TX Bammel Housing, LP
(A Texas Limited Partnership)

Financial Statements
(With Supplementary Information)
and Independent Auditor’s Report

December 31, 2013 and 2012

TX Bammel Housing, LP
(A Texas Limited Partnership)

Index

Independent Auditor's Report

To the Partners
TX Bammel Housing, LP
(A Texas Limited Partnership)

We have audited the accompanying financial statements of TX Bammel Housing, LP (a Texas Limited Partnership), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations, partners' equity (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TX Bammel Housing, LP (a Texas Limited Partnership) as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 25 through 27 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CohnReznick LLP

Baltimore, Maryland
February 28, 2014

TX Bammel Housing, LP
(A Texas Limited Partnership)

Balance Sheets

December 31, 2013 and 2012

Assets

	2013	2012
Investment in rental property, net	$ 11,388,888	$ 11,877,777
Cash and cash equivalents	119,626	132,218
Restricted cash		
Escrows	50,664	61,672
Replacement reserve	158,820	116,758
Bond reserves	357,356	276,229
Total restricted cash	566,840	454,659
Tenants' accounts receivable, net	24,148	22,382
Prepaid expenses	38,480	25,484
Deferred loan costs, net	836,132	882,186
Tax credit monitoring fees, net	14,747	16,713
Prepaid ground lease	253,994	259,594
Other assets	3,691	4,362
Total assets	$ 13,246,546	$ 13,675,375

Liabilities and Partners' Equity (Deficit)

	2013	2012
Liabilities		
Accounts payable - operations	$ 3,961	$ 721
Accrued property management fees	6,344	6,166
Other accrued liabilities	127,659	57,953
Accrued interest - mortgages	281,580	251,149
Tenants' security deposits liability	23,130	13,950
Note payable to Class B limited partner	3,445,650	3,450,906
Asset management fee payable	-	34
Developer's fees payable, including interest	1,026,035	1,244,735
Incentive management fee payable	5,158	7,011
Mortgages payable	8,811,420	8,911,420
Partnership management fee payable	-	31
Total liabilities	13,730,937	13,944,076
Contingencies	-	-
Partners' equity (deficit)	(484,391)	(268,701)
Total liabilities and partners' equity (deficit)	$ 13,246,546	$ 13,675,375

See notes to financial statements

TX Bammel Housing, LP
(A Texas Limited Partnership)

Statements of Operations

Years ended December 31, 2013 and 2012

	2013	2012
Revenue		
Rental income	$ 1,691,083	$ 1,661,280
Vacancies and concessions	(166,445)	(109,988)
Other operating income	11,441	11,474
Total revenue	1,536,079	1,562,766
Operating expenses		
Salaries and employee benefits	221,729	209,750
Repairs and maintenance	242,939	149,125
Utilities	118,507	106,917
Property management fee	58,686	60,575
Property insurance	92,612	77,820
Miscellaneous operating expenses	165,920	164,264
Total operating expenses	900,393	768,451
Net operating income (loss)	635,686	794,315
Other income (expense)		
Interest income	140	114
Interest expense - mortgages	(39,862)	(46,614)
Other financial income (expense)	(128,273)	(140,604)
Deferred management fee	(14,671)	(15,144)
Miscellaneous other income (expense)	(26)	(1,069)
Annual fee to investor limited partner	(11,678)	(11,426)
Other related party fees and expenses	(114,256)	(140,447)
Depreciation	(488,889)	(464,941)
Amortization	(48,020)	(48,055)
Total other income (expense)	(845,535)	(868,186)
Net loss	$ (209,849)	$ (73,871)

See notes to financial statements

TX Bammel Housing, LP
(A Texas Limited Partnership)

Statements of Partners' Equity (Deficit)

