1	2%
Shelter Mortgage	\$123,524	1	2%
Texas Mortgage Prof.	\$108,436	1	2%
1st Advantage Mtg.*	\$103,632	1	2%
Pri. Res. Dba Flagstone	\$99,053	1	2%
SFMC	\$95,200	1	2%
Silver Oak Mortgage	\$91,836	1	2%
Houstonian Mortgage	\$77,077	1	2%
Global Mortgage Gp.	\$48,026	1	2%
<b>Total Committed</b>	<b>\$7,043,094</b>	<b>62</b>	<b>100%</b>

**Total Allocation**                    \$7,142,857  
**Remaining to Commit**                \$99,763

At a Glance	
Total Amount Originated	\$7,043,094
Average Annual Income	\$40,337
Average Purchase Price	\$118,606
Average Loan Amount	\$113,790
Average Interest Rate	5.26%
Average Household Size	2
New/Existing	
New	32%
Existing	68%
Professional Breakdown	
Professional Educator	31%
Texas Hero	6%
80% AMFI or below	63%
Type of Loan	
Conventional	3%
FHA	84%
VA	5%
USDA-RD	8%
Ethnicity	
American Indian/Alaskan Native	0%
Asian or Pacific Islander	2%
Black	11%
Hispanic	24%
White	18%
Other	0%
Not Defined	45%
Top Originating Counties	
Harris	26
Dallas	7
Bexar	5
Tarrant	5
Travis	4
Denton	2
Hockley	2
Johnson	2
Montgomery	2
Collin	1
El Paso	1
Ellis	1
Fort Bend	1
Hood	1
Kleberg	1
Nueces	1



**2009 Mortgage Credit Certificate Program  
As of June 9, 2009 through August 31, 2009**

Month	# of Loans	% of Total Loans	Total Originated
Jun-09	28	47%	\$3,309,667
Jul-09	19	32%	\$2,159,227
Aug-09	13	22%	\$1,389,786
<b>Totals</b>	<b>60</b>	<b>100%</b>	<b>\$6,858,680</b>

Lender	Originated	# of Loans	Total %
PrimeLending	\$2,740,194	22	37%
Cornerstone	\$902,075	10	17%
Bank of America	\$716,208	5	8%
NCMC	\$449,716	4	7%
Shelter Mortgage	\$370,472	4	7%
SFMC	\$267,386	2	3%
Network Funding	\$210,198	2	3%
InterLinc Mortgage	\$204,237	2	3%
National City Mortgage	\$184,831	2	3%
Wells Fargo (Ashtonwood)	\$137,954	1	2%
Flagstone dba 1st Choice	\$135,790	1	2%
Colonial Savings	\$127,645	1	2%
MetLife	\$114,875	1	2%
Allied Home Mortgage	\$114,489	1	2%
Flagstone	\$104,993	1	2%
Global Mortgage	\$77,617	1	2%
<b>Total Committed</b>	<b>\$6,858,680</b>	<b>60</b>	<b>98%</b>

**Total Allocation**                \$7,142,857  
**Remaining to Commit**        \$284,177

<b>At a Glance</b>	
Total Amount Originated	\$6,858,680
Average Annual Income	\$39,790
Average Purchase Price	\$121,736
Average Loan Amount	\$114,311
Average Interest Rate	5.55%
Average Household Size	2
<b>New/Existing</b>	
New	37%
Existing	63%
<b>Professional Breakdown</b>	
Professional Educator	23%
Texas Hero	8%
80% AMFI or below	69%
<b>Type of Loan</b>	
Conventional	3%
FHA	87%
VA	4%
USDA-RD	6%
<b>Ethnicity</b>	
American Indian/Alaskan Native	0%
Asian or Pacific Islander	3%
Black	8%
Hispanic	27%
White	8%
Other	0%
Not Defined	54%
<b>Top Originating Counties</b>	
Harris	32
Dallas	13
Collin	3
Tarrant	3
Williamson	2
Fort Bend	1
Galveston	1
Grayson	1
Guadalupe	1
Hill	1
Parker	1
Travis	1



## Development Finance Programs Report

September 11, 2009

### Summary of Activities

#### *Affordable Communities of Texas Program*

Work on the Corporation's agreement with the Texas Department of Housing and Community Affairs ("TDHCA") regarding a contract for \$5 million related to the Neighborhood Stabilization Program is ongoing. We have met with TDHCA staff on performance measures and related contract issues, but have not received a draft of the contract to date.

The Corporation's program with the National Community Stabilization Trust ("NCST") continues to move forward but is stalled until both the Corporation and Local Partners have contracts in place for NSP funding. The Corporation has approved additional standardized purchase agreements with Bank of America, Countrywide and Citi Bank. Additionally, staff has been actively engaging private foundation and funders to raise capital for our lending activities related to rehabilitating foreclosed properties.

#### *Lending Programs*

The Corporation's lending programs continue to operate smoothly. Our commitment for the Willows Apartment project, approved in July, has an anticipated closing date in December. No new applications are under review at this time.

# Texas State Affordable Housing Corporation

Marketing/Development Quarterly Report  
September 11, 2009

Date	Category	Activity Summary
August	Marketing	Exhibited at the Texas Housing Association Conference.
September	Marketing	Will exhibit at the Texas Association of Realtors Conference.
August	Marketing	Created marketing materials for the Contract Compliance Services and Asset Oversight Programs.
July/August	Development	Coordinated with TDHCA and nine HUD approved counseling agencies to apply for round three of National Foreclosure Mitigation Counseling (NFMC) funds. Application requests approximately \$1 million in federal funding.
August	Development	Awarded a Texas Foundations Fund Disaster Relief Cycle Grant to the Brownsville CDC. Presented the grant check in Brownsville.
August	Development	Requested feedback on the Texas Foundations Fund program from various stakeholders through online survey. Used survey results to update program guidelines.
August	Development	Created funding guidelines and application for outreach events hosted by local foreclosure prevention initiatives and funded by the Texas Foreclosure Prevention Task Force.
August	Development	Attended fundraising classes at the NeighborWorks Training Institute.
Ongoing	Development	Continuing to write grants for the Texas Foundations Fund, the Affordable Communities of Texas program and the Texas Foreclosure Prevention Task Force activities.
June	Government Relations	Attended the Center for Housing Policy's 2009 Learning Conference on State and Local Housing Policy.

## Texas State Affordable Housing Corporation

Fundraising Report 2002-2009  
September 2009

### Grants

Proposal	Award Type	Date Submitted	Status	Amount Approved	Request
Freddie Mac/ Countrywide	Grant	05/2007	Approved	\$5,000	Single family marketing
Freddie Mac	Grant	05/2007	Approved	\$10,000	Single family marketing
F.B. Heron Foundation	Grant	07/2007	Approved	\$50,000	Single Family/ HomeWorks/Texas Foundation Fund
NeighborWorks America	Grant	03/2008	Approved	\$105,000	Texas Foreclosure Prevention Task Force (TFPTF)
Countrywide	Grant	03/2008	Approved	\$30,000	TFPTF
Washington Mutual	Grant	03/2008	Approved	\$30,000	TFPTF
Bank of America	Grant	05/2008	Approved	\$50,000	TFPTF
Wells Fargo	Grant	07/2008	Approved	\$10,000	TFPTF
Jefferson Bank	Grant	08/2008	Approved	\$250	TFPTF
Wachovia	Grant	08/2008	Approved	\$30,000	TFPTF
NeighborWorks America	Grant	10/2008	Approved	\$10,000	TFPTF
NeighborWorks America	Grant	12/2008	Approved	\$10,000	TFPTF
Comerica Bank	Grant	10/2008	Approved	\$5,000	TFPTF
Freddie Mac	Grant	01/2009	Approved	\$5,000	Single family marketing
The Meadows Foundation	Grant	02/2009	Approved	\$250,000	TFPTF
FB Heron Foundation	Grant	12/2008	Approved	\$100,000	Texas Foundations Fund /HomeWorks
Capital One	Grant	03/2009	Approved	\$25,000	TFPTF/Texas Statewide Homebuyer Education Program (TSHEP)
Wells Fargo Housing Foundation	Grant	04/2009	Approved	\$5,000	Texas Foundations Fund
				<b>Total Grant Funding</b>	<b>\$730,250</b>



**Texas State Affordable Housing Corporation**

Fundraising Report 2002-2009  
September 2009

**Individual Donations**

Proposal	Award Type	Date Submitted	Status	Amount Committed	Program Funded
Individual Donors	Individual Donations	06/2009	Committed	\$10,000	Texas Foundations Fund
				<b>Total Individual Donations</b>	<b>\$10,000</b>

**Program Related Investments**

Proposal	Award Type	Date Submitted	Status	Amount Approved	Request
Wells Fargo	Program Related Investment (PRI)	04/2005	Approved	\$1,050,000	Multifamily direct lending
				<b>Total PRI Funding</b>	<b>\$1,050,000</b>

**Leveraged Private Financing**

Proposal	Award Type	Date Submitted	Status	Amount Approved	Request
Federal Home Loan Bank (FHLB)	Leveraged Private Financing	2002	Approved	\$1,243,750	Multifamily direct lending
Community Development Trust	Leveraged Private Financing	2002/2003	Approved	\$4,163,000	Multifamily direct lending
FHLB	Leveraged Private Financing	2008	Approved, pending contract	\$250,000	Multifamily direct lending
				<b>Total Private Financing</b>	<b>\$5,656,750</b>

Texas State Affordable Housing Corporation

Fundraising Report 2002-2009

September 2009

**Public Grants**

Proposal	Award Type	Date Submitted	Status	Amount Approved	Request
Texas Department of Housing and Community Affairs (TDHCA)	Grant	05/2008	Approved	\$130,000	TFPTF
National Foreclosure Mitigation Counseling (NFMC) Program award	Grant	10/2008	Approved	\$491,490	Grant Award received by TDHCA in support of TFPTF
TDHCA (match funding for NFMC award)	Grant	01/2009	Approved	\$98,298	TFPTF
Neighborhood Stabilization Program Round 1	Grant	03/2009	Approved, pending contract	\$5,000,000	Affordable Communities of Texas (ACT) Program
				<b>Total Public Grants</b>	<b>\$5,719,788</b>

				<b>Total Funding</b>	<b>\$13,166,788</b>
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## Overview

The Texas Foreclosure Prevention Task Force is a statewide initiative that works to inform at-risk borrowers of the options available to them, link them with local housing counseling services, and increase the capacity of these local counseling organizations. Originally facilitated by NeighborWorks® America beginning in 2007, the Task Force is currently comprised of representatives from over 90 organizations representing state, local, and federal government organizations, the financial industry, and the nonprofit sector, and other industry stakeholders working together toward a common goal- avert home mortgage foreclosures and the impact of foreclosure on Texas families and communities. The Texas State Affordable Housing Corporation (TSAHC) serves as a participating member and the fiscal agent for the Texas Foreclosure Prevention Task Force. (Task Force)

### Task Force Initiatives

To raise awareness about the availability and importance of free HUD-approved foreclosure intervention housing counseling, the Task Force first partnered with NeighborWorks America, the Ad Council, and Task Force member organizations to launch NeighborWorks® America's National ad campaign in Texas entitled *Nothing is Worse than Doing Nothing*, which encourages borrowers to contact the HOPE Hotline, 1-888-995-HOPE when they fall behind on their mortgage payments.

In 2008, Task Force partner organization the Texas Department of Housing and Community Affairs (TDHCA) coordinated a series of media events highlighting the creation of the Texas Foreclosure Prevention Task Force and the availability of the HOPE Hotline. The series of media events took place in major metropolitan areas including Dallas, Houston, Lubbock, El Paso, and San Antonio. According to TDHCA, this media campaign reached more than 4.5 million Texans.

The Task Force also works to link struggling homeowners to local counseling services. In addition to supporting the HOPE Hotline, the Task Force, in cooperation with NeighborWorks and the HOPE NOW Alliance, a national homeownership preservation initiative, participated in free foreclosure intervention workshops in 2008 in Arlington, San Antonio, and Houston. At these HOPE NOW events, more than **1500 families** had the opportunity to receive housing counseling and speak directly with their loan servicer.

