



**ARIZONA HOUSING COMMISSION
TASK FORCE ON TAX-EXEMPT MORTGAGE FINANCING**

***2004 Annual Report and
Final Task Force Report***

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A. Introduction

Pursuant to Laws 1999, Chapter 334, the Arizona Housing Commission Task Force on Tax-Exempt Mortgage Financing (the “Task Force”) was established to review and report on 1) the availability of financing for single-family housing and 2) the role of the private activity bond allocation process in facilitating the availability of housing for low-to-moderate income families in all areas of Arizona.

The Task Force is required to issue an annual report of its activities, findings, and recommendations, including information reported to it by the four major Industrial Development Authorities (IDAs) and the Arizona Housing Finance Authority (AzHFA). These five entities issue tax-exempt single-family mortgage revenue bonds (MRBs), mortgage credit certificates (MCCs) and other forms of Private Activity Bonds (PABs). The four IDAs (which include Maricopa County, Pima County, City of Phoenix, and City of Tucson) and the AzHFA are asked to report their use of MRBs, MCCs, and, as of 2003, multi-family revenue bonds within their jurisdictions. Since the creation of the Arizona Department of Housing (ADOH) and the Arizona Housing Finance Authority (AzHFA) in 2002, MRBs, MCCs, and multi-family revenue bonds are made available in the rural areas of the State under the auspices of the AzHFA rather than the four major IDAs. (Note that within the Tax-Exempt Mortgage Financing programs in Arizona, and therefore in this report, the term “rural” refers to all areas outside Maricopa and Pima Counties.)

This fifth annual report summarizes the Task Force’s legislative mandate, reports on its activities during the fifth year, submits information received from the four IDAs and the AzHFA, analyzes and compares information received from the IDAs and AzHFA, and makes certain findings and recommendations. This report also contains comparative Federal Housing Administration (FHA) loan activity information (See Table 11). As a Final Report this report includes information submitted over the five-year period, a summary of findings, and recommendations of the Task Force.

B. Legislative Mandate

Enabling legislation requires that the Task Force issue an annual report “of its activities, findings, and recommendations” on or before August 31 of each year. Chapter 19, Laws 2004 (SB1215), extended the final reporting deadline to December 31, 2004.*

The annual report must include:

1. Information concerning the uses of private activity bonds issued by eligible corporations during the two preceding calendar years.
2. Information concerning the use of mortgage revenue bond proceeds or mortgage credit certificates issued during the preceding three calendar years, including:
 - a. The dollar amount of mortgage revenue bonds and mortgage credit certificates issued.
 - b. The location of the recipients of loans financed through mortgage revenue bonds.
 - c. The location of the recipients of mortgage credit certificates.
 - d. The dollar amount of loans and credit certificates processed by each mortgage lender or program administrator.
 - e. A summary of demographic information concerning the recipients of loans financed through mortgage revenue bonds or mortgage credit certificates, to the extent permitted by law.
 - f. A detailed schedule of the costs associated with the mortgage revenue bond program or the mortgage credit certificate program including issuance costs, program administration costs, program marketing costs, recipient fees and charges, and any other costs or charges.

The Task Force is also charged with making recommendations for any modifications of Title 35, Chapters 5 and 7, Arizona Revised Statutes in its 2002 interim report and 2004 final report.

C. Background: Mortgage Revenue Bonds, Mortgage Credit Certificates, and Private Activity Bonds

In 1986, the Arizona Legislature established a private activity bonding authority under the provisions of a 1984 federal Deficit Reduction Act. The federal act designates each state’s allotment of tax-exempt private activity bonds based on population. Until 2000, the allocation was \$50 per capita. The federal Community Renewal Act increased the allocation amount beginning in

*Because of this later reporting deadline for 2004, the reporting period is not the same as for previous reports when the reporting deadline was August 31. Additionally, while the beginning and end date for the periods for which each IDA reported data varied, the reporting period generally consisted of 12-months.

2001. In 2001, the allocation amount was \$62.50 per capita, which increased to \$75 in 2002. Beginning in 2003 and thereafter, the amount will be adjusted for inflation. (Certain projects financed with tax-exempt private activity bonds must comply with the Internal Revenue Code and any applicable state laws.)

In Arizona, this formula produced approximately \$321 million in volume cap for 2001, which was allocated to projects in the following categories:

- 35% for MRBs and MCCs,
- 20% for student loans,
- 15% for manufacturing facilities,
- 15% for all other private activity bonding authority uses
- 15% for allocation at the discretion of the Department of Commerce Director. Traditionally, the director's discretion category was allocated first to manufacturing projects, if available.

Of the 35% allocated for MRBs and MCCs, during the 2001 reporting period, approximately 78% was distributed between Maricopa and Pima Counties and the Cities of Phoenix and Tucson, based on population, and approximately 22% was allocated to a rural program for the remaining counties.

Beginning in 2002, the state volume cap allocations were altered by changes in legislation:

- 35% for MRBs and MCCs;
- 20% for student loans;
- 15% for manufacturing facilities, of which 30% is reserved for urban and 70% for non-urban areas (until April 1);
- 10% for qualified multi-family residential rental projects; of which 30% is reserved for non-urban and 70% for urban areas (for 180 days);
- 10% for all other private activity bonding authority uses; and
- 10% for allocation at the discretion of the Director of the Arizona Department of Commerce; of which 30% is reserved for urban areas and 70% is reserved for non-urban areas until July 1 of each year.

The 2002 volume cap was \$398,049,825 (\$75 per capita times the U.S. Bureau of the Census estimated Arizona population). (See Table 15). The 2003 and 2004 state volume caps were \$409,233,675 and \$446,464,880, respectively. The allocation has not changed since 2002.

With certain exceptions, on July 1, unused allocations are pooled and re-allocated by lottery for bonds (other than single family mortgage revenue bonds, MCCs and Director's discretionary). On

December 17th and 27th, unused volume cap is pooled again and allocated at the discretion of the Director.

The 2002 Legislature established a study committee on Industrial Development Bond Allocations, composed of stakeholders involved with single-family and multifamily housing allocations, to review the utilization of Private Activity Bonds for single and multifamily housing and make recommendations for future allocations. The study committee forwarded their report including five recommendations to the Governor, the Speaker of the House of Representatives and the President of the Senate in January of 2003. A copy of that report is attached (As appendix 4)

The IDAs and AzHFA issue MRBs to help qualified Arizonans buy first homes or homes in designated target areas. MRB investors accept lower interest on these bonds because the interest earnings on the bonds are not included in the holder's adjusted gross taxable income. The interest savings are passed on to qualified homebuyers through mortgages with below market interest rates and/or grants that can be used for down payment or closing costs, significantly lowering home buying costs.

With the exception of homes in target areas, federal tax law limits MRB use to first-time homebuyers who earn no more than the greater of the statewide or area median income (AMI). (Families of three or more can earn up to 115% of AMI.) The purchase price of an MRB-financed home cannot exceed 90% of the average home price in its area. Borrower income and home purchase price limits are higher in strictly defined "target areas," which are areas of predominantly low income and/or chronically economically distressed, and in need of affordable housing. (See attached income and purchase price limits – table 14). In comparison, FHA single-family loan limits are set by county and indexed at a percentage of the conforming loan limits established by Freddie Mac in accordance with Section 203 (b)(2)(A) of the National Housing Act, as amended (12 U.S.C. 1709) (See attached FHA-insured loan limits and Freddie Mac loan limits – Table 12). By their nature, MRB financed loans have a locked rate, while the rate of an FHA insured loan can vary with the market.

Mortgage Credit Certificates, first authorized in 1984, are another means of providing assistance to low and moderate-income households. An MCC operates as a federal income tax credit. It reduces an eligible borrower's federal income taxes. The annual amount of the Credit is 20% of the annual interest paid or accrued on the mortgage loan for the residence. Benefits of the MCC are available for the life of the original mortgage as long as the borrower owns and occupies the property as a principal residence. MCCs serve the same public purpose as MRBs.

Bonds issued to finance multifamily residential rental (apartment) projects are separate and distinct from MRBs and MCCs. For multifamily bonds to qualify as tax-exempt, at least (a) 40% of

a building's units must be occupied by families with incomes of 60% or less of the area median income (AMI), or (b) 20% of a building's units must be occupied by families with incomes of 50% or less of AMI.

D. The Tax-Exempt Mortgage Financing Allocation Process

Until legislative changes took effect in 2000, access to volume cap for MRB and MCC programs was subject to a lottery system under which one IDA was selected at random each year to administer the entire statewide program. Secondary lottery allocations were made during the year when funds were available. The legislative changes that took effect in 2000 allowed each of the four major IDAs (Pima County, City of Tucson, Maricopa County, and City of Phoenix) to administer these programs for its own jurisdiction.

In addition, prior to the creation of the AzHFA in 2002, the rural allocation was awarded to one of the four major IDAs. The allocation was to be kept available to the rural parts of the state for a period of time, normally about 180 days. After that time, the allocation could be used in the IDA's market area as well as the rural parts of the state.

Legislative changes effective in 2002 allow the Director of the Arizona Department of Housing to select the AzHFA or one or more IDAs or a combination of IDAs and the AzHFA to administer MRB and MCC programs for the rural areas of the state. In 2002, the Director selected the AzHFA and the IDAs of Tucson and Pima County jointly to deliver an MRB program. In 2003, the AzHFA administered its own MCC /MRB program for the rural portions of the state.

E. Report on Findings

This section of the report primarily focuses on a summary of findings of the data and information submitted by IDAs and AzHFA for the 2004 annual report. Summary charts from each IDA and AzHFA for the 1998 – 2003 period (Fiscal Years, July 1 to June 30) are attached to this report. These data tables contain valuable demographic and cost of bonds issuance data on a consistent basis for the 1998 – 2003 period. Availability of such data is important for policy makers and is not available in a comprehensive format from any other public or private sources.

1. Costs of Issuing Bonds

No Mortgage Revenue Bonds were issued during this reporting period (July 1, 2003 to June 30, 2004) and therefore no costs of issuance were reported for this period.

In the past it appears that the cost of issuing bonds was well within the range of housing bond issuances from around the country, including state Housing Finance Authorities and local government housing bond issuers. Costs of Issuance (COI) typically include costs for marketing and selling the bonds, costs for legal fees, financial advisors, printing, rating agency fees, trustee, and can include fees for administrative costs to the bond issuer. A generally accepted range of the cost of issuance is 0.75% to 1.7%. The fees for the bonds issued by the four IDAs and AzHFA during the reporting period of 2000 - 2003 were analyzed and found to be within a range of 0.39% to 1.6% of the bonds issued. The reason for variation in cost of issuance between and among the five major bond issuing entities in Arizona is unknown, as each entity reported cost data in a slightly different manner.

2. Mortgage Loan Products

Each of the reporting IDAs provided program descriptions, including homeowner income eligibility criteria, maximum mortgage loan amounts and the pertinent information regarding mortgage companies and banks that were available to originate the loans. These loans are originated, and then the loans are bundled into mortgage-backed securities. The mortgage-backed securities are then sold to the bond trustee. The IDAs also reported the fees that each loan originator was allowed to charge the homeowner and the fees that loan servicers charged for servicing the mortgage loans. Based on the analysis in the 2001, 2002 and 2003 Task Force reports, all of the fees reported by IDAs are within an acceptable and reasonable range in the market. The loan origination and servicing fees are also within the range of allowable fees that are related to mortgage backed bonds around the country. The loan origination fees are typically 1% paid by the homeowner, one-half of 1% paid by the loan servicers to the originator for a service release fee, and 3/8 of 1% charged by the loan servicer

The use of Mortgage Credit Certificates (MCCs) is not as significant as the MRB mortgage vehicle. The MCC is a variation that can be used by all eligible issuers (IDAs or the AzHFA) and the dollar amount available is controlled by the Federal Tax Code. However, families who are eligible for an MCC program but who have little or no income tax liability are unlikely to use an MCC product. In 2003, Pima County IDA, City of Tucson IDA and the AzHFA issued MCCs. There were no MCCs or MRBs issued by any of the four major IDAs or by AzHFA in 2002. The MCC reporting by the IDAs in 2001 showed results that parallel the use of MRBs in income levels, family size and other loan and demographic information. The reported cost to the consumer (first time home buyer) is typical for other MCC issuers around the country. The fees that the lender and the issuer receive are also typical of national norms according to a survey conducted for the Task Force in 2001.

3. Loan and Demographic Information - 2003

During the 2004 reporting period - July 1, 2003 to June 30, 2004 - only Mortgage Credit Certificates were issued by the Pima County and City of Tucson IDAs and the AzHFA. The Maricopa County IDA and City of Phoenix IDA did not issue any new MRBs or MCCs during the reporting period.

Since the number of MCCs issued was small, no further analysis was done.

4. Loan and Demographic Information – 1999-2003 Reporting Periods

The surveys conducted for the Task Force on an annual basis for the 1999 – 2003 reporting periods are analyzed in this section. Reporting data are approximately for July 1 to June 30, when possible. Since data for the year 1999 were not comparable with the data for rest of the period, this analysis will primarily focus on the 2000 – 2003 period.