Years ended December 31, 2013 and 2012

	Managing general partner - HCHA Bammel, LLC	Investor limited partner - AMTAX Holdings 607, LLC	Class B limited partner - CAH-IDA Bammel Housing Class B, LLC	Total Partners' Equity (Deficit)
Balance, January 1, 2012	$ (489)	$ (185,624)	$ (489)	$ (186,602)
Net loss	(8)	(73,856)	(7)	(73,871)
Distributions	-	(8,228)	-	(8,228)
Balance, December 31, 2012	(497)	(267,708)	(496)	(268,701)
Net loss	(21)	(209,807)	(21)	(209,849)
Distributions	-	(5,841)	-	(5,841)
Balance, December 31, 2013	$ (518)	$ (483,356)	$ (517)	$ (484,391)
Partners' percentage of partnership losses	0.01%	99.98%	0.01%	100.00%

See notes to financial statements

TX Bammel Housing, LP
(A Texas Limited Partnership)

Statements of Cash Flows

Years ended December 31, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Net loss	$ (209,849)	$ (73,871)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation	488,889	464,941
Amortization	48,020	48,055
Bad debt expense	37,526	37,428
Fair value adjustment of interest rate cap	26	1,069
Changes in:		
Tenants' accounts receivable	(39,292)	(27,605)
Prepaid expenses	(12,996)	(901)
Other assets	645	25,587
Accounts payable - operations	3,240	(24,450)
Accrued property management fees	178	349
Other accrued liabilities	69,706	(3,305)
Accrued interest - mortgages	30,431	31,232
Tenants' security deposits liability, net	9,180	7,950
Asset management fee payable	(34)	34
Prepaid ground lease	5,600	5,600
Accrued developer fee interest	306	(2,757)
Partnership management fee	(31)	31
Incentive management fee	(1,853)	776
Net cash provided by operating activities	429,692	490,163
Cash flows from investing activities		
Change in reserve for replacements	(42,062)	(42,044)
Change in bond reserves	(81,127)	(68,544)
Change in escrows	11,008	46,765
Net cash used in investing activities	(112,181)	(63,823)
Cash flows from financing activities		
Principal payments on mortgage note payable	(100,000)	(100,000)
Distributions to partners	(5,841)	(8,228)
Payments on Class B limited partner loan	(5,256)	(7,406)
Developer fee paid	(219,006)	(307,659)
Net cash used in financing activities	(330,103)	(423,293)
Net (decrease) increase in cash and cash equivalents	(12,592)	3,047
Cash and cash equivalents, beginning	132,218	129,171
Cash and cash equivalents, end	$ 119,626	$ 132,218
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 67,175	$ 80,658

See notes to financial statements

Note 1 - Organization and Nature of Operations

TX Bammel Housing, LP (A Texas Limited Partnership) (the Partnership), was recognized by the State of Texas as a limited partnership as of October 26, 2004 (inception). The Partnership‘s purpose is to invest in real estate and the construction, operation, and sale/or leasing of the Partnership property. The Partnership property consists of a 210-unit low-income apartment complex in Houston, Texas. The project is known as Primrose at Heritage Park. Construction of the project was complete and rental operations commenced in June 2006. The affairs of the Partnership are governed by the First Amended and Restated Agreement of Limited Partnership (the Partnership Agreement), as amended on April 30, 2008. The term of the Partnership shall continue until December 31, 2064, unless sooner dissolved in accordance with the provision of the Partnership Agreement.

The terms of the Partnership Agreement provide, among other things, that profits, losses and tax credits be shared 99.99% by the limited partners and 0.01% by the general partner. Upon sale or refinancing, the Partnership Agreement requires special computations to determine profit allocation and cash distributions.

Note 2 - Significant Accounting Policies

Cash and Cash Equivalents

The statement of cash flows considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. These amounts are available for current operations and development and exclude amounts for restricted reserves. As of December 31, 2013 and 2012, the Partnership did not have any cash equivalents.

Tenant Receivables

Tenant receivables are reported net of an allowance for doubtful accounts. Management’s estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management’s estimate of the allowance will change. The allowance for doubtful accounts totaled $4,201 and $1,906 at December 31, 2013 and 2012, respectively.

Impairment of Long-Lived Assets

In accordance with accounting guidance, the Partnership applies accounting for impairment or disposal of long-lived assets. The Partnership reviews its rental property for impairment whenever events or changes in the circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of an asset, an impairment loss is recognized for the difference. No impairment loss has been recognized to date.