### Additional Task Force Focus Areas:

- Conduct Outreach/Public Awareness Campaigns in conjunction with existing foreclosure prevention efforts and initiative
- Continue research efforts to better understand foreclosure patterns/trends and issues in Texas
- Develop means for financial support for local counseling infrastructure to assist distressed homeowners in home retention
- Identify and promote foreclosure prevention related information including detailed Texas foreclosure timelines, mortgage relief procedures, rescue and refinance products
- Develop a tracking system to measure effectiveness of this and other task force interventions
- Identify potential legislative recommendations that support homeownership retention

June 2009

[www.texasforeclosurehelp.org](http://www.texasforeclosurehelp.org)

- Develop and support a post-foreclosure support system
- Identify individuals, organizations, and new and existing initiatives to link to this effort

#### **National Foreclosure Mitigation Counseling Program**

The Texas Foreclosure Prevention Task Force is also collaborating with TDHCA and NeighborWorks® America through the National Foreclosure Mitigation Counseling (NFMC) Program. In December 2008, TDHCA, in partnership with the Task Force, received an NFMC award in the amount of \$491,490.00 from NeighborWorks America to help increase the capacity of foreclosure mitigation counseling agencies that serve struggling homeowners. As the fiscal agent for the Texas Foreclosure Prevention Task Force, TSAHC will administer these funds to six HUD-approved counseling organizations, which will allow these counseling organizations to increase the number of struggling Texas homeowners that they are able to serve.

#### **Additional Fundraising Efforts**

The Task Force raises funds to increase the capacity of ten HUD-approved local counseling organizations that assist distressed homeowners with homeownership retention options. The Task Force provides training to these counseling organizations and reimbursement for the services that they provide. The Task Force compensates local counseling services up to \$450 per family counseled, which is consistent with the national model set by the National Foreclosure Mitigation Counseling (NFMC) design. The Task Force also raises funds to support additional local and statewide outreach efforts designed to link struggling homeowners with foreclosure prevention options. In addition to the NFMC award, the Task Force has received more than \$600,000 in private, corporate, and government funding to support foreclosure prevention outreach initiatives and to reimburse foreclosure counseling agencies for the services they provide to struggling homeowners in Texas.

**Texas Foreclosure Prevention Task Force Monthly Report**  
**Description of Activities**

<b><u>Activity</u></b>	<b><u>Description of Activities</u></b>
<b>Training</b>	<ul style="list-style-type: none"> <li>▪ Coordinate efforts and raise funds to place trainings in Texas to increase the capacity of local foreclosure intervention counseling agencies.</li> <li>▪ Trainings include NeighborWorks HO345, March 2008 (Houston), NeighborWorks HO345, October 2009 (San Antonio), and NeighborWorks HO 307/HO 320, July 2009 (Houston)</li> </ul>
<b>Coordination/Administration</b>	<ul style="list-style-type: none"> <li>▪ Coordinate and engage with local task forces/coalitions throughout Texas to support and build local foreclosure prevention and intervention capacity</li> <li>▪ Plan and coordinate a statewide fundraising campaign to support the Texas Foreclosure Prevention Task Force</li> <li>▪ Engage in efforts to increase the number of Task Force partner counseling agencies to expand the reach of the Texas Foreclosure Prevention Task Force and increase the number of struggling homeowners served</li> <li>▪ Conduct technical assistance visits with Task Force partner counseling agencies to ensure compliance funding and reporting requirements</li> <li>▪ Maintain and update the Texas Foreclosure Prevention Task Force website to improve communication and efficiency</li> </ul>
<b>Counseling</b>	<ul style="list-style-type: none"> <li>▪ As fiscal agent for the Task Force, TSAHC coordinates with TDHCA to administer the National Foreclosure Mitigations Counseling (NFMC) Program in Texas</li> <li>▪ Utilizing the model adopted by the NFMC Program, the Task Force provides funding to 11 HUD approved partner counseling agencies to expand their capacity and increase the number of borrowers they are able to serve</li> <li>▪ Counseling agencies include: FrameWorks Community Development Corporation (Austin), North Texas Housing Coalition (Dallas) NID-HCA Ephram Neal (Fort Worth), City of Fort Worth Housing Department (Fort Worth), Jordan Community Development Corporation (Dallas), Credit Coalition (Houston), Fifth Ward Community Redevelopment Corporation (Houston), Gulf Coast Community Services Association (Houston), Project Bravo (El Paso), North and East Lubbock Community Development Corporation (Lubbock), Consumer Credit Counseling Service of South Texas (Rio Grande Valley), and the Deep East Texas Council of Governments (Jasper).</li> </ul>
<b>Outreach/Events</b>	<ul style="list-style-type: none"> <li>▪ The Task Force has established funding guidelines and an application process to provide funding for outreach events hosted by local foreclosure prevention initiatives.</li> <li>▪ Events funded to date include Don't Borrow Trouble Outreach Event (El Paso), Houston Foreclosure Prevention Task Force Outreach Event (Houston), and DFW HOPE Partnership Outreach Event (Dallas)</li> </ul>

**Texas Foreclosure Prevention Task Force**  
**NFMC and Non-NFMC Counseling Sessions Funded**  
**As of September 3, 2009**

<b>Counseling Sessions</b>	<b>Level One (\$150)</b>	<b>Level Two (\$300)</b>	<b>Level Three (\$450)</b>	<b>Total Sessions Funded</b>	<b>Total Funding Amount</b>
Counseling Sessions Funded through <b>NFMC Funding</b>	<b>467</b>	<b>175</b>	<b>160</b>	<b>802</b>	<b>\$194,550</b>
Counseling Sessions Funded through <b>TDHCA NFMC Match Funding</b>	<b>14</b>	<b>4</b>	<b>3</b>	<b>21</b>	<b>\$4,740</b>
Counseling Sessions Funded through <b>TFPTF Funding</b>	<b>183</b>	<b>34</b>	<b>107</b>	<b>324</b>	<b>\$85,710</b>
<b><u>TOTAL</u></b>	<b><u>664</u></b>	<b><u>213</u></b>	<b><u>270</u></b>	<b><u>1,147</u></b>	<b><u>\$285,000</u></b>

**Description of Counseling Levels:**

Level One counseling involves developing a budget and action plan for a client seeking assistance in preventing foreclosure.

Level Two counseling entails verifying the client's budget, creating an action plan with steps to address their foreclosure issues, and assisting the client in meeting the goals of his or her action plan.

Level Three counseling entails meeting the requirements for both Levels One and Two within the same reporting period.

# **Investment Reports**



## **Monthly Investment Report**

**July 31, 2009**

PATTERSON & ASSOCIATES



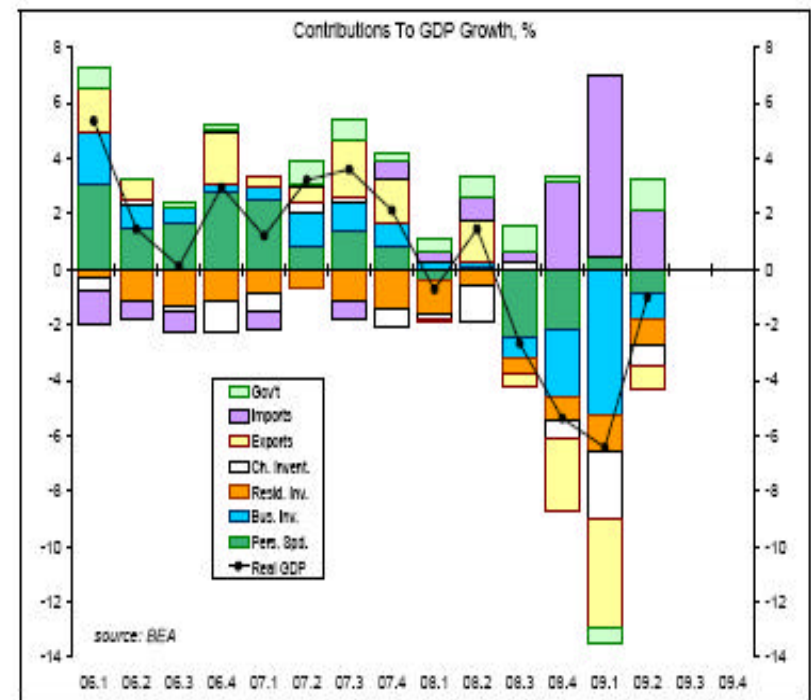
INVESTMENT PROFESSIONALS



# 'Very Cautious' Optimism and Balance Return

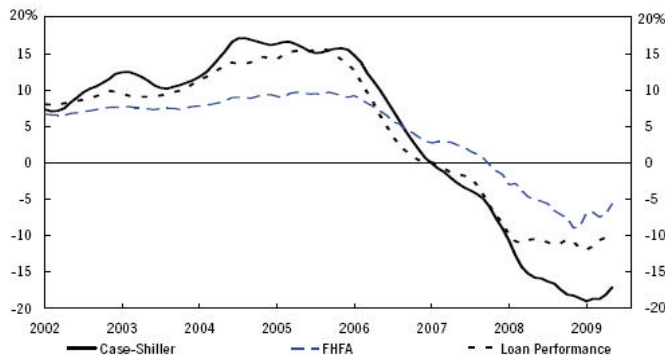
- For the first time in a long while economists are talking about minimal growth or at least less decline. But jumping on the train with both feet remains a little tricky.
- In July the big news was a guarded improvement in GDP which showed its 4<sup>th</sup> consecutive down quarter at 1.0-% vs 6.4-% in 1Q. We may be heading for a positive 3<sup>rd</sup> or 4<sup>th</sup> Quarter.
- The worst of the recession is over but the economy – and the consumer – are still in its grip.
- Contributors to this change are primarily government (l. green), imports and exports (purple & yellow) and business inventories (blue), which paints a less than robust picture.
- The consumer – who usually pulls us out of recessions – continues to show low confidence levels.
- Personal consumption has rebounded from its lows but once the 'cash for clunkers' assistance recedes we may see them pull back once again.

Contributors to GDP Growth



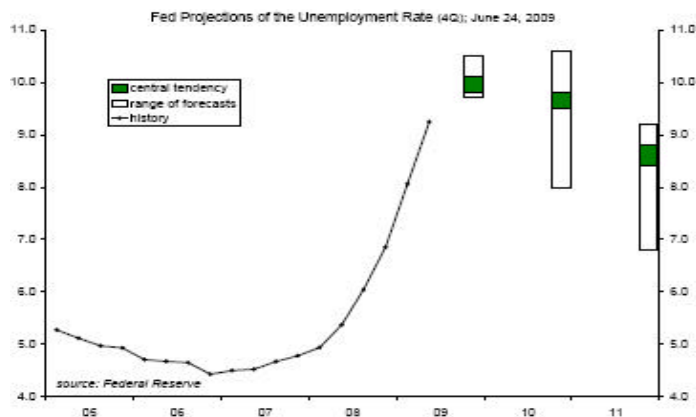
# Diminishing Headwinds are Not Tradewinds

Figure 5. Year-to-Year Percent Change in Home Prices, Case-Shiller, Federal Housing Finance Administration and Loan Performance, 2002-May 09

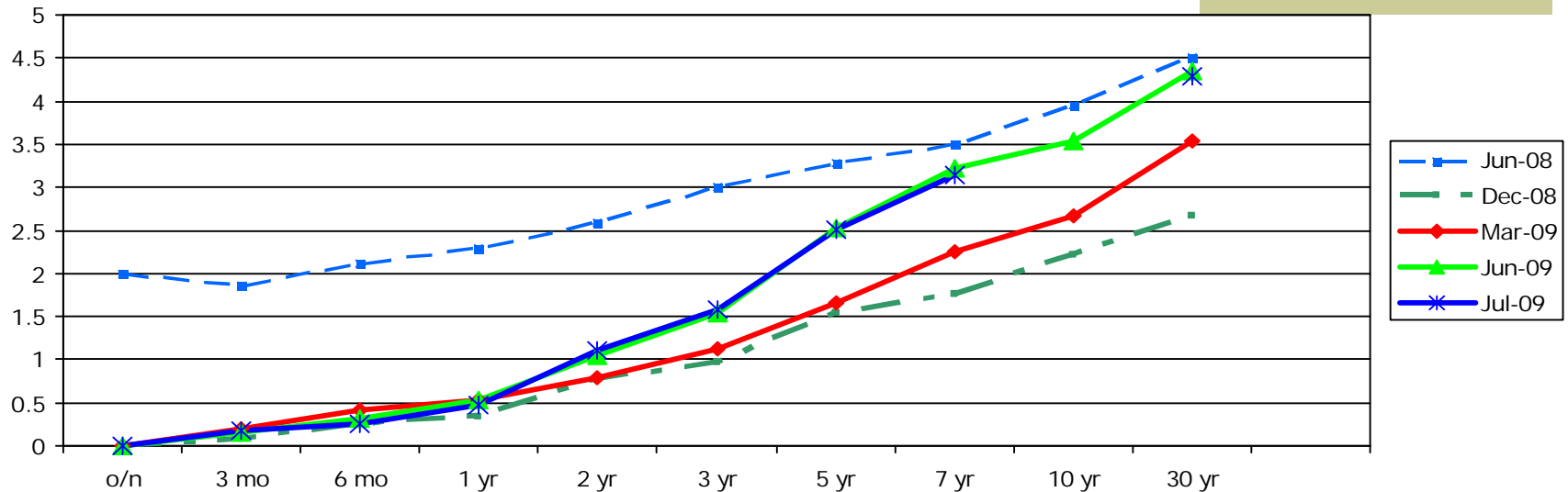


Sources: Standard and Poors, Federal Housing Finance Administration and Loan Performance.

