“My Son didn’t have a big yard to run around in, so I decided to look for a home. I found out about Affordable Homes through co-workers. I decided to do the application and they made it so easy. Now that I have my house my baby gets to play outside and it’s a dream come true.”

- R. Galaviz - New AHSTI Homeowner 2022

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Message from the Board President
Lorena Castillo, CPA

While FY 2022 ushered in some of the same challenges experienced in 2021, it also provided opportunities to celebrate some accomplishments.

Costs associated with construction and land development continued to rise with no short-term solution in sight. Adding another challenge was the limited availability of materials during the home building process and as a result, the length of time to build a house extended by an additional two months.

Although our home completions for FY22 were less than last year, we are optimistic about our projected completions for the next fiscal year as we had 80 homes under construction at the close of September 2022.

This year we were also able to launch Stonebriar at Trinity Oaks, AHSTI’s first NEW subdivision development in 10 years. Stonebriar, located in North McAllen, was also the first subdivision to feature our new home designs and material options. With only a handful of lots remaining we are already looking for more property to develop in McAllen.

TuCasa entities continued to perform well and grow as the sixth subsidiary was launched in April 2022. Esperanza Medicare Services was created to help Medicare eligible Seniors enroll in the program. The TuCasa entities added $210,175 in net income and $4,326,718 in total assets.

I would also like to take this opportunity to thank the wonderful staff of AHSTI and TuCasa. It hasn’t been easy, but they continue to be dedicated to the mission of affordable homeownership even during these challenging times. Many thanks to my fellow volunteer board members who served on the board with me this past year. Your dedicated service to this organization is appreciated.

To our customers, funders, and community supporters, thank you for walking this path with us as we look forward to a more stable economic environment in 2023.

Lorena Castillo, CPA - AHSTI Board President

New Home Designs introduced

New floor plans and new options provide modern look

In the Spring of 2022, new home designs were introduced to customers buying in Stonebriar at Trinity Oaks in McAllen after staff and board meetings during the last year.

The designs not only featured new floor plans but also provided options the customer could purchase and pay for if desired. The results were homes that provided a modern look at a relatively affordable price. These designs will be offered in our new subdivisions.
A challenging year
With 46 years under its’ belt, AHSTI is focused on the future and the challenges of affordable homeownership

In 1976, AHSTI was created by community members in response to the problems of substandard living conditions of certain segments of the McAllen population. Back then the organization was focused on repairing homes and providing indoor plumbing.

46 years later, AHSTI still helps homeowners repair their homes to more suitable living conditions, but the challenge has evolved and unfortunately become more complex.

The reality is that affordable homeownership is fast becoming an elusive dream for most households. Across the Rio Grande Valley, residential lots are being sold at prices never seen before and with incomes not rising at the same pace. So the question remains, how can a moderate to low income household ever achieve the dream of homeownership and sustain it at these levels? Normally, this is where AHSTI would fill the gap, but the organization is faced with the same market challenges that other builders are experiencing. Our construction costs have increased 51% since 2020. Not to mention that material shortages and delays have lengthened the construction process resulting in families waiting on their homes to be completed.

AHSTI knows that homeownership still matters. It’s a primary method to building wealth in families which has an impact across multi-generations.

With the current challenges, AHSTI is focused more than ever on finding ways to continue providing opportunities for families to achieve the dream of homeownership.

Over 4,600 Homeowners Assisted

At Glance

Despite economic, labor, and supply challenges AHSTI continued to strengthen its financial position

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Originated</td>
<td>$6.7m</td>
<td>$7.2m</td>
<td>$6.2m</td>
<td>$6.4m</td>
</tr>
<tr>
<td>Loan Portfolio</td>
<td>$62.6m</td>
<td>$62.4m</td>
<td>$62.6m</td>
<td>$62.4m</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$103.8m</td>
<td>$105.7m</td>
<td>$103.8m</td>
<td>$105.7m</td>
</tr>
</tbody>
</table>

I. Guajardo, new AHSTI homeowner (middle) pictured with his parents.

“They [AHSTI] guided me from beginning to end.”

AHSTI customer becomes first AHSTI homeowner through DACA program.

Our Mission

Affordable Homes of South Texas, Inc. is a community based non-profit organization dedicated to enhancing the quality of life by providing affordable housing and related services to eligible families.