Rental Property

Investment in rental property is recorded at cost. Expenditures for maintenance and repairs are charged to expenses as incurred while major renewals and betterments are capitalized. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statements of operations.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Building	40 years
Land improvements	20 years
Furniture, fixtures and equipment	10 years

Investment in rental property, net is comprised of the following as of December 31, 2013 and 2012:

	2013	2012
Land improvements	3,567,938	3,567,938
Buildings and improvements	11,802,357	11,802,357
Furniture	1,082,424	1,082,424
Subtotal	16,452,719	16,452,719
Accumulated depreciation	(5,063,831)	(4,574,942)
Net	$ 11,388,888	$ 11,877,777

Intangible Assets and Amortization

Loan costs are amortized over the term of the respective mortgages under the effective yield method. Amortization expense relating to loan costs for the years ended December 31, 2013 and 2012 was $46,054 and $46,088, respectively. Accumulated amortization relating to loan costs as of December 31, 2013 and 2012 was $380,065 and $334,011, respectively. Annual amortization expense relating to loan fees for each of the next five years following December 31, 2013 is estimated to be:

2014	$	45,955
2015		45,786
2016		45,544
2017		45,222
2018		44,814

Tax credit monitoring fees paid to housing agencies in advance are amortized over the 15-year compliance period under the straight-line method. Amortization expense relating to tax credit monitoring fees for the years ended December 31, 2013 and 2012 was $1,966 and $1,967, respectively. Accumulated amortization relating to tax credit monitoring fees as of December 31, 2013 and 2012 was $14,747 and $12,781, respectively. Annual amortization expense relating to tax credit monitoring fees for each of the next five years following December 31, 2013 is estimated to be $1,966.

Rental Revenue

Rental income will be recognized as rentals become due. Rental payments received in advance will be deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Income Taxes

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its owners on their respective income tax returns. The Partnership‘s Federal tax status as a pass-through entity is based on its legal status as a partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2010 remain open.

Derivative Instruments

In accordance with accounting guidance, the Partnership applies accounting for derivative instruments and hedging activities. The Partnership uses derivatives to manage risks related to interest rate movements. Derivatives not meeting the criteria for hedge accounting are recorded at fair value on the balance sheets with any change in fair value reflected in the statement of operations in the period of the change.

Fair Value Measurements

The accounting guidance for fair value measurements and disclosures emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the guidance establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified with Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about the market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The interest rate cap recorded at fair value is categorized at Level 2.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 3 - Restricted Deposits and Funded Reserves

The bond reserves, consisting of debt service and interest reserves, are being maintained by Wells Fargo Bank Texas, N.A. (the Trustee) in accordance with the bond trust indenture and related mortgage agreements. Releases from the reserve accounts during the years ended December 31, 2013 and 2012, were as permitted by the mortgage agreements.

The bond reserve funds are invested in U.S. Treasury Bills. All investment earnings are retained with the funds.

Note 4 - Escrow Deposits and Restricted Balances

In accordance with the provision of the mortgage loan agreement, restricted funds are held by the mortgagee to be used for the mortgage escrow deposits and replacement reserve as follows:

Mortgage Escrow Deposits

	2013	2012
Balance, January 1	$ 61,672	$ 108,437
Deposits	104,557	91,130
Payments	(115,565)	(137,895)
Balance, December 31	$ 50,664	$ 61,672

Replacement Reserves

	2013	2012
Balance, January 1	$ 116,758	$ 74,714
Deposits	42,000	42,000
Interest earnings	62	44
Balance, December 31	$ 158,820	$ 116,758

Note 5 - Transactions with Affiliates and Related Parties

Development Fee

The developer earned a development fee totaling $2,151,639 for services rendered to the Partnership for overseeing the construction of the project. The development fee has been capitalized into the basis of the building. As of December 31, 2013 and 2012, the entire fee had been earned, and $1,021,903 and $1,240,909, respectively, remain payable.