- Housing is less of a headline grabber as concerns on non-residential construction linger and the focus widens.
- Home prices have inched up as well as home sales and construction is up slightly but mortgage applications are down. A mixed bag.
- Employment continues to be the major concern and will be a focus in August. Unemployment claims have slid but the rate may creep up once again and real job growth still looks like a 2Q'10 target.
- Corporate earnings may have been more from marginal activities than growth and more inventory slimming is required before jobs appear.
- But, some of our trade partners are showing real progress. New Zealand has declared the recession over and China is on pace for 8% growth. As trade grows our exports will also grow especially with a somewhat weaker dollar.



# Subtle Moves on the Curve

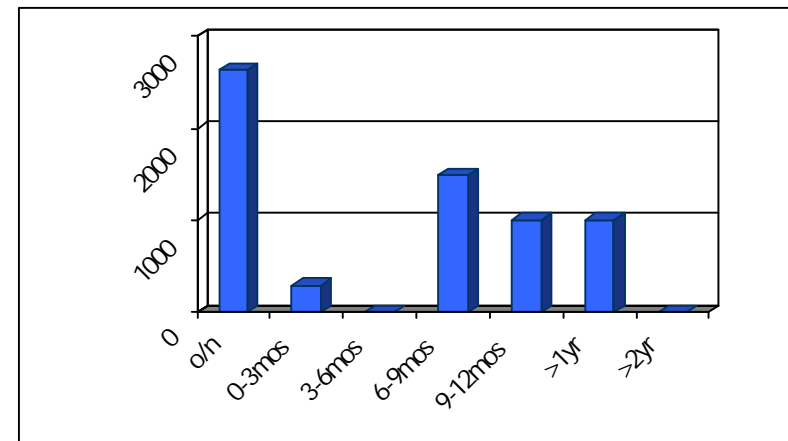
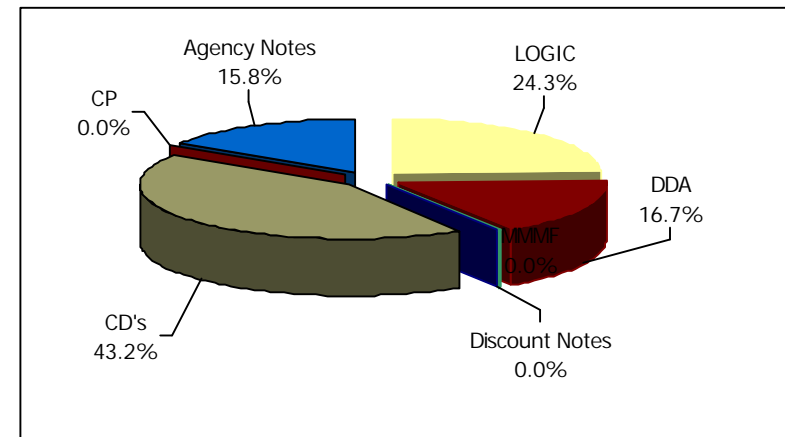


- **For all the activity in the robust stock markets in July the bond market barely moved in July.**
  - **The Dow reached 9,000 from its 7,000 low in February and returned to October 2008 levels**
- **Two forces continue to play on the curve and lugubriously move it towards higher yields:**
  - The massive issuances of the Treasury add to supply and with steady supply the prices have moved slightly lower – raising yields
  - The lure of the equity markets, as earnings come in strong, entice investors to accept more risk and take funds out of money market funds – but not much and not quickly
- **With a very tepid improvement in the economy – focusing on only a few sectors – the Federal Reserve will be very hesitant to move off a zero to .25 bps overnight rate for an extended period of time.**
- **The issuances have come primarily in the longer end and have pushed rates higher.**
  - This move to longer and higher rates improves the banks ability to lend by borrowing at low cost and lending at higher rates
- **Uncertainty and caution still rule the curve.**

# Your Portfolio

As of July 31, 2009

- P&A constantly reviews your portfolio for optimal asset allocation and controlled average maturity because a diversified portfolio can better adjust to volatile market conditions.
- The extremely low short-term rates make diversification difficult and they are expected to continue- probably through 2Q'10.
- CDs continue to offer some value and if the equity markets continue to roll we may see some increased short term rates sooner than expected. Extensions will be necessary.
- The Fed will have to start soon working on an exit strategy for this massive stimulus or the markets will add that as an uncertainty that could measurably add to inflation long-term.
- Our recommendations continue to focus on avoiding total liquidity, which will remain below 0.50%. Opportunities are limited but continue in CDs and some money market accounts.





**Texas State Affordable Housing  
Portfolio Management  
Portfolio Summary  
July 31, 2009**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX, 78701

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 365 Equiv.
Certificates of Deposit - Bank	2,735,000.00	2,735,000.00	2,735,000.00	42.96	321	251	1.514
Federal Agency Coupon Securities	1,000,000.00	1,000,938.00	1,000,000.00	15.71	729	678	1.000
LOGIC	1,534,561.23	1,534,561.23	1,534,561.23	24.10	1	1	0.465
FHLB Dallas-Money Fund	40,756.03	40,756.03	40,756.03	0.64	1	1	0.016
Money Market Fund	59.96	59.96	59.96	0.00	1	1	0.000
Bank of America-Checking Account	1,051,725.01	1,051,725.01	1,051,725.01	16.52	1	1	0.290
Wells Fargo Bank	4,890.00	4,890.00	4,890.00	0.08	1	1	0.000
<b>Investments</b>	<b>6,366,992.23</b>	<b>6,367,930.23</b>	<b>6,366,992.23</b>	<b>100.00%</b>	<b>253</b>	<b>215</b>	<b>0.967</b>

Total Earnings	July 31 Month Ending	Fiscal Year To Date
Current Year	4,809.57	97,918.49
<b>Average Daily Balance</b>	<b>6,836,149.57</b>	<b>6,340,577.38</b>

The following reports are submitted in accordance with the Public Funds Investment Act (Texas Gov't Code 2256). The reports also offer supplemental information not required by the Act in order to fully inform the governing body of the Texas State Affordable Housing Corporation of the position and activity within the Corporation's portfolio of investments. The reports include a management summary overview, a detailed inventory report for the end of the period, a transaction report, as well as graphic representations of the portfolio to provide full disclosure to the governing body.

Melinda Smith, Chief Financial Officer

Reporting period 07/01/2009-07/31/2009

Run Date: 08/17/2009 - 11:55

Portfolio TSAH  
AP  
PM (PRF\_PM1) 7.1.1  
Report Ver. 7.1.4



**Texas State Affordable Housing  
Summary by Type  
July 31, 2009  
Grouped by Fund**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX, 78701

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
<b>Fund: Bunker Hill Debt</b>						
Bank of America-Checking Account	1	22,734.38	22,734.38	0.36	0.500	1
<b>Subtotal</b>	<b>1</b>	<b>22,734.38</b>	<b>22,734.38</b>	<b>0.36</b>	<b>0.500</b>	<b>1</b>
<b>Fund: Bunker Hill Operating</b>						
Bank of America-Checking Account	1	22,724.12	22,724.12	0.36	0.500	1
<b>Subtotal</b>	<b>1</b>	<b>22,724.12</b>	<b>22,724.12</b>	<b>0.36</b>	<b>0.500</b>	<b>1</b>
<b>Fund: Bunker Hill Senior</b>						
Bank of America-Checking Account	1	56,766.70	56,766.70	0.89	0.200	1
<b>Subtotal</b>	<b>1</b>	<b>56,766.70</b>	<b>56,766.70</b>	<b>0.89</b>	<b>0.200</b>	<b>1</b>
<b>Fund: Disbursement</b>						
Bank of America-Checking Account	1	0.00	0.00	0.00	0.000	0
<b>Subtotal</b>	<b>1</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.000</b>	<b>0</b>
<b>Fund: General Investments</b>						
Certificates of Deposit - Bank	7	2,735,000.00	2,735,000.00	42.96	1.514	251
Federal Agency Coupon Securities	1	1,000,000.00	1,000,000.00	15.71	1.000	678
FHLB Dallas-Money Fund	1	40,756.03	40,756.03	0.64	0.016	1
Money Market Fund	2	59.96	59.96	0.00	0.000	1
LOGIC	1	1,534,561.23	1,534,561.23	24.10	0.465	1
<b>Subtotal</b>	<b>12</b>	<b>5,310,377.22</b>	<b>5,310,377.22</b>	<b>83.41</b>	<b>1.102</b>	<b>257</b>
<b>Fund: Operating Fund</b>						
Bank of America-Checking Account	1	194,846.75	194,846.75	3.06	0.189	1
<b>Subtotal</b>	<b>1</b>	<b>194,846.75</b>	<b>194,846.75</b>	<b>3.06</b>	<b>0.189</b>	<b>1</b>
<b>Fund: Payment Clearing</b>						
Bank of America-Checking Account	1	0.00	0.00	0.00	0.000	0

Texas State Affordable Housing  
Summary by Type  
July 31, 2009  
Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
<b>Subtotal</b>	<b>1</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.000</b>	<b>0</b>
<b>Fund: Prevention Taskforce 2</b>						
Bank of America-Checking Account	1	478,455.53	478,455.53	7.51	0.350	1
<b>Subtotal</b>	<b>1</b>	<b>478,455.53</b>	<b>478,455.53</b>	<b>7.51</b>	<b>0.350</b>	<b>1</b>
<b>Fund: Sagebrush Apartments</b>						
Bank of America-Checking Account	1	36,004.98	36,004.98	0.57	0.100	1
<b>Subtotal</b>	<b>1</b>	<b>36,004.98</b>	<b>36,004.98</b>	<b>0.57</b>	<b>0.100</b>	<b>1</b>
<b>Fund: Sagebrush Apartments - Debt</b>						
Bank of America-Checking Account	1	38,946.95	38,946.95	0.61	0.500	1
<b>Subtotal</b>	<b>1</b>	<b>38,946.95</b>	<b>38,946.95</b>	<b>0.61</b>	<b>0.500</b>	<b>1</b>
<b>Fund: Sagebrush Apartments - Oper.</b>						
Bank of America-Checking Account	1	23,079.65	23,079.65	0.36	0.500	1
<b>Subtotal</b>	<b>1</b>	<b>23,079.65</b>	<b>23,079.65</b>	<b>0.36</b>	<b>0.500</b>	<b>1</b>
<b>Fund: T &amp; I</b>						
Bank of America-Checking Account	1	0.00	0.00	0.00	0.000	0
<b>Subtotal</b>	<b>1</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.000</b>	<b>0</b>
<b>Fund: Texas Foreclosure Prevention</b>						
Bank of America-Checking Account	1	159,222.61	159,222.61	2.50	0.200	1
<b>Subtotal</b>	<b>1</b>	<b>159,222.61</b>	<b>159,222.61</b>	<b>2.50</b>	<b>0.200</b>	<b>1</b>
<b>Fund: Texas Foundations</b>						
Bank of America-Checking Account	1	0.00	0.00	0.00	0.000	0
<b>Subtotal</b>	<b>1</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.000</b>	<b>0</b>
<b>Fund: TX Home Education</b>						
Bank of America-Checking Account	1	18,943.34	18,943.34	0.30	0.000	1
<b>Subtotal</b>	<b>1</b>	<b>18,943.34</b>	<b>18,943.34</b>	<b>0.30</b>	<b>0.000</b>	<b>1</b>
<b>Fund: Wells Fargo - CDC</b>						
Wells Fargo Bank	1	4,890.00	4,890.00	0.08	0.000	1

Texas State Affordable Housing  
 Summary by Type  
 July 31, 2009  
 Grouped by Fund

Security Type	Number of Investments	Par Value	Book Value	% of Portfolio	Average YTM 365	Average Days to Maturity
Subtotal	1	4,890.00	4,890.00	0.08	0.000	1
Total and Average	27	6,366,992.23	6,366,992.23	100.00	0.967	215