Loan and demographic information for the bond program is based on the weighted averages* of the data provided to the Task Force by the IDAs and AzHFA on an annual basis. Because loan and demographic data for all mortgage loans at the state level are not readily available, FHA loan and related demographic data have been used as an indicator of market rate mortgage activity. HUD supplied the FHA loan and demographic data.

The data compiled through the annual surveys included information about the number of loans, type of loans, income ranges, mortgage loan amounts, family sizes, new homes versus resale homes, availability of down payment assistance, and interest rates.

For details and data on an annual basis, readers are referred to the following charts and to Tables 1 – 14 at the end of this report.

* A weighted average is an average that takes into account the proportional relevance of each component, rather than treating each component equally (simple average).

**MRB/MCC Programs Summary
 State Level Demographic Data Comparisons: 2000 - 2003**

	MRB/MCC 2000*	MRB/MCC 2001*	MRB/MCC 2002*	MRB/MCC 2003*
Number of Loans or Credits	861	1,019	496	19
Loan Type:				
FHA/VA	91.0%	92.8%	98.0%	21.1%
Conventional	5.2%	4.9%	1.5%	68.4%
Others	3.9%	2.3%	0	0.0%
Average Purchase Price	\$ 94,521	\$ 98,384	\$ 107,964	\$ 130,352
Average Family Income	\$ 35,498	\$ 35,390	\$ 36,837	\$ 31,947
Average Household Size	2.58	2.4	2.3	1.64
Target Areas	8.7%	8.9%	2.4%	16.1%
First Time Homebuyers	79.7%	85.3%	99.8%	94.6%
Loans to Minorities	46.4%	49.1%	40.7%	36.7%
Loans to 1-Person Households	NA	13.6%	38.5%	68.7%
Existing Homes	78.4%	80.0%	87.0%	78.5%
# of Participating Lenders	13	11	14	12
SF	84.0%	89.0%	90.2%	79.0%
Interest Rate	NA	NA	NA	NA
Single Head-of-Household	NA	NA	NA	NA
30-Year Fixed Rate Mortgage	NA	NA	NA	NA

**FHA Loans Program Summary
 State Level Demographic Data Comparisons: 2000 - 2003**

	FHA 2000*	FHA 2001*	FHA 2002*	FHA 2003*
Number of Loans	27,725	39,182	32,103	53,306
Loan Type:				
FHA/VA	100%	100%	100%	100%
Conventional	0%	0%	0%	0%
Others	0%	0%	0%	0%
Average Purchase Price	\$102,547	\$ 109,320	\$ 105,985	\$ 121,788
Average Family Income	\$44,101	\$ 34,117	\$34,440	\$24,383
Average Household Size	NA	NA	NA	1.60
Target Areas	NA	NA	NA	NA
First Time Homebuyers	74.70%	52.1%	23.9%	33.0%
Loans to Minorities	41.60%	36.8%	49.10%	44.5%
Loans to 1-Person Hoeseholds	34.70%	36.5%	NA	48.2%
Existing Homes	77.00%	83%	82.20%	83.9%
# of Participating Lenders	NA	NA	337	410
SF	99.50%	99.5%	96%	94.8%
Interest Rate	NA	NA	6.8%	5.91%
Single Head-of-Household	13.90%	12.1%	NA	NA
30-Year Fixed Rate Mortgage	NA	NA	NA	NA

*: For the MRB/MCC programs, a year is from July 1 to May 30 for 2000-2002 and July 1 to June 30 for 2003. For the FHA loans, the years are similar to calendar years.

F. Observations and Analysis

The 2002 and 2003 economic environment brought about serious challenges to the bond program industry nationwide. These years can be characterized as the years of low interest rates, increased negative arbitrage, and rapid prepayment of mortgage loans. The use of MRB financing in Arizona in 2002 and 2003 was significantly lower when compared to loans originated in 2000 and in 2001. Due to the nature of bond financing, interest rates cannot be changed for certain periods of time as in the market. Once a program rate is established for a certain period as determined by an issuer, the rate is locked. This is beneficial when market rates rise, but rates have fallen sharply over the past year. In the current low-interest rate environment, the issuers have been able to structure programs where interest periods are shorter so as to become more in tune with the market.

Bond financing has proven itself to be an important tool for low to moderate income, first time homebuyers. In the past, when market conditions made purchasing a home out of reach for many low to medium-income people, bond financing provided an opportunity to access lower interest rates and possible down payment, closing cost assistance. Due to low interest rates and a plethora of new low-cost, low-down market rate products available in the 2002 and 2003 markets, many low and moderate-income people have gained homeownership through more traditional financing options. The good news is that many people who could not previously have achieved homeownership now can do so. As interest rates again increase, the need for bond financing with down payment and closing cost assistance will also increase.

It is interesting to note that the bond program did reach purchasers with incomes below the Arizona median income, indicating that it is reaching its target population. The increase in the average purchase price of bond-financed homes from 2000-2003 is indicative of the reason for Arizona's affordable housing crises – rapidly increasing home prices and incomes that cannot keep up.

G. Additional Information – Multifamily Bond Projects

The demographic and cost of issuance data related to the MRB and MCC programs, provided by the IDAs and the AzHFA is an important source of information for the public as well as the Task Force. For the Task Force to meet its legislatively mandated charge to “review and report on 1) the availability of financing for single-family housing and 2) the role of private activity bond allocation process in facilitating the availability of housing for low-to-moderate income families in all areas of Arizona”, it requested additional data this year on multifamily bond projects.

The following information on multifamily bond projects for 2003 was provided by the Arizona Department of Commerce. The allocations are comprised of 10% of 2003 volume cap allocation to multifamily projects, Director's discretion and repooled allocations:

- Maricopa County – allocation confirmation: \$133,700,000, allocation closed: \$86,450,000, units: 1,552
- Phoenix – allocation confirmation: \$37,750,000, allocation closed: \$17,050,000, units: 569
- Pima County – allocation confirmation: \$14,000,000, allocation closed: \$12,500,000, units: 408
- Tucson – allocation confirmation: \$9,000,000, allocation closed: \$0, units: zero
- AzHFA – allocation confirmation: \$7,700,000, allocation closed: \$7,700,000, units: 128

H. Recommendations

- 1) The current statutory scheme allowing (1) local finance authorities to encourage economic development and the creation of affordable housing within urban jurisdictions, and (2) the State Housing Finance Authority to promote the effort for affordable housing in rural areas has generally proven to be sound and effective. As such, the Task Force recommends maintaining the current statutory structure for access to volume cap established pursuant to Laws 1999, Chapter 334; Laws 2001, Chapter 22; and Laws 2002, Chapter 283.
- 2) The Task Force recommends that each IDA and the State Housing Finance Authority resolve to report annually information consistent with what each IDA has been reporting to this Task Force's annual report to be made public via posting on each entity's web site.

Frequently used Terms within the Report.

Arbitrage: The yield differential between the bond interest rate and, in case of Mortgage Revenue Bonds, the investment contract rate.

Area Median Income (AMI): The annual gross income above which and below which lie an equal number of incomes. Income eligibility for subsidized housing programs are often set as a percentage of the AMI. The AMI used for bond programs is set by HUD.

Arizona Housing Finance Authority (AzHFA): One of Arizona's bond-issuing authorities. The AzHFA issues single-family and multifamily private activity bonds, as well as mortgage credit certificates, within the rural areas of Arizona. The AzHFA consists of seven board members and is staffed by the Arizona Department of Housing. *See Arizona Revised Statutes, Title 41, Chapter 37, Article 1 (A.R.S. §§ 41-3901 through 41-41-3912)*

Cost of Issuance (COI): All expenses related to the sale and issuance of bonds.

Federal Housing Administration (FHA): The federal agency within HUD that insures mortgages on both single-family and multifamily loans, usually with high loan-to-value ratios.

First Time Homebuyer: For purposes of the MRB and MCC programs, a mortgagor who has not held ownership interest in a principal residence at any time during the three-year period which ends on the date on which the qualified MRB loan or MCC is executed or assumed.

Housing and Urban Development, U.S. Department of (HUD): The U.S. executive department that administers most federal housing programs.

Industrial Development Authority (IDA): A nonprofit corporation designated as a political subdivision under Arizona Revised Statutes, Title 35, Chapter 5, Article 1 (A.R.S. §§ 35-701 through 35-708). IDAs are permitted to issue bonds for various purposes, including housing. Each IDA typically operates within a specified jurisdiction. The four IDAs statutorily authorized to issue MRBs and MCCs are Maricopa County, Pima County, City of Phoenix and City of Tucson.

Low Income: In program eligibility determinations, often defined as families with gross incomes between 50% and 80% of median income.

Moderate Income: In program eligibility determinations, often defined as families with gross incomes between 80% and 120% of median income.

Mortgage Credit Certificates (MCC): The MCC program, authorized by Congress in 1986, is an alternative to mortgage revenue bond-backed financing as a means of providing financial assistance for the purpose of acquiring single-family housing. The MCC is a federal income tax credit, which allows an eligible homebuyer to write off a portion of the annual interest paid on the mortgage as a special tax credit. The credit reduces the federal income tax liability of the buyer, resulting in an increase in the buyer's net earnings.

Mortgage Revenue Bonds (MRB): A tax-exempt security issued by a state or political subdivision to provide loans to individual, first-time or target-area homebuyers.

Negative Arbitrage: The result of paying a higher interest rate on bonds than is achieved from the investment of bond proceeds.

National Council of State Housing Agencies (NCSHA): A national, nonprofit organization created by the nation's state Housing Finance Agencies to assist them in increasing housing opportunities for lower income and underserved people through the financing, development, and preservation of affordable housing.

Private Activity Bonds (PAB): A type of tax-exempt bond, the proceeds of which are loaned to a non-governmental borrower for a non-governmental purpose. Single-family (also called Mortgage Revenue Bonds) and multifamily revenue bonds are examples of PABs.

Private Activity Bond Volume Cap: The federal tax law limit on the amount of certain types of tax-exempt bonds that can annually be issued in a state to assist persons or private companies.

Rural: All counties within Arizona other than Maricopa County and Pima County.

Single-Family Detached (SF): Usually refers to one-to-four unit owner-occupied family housing.

Targeted Area: An area of chronic economic distress or a qualified census tract, which are both entitled to special treatment (e.g. higher purchase price limits) under the MRB and MCC programs.

Urban: Maricopa County and Pima County.

Very Low Income: In program eligibility terms, usually defined as 50% or less of median income.

APPENDIX 1

Demographic Data: 1998 – 2002

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APPENDIX 1
Demographic Data: 1998 – 2002

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Demographic Data Related to MRB and MCC
Maricopa County IDA
1998-2003

	MRB 1998-A & B Tax Exempt SF	MRB 2000 - B Tax Exempt SF	MRB 2000 -1 Tax Exempt SF **(Joint...) ***	MRB 2001-1 Tax Exempt SF** (Joint...)	MRB 2001-2 Tax Exempt SF** (Joint...)	MRB 2000-A Taxable SF (1 st and 2 nd Mortgages)	MRB 2000 - C Taxable SF (1 st & 2 nd Mortgages)	MRB 2001 - A Taxable SF (1 st & 2 nd Mortgages)	MRB 2001 - A Taxable SF (2 nd Mortgages only)
Tax Exempt - New Allocation - Recycled and/or Refunded	\$32,135,000 \$2,655,000	\$0 \$23,465,642	\$32,822,950 \$15,230,000	\$53,597,489 \$19,135,000	\$0 \$42,580,000	\$0 \$0	\$0 \$0	\$0 \$0	\$0 \$0
Taxable	\$0	\$0	\$16,995,000	\$0	\$0	\$25,000,000	\$26,500,000	\$79,500,000	\$4,500,000
Number of Loans	407	232	477	240	336	247	267	722	784
Loan Type:									
(FHA/VA)	92.1%	93.1%	91.63%	93.57%	94.2%	100%	99.0%	99.47%	100.0%
Conventional	7.9%	1.7%	4.39%	4.60%	3.25%	0.0%	1.0%	0.22%	0.0%
Others	0%	5.2%	3.98%	1.83%	2.55%	0.0%	0.0%	0.31%	0.0%
Average Purchase Price	\$86,325	\$92,303*	\$96,925*	\$105,226	\$107,979*	\$94,128	\$100,086	\$104,598	\$111,719
Average Family Income	\$34,469	\$35,799	\$37,011	\$38,337	\$37,346	\$39,604	\$40,215	\$40,202	\$40,085
Average Household Size	2	2.50	2.46	2.2	2.2	2.83	2.8	2.8	2.8
Rural Loans	13.5%	NA	NA	NA	NA	NA	NA	NA	NA
Target Areas	6.6%	NA	2.73%	5.21%	4.57%	NA	NA	NA	NA
First Time Buyers	98.8%	100.0%	96.6%	100.0%	100%	90.7%	92.9%	92.0%	94.0%
Loans to Minorities	45%	41.40%	41.4%	31.54%	35.01%	52.82%	54.72%	54.06%	57.22%
Loan to 1-Person Households	34.2%	29.80%	29.8%	41.0%	40.0%	19.4%	27.7%	33.0%	24.0%
Existing Homes	76.2%	82.91%	76.9%	88.46%	79.71%	85.0%	89.35%	86.71%	68.19%
# of Participating Lenders	10	16	16	13	13	10	12	14	12
Single Family Detached	77.2%	84.60%	84.6%	87.05%	89.31%	89.0%	92.91%	93.60%	93.53%

