



**COMMUNITY DEVELOPMENT
CORPORATION OF
BROWNSVILLE**

**2008-2009
ANNUAL PROGRAMS REPORT**

Making Homeownership Possible

ORGANIZATIONAL MISSION STATEMENT, OVERVIEW, AND HIGHLIGHTS

The Community Development Corporation of Brownsville (CDCB) is a private, 501(c)(3) non-profit community housing development organization (CHDO). Founded in 1974, CDCB has been providing safe, sanitary affordable housing to the citizens of Brownsville, Texas for the past 35 years. CDCB is the one of the largest non-profit producers of single-family affordable housing for homeownership in the State of Texas. CDCB is governed by a 13 person community based Board of Directors that serves on a volunteer basis to determine policy for the Corporation. CDCB serves the southernmost area of the United States – Cameron and Willacy Counties, Texas, which shares its border with Mexico on the south, and the Gulf of Mexico on its east.

CDCB's mission is to assist low-income families in attaining home ownership through below market financing, quality construction, the use of efficient home designs, and targeted outreach. CDCB is able to provide safe, sanitary, affordable housing to families earning as little as \$8,000 per year.

CDCB has been the recipient of numerous national affordable housing awards, including being a Recipient of the Maxwell Award of Excellence; a Maxwell Award of Excellence Finalist; and recipient of the Federal Home Loan Bank System Community Partnership Award. CDCB has also been recognized with the State of Texas Housing Finance Agency Special Achievement award.



Since 1974, CDCB has been the major sub-recipient of over \$60,000,000 in Federal, State, and local funds made available for housing in Southern Cameron County. CDCB has managed numerous federally and privately funded housing programs including HOME, CDBG, Rental Rehabilitation, HODAG, FMHA, Section 312, HOPE II, CASA, Youthbuild, HUD Rural & Economic Development, HUD Colonia Initiative; USDA Empowerment Zone, USDA 523 Mutual Self Help, Stuart B. McKinney funds, Americorp, Department of Labor, State of Texas Housing Trust Fund and SECO programs. Private sector and foundation support has come from the Federal Home Loan Bank of Dallas; H.B. Heron, Fannie Mae, JP Morgan Chase, Hispanic Housing, and Bank of America foundations; the HOME Depot, Sisters of Charity, Washington Mutual and Wells Fargo Bank. During Fiscal Year 2008-2009 CDCB managed public and or private funds:

Source	Location of Services	Amount of Grant/Loan
Wells Fargo CDC	Cameron County	\$300,000 EQ2 Loan
Youthbuild USA/Wall-Mart	Cameron County	\$50,000
HUD Youth Build	Cameron County	\$400,000
HUD Housing Counseling through Housing Partnership Network	Brownsville & Colonia Areas	\$43,000
Housing Partnership Network - Foreclosure Counseling	Brownsville & Colonia Areas	\$202,000
USDA/Rural Development	Rural Cameron County	\$293,000
HAC SHOP	Cameron County	\$300,000
Federal Home Loan Bank (HELP)	Cameron County	\$250,000