**Texas State Affordable Housing  
Fund BHDEBT - Bunker Hill Debt  
Investments by Fund  
July 31, 2009**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX, 78701

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CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	0015	Bank of America	09/01/2006	22,734.38	22,734.38	22,734.38	0.500	0.493	0.500		1
<b>Subtotal and Average</b>				<b>22,734.38</b>	<b>22,734.38</b>	<b>22,734.38</b>		<b>0.493</b>	<b>0.500</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>22,734.38</b>	<b>22,734.38</b>	<b>22,734.38</b>		<b>0.493</b>	<b>0.500</b>		<b>1</b>

**Fund BHOPER - Bunker Hill Operating**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	0010	Bank of America	09/01/2006	22,724.12	22,724.12	22,724.12	0.500	0.493	0.500		1
<b>Subtotal and Average</b>				<b>22,724.12</b>	<b>22,724.12</b>	<b>22,724.12</b>		<b>0.493</b>	<b>0.500</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>22,724.12</b>	<b>22,724.12</b>	<b>22,724.12</b>		<b>0.493</b>	<b>0.500</b>		<b>1</b>

**Fund BHSENIOR - Bunker Hill Senior**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	0009	Bank of America	09/01/2006	56,766.70	56,766.70	56,766.70	0.200	0.197	0.200		1
<b>Subtotal and Average</b>				<b>56,766.70</b>	<b>56,766.70</b>	<b>56,766.70</b>		<b>0.197</b>	<b>0.200</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>56,766.70</b>	<b>56,766.70</b>	<b>56,766.70</b>		<b>0.197</b>	<b>0.200</b>		<b>1</b>

**Fund DISBURSE - Disbursement**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	0007	Bank of America	09/01/2006	0.00	0.00	0.00					1
<b>Subtotal and Average</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>		<b>0</b>
<b>Total Investments and Average</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>		<b>0</b>

**Fund GENERAL - General Investments**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Certificates of Deposit - Bank</b>											
62479083	43	Certificate of Deposit	03/27/2009	245,000.00	245,000.00	245,000.00	2.300	2.268	2.300	03/27/2010	238
8900729	44	Certificate of Deposit	04/02/2009	245,000.00	245,000.00	245,000.00	1.850	1.824	1.850	02/02/2010	185
108581	45	Certificate of Deposit	04/10/2009	95,000.00	95,000.00	95,000.00	1.750	1.726	1.750	10/10/2009	70
108620	46	Certificate of Deposit	04/10/2009	95,000.00	95,000.00	95,000.00	1.750	1.726	1.750	10/10/2009	70
108662	47	Certificate of Deposit	04/10/2009	55,000.00	55,000.00	55,000.00	1.750	1.726	1.750	10/10/2009	70
8900736	48	Certificate of Deposit	04/20/2009	1,000,000.00	1,000,000.00	1,000,000.00	1.600	1.578	1.600	02/20/2010	203
1007895891	51	Hillcrest Bank CDARS	07/30/2009	1,000,000.00	1,000,000.00	1,000,000.00	1.094	1.079	1.094	07/29/2010	362
<b>Subtotal and Average</b>				<b>2,735,000.00</b>	<b>2,735,000.00</b>	<b>2,735,000.00</b>		<b>1.493</b>	<b>1.514</b>		<b>250</b>
<b>Federal Agency Coupon Securities</b>											
3133XTSZ0	50	FHLB Note	06/11/2009	1,000,000.00	1,000,000.00	1,000,938.00	1.000	0.986	1.000	06/10/2011	678
<b>Subtotal and Average</b>				<b>1,000,000.00</b>	<b>1,000,000.00</b>	<b>1,000,938.00</b>		<b>0.986</b>	<b>1.000</b>		<b>678</b>
<b>LOGIC</b>											
999999996	9005	Logic	09/01/2006	1,534,561.23	1,534,561.23	1,534,561.23	0.465	0.458	0.464		1
<b>Subtotal and Average</b>				<b>1,534,561.23</b>	<b>1,534,561.23</b>	<b>1,534,561.23</b>		<b>0.459</b>	<b>0.465</b>		<b>1</b>
<b>FHLB Dallas-Money Fund</b>											
999999995	9002	FHLB Money Market Fund	09/01/2006	40,756.03	40,756.03	40,756.03	0.016	0.015	0.016		1
<b>Subtotal and Average</b>				<b>40,756.03</b>	<b>40,756.03</b>	<b>40,756.03</b>		<b>0.016</b>	<b>0.016</b>		<b>1</b>
<b>Money Market Fund</b>											
60934N807	8	Bank of America Money Market	09/01/2006	0.00	0.00	0.00					1
20115959	52	Hillcrest Bank MM	07/31/2009	59.96	59.96	59.96					1
<b>Subtotal and Average</b>				<b>59.96</b>	<b>59.96</b>	<b>59.96</b>		<b>0.000</b>	<b>0.000</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>5,310,377.22</b>	<b>5,310,377.22</b>	<b>5,311,315.22</b>		<b>1.087</b>	<b>1.102</b>		<b>257</b>

**Fund OPERATING - Operating Fund**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	0001	Bank of America	09/01/2006	194,846.75	194,846.75	194,846.75	0.189	0.186	0.188		1
<b>Subtotal and Average</b>				<b>194,846.75</b>	<b>194,846.75</b>	<b>194,846.75</b>		<b>0.186</b>	<b>0.189</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>194,846.75</b>	<b>194,846.75</b>	<b>194,846.75</b>		<b>0.186</b>	<b>0.189</b>		<b>1</b>

**Fund PCLEAR - Payment Clearing**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	0006	Bank of America	09/01/2006	0.00	0.00	0.00					1
<b>Subtotal and Average</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>		<b>0</b>
<b>Total Investments and Average</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>		<b>0</b>

**Fund PRETF - Prevention Taskforce 2**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999997	49	Bank of America	05/14/2009	478,455.53	478,455.53	478,455.53	0.350	0.345	0.350		1
<b>Subtotal and Average</b>				<b>478,455.53</b>	<b>478,455.53</b>	<b>478,455.53</b>		<b>0.345</b>	<b>0.350</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>478,455.53</b>	<b>478,455.53</b>	<b>478,455.53</b>		<b>0.345</b>	<b>0.350</b>		<b>1</b>



**Fund SBAPT - Sagebrush Apartments**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	0011	Bank of America	09/01/2006	36,004.98	36,004.98	36,004.98	0.100	0.098	0.100		1
<b>Subtotal and Average</b>				<b>36,004.98</b>	<b>36,004.98</b>	<b>36,004.98</b>		<b>0.099</b>	<b>0.100</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>36,004.98</b>	<b>36,004.98</b>	<b>36,004.98</b>		<b>0.099</b>	<b>0.100</b>		<b>1</b>

**Fund SBDEBT - Sagebrush Apartments - Debt**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	0013	Bank of America	09/01/2006	38,946.95	38,946.95	38,946.95	0.500	0.493	0.500		1
<b>Subtotal and Average</b>				<b>38,946.95</b>	<b>38,946.95</b>	<b>38,946.95</b>		<b>0.493</b>	<b>0.500</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>38,946.95</b>	<b>38,946.95</b>	<b>38,946.95</b>		<b>0.493</b>	<b>0.500</b>		<b>1</b>

**Fund SBOPER - Sagebrush Apartments - Oper.**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	0012	Bank of America	09/01/2006	23,079.65	23,079.65	23,079.65	0.500	0.493	0.500		1
<b>Subtotal and Average</b>				<b>23,079.65</b>	<b>23,079.65</b>	<b>23,079.65</b>		<b>0.493</b>	<b>0.500</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>23,079.65</b>	<b>23,079.65</b>	<b>23,079.65</b>		<b>0.493</b>	<b>0.500</b>		<b>1</b>

**Fund TI - T & I**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	0008	Bank of America	09/01/2006	0.00	0.00	0.00					1
<b>Subtotal and Average</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>		<b>0</b>
<b>Total Investments and Average</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>		<b>0</b>

**Fund TXFORE - Texas Foreclosure Prevention  
Investments by Fund  
July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	35	Bank of America	04/01/2008	159,222.61	159,222.61	159,222.61	0.200	0.197	0.200		1
<b>Subtotal and Average</b>				<b>159,222.61</b>	<b>159,222.61</b>	<b>159,222.61</b>		<b>0.197</b>	<b>0.200</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>159,222.61</b>	<b>159,222.61</b>	<b>159,222.61</b>		<b>0.197</b>	<b>0.200</b>		<b>1</b>

**Fund TXFOUN - Texas Foundations**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	37	Bank of America	06/18/2008	0.00	0.00	0.00					1
<b>Subtotal and Average</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>		<b>0</b>
<b>Total Investments and Average</b>				<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>		<b>0</b>

**Fund TXHOME - TX Home Education**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Bank of America-Checking Account</b>											
999999991	0002	Bank of America	09/01/2006	18,943.34	18,943.34	18,943.34					1
<b>Subtotal and Average</b>				<b>18,943.34</b>	<b>18,943.34</b>	<b>18,943.34</b>		<b>0.000</b>	<b>0.000</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>18,943.34</b>	<b>18,943.34</b>	<b>18,943.34</b>		<b>0.000</b>	<b>0.000</b>		<b>1</b>

**Fund WELLS - Wells Fargo - CDC**  
**Investments by Fund**  
**July 31, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Book Value	Par Value	Market Value	Current Rate	YTM 360	YTM 365	Maturity Date	Days To Maturity
<b>Wells Fargo Bank</b>											
999999994	0014	Wells Fargo Bank	09/01/2006	4,890.00	4,890.00	4,890.00					1
<b>Subtotal and Average</b>				<b>4,890.00</b>	<b>4,890.00</b>	<b>4,890.00</b>		<b>0.000</b>	<b>0.000</b>		<b>1</b>
<b>Total Investments and Average</b>				<b>4,890.00</b>	<b>4,890.00</b>	<b>4,890.00</b>		<b>0.000</b>	<b>0.000</b>		<b>1</b>





**Texas State Affordable Housing  
Cash Reconciliation Report  
For the Period July 1, 2009 - July 31, 2009  
Grouped by Fund**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX, 78701  
-

Trans. Date	Investment #	Fund	Trans. Type	Security ID	Par Value	Security Description	Maturity Date	Purchases	Interest	Redemptions	Cash
<b>General Investments</b>											
07/02/2009	44	GENERAL	Interest	8900729	245,000.00	CD 0.2M 1.85% Mat. 02/02/2010	02/02/2010	0.00	1,142.44	0.00	1,142.44
07/10/2009	45	GENERAL	Interest	108581	95,000.00	CD 0.1M 1.75% Mat. 10/10/2009	10/10/2009	0.00	136.64	0.00	136.64
07/10/2009	46	GENERAL	Interest	108620	95,000.00	CD 0.1M 1.75% Mat. 10/10/2009	10/10/2009	0.00	136.64	0.00	136.64
07/10/2009	47	GENERAL	Interest	108662	55,000.00	CD 0.1M 1.75% Mat. 10/10/2009	10/10/2009	0.00	79.11	0.00	79.11
07/20/2009	48	GENERAL	Interest	8900736	1,000,000.00	CD 1.0M 1.60% Mat. 02/20/2010	02/20/2010	0.00	4,032.88	0.00	4,032.88
07/30/2009	51	GENERAL	Purchase	1007895891	1,000,000.00	HBCDAR 1.0M 1.09% Mat.	07/29/2010	-1,000,000.00	0.00	0.00	-1,000,000.00
<b>Subtotal</b>								<b>-1,000,000.00</b>	<b>5,527.71</b>	<b>0.00</b>	<b>-994,472.29</b>
<b>Total</b>								<b>-1,000,000.00</b>	<b>5,527.71</b>	<b>0.00</b>	<b>-994,472.29</b>



**Texas State Affordable Housing  
Purchases Report  
Sorted by Fund - Fund  
July 1, 2009 - July 31, 2009**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX, 78701  
-

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
<b>General Investments</b>													
1007895891	51	GENERAL	BCD	HBCDAR	1,000,000.00	07/30/2009	08/30 - Monthly	1,000,000.00		1.094	07/29/2010	1.094	1,000,000.00
20115959	52	GENERAL	RR3	HBM	59.96	07/31/2009	/ - Monthly	59.96					59.96
			<b>Subtotal</b>		<b>1,000,059.96</b>			<b>1,000,059.96</b>	<b>0.00</b>				<b>1,000,059.96</b>
			<b>Total Purchases</b>		<b>1,000,059.96</b>			<b>1,000,059.96</b>	<b>0.00</b>				<b>1,000,059.96</b>