Table 1 (Page 2 of 4)
Demographic Data Related to MRB and MCC
Maricopa County IDA
1998-2003

	MRB 1998-A & B Tax Exempt SF	MRB 2000 – B Tax Exempt SF	MRB 2000 -1 Tax Exempt SF ** (Joint...)	MRB 2001-1 Tax Exempt SF** (Joint...)	MRB 2001-2 Tax Exempt SF ** (Joint...)	MRB 2000-A Taxable SF (1st and 2nd Mortgages)	MRB 2000 - C Taxable SF (1st & 2nd Mortgages)	MRB 2001 - A Taxable SF (1st & 2nd Mortgages)	MRB 2001 - A Taxable SF (2nd Mortgages only)
Interest Rate	6.55%	93% of loans at 7.9% and 7% of loans at 6.9%	85% of loans at 7.8% (PAR loans) and 15% of loans at 7.15% (assisted loans)	19.59% of loans at 5.83% (PAR loans); and 80.41% of loans at 6.48% (Assisted Loans).	18.39% of loans at 5.79% (PAR Loans); and 81.61% of loans at 6.39% (Assisted Loans).	8.62% of loans at 8.55%; 11.27% of loans at 8.65%; 14.07% of loans at 8.7%; 12.31% of loans at 8.85%; 11.72% of loans at 8.9%; 22.96% of loans at 8.95%; 12.67% of loans at 9.25%; and 6.38% of loans at 9.30%	10.47% of loans at 7.70%; 9.53% of loans at 7.80%; 14.69% of loans at 7.85%; 9.81% of loans at 7.90%; 11.62% of loans at 8.1%; 12.19% of loans at 8.25%; 22.00% of loans at 8.35% ; and 9.7% of loans at 8'5%	7.28% of loans at 7.55%; 14.43% of loans at 7.6%; 3.04% Of loans at 7.6%; 14.33% of loans at 7.7%; 22.84% of loans at 7.75%; 7.43% of loans at 7.80%; 6.25% of loans at 7.85; 7.01% of loans at 7.9%; 10.59% of loans at 7.95%; and 6.80% of loans at 8.0%	44% of loans at 7.50%; and 56% of loans at 8% (these loans were 2 nd mortgages only; to be used for down payment and closing cost assistance, up to 6% of the original loan amount.)
30-Year Fixed Rate – 1st Mortgage*	Yes	Yes	Yes	Yes		Yes	Yes	Yes	NA
20-Year Fixed Rate – 2nd Mortgage	NA	NA	NA	NA		Yes	Yes	Yes	Yes

SF: Single Family Detached MRB: Mortgage Revenue Bonds MCC: Mortgage Credit Certificate

* Average Loan Size **Joint City of Phoenix IDA/ Maricopa County IDA. *** For the MRB 2000-1 Tax Exempt SF (Joint), 47.6 % of the loans were made in Phoenix and 52.4% in

Note: 30-Year Fixed Rate Mortgage: 1998 = 6.94%, 1999 = 7.44%, 2000 = 8.05%, 2001 = 6.97%, 2002 =6.54% and 2003 = 5.83

Table 1 (Page 3 of 4)
Demographic Data Related to MRB and MCC
Maricopa County IDA
1998 - 2003

	MRB 2002-1 Tax Exempt SF ** (Joint...)	MRB 2002-2 Tax Exempt SF ** (Joint...)	MRB 2003	MMRB 2003	MRB 2003	MRB 2003	MCC 2003	MCC 2003	MCC 2003
Tax Exempt - New Allocation - Recycled and/or Refunded Taxable	0 31,080,371 0	1,526,163 19,273,329 0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Loans	229	172	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Loan Type: (FHA/VA) Conventional Others	98.77% 1.23% 0.00%	99.23% 0.77% 0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average Purchase Price	\$111,916	\$110,014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average Family Income	\$38,095	\$36,959	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average Household Size	2.2	2.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rural Loans	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Target Areas	0.77%	1.74%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
First Time Buyers	100%	100%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Loans to Minorities	39.18%	29.12%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Loan to 1-Person Households	42.4%	40.6%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Existing Homes	90.89%	88.74%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
# of Participating Lenders	15	15	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Single Family Detached	92.25%	88.49%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 1 (Page 4 of 4)
Demographic Data Related to MRB and MCC
Maricopa County IDA
1998 - 2003

	MRB 2002-1 Tax Exempt SF ** (Joint...)	MRB 2002-2 Tax Exempt SF ** (Joint...)	MRB 2003	MRB 2003	MRB 2003	MRB 2003	MCC 2003	MCC 2003	MCC 2003
Interest Rate	1.94% of the loans are at 5.90% (PAR Loans) and 98.06% of the loans are at 6.19% (assisted loans)	3.31% of the loans are at 5.39% (PAR loans) and 96.69% of the loans are at 5.99% (assisted loans)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
30-Year Fixed Rate – 1st Mortgage	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20-Year Fixed Rate – 2nd Mortgage	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

SF: Single Family Detached MRB: Mortgage Revenue Bonds MCC: Mortgage Credit Certificate

Note: 30-Year Fixed Rate Mortgage: 1998 = 6.94%, 1999 = 7.44%, 2000 = 8.05%, 2001 = 6.97%, 2002 = 6.54% and 2003 = 5.83

Table 2 (Page 1 of 4)
Demographic Data Related to MRB and MCC
City of Phoenix IDA
1998-2003

	MCC 1998 Statewide	MRB 1998-A Statewide	MRB 1998-C Statewide	MCC 2000 Rural (1)	MCC 2000 Phoenix (1)	MRB 2000-1 Joint (2)	MRB 2001 -1 Joint (2)	MRB 2001 - 2 Joint (2)
Tax Exempt - New Allocation	\$21,000,000	\$30,000,000	0	\$18,450,035	\$9,997,067	\$10,195,000(B) \$21,580,000(C)	\$ 3,005,000(A) \$ 2,850,000(B) \$25,175,000(C) \$21,705,000(D)	0
Recycled and/or Refunded	0	0	\$53,995,000	0	0	\$10,825,000(A) \$ 4,405,000(B)	\$ 9,760,000(A) \$ 9,385,000(B)	\$21,750,000(A) \$20,830,000(B)
Taxable	0	0	0	0	0	\$16,995,000(D)	0	0
Number of Loans	405	375	651	60	134	477	236	404
Loan Type								
FHA/VA	93.8%	80%	85%	93.3%	93.3%	91.3%	93.4%	93.7%
Conventional	6.2%	18.4%	12.4%	6.7%	6.7%	4.9%	5.4%	3.7%
Others	0%	1.6%	2.6%	0%	0%	3.8%	1.8%	2.6%
Average Purchase Price	\$86,528	\$81,331	\$83,475	\$99,525	\$100,232	\$96,925	\$104,931	\$107,532
Average Family Income	\$32,734	\$33,073	\$33,087	\$34,123	\$35,044	\$36,891	\$38,515	\$36,941
Average Household Size	2.5	2	2	2	2.3	2.5	2.1	2.2
Rural Loans	3.6%	8.3%	8.1%	100%	N/A	N/A	N/A	N/A
Target Areas	4%	10.4%	5.4%	1.67%	8.96%	2.7%	2.1%	2.2%
First Time Homebuyers	98.8%	98.4%	98%	100%	97%	100%	100%	100%
Loans to Minorities	43.5%	42.7%	48.5%	35%	51.75%	40.9%	32.0%	33.5%
Loans to 1-Person Households	31.9%	32.3%	28.1%	40%	38.06%	29.6%	42.4%	40.6%
Existing Homes	73.8%	79.5%	84.2%	48.3%	75.37%	85.5%	88.6%	82.9%
# of Participating Lenders	35	7	10	21	14	16	13	16

2001-2A = IDA of the City of Phoenix 2001-2B = IDA of the County of Maricopa

2001-1A = IDA of the City of Phoenix 2001-1B = IDA of the County of Maricopa 2001-1C = IDA of the City of Phoenix 2001-1D= IDA of the County of Maricopa

Table 2 (Continued, Page 2 of 4)
Demographic Data Related to MRB and MCC
City of Phoenix IDA
1998-2003

	MCC 1998 Statewide	MRB 1998-A Statewide	MRB 1998-C Statewide	MCC 2000 Rural (1)	MCC 2000 Phoenix (1)	MRB 2000-1 Joint (2)	MRB 2001 –1 Joint (2)	MRB 2001 – 2 Joint (2)
SF	72.8%	76.5%	84.5%	100%	64.93%	89.1%	87.2%	84.4%
Interest Rate	N/A			N/A	N/A			
• PAR		5.95% = 25.3% of loans	5.95% = 20.9% of loans			7.15% = 15% of loans	5.83% = 19.7% of loans	5.79% = 15.7% of loans
• Revised PAR								5.59% = 4.26% of loans
• Assisted		6.6% = 74.7% of loans	6.6% = 79.1% of loans			7.8% = 85% of loans	6.48% = 80.3% of loans	6.39% = 68.5% of loans
• Revised Assisted Par								6.19% = 68.5% of loans
Single Head-of- Household	39.3%	36.0%	37.6%	Not reported	N/A	30.0%	20.8%	19.3%

NOTES:

(1) Program closed – data as of December 31, 2002

(2) Joint Phoenix IDA and Maricopa IDA mortgage revenue bond programs - data as of January 1, 2004

MRB: Mortgage Revenue Bond

MCC: Mortgage Credit Certificate

Rural: All Counties other than Maricopa County and Pima County

Escrowed Bonds not included above: Statewide 1998B SFMRB \$35,000,000; 1998D SFMRB \$10,825,000; 1999 Draw Down Series SFMRB \$25,000,000

Note: 30-Year Fixed Rate Mortgage: 1998 = 6.94%, 1999 = 7.44%, 2000 = 8.05%, 2001 = 6.97%, 2002 = 6.54%, and 2003 = 5.83%.

Phoenix IDA was the statewide issuer in 1998.

Since 2000, they have offered a joint program with the Maricopa IDA.

Table 2 (Page 3 of 4)
Demographic Data Related to MRB and MCC
City of Phoenix IDA
1998 – 2003

	MRB 2002-1 Joint (1)	MRB 2002-2 Joint (1)	MRB 2003	MRB 2003	MRB 2003	MRB 2003	MCC 2003
Tax Exempt			N/A	N/A	N/A	N/A	N/A
- New Allocation	\$2,315,865(A) \$2,287,505(B)	0					
- Recycled and/or Refunded	\$13,225,000(A) \$13,250,000(B)	\$10,015,000 \$ 9,985,000					
Taxable	0	0					
Number of Loans	228	172	N/A	N/A	N/A	N/A	N/A
Loan Type			N/A	N/A	N/A	N/A	N/A
FHA/VA	98.3%	98.77					
Conventional	11.2%	.77%					
Others	.5%	.46%					
Average Purchase Price	\$111,872	\$108,447	N/A	N/A	N/A	N/A	N/A
Average Family Income	\$38,132	\$36,959	N/A	N/A	N/A	N/A	N/A
Average Household Size	2.2	2.15	N/A	N/A	N/A	N/A	N/A
Rural Loans	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Target Areas	.8%	1.74%	N/A	N/A	N/A	N/A	N/A
First Time Homebuyers	100%	100%	N/A	N/A	N/A	N/A	N/A
Loans to Minorities	38.9%	29.1%	N/A	N/A	N/A	N/A	N/A
Loans to 1-Person Households	39.0%	44.19%	N/A	N/A	N/A	N/A	N/A
Existing Homes	90.9%	88.74%	N/A	N/A	N/A	N/A	N/A
# of Participating Lenders	15	15	N/A	N/A	N/A	N/A	N/A

2002 -1A = IDA of the City of Phoenix

2002-1B = IDA of the County of Maricopa

Table 2 (Continued, Page 4 of 4)
Demographic Data Related to MRB and MCC
City of Phoenix IDA
1998 - 2003

	MRB 2002-1 Joint (1)	MRB 2002-2 Joint (1)	MRB 2003	MRB 2003	MRB 2003	MRB 2003	MCC 2003
SF	92.2%	84.88%	N/A	N/A	N/A	N/A	N/A
Interest Rate			N/A	N/A	N/A	N/A	N/A
• PAR	5.59% = 1.95% of loans	5.39% = 3.31% of loans					
• Assisted Par	6.19% = 98.05% of loans	5.99% = 96.69% of loans					
Single Head-of- Household	21.5%	27.91%	N/A	N/A	N/A	N/A	N/A

NOTES:

(1) Joint Phoenix IDA and Maricopa IDA mortgage revenue bond programs - data as of June 18, 2003. Includes original issue premium.

MRB: Mortgage Revenue Bond

MCC: Mortgage Credit Certificate

Rural: All Counties other than Maricopa County and Pima County

Note: 30-Year Fixed Rate Mortgage: 1998 = 6.94%, 1999 = 7.44%, 2000 = 8.05%, 2001 = 6.97%, 2002 = 6.54%, and 2003 = 5.83.