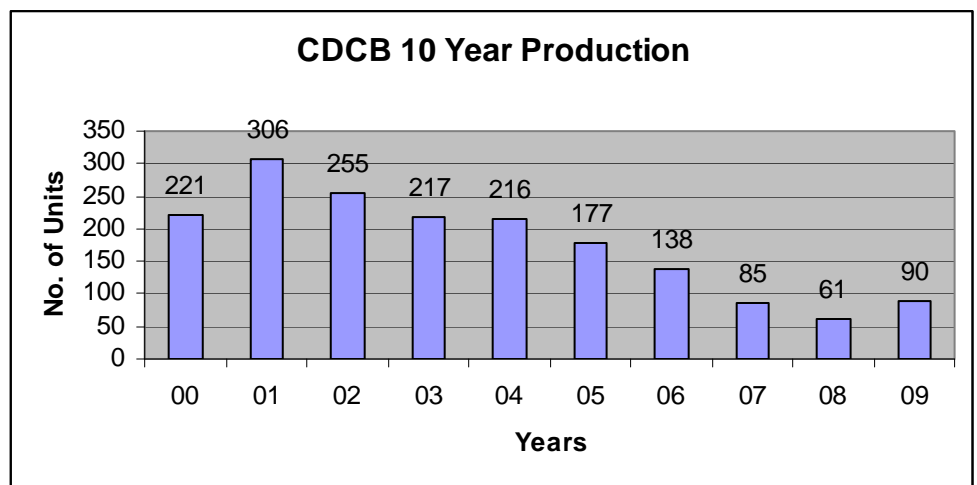
Texas Bootstrap Loan	Cameron County	\$450,000
Americorp - YouthBuild	Cameron County	\$41,510
Chase Foundation	Cameron County	\$25,000
Bank of America Foundation	Cameron County	\$17,500
Federal Home Loan Bank (AHP)	Cameron County	\$480,000
US Depart. Treasury - CDFI	Cameron County	\$99,000
State of Texas HOME - OCC	Cameron Park	\$500,000
State of Texas HOME - HBA	Cameron County	\$300,000
State of Texas - HTF	Colonia Areas	\$250,000
State of Texas - CHDO	Colonia Subdivisions	\$1,860,000
TSAHC	Dolly Repairs	\$500,000
Cameron County - CSHC	Colonia Areas	\$1,100,000
TOTAL		\$7,451,000

CDCB is also an approved FHA Title I & Title II Direct Endorsement lender; a Fannie Mae approved seller/servicer; and Rural Development lender. Since 1999 CDCB has originated and sold into the secondary market over \$100 million in First Lien Mortgage Loans utilizing State of Texas and Cameron County Housing Finance Corporation Single Family Mortgage Revenue Bonds, USDA Rural Development. CDCB is also an approved lender with Wells Fargo Home Mortgage – Wholesale. Virtually all first lien loans originated by CDCB are to Hispanic families below 80% AMFI.

CDCB has an operating budget of roughly \$1.5 million and employs a full time staff of 25 professionals. CDCB develops, finances, coordinates, supervises, and guarantees all new housing and rehabilitation construction.

CDCB has had considerable experience in all aspects of housing development. From its beginnings to eliminate “pit privies” within the city of Brownsville 35 years ago, CDCB has evolved into the largest producer of single family housing for homeownership in the State of Texas. CDCB operates six housing and educational programs to meet the needs of Cameron County residents.

Since 1999-2000 the Community Development Corporation of Brownsville has built and/or mortgage financed 1,766 affordable homes in the Southern Cameron County area. In 2008–2009, CDCB delivered 90 affordable homes into the local market. Over the past 10 years CDCB averaged 176 units per year.



CDCB PROGRAMS AND SERVICES

AFFORDABLE FAMILY COMMUNITIES

To meet the growing demand, and to spur large scale production of affordable housing, CDCB began its Affordable Housing Subdivision Program in 1996 with the Windwood Subdivision in North Brownsville on 48.16 acres of raw land. Production to 2009 year end is as follows:

Subdivision	Total Lots	Homes Built	Homes Sold	Location
Windwood	174	174	100%	City of Brownsville
Villa Bonita - III, IV, V, VI	211	211	100%	City of Brownsville
Tarpon Fields	65	65	100%	Port Isabel
Meadow Brooke	127	127	100%	Rural Cameron County
El Naranjal - II, III, IV	390	223	58%	City of Brownsville
French River I	119	112	100%	City of Brownsville
Mesquite Gardens	76	19	25%	City of Brownsville
Tradition Estates	93	33	36%	City of Brownsville
Villa del Sur I, II	114	79	69%	Los Fresnos
Inwood - I & II	276	141	51%	Rural Cameron County
Campo Real - I	65	32	50%	Rural Cameron County
North Austin - I	42	11	26%	San Benito

As of September, 2009, CDCB has developed/purchased 1,752 improved lots in a total of twelve (12) subdivisions, upon which 1,227 affordable homes (70% of all developed lots) have been constructed and sold to qualifying families. CDCB maintains a three-year inventory of raw land and/or options on to be developed lots to be used for affordable housing production.