R. Chairez and family pose in front of their new home in 2022.
Dedicated Service

AHSTI is proud to have long serving team members

Jessica Mendiola
Loan Administrator - 27 years
“I enjoy helping customers. I get to do what I love and make an impact. It brings happiness and motivates me to become a better person working here at AHSTI.”

Robert A. Calvillo
Executive Director - 26 years
“Toughest job I’ve ever loved.”

Rey Jaquez, CPA
Administration and Finance Director - 23 years
“I enjoy working to help families obtain a new home.”

42% of AHSTI’s workforce has been with the organization 5 years or more.

THANK YOU
to the entire staff of Affordable Homes of South Texas, Inc. and TuCasa Investments, Inc.
Loan Servicing

AHSTI also services the loans it originates.

Loan Portfolio
AHSTI’s loan portfolio continues to steadily increase over the years. In 2020, we surpassed $60m and it has remained over that mark the last two years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Loan Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$62.6m</td>
</tr>
<tr>
<td>2022</td>
<td>$62.4m</td>
</tr>
</tbody>
</table>

Homeowner’s Property Taxes
AHSTI includes tax and insurance escrow payments as part of the total monthly mortgage payment. Part of being a mortgage loan servicer is paying the property taxes on behalf of homeowners from their escrows every year.

<table>
<thead>
<tr>
<th>Year</th>
<th>Property Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$3m</td>
</tr>
<tr>
<td>2022</td>
<td>$3.5m</td>
</tr>
</tbody>
</table>

What is a mortgage loan servicer?
As a mortgage loan servicer, AHSTI processes the mortgage loan payments, responds to borrower inquiries, keeps track of principal and interest paid, sends monthly statements and manages the homeowner’s escrow account by collecting monthly payments to pay property taxes and homeowners insurance annually until loan is paid off.

AHSTI may also collect on delinquent payments, make payment arrangements with borrowers to bring the account current and work with the attorney to initiate foreclosure if necessary.

AHSTI is proud to say "we generally keep our mortgage loan servicing local" by servicing the loans it originates. This gives borrowers the ability to make payments locally and speak with staff in person to answer questions they may have.

Mr. & Mrs. Armando Garces and son ceremoniously tearing the mortgage note up after making their final payment.

S. Sauri and E. Salinas taking a picture after closing on their new home in 2022.

R. Galaviz holds up the keys to her brand new house in 2022.

J. Garcia is happy to be a new homeowner in 2022.
Economic Impact

As general contractor, AHSTI procures subcontractors on an annual basis to secure competitive pricing on home construction.

$2.8m
Paid to Subcontractors
2021

$9.7m
Contribution to local tax base
2021

$3.7m
Paid to Subcontractors
2022

$8.3m
Contribution to local tax base
2022

114
Number of jobs created
2021

118
Number of jobs created
2022

Homebuyer Development

2022 saw a bounce back from the pandemic for homeowner preparation services

- Pre-Purchase Counseling
- Homebuyer Education Classes
- Financial Fitness Classes
- Post-Purchase Classes

Pre-Purchase Counseling

2021
231
An increase from 2020; however, the impact of the pandemic was still being felt

2022
430
A return to normalcy brought back more clients seeking our HUD counseling services

AHSTI Sr. Rehab Manager
Hector Aleman

Janie Vela, AHSTI HUD Certified Counselor (l) poses with Ms. Garza (r), an AHSTI homeowner that successfully completed the SMART Savings Program.

Group Education Graduates

2021
236
Pandemic safety guidelines continued to prevent in person group classes

2022
488
With groups being able to gather safely, our group education graduates doubled

Hector Aleman, AHSTI Sr. Rehab Manager teaches homeowners how to repair a hole in sheetrock during a recent post-purchase class.
Home Rehab & Repair

Home Rehab and Repair services consist of programs for simple repairs to the entire replacement of the home based on living conditions. AHSTI works with the City of McAllen, the City of Pharr, Amy Young Barrier Removal Program, and Federal Home Loan Bank to administer the home rehab and repair programs.

11 homes completed in 2021

The most challenging programs to administer are replacement programs. This is where the majority of the house is unsuitable for habitation and therefore requires demolition and replacement. However, due to legal complications with property title and heirship it can be a lengthy and arduous process.