**Texas State Affordable Housing  
Interest Earnings  
Sorted by Fund - Fund  
July 1, 2009 - July 31, 2009  
Yield on Average Book Value**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX, 78701

CUSIP	Investment #	Fund	Issuer	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Annualized Rate	Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
<b>Fund: Bunker Hill Debt</b>												
999999991	0015	BHDEBT	BOA	22,734.38	22,724.73	22,725.04		0.500	0.500	9.65	0.00	9.65
			<b>Subtotal</b>	<b>22,734.38</b>	<b>22,724.73</b>	<b>22,725.04</b>			<b>0.500</b>	<b>9.65</b>	<b>0.00</b>	<b>9.65</b>
<b>Fund: Bunker Hill Operating</b>												
999999991	0010	BHOPER	BOA	22,724.12	22,714.47	22,714.78		0.500	0.500	9.65	0.00	9.65
			<b>Subtotal</b>	<b>22,724.12</b>	<b>22,714.47</b>	<b>22,714.78</b>			<b>0.500</b>	<b>9.65</b>	<b>0.00</b>	<b>9.65</b>
<b>Fund: Bunker Hill Senior</b>												
999999991	0009	BHSENIOR	BOA	56,766.70	56,023.78	56,024.09		0.200	0.202	9.59	0.00	9.59
			<b>Subtotal</b>	<b>56,766.70</b>	<b>56,023.78</b>	<b>56,024.09</b>			<b>0.202</b>	<b>9.59</b>	<b>0.00</b>	<b>9.59</b>
<b>Fund: General Investments</b>												
3133XTSZ0	50	GENERAL	FHLB	1,000,000.00	1,000,000.00	1,000,000.00	06/10/2011	1.000	0.981	833.33	0.00	833.33
999999996	9005	GENERAL	LOGIC	1,534,561.23	2,933,485.22	2,933,519.93		0.465	0.432	1,076.01	0.00	1,076.01
60934N807	8	GENERAL	BOAMM	0.00	79,515.57	79,515.57			0.001	0.08	0.00	0.08
999999995	9002	GENERAL	FHLBMM	40,756.03	47,410.58	47,410.60		0.016	0.014	0.56	0.00	0.56
8900736	48	GENERAL	CD	1,000,000.00	1,000,000.00	1,000,000.00	02/20/2010	1.600	1.600	1,358.91	0.00	1,358.91
108662	47	GENERAL	CD	55,000.00	55,000.00	55,000.00	10/10/2009	1.750	1.750	81.75	0.00	81.75
8900729	44	GENERAL	CD	245,000.00	245,000.00	245,000.00	02/02/2010	1.850	1.850	384.95	0.00	384.95
108620	46	GENERAL	CD	95,000.00	95,000.00	95,000.00	10/10/2009	1.750	1.750	141.20	0.00	141.20
108581	45	GENERAL	CD	95,000.00	95,000.00	95,000.00	10/10/2009	1.750	1.750	141.20	0.00	141.20
62479083	43	GENERAL	CD	245,000.00	245,000.00	245,000.00	03/27/2010	2.300	2.300	478.59	0.00	478.59
1007895891	51	GENERAL	HBCDAR	1,000,000.00	0.00	64,516.13	07/29/2010	1.094	1.094	59.95	0.00	59.95
			<b>Subtotal</b>	<b>5,310,317.26</b>	<b>5,795,411.37</b>	<b>5,859,962.23</b>			<b>0.916</b>	<b>4,556.53</b>	<b>0.00</b>	<b>4,556.53</b>
<b>Fund: Operating Fund</b>												
999999991	0001	OPERATIN	BOA	194,846.75	74,287.39	78,176.40		0.189	0.324	21.52	0.00	21.52
			<b>Subtotal</b>	<b>194,846.75</b>	<b>74,287.39</b>	<b>78,176.40</b>			<b>0.324</b>	<b>21.52</b>	<b>0.00</b>	<b>21.52</b>

Texas State Affordable Housing  
Interest Earnings  
July 1, 2009 - July 31, 2009

CUSIP	Investment #	Fund	Issuer	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
<b>Fund: Prevention Taskforce 2</b>												
999999997	49	PRETF	BOA	478,455.53	478,455.53	478,455.53		0.350	0.350	142.22	0.00	142.22
			<b>Subtotal</b>	<b>478,455.53</b>	<b>478,455.53</b>	<b>478,455.53</b>			<b>0.350</b>	<b>142.22</b>	<b>0.00</b>	<b>142.22</b>
<b>Fund: Sagebrush Apartments</b>												
999999991	0011	SBAPT	BOA	36,004.98	45,450.15	45,450.26		0.100	0.089	3.45	0.00	3.45
			<b>Subtotal</b>	<b>36,004.98</b>	<b>45,450.15</b>	<b>45,450.26</b>			<b>0.089</b>	<b>3.45</b>	<b>0.00</b>	<b>3.45</b>
<b>Fund: Sagebrush Apartments - Debt</b>												
999999991	0013	SBDEBT	BOA	38,946.95	38,930.42	38,930.95		0.500	0.500	16.53	0.00	16.53
			<b>Subtotal</b>	<b>38,946.95</b>	<b>38,930.42</b>	<b>38,930.95</b>			<b>0.500</b>	<b>16.53</b>	<b>0.00</b>	<b>16.53</b>
<b>Fund: Sagebrush Apartments - Oper.</b>												
999999991	0012	SBOPER	BOA	23,079.65	23,069.85	23,070.17		0.500	0.500	9.80	0.00	9.80
			<b>Subtotal</b>	<b>23,079.65</b>	<b>23,069.85</b>	<b>23,070.17</b>			<b>0.500</b>	<b>9.80</b>	<b>0.00</b>	<b>9.80</b>
<b>Fund: Texas Foreclosure Prevention</b>												
999999991	35	TXFORE	BOA	159,222.61	184,469.68	183,655.26		0.200	0.196	30.64	0.00	30.64
			<b>Subtotal</b>	<b>159,222.61</b>	<b>184,469.68</b>	<b>183,655.26</b>			<b>0.196</b>	<b>30.64</b>	<b>0.00</b>	<b>30.64</b>
			<b>Total</b>	<b>6,343,098.93</b>	<b>6,741,537.37</b>	<b>6,809,164.71</b>			<b>0.832</b>	<b>4,809.58</b>	<b>0.00</b>	<b>4,809.58</b>



**Texas State Affordable Housing  
Projected Cashflow Report  
Sorted by Fund  
For the Period August 1, 2009 - February 28, 2010**

Patterson & Associates  
301 Congress Ave  
Suite 570  
Austin, TX, 78701

Projected Trans. Date	Investment #	Fund	Secure ID	Transaction Type	Issuer	Par Value	Original Cost	Principal	Interest	Total
<b>General Investments</b>										
08/10/2009	45	GENERAL	108581	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	141.20	141.20
08/10/2009	46	GENERAL	108620	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	141.20	141.20
08/10/2009	47	GENERAL	108662	Interest	Certificate of Deposit	55,000.00	55,000.00	0.00	81.75	81.75
08/30/2009	51	GENERAL	1007895891	Interest	Hillcrest Bank CDARS	1,000,000.00	1,000,000.00	0.00	959.13	959.13
09/10/2009	45	GENERAL	108581	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	141.20	141.20
09/10/2009	46	GENERAL	108620	Interest	Certificate of Deposit	95,000.00	95,000.00	0.00	141.20	141.20
09/10/2009	47	GENERAL	108662	Interest	Certificate of Deposit	55,000.00	55,000.00	0.00	81.75	81.75
09/30/2009	51	GENERAL	1007895891	Interest	Hillcrest Bank CDARS	1,000,000.00	1,000,000.00	0.00	929.16	929.16
10/02/2009	44	GENERAL	8900729	Interest	Certificate of Deposit	245,000.00	245,000.00	0.00	1,142.44	1,142.44
10/10/2009	45	GENERAL	108581	Maturity	Certificate of Deposit	95,000.00	95,000.00	95,000.00	132.09	95,132.09
10/10/2009	46	GENERAL	108620	Maturity	Certificate of Deposit	95,000.00	95,000.00	95,000.00	132.09	95,132.09
10/10/2009	47	GENERAL	108662	Maturity	Certificate of Deposit	55,000.00	55,000.00	55,000.00	76.47	55,076.47
10/20/2009	48	GENERAL	8900736	Interest	Certificate of Deposit	1,000,000.00	1,000,000.00	0.00	4,032.88	4,032.88
10/30/2009	51	GENERAL	1007895891	Interest	Hillcrest Bank CDARS	1,000,000.00	1,000,000.00	0.00	899.19	899.19
11/30/2009	51	GENERAL	1007895891	Interest	Hillcrest Bank CDARS	1,000,000.00	1,000,000.00	0.00	929.16	929.16
12/11/2009	50	GENERAL	3133XTSZ0	Interest	FHLB Note	1,000,000.00	1,000,000.00	0.00	5,000.00	5,000.00
12/30/2009	51	GENERAL	1007895891	Interest	Hillcrest Bank CDARS	1,000,000.00	1,000,000.00	0.00	899.19	899.19
01/02/2010	44	GENERAL	8900729	Interest	Certificate of Deposit	245,000.00	245,000.00	0.00	1,142.44	1,142.44
01/20/2010	48	GENERAL	8900736	Interest	Certificate of Deposit	1,000,000.00	1,000,000.00	0.00	4,032.88	4,032.88
01/30/2010	51	GENERAL	1007895891	Interest	Hillcrest Bank CDARS	1,000,000.00	1,000,000.00	0.00	929.16	929.16
02/02/2010	44	GENERAL	8900729	Maturity	Certificate of Deposit	245,000.00	245,000.00	245,000.00	372.53	245,372.53
02/20/2010	48	GENERAL	8900736	Maturity	Certificate of Deposit	1,000,000.00	1,000,000.00	1,000,000.00	1,315.07	1,001,315.07
02/28/2010	51	GENERAL	1007895891	Interest	Hillcrest Bank CDARS	1,000,000.00	1,000,000.00	0.00	869.21	869.21
<b>Total for General Investments</b>						<b>12,470,000.00</b>	<b>12,470,000.00</b>	<b>1,490,000.00</b>	<b>24,521.39</b>	<b>1,514,521.39</b>
<b>GRAND TOTALS:</b>						<b>12,470,000.00</b>	<b>12,470,000.00</b>	<b>1,490,000.00</b>	<b>24,521.39</b>	<b>1,514,521.39</b>

**BOARD MEETING**  
**TEXAS STATE AFFORDABLE HOUSING CORPORATION**  
Held at  
**Treaty Oak Bank**  
**101 Westlake Drive**  
**Treaty Oak Conference Room**  
**Austin, Texas 78746**  
**August 14, 2009 at 2:00 pm**

**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 Bob Jones, Chair, at 2:00 p.m., on August 14, 2009 at Treaty Oak Bank, 101 Westlake Drive, Treaty Oak Conference Room, Austin, TX 78701. Roll Call certified that a quorum was present.

**Members Present**

Bob Jones, Chair  
Jo Van Hovel, Vice Chair  
Cynthia Leon, Member  
William H. Dietz, Member

**Staff Present**

David Long, President  
Katherine Closmann, Executive Vice President  
Melinda Smith, Chief Financial Officer  
Nick Lawrence, Controller  
David Danenfelzer, Development Finance Programs Manager  
Joshua Schirr, Asset Oversight and Compliance Manager  
Janie Taylor, Manager of Marketing and Development  
Katie Howard, Development Coordinator  
Cynthia Gonzales, Office Manager and Assistant Corporate Secretary

**Special Guests**

Steven Carriker, Texas Association of Community Development Corporations (TACDC)  
Bill Gehrig, Greenberg Traurig LLP  
Fiona Mazurenko, Texas Association of Community Development Corporations (TACDC)  
Don Mikeska, Mikeska Monahan and Peckham  
Tatiana Oria, Office of State Representative Yvonne Davis  
Jerry Romero, Foundations Fund Advisory Council  
Chris Spelbring, Morgan Keegan

**Public Comment**

There was no public comment.

## **Audit Committee Report**

Ms. Van Hovel reported that the FY2010 Operating Budget had been discussed at the Audit Committee Meeting, as well as a change to the accounting practices regarding single family bonds. Mr. Long then noted who was in attendance at the meeting. Mr. Long reported that Mr. Mikeska had been in attendance at the Committee meeting to discuss the upcoming audit, including the timeline for the audit and what it would entail. Mr. Long noted that the Committee had been informed that an RFP for banking and depository services would be issued next week. Mr. Dietz reported that the operating budget had been approved by the Committee as presented and would go before the full Board for final approval. Discussion followed regarding the operating budget.