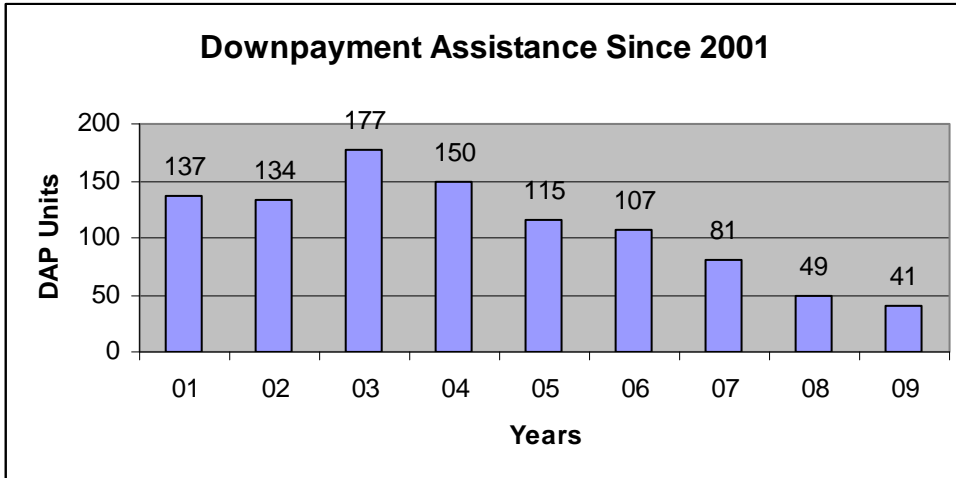
Rural and urban affordable housing subdivisions are developed by CDCB through raw land acquisition and infrastructure development, or CDCB acquiring improved lots from private sector developers through multiphase purchase agreements. Each subdivision features varied floor plans, each with multiple elevations that provide 3 bedroom, 2 bath, four sided brick homes, with a single car garage, as well as community parks and green space. Home prices are set by CDCB, with CDCB providing interim construction financing to select builders seeking to expand their production pipelines. At each subdivision, model homes are maintained to serve as “on site” sales facilities.



Area banks and the Rio Grande Valley Multibank provide CDCB with various lines of credit for infrastructure development, lot acquisition, and interim construction financing. Interim construction financing made available to CDCB is reloaned by CDCB to its subdivision homebuilder at CDCB’s pass through rate. Year-end 2009 acquisition, infrastructure development, and interim construction financing available totaled \$10.8 million, with \$2.1 million outstanding at year end. Work in Process totaled \$11.3 million.

DOWNPAYMENT ASSISTANCE PROGRAMS

Many low-income families are unable to purchase a new home because of their inability to save enough money for the downpayment and closing costs. To overcome this barrier, CDCB, in partnership with, the City of Brownsville and the State of Texas, have created one of the most successful downpayment assistance programs in the State of Texas. Since 2001, CDCB has utilized over \$9.3 million in Federal, State, and private downpayment assistance funds, in association with its new housing construction and loan origination programs. CDCB has assisted 991 families at an average of \$9,000 per family.