Harris County Housing Authority (HCHA), the 100% owner of the general partner, will receive the first $600,000 of the developer fee, with CAH-IDA Receivables, LLC, an affiliate of the class B limited partner, receiving the remainder of the developer fee. During the years ended December 31, 2013 and 2012, $- and $31,273, respectively, have been paid to the HCHA on the developer fee. Cumulative payments to HCHA on the developer fee total $600,000 and $600,000 at December

31, 2013 and 2012, respectively. In addition, during the years ended December 31, 2013 and 2012, $- and $1,435, respectively, have been paid to the HCHA on accrued developer fee interest.

The development fee shall be paid as and when the same is available from designated proceeds and the balance (the deferred development fee) shall be paid from the proceeds of certain capital contributions and from distributions of cash flow or the proceeds of capital transaction. The deferred development fee will accrue interest at the rate of 5% per annum, compounded annually. During the years ended December 31, 2013 and 2012, interest of $58,050 and $62,519, respectively, was incurred and as of December 31, 2013 and 2012, $4,132 and $3,826, respectively, remain payable.

The Partnership shall be obligated to pay any outstanding balance of the deferred development fee on the earlier to occur, the thirteenth (13^{th}) anniversary of the completion date, June 30, 2006, or the date of liquidation of the Partnership.

Management Fee

The Partnership has executed a management agreement with American Management Services, LLC, an affiliate of the Class B LP. The management agreement provides, among other things, for a management fee of 5% of gross income, as defined in the management agreement. However, 20% of the management fee is payable out of available cash flow as a deferred management fee. For the years ended December 31, 2013 and 2012, $73,357 and $75,719, respectively (including deferred fees of $14,671 and $15,144, respectively), have been earned. As of December 31, 2013 and 2012, $6,344 and $6,166, respectively, (including deferred fees payable of $1,269 and $1,233, respectively), remain payable.

The mortgage loan documents require that any portion of the management fee that is in excess of 4% of gross income to be subordinated to debt service and other operating expenses.

Pursuant to the management agreement, employees performing services directly for the Project are employees of the management company and all payroll and related costs are to be reimbursed to the management company by the Partnership. For the years ended December 31, 2013 and 2012, payroll and related costs of $221,729 and $209,750, respectively were incurred.

Incentive Management Fees

The Partnership has agreed to pay an annual noncumulative incentive management fee equal to 7% of the gross revenues of the project annually, earned and payable only to the extent of cash flows, as defined in the Partnership Agreement. The incentive management fee will be paid in the following proportion: 80% to HCHFC and 20% to CAH-IDA Bammel Housing Class B, LLC. However, 100% of the fees shall be paid to HCHFC until the deferred developer fee is fully paid. During the years ended December 31, 2013 and 2012, $45,458 and $67,422, respectively, were earned. As of December 31, 2013 and 2012, $5,158 and $7,011, respectively, remain payable.

Partnership Management Fee

The Partnership has agreed to pay the general partner, HCHA Bammel, LLC, an annual cumulative fee. The fee will be $- until the development obligation date, which occurred on August 15, 2009, and thereafter shall be $10,000, increased annually by the Consumer Price Index. During the years ended December 31, 2013 and 2012, $10,748 and $10,506, respectively, were incurred. As of December 31, 2013 and 2012, $- and $31, respectively, remain payable.

Asset Management Fee

For its services in monitoring the operations of the Partnership, the investor limited partner will receive a cumulative annual fee in the initial amount of $10,000. The fee will be increased each year by the increase in the national Consumer Price Index and is payable only out of cash flow, as defined; provided, however, that if there is insufficient cash flow in any year, the Class B limited partner shall make an operating expense loan to the Partnership to pay the fee currently. Should the Class B limited partner fail to make an operating expense loan to pay such fee, any amounts not paid currently due to insufficient cash flow shall be payable from subsequent years’ cash flow and capital proceeds. For the years ended December 31, 2013 and 2012, $11,678 and $11,426, respectively, have been incurred and as of December 31, 2013 and 2012, $- and $34, respectively, remain payable.