Table 3 (Page 1 of 4)
Demographic Data Related to MRB and MCC
Pima County IDA
1998-2003

	MRB 1999-A Statewide	MRB 1999-B Statewide	MRB 2000-A	MRB 2000 (Joint Program) *	MRB 2001 - A1
Tax Exempt - New Allocation - Recycled and/or Refunded	\$59,999,955 \$23,500,000	\$7,180,000 \$48,814,812	\$10,000,000 \$5,725,000	\$0 \$10,000,000	10,000,000 14,625,000
Taxable	\$6,000,000	\$5,575,000	\$1,135,000	\$1,500,000	1,500,000
Number of Loans	583	565	63	211**	29
Loan Type					
FHA/VA	93.6%	87.8%	95.2%	87.6%	100%
Conventional	6.4%	12.2%	1.6%	7.0%	0%
Others	0	0	3.2%	5.4%	0%
Average Purchase Price	\$86,789	\$87,902	\$103,863	\$85,870	\$103,118
Average Family Income	\$33,622	\$34,089	\$37,865	\$31,688	\$32,664
Average Household Size	2.32	2	2.65	2.7	3
Rural Loans	NA	NA	0%	0%	0%
Target Areas	7.9%	11.5%	44.4%	11.87%	20.69
First Time Buyers	NA	NA	98.41%	100%	96.55%
Loans to Minorities	59%	55%	57.14%	55.4%	86.21%
Loans to 1- Person Households	35%	43.7%	19.05%%	24%	24.14%
Existing Homes	100%	100%	93.65%	75.2%	10.34%
# of Participating Lenders (Initial)	12	8	4	7	5
SF	66.4%	63.7%	55.56%	91.16%	34.48%
Interest Rate	6.53%	7.4%	6.95%	7.59%	6.25%

Table 3 (Continued, Page 2 of 4)
Demographic Data Related to MRB and MCC
Pima County IDA
1998-2003

	MRB (Tucson/Pima) 2001-1 (Joint Program)(1)(5)	MRB (Rural) 2001-2 / 2001-3 (Joint Program)(2)(5)	MRB/ MCC 2003	MRB/MCC 2003
Tax Exempt - New Allocation	\$2,890,000(Pima) \$5,376,358 (Tucson) \$2,100,000 (T&P from2000- 1C)	\$20,140,000(Rural)+	N/A	N/A
- Recycled and/or Refunded Taxable	\$7,435,000 (Pima) \$1, 500,000	\$ 1,500,000		
Number of Loans	187	95	N/A	N/A
Loan Type			N/A	N/A
FHA/VA				
Conventional	91.45%	89.48%		
Others	8.55%	8.41%		
		2.11%		
Average Purchase Price	\$88,046	\$86,554	N/A	N/A
Average Family Income	\$32,407	\$33,716	N/A	N/A
Average Household Size	2.7	2.57	N/A	N/A
Rural Loans	0%	53.14%	N/A	N/A
Target Areas	16.04%	10.53	N/A	N/A
First Time Buyers	99.47%	100%	N/A	N/A
Loans to Minorities	70.59%	50.53%	N/A	N/A
Loans 1-Person Households	20.86%	20%	N/A	N/A
Existing Homes	73.80%	86.32%	N/A	N/A
# of Participating Lenders (Initial)	8	5	N/A	N/A
SF	90.37%	86.32%	N/A	N/A
Interest Rate	6.95% (3) 6.45% (4) All loans have 6.95%	6.25% All loans have 6.95%	N/A	N/A

Table 3 (Continued, Page 3 of 4)
Demographic Data Related to MRB and MCC
Pima County IDA
1998-2003

SF: Single Family Detached

MRB: Mortgage Revenue Bonds

MCC: Mortgage Credit Certificate

+ In 2001, there was no AzHFA, and the Rural allocation was awarded to Pima and Tucson IDA. This shows Pima County Jurisdiction plus the other 13 counties..

* Joint City of Tucson IDA/ Pima County IDA Program

** 96.5 % of the loans were made in Tucson and 3.5% in the remaining areas of Pima County (program still in progress).

"MRB 1999-A" and "MRB 1999-B" are closed, but "MRB 2000-A" and "MRB 2000-(joint program)" are still in progress.

(1) 2001-1 (Tucson- Pima)

(2) 2001-2 (A&B), 2001 – 3 (All are initially rural housing programs, then with expanded program areas).

(3) 2001-1 (Tucson-Pima), 2001 – 2A (Rural Housing Program), 2001-2B(Rural Housing Program) All had 4% down payment assistance.

(4) 2001-3 (Builder Reservation Program) – no down payment assistance.

(5) This is a joint bond issue. All numbers and percentages with the exception of New Allocation are for the entire program and not just the Pima County portion.

Note: 30-Year Fixed Rate Mortgage: 1998=6.94%, 1999=7.44%, 2000 = 8.05%, 2001 = 6.97% and 2002 =6.54%.

Table 3 (Continued, Page 4 of 4)
Demographic Data Related to MRB and MCC
Pima County IDA
1998 – 2003

	MRB 2002 (5) (Joint – Tucson/Pima)	MRB 2002 (5) (Joint – Rural)+	MCC 2002	MRB 2003	MRB 2003	MCC 2003 (PIMA ONLY)
Tax Exempt - New Allocation - Recycled and/or Refunded	\$ 6,270,541 (Pima) \$6, 270,542 (Tucson) -0-	\$8,360,722 -0-	N/A	N/A	N/A	\$10,000,000 -0-
Taxable	-0-	-0-				-0-
Number of Loans	64	29	N/A	N/A	N/A	2
Loan Type			N/A	N/A	N/A	
FHA/VA	95.31	89.7%				50%
Conventional	4.69	10.3%				50%
Others						
Average Purchase Price	96,203	89,482	N/A	N/A	N/A	\$122,500
Average Family Income	33,810	33,758	N/A	N/A	N/A	\$22,459.50
Average Household Size	2.91	2.45	N/A	N/A	N/A	1
Rural Loans	0%	100%	N/A	N/A	N/A	0%
Target Areas	10.94%	0%	N/A	N/A	N/A	0%
First Time Buyers	98.44%	100%	N/A	N/A	N/A	100%
Loans to Minorities	68.75	55.17%	N/A	N/A	N/A	0%
Loan to 1-Person Households	21.88	31.03	N/A	N/A	N/A	100%
Existing Homes	75%	75.86%	N/A	N/A	N/A	100%
# of Participating Lenders (Initial)	9	6	N/A	N/A	N/A	N/A
SF	84.38%	96.55%	N/A	N/A	N/A	100%
Interest Rate	6.25%	6.25%	N/A	N/A	N/A	variable

SF: Single Family Detached

MRB: Mortgage Revenue Bonds

MCC: Mortgage Credit Certificate

+ The 2002 program is a joint program between Pima IDA, Tucson IDA and AzHFA.. The area includes the 13 rural counties (Maricopa and Pima are not included).

Note: 30-Year Fixed Rate Mortgage: 1998 = 6.94%, 1999 = 7.44%, 2000 = 8.05%, 2001 = 6.97%, 2002 =6.54%, and 2003 = 5.83%.

Table 4 (Page 1 of 3)
Demographic Data Related to MRB and MCC
City of Tucson IDA
1998-2003

	MCC 1998	MCC 1999	MRB 2000 (Joint Program) *	MRB (Tucson/Pima) 2001-1 (Joint Program)(1)(3)	MRB (Rural) 2001-2 / 2001-3 (Joint Program)(2)(3)
Tax Exempt - New Allocation - Recycled and/or Refunded	\$6,227,019 0	\$3,095,046 0	City of Tucson \$ only 0 \$10,000,0000	\$2,890,000(Pima) \$5,376,358 (Tucson) \$2,100,000 (T&P from2000-1C) \$7,435,000 (Pima)	\$20,140,000(Rural)
Taxable	0	0	\$1,500,000	\$1,500,000	\$ 1,500,000
Number of Loans	91	32	211**	187***	95
Loan Type					
FHA/VA	74.7%	68.7%	87.6%		89.48%
Conventional	22%	31.3%	7.0%	91.45%	8.41%
Others	3.3%		5.4%	8.55%	2.11%
Average Purchase Price	\$87,403	\$93,912	\$85,309	\$88,046	\$86,554
Average Family Income	\$30,216	\$31,194	\$31,870	\$32,407	\$33,716
Average Household Size	2	3	2.7	2.7	2.57
Rural Loans	2	0	NA	0%	53.14%
Target Areas	7.7%	15.6%	11.87%	16.04%	10.53
First Time Buyers	91	1	100%	99.47%	100%
Loans to Minorities	47.2%	50%	55.4%	70.59%	50.53%
Loan to 1-Person Households	40.7%	28.1%	24%	20.86%	20%
Existing Homes	72.5%	59%	75.2%	73.80%	86.32%
# of Participating Lenders	49	21	7	8	5
SF	95.6%	100%	91.16%	90.37%	86.32%
Interest Rate	NA	NA	7.59%	6.95% (3) 6.45% (4) All loans have 6.95%	6.25% All loans have 6.95%

Table 4 (Page 2 of 3)
Demographic Data Related to MRB and MCC
City of Tucson IDA
1998-2003

SF: Single Family Detached
MRB: Mortgage Revenue Bonds
MCC: Mortgage Credit Certificate

*Joint City of Tucson IDA/ Pima County IDA Program

** 96.5 % of the loans were made in Tucson and 3.5% in the remaining areas of Pima County (still in progress).

*** Loans include Tucson and Pima County (still in progress).

(1) 2001-1 (Tucson- Pima)

(2) 2001-2 (A&B), 2001 – 3 (All are initially rural housing programs, then with expanded program areas).

(3) This is a joint bond issue. All numbers and percentages with the exception of New Allocation are for the entire program and not just the Pima County portion.

Note: 30-Year Fixed Rate Mortgage: 1998 = 6.94%, 1999 = 7.44%, 2000 = 8.05%, 2001 = 6.97% and 2002 =6.54%.

Table 4 (Page 3 of 3)
Demographic Data Related to MRB and MCC
City of Tucson IDA
1998-2003

	MRB 2002 (3) (Joint – Tucson/Pima)	MRB 2002 (3) (Joint – Rural)	MRB 2002 (3) (Joint-Tucson/Pima)	MRB 2002 (3) (Joint-Rural)	MRB 2003	MCC 2003
Tax Exempt - New Allocation - Recycled and/or Refunded Taxable	\$ 6,270,541 (Pima) \$6, 270,542 (Tucson) -0- -0-	\$8,360,722 -0- -0-	\$6,270,541 (Pima) \$6,270,542 (Tucson) 0 0	\$8,360,722	N/A	\$13,323,189.12
Number of Loans	64	29	66	29	N/A	17
Loan Type					N/A	
FHA/VA	95.31	89.7%	94.79%	88.02%		5
Conventional	4.69	10.3%	3.9%	11.98%		12
Others			1.32%			0
Average Purchase Price	96,203	89,482	96,940	89,240	N/A	\$131,276.00
Average Family Income	33,810	33,758	34,303	34,010	N/A	\$33,062.92
Average Household Size	2.91	2.45	2.8	2.45	N/A	1.71
Rural Loans	0%	100%	0%	100%	N/A	0
Target Areas	10.94%	0%	.09%	0%	N/A	18%
First Time Buyers	98.44%	100%	98%	100%	N/A	94%
Loans to Minorities	68.75	55.17%	65%	55.17%	N/A	41%
Loans to 1-Person Households	21.88	31.03	21.88	31.03	N/A	65%
Existing Homes	75%	75.86%	74%	72.4%	N/A	76%
# of Participating Lenders	9	6	9	6	N/A	13
SF	84.38%	96.55%	85%	96.55%	N/A	88.23%
Interest Rate	6.25%	6.25%	6.25%	6.25%	N/A	n/a

SF: Single Family Detached
MRB: Mortgage Revenue Bonds
MCC: Mortgage Credit Certificate

(3) This is a joint bond issue. All numbers and percentages with the exception of New Allocation are for the entire program and not just the Pima County portion.

Note: 30-Year Fixed Rate Mortgage: 1998 = 6.94%, 1999 = 7.44%, 2000 = 8.05%, 2001 = 6.97%, 2002 =6.54%, and 2003 = 5.83%.