16 homes completed in 2022

For anyone that finds themselves in a deteriorating home or knows of homeowners in McAllen and Pharr that live in a home with unsuitable living conditions, we recommend reaching out to AHSTI for more information.

Emergency Repair Grants

Emergency repair grants are small grants awarded to eligible homeowners up to $300 to help make small repairs.

$196,000

The freeze in 2021 impacted everyone in the Valley and the State of Texas. Fortunately, through donations from businesses and local foundations we were able to provide $196,000 in assistance to 653 households.

$9,600

In 2022, the Valley took a break from weather emergency events and as a result, the emergency repair grants reverted back to its original use of helping homeowners with small repairs or maintenance issues such as replacement of water heaters.
2021-2022 Highlights

From continued assistance programs to a new venture, 2022 was a busy year.

Covid-19 Rental & Mortgage Assistance

Renters and homeowners were still feeling the impacts from Covid-19 in 2021 & 2022 as AHSTI provided $94,585 in rental assistance and $35,702 in mortgage assistance.

Esperanza Medicare Services

In April 2022, TuCasa Investments, Inc. launched its' sixth social enterprise. Esperanza Medicare Services is a joint initiative with a single purpose in mind, to help Seniors navigate the Medicare Insurance market.

National Homeownership Month

Thank you to the City of McAllen for their support of National Homeownership Month in June. Every year for the last 20 years, the City has helped us mark the occasion by issuing a proclamation that helps bring awareness to affordable homeownership.

In November 2021, Texas Community Bank (TCB) donated $5,000 to AHSTI for general support. Thank you for supporting affordable homeownership in the Rio Grande Valley.

AHSTI received another repeat recognition. The BUILD TO SAVE® Award recognizes builders that enroll the highest number of homes in the BUILD TO SAVE® Program. We had the most homes certified amongst all builders (2021 and again in 2022).

In 2021 and in 2022, AHSTI was awarded the Select Builder Award from 2-10 Warranty. We remain only one of a few builders in the Valley to have received this honor.

AHSTI received recognition from AEP with the High Performance Energy Star® Award. We were only one of two builders in the Valley to receive this award in 2021 and again in 2022.

In 2021, AHSTI was recognized by Texas Community Bank (TCB) with the Build to Save® Award. Thank you for supporting affordable homeownership in the Rio Grande Valley.
Annual Events

Different events promote homeownership

The Homebuyer’s Fair

The Homebuyer’s Fair was held in person for the first time since 2019. When the pandemic hit in 2020 the fair went virtual and continued that way in 2021.

Focusing on prospective homebuyers, the fair provides an opportunity to meet with lenders, Realtors, builders and others all under one roof. With free admission and great bilingual seminars, attendees of every income level walk away much better prepared to buy a home!

New Neighbor Fair

The 2nd Annual New Neighbor Fair was held at the Mission Event Center in partnership with the City of Mission. Similar to the Homebuyer’s Fair, the New Neighbor Fair aims at promoting and creating homeownership in Mission.

Home is where the Heart is 5k

Run/Walk

In February 2022, AHSTI and McAllen Housing Authority presented the 1st Annual Home is where the Heart is 5k.

The run/walk held at Town Lake at Fireman’s Park in McAllen, is a fundraising event for educational advancement opportunities.

A total of 153 people participated in the inaugural event. Plans for 2023 event are underway.

Customer Testimonials

AHSTI is honored to have a 64% customer referral rate

Here are just a few things our customers say!

D. Juarez

“Para nosotros fue un proceso muy esperado y es lo más satisfactorio que nos ha pasado. Lo gozamos, es una casa preciosa la que ofrece Affordable Homes of South Texas, Inc. ”

J. Garcia

“Due to me being a young homeowner it is nice to have a place that I can go to that would help me every step of the way to achieve my dream.”

R. Aguilar

“Mi esposa y yo aplicamos años atrás.Siempre fue nuestro anhelo de tener una casa propia, un patrimonio para nuestros hijos. ¡Ya soy dueño de la casa! Gracias nuevamente a AHSTI.”

“My wife and I applied years ago. It was always our desire to have a home of our own, an inheritance for our children. It’s difficult but not impossible, I’m now a homeowner! Thank you Affordable Homes of South Texas, Inc. (AHSTI) for the opportunity.”