Partnership Guaranties

The Partnership Agreement provides for various guarantees made by the Guarantor (Cascade Holdings, LLC and its principal members) and the investor limited partner as follows:

Development Guaranty

The Guarantor has agreed to pay any development deficit (as defined in the agreement) to the extent necessary during the construction of the project. As of December 31, 2013 and 2012, no amounts have been funded.

Operating Guaranty

The Guarantor agrees to fund any operating expenses (as defined in the Partnership Agreement) commencing on the completion date, June 30, 2006, and ending on the sixth (6^{th}) anniversary of the development obligation date (as defined in the Partnership Agreement), August 15, 2015. Amounts funded between the completion date and the development obligation date shall be unlimited, and recorded as special capital contributions. The development obligation date occurred on August 15, 2009, the date the mortgage converted to the permanent phase. Amounts funded after the development obligation date shall be recorded as operating expense loans, and limited to $650,000. Operating expense loans are noninterest bearing and payable out of cash flow as defined in the Partnership Agreement. As of December 31, 2013 and 2012, no amounts have been funded.

Any voluntary loan made by the general partner after the obligation period shall be an operating expense loan and bear interest at 9%. Any such operating loans shall be repayable only out of cash flow, as defined in the Partnership Agreement. As of December 31, 2013 and 2012, the Partnership has received no voluntary loans.

The Guarantor agrees that if any time during the compliance period the Partnership is required to pay real estate taxes in excess of those contemplated by CHDO Tax Exemption (Excess Real Estate Taxes) and has an operating deficit, then the general partner shall furnish to the Partnership the funds required to pay such operating deficit, not to exceed the amount of the Excess Real Estate Taxes. Amounts so furnished by the general partner shall be deemed special capital contributions. As of December 31, 2013 and 2012, no amounts have been funded.

Note Payable to Class B Limited Partner

The Class B Limited Partner made a loan to the Partnership in the amount of $3,458,596 to pay down the outstanding bonds. The loan is unsecured, is evidenced by a promissory note, does not bear interest and is repayable out of cash flow as an operating expense loan in the order of priority provided for in the Partnership Agreement. For the years ended December 31, 2013 and 2012, $5,256 and $7,406 respectively, have been paid on the balance of the note. As of December 31, 2013 and 2012, $3,445,650 and $3,450,906, respectively, remain payable and are included in note payable to Class B limited partner.

Replacement Reserve Guaranty

The Guarantor has agreed to establish a reserve account for capital replacement. Deposits of $3,500 per month for years one through five of the compliance period, $4,375 per month for years six through ten and $5,250 per year for years 11 through 15, will be funded out of net rental income, commencing on final closing (as defined in the Partnership Agreement), into a replacement reserve account. As of December 31, 2013 and 2012, the balance of the replacement reserve account was $158,820 and $116,758, respectively.

Note 6 - Mortgage Payable

First Mortgage Payable

The Harris County Housing Finance Corporation (HCHFC) has financed the acquisition, construction, and equipping of the project from the issuance of Variable Rate Demand Multifamily Housing Revenue Bonds Series 2005 (the Bonds), in the amount of $12,600,000, pursuant to a trust indenture dated January 1, 2005, between HCHFC and the Trustee. The Bonds are secured by a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Texas).

The bonds mature on February 15, 2038, and bears interest payable at a variable interest rate (0.08% and 0.15% at December 31, 2013 and 2012, respectively) not to exceed 10% per annum. All principal and interest are due at maturity. Prior to conversion of the loan from the construction phase to the permanent phase (Conversion), monthly payments of interest only are due. Bond fees and credit facility fees, as defined in the mortgage note, accrue monthly as well. Conversion occurred on August 15, 2009, at which time the Partnership was required to make a principal payment on the loan of $4,120,000. Upon Conversion, the Partnership is required to make monthly deposits into a principal reserve fund based on a principal reserve schedule determined at loan conversion. When the balance in the principal reserve fund reaches $100,000, the trustee will apply these funds to pay down the bonds. Disbursements from the principal reserve fund will only occur when the bonds are redeemed, as determined by the servicer. During the years ended December 31, 2013 and 2012, $120,248 and $112,878, respectively, have been paid into the principal reserve fund. During each of the years ended December 31, 2013 and 2012, $100,000 and $100,000, respectively, was disbursed from the principal reserve fund. As of December 31, 2013 and 2012, the outstanding principal balance was $8,080,000 and $8,180,000, respectively. Interest of $8,631 and $15,382, respectively, was incurred, of which $494 and $1,294, respectively, remain payable at December 31, 2013 and 2012.