Table 5 (Page 1 of 2)
Demographic Data Related to MRB and MCC
Arizona Housing Finance Authority
2001-2003

	MRB (Rural) 2001-2 / 2001-3 (Joint Program)(1)(2)	MRB 2002 (2) (Joint – Rural)	MRB 2003	MRB 2003	MCC 2003
Tax Exempt		\$8,360,722	N/A	N/A	N/A
- New Allocation	\$20,140,000(Rural)				
- Recycled and/or Refunded		-0-			
Taxable	\$1,500,000	-0-			
Number of Loans	95	29	N/A	N/A	N/A
Loan Type			N/A	N/A	N/A
FHA/VA	89.48%	89.7%			
Conventional	8.41%	10.3%			
Others	2.11%				
Average Purchase Price	\$86,554	89,482	N/A	N/A	N/A
Average Family Income	\$33,716	33,758	N/A	N/A	N/A
Average Household Size	2.57	2.45	N/A	N/A	N/A
Rural Loans	53.14%	100%	N/A	N/A	N/A
Target Areas	10.53	0%	N/A	N/A	N/A
First Time Buyers	100%	100%	N/A	N/A	N/A
Loans to Minorities	50.53%	55.17%	N/A	N/A	N/A
Loans to 1-Person Households	20%	31.03	N/A	N/A	N/A
Existing Homes	86.32%	75.86%	N/A	N/A	N/A
# of Participating Lenders (Initial)	5	6	N/A	N/A	N/A
SF	86.32%	96.55%	N/A	N/A	N/A
Interest Rate	6.25% All loans have 6.95%	6.25%	N/A	N/A	N/A

Table 5 (Page 2 of 2)
Demographic Data Related to MRB and MCC
Arizona Housing Finance Authority
2001-2003

SF: Single Family Detached
MRB: Mortgage Revenue Bonds
MCC: Mortgage Credit Certificate

(1) 2001-1 (Tucson- Pima)

(2) 2001-1 (Tucson-Pima-AzHFA), 2001 – 2A (Rural Housing Program), 2001-2B(Rural Housing Program) All had 4% down payment assistance.

Note: 30-Year Fixed Rate Mortgage: 1998 = 6.94%, 1999 = 7.44%, 2000 = 8.05%, 2001 = 6.97%, 2002 = 6.54%, and 2003 = 5.83%.

APPENDIX 2
Costs of Issuance Data: 2000-2003

Table 6 (Page 1 of 6)
Costs of Issuance
Maricopa County IDA
2000 - 2003

	Maricopa County IDA 2000 – B Program		Maricopa County IDA 2000 – 1 Program		Maricopa County IDA 2001 – 1 Program		Maricopa County IDA 2001 – 2 Program		Maricopa County IDA Taxable 2000 – A Program	
Tax Exempt										
▪ New Allocation		\$0		\$32,822,950		\$53,597,489		\$0		\$0
▪ Recycled and/or Refunded		\$23,465,642		\$15,230,000		\$19,135,000		\$42,580,000		\$0
Taxable		\$0		\$16,995,000		\$0		\$0		\$25,000,000
Cost of Issuance	\$	RFP (Y/N)	\$	RFP (Y/N)	\$	RFP (Y/N)	\$	RFP (Y/N)	\$	RFP (Y/N)
Bond Counsel (including expenses)	\$65,000	Y	75,000	Y	\$55,000	Y	\$33,000	Y	44,390.10	N
Issuer Fee	\$80,404.54	N/A	NA	NA	NA	NA	NA	NA	NA	NA
Issuer's Counsel (including expenses)	\$30,000	Y	37,000 58,992.55	N N	\$28,000 \$50,000	N N	\$16,800 \$30,000	N N	25,640.11	N
Underwriter Fee (including expenses)	\$180,639.20	Y	488,740	Y	\$230,615	Y	\$102,160.04	Y	15,469.79	N
Trustee Fee (acceptance fee)	\$2,500	Y	5,000	Y	\$2,500	Y	\$5,000	Y	3,000	N
Purchaser's Counsel (including expenses)	\$3,500	N	NA	NA	\$5,000	NA	NA	NA	NA	NA
Rating Agency	\$8,700	N	21,000	N	\$18,500	NA	\$18,500	N	16,000	N
Accountant's Verification	\$6,000	N	NA	NA	\$8,000	NA	NA	NA	NA	NA
Printing and Mailing of POS and OS	\$5,000	NA	9,085	NA	\$8,000	NA	NA	NA	NA	NA
Expense Contingency	\$5,000	NA	NA	NA	NA	NA	NA	NA	NA	NA
Financial Advisor	NA	NA	49,500	N	NA	NA	NA	NA	NA	NA
Trustee Counsel	NA	NA	7,500	N	\$5,000	N	\$2,500	N		

Table 6 (Page 2 of 6)
Costs of Issuance
Maricopa County IDA
2000 - 2003

	Maricopa County IDA 2000 – B Program		Maricopa County IDA 2000 – 1 Program		Maricopa County IDA 2001 – 1 Program		Maricopa County IDA 2001 – 2 Program		Maricopa County IDA Taxable 2000 – A Program	
Verification Agent	NA	NA	5,000	NA	\$5,500	NA	NA	NA		
Trustee (capitalized interest deposit)	NA	NA	NA	NA	NA	NA	NA	NA	8,000	NA
Bond Purchaser Counsel	NA	NA	NA	NA	NA	NA	NA	NA	25,000	N
Total	\$386,743.73	NA	\$757,317.55	NA	\$403,115.00	NA	\$221,460.04	NA	137,500.00	NA

Y = Yes

N = No

NA = Not Applicable or Not Available

Table 6 (Page 3 of 6)
Costs of Issuance
Maricopa County IDA
2000 - 2003

	Maricopa County IDA Taxable 2000 – C Program		Maricopa County IDA Taxable 2001 – A Program		Maricopa County IDA Tax- Exempt 2002-1 Program (Joint with Phx IDA)		Maricopa County IDA Tax- Exempt 2002-2 Program (Joint with Phx IDA)	
Tax Exempt								
▪ New Allocation		\$0		\$0		\$0		\$1,526,163
▪ Recycled and/or Refunded		\$0		\$0		\$31,080,371		\$19,273,329
Taxable		\$26,500,000		\$79,500,000		\$0		\$0
Cost of Issuance	\$	RFP (Y/N)	\$	RFP (Y/N)	\$	RFP (Y/N)	\$	RFP (Y/N)
Bond Counsel (including expenses)	\$23,861.94	N	\$22,088.97	N	\$60,000.00	Y	\$45,000.00	Y
Issuer Fee	NA	NA	NA	NA	N/A	N/A	N/A	N/A
Issuer’s Counsel (including expenses)	\$10,000	N	\$15,000	N	\$25,000	N/A	\$15,000	N/A
Underwriter Fee (including expenses)	NA	NA	NA	NA	\$246,175.14	Y	\$186,181.25	Y
Trustee Fee (acceptance fee)	\$3,000	N	\$5,000	N	\$3,500.00	Y	\$3,500.00	Y
Purchaser’s Counsel (including expenses)	NA	NA	NA	NA	N/A	N/A	N/A	N/A
Rating Agency	\$16,000	N	\$22,000	N	\$18,500.00	N/A	\$13,500.00	N/A
Accountant’s Verification	NA	NA	NA	NA	N/A	N/A	N/A	N/A
Printing and Mailing of POS and OS	NA	NA	NA	NA	4,500.00	N/A	\$3,000.00	N/A
Expense Contingency	NA	NA	NA	NA	N/A	N/A	N/A	N/A
Financial Advisor	NA	NA	NA	NA	\$44,000.00	N/A	\$27,000.00	N/A
Trustee Counsel	NA	NA	NA	NA	N/A	N/A	N/A	N/A
Verification Agent	NA	NA	NA	NA	\$5,000.00	N/A	\$5,000.00	N/A
Trustee (capitalized interest deposit)	NA	NA	NA	NA	N/A	N/A	N/A	N/A

Table 6 (Page 4 of 6)
Costs of Issuance
Maricopa County IDA
2000 - 2003

	Maricopa County IDA Taxable 2000 – C Program		Maricopa County IDA Taxable 2001 – A Program		Maricopa County IDA Tax- Exempt 2002-1 Program (Joint with Phoenix IDA)		Maricopa County IDA Tax- Exempt 2002-2 Program (Joint with Phoenix IDA)	
Bond Purchaser Counsel	\$15,000	N	\$15,000	N	N/A	N/A	N/A	N/A
Placement Agent Fee (including expenses)	\$98,000	N	\$177,000	N	N/A	N/A	N/A	N/A
Placement Agent Counsel (including expenses)	\$15,000	N	\$15,000	N	N/A	N/A	N/A	N/A
Miscellaneous Expenses	\$6,638	N	NA	NA	N/A	N/A	N/A	N/A
Termination Fee Reserve	NA	NA	\$35,000	N	N/A	N/A	N/A	N/A
Total	\$137,500	NA	\$306,088	NA	\$431,675	N/A	313,181	N/A

Y = Yes
N = No
NA = Not Applicable or Not Available

Table 6 (Page 5 of 6)
Costs of Issuance
Maricopa County IDA
2000 - 2003

	Maricopa County IDA Taxable 2003		Maricopa County IDA Taxable 2003		Maricopa County IDA Tax- Exempt 2003 (Joint with Phx IDA)		Maricopa County IDA Tax- Exempt 2003 (Joint with Phx IDA)	
Tax Exempt <ul style="list-style-type: none"> ▪ New Allocation ▪ Recycled and/or Refunded Taxable	N/A		N/A		N/A		N/A	
Cost of Issuance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bond Counsel (including expenses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Issuer Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Issuer's Counsel (including expenses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Underwriter Fee (including expenses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trustee Fee (acceptance fee)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Purchaser's Counsel (including expenses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rating Agency	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Accountant's Verification	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Printing and Mailing of POS and OS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expense Contingency	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Financial Advisor	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trustee Counsel	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Verification Agent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trustee (capitalized interest deposit)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 6 (Page 6 of 6)
Costs of Issuance
Maricopa County IDA
2000 - 2003

	Maricopa County IDA Taxable 2003		Maricopa County IDA Taxable 2003		Maricopa County IDA Tax- Exempt 2003 (Joint with Phx IDA)		Maricopa County IDA Tax- Exempt 2003 (Joint with Phx IDA)	
Bond Purchaser Counsel	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Placement Agent Fee (including expenses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Placement Agent Counsel (including expenses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Miscellaneous Expenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Termination Fee Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Y = Yes
N = No
NA = Not Applicable or Not Available

Table 7 (Page 1 of 4)
Costs of Issuance
City of Phoenix IDA
2000 - 2003

	City of Phoenix IDA MRB – 2001-1 Joint		City of Phoenix IDA MRB – 2001-2 Joint		City of Phoenix IDA MRB – 2002-1 Joint		City of Phoenix IDA MRB – 2002-2 Joint	
Tax Exempt								
▪ New Allocation	\$ 3,005,000(A)		0		\$2,315,865(A)		0	
	\$ 2,850,000(B)				\$2,287,505(B)			
	\$25,175,000(C)							
	\$21,705,000(D)							
▪ Recycled and/or Refunded Taxable	\$ 9,760,000(A)		\$21,750,000(A)		\$13,225,000(A)		\$10,015,000	
	\$ 9,385,000(B)		\$20,830,000(B)		\$13,250,000(B)		\$ 9,985,000	
	0		0		0		0	
Cost of Issuance	\$	RFP (Y/N)	\$	RFP (Y/N)		RFP (Y/N)		RFP (Y/N)
Bond Counsel (including expenses)	\$55,000	Y	\$33,000	Y	\$60,000	Y	\$45,000	Y
Issuer Fee	NA	NA	NA	NA	N/A	NA	N/A	NA
Issuer's Counsel (including expenses)	\$28,000	Y	\$16,800	Y	\$25,000	Y	\$15,000	Y
	\$50,000		\$30,000		\$25,000		\$15,000	
Underwriter Fee (including expenses)	\$230,615	Y	\$102,160	Y	\$246,175.14	Y	\$186,181	Y
Trustee Fee (acceptance fee)	\$2,500	Y	\$5,000	Y	\$3,500	Y	\$3,500	Y
Purchaser's Counsel (including expenses)	NA	NA	NA	NA	N/A	NA	N/A	NA
Rating Agency	\$18,500	Y	\$18,500	Y	\$18,500	Y	\$13,500	Y
Accountant's Verification	NA	NA	NA	NA	\$5,000	Y	\$5,000	Y
Printing and Mailing of POS and OS	\$8,000	Y	\$8,000	Y	\$4,500	Y	\$3,000	Y
Expense Contingency	NA	NA	NA	NA	NA	NA	NA	NA
Financial Advisor	\$5,000	Y	\$2,500	Y	\$44,000	Y	\$27,000	Y
Trustee Counsel	NA	NA	NA	NA	NA	NA	NA	NA
Verification Agent	NA	NA	NA	NA	NA	NA	NA	NA

**Table 7 (Page 2 of 4)
Costs of Issuance
City of Phoenix IDA
2000 - 2003**

	City of Phoenix IDA MRB – 2001-1 Joint		City of Phoenix IDA MRB – 2001-2 Joint		City of Phoenix IDA MRB – 2002-1 Joint		City of Phoenix IDA MRB – 2002-2 Joint	
Trustee (capitalized interest deposit)	NA	NA	NA	NA	N/A	NA	N/A	NA
Bond Purchaser Counsel	NA	NA	NA	NA	NA	NA	NA	NA
Placement Agent Fee (including expenses)	NA	NA	NA	NA	NA	NA	NA	NA
Placement Agent Counsel (including expenses)	NA	NA	NA	NA	NA	NA	NA	NA
Miscellaneous Expenses	\$5,500	Y	\$5,500	Y	N/A	NA	N/A	NA
Termination Fee Reserve	NA	NA	NA	NA	NA	NA	NA	NA
Total	\$403,115	NA	\$221,460	NA	\$431,675	NA	\$313,181	NA