## **President's Report**

Mr. Long began by turning to the Texas Foundations Fund, reporting that staff was currently working on draft guidelines for the next funding cycle. Mr. Long said that surveys had been sent out to garner feedback on the program and responses were due back today. Mr. Long explained that those responses would be used to formulate new guidelines for the program. Mr. Long recognized that Mr. Romero, chair of the Advisory Council for the Foundations Fund, was in attendance at the meeting today.

Mr. Long then turned to Asset Oversight and Compliance, noting that staff was currently preparing a response to an RFI issued by TDHCA for asset oversight and compliance services associated with funding received under the American Recovery and Reinvestment Act of 2009. Mr. Long reported that if an RFP was issued for the services, the Corporation would likely respond.

Mr. Long deferred any questions or comments about Development Finance to the tab items. Mr. Long also asked that any questions about the Financial Report be deferred to the tab item concerning the budget.

Mr. Long noted the next board meeting was tentatively scheduled for September 11, 2009. He noted that it would be held at the new office building. Mr. Long also briefly mentioned the Planning Session, thanking the Board for their responses about availability, and noting that staff would continue to look for a time that would be most convenient for all the members.

Finally, Mr. Long introduced the guests in attendance at the meeting: Ms. Oria with Representative Davis' office, Mr. Spelbring with Morgan Keegan (the Corporation's co-underwriter), Mr. Romero with the Advisory Council of the Foundations Fund, Mr. Carriker with TACDC, Ms. Mazurenko with TACDC, and Mr. Gehrig with Greenberg Traurig (the Corporation's general counsel).

## **Tab 1            Presentation, Discussion and Possible Approval of Minutes of the Board Meeting held on July 8, 2009.**

Ms. Van Hovel made a motion to approve the minutes of the Board Meeting held on July 8, 2009. Ms. Leon seconded the motion. Motion passed unanimously.

**Tab 2            Presentation, Discussion and Possible Approval of a Resolution Regarding the Conversion of Reservation for Allocation of Private Activity Bonds to Mortgage Credit Certificates and Containing Other Matters Incident and Related Thereto.**

Ms. McGilloway stated that \$10 million under this program had been released in November and had taken 5 to 6 months to fully originate. After it was originated, another \$10 million had been released in June and the funds had gone incredibly fast. Because of this, Ms. McGilloway stated that staff was presenting a resolution that approved the conversion of \$30 million in bonding authority to mortgage credit certificates (MCCs). Ms. McGilloway briefly discussed the benefits of the MCC program and why she believed it to be successful. Ms. McGilloway spoke about First Southwest Company, the Corporation's partner on the program, and how they had streamlined the process which made it very easy for the lenders to use. Ms. McGilloway also spoke to how any organization with bonding authority could convert their bonds to mortgage credit certificates and create an MCC program of their own. Ms. Leon inquired about the demographics eligible for the program and Ms. McGilloway stated that 'Professional Educators', 'Texas Heroes', and those at 80% and below median family income could take advantage of the program.

Mr. Gehrig offered his thoughts on why the program was successful. Discussion about the reasons for converting bonding authority to MCCs followed. Mr. Long stated that the success of the program justified the increase in the funds allocated in this transaction.

Ms. Van Hovel made a motion to approve a resolution regarding the conversion of reservation for allocation of Private Activity Bonds to Mortgage Credit Certificates and containing other matters incident and related thereto. Ms. Leon seconded the motion. Motion passed unanimously.

**Tab 3            Presentation, Discussion and Possible Approval of Amendments to the Affordable Communities of Texas Program Policies.**

Mr. Danenfelzer reviewed the amended policies for the Affordable Communities of Texas (ACT) program for the Board. Mr. Danenfelzer reminded the Board that the program was approved in November and the original set of policies was approved in January. Mr. Danenfelzer explained that the reason for the amendments was to smooth out wrinkles that had been found through the pilot program process. Mr. Danenfelzer explained that the revised policies clarified the Corporation's role in the program – to act as 1) a land bank entity, 2) buyer agent, or 3) land bank administrator. Mr. Danenfelzer spoke to how this would help local entities and emphasized that the program would go to help those communities that had Neighborhood Stabilization Program (NSP) funds. Mr. Danenfelzer also noted that the instruments to finance these properties were restricted after transfer; sub-prime lending, ARMS, and high interest rates were not allowed. Mr. Danenfelzer spoke to the restrictions placed on the NSP funds, stating that 100 percent of the funds were returned after the homes were sold, so there was no profit margin.

Ms. Leon asked what counties were being targeted and Mr. Danenfelzer explained that the pilot program was currently installed in the communities of Hidalgo County and Waco in coordination with Affordable Homes of South Texas and NeighborWorks Waco. It was discussed that any program income would go back to the state after costs were covered.

Ms. Van Hovel made a motion to approve the amendments to the Affordable Communities of Texas Program Policies. Ms. Leon seconded the motion. Motion passed unanimously.



**Tab 4            Presentation, Discussion and Possible Approval of a Resolution Approving the Execution of Memorandums of Agreement and Allocation of Neighborhood Stabilization Program Funds to Two Local Partners under the ACT Program.**

Mr. Danenfelzer pointed out that the policies had also changed so that now the Corporation could commit up to a certain amount in funding to individual partners which would better clarify how much money they had to purchase properties. Mr. Jones inquired about how partners were chosen and Mr. Danenfelzer explained that the requirements, as laid out in the Policy, included being a local government entity or a locally based non-profit corporation, having at least two years stable financial statements and cash in reserves, as well as board composition requirements.

Mr. Danenfelzer explained that the resolution before the board authorized the President to move forward and execute Memorandums of Understanding (MOU) between the Corporation and NeighborWorks Waco, and between the Corporation and Affordable Homes of South Texas, and commit funding from our NSP allocation of \$5 million to both entities. Mr. Danenfelzer confirmed that the resolution was only with regard to the 2 entities. Mr. Danenfelzer explained that the Corporation, along with 14 local organizations, had jointly applied for the additional Round 2 NSP funding and he anticipated that in September or October, staff would bring forth more organizations to designate as local partners.

Mr. Dietz made a motion to approve a resolution approving the execution of Memorandums of Agreement and allocation of Neighborhood Stabilization Program Funds to two local partners under the ACT Program. Ms. Leon seconded the motion. Motion passed unanimously.

**Tab 5            Presentation, Discussion, and Possible Approval of a Resolution Approving Purchase Contracts for the Acquisition of Foreclosed Homes through the National Community Stabilization Trust and Concerning Other Matters Incident and Related thereto.**

Mr. Danenfelzer noted that under the previous policies it was required that the Board approve the purchase of every property under the ACT program. The purchase agreement before the Board was received prior to the policies being changed, which was why it was being presented to the Board today. It was regarding a single family home in Alamo, Texas that would be purchased using local funds provided by Affordable Homes of South Texas. Discussion followed as to the necessity of the board approving the transaction and how things would work in the future. Mr. Danenfelzer explained that under the new policies, future transactions would be presented to the board after the purchase agreements were signed but before closing. He stated that the Board would be given a list of properties every month that would keep them informed as to what properties were being purchased. It was stated that up to \$500,000 had been authorized for each of the approved partnerships. It was noted that if more funding was required it would be presented to the Board for their approval. Discussion followed on requirements placed in the local partner agreement, such as affordability requirements, as well as safeguards. Mr. Long reiterated that the resolution before the board was for one purchase contract for one property. Ms. Closmann did note that because the local partner agreement with Affordable Homes of South Texas was not yet in place, the Corporation did not yet have the NSP funding for the purchase and while staff fully expected to receive the local NSP funding, she just wanted the Board to be aware that we wouldn't have it until after the agreement was in place. If for some

reason that didn't happen, the \$100,000 already set aside for the program and approved by the Board at a previous meeting could be used to purchase the property.

Ms. Van Hovel made a motion to approve a resolution approving Purchase Contracts for the acquisition of foreclosed homes through the National Community Stabilization Trust and Concerning Other Matters Incident and Related thereto. Ms. Leon seconded the motion. Motion passed unanimously.

**Tab 6            Presentation, Discussion and Possible Approval of the FY2010 Operating Budget.**

Ms. Smith pointed out the two changes that had been made after the Budget was mailed earlier in the week. Ms. Smith noted that the Asset Oversight Revenue had changed after an extensive review by Mr. Lawrence, the Corporation's Controller, of the existing contracts and future billed revenue. Mr. Jones inquired about this line item and Mr. Long noted that it was a reflection of the remaining funds to be billed from the previous contract with TDHCA. It was noted that this total was net the administrative fee owed the Department. Ms. Smith pointed out the second change which was to the Grants and Donations line item. It was adjusted due to work done by Mr. Danenfelzer to determine more closely what the administrative costs would be for the NSP program.

Ms. Van Hovel made a motion to approve the FY2010 Operating Budget. Discussion followed briefly on the rules for making motions in Committee and how they carried forward into the main board meeting. Mr. Dietz seconded the motion. Motion passed unanimously.

**Tab 7            Presentation, Discussion and Possible Approval of a Resolution Directing the Development and Negotiation by the President of the Corporation of a Memorandum of Understanding Among the Corporation, the Texas Association of Community Development Corporations and Texas Community Capital, Inc. ("TCC") Regarding a Possible Partnership with Respect to TCC as a Community Development Financial Institution Capable of Receiving Matching Funds from the US Treasury and Concerning Other Matters Incident and Related thereto.**

Mr. Long began by introducing Mr. Carriker, Executive Director of TACDC, to the Board. Mr. Long informed the Board that Mr. Carriker had approached the Corporation about a potential partnership, providing staff with information on how it might work. Mr. Long spoke to his own attendance at the TACDC meeting in June and how he was able to discuss the partnership with the TACDC board, a venture which they were very much in favor of. Mr. Long reported that staff felt it was the right time to bring this possible partnership to the Board for their consideration before dialogue and discussion between the two organizations continued.

Mr. Carriker thanked the Board for the opportunity to be at the meeting today. Mr. Carriker briefly told the Board about TACDC as an organization, stating that it had 150 members consisting of primarily non-profit community-based organizations who engaged in various types of community development activities. Mr. Carriker explained that the most common activity performed by the members of TACDC was affordable housing. Mr. Carriker explained that several years ago, while searching for ways to enhance the ability of the member organizations to find financing for housing, they struck on the idea of creating a Community Development Financial Institution (CDFI). Mr. Carriker also spoke about how in 2004, the Corporation had

applied to become a CDFI as well, but were kept from garnering that distinction because only non-profits not under the control of a governmental entity qualified for CDFI status. Mr. Carriker pointed out that because the Corporation's board was appointed by the governor and was subject to the Sunset Review and statute, they were disqualified from CDFI status. Mr. Carriker explained that the ultimate idea surrounding the partnership was to allow the Corporation to have significant influence over the operations and direction of TCC, by creating a board composed of two members of TSAHC's board and two members of TACDC's board, and then 1 member appointed unanimously by the other 4 members. In this manner the majority of the board would not have been appointed by the governor and therefore would not be governmentally controlled. Discussion followed as to who that 5<sup>th</sup> board member could be, noting that it could not be a board member of a government controlled entity.

Mr. Carriker then discussed the advantages of being a CDFI. One was that banks could do business through a CDFI and get credit under the Community Reinvestment Act (CRA) automatically, which made CDFI's an attractive investment vehicle for banks to do business with. Another important advantage to being a CDFI was that the US Treasury provides matching funds to the funds raised by the CDFI. Texas Community Capital (TCC), the new hybrid partnership, could apply for dollar-for-dollar match funding from the US Treasury. While this dollar for dollar benefit was not automatic, there was a great possibility that this could be attained. Mr. Carriker noted that there was a limit of \$5 million in match funds every three years.

Mr. Carriker then gave a brief history of TCC, noting that it had gone thru the process to become a CDFI, but had not followed through because its corpus, or funding, had not grown to the size that justified submitting the paperwork. Mr. Carriker spoke to how this was a good thing, because now when TCC applied, the bylaws and board would be reconstituted and would gain the experience of TSAHC which would prove for a stronger application for CDFI certification. Mr. Carriker spoke to the functions which TCC could serve, such as providing the opportunity to other CDFI's in Texas the ability to resell at least part of their loans so they could then revolve their funding. This would multiply the amount of money out there for affordable housing. Mr. Long added that TCC could also assist with capacity building.