Aggregate annual payments to the principal reserve fund over each of the next five years following December 31, 2013, are as follows:

2014	$	128,122
2015		136,513
2016		145,452
2017		154,283
2018		165,126

The Partnership has an interest rate cap agreement with The Bank of New York Mellon (the Bank) which has a notional balance of $8,480,000 and matures on August 15, 2014. The Partnership paid an interest rate cap fee of $140,000 during 2009 under the terms of the agreement, which effectively limits the Partnership's interest rate exposure on the mortgage payable to a fixed rate of 6% per annum. The Partnership is exposed to credit losses in the event of nonperformance by the Bank related to the agreement. However, the Partnership does not anticipate nonperformance by the Bank. Amounts receivable or payable under the agreement are accounted for as adjustments to interest expense on the related debt. At December 31, 2013 and 2012, the fair value of the interest rate cap was $- and $26, respectively. During 2013 and 2012, a derivative loss in fair value of $26 and $1,069, respectively, has been incurred and is reflected in miscellaneous other income (expense) on the statement of operations.

Second Mortgage

The Partnership received a construction/permanent loan from HCHA in the amount of $731,420 funded with proceeds obtained through the Federal Home Loan Bank Affordable Housing Program (AHP) and is secured by a Deed of Trust. This second mortgage bears interest at the Applicable Federal Rate as of January 1, 2005 (4.27%). Provided there is no event of default as defined in the promissory note, the loan and accrued interest will be payable in full by February 28, 2038. During 2013 and 2012, interest totaling $31,231 and $31,232, respectively, was incurred and expensed. As of December 31, 2013 and 2012, interest totaling $281,086 and $249,855, respectively, remains payable. The loan is subordinate in right of payment to the prior payment in full of the first mortgage.

Note 7 - Fair Value Measurements

The Partnership has an interest rate cap that is measured at fair value on a recurring basis in the financial statements. The Partnership uses a three level hierarchy for determining fair value and a financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The fair value of this financial asset was determined using the following inputs:

Fair Value Measurements at December 31, Using:					
		Total	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Interest Rate Cap[(1)]	2013	$ -		$ -	
	2012	$ 26		$ 26	

[(1)]Included in other assets on the balance sheets.

On a recurring basis, the Partnership measures its interest rate cap at its estimated fair value. In determining the fair value of our interest rate cap derivative, we use the present value of expected cash flows based on market observable interest rate yield curve commensurate with the term of the instrument. The Partnership incorporates credit valuation adjustments to appropriately reflect both our own nonperformance risk and that of the respective counterparty in the fair value measurement. The credit valuation adjustments utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by either the respective counterparty or us. However, we determined that as of December 31, 2013 and 2012, the impact of the credit valuation adjustments were not significant to the overall valuation of the cap. As a result, the fair value of the cap is considered to be based primarily on Level 2 inputs. See notes 2 and 6 for additional information regarding the cap.

Note 8 - Cash Flow Distributions

Cash flow for each fiscal year after June 2007 shall be distributed or applied, as applicable, within ninety (90) days after the end of each fiscal year, in the following order of priority:

(i) Applied to the payment of any real estate taxes due and payable by the Partnership (which have not already been paid);

(ii) Applied to the payment of any tax credit adjustment amount owed to the investor limited partner;

(iii) Applied to the payment of the asset management fee;

(iv) Applied to the payment of any unpaid portion of the deferred management fee;

(v) Applied to the payment of any unpaid portion of the deferred development fee (first to pay any accrued but unpaid interest, if any, and then to pay the fee itself) until the total amount paid of deferred development fee that has been paid under the development agreement equals $600,000;

(vi) Eighty percent (80%) of any balance shall be applied to the payment of any unpaid portion of the deferred development fee (first to pay any accrued but unpaid interest, if any, and then to pay the fee itself);

(vii) Applied to the payment of the partnership management fee;

(viii) Ten percent (10%) of any balance shall be distributed as a priority distribution to the investor limited partner;

(ix) Ninety percent (90%) of any balance shall be applied to the payment of the incentive management fee until such fee is paid in full for such fiscal year (not to exceed 7% of gross revenues);

(x) Applied to the repayment of any operating expense loans then outstanding; and

(xi) Distributed 79.99% to the general partner, 20.00% to the Class B limited partner, and 0.01% to the investor limited partner.