COLONIA REDEVELOPMENT

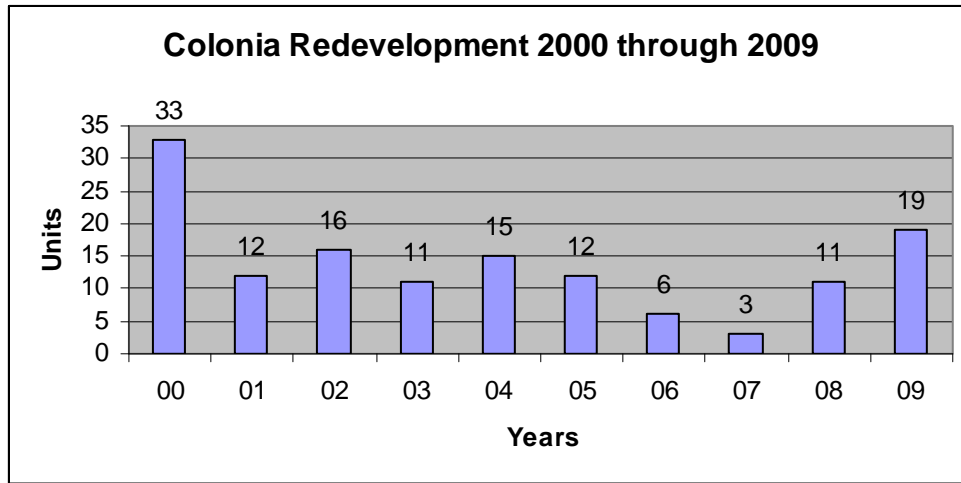
The colonias of South Texas are considered some of the poorest areas in the United States. The 2000 Census found that the Cameron Park colonia, the oldest and largest colonia in the United States, is also the poorest community (communities with a population of 1,000 people or more) in the United States. In Cameron and Willacy counties alone there are over 120 colonias identified by the Texas Water Development Board.

To meet the housing needs of colonia residents, CDCB, in 1996, implemented a Colonia Redevelopment Program. CDCB has adopted a three-part colonia redevelopment plan to upgrade colonia housing stock that includes rehabilitation, reconstruction, and new housing construction.

In 1996, CDCB was selected by the State of Texas to found and operate the Cameron/Willacy County Self Help Center to serve five (5) colonia areas - four (4) in Cameron County and one (1) in Willacy County. CDCB has developed several model loan and grant programs to meet the income and credit needs of the colonia population. In 2008-2009 CDCB started nineteen (19) homes in the rural and colonia areas of Cameron and Willacy Counties. Since 2000, CDCB has assisted 138 families living in the rural and colonia areas.



Currently CDCB is partnering with Cameron County, The State of Texas, Texas State Affordable Housing Corporation, Federal Home Loan Bank of Dallas, US Department of HUD and Department of Ag. These partnerships are allowing CDCB to deliver much needed safe sanitary affordable housing to the poorest of the poor in South Texas.



MUTUAL SELF HELP/BOOTSTRAP PROGRAM

The Mutual Self Help/Bootstrap Housing Program creates homeownership opportunities for families earning 60% or less of the States Median Family Income. Six (6) to ten (10) families work together over eleven (11) months, sharing labor and skills to successfully complete each home, with each family moving into their new home after all homes are complete.



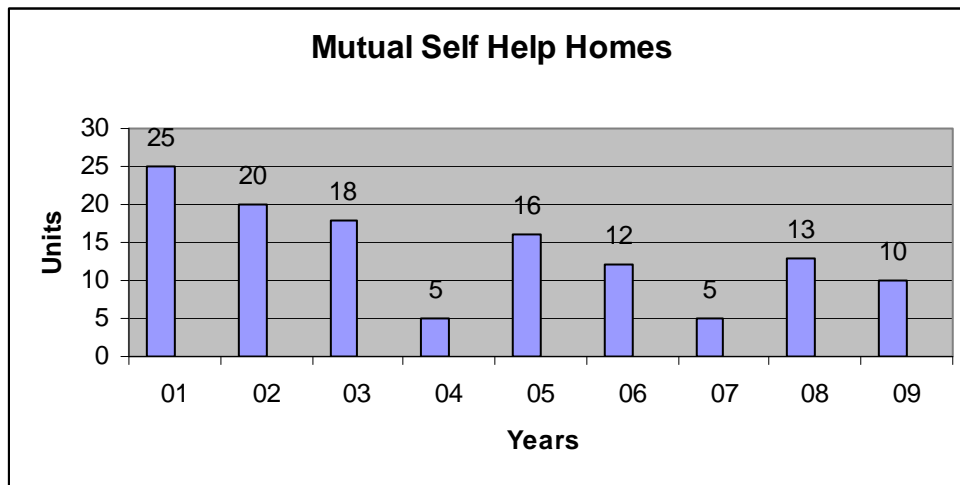
Participating families contribute their labor in building 65% of the new home for themselves and the other participating families (Sweat Equity). The “sweat equity” of each participating family reduces the loan amount for each home by as much as \$12,000.