Mr. Jones and staff clarified that the resolution would allow staff to move forward with developing the MOU between the organizations, and that staff would come back to the board for their approval with regard to management structure, board makeup, revised bylaws and articles – all things that would be laid out in the MOU. Discussion followed on what the resolution authorized staff to do, the makeup of the board of TCC and how the members would be selected, how the day to day operations would be run (jointly by staff at both organizations) and how the funds would be utilized. Mr. Jones requested that the details be worked out and brought back before the board for their approval.

Mr. Jones made a motion that approved a resolution directing the development and negotiation by the President of the Corporation of a Memorandum of Understanding among the Corporation, the Texas Association of Community Development Corporations and Texas Community Capital, Inc. ("TCC") regarding a possible partnership with respect to TCC as a Community Development Financial Institution capable of receiving matching funds from the US Treasury and concerning other matters incident and related thereto. Ms. Van Hovel seconded the motion. Motion passed unanimously.

**Tab 8            Presentation and Discussion of the Corporation’s Partnership with the Texas Department of Housing and Community Affairs to Submit an Application to NeighborWorks America for the National Foreclosure Mitigation Counseling Program (Round 3), including Using a Portion of the Meadows Foundation Grant to the Corporation for Matching Funds for the Submission.**

Mr. Long noted for the Board that the Corporation currently serves as administrator over Round 2 NFMC funding awarded to TDHCA in support of the Texas Foreclosure Prevention Task Force. Mr. Long stated that a new round of funding (Round 3) had become available and the document provided in the board packet described the Corporation’s role with regard to the funding. Mr. Long referred to Ms. Howard, explaining that she worked on the day-to-day operations involving the round 2 funding and had been instrumental in both the round 2 and round 3 applications.

Ms. Howard briefly discussed the NFMC program, noting that it was a federal program administered by NeighborWorks America. Ms. Howard explained that in September 2008 TDHCA had applied for and received \$500,000 in NFMC funding, and those funds had gone to 6 HUD-approved counseling agencies located all over the state. At that time, the Corporation entered into a contract with TDHCA to be administrator for the funds. Ms. Howard stated that because the Round 2 funding had gone so well, we were asked to apply for Round 3 funding under a streamlined application process. Ms. Howard stated that TDHCA, as the state housing finance agency, had submitted the application, on which the Corporation had been listed as a partner in order to strengthen the application. Ms. Howard reported that under Round 2, there were six HUD-approved counseling agencies and in Round 3 there would be nine approved agencies, which expanded the scope of the program. Ms. Howard stated that while the insert from the board packet noted that \$900,000 in funding was being requested, the number had increased to \$950,000. Mr. Long then discussed the funds TSAHC would put forward. In Round 2, TDHCA put forth all the match funds required and under this round, TDHCA had asked that the Corporation contribute 50% of the match funds while TDHCA put forth the other 50%. Mr. Long recalled that the Meadows Foundation had given the Corporation a sizable grant to be used in support of the Task Force and staff had asked them for the ability to use part of those funds to cover the match funds required under the Round 3 funding cycle. Mr. Long reported that the Meadows Foundation had agreed to the Corporation using their grant funds for the match dollars. Mr. Long confirmed that the total match funds required of the Corporation was about \$72,000.

Ms. Howard noted that no approval was needed on this tab item; staff had only wished to give the Board an update. Mr. Long recalled that the Board approved the initial application to the Meadows Foundation for funding, and staff had only wanted to update the Board on how those funds were being utilized.

Mr. Long gave the new members a brief history as to how the Task Force came into existence and also how the Meadows Foundation funding came to be. Mr. Long recalled that the Meadows Foundation had been interested in the Task Force. Ms. Howard submitted an application for funding and the Corporation had received the funding specifically to be used for the Task Force. Mr. Jones noted what an accomplishment it was for the Meadows Foundation to contact and fund the Corporation, given that we were a non-profit and not a state agency. Mr. Long commented that the partnership opened doors for future funding opportunities.

**Tab 9            Presentation, Discussion and Possible Approval of Decisions Regarding the Corporation's Building at 2200 E. MLK Blvd. in Austin, Texas, Including Leases and Service Contracts.**

Mr. Long noted that prior to the meeting, some of the Board members had the opportunity to go over and see the new building. Mr. Long thanked Mr. Danenfelzer and Ms. McGilloway for all the work they put into overseeing the renovations and changes being made to the building. Mr. Long reported that the move-in date was tentatively set for August 27<sup>th</sup>. Mr. Long reported that some construction would still be going on after move-in but it wouldn't affect operations. Mr. Long reminded the Board of our tenant whose current lease expired at the end of February 2010.

Mr. Jones called the Board into Closed Meeting as allowed under Texas Government Code 551.072 – deliberation regarding purchase, exchange, lease or value of real property. The time was 3:47pm.

The Board came out of Closed Meeting and into Open Meeting at approximately 4:10pm. Mr. Long stated that, after discussion in closed meeting, staff put forth the recommendation that the Corporation not renew existing leases for tenants at the Corporation's new offices located at 2200 E. MLK Blvd. Mr. Jones inquired about the timetable for notifying the current tenant and Mr. Long suggested giving 6 months minimum notice.

Mr. Dietz made a motion to give executive management the authority to utilize the entire space of the new building in whatever manner they saw fit, whether that meant to use it all or to lease it out to a tenant of their choosing. Ms. Leon seconded the motion. Motion passed unanimously.

Discussion followed as to what the vote authorized staff to do.

**Closed Meeting**

Refer to Tab 9

**Open Meeting**

Discussion occurred about the next Board meeting and also about the Planning Session. Mr. Dietz inquired about the rules surrounding motions made in Committee and how they should be carried out in the Board Meeting. Staff agreed to research the issue and let the Board know what was found out.

**Adjournment**

Mr. Jones declared the meeting adjourned at 4:19pm.

Respectfully submitted by \_\_\_\_\_  
Laura Ross, Corporate Secretary

**TEXAS STATE AFFORDABLE HOUSING CORPORATION  
TEXAS FOUNDATIONS FUND GUIDELINES**

Mission:

To improve the living standards of Texas residents of very low-income and extremely-low income by building new single family homes, repairing existing single family homes, enhancing accessibility for the elderly and disabled, and providing supportive housing services for residents of multifamily rental units.

Objectives:

To provide grants to nonprofit organizations and rural governmental entities (or their instrumentalities) for (i) the construction, rehabilitation, and/or critical repair of single family homes for homeowners who are Texas residents of very low-income or extremely low-income, with a particular emphasis on serving very low-income disabled and rural Texans and (ii) the provision of additional supportive housing services for very low-income residents of multifamily rental units.

Source of Funds:

The Texas State Affordable Housing Corporation (the “Corporation”) shall use funds allocated to the Texas Foundations Fund from either (i) transfers of unrestricted funds of the Corporation or (ii) third party charitable donations to serve very low-income and extremely-low income Texans. To the extent allowed by law, the Corporation may use up to 50% of the Texas Foundations Fund’s resources for grant programs on an annual basis.

All donations letters/gifts instruments from third party donors shall be in a form acceptable to the Corporation. Example documents can be provided upon request.

Program Requirements:

A. Grants to Governmental or Nonprofit Entities:

Grants of up to \$50,000 each will be given to selected 501(c)(3) nonprofits or rural governmental entities serving very low-income and extremely low-income individuals for either (i) the purpose of construction, rehabilitation, and/or critical repair of single-family homes or (ii) the provision of supportive housing services for residents of multifamily rental units.

Rural governmental entities (and their instrumentalities), to be eligible for a grant, must be 1) cities with populations less than 50,000 not located in a federal Metropolitan Statistical Area or 2) counties with populations less than 100,000.

Nonprofit grantees must have as part of their mission constructing and/or rehabilitating affordable housing in Texas and must have had experience in Texas constructing, rehabilitating, or providing critical repairs on single family homes or had experience providing supportive housing services to very low-income Texas residents in multifamily rental units. An award will not be given to an entity that solely provides supportive services, but rather will be awarded only to those entities that provide housing with supportive services.

B. Restrictions on Occupants of Homes Built or Repaired with Fund Support:

The construction, rehabilitation and/or critical repair of single family homes must meet the minimum threshold for Texas residents of very low-income, which is for individuals or families who own or will own a single family home and are at 50 percent or below of the area median family income.

C. Restrictions on Multifamily Residents who Benefit from Supportive Housing Services with Fund Support:

Eligible supportive housing activities are services provided on-site to very low-income residents (residents whose income is 50 percent or below of the area median family income) living in income restricted units in multifamily rental units. Eligible supportive services would include, but are not limited to, the provision of alcohol and drug counseling, mental health counseling, or services provided on site by a health care provider. Funding CANNOT be used for construction of units, but only for the provision of services. Again, an award will not be given to an entity that solely provides supportive services, but rather will be awarded only to those entities that provide housing with supportive services.

Grant Use:

Use of the grant is restricted to direct costs associated with the construction, rehabilitation, and/or critical repair of single family homes or the provision of supportive housing services. Grant proceeds may not be used for off-site infrastructure, general operating costs, or developer fees and profits. Furthermore, all work performed under this grant award must be free of charge to the low income individual.

In instances of performing a new construction activity, awardees must show how the grant amount goes to benefit the low-income homeowner either through the reduction of the purchase price or downpayment assistance equal to the grant amount. New construction Applicants must also provide a 0% interest loan with terms no longer than 30 years to the assisted individual, with no portion of grant funds included in the loan. Furthermore, individuals assisted with new construction funds must contribute at least 200 hours of sweat equity and participate in a homebuyer education course prior to closing on the home.

Administrative costs of up to 5 percent of a particular grant amount will be allowed. No grant is intended to be used to build operating capacity for the selected organization.

Grant Selection:

The Corporation will accept proposals through a competitive process. A notice of funding availability will be published on an annual basis when the Board of Directors determines that sufficient funds exist to award grants.

Proposals will be first considered by the Corporation's Advisory Council, whose members will be appointed by the Corporation's Board of Directors, with final approval provided by the Board of Directors.

The Advisory Council will evaluate the proposals to determine whether the stated objective is likely to be accomplished and the level of quality and timeliness that can be expected from the applicant based on financial capacity and previous performance. Proposals must give a history of similar projects completed and any experience that shows they are qualified to carry out their proposal in such a way that results in a high quality product delivered on time. To receive consideration, applicants cannot have an operating deficit at the time of the submission of the proposal. Proposal evaluations will take into consideration compliance with applicable local building codes, accessibility standards, and environmental review requirements.

Part of the stated objective is to give priority to serving the housing needs of very low-income and extremely low-income disabled and rural Texans, so the Advisory Council will give priority to proposals serving those individuals. The Advisory Council will also evaluate whether the Corporation's grant will be leveraged by matching funds or volunteer efforts, and will give priority to those proposals as well. The Advisory Council will make its recommendations to the Corporation's Board of Directors, which will award or deny the grants.

Grant Agreement:

The Corporation shall require each grantee to execute a grant agreement that outlines the purpose of the award, eligible expenditures, the schedule of funding disbursements, the Corporation's right to inspection of properties or service records, review of financial documents, and ongoing reporting requirements. The grant agreement will contain performance measures that must be met, with the result of failed performance being the delay or cancelation of any future disbursements, cancelation of a grant award, or a request for repayment of the grant award.



**TEXAS STATE AFFORDABLE HOUSING CORPORATION  
TEXAS FOUNDATIONS FUND GUIDELINES**

Mission:

To improve the living standards of Texas residents of very low-income and extremely-low income by building new single family homes, repairing existing single family homes, enhancing accessibility for the elderly and disabled, and providing supportive housing services for residents of multifamily ~~apartment complexes~~ rental units.

Objectives:

To provide grants to nonprofit organizations and rural governmental entities (or their instrumentalities) for (i) the construction, rehabilitation, and/or critical repair of single family homes for homeowners who are Texas residents of very low-income or extremely low-income, with a particular emphasis on serving very low-income disabled and rural Texans and (ii) the provision of additional supportive housing services for very low-income residents of multifamily ~~apartment complexes~~ rental units.

Source of Funds:

The Texas State Affordable Housing Corporation (the “Corporation”) shall use funds allocated to the Texas Foundations Fund from either (i) transfers of unrestricted funds of the Corporation or (ii) third party charitable donations to serve very low-income and extremely-low income Texans. To the extent allowed by law, the Corporation may use up to 50% of the Texas Foundations Fund’s resources for grant programs on an annual basis.

All donations letters/gifts instruments from third party donors shall be in a form acceptable to the Corporation. Example documents can be provided upon request.