During the years ended December 31, 2013 and 2012, distributions totaling $5,841 and $8,228 were paid to the investor limited partner pursuant to Number viii.

Note 9 - Capital Contributions

The Partnership has one general partner, HCHA Bammel, LLC (owned by Harris County Housing Authority), which has a 0.01% interest, an investor limited partner, AMTAX Holdings 607, LLC, which has a 99.98% interest, and a Class B limited partner, CAH-IDA Bammel Housing Class B, LLC which has a 0.01% interest.

Total investor limited partner capital contributions in accordance with the Partnership Agreement, as amended, are $5,131,701, of which $4,707,535 has been received. The Partnership expects the remaining equity will not be received due to credit adjusters.

Note 10 - Concentration of Credit Risk

The Partnership maintains its operating cash accounts with major financial institutions and its restricted cash with the Trustee and mortgagee. At times, these bank balances may exceed the Federal Deposit Insurance Corporation limit; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. In accordance with the loan documents, the Project had restricted cash on deposit with the trustee and mortgagee at December 31, 2013. Investment options are limited to those provided by the Trustee and mortgagee. Management believes that no significant concentration of credit risk exists with respect to these balances as of December 31, 2013.

Note 11 - Commitments

On January 1, 2005, the Partnership entered into a 65-year ground lease with HCHA. The rent for the first year of the lease term is $300,000. Each year thereafter, rent shall be $65,000 per year with $64,000 automatically waived annually as long as the project is leased to tenants, in accordance with all applicable low income housing requirements. Generally accepted accounting principles require the minimum lease payments required under the lease to be recognized on the straight-line basis over the term of the lease. The minimum lease payments over the 65-year term are $364,000. The Partnership is responsible for the development, construction and operation of the property during the term of the lease. For the years ended December 31, 2013 and 2012, prepaid ground lease is $253,994 and $259,594, respectively, and rental expense for this lease is $6,600 and $7,600, respectively. Upon expiration of the lease, the premises, improvement, and equipment revert to the landlord.

Note 12 - Contingencies

Each building of the project has qualified and been allocated low-income housing credits pursuant to Internal Revenue Service Code Section 42 (Section 42) which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Each building of the project must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits. Failure to comply with occupant eligibility and/or unit gross rent or to correct noncompliance within a specified time period could result in recapture of previously taken low-income housing tax credits plus interest. In addition, the Partnership has executed a Declaration of Land Use Restrictive Covenant with the Texas Department of Housing and Community Affairs, which requires the utilization of the project pursuant to Section 42 for a minimum of 30 years, even after the disposition of the project by the Partnership.

Note 13 - Real Estate Tax Exemption

As lessor of the land, HCHA, a public housing authority and 100% owner of the general partner, is entitled to receive real property tax exemptions from all state and local taxing authorities, as provided by in the Texas Property Tax Code (the Code). On behalf of the Partnership, HCHA and the general partner have executed documentation necessary to obtain a real estate tax exemption under the Code. As of December 31, 2013 and 2012, the Partnership has received a 100% real estate tax exemption.