Y = Yes

N = No

NA = Not Applicable or Not Available

**Table 7 (Page 3 of 4)
Costs of Issuance
City of Phoenix IDA
2000 - 2003**

	City of Phoenix IDA MRB – 2003		City of Phoenix IDA MRB – 2003		City of Phoenix IDA MRB – 2003 Joint		City of Phoenix IDA MRB – 2003 Joint	
Tax Exempt	N/A		N/A		N/A		N/A	
▪ New Allocation								
▪ Recycled and/or Refunded Taxable								
Cost of Issuance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bond Counsel (including expenses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Issuer Fee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Issuer's Counsel (including expenses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Underwriter Fee (including expenses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trustee Fee (acceptance fee)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Purchaser's Counsel (including expenses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rating Agency	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Accountant's Verification	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Printing and Mailing of POS and OS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Expense Contingency	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Financial Advisor	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trustee Counsel	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Verification Agent	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trustee (capitalized interest deposit)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 7 (Page 4 of 4)
Costs of Issuance
City of Phoenix IDA
2000 - 2003

	City of Phoenix IDA MRB – 2003		City of Phoenix IDA MRB – 2003		City of Phoenix IDA MRB – 2003 Joint		City of Phoenix IDA MRB – 2003 Joint	
Bond Purchaser Counsel	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Placement Agent Fee (including expenses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Placement Agent Counsel (including expenses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Miscellaneous Expenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Termination Fee Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Y = Yes
N = No
NA = Not Applicable or Not Available

Table 8 (Page 1 of 3)
Costs of Issuance
Pima County IDA
2000 - 2003

	Pima County MRB 2001		Pima County/City of Tucson IDA MRB – 2001 Joint and Rural Statewide Program	
Tax Exempt <ul style="list-style-type: none"> ▪ Long term to fund mortgage loans ▪ Short Term Escrow Bond Taxable	Pima Only \$10,000,000 \$9,535,000 \$10,265,000		Total Combined \$36,500,000 \$13,500,000* \$3,000,000	
Cost of Issuance	\$	RFP (Y/N)	\$	RFP (Y/N)
Bond Counsel (including expenses)	\$35,000	NA	\$42,500	Y
Issuer Fee	NA	NA	NA	NA
Issuer’s Counsel (including expenses)	\$20,000	NA	\$37,500	Y
			\$37,500	Y
Underwriter Fee (including expenses)	\$144,996	NA	\$290,000	Y
Trustee Fee (acceptance Fee)	\$16,000	NA	\$4,000	Y
Purchaser’s Counsel (including expenses)	NA	NA	NA	NA
Rating Agency	\$16,000	NA	\$18,500	N
Accountant’s Verification	\$6,500	NA	NA	NA
Printing and Mailing of POS and OS	\$8,000	NA	\$7,618	N
Expense Contingency	NA	NA	NA	NA
Financial Advisor	\$17,000	NA	\$22,000	N
Trustee Counsel	NA	NA	\$6,000	NA
Verification Agent	NA	NA	\$7,500	N
Trustee (capitalized interest deposit)	NA	NA	NA	NA
Bond Purchaser Counsel	NA	NA	NA	NA
Placement Agent Fee (including expenses)	NA	NA	NA	NA
Placement Agent Counsel (including expenses)	NA	NA	NA	NA
Miscellaneous Expenses	\$24,394	NA	\$118,150.05**	NA
			NA	NA
Total	\$254,894	NA	\$591,268	NA

Y = Yes N = No NA = Not applicable or Not Available

Table 8 (Page 2 of 3)
Costs of Issuance
Pima County IDA
2000 - 2003

* Amount of Escrow Bonds: Joint Tucson/Pima = \$10,265,000 and Pima County = \$3,235,000

** Breakdown of Miscellaneous: Underwriter's Counsel = \$50,000; Program Coordinator/Marketing: Rural = \$30,000 and Tucson/Pima County = \$15,000; Purchase Price Study = \$6,000, and Dept. of Commerce Application and Confirmation Fees = \$17,150.05.

Note: 1. In the demographic tables, the City of Tucson IDA numbers for 2001 have been split into two parts: \$20,000,000 and \$19,500,000.
2. The \$591,267.92 cost of issuance is for the total issue of \$53,000,000 by the City of Tucson IDA in year 2001.

Table 8 (Page 3 of 3)
Costs of Issuance
Pima County IDA
2000 - 2003

	Pima County MRB 2002 (Joint Issue with Tucson IDA and AzHFA)	Pima County MCC – 2003
Tax Exempt	Total Combined	
▪ New Allocation	\$20,000,000	\$10,000,000
▪ Recycled and/or Refunded	\$20,000,000*	0
Taxable	0	0
Cost of Issuance		RFP (Y/N)
Bond Counsel (including expenses)	47,500.00	N
Issuer Fee	No upfront fee	N/A
Issuer's Counsel (including expenses)		\$15,000.00
a) Pima IDA	\$32,000.00	N
b) Tucson IDA	\$32,000.00	N
Underwriter Fee (including expenses)	\$148,250.00	N
Trustee Fee (acceptance Fee) and Counsel	\$10,000.00	N
Purchaser's Counsel (including expenses)	\$35,000.00	N
Rating Agency	\$13,500.00	N
Accountant's Verification	\$6,000.00	N
Printing and Mailing of POS and OS	\$3,750.00	N
Expense Contingency	\$14,816.34	N/A
Financial Advisor	\$20,000.00	N
Trustee Counsel	\$10,000.00	N
Verification Agent	N/A	N/A
Trustee (capitalized interest deposit)	\$100,000.00	N
Bond Purchaser Counsel	N/A	N/A
Placement Agent Fee (including expenses)	N/A	N/A
Placement Agent Counsel (including expenses)	N/A	N/A
Miscellaneous Expenses	N/A	N/A
Purchase Price Study	\$6,000.00	N
Department of Commerce Confirmation Fee	\$17,683.66	N/A
Special Commitment Amount	\$5,000.00	N/A
Program Administrator's Counsel		\$5,000.00
Total	\$501,500.00	\$48,950

* Escrow Bonds Issued Jointly

** Includes Application Fee and Confirmation Fee

Table 9 (Page 1 of 2)
Costs of Issuance
City of Tucson IDA
2000 – 2003

	Pima County/City of Tucson IDA MRB – 2001 Joint and Rural Statewide Program		Pima County MRB 2002 (Joint Issue with Tucson IDA and AzHFA)	
Tax Exempt	Total Combined		Total Combined	
▪ New Allocation	\$36,500,000		\$20,000,000	
▪ Recycled and/or Refunded	\$13,500,000*		\$20,000,000	
Taxable	\$3,000,000		0	
Cost of Issuance	\$			RFP (Y/N)
Bond Counsel (including expenses)	\$42,500		47,500	N
Issuer Fee	NA		No upfront fee	N/A
Issuer's Counsel (including expenses)	\$37,500			
c) Pima IDA	\$37,500		\$32,000	N
d) Tucson IDA			\$32,000	N
Underwriter Fee (including expenses)	\$290,000		\$148,250	N
Trustee Fee (acceptance Fee) and Counsel	\$4,000		\$10,000	N
Purchaser's Counsel (including expenses)	NA		\$35,000	N
Rating Agency	\$18,500		\$13,500	N
Accountant's Verification	NA		\$6,000	N
Printing and Mailing of POS and OS	\$7,617.87		\$3,750	N
Expense Contingency	NA		\$14,816	N/A
Financial Advisor	\$22,000		\$20,000	N
Trustee Counsel	\$6,000		\$10,000	N
Verification Agent	\$7,500		N/A	N/A
Trustee (capitalized interest deposit)	NA		\$100,000	N
Bond Purchaser Counsel	NA		N/A	N/A
Placement Agent Fee (including expenses)	NA		N/A	N/A
Placement Agent Counsel (including expenses)	NA		N/A	N/A
Miscellaneous Expenses	\$118,150**		N/A	N/A
Purchase Price Study	NA		\$6,000.00	N
Department of Commerce Confirmation Fee			\$17,684	N/A
Special Commitment Amount			\$5,000	N/A
Total	\$591,267		\$501,500	

Escrow Bonds Issued Jointly

* Amount of Escrow Bonds: Joint Tucson/Pima = \$10,265,000 and Pima County = \$3,235,000

Table 9 (Page 2 of 2)
Costs of Issuance
City of Tucson IDA
2000 – 2003

	Pima County/City of Tucson IDA MRB – 2003		Pima County MRB 2003	
Tax Exempt	N/A		N/A	
▪ New Allocation				
▪ Recycled and/or Refunded				
Taxable				
Cost of Issuance	N/A	N/A	N/A	N/A
Bond Counsel (including expenses)	N/A	N/A	N/A	N/A
Issuer Fee	N/A	N/A	N/A	N/A
Issuer's Counsel (including expenses)	N/A	N/A	N/A	N/A
e) Pima IDA				
f) Tucson IDA				
Underwriter Fee (including expenses)	N/A	N/A	N/A	N/A
Trustee Fee (acceptance Fee) and Counsel	N/A	N/A	N/A	N/A
Purchaser's Counsel (including expenses)	N/A	N/A	N/A	N/A
Rating Agency	N/A	N/A	N/A	N/A
Accountant's Verification	N/A	N/A	N/A	N/A
Printing and Mailing of POS and OS	N/A	N/A	N/A	N/A
Expense Contingency	N/A	N/A	N/A	N/A
Financial Advisor	N/A	N/A	N/A	N/A
Trustee Counsel	N/A	N/A	N/A	N/A
Verification Agent	N/A	N/A	N/A	N/A
Trustee (capitalized interest deposit)	N/A	N/A	N/A	N/A
Bond Purchaser Counsel	N/A	N/A	N/A	N/A
Placement Agent Fee (including expenses)	N/A	N/A	N/A	N/A
Placement Agent Counsel (including expenses)	N/A	N/A	N/A	N/A
Miscellaneous Expenses	N/A	N/A	N/A	N/A
Purchase Price Study	N/A	N/A	N/A	N/A
Department of Commerce Confirmation Fee	N/A	N/A	N/A	N/A
Special Commitment Amount	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A

Table 10
Costs of Issuance
Arizona Housing Finance Authority
2000 – 2003

	Pima County MRB 2002 (Joint Issue with Tucson IDA and AzHFA)	MRB 2003 AzHFA
Tax Exempt ▪ New Allocation ▪ Recycled and/or Refunded	Total Combined \$20,000,000 \$20,000,000*	N/A
Taxable	0	
Cost of Issuance		RFP (Y/N)
Bond Counsel (including expenses)	47,500	N
Issuer Fee	No upfront fee	N/A
Issuer's Counsel (including expenses)		N/A
g) Pima IDA	\$32,000	N
h) Tucson IDA	\$32,000	N
Underwriter Fee (including expenses)	\$148,250	N
Trustee Fee (acceptance Fee) and Counsel	\$10,000	N
Purchaser's Counsel (including expenses)	\$35,000	N
Rating Agency	\$13,500	N
Accountant's Verification	\$6,000	N
Printing and Mailing of POS and OS	\$3,750	N
Expense Contingency	\$14,816	N/A
Financial Advisor	\$20,000	N
Trustee Counsel	\$10,000	N
Verification Agent	N/A	N/A
Trustee (capitalized interest deposit)	\$100,000	N
Bond Purchaser Counsel	N/A	N/A
Placement Agent Fee (including expenses)	N/A	N/A
Placement Agent Counsel (including expenses)	N/A	N/A
Miscellaneous Expenses	N/A	N/A
Purchase Price Study	\$6,000	N
Department of Commerce Confirmation Fee	\$17,684	N/A
Special Commitment Amount	\$5,000	N/A
Total	\$501,500	N/A

* Escrow Bonds Issued Jointly

APPENDIX 3

FHA and MRB/MCC Data: 2000 – 2003

**Table 11 (Page 1 of 3)
FHA and MRB/MCC Programs
Demographic Data Comparisons
2000**

	FHA 2000 Statewide	FHA 2000 Maricopa County	MRB 2000 -1 Maricopa (Joint Program)	MCC 2000 – 1 Phoenix IDA	FHA 2000 Pima County	MRB 2000 - A Pima IDA	MRB 2000 Tucson/Pima IDAs (Joint Program)
Number of Loans	27,725	22,196	477	112	3,086	63	209
Loan Type							
FHA/VA	100%	100%	91.63%	92%	100%	95.2%	87.6%
Conventional			4.39%	7%		1.6%	7.0%
Others			3.98%	1%		3.2%	5.4%
Average Purchase Price	\$102,547	\$104,857	\$96,925	\$96,215	\$94,172	\$103,863	\$85,309
Average Family Income	\$44,101		\$37,011	\$35,131	NA	\$37,865	\$31,527
Average Household Size	NA	NA	2.46	2.8	NA	2.65	2.71
Rural Loans	NA	NA	NA	N/A	NA	0%	NA
Target Areas	NA	NA	2.73%	9.8%	NA	44.4%	10.8%
First Time Homebuyers	74.7%	74.8%	96.6%	97.4%	74.5%	98.41%	206
Loans to Minorities	41.6%	41.5%	41.4%	49.1%	44.3%	57.14%	53.3%
Loans to 1-Person Households	34.7%	36.0%	29.8%	39.2%	33.3%	19.05%%	23.67%
Existing Homes	77.0%	77.7%	76.9%	83.4%	76.4%	93.65%	74.4%
# of Participating Lenders	NA	NA	16	13	NA	4	7
SF	99.5%	99.6%	84.6%	85.7%	99.2%	55.56%	90.4%
Interest Rate			7.8% and 7.15%	NA		6.95%	7.59%
Single Head-of-Household	13.9%	14.1%	NA	37.5%	14.2%	NA	NA
30-Year Fixed Rate Mortgage	1998 = 6.94%; 1999 = 7.44%; 2000 = 8.05%; 2001 = 6.97%						

Data Source: HUD and IDAs. Note: Some loans under the MRB/MCC programs were FHA-guaranteed. Such loans are included in the total FHA number of loans.