In rural areas, USDA Rural Development 523 funding is provided to CDCB to fund on site construction supervision and program management. CDCB has been awarded three 523 Mutual Self Help Grants totaling \$809,000 and three HUD SHOP Loans totaling \$750,000 for Self Help housing.

In rural areas, CDCB utilizes USDA/RD 502 loans originated to Self Help families, using a sliding interest rate based on income based on family income. Rates range from 1% to market

rate and are adjusted annually based on income. In the City of Brownsville, CDCB utilizes State of Texas MRB Loan funds are used for permanent financing. Self help families are also able to access a 30-year, 0% interest, second lien mortgage of up to \$45,000 per home through the State of Texas Bootstrap Loan program. Coupled with a first lien mortgage to cover the remaining loan amount, families pay under \$550 PITI per month for their new home.

CDCB provides lots in each of its Affordable Housing Subdivisions for the Mutual Self Help/Bootstrap Program, as well as purchases lots for Self Help housing in area colonias. As of September, 2009, CDCB has started nineteen (19) self help groups, assisting 124 families averaging 14 homes per year.



CDCB'S EDUCATIONAL and SERVICE PROGRAMS

YOUTHBUILD

The YouthBuild program seeks to link job training, educational enhancement, and affordable housing production. Working with drop out youth, from low-income families, between the ages of 17 and 24. CDCB YouthBuild provides a range of support services, including child care, along with a training stipend. A major focus is to provide work opportunities in the participants' own neighborhood. CDCB's YouthBuild Program has been rated among the top three YouthBuild Programs in the nation and has been awarded nine HUD YouthBuild Grants since 1996-1997 totaling \$5.3 million.

*We are YouthBuild.
We proudly take on the challenge YouthBuild offers us to transform our lives through education, leadership development, construction training, and service to our community.*

We gladly receive the opportunity to develop our independence, work history, and personal integrity. We make this pledge to ourselves and to the community.

We are YouthBuild And We Do Make A Difference!



YouthBuild is a 9 - 12 month drug free, education and job training program offering:

- 18 hours/weekly On The Job Construction training with hands-on-experience on CDCB affordable housing sites
- 18 hours/weekly classroom work in adult basic education toward a GED or college preparedness and leadership development skills
- Training stipends and incentives based on performance
- Child care, transportation and support services provided
- Personal support/advocacy
- Job search or continuing education (at the end of the year's training)
- Higher Education Financial Assistance to Program Graduates

Since October, 1996 the YouthBuild program has completed the following:

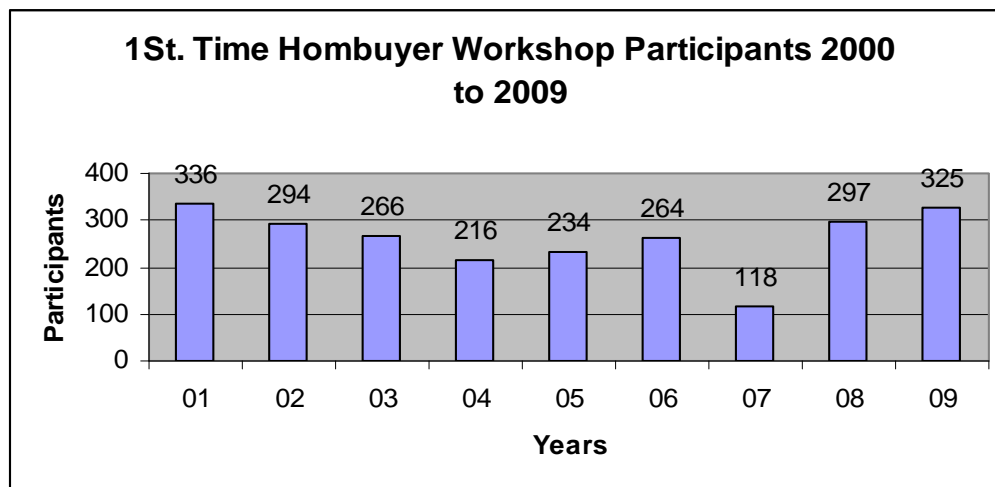
Category	Results
# of youth recruited	2,175
# of youth enrolled	418
# of youth completing program	182
# & % of youth receiving GED	103/57%
% of Lit/Numeracy gains	68%
# & % youth entered in const. Jobs	48/26%
# & % youth entered other jobs	122/67%
Job retention rate	88%
# & % youth in post-2nd job/educ	135/74%
Post-2nd retention completion rates & #	17%/23
# & % youth in Apprenticeships	N/A