Note 14 - Low-Income Housing Tax Credits (Unaudited)

The Partnership received a tax credits allocation from the Texas Department of Housing and Community Affairs of $5,732,800 allocated over a ten-year period. Through December 31, 2013, tax credits totaling $3,829,830 have been utilized by the Partnership. As of December 31, 2013, expected available future tax credits total $1,902,970:

Year	Actual Tax Credits Claimed	Expected Tax Credits Remaining
2007	$ 390,150	$ -
2008	573,280	-
2009	573,280	-
2010	573,280	-
2011	573,280	-
2012	573,280	-
2013	573,280	-
2014	-	573,280
2015	-	573,280
2016	-	573,280
2017	-	183,130
Total	$ 3,829,830	$ 1,902,970

Note 15 - Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through February 28, 2014 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

TX Bammel Housing, LP
(A Texas Limited Partnership)

Schedules of Certain Income and Expenses

Years ended December 31, 2013 and 2012

	2013	2012
Rental income		
Rent revenue - gross potential	$ 1,691,083	$ 1,661,280
Total rental income	$ 1,691,083	$ 1,661,280
Vacancies and concessions		
Apartments vacancies	$ 161,590	$ 105,946
Rental concessions	4,855	4,042
Total vacancies and concessions	$ 166,445	$ 109,988
Other operating income		
Laundry and vending	$ 465	$ 1,201
Security deposit forfeitures	625	856
Damages income	911	(95)
Late fees	6,323	6,021
Application fees	957	875
Miscellaneous other income	2,160	2,616
Total other operating income	$ 11,441	$ 11,474
Salaries and employee benefits		
Salaries - administrative	$ 81,564	$ 79,371
Salaries - leasing	15,376	11,082
Salaries - maintenance	77,991	78,678
Payroll taxes	16,663	15,603
Health insurance and other benefits	21,272	14,130
Workmen's compensation insurance	8,863	10,886
Total salaries and employee benefits	$ 221,729	$ 209,750

TX Bammel Housing, LP
(A Texas Limited Partnership)

Schedules of Certain Income and Expenses - Continued

Years ended December 31, 2013 and 2012

	2013	2012
Repairs and maintenance		
Exterminating	$ 4,527	$ 1,307
Grounds	34,150	35,504
Fire protection	4,816	1,121
Security services/contract	22,440	19,370
Supplies	10,487	10,512
HVAC expense	5,884	5,319
Painting, decorating and cleaning	6,027	1,826
Pool	1,426	1,295
Repairs and maintenance - other than contracts	120,877	45,685
Elevator	9,627	11,992
Carpeting	22,678	14,144
Miscellaneous maintenance expenses	-	1,050
Total repairs and maintenance	$ 242,939	$ 149,125
Utilities		
Electricity	$ 39,193	$ 37,685
Water	61,043	58,429
Trash removal	18,271	10,803
Total utilities	$ 118,507	$ 106,917
Miscellaneous operating expenses		
Office supplies and expense	$ 1,360	$ 534
Training and travel	3,132	5,552
Telephone and answering service	14,536	11,458
Computer supplies and expense	3,791	3,499
Bad debt expense	37,526	37,428
Ground lease expense	6,600	7,600
Miscellaneous administrative	61,442	62,506
Advertising and newspaper	18,687	18,818
Accounting	9,550	7,250
Other professional fees	464	143
Other taxes, licenses and insurance	8,832	9,476
Total miscellaneous operating expenses	$ 165,920	$ 164,264

TX Bammel Housing, LP
(A Texas Limited Partnership)

Schedules of Certain Income and Expenses - Continued

Years ended December 31, 2013 and 2012

	2013	2012
Interest expense - mortgages		
Interest expense - first mortgage	$ 8,631	$ 15,382
Interest expense - second mortgage	31,231	31,232
Total interest expense - mortgages	$ 39,862	$ 46,614
Other financial income (expense)		
Miscellaneous financial income	$ 4,000	$ 43
Credit facility fees	(46,938)	(47,601)
Bond fees and partnership expense	(85,335)	(93,046)
Total other financial income (expense)	$ (128,273)	$ (140,604)
Miscellaneous other income (expense)		
Loss on FMV of derivative	$ (26)	$ (1,069)
Total miscellaneous other income (expense)	$ (26)	$ (1,069)
Other related party fees and expenses		
Incentive management fee - GP	$ 45,458	$ 67,422
Partnership management fee	10,748	10,506
Interest expense - deferred development fee	58,050	62,519
Total other related party fees and expenses	$ 114,256	$ 140,447