Table 11 (Continued, Page 2 of 3)
MRB/MCC and FHA Programs
Demographic Data Comparisons
2001

	FHA 2001 Statewide	FHA 2001 Maricopa County	MRB 2001-2 Maricopa IDA (Joint Program)	MRB 2001 - 1 Phoenix IDA (Joint Program)	FHA 2001 Pima County	MRB 2001 (Pima/State (Joint Program))	MRB 2001 Tucson IDA (Joint Program)
Number of Loans	39,182	31,906	336	240	4,261	179(1), 83(2)	181
Loan Type							
FHA/VA	100%	100%		93.6%	100%		92.55%
Conventional			94.2%	4.6%		92.49%(1),	5.75%
Others			3.25%	1.8%		86.12%(2)	1.70%
			2.55%			5.81%(1), 8.27%(2)	
						1.7%(1), 5.7%(2)	
Average Purchase Price	\$109,320	\$112,061	\$107,979	\$105,229	\$100,140	\$88,310 (1)	\$88,157
						\$83,780(2)	
Average Family Income	\$34,117	\$34,186	\$37,346	\$38,274	\$32,160	\$32,183(1)	\$32,330
						\$32,719 (2)	
Average Household Size	NA	NA	2.2	2.2	NA	2.7 (1)	2.7
						2.5(2)	
Rural Loans	NA	NA	NA	N/A	NA	0% (1)	NA
Target Areas	NA	NA	4.57%	5.2%	NA	15.52%(1)	16%
						7.79%(2)	
First Time Homebuyers	52.1%	51.6%	100%	100%	51.7%	99%(1),	180
						100%(2)	
Loans to Minorities	36.8%	36.9%	35.01%	31.5%	36.4%	77.1%(1),	70%
						51%(2)	
Loan to 1-Person Households	36.5%	37.5%	40.0%	41.3%	36.4%	18%(1), 24%	20%
						(2)	
Existing Homes	83.0%	83.8%	79.71%	88.5%	82.0%	70.83% (1)	76%
						85.65%(2)	
# of Participating Lenders	NA	NA	13	13	NA	8(1), 4(2)	8
SF	99.5%	99.6%	89.31%	87%	99.3%	90.29%(1),	90%
						88.88%(2)	
Interest Rate	NA	NA	18.39% of the loans at 5.79%; 81.61% at 6.39%	19.6% of the loans at 5.83% and 80.4 % at 6.48%	NA	6.95%	6.95%
						6.45%	
Single Head-of-Household	12.1%	12.2%	NA	21.3%	11.3%	NA	NA
30-Year Fixed Rate Mortgage	1998 = 6.94%, 1999 = 7.44%, 2000 = 8.05%, and 2001 = 6.97%						

Data Source: HUD and IDAs.

(1) Pima; (2) State

Table 11 (Page 3 of 3)
MRB/MCC and FHA Programs
Demographic Data Comparisons
2002

	FHA 2002 Statewide	FHA 2002 Maricopa County	FHA 2002 Pima County	MRB 2002-1 Tax Exempt SF ** (Joint...)	MRB 2002-2 Tax Exempt SF ** (Joint...)	MRB 2002 (3) (Joint – Tucson/Pima)	MRB 2002 (3) (Joint – Rural)+*
Number of Loans	32,103	25,161	3,542	229	174	64	29
Loan Type							
FHA/VA	100%	100%	100%	98.77%	99.24%	95.31	89.7%
Conventional				1.23%	0.76%	4.69	10.3%
Others				0.00%	0.00%		
Average Purchase Price	\$105,985	\$108,517	\$96,789	\$111,916	\$110,168	\$96,203	\$89,482
Average Family Income	\$34,440	\$34,188	\$34,020	\$38,095	\$36,807	\$33,810	\$33,758
Average Household Size	NA	NA	NA	2.2	2.2	2.91	2.45
Rural Loans	224	156	9	N/A	N/A	0%	100%
Target Areas	NA	NA	NA	0.77%	1.71%	10.94%	0%
First Time Homebuyers	23.9%	54.2%	56.4%	100%	100%	98.44%	100%
Loans to Minorities	49.1%	49.2%	49.3%	39.18%	30.04%	68.75%	55.17%
Loans to 1-Person Households	NA	NA	NA	42.4%	40.6%	21.88	31.03
Existing Homes	82.2%	83.2%	83.3%	90.89%	88.16%	75%	75.86%
# of Participating Lenders	337	304	135	15	15	9	6
SF	96%	96%	97%	92.25%	88.64%	84.38%	96.55%
Interest Rate	6.8	6.89	6.86	6.19%+	5.99%++	6.25%	6.25%
Single Head-of-Household	NA	NA	NA	NA	NA	NA	NA
30-Year Fixed Rate Mortgage	1998 = 6.94%, 1999 = 7.44%, 2000 = 8.05%, and 2001 = 6.97%						

Data Source: HUD and IDAs.

+ 1.9* of the loans at 5.96%, and 98.6% of the loans at 6.19%. ++3.26% of the loans at 5.39% and 96.74% of the loans at 5.95%.

(2) Pima; (2) State; (3) This is a joint bond issue. All numbers and percentages with the exception of New Allocation are for the entire program and not just the Pima County portion.

** Joint City of Phoenix IDA/ Maricopa County IDA. +* Rural in 2002 is a joint program between Pima IDA, Tucson IDA and AzHFA. The area includes the 13 rural counties (excluding Pima and Maricopa).

Table 12
2004 Mortgage Limits for FHA-Insured Loans

County Name	One-Family	MSA Name	Two-Family	Three-Family	Four-Family
APACHE	\$160,176	NON-METRO	\$205,032	\$247,824	\$307,992
COCHISE	\$160,176	NON-METRO	\$205,032	\$247,824	\$307,992
COCONINO	\$190,000	FLAGSTAFF, AZ-UT	\$214,000	\$260,000	\$307,992
GILA	\$160,176	NON-METRO	\$205,032	\$247,824	\$307,992
GRAHAM	\$160,176	NON-METRO	\$205,032	\$247,824	\$307,992
GREENLEE	\$160,176	NON-METRO	\$205,032	\$247,824	\$307,992
LA PAZ	\$160,176	NON-METRO	\$205,032	\$247,824	\$307,992
MARICOPA	\$160,176	PHOENIX-MESA, AZ,	\$205,032	\$247,824	\$307,992
MOHAVE	\$224,500	LAS VEGAS, NV-AZ	\$252,850	\$307,250	\$354,500
NAVAJO	\$160,176	NON-METRO	\$205,032	\$247,824	\$307,992
PIMA	\$160,176	TUCSON, AZ,	\$205,032	\$247,824	\$307,992
PINAL	\$160,176	PHOENIX-MESA, AZ	\$205,032	\$247,824	\$307,992
SANTA CRUZ	\$160,176	NON-METRO	\$205,032	\$247,824	\$307,992
YAVAPAI	\$166,150	NON-METRO	\$205,032	\$247,824	\$307,992
YUMA	\$160,176	YUMA, AZ	\$205,032	\$247,824	\$307,992

Table 13
Freddie Mac and Fannie Mae Conventional Loan Limits 2000-2004

Property Type	2000	2001	2002	2003	2004
One-Family	\$252,700	\$275,000	\$300,700	\$322,700	\$333,700
Two-Family	\$323,400	\$351,950	\$384,900	\$413,100	\$427,150
Three-Family	\$390,900	\$425,400	\$465,200	\$499,300	\$516,300
Four-Family	\$485,800	\$528,700	\$578,150	\$620,500	\$641,650

Table 14: Income Limits and Average Area Purchase Price Requirements by County for MRB/MCC Programs - 2004

The Income Limits Applicable for the State of Arizona in 2002				
County Name	Family of 1 or 2		Family of 3 or More	
	Non-Targeted	Targeted	Non-Targeted	Targeted
Maricopa and Pinal Counties	\$58,600	\$70,320	\$67,390	\$82,040
Mohave County	\$56,500	\$67,800	\$64,975	\$79,100
All Other Counties (Including Pima)	\$53,300	\$63,960	\$61,295	\$74,620

Source: Family Housing Resources.

Note: The IRS Code provides that you can use the greater of the statewide limits or the limits for your own county. Maricopa, Pinal and Mohave counties are the only counties that have limits greater than the statewide limits.

Average Area Purchase Price – 2004				
County Name	Existing Homes		New Homes	
	Non-Targeted	Targeted	Non-Targeted	Targeted
Coconino	\$205,492	\$251,157	\$205,492	\$251,157
Mohave	\$207,337	\$253,412	\$207,337	\$253,412
All Other Counties (Including Pima)	\$189,682	\$231,833	\$189,682	\$231,833

Source: Family Housing Resources.

Table 15
Private Activity Bond Allocation Summary for 2003

Private Activity Bond	Allocation Amount
Single Family MRB/MCC	\$139,316,122.00
Student Loans	\$79,600,000.00
Manufacturing	\$10,685,000.00
Multifamily Housing	\$112,950,325.00
All Other	\$55,498,378.00
Total	\$398,049,825.00

Date Source: Arizona Department of Commerce

APPENDIX 4

**“Utilization of Private Activity Bonds for Single and Multifamily Housing:
Report of a study committee on Industrial Development Bond Allocations, 2003”**



January 3, 2003

Honorable Jane Dee Hull, Governor
State of Arizona
1700 West Washington
Phoenix, AZ 85007

The Honorable Randall Gnant
President, Arizona Senate
1700 West Washington
Phoenix, AZ 85007

The Honorable Jim Weiers
Speaker, Arizona House of Representatives
1700 West Washington
Phoenix, AZ 85007

RE: REPORT OF THE SB1204 TEMPORARY TASK FORCE

Dear Governor Hull, Senator Gnant and Representative Weiers:

SB 1204 mandated that the Arizona Housing Commission establish a temporary committee composed of representatives of all stakeholders involved in industrial development authority financing for single family and multiple family housing allocation. The Arizona Department of Housing polled interest among representatives of a statewide list of IDA board members, housing authorities, developers, urban and rural government housing, nonprofit agencies and tribal agencies. The members of this task force and their affiliation are attached to this report as Attachment A.

This committee was charged with reviewing certain aspects of the private activity bond allocation process that is administered through the Arizona Department of Commerce. The task force met three times: October 23, November 6, and December 5. This report is the result of their findings and recommendations.

Private Activity Bonds (PAB) are securities issued by or on behalf of a local government to provide debt financing for projects used most often by a private user. Bonds are normally payable solely from payments made by the private user of the property financed. The maximum aggregate amount of PAB which may be issued in any state (the "state ceiling") is established by I.R.C. §146; in 2002, this was \$75 for each state resident or \$398,049,825.



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In 1998, the state ceiling for Arizona was \$227.8 million. By 2002, it had increased to \$398 million (Table 1). Over the past five years, the aggregate Private Activity Bonds issued has approached \$1.42 billion. Prior to 2002, multifamily housing was not one of the categories that annually received an allocation of the state ceiling. However, there has been an allocation of the state ceiling made from the "Director's Discretion" category and from "All Other" category to multifamily housing. For example, in 2001, \$115.3 million originally allocated to various categories was utilized for multifamily housing projects (Table 2).

From 1998 to 2002, the unallocated amount for "Student Loans" category was \$18.6 million and for "Manufacturing" category \$123.4 million (Tables 4 and 5). Most of this allocated volume cap was used for Multifamily Housing.

Applications for state ceiling submitted to the Arizona Department of Commerce during this five-year period have totaled 366. Of that total, 121 received volume cap allocations (Table 3). For multifamily projects, 48 received allocations out of the total 191 that were submitted (Table 3).

The Arizona Department of Commerce is responsible for the administration and ministerial functions associated with the allocation of the "state ceiling" in Arizona. Use of the state ceiling for single family housing, either through the issuance of Mortgage Revenue Bonds (MRB) or by establishing Mortgage Credit Certificate (MCC) programs is restricted by statute to certain issuers. The issuer must be the Arizona Housing Finance Authority (AzHFA), which was established in 2002 or an Industrial Development Authority (IDA) whose jurisdiction has at least 9% of the state's population for it to qualify to issue MRBs or MCCs. In addition to the AzHFA there are only four qualified IDAs in Arizona, representing Maricopa County, the City of Phoenix, Pima County and the City of Tucson.