HOUSING INFORMATION AND EDUCATION CENTER

For many people, owning a home is the American dream and it can become a reality, but not without realistic goals, good advice, practical planning and an understanding of the costs involved. To assist families in this effort, and to provide counseling to homeowners at large, CDCB started the Housing Information and Education Center. CDCB is a HUD certified housing counseling agency.

CDCB's HIEC assists individuals and families with counseling and advice to tenants and homeowners in improving their housing conditions and meeting the responsibilities of tenancy and homeownership through the effective use of a Comprehensive Housing Counseling Program.

CDCB conducts community outreach and marketing activities in English and Spanish to provide small group, targeted homeownership education, and pre and post purchase delinquency, default and loss mitigation counseling to individuals. The objective is to increase awareness of the home buying process; to provide knowledge of and access to specialized mortgage products; to provide individualized budget and credit counseling for a specific home purchase; and to assist families in avoiding foreclosure and loss.



CDC provides neighborhood based workshops/ activities and services that include the following:

First-Time Homebuyer Workshops in targeted areas. Participants in each workshop include CDCB staff, lenders, mortgage companies, builders, realtors, and credit agencies. Individual lender booths are set up to provide individuals the opportunity to discuss specific loan needs. CDCB provides information on special loan products available to low and moderate income persons. Within the **Homebuyer Workshop** format, CDCB housing counselors conduct an interactive workshop for one hour that allows for first time homebuyers to learn about renting vs. owning, to learn about the purchase transaction, to analyze individual budgets, and to determine personal housing affordability. Both visual overhead and workbooks are used to solicit participation and provide for “take-home” information. The workshops are conducted in a bilingual setting.

CDCB organizes an annual series of **Consumer Education Workshops**, with one workshop presented monthly. Workshops are advertised through general circulation newspapers, flyers,

and public television. Various professionals volunteer their time to present on topics of expertise. The series includes such topics as Reverse Mortgages; Estate Planning; Cleaning Up Your Credit; Wills; Bankruptcy; Alternative Mortgage Products; Home Equity Loans; and How Much Insurance Do You Need. ***In 2008-2009 CDCB had 325 families participate in Housing Education Classes.*** To answer the need for Loss Mitigation Counseling in the Rio Grande Valley, CDCB increased the amount of time spent on loss mitigation and foreclosure counseling. ***In 2008-2009 CDCB assisted 304 families and increase of 167% from the prior year.***

FIRST LIEN MORTGAGE ORIGINATION LENDING

In October, 1996, CDCB was approved as a Title II Direct Endorsement Lender by the Federal Housing Administration and in 1998 CDCB was the first non-profit in the State of Texas to originate first lien loans under the State's Mortgage Revenue Bond Program. CDCB is a FHA Direct Endorsement lender; a Fannie Mae Seller/Servicer, and a USDA approved lender. Since October, 2000, CDCB has originated over \$97 million in mortgage loans, averaging \$9.7 million per year.

In 2008-2009, CDCB originated \$4,558,039 in first lien loans on sixty-six (65) new homes.