Program Requirements:

A. Grants to Governmental or Nonprofit Entities:

Grants of up to \$50,000 each will be given to selected 501(c)(3) nonprofits or rural governmental entities serving very low-income and extremely low-income individuals for either (i) the purpose of construction, rehabilitation, and/or critical repair of single-family homes or (ii) the provision of supportive housing services for residents of multifamily ~~apartment complexes~~ rental units.

Rural governmental entities (and their instrumentalities), to be eligible for a grant, must be 1) cities with populations less than 50,000 not located in a federal Metropolitan Statistical Area or 2) counties with populations less than 100,000.

Nonprofit grantees must have as part of their mission constructing and/or rehabilitating affordable housing in Texas and must have had experience in Texas constructing, rehabilitating, or providing critical repairs on single family homes or had experience providing supportive housing services to very low-income Texas residents in multifamily ~~residential projects~~ rental units. An award will not be given to an entity that solely provides supportive services, but rather will be awarded only to those entities that provide housing with supportive services.

B. Restrictions on Occupants of Homes Built or Repaired with Fund Support:

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In instances of performing a new construction activity, awardees must show how the grant amount goes to benefit the low-income homeowner either through the reduction of the purchase price or downpayment assistance equal to the grant amount. New construction Applicants must also provide a 0% interest loan with terms no longer than 30 years to the assisted individual, with no portion of grant funds included in the loan. Furthermore, individuals assisted with new construction funds must contribute at least 200 hours of sweat equity and participate in a homebuyer education course prior to closing on the home.

Administrative costs of up to 5 percent of a particular grant amount will be allowed. No grant is intended to be used to build operating capacity for the selected organization.

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The Corporation will accept proposals through a competitive process. A notice of funding availability will be published on an annual basis when the Board of Directors determines that sufficient funds exist to award grants.

Proposals will be first considered by the Corporation's Advisory Council, whose members will be appointed by the Corporation's Board of Directors, with final approval provided by the Board of Directors.

The Advisory Council will evaluate the proposals to determine whether the stated objective is likely to be accomplished and the level of quality and timeliness that can be expected from the applicant based on financial capacity and previous performance. Proposals must give a history of similar projects completed and any experience that shows they are qualified to carry out their proposal in such a way that results in a high quality product delivered on time. To receive consideration, applicants cannot have an operating deficit at the time of the submission of the proposal. Proposal evaluations will take into consideration compliance with applicable local building codes, accessibility standards, and environmental review requirements.

Part of the stated objective is to give priority to serving the housing needs of very low-income and extremely low-income disabled and rural Texans, so the Advisory Council will give priority to proposals serving those individuals. The Advisory Council will also evaluate whether the Corporation's grant will be leveraged by matching funds or volunteer efforts, and will give priority to those proposals as well. The Advisory Council will make its recommendations to the Corporation's Board of Directors, which will award or deny the grants.

Grant Agreement:

The Corporation shall require each grantee to execute a grant agreement that outlines the purpose of the award, eligible expenditures, the schedule of funding disbursements, the Corporation's right to inspection of properties or service records, review of financial documents, and ongoing reporting requirements. The grant agreement will contain performance measures that must be met, with the result of failed performance being the delay or cancelation of any future disbursements, cancelation of a grant award, or a request for repayment of the grant award.

## **Tab 3**

### **Presentation, Discussion and Possible Approval of Texas State Affordable Housing Corporation Employee Handbook.**

We are postponing the consideration of this agenda item.

**MINUTES AND CERTIFICATION**

THE STATE OF TEXAS §  
§  
TEXAS STATE AFFORDABLE §  
HOUSING CORPORATION §

I, the undersigned officer of the Texas State Affordable Housing Corporation, do hereby certify as follows:

1. The Board of Directors of said corporation convened on the 11<sup>th</sup> day of September, 2009, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of said Board and officers, to wit:

**BOARD OF DIRECTORS**

<u>Name</u>	<u>Office</u>
Robert Elliott Jones	Chairperson
Jo Van Hovel	Vice Chairperson
Cynthia Leon	Director
William H. Dietz	Director
Vacant	Director

**OFFICERS**

<u>Name</u>	<u>Office</u>
David Long	President (non-Board member)
Katherine Closmann	Executive Vice President (non-Board member)
Melinda Smith	Chief Financial Officer (non-Board member)
Laura Ross	Secretary (non-Board member)
Cynthia Gonzales	Assistant Secretary (non-Board member)

and all of said persons were present except \_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted, to-wit: a written resolution (the "Resolution") bearing the following caption was introduced:

**RESOLUTION NO. 09-\_\_\_\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

**"Resolution Approving a Grant and Gift Acceptance Policy of the Corporation and a Fiscal Agent Policy of the Corporation and Concerning Other Matters Incident and Related thereto"**

was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

\_ AYES

\_ NOES

\_ ABSTENTIONS

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said Resolution has been duly recorded in said Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that said Resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose.

SIGNED this September 11, 2009.

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Secretary, Texas State Affordable Housing  
Corporation

RESOLUTION NO. 09-\_\_\_\_\_

TEXAS STATE AFFORDABLE HOUSING CORPORATION

“Resolution Approving a Grant and Gift Acceptance Policy of the Corporation and a Fiscal Agent Policy of the Corporation and Concerning Other Matters Incident and Related thereto”

WHEREAS, the Texas State Affordable Housing Corporation (the “Corporation”) 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”);

WHEREAS, the Corporation has determined it is prudent to approve a formal policy (the “Grant/Gift Policy”) regarding the acceptance of grants and/or gifts on behalf of the Corporation to ensure that only appropriate types of grants and/or gifts are accepted by the Corporation that can be used to further the charitable and statutory purposes of the Corporation;

WHEREAS, the Corporation has determined it is prudent to adopt a formal policy (the “Fiscal Agent Policy”) regarding the role of the Corporation as fiscal agent for various charitable groups and organizations to ensure that the Corporation only acts in this capacity for groups and organizations that further the charitable and statutory purposes of the Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Texas State Affordable Housing Corporation:

Section 1. Authorization of the Grant/Gift Policy and the Fiscal Agent Policy. That the Board of Directors of the Corporation (the “Board”) hereby authorizes and approves the Grant/Gift Policy and the Fiscal Agent Policy in the respective form presented to the Board on the date of approval of this Resolution.

Section 2. Execution and Delivery of Documents. That the President or Executive Vice President of the Corporation are each hereby authorized to consent to, accept, execute and attest to such other agreements, assignments, certificates, contracts, documents, instruments, releases, financing statements, 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.

Section 3. Ratification of Prior Actions. That all prior actions taken by or on behalf of the Corporation in connection with the subject of this Resolution, including the receipt of prior gifts and grants on behalf of the Corporation and the role of the Corporation as fiscal agent in prior situations, are hereby authorized, ratified, confirmed and approved.

Section 4. Purposes of Resolution. That the Board has expressly determined and hereby confirms that the subject of this Resolution accomplishes a valid public purpose of the Corporation.

Section 5. Conflicting Prior Actions. That all orders, resolutions, or any actions or parts thereof of the Board in conflict herewith are hereby expressly repealed to the extent of any such conflict.

Section 6. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

PASSED, APPROVED AND EFFECTIVE this 11<sup>th</sup> day of September, 2009.

TEXAS STATE AFFORDABLE HOUSING  
CORPORATION

\*\*\*\*\*



**MINUTES AND CERTIFICATION**

THE STATE OF TEXAS §  
§  
TEXAS STATE AFFORDABLE §  
HOUSING CORPORATION §

I, the undersigned officer of the Texas State Affordable Housing Corporation, do hereby certify as follows:

1. The Board of Directors of said corporation convened on the 11<sup>th</sup> day of September, 2009, at the designated meeting place in Austin, Texas, and the roll was called of the duly constituted members of said Board and officers, to wit:

**BOARD OF DIRECTORS**

<u>Name</u>	<u>Office</u>
Robert Elliot Jones	Chairperson
Jo Van Hovel	Vice Chairperson
Cynthia Leon	Director
William H. Dietz	Director
Vacant	Director

**OFFICERS**

<u>Name</u>	<u>Office</u>
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Melinda Smith	Chief Financial Officer (non-Board member)
Laura Ross	Secretary (non-Board member)
Cynthia Gonzales	Assistant Secretary (non-Board member)

and all of said persons were present except \_\_\_\_\_, thus constituting a quorum. Whereupon, among other business, the following was transacted, to-wit: a written resolution (the "Resolution") bearing the following caption was introduced:

**RESOLUTION NO. 09-\_\_\_\_**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION**

"Resolution Approving the Role of the Corporation as Fiscal Agent for the Texas Foreclosure Prevention Task Force and Approving the Negotiation and Execution by the President of the Corporation of Appropriate Documents Associated Therewith and Concerning Other Matters Incident and Related thereto"

was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

\_ AYES

\_ NOES

\_ ABSTENTIONS

2. That a true, full and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said Resolution has been duly recorded in said Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid meeting, and that said Resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose.

SIGNED this September 11, 2009.

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Secretary, Texas State Affordable Housing  
Corporation

RESOLUTION NO. 09-\_\_\_\_\_

TEXAS STATE AFFORDABLE HOUSING CORPORATION

“Resolution Approving the Role of the Corporation as Fiscal Agent for the Texas Foreclosure Prevention Task Force and Approving the Negotiation and Execution by the President of the Corporation of Appropriate Documents Associated Therewith and Concerning Other Matters Incident and Related thereto”

WHEREAS, the Texas State Affordable Housing Corporation (the “Corporation”) 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”);

WHEREAS, the Corporation has determined it is in the best interest of the Corporation in furtherance of its charitable purposes to serve as fiscal agent to the Texas Foreclosure Prevention Task Force (“TFPTF”), which is a group of nonprofit entities, state entities, consultants and counseling agencies, organized through a Memorandum of Understanding (the “Task Force MOU”) dating from August of 2008, dedicated to the prevention of foreclosure of homes owned by low income Texas Residents through the provision of counseling and other services;

WHEREAS, the Corporation hereby determines to provide the President of the Corporation with the authority to negotiate and execute the appropriate documents necessary to allow the Corporation to fulfill its role as fiscal agent to the TFPTF;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Texas State Affordable Housing Corporation:

Section 1. Authorization of the President. That the Board of Directors of the Corporation (the “Board”) hereby authorizes and approves the authority of the President of the Corporation to negotiate and execute appropriate documents necessary to fulfill the role of the Corporation as fiscal agent to the TFPTF as described in this Resolution.

Section 2. Approval of Certain Activities in Role as Fiscal Agent to the TFPTF. That the Board hereby approves the following (along with any other activities the President finds are in the best interest of the Corporation) activities of the Corporation in its role as fiscal agent to the TFPTF:

- (1) All activities currently performed by the Corporation pursuant to the Task Force MOU;
- (2) To provide funding (through grants or gifts from third parties) to support a new foreclosure prevention outreach campaign that will link at risk homeowners with foreclosure prevention options by funding (through grants or gifts from third parties) foreclosure prevention public service announcements that will be placed in local movie theaters or other similar venues;
- (3) To support outreach events hosted by local foreclosure prevention initiatives; and

- (4) Notwithstanding anything herein to the contrary, no activities related to the TFPTF are approved unless such activities promote the charitable purposes of the Corporation.

Section 3. Execution and Delivery of Other Documents. That the President or Executive Vice President of the Corporation are each hereby authorized to consent to, accept, execute and attest to such other agreements, assignments, certificates, contracts, documents, instruments, releases, financing statements, 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.

Section 4. Power to Revise Documents. That, notwithstanding any other provision of this Resolution, the President or Executive Vice President of the Corporation are each hereby authorized to make or approve such revisions to the Task Force MOU as, in the opinion of counsel or the President of the Corporation, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 5. Ratification of Prior Actions. That all prior actions taken by or on behalf of the Corporation in connection with the subject of this Resolution, including the negotiation and execution of the Task Force MOU, are hereby authorized, ratified, confirmed and approved.

Section 6. Purposes of Resolution. That the Board has expressly determined and hereby confirms that the role of the Corporation as fiscal agent to the TFPTF accomplishes a valid public purpose of the Corporation.

Section 7. Conflicting Prior Actions. That all orders, resolutions, or any actions or parts thereof of the Board in conflict herewith are hereby expressly repealed to the extent of any such conflict.

Section 8. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

PASSED, APPROVED AND EFFECTIVE this 11<sup>th</sup> day of September, 2009.

TEXAS STATE AFFORDABLE HOUSING CORPORATION

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## **Tab 6**

### **Discussion on Requirements for Conduct of Meetings of Board of Directors.**

Discussion