A qualified IDA may submit an allocation reservation at any time before submitting a formal request for allocation, but no later than January 31. A qualified IDA may not reserve more than its portion of the overall allocation determined by the population of the qualified IDA's jurisdiction to the State population. This reservation does not obligate the qualified IDA to make a formal request.

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The following projects are eligible to apply:

- Mortgage Revenue Bonds/Mortgage Credit Certificates (Single Family Housing)
- Qualified Residential Rental Housing (Multi-Family Housing)
- Qualified Small Issue Bonds (Manufacturing)
- Student Loan Bonds
- Exempt Facility Bonds (Sold Waste, local utility improvements etc.)

The state ceiling allocation "calendar" is divided into three periods:

- January 1, or the first business day through 5:00 pm, June 30 (the "January Lottery").
- July 1, or the next business day, through 5:00 pm, December 16 (the "July Lottery").
- December 17, or the next business day, through 5:00 pm, December 31 (The "Carry Forward Period").

A lottery is used to determine priority for requests for allocation received at the same time. Arizona's state ceiling is divided into six categories, as determined by statute. A.R.S. § 35-902 for the January Lottery divides the state ceiling as follows:

- 35% to single family MRB/MCC
- 20% to Student Loans
- 15% to Manufacturing
- 10% to Multi-Family Housing
- 10% to all Other projects requiring volume cap
- 10% to the Director's Discretion

For the July Lottery only the Director's Discretion category survives, all other categories are consolidated and available for any purpose other than MRB/MCC.

The Task Force had no recommendations to change the allocation percentages to any category.

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Representative Jim Weiers
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The Task Force has the following recommendations:

- With respect solely to multifamily projects, during the January Lottery period extend the time to file a certificate of closing with the Department of Commerce to 90 days from the date of the confirmation of the receipt of an allocation and during such January Lottery period allow for confirmations to be extended one time to 90 days upon the payment of the extension fee currently required by law. Amendments to A.R.S. Sections 35-904 and 35-910.
- The time to file a closing certificate in connection with MRB's or MCC's be extended to September 1. Amendment to A.R.S. § 35-904.
- With respect to the July Lottery eliminate the 1% security deposit required by A.R.S. § 35-906(B)(3).
- Restrict the number of Requests (as defined in A.R.S. § 35-901) for multifamily projects in the January Lottery and in the July Lottery to four (4) by any one applicant or entity controlled or affiliated with the applicant. Controlled or affiliated shall be defined to mean ownership or an interest in revenues greater than ten percent (10%).
- Require multifamily project Requests submitted in either lottery to include evidence of site control. Additionally, the Task Force encourages all applicants for multifamily projects to submit to the Department of Housing a market demand study pertaining to the project at the time of submitting a request for confirmation, or as soon thereafter as possible, in order to allow the Department of Housing to promptly review and respond to the applicant.

Respectfully submitted,

/s/

Suzanne B. Gilstrap, Chairman
SB 1204 Temporary Task Force

cc: Betsy Bayless, Secretary of State
Director, Arizona State Library, Archives and Public Records

Attachments a/s

ATTACHMENT A

TASK FORCE MEMBER

AFFILIATION

Chairperson:

Suzanne Gilstrap, President

Gilstrap & Associates

Audrey Adamic, Vice President

National Bank of Arizona

Jim Blandford

Sandra Brown, Manager

Arizona Department of Commerce

Sam Cioffi, Executive Director

Community Services of Arizona

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Family Housing Resources, Inc.

William Kammann, Executive Director

Housing Authority of Cochise County

Ross McCallister, President

The MC Companies

Ike Monty

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City of Tucson - Community Services

Lawrence Potter, Director

The Affordable Housing Trust

David Ronald, Sr. Vice President

Environmental Protection International

Kevin Salcido

Northern Trust

Juan Salgado, Deputy Finance Director

City of Phoenix

Bill Slater

Neighborhood Housing Services of Phoenix, Inc.

Bill Wildman, Managing Director

RBC Dain Rauscher

James Willett, Executive Director

Native American Connections

Table 1
State of Arizona – Private Activity Bonds Allocation Summary: 1998-2002

	1998		1999		2000		2001		2002	
	%	\$s	%	\$s	%	\$s	%	\$s	%	\$s
Director's Discretion	15	\$34,170,000	15	\$35,010,000	15	\$35,837,490	15	\$48,099,675	10	\$39,804,983
MRB/MCC (Single-Family)	35	\$79,730,000	35	\$81,690,000	35	\$83,620,810	35	\$112,232,575	35	\$139,317,438
Student Loan	20	\$45,560,000	20	\$46,680,000	20	\$47,783,320	20	\$64,132,900	20	\$79,609,965
Multifamily*	-	-	-	-	-	-	-	-	10	\$39,804,983
Manufacturing	15	\$34,170,000	15	\$35,010,000	15	\$35,837,940	15	\$48,099,675	15	\$59,707,474
All Other	15	\$34,170,000	15	\$35,010,000	15	\$35,837,490	15	\$48,099,675	10	\$39,804,983
Total of Confirmation	100	\$227,800,000	100	\$233,400,000	100	\$238,916,000	100	\$320,664,500	100	\$398,049,825

* Started in 2002

MRB: Mortgage Revenue Bonds

MCC: Mortgage Credit Certificates

Table 2
 State of Arizona – Private Activity Bonds Allocation to Single and Multifamily Housing
 1998-2002

	1998		1999		2000		2001		2002	
	%	\$s	%	\$s	%	\$s	%	\$s	%	\$s
<i>MRB/MCC (Single-Family Housing):</i>										
▪ Initial Allocation	35	\$79,730,000	35	\$81,690,000	35	\$83,620,809	35	\$112,227,782	35	\$139,316,122
▪ Final Allocation*	51.7	\$117,760,000	39.4	\$91,965,000	35	\$83,620,809	35	\$112,227,782	35	\$139,316,122
Multifamily Housing (MF):										
Allocation to MF (Started in 2002)		0	0	0	0	0	0	0	10	\$39,804,983
Allocation to MF From:										
▪ “All Other “ Category		\$14,170,000		\$9,675,000		\$34,837,490		\$48,099,675		\$27,860,000
▪ “ August Lottery”		\$6,000,000				\$1,280,020		\$27,155,663		\$60,390,325
▪ “Director’s Discretion”		\$11,370,000		\$15,220,000		\$13,151,247		\$40,000,000		\$16,200,000
▪ Carryforward		\$3,000,000		\$6,055,000		\$54,544		0		0
▪ Total MF Allocation	15.2	\$34,540,000	13.2	\$30,950,000	20.6	\$49,323,301	35.9	\$115,255,338	36.2	\$144,255,308
Total Allocation to Housing (Single and Multifamily Combined)	66.9	\$152,300,000	52.7	\$122,915,000	55.6	\$132,944,110	70.9	\$227,483,120	71.2	\$283,571,430

* Total allocation is comprised of initial allocation, mid-year lottery and allocations from other categories.

Note: All percentage calculations are based on the initial dollar allocations to MRB/MCC and multifamily allocations (starting in 2002).

Source: Arizona Department of Housing and Arizona Department of Commerce.

Table 3
State of Arizona – Private Activity Bonds Applications: 1998-2002

	1998	1999	2000	2001	2002	Total 1998 - 2002
Total Number of Applications Submitted:	76	91	49	86	64	366
▪ Multifamily Projects	27	31	26	66	41	191
▪ Other Projects*	49	60	23	20	23	175
Total Number of Applications Receiving Volume Cap Allocation:	27	23	22	23	26	121
▪ Multifamily Projects	9	7	7	15	10	48
▪ Other Projects	18	16	15	8	16	73
“All Other” Category - Total Number of Applications Submitted:	21	14	17	37	11	100
▪ Multifamily Projects	16	6	15	36	0	73
▪ Other Projects	5	8	2	1	11	27
“All Other” Category - Total Number of Applications Receiving Volume Cap Allocation:	5	4	3	7	5	24
▪ Multifamily Projects	5	2	3	11	9	30
▪ Other Projects	0	2	0	0	0	2
Total Number of Applications Submitted (“Director’s Discretion” Category):	16	19	10	15	Pending	60
▪ Multifamily Projects	6	10	6	12	Pending	34
▪ Other projects	10	9	4	3	pending	26
Total Number of Applications Receiving Volume Cap Allocation (“Director’s Discretion” Category):	10	8	4	5	Pending	27
▪ Multifamily Projects	5	5	2	4	Pending	16
▪ Other Projects	5	3	2	1	Pending	11

* Other Projects include utilities, solid waste/sewage, manufacturing and single family housing projects.

Source: Arizona Department of Housing and Arizona Department of Commerce.

Table 4
State of Arizona - Student Loans Volume Cap Allocation: 1998 - 2002

Year	Volume Cap Allocation to Student Loans	Allocation Received by AELMAC	Allocation Received by SLAAA	Amount Unused by Student Loans
1998	\$45,560,000	\$27,000,000	0	\$18,560,000
1999	\$46,680,000	0	\$46,680,000	0
2000	\$47,783,320	0	\$47,783,320	0
2001	\$64,132,900	\$64,132,900	0	0
2002	\$79,609,965	NA	\$79,600,000	\$9,965
Total	\$283,766,185	\$91,132,900	\$174,063,320	\$18,569,965

AELMAC AND SLAAA (STUDENT LOAN ACQUISITION AUTHORITY OF ARIZONA) ARE TWO COMPANIES TO WHICH ARIZONA VOLUME CAP ALLOCATION FOR STUDENT LOANS IS ALLOCATED.

Table 5
State of Arizona - Manufacturing Volume Cap Allocation: 1998 - 2002

Year	Number of Manufacturing Applications Submitted	Number of Manufacturing Applications Receiving Volume Cap Allocation	Volume Cap Allocation to Manufacturing	Total Amount Allocated to Manufacturing (Total Closed)*	Amount Unused by Manufacturing
1998	14	11	\$34,170,000	\$18,500,000	\$15,670,000
1999	14	9	\$35,010,000	\$38,550,000	\$(3,540,000)
2000	13	8	\$35,837,490	\$58,390,000	\$(22,552,510)
2001	9	1	\$48,099,675	\$5,500,000	\$42,599,672
2002	1	1	\$59,707,474	\$2,485,000**	\$57,222,474
Total	51	30	\$212,824,639	\$123,425,000	\$89,399,639

*May include allocations not used in other categories.

** Not completed yet; still being allocated.

Source: Arizona Department of Housing and Arizona Department of Commerce

Table 6
 State of Arizona – Private Activity Bonds
 Volume Cap Allocation to Multi-Family Projects
 1998-2002

	1998	1999	2000	2001	2002	Total 1998 - 2002
Director's Discretion:						
Number of MF Projects Receiving Volume Cap Allocation	4	5	4	4	1	18
Dollar Amount of Volume Cap Allocated to MF	\$14,370,000	\$21,055,000	\$13,695,247	\$40,000,000	\$16,200,000	\$
"All Other" Category:						
Number of MF Projects Receiving Volume Cap Allocation	5	2	3	11	9	30
Dollar Amount of Volume Cap Allocated to MF	*\$20,170,000	\$9,675,000	\$34,837,490	\$75,255,338	\$88,250,325	\$
Total:						
Number of MF Projects	9	7	7	15	10	48
Dollar Amount	\$34,540,000	\$30,730,000	\$48,532,737	\$115,255,338	\$104,450,325	\$333,508,400

Note: The 2002 allocation is still being distributed.

* Reflects the sum of August Lottery, Director's Discretion and Carryforwards.

Source: Arizona Department of Housing and Arizona Department of Commerce (10/18/2002 Data).

Table 7
Private Activity Bond Allocation by Categories of Use
in Selected States – 2001/2002

State	Single Family Homes	Multi-Family Homes	Manufacturing Facilities	Student Loans	Director's Discretion	All Other Uses	Comments
Arizona:							
▪ Initial Allocation	35%*	10%	15%	20%	10%	10%	* MRBs and MCCs
▪ Final Allocation	35%	36.2%	NA	NA	NA	NA	
California	23.4%	51.9%	5.4%	5.9%	NA	*13.4%	*Teacher home purchase program is 4.8% of the total
Idaho	29.6%	23%	4.6%	8.8%	NA	*34%	* State-related Issues is 8% and "All Others" is 26%
New Mexico	52%	10.9%	NA	30.7%*	NA	6.4%	* Education
Texas	29.6%	23%	NA	8.8%	NA	*38.6%	* Qualified small issues, state voted projects, water projects and others
Utah	42%	*24%	NA	33%	NA	1%	* Multifamily housing and manufacturing facilities
Colorado	50% is shared by several state agencies and 50% is allocated to cities, towns and counties based on population limits.						
Maryland	50% to the counties, 2.5% to municipalities, 25% for housing and 22.5% to the Secretary of Business and Economic Development's Reserve.						
Nebraska	The state Governor authorizes the allocation or establishes method for allocation of volume cap.						
Nevada	In Nevada, the volume cap amount is spilt evenly (50% each) between state and local governments at the beginning of each year.						
Wyoming	Governor must establish rules to allocate state ceiling.						

Compiled by: Arizona Department of Housing - through Internet Research.