CDCB maintains a \$1,000,000 warehouse line of credit with BBVA Compass Bank to close and fund all first lien origination loans.

In January 2000, CDCB became the second non-profit nationwide to originate loans under a wholesale lending relationship with Wells Fargo Home Mortgage Inc. for prime loans, and in February, 2007, was approved by Wells Fargo Home Mortgage for alternative lending.

MORTGAGE LOAN SERVICING

CDCB services two portfolio loan products, the Affordable Housing Loan Programs (AHLP) and the Rural and Colonia Loan Program (RCLP). The AHLP is a 4.5%, 18 year loan and the RCLP is a 3.5%, 20 year loan made to low income individuals seeking new or replacement housing in conjunction with the Rio Grande Valley Multibank (RGVMB) - a U.S. Treasury Certified Community Development Financial Institution (CDFI) through which nine (9) stockholder institutions provide up to 75% of the permanent mortgage financing for each AHLP loan and 50% of the permanent mortgage financing for each RCLP loan originated, with public funds providing the remaining 25% to 50%.

CDCB's serviced portfolio totals \$8,428,579 million in loans outstanding on 448 loans, with a 90+ delinquency rate of 4.9%.

CDCB services all loans on its computerized Loan Ledger system. Wells Fargo Bank provides lock box services for the reception of all payments.

MANAGEMENT TEAM

Executive Team Members

CDCB's Executive management team brings over 60 years experience in the administration and implementation of affordable housing.

Mr. Mitchell-Bennett - (1997 - 2006; 2008 - Present)-Executive Director. Mr. Mitchell-Bennett holds a M.S. degree in Economic Development from Eastern University and a B.A. degree in Political Science/International Studies from Tabor College, Hillsboro, Kansas. Prior to joining CDCB in 1997, he served as the Director of the Mennonite Partnership Building Initiative; a faith based housing program working in the colonia areas of Brownsville. In 1996, while at Eastern University, Nick worked in the South Philadelphia neighborhood of Point Breeze with the Point Breeze CDC helping to organize the CDC's first housing program. For a brief period in 2007 he worked as the Resource Development Director with United Way of Southern Cameron County. In 1996, in partnership with his father-in-law he started their own business focusing on historic homes in Brownsville's downtown and West Brownsville areas. He currently serves on the Board of the Texas Association of Community Development Corporations and the Housing Texas Planning Committee. In 2008 after nine and half years as CDCB's Housing Programs Manager and Colonia Initiatives Manager Nick was appointed as CDCB's newest Executive Director.

Edna Ocegüera - (1999 - Present) – Director of Administration and Operations. Ms. Ocegüera has 18 years banking experience with Mercantile Bank in various areas of the bank, including overseeing loan and credit operations for the bank. Ms. Ocegüera oversees CDCB administration, finance, and loan operations. She directly supervises seven employees, oversees servicing of the Corporation's 600 loan portfolio; manages interim and warehouse lines of credit including loan fundings; coordinates reporting functions with cognizant agencies.

Mark Moseley - (2009 - Present) Housing Programs Manager. Mr. Moseley is CDCB's newest Senior Staff member joining CDCB in March, 2009. Mark has many years working in the community development field. Prior to joining CDCB Mr. was the Executive Director of Tri-County HDC in Harrisburg, Pennsylvania. Mark also worked as the Senior Housing Developer for Rural Opportunities (Path Stone) and Housing Director with the Pelathe Indian Center in Lawrence Kansas.

Mr. Joel Garza - (1989-Present) - Construction Manager has more than 20 years of experience in construction, the last 16 with CDCB. He is a certified FHA Inspector and manages all of CDCB's construction and land development. During his tenure, he has managed the construction of over 1,230 new homes, and overseen the infrastructure construction on over ten new subdivisions. He manages a staff of five (5) Self Help Construction Trainers, two (2)

YouthBuild Construction Trainers, and oversees the work of eight private sector contractors building CDCB affordable housing.

Mrs. Linda Garcia – (2002 - Present) Lending Programs Manager/ FHA Direct Endorsement Underwriter – Mrs. Garcia holds a B.B.A. degree in Finance from the University of Texas at Austin, and previously worked for Washington Mutual as a DE Underwriter. Ms. Garcia is responsible for underwriting all loans and issuing loan commitments for all CDCB loan products, and coordinating all of CDCB’s mortgage lending operations from loan application through closing.

Greg Flores (1994 - Present) YouthBuild Director . Mr. Flores is a graduate of the University of St. Thomas in Houston, Texas where he earned a B.A. in Philosophy. He also holds a Masters of Divinity from the Oblate School of Theology in San Antonio, Texas. He has four years experience as a Certified bilingual teacher with the Brownsville Independent School District. Since 1994, he has served as CDCB’s YouthBuild Program Director. Mr. Flores has previously served as the President of YouthBuild USA’s National Affiliated Network.

BOARD

A 13-member community board oversees CDCB. CDCB is certified as a Community Housing Development Organization (CHDO), and is required that at least one third of Board membership be comprised of low income residents; residents of low-income areas; or representatives of low-income neighborhood organizations. CDCB’s Board meets monthly on the third Monday of each month to transact Corporation business. All meetings are posted and open to the public, and accessible access is provided.

Board members are elected to three-year terms, with a two-term limit. Nominations to the Board are made by existing and past Board members, as well as referral.

CDCB’s Board is positioned to provide input and strategic direction to the Corporations initiatives, insight into service needs of the community at large, as well as oversight of the Corporation’s operations. Board members serve on the Corporation’s Audit Committee, and receive the Annual Corporation audit.

Board Members

NAME	PROFESSION / TITLE	AFFILIATION
Jaime Diez	Attorney	Jones & Crane
Henry Nicolas Jr.	Partner Attorney	Rodriguez & Nicolas
Minnie Lucio	Community Coordinator	Cameron Works Workforce
Michael Pierce	Business Owner	Country Casuals
Larry Hollman	Accountant	Burton McCumber & Cortez
Kathy Stapelton	Educator	St. Mary’s School
Sylvia Holzman	Business Owner	Los 4 Reyes
Pat Pace	Owner	Royal Metal Building Components

Fr. Jerry Barrett	Priest	Our Lady Star of the Sea
Leonel Rosales	Retired	Head of Planning – BISD
Maria G. Sanchez	Promitora de Salud	Proyecto Juan Diego
Sofia Ventura	Promitora de Salud	Proyecto Juan Diego
Carla Saenz Martinez	Attorney	Carla M Saenz & Associates P.L.L.C.

FINANCIAL INFORMATION

CDCB has increased net assets from \$24,397,774 in 2000 to over \$29,633,958 in 2008.

CDCB's historic financial ratios over the last three years:

Financial Health	2005-2006	2006-2007	2007-2008	3 Year Average
Net Asset Ratio	59%	65%	67%	64%
Total Unrestricted Assets	\$15,332,657	\$16,343,746	\$16,323,389	\$15,999,930
Self Sufficiency	50%	55%	48%	51%
Operating Liquidity Ratio	4.35	6.02	5.35	5.24
Current Ratio	112%	279%	304%	232%

CDCB's Cash and Cash equivalents have increased from \$2.98 million at year-end 2000 to \$6.56 million at year-end 2008, with total liabilities decreasing from \$12.6 million to \$9.76 million during the same period. Investment in homes and projects has increased over the same period from \$4.82 million to \$11.78 million. Accounts payable increased from \$228,986 to \$474,136 over the same period.

CDCB's net cash flow used by operating activities was \$690,730 in 2008 and \$1,017,140 in 2007; net cash used by investing activities was just 1.2 million in 2008 and \$2 million in 2007.

New grants secured in 2008 totaled \$2.4 million, with grants being received from Federal (HUD RHED; Housing Counseling); State of Texas; Wall Mart, Bank of America, and JP Morgan